

**Testimony of the
State and Territorial Air Pollution Program Administrators
and the
Association of Local Air Pollution Control Officials
Presented to the
Senate Appropriations Subcommittee on
VA, HUD, and Independent Agencies
Regarding the
FY 2001 Budget of the U.S. Environmental Protection Agency**

April 6, 2000

The State and Territorial Air Pollution Program Administrators (STAPPA) and the Association of Local Air Pollution Control Officials (ALAPCO) appreciate this opportunity to provide testimony regarding the FY 2001 proposed budget for the U.S. Environmental Protection Agency, particularly regarding grants to state and local air pollution control agencies under Sections 103 and 105 of the Clean Air Act.

STAPPA and ALAPCO are the national associations of state and local air pollution control agencies in the 54 states and territories and over 150 major metropolitan areas across the United States. Under the Clean Air Act, state and local air quality officials have the primary responsibility for implementing our nation's clean air program on behalf of our citizens. This responsibility calls for state and local air agencies to address particulate matter, ground-level ozone, toxic air pollution, acid rain and other types of air pollutants, many of which cause significant adverse health effects, including cancer, severe respiratory ailments and premature death. Air agencies must address new initiatives that focus on emerging problems, as well as carry out the core elements of our programs, which serve as the backbone of our nation's clean air effort.

STAPPA and ALAPCO are very concerned that the President's request for state and local air grants in FY 2001 represents merely level funding over the FY 2000 appropriation. While EPA is characterizing the budget request as including a \$5-million increase over last year, the fact is that it is not an increase at all, since Congress already provided \$5 million under Section 105 last year within EPA's Environmental Programs and Management (EPM) budget for regional haze activities. The FY 2001 request merely shifts those Section 105 funds from the EPM account to the State and Tribal Assistance Grants budget, resulting in no net increase to state and local air quality agencies.

We are very worried that a budget request reflecting level funding will not address the serious funding shortfall facing state and local air quality agencies and would impede our ability to address the important public health problems throughout the country that result from air pollution. Accordingly, STAPPA and ALAPCO request an increase of as much as Congress believes is possible, but at least \$10 million above the President's request for FY 2001, which would provide a total of \$213.7 million.

STATE AND LOCAL AIR PROGRAMS ARE NOT ADEQUATELY FUNDED

For many years, state and local air pollution control agencies have faced a serious deficit in federal grants. This shortfall is due to the fact that federal funding under Section 105 of the Clean Air Act has not kept pace with trends in air pollution control. Since FY 1995, Section 105 grants have decreased by over \$25 million, while the costs and responsibilities facing state and local programs under the Clean Air Act have increased markedly. These responsibilities include both ongoing activities to preserve the improvements in air quality we have already made as well as new initiatives to address emerging issues.

The budget shortfall is exacerbated by the fact that EPA, for a number of years now, has set aside portions of Section 105 grants to support activities that should be funded through EPA's own budget. For example, although funding training activities is clearly a federal responsibility, EPA has been using state and local grants, inappropriately, for these purposes for many years and plans to do so again in FY 2001 (totaling \$3.98 million). We have recommended each year, in commenting on the agency's proposed grant allocation, that training activities be funded through EPA's own budget. In addition, substantial Section 105 grants have been used to support the Emissions Inventory Improvement Program for several years. While this program is a worthwhile one that provides important information, we do not believe it is appropriate for state and local agencies to continue funding this program and have recommended that EPA support the effort with its own budget (\$675,000 in FY 2001). Finally, in the proposed allocation for FY 2001, EPA is including a "set-aside" for a heavy-duty truck and bus idling and hoteling characterization study (totaling \$300,000). We believe EPA should fund this study from its own budget, rather than through Section 105 grants. These types of diversions of Section 105 funding only diminish the amount of the funds distributed to state and local agencies and worsen our budget shortfall.

Several years ago, EPA, in cooperation with STAPPA and ALAPCO, conducted an intensive study to determine the costs of Clean Air Act-related activities that Section 105 grants should support. This analysis concluded that a total *increase* of \$98 million in federal grants to state and local air agencies under Section 105 of the Clean Air Act would be necessary to operate an adequate, although not perfect, air quality program. This calculation included both additional needs for emerging programs and deficiencies in existing activities and did *not* incorporate the costs of the fine particulate matter monitoring effort that has been funded with Section 103 grants in recent years. We have provided the Subcommittee with details of this study in recent years and would be happy to supply this information again, if needed.

In spite of the fact that this study was carried out in cooperation with EPA and that the agency recognized the need for additional funding, to date the Administration's budget proposals have not called for the grant increases that this study indicated are necessary.

While we realize Congress has many competing and worthy budget needs it must address and it would be unrealistic to expect to receive an increase of \$98 million this year, we are requesting that Congress provide as large an increase as is possible. Even an amount such as \$10 million would help to ameliorate some of the shortfall we face.

An increase would help to address many activities, including transportation-related projects; land use and air quality programs; compliance assistance programs, especially for small businesses; development, replacement and/or upgrading of monitors (apart from fine particulate matter monitoring); collection of essential emission and pollutant data; minor source inspections and permits; training; implementation of ozone strategies; multi-state approaches to regional air quality problems; public education and outreach. However, probably one of the most worthy issues we could address with additional grant funding is that of toxic air pollution.

CONTROL OF TOXIC AIR POLLUTION REQUIRES SIGNIFICANT RESOURCES

The Clean Air Act includes a comprehensive program to control emissions of toxic air pollution, specifically through provisions addressing a list of 188 hazardous air pollutants. The Act basically has a two-pronged approach: the first element calls for a technology-based effort in which EPA establishes Maximum Achievable Control Technology (MACT) to apply to sources of the listed pollutants and the second phase focuses on risk-based activities to address the risks that remain after the MACT standards have been implemented. Additionally, the Act includes additional provisions to address other issues, including air toxic air emissions in urban areas, among other things.

State and local agencies have significant responsibilities under the toxic air pollution provisions of the Clean Air Act, many of which are costly to carry out. For example, state and local agencies are required to implement the many MACT standards EPA has established. Furthermore, if EPA misses its deadlines for establishing the standards, which is very possible for some of the MACT standards that are supposed to be set by this year, the Clean Air Act calls upon state and local agencies to develop the standards themselves, a costly and resource-intensive activity. Additionally, many sources of toxic air pollution are minor sources, the permitting of which is expensive and is *not* covered by permit fees under Title V of the Clean Air Act.

In addition to the MACT-related responsibilities state and local agencies face, it will be necessary to assess the extent of the toxic air pollution problem in our country that will remain after the imposition of the technology-based standards. This step, which will be necessary to develop additional strategies to address both national and local problems, including "hot spots", will require state and local agencies to conduct significant monitoring and data analysis. But the resources used on such activities will be money well spent, since it will result in information that is essential for crafting appropriate control strategies that will address problem emissions.

The activities mentioned above are just some of the efforts related to toxic air emissions that will require significant resources. While state and local air agencies desperately need many millions of dollars in grant increases to address these and other air-related activities, we recognize Congress faces many fiscal constraints. Accordingly, we are requesting as much in additional grants as Congress can provide, but at least \$10 million that could be put to excellent use in addressing toxic air pollution and other air quality issues.

THE CLEAN AIR PARTNERSHIP FUND SHOULD BE SUPPORTED

STAPPA and ALAPCO are pleased that the Administration's requested budget calls for \$85 million in additional funds for the Clean Air Partnership Fund, which will provide state and local agencies with excellent opportunities to develop multi-pollutant control strategies aimed at reducing air pollution in a cost-effective manner. We believe that the harmonization of various clean air goals is critical and we applaud EPA for promoting such activities. In fact, we have been engaged in discussions with our governmental counterparts regulating the energy and utility sectors and we agree that there is a need for multi-pollutant strategies with energy efficiency components, such as those that the Clean Air Partnership Fund will help foster. Such projects can help to increase certainty to industry by promoting integrated efforts to address air pollution, rather than requirements that apply to individual pollutants incrementally.

However, while the partnership is a laudable new program, there are still many other critical activities that we can carry out only through traditional federal grants provided under Sections 103 and 105 and other authorities of the Clean Air Act. The partnership program should not be a substitute for those ongoing grant programs, nor does it address the enormous budget shortfall state and local agencies face. More specifically, the funds for the Clean Air Partnership Fund should be *in addition to* those federal grants (discussed earlier) that assist state and local air pollution control agencies in fulfilling their responsibilities.

CONCLUSION

In conclusion, we are extremely disappointed that the President's budget request calls for level funding for state and local air grants and we recommend at least a \$10-million increase in FY 2001.

We support the Clean Air Partnership Fund and urge Congress to include funding for this program in the FY 2001 appropriation. We do not believe this program can substitute for state and local operational air grants under the Clean Air Act, however, and the adoption of the partnership should not adversely affect appropriations for our current activities.

Thank you very much for this opportunity to provide you with our testimony. Please contact us if you have questions or require any additional information.