

THE CRITICAL FUNDING SHORTFALL OF STATE AND LOCAL AIR QUALITY AGENCIES

Prepared by the
State and Territorial Air Pollution Program
Administrators (STAPPA)
and the
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(ALAPCO)

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ABOUT STAPPA AND ALAPCO

The State and Territorial Air Pollution Program Administrators (STAPPA) and the Association of Local Air Pollution Control Officials (ALAPCO) are the two national associations of air quality officials in the states, territories and major metropolitan areas throughout the country. The members of STAPPA and ALAPCO have primary responsibility for implementing our nation's air pollution control laws and regulations. The associations serve to encourage the exchange of information and experience among air pollution control officials; enhance communication and cooperation among federal, state and local regulatory agencies; and facilitate air pollution control activities that will result in clean, healthful air across the country. STAPPA and ALAPCO share joint headquarters in Washington, DC.

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TABLE OF CONTENTS

INTRODUCTION	1
AIR POLLUTION POSES SEVERE HEALTH AND ENVIRONMENTAL RISKS	3
SOURCES OF FUNDING FOR STATE AND LOCAL AIR POLLUTION CONTROL PROGRAMS	5
TITLE V PERMIT FEES ARE NOT THE ANSWER	6
EPA/STATE/LOCAL STUDY RECOGNIZED NEED FOR FEDERAL AIR GRANT INCREASES.....	7
STATE AND LOCAL FUNDING NEEDS SURVEY	7
CONCLUSION	8
APPENDIX.....	9

INTRODUCTION

Congress adopted the Clean Air Act for the express purposes of protecting and enhancing the quality of our nation's air and promoting the public health and welfare of the population. The Clean Air Act also explicitly calls upon state and local air quality agencies to accomplish those goals. Specifically, Section 101(a) of the Clean Air Act states: "...air pollution prevention...and air pollution control at its source is the primary responsibility of States and local governments...."

Protecting our nation's air resources is no small feat. State and local air quality agencies must work to limit or prevent emissions of many pollutants from a variety of sources that have impacts on public health. These include particulate matter, ground-level ozone, toxic air pollution, and acid rain, among others. In order to reduce and maintain air quality, state and local air pollution control agencies are responsible for myriad activities and programs. These include, among others, developing State Implementation Plans, monitoring ambient air quality, developing inventories of emissions, formulating air pollution control strategies, providing compliance assistance to the regulated community, issuing permits to sources, inspecting facilities, carrying out enforcement actions, and providing public education and outreach. In addition to maintaining the fundamental and ongoing elements of their programs, state and local air agencies must, at the same time, address new and emerging problems.

The magnitude of our air quality problem and the associated health effects, which will be discussed below, make it clear that funding for the control of air pollution should be a top priority. Unfortunately, the reality is that state and local air agencies are underfunded. Among the air program priorities for which state and local agencies require additional funding are hazardous air pollutants (HAPs); fine particulate matter, especially diesel particulate; compliance; inspections; monitoring; data improvements, including maintaining and improving infrastructures, emission inventories and modeling; haze and visibility monitoring; and outreach to and education of the public and the regulated community.

State and local air pollution control agencies have various sources of funding for their programs, with state and local governments providing well over 75 percent of the agencies' overall budgets. The remainder comes from the

federal grant program. Although states and localities supply significant resources to their air quality programs, they also rely heavily on the federal grant contribution. Unfortunately, air agencies have been operating for years with inadequate financial support from the federal government. A study that the U.S. Environmental Protection Agency (EPA) and STAPPA/ALAPCO conducted several years ago concluded that there was a deficit of approximately \$100 million in federal grants to state and local air quality agencies; that funding gap has only gotten larger since then. In fact, over the past decade, federal grants for state and local air agencies to operate their programs have decreased by 25 percent in terms of purchasing power (when adjusted for inflation). Unless state and local air quality programs receive a substantially greater boost in funding, they will continue to face a serious financial shortfall, which will adversely affect their ability to protect and improve air quality. This shortfall will only become worse as greater demands are placed on their programs.

AIR POLLUTION POSES SEVERE HEALTH AND ENVIRONMENTAL RISKS

It is well established that air pollution presents a pervasive national threat to public health and the environment. The health risks are not only significant, we know of no other environmental problem presenting *greater* risk. Air quality regulators at all levels of government have worked diligently for many years in pursuit of their clean air goals. In spite of the considerable improvements that they have achieved, clean, healthful air nationwide still proves to be elusive.

Air pollution is a persistent, nationwide problem. Over 170 million tons of pollution are emitted into the air each year across the United States. One hundred and thirty-three million people live in areas of the country that violate at least one of the six health-based National Ambient Air Quality Standards (NAAQS), not to mention the many millions of people who are exposed to toxic air pollutants that cause cancer and other health problems. As noted, the health risks from air pollution are significant and far exceed those from almost every other environmental medium. State and local agencies must address a range of serious air quality problems, a few of which will be briefly described here.

Perhaps the most complex air quality problem facing our country is achievement and maintenance of the NAAQS for particulate matter and ozone. In 1997, the United States Environmental Protection Agency (EPA) established a new standard for fine particulate matter (PM_{2.5}). Although EPA has not yet officially designated which areas of the country violate the PM_{2.5} standard, one thing is very clear: PM_{2.5} poses the greatest health risk of any air pollutant, resulting in as many as 30,000 premature deaths each year. Additionally, fine particles are responsible for a variety of adverse health impacts, including aggravation of existing respiratory and cardiovascular disease, damage to lung tissue, impaired breathing and respiratory symptoms, irregular heart beat, heart attacks and lung cancer.

Fine particles are not only emitted into the atmosphere directly from combustion processes, they are also formed secondarily in the atmosphere from such precursor emissions as oxides of nitrogen (NO_x), sulfur dioxide and ammonia; in addition to their adverse health consequences, fine particles also contribute to regional haze. Based on preliminary air quality monitoring data, it appears that PM_{2.5} concentrations in over 120 counties throughout the U.S. exceed the health-based standard.

Overall, progress in attaining clean air has been slowest with respect to ground-level ozone, also known as “smog.” Some parts of the country actually experienced *increased* levels of ozone in the past 10 years, and in 33 national parks, ozone levels have risen by more than 4 percent. A significant factor in this trend is the increase we have experienced in NO_x emissions, which are not only a precursor to ozone, but also a contributor to such public health and welfare

threats as acid rain, eutrophication of water bodies, regional haze and, as mentioned, secondary PM_{2.5}. Over the past 20 years, NO_x emissions have increased by almost 9 percent, largely due to emissions from nonroad engines and diesel vehicles. Current data show that almost 300 counties measure exceedances of the eight-hour ozone standard.

The serious public health threat posed nationwide by emissions of hazardous air pollutants (HAPs) is another continuing concern. EPA periodically releases the most recent results of its National-Scale Air Toxics Assessment (NATA), which provides nationwide estimates of exposure and health risks associated with 32 HAPs. While the latest NATA information reflects the situation of several years ago, it still provides the best indication of the magnitude of the problem. According to EPA, more than 200 million people in the U.S. live in areas where the lifetime cancer risk from exposure to HAPs exceeds 1 in 100,000. Moreover, approximately 3 million face a lifetime cancer risk of 1 in 10,000. Considering that EPA has established 1 in 1,000,000 as the generally acceptable level of risk, these estimates not only illustrate the pervasive nature of the threat posed by HAPs, they also speak to the level of effort that will be required to reduce the risk and the high level of priority that should be placed on doing so.

One HAP of special concern is mercury. Some portion of the mercury that is found in fish is the result of air emissions of that contaminant. The deposition of air emissions in our water bodies, and ultimately into our fish, is a significant problem, especially for those who rely on fish as an important part of their diets. Because of public health concerns, many states have had to issue advisories to the public about elevated concentrations of mercury in the fish that is caught in their water bodies. In fact, by 2002, 45 states, territories and tribes had issued advisories, with 19 of them applying statewide for freshwater fish and 11 statewide for their coastal waters.

The effect of air pollution on the nation's population is very troubling. This concern is only sharpened when we consider the adverse impact of air contaminants on one of our most sensitive and precious populations – our nation's children. Because they are still developing and spend more hours exercising outdoors, air quality has a greater impact on them. Last year, EPA published a study entitled, *America's Children and the Environment* (February 2003), which contains extremely disturbing data related to air pollution and children. For example, the report concludes the following:

- in 2001, approximately 15 percent of children lived in counties in which the one-hour ozone standard was exceeded on at least one day per year;
- in 2001, nearly 40 percent of children lived in counties that exceeded the eight-hour ozone standard;
- in 2001, approximately 25 percent of children lived in counties that exceeded the PM_{2.5} particulate matter standard;

- in 1996, *all* children lived in counties in which the combined estimated concentrations of hazardous air pollutants exceeded the 1-in-100,000 cancer risk benchmark; approximately 95 percent lived in counties in which at least one hazardous air pollutant exceeded the benchmark for health effects other than cancer;
- in 1999-2000, about 8 percent of women of child-bearing age had at least 5.8 parts per billion of mercury in their blood (children born to women with blood concentrations above that number are at some increased risk of adverse health effects); and
- between 1980 and 1995, the percentage of children with asthma doubled, to 7.5 percent, and by 2001, 8.7 percent of all children had asthma.

The magnitude of the air quality problem and the associated health effects make it clear that significantly increased funding for the control of air pollution should be a top priority.

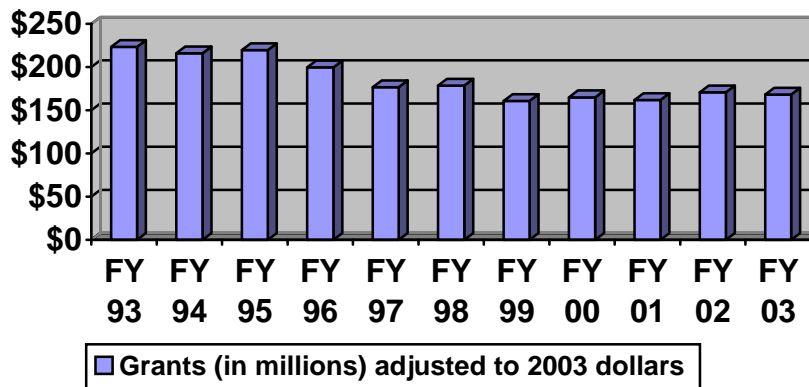
SOURCES OF FUNDING FOR STATE AND LOCAL AIR POLLUTION CONTROL PROGRAMS

State and local air pollution control programs are funded through a variety of sources. These primarily include state and local appropriations; the federal permit fee program under Title V of the Clean Air Act; state and local permit and emissions fee programs and federal grants under Section 105 (to implement programs to prevent and control air pollution and address primary and secondary ambient air quality standards) and Section 103 (typically for specialized air monitoring programs) of the Clean Air Act.

Section 105 of the Clean Air Act authorizes the federal government to provide grants equaling up to 60 percent of the cost of the state and local programs, while state and local agencies must provide a 40-percent match. The reality is that the federal share represents approximately 25 percent of the total state/local air budget, while state and local governments provide 75 percent (not including income from the Title V permit fee program). Even though state and local efforts provide a substantial portion of air budgets, however, the federal grants are a critical piece of the funding equation and the agencies rely on it, especially for the federally mandated elements of the program.

Unfortunately, Section 105 grants, which support the fundamental elements of state and local air quality efforts, including, but not limited to, the personnel needed to run the programs, have declined by 25 percent in terms of purchasing power during the past decade. This decrease has come at the same time that state and local responsibilities have steadily increased. The following chart illustrates Section 105 grants from FY 1993-FY 2003, adjusted for inflation (based upon U.S. Department of Labor inflation statistics).

SECTION 105 GRANTS TO STATE AND LOCAL AIR AGENCIES



Since federal grants to state and local air agencies have not risen commensurately with their needs, and in fact have declined in terms of purchasing power, state and local air agencies have attempted to accommodate deficiencies in their budgets. They have tried to maximize efficiencies (i.e., working better and smarter), trim any “fat” from their budgets, disinvest programs that are not essential and raise revenues on the state and local levels. Unfortunately, even those measures are not enough to accommodate the shortfall.

TITLE V PERMIT FEES ARE NOT THE ANSWER

Many believe, mistakenly, that the permit fee program under Title V of the Clean Air Act Amendments of 1990 was the answer to the state and local air agencies’ financial problems. Unfortunately, this is simply not so. While it is true that state and local air quality agencies have greatly increased resources for their programs through the collection of operating permit fees under Title V, those revenues do not solve the funding problems for several reasons.

First, the fees only support the operating permit program and must not be used for other activities. State and local agencies are *prohibited* from mingling federal grants and permit fees. Second, fees only apply to major sources and do not cover the significant costs related to non-major sources, which include minor source permits, monitoring, enforcement, compliance assistance, etc. Third, the current fees already are substantial and there would be considerable resistance to any increases. Fourth, fee revenue is decreasing due to reductions in emissions, on which they are based (i.e., success in controlling emissions also results in diminished fee revenue). Finally, increases in costs for air quality

programs (except for permit programs themselves) are not addressed by permit fee programs.

The Title V fee program, while essential to state and local efforts, is not the solution to the funding shortfall. Federal grants must be expanded to meet the significant resource requirements.

EPA/STATE/LOCAL STUDY RECOGNIZED NEED FOR FEDERAL AIR GRANT INCREASES

In 1998, EPA, in cooperation with STAPPA and ALAPCO, concluded a four-month, intensive effort to identify the activities necessary for state and local agencies to carry out and estimate the amount of Section 105 grants needed. The assessment was conducted by five workgroups, specifically addressing ozone, particulate matter, air toxics, other pollutants (e.g., carbon monoxide and sulfur dioxide) and multi-state approaches. Approximately 70 federal, state and local agency representatives participated. The participants accounted for funding increases that were needed and also incorporated savings from eliminating completed programs and curtailing lower-priority activities (e.g., lead implementation and monitoring).

The study concluded that a total increase of approximately \$163 million over federal grant levels would be needed for state and local air agencies to operate a good (not perfect) program in FY 1999. The federal share of that total would be \$98 million in Section 105 grants (accounting for the 60/40-percent grant matching requirements under the Clean Air Act).

In spite of the significant funding shortfall identified by the EPA needs assessment study, sufficient budget increases in operating programs have *not* been forthcoming. Furthermore, since that time, state and local responsibilities have continued to increase, only widening the funding gap.

STATE AND LOCAL FUNDING NEEDS SURVEY

STAPPA and ALAPCO have subsequently updated the EPA study and collected more recent information from their members to learn about funding priorities for state and local air pollution control programs. The survey responses provide valuable information about the highest priorities of state and local agencies and how they would spend additional federal grant funds. The attached appendix contains detailed information about the survey responses.

Among the general activities that state and local air agencies identified as their highest priorities, and those on which they would spend increased grant

funds, are efforts addressing hazardous air pollutants; compliance, control of fine particulate matter, especially diesel particulates; inspections; monitoring; improvements in data, including maintaining and improving infrastructures, emission inventories and modeling; haze and visibility monitoring; and outreach and education for the public and regulated community. Depending on what the high-priority issues in their areas are, state and local agencies identified a range of specific activities to which they would target a grant increase. These included the following, among others:

- develop and implement State Implementation Plans;
- improve emission inventories of toxic air pollution;
- increase the frequency of inspections of major and minor sources;
- meet the various federal and public expectations under Section 112 (air toxics);
- expand criteria pollutant monitoring;
- improve risk assessment capacity;
- reduce concentrations of fine particulates;
- increase public outreach efforts;
- improve small business compliance assistance;
- purchase replacements for equipment that has outgrown its expected usage;
- increase the number of air toxics monitoring locations to better characterize baseline concentrations and localized impacts; and
- improve modeling tools to determine emission reductions needed.

CONCLUSION

Federal grants to state and local air pollution control agencies are severely inadequate; accordingly, there are many critical activities that are not being carried out, or implemented as well as could be. Many of these activities are the foundation of the nation's air quality program and are, therefore, essential. Without additional federal grants, and the flexibility to target them to the activities that are most appropriate in individual states and communities, state and local air agencies will find it increasingly difficult to obtain and maintain healthful air quality.

APPENDIX

INTRODUCTION

STAPPA and ALAPCO distributed a survey to their members in December 2001 to gather information about the funding needs of state and local air pollution control agencies. STAPPA and ALAPCO received responses from 28 states and 29 local air agencies.

The survey was designed to elicit input from state and local air quality agencies on the funding priorities for their programs and gather information about their budgets. The survey asked how state and local agencies would spend additional federal grants, what their top priorities are, and what types of assistance they require from EPA. Additionally, the survey requested details about state and local agency budgets, including their sources of funding.

Below are details about the survey responses. Following the narrative is a series of graphs that provide information about the survey responses in greater detail.

IF FEDERAL GRANTS WERE INCREASED

The survey asked state and local air agencies to identify the activities on which they would spend additional grant funds (assuming an increase of 10-20 percent in Section 105 grants). The respondents listed important programs and responsibilities that can generally be classified into the following categories:

- Toxic air pollution and implementation of Maximum Achievable Control Technology (MACT) standards;
- Enforcement, compliance, inspections, and monitoring efforts;
- Particulate matter, especially PM_{2.5} and diesel emissions;
- Data needs, modeling and emission inventories; and
- Personnel and training activities.

The following is more detail about each of these areas:

TOXIC AIR POLLUTION AND IMPLEMENTATION OF MAXIMUM ACHIEVABLE CONTROL TECHNOLOGY (MACT) STANDARDS

State and local air agencies are responsible for implementing the Maximum Achievable Control Technology (MACT) standards that EPA establishes under the Clean Air Act. Some agencies have developed toxic air pollution programs that also address additional sources and/or pollutants and are designed to reduce risk to an acceptable level, going beyond the federal MACT. The public is very concerned about the risks associated with exposure to hazardous or toxic air pollution and is advocating state and local agency action.

According to the survey responses, among the specific air-toxic-related activities for which state and local agencies need additional funding are improvements to and development of emission inventories, which are essential to understanding the extent of the problem; increased monitoring, especially to determine how emissions affect the populations living close to problem areas; development of tools to help the affected industry and the staff understand the standards and interpret them correctly; protection of the public from accidental releases; reductions of emissions from smaller sources that may not be covered by EPA's MACT standards; use of models to determine risks from exposure to pollutants; procurement of technical staff, such as toxicologists and risk assessors; and improvements to risk assessment capacity.

ENFORCEMENT, COMPLIANCE, INSPECTIONS, AND MONITORING EFFORTS

The rules and regulations designed to reduce air pollution would be useless if the regulated community did not comply with them. Accordingly, it is important for state and local air agencies to enforce the requirements, assist sources in understanding and complying with these rules, and inspect sources to see where problems occur. Additionally, air quality agencies must use monitoring equipment to gather information about specific locations (e.g., site-specific monitors), certain areas of concern (e.g., "hot spots"), and of ambient levels in general. All of these activities increase the effectiveness of air quality programs and result in less pollution.

The survey respondents identified many activities related to enforcement, compliance, inspections and monitoring that they would implement if additional resources were available. State and local agencies would increase the frequency of inspections of major and minor sources; conduct additional compliance monitoring at non-Title V sources; increase stack test observations; improve enforcement of auto emissions and anti-tampering programs; conduct more thorough audits of compliance and emissions reports; make additional efforts to find unregistered sources; provide additional compliance assistance, especially to small businesses; help sources integrate more pollution prevention

activities into their compliance activities; follow up on small compliance problems before they escalate into large enforcement issues; conduct additional monitoring to address visibility, regional haze, particulate matter and toxic air pollution; and replace monitoring equipment.

PARTICULATE MATTER, ESPECIALLY PM_{2.5} AND DIESEL EMISSIONS

Airborne particulate matter (PM) presents an enormous health risk and is responsible for thousands of deaths and illnesses annually. Not surprisingly, reducing emissions of these pollutants is a high priority for air agencies and is an effort for which additional funding is essential. Two major areas related to particulate matter emerged in the survey as top funding priorities. These are programs to address the very fine particles that lodge in the lungs and are too small to be expelled – known as fine particulate matter or PM_{2.5} – and programs to reduce emissions of motor vehicle exhaust containing diesel particulates.

Agencies identified activities related to both PM_{2.5} and diesel particulates for which they need increased funds. With respect to PM_{2.5}, agencies identified the need to conduct regional planning, establish emission inventories, address the new PM_{2.5} standard (including development of State Implementation Plans), add continuous PM monitors, increase monitoring speciation, and address outdoor and indoor burning problems. For diesel PM, agencies need additional funding to develop and implement diesel PM reduction initiatives; accelerate the development, adoption and implementation of regulations to reduce diesel particulate emissions; conduct school and regular bus retrofit programs and anti-idling campaigns; and address non-road engines and heavy-duty diesel engines.

DATA NEEDS, MODELING AND EMISSION INVENTORIES

To run an effective air quality program, state and local agencies need information on the types of sources in their jurisdictions, emissions from those sources, the extent of the problem and how reduction strategies will work, among other things. In addition to monitors (discussed above), agencies rely on models to help estimate everything from how emissions will behave in various meteorological situations to the success of and cost-effectiveness of a proposed control strategy. Finally, air agencies must be able to collect, manipulate, store, and transfer all of this data so that it will be useful and can be accessed in the future.

State and localities overwhelmingly stressed the importance of funding adequate emission inventories. These inventories (including those for smaller and area sources) are essential for identifying all types of pollutants and are critical to understanding the extent and nature of the problem. Other important activities identified were data management and integration; enhancements to

models for ozone, PM, toxic air pollution, risk, etc.; improved ability of databases to track and store information; upgraded electronic filing systems; enhanced data collection and storage capabilities (e.g., hardware for scanning and storage systems); and computer programming to allow state/local databases to interface with EPA's databases.

PERSONNEL AND TRAINING ACTIVITIES

State and local air quality programs are operated by people, without whom there would be no program. Obviously, then, staff are necessary to carry out all of the important activities identified above. Additionally, they have to be trained well in order to conduct those programs effectively. As a result, a priority for state and local air agency managers is to ensure that they hire, train and *keep* qualified staff. More local agencies identified personnel needs as among their highest priorities for increased funding, perhaps due to the fact that the local agencies are often smaller and the loss of a single staff person can have an enormous impact on a smaller agency's program. However, personnel and training issues are also critical for larger state agencies.

State and local agencies specifically identified the need to provide training for inspections, investigations, monitoring, and modeling. Moreover, they need increased funds to both hire additional staff, as needed, and to provide adequate salaries to existing staff. Regular salary increases are necessary to decrease employee turnover, which is a big problem for many state and local air agencies due to lower salaries than the private sector offers.

OTHER IMPORTANT ACTIVITIES

Other activities that necessitate increased federal funding include monitoring to measure visibility and haze; programs to increase public outreach; efforts to address the attainment and/or maintenance of the National Ambient Air Quality Standard for ozone; upgrades in air-quality-related equipment (e.g., monitors, analytical equipment, computers); permitting of non-Title V sources (e.g., minor sources); risk assessment, primarily related to hazardous air pollutants; development of air quality rules and regulations; and local strategies, such as reducing emissions from shipping, outdoor burning, asbestos and mercury.

For additional details about the state and local agency responses to this question, please see Graphs 1 and 2, respectively, (see pages 18 and 19).

EXAMPLES OF HOW INCREASED GRANTS WOULD BE SPENT

- “Improve emission inventories of toxic air pollution. This improvement would allow us to have a better understanding of what toxic substances are being emitted, how much are being emitted, and from which industries, and where they are being emitted.” – *Georgia*
- “Increase the frequency of inspections of major and minor sources – will help ensure that sources remain in compliance with applicable regulations” – *South Carolina*
- “Continuation of efforts to link Maryland’s land use/smart growth policies to air quality planning and the SIP.” – *Maryland*
- “An increase in the grant funds could allow us to meet the various federal and public expectations under Section 112, with particular focus on mercury initiatives.” – *Illinois*
- “Upgrade crisis response/environmental investigation air monitoring capacity.” – *Virginia*
- “Criteria Pollutant Monitoring – to expand monitoring network in areas where we need to collect additional data.” – *Oregon*
- “Improved risk assessment capacity – Federal air toxics programs are moving into risk-based phase which will require increased risk assessment activity at the state level.” – *Michigan*
- “Reduce concentrations of fine particulates from sources such as diesel exhaust, indoor burning and outdoor burning” – *Puget Sound, Washington*
- “We would use the extra resources to increase our public outreach efforts in the county so that we will have stronger public support when we have to make pollution reduction strategies that more directly effect the public.” – *Wyandotte County, KS*
- “Small business compliance assistance” – *Lane County, OR*
- “We think that asbestos issues are significant, on a local level...There is a significant awareness of asbestos issues by citizens.” – *St. Louis County, MO*
- “Purchase replacements for equipment that has outgrown its expected usage.” – *El Paso, TX*
- “Increase the number of air toxics monitoring locations to better characterize baseline concentrations and the localized impacts from sources in proximity to residential areas.” – *Philadelphia, PA*
- “Improve modeling tools to determine emission reductions needed to meet air quality standards and to evaluate the most cost effective control strategies.” – *San Francisco, CA*

UNMET STATE AND LOCAL NEEDS

When asked what their most critical unmet needs are, not surprisingly, state agencies identified many of the same areas to which they would target increased grants. One additional area that state agencies identified as an unmet need is personnel, including hiring staff and staff training and development.

Local agencies also identified as unmet needs many of the same activities as those for which they need additional grants. In addition, local agencies identified PM_{2.5} and diesel particulate programs as among their unmet needs. Graphs 3 and 4 provide details about state and local agencies' unmet needs, respectively, (see pages 20 and 21).

EXAMPLES OF UNMET NEEDS

- “We are very short on capital money to support equipment for our monitoring network” – *Massachusetts*
- “Underfunding will hinder air deposition, quality of life and greenhouse gas goals.” – *New Jersey*.
- “Monitoring is underfunded by 50%.” – *Iowa*
- “Inflation has eaten away at the capacity of [105] grants to provide services and cover costs.” – *Washington*
- “Our air program is substantially underfunded [and] we have scaled back in all areas of the program. Probably the most underfunded program is air toxics.” – *Illinois*
- “Emissions inventory work for air toxics is underfunded.” – *Alabama*
- “Personnel resources for all compliance and enforcement activities.” – *Jefferson County, Alabama*
- “Our agency would begin air toxics sampling and local risk assessment.” – *Wyandotte County, Kansas*
- “The State of Florida has cut its annual budget by \$1 billion [and we] will be looking for additional funding.” – *Hillsborough County, Florida*
- “Our emissions inventory efforts are underfunded due to lack of state/local funding.” – *Lane Regional, Oregon*
- “The implementation of EPA’s new Compliance Monitoring Strategy (CMS) guidance is unfunded.” – *Santa Barbara County, California*

STATE AND LOCAL AGENCY PRIORITIES

The survey asked state and local agencies to identify their top five priority activities (whether or not these activities require additional funding). Not surprisingly, many agencies identified activities as priorities that they had already listed as being in need of additional funding. Nearly all of the state respondents included enforcement/compliance/inspections and monitoring activities as among their top priorities. Additionally, more than half of the state respondents indicated that their permitting program is one of their highest priorities as well. More than a third of state respondents included air toxics programs, development and implementation of State Implementation Plans, and efforts related to data, inventories and modeling as high priorities for their agencies. Additionally, several agencies identified each of the following as among their highest priorities: ozone control, PM_{2.5}/diesel particulates, planning activities, meeting the National Ambient Air Quality Standards, public outreach and education, and haze.

Like their state counterparts, local air quality agencies see enforcement/compliance/inspection activities, monitoring and permitting as among their top priority areas. Many local agencies also reported that public outreach, including education and complaint response, was a high priority.

Other priorities that multiple local agencies identified included data, inventories and modeling; control of toxic air pollution; PM_{2.5}/diesel particulates; planning; indoor air pollution, ozone control, and control of emissions from mobile sources.

Graphs 5 and 6 provide additional details about the state and local agency responses to the question about priorities, respectively, (see pages 22 and 23).

WHAT STATE AND LOCAL AGENCIES NEED FROM EPA

The questionnaire asked state and local agencies to identify what type of support or information they need from EPA that would most help their programs. The responses indicate that state and local agencies look to EPA for leadership and coordination and as a source of information and funding. While they are not interested in EPA micromanaging, nor do they see EPA as a simple funding source, they do rely on EPA for important tools.

Overwhelmingly, the request cited most often from the state agencies is for EPA to promulgate national emission standards, including MACT standards addressing sources of hazardous air pollutants. This is not surprising, since state and local agencies will be required to establish MACT standards themselves on a case-by-case basis if EPA does not issue the regulations quickly. Secondly, state agencies would like assistance in matters related to

particulate matter (*especially* with respect to the development of emission factors for PM_{2.5}). State agencies also need EPA to develop mobile source programs and controls (including those related to diesel emissions), since state agencies are generally precluded from addressing them on their own. Several state agencies also mentioned a desire for timely completion of regulations and guidance on the part of EPA.

Other assistance state agencies need from EPA includes health research, risk assessments, centralized analysis of air toxics information, “back-up” of state agencies, revisions of New Source Performance Standards and training.

Local agency respondents also identified a variety of activities and assistance that they would like from EPA. Like the state agencies, many want EPA to do more to control mobile sources (especially trucks). Local agencies would like more emphasis on training and sharing information about emerging technologies and methodologies. There is a desire for more modeling by EPA, which would then be shared with local authorities. Like the states, local agencies also expressed a need for PM_{2.5} emission factors. Other assistance needed is centralized analysis of air toxics information, support for public outreach efforts, enforcement activities (including inspections and compliance), monitoring, development of national emission standards (including MACT), timely completion of regulations and guidance, health research, risk assessments, enhanced flexibility, support for innovation, guidance on SIP issues, permitting assistance and continuous ambient monitoring and reporting of air quality values to the public.

Graphs 7 and 8 provide additional information on the state and local responses, respectively, (see pages 24 and 25).

EXAMPLES OF WHAT STATE AND LOCAL AGENCIES WANT FROM EPA

- “We need more direction on what the national 8-hour ozone program will consist of . . . and closer cooperation regarding federal enforcement initiatives.” – *Illinois*
- “Tools to support regional planning.” – *Maryland*
- “Monitoring, speciation, and analysis of PM_{2.5} particulate matter.” – *Georgia*
- “Finish MACT standards as soon as possible.” – *South Carolina*
- “Timely decisions/guidance/federal initiatives on national control measures.” – *New York*
- “Federal control measures for sources beyond the legal or practical control of states.” – *California*
- “More support in providing expertise in instrumentation, data handling and software.” – *Monterey, Bay, California*

EXAMPLES OF WHAT STATE AND LOCAL AGENCIES WANT FROM EPA (continued)

- “Consistent and clear guidance on issues. In addition, EPA needs to provide greater opportunity for state and local agencies to participate in rulemaking.” – *Pima County, Arizona*
- “Research and guidance on emerging control technologies.” – *Bay Area, California*
- “Air modeling support.” – *Linn County, Iowa*
- “We desperately need unit risk factors for all HAPs.” – *Hamilton County, Ohio*
- “We need support resulting in the resurrection of an EMPACT-like program that results in real-time reporting of air quality conditions and forecasting to the public and news media.” – *Puget Sound, WA*

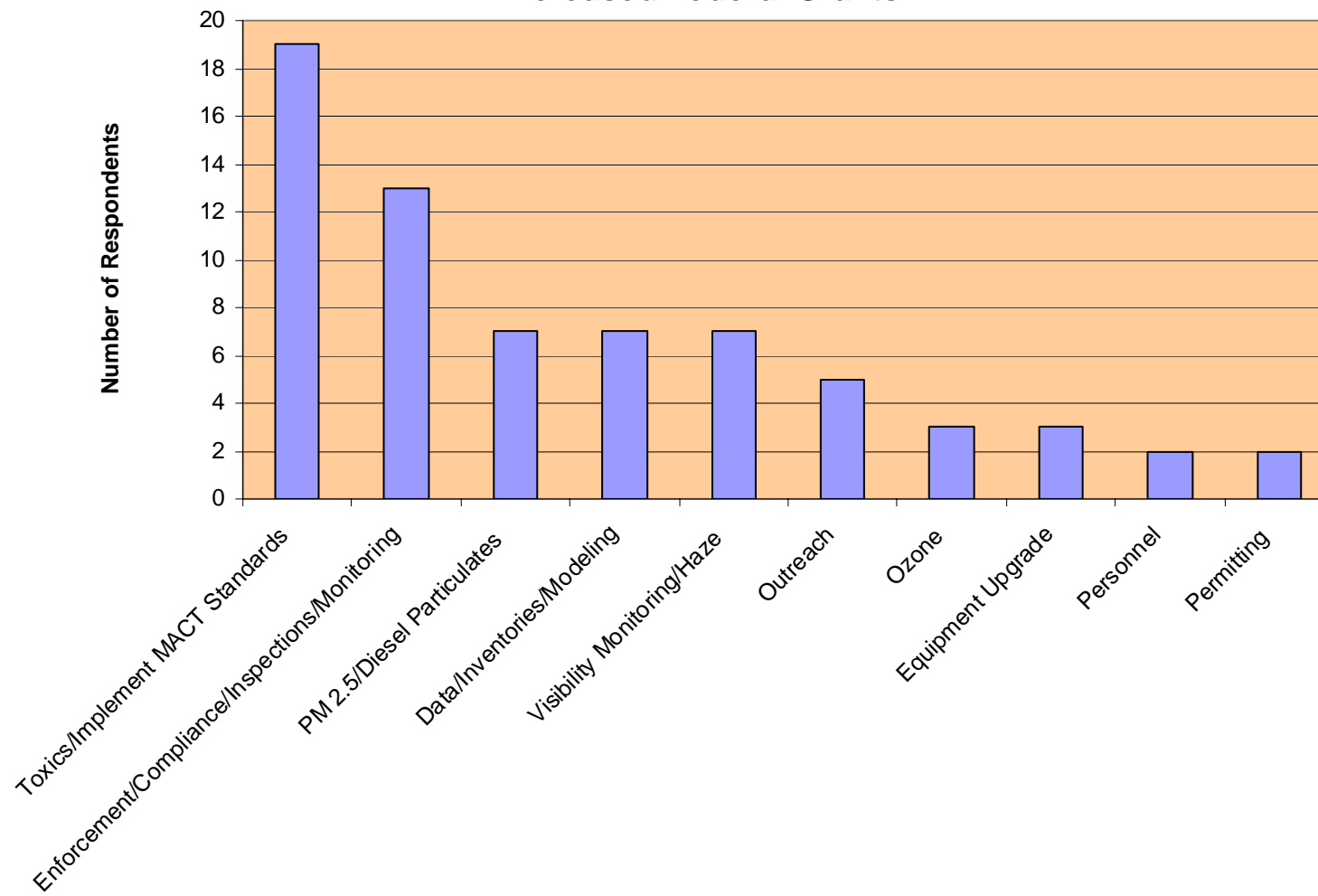
STATE AND LOCAL AIR QUALITY BUDGETS

The survey asked state and local agencies to report their total budgets and to indicate how much of the budget came from each source of funding. The responses show that state and local budgets for air quality programs vary widely. In general, populous, urbanized state and local areas have much larger budgets than smaller, rural areas. The sources of funding also vary from agency to agency. Most of state and local agencies' budgets come from state appropriations, local funds and fees, with federal grants contributing a lesser share. Clean Air Act Title V permit fees are a critical source of revenue for state and local agencies. Graphs 9-13 provide additional information about state agency budgets and Graphs 14-18 contain information on local agency budgets, (see pages 26 to 30 and pages 31 to 35).

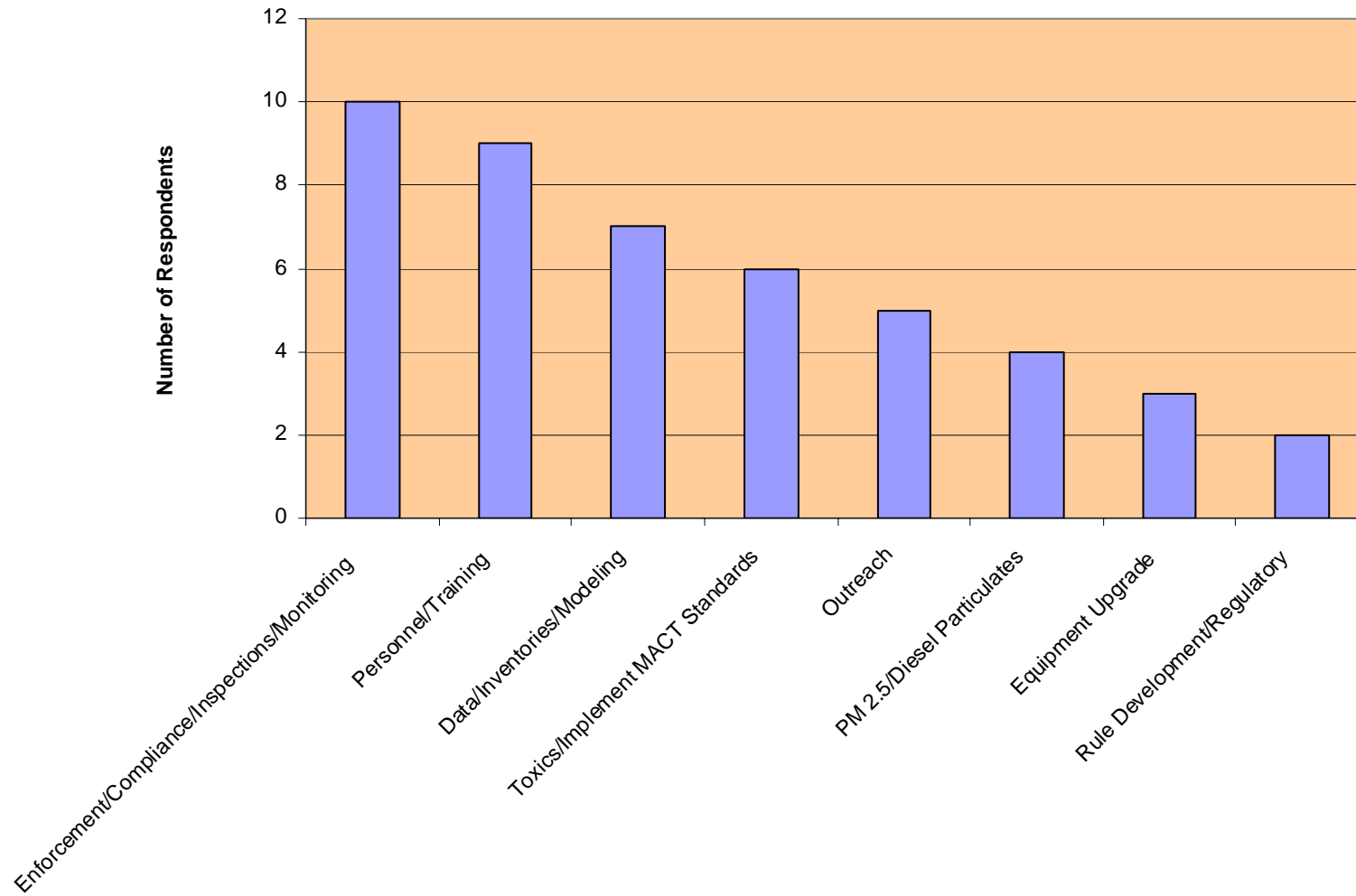
While federal grants are extremely important to both state and local air agencies, they have not relied on them to fund the majority of their programs. In fact, for the states that responded, the federal contribution to the state program ranged from as little as 6.5 percent up to 53 percent, with the average approximately 25 percent. For local agencies, the federal contribution for the survey respondents ranged from 3.3 percent to 50 percent, with the average approximately 19 percent

For more specific information about the federal contribution to state and local budgets, see Graphs 19 and 20, (see pages 36 and 37).

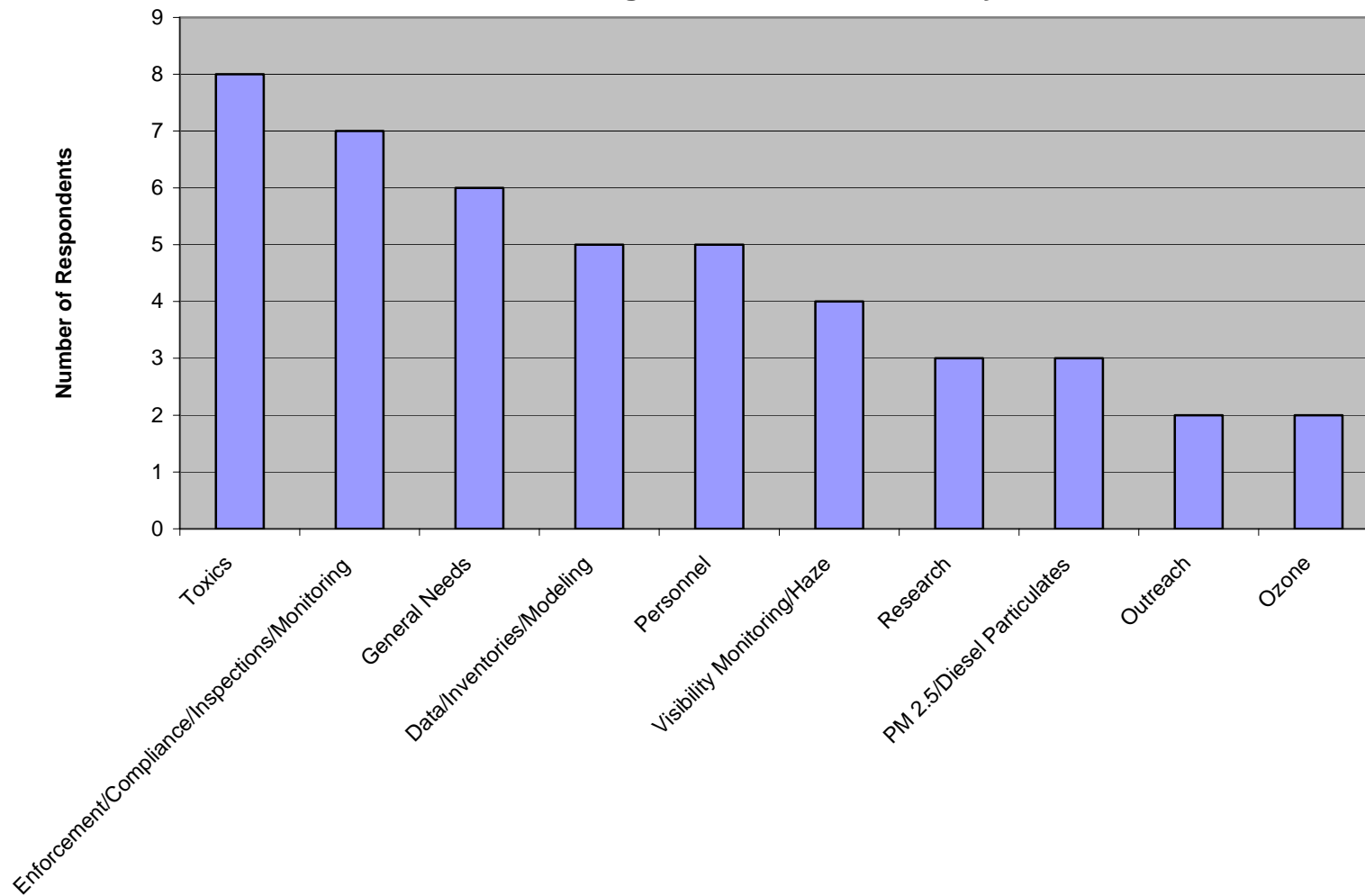
Graph 1
How Would State Air Quality Agencies Spend
Increased Federal Grants?



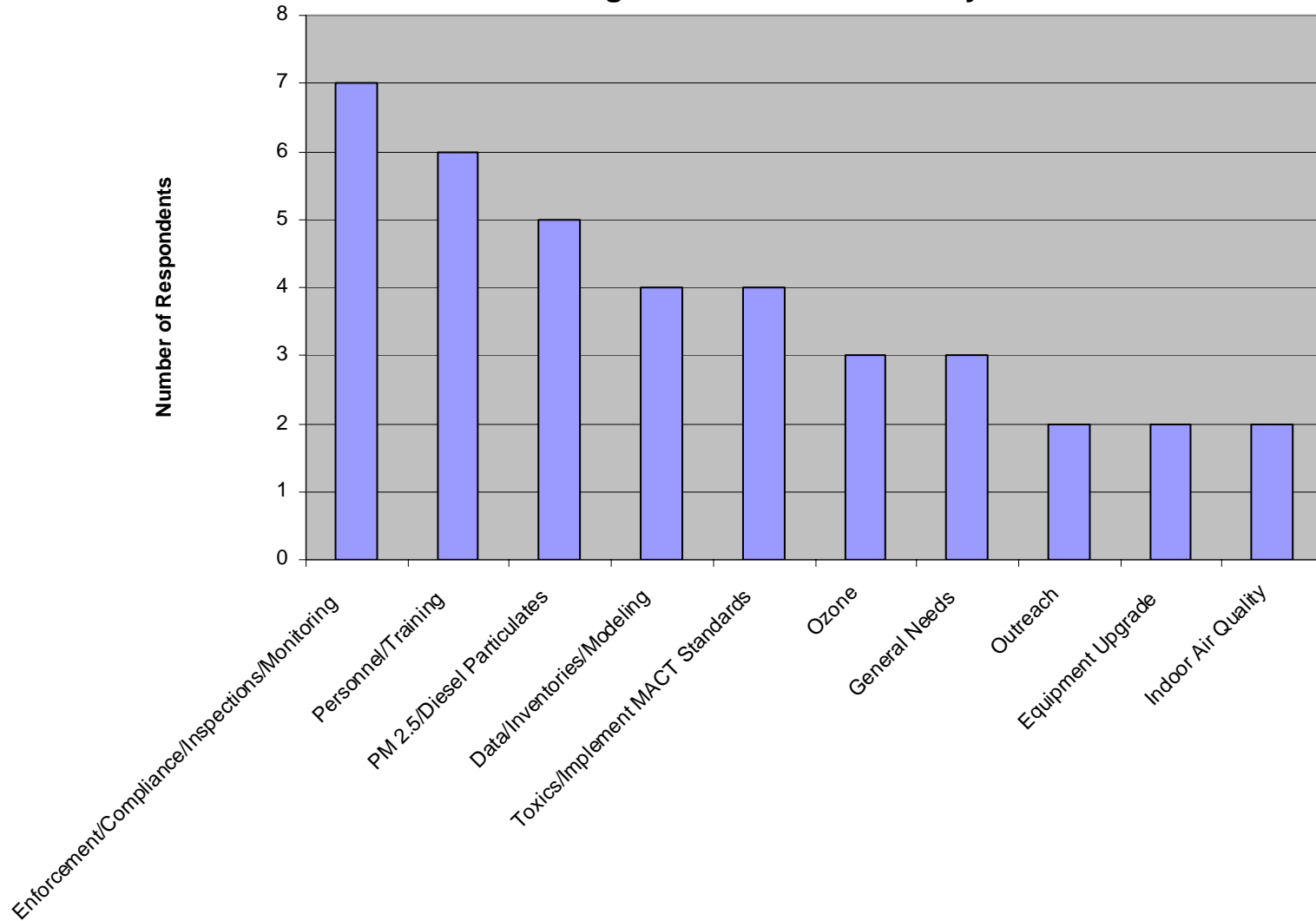
Graph 2
How Would Local Air Quality Agencies Spend
Increased Federal Grants?



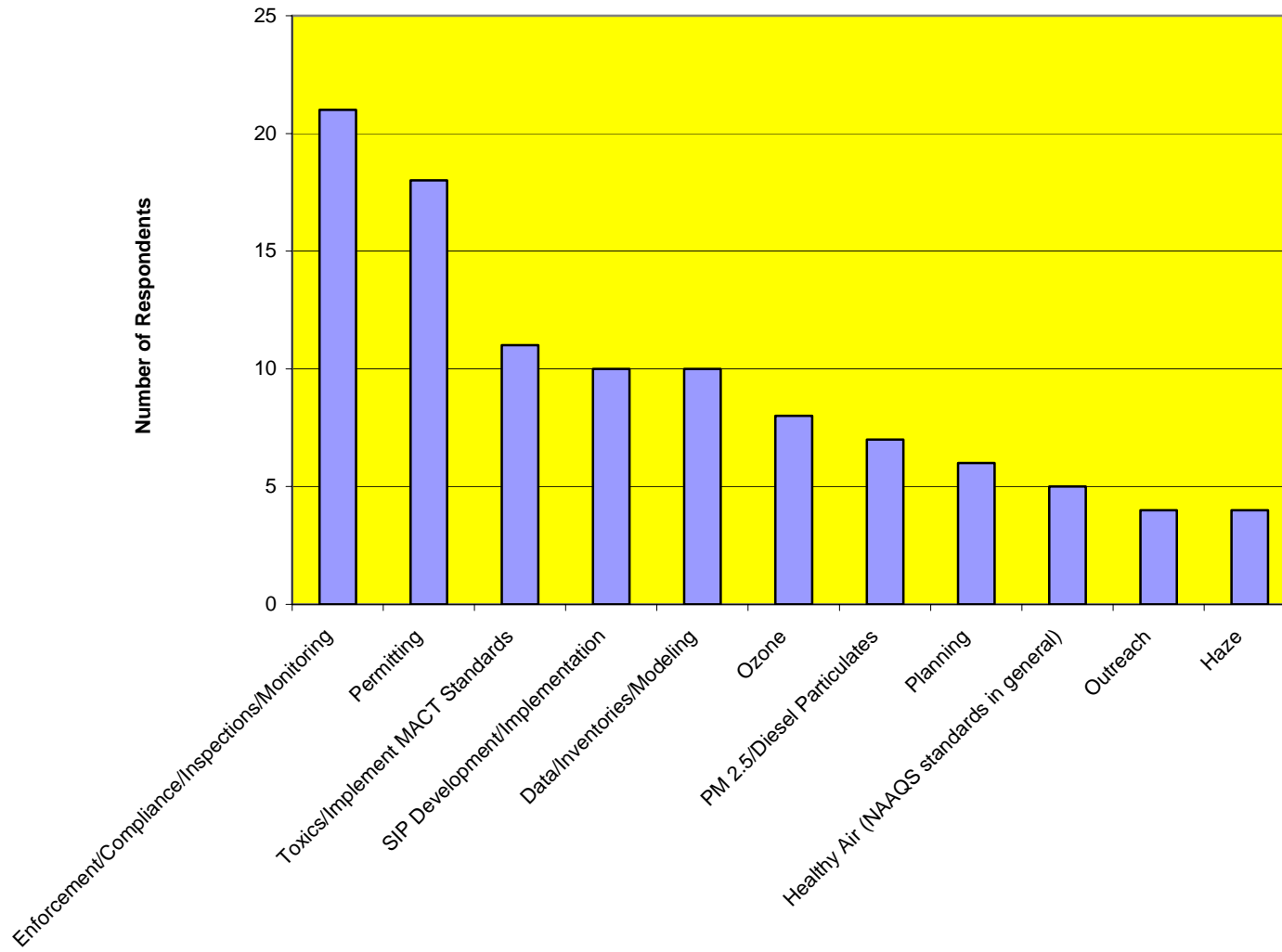
Graph 3
Unmet Needs at State Level
What Are State Air Agencies Not Able to Fully Fund?



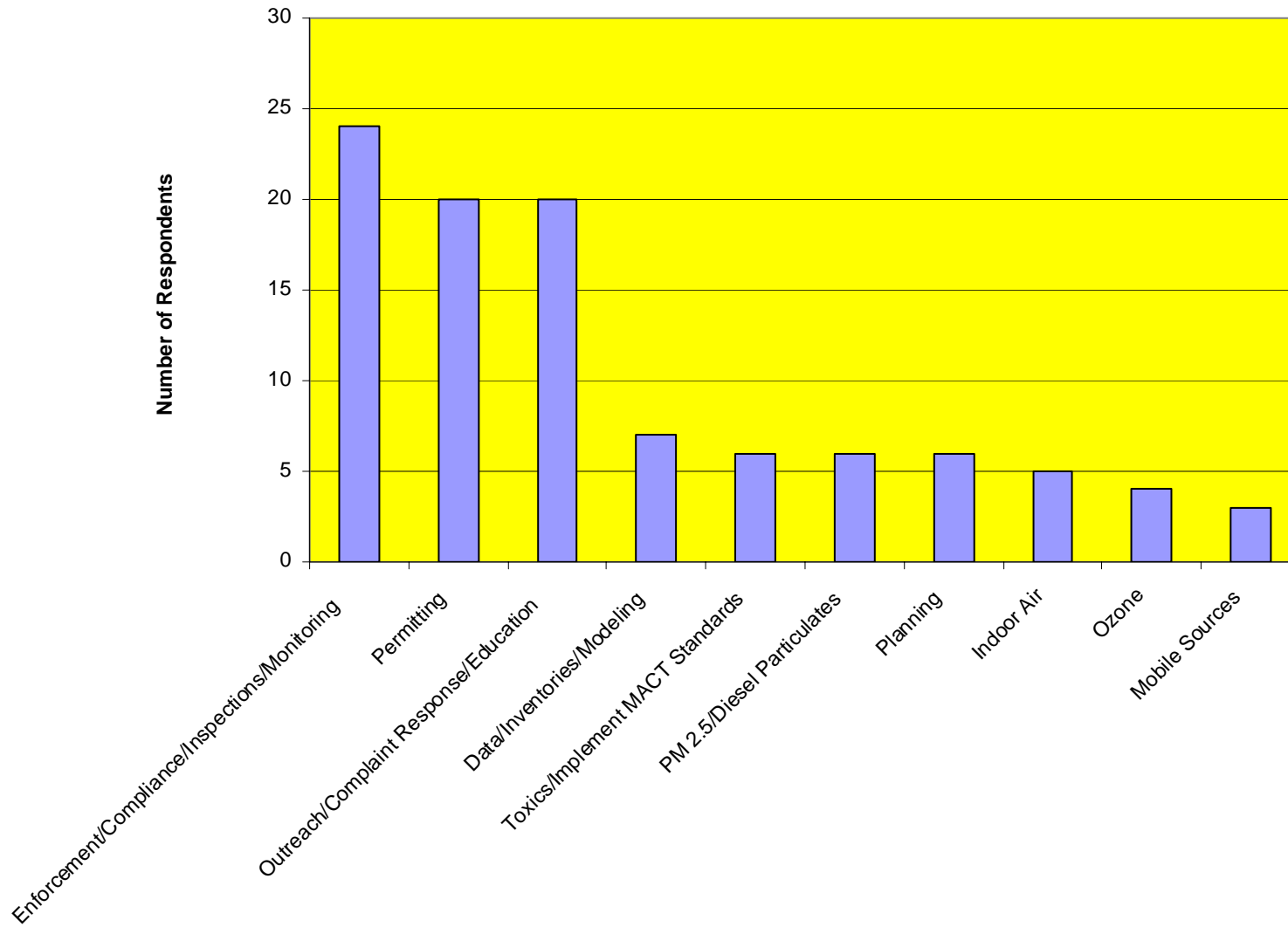
Graph 4
Unmet Needs at Local Level
What Are Local Air Agencies Not Able to Fully Fund?



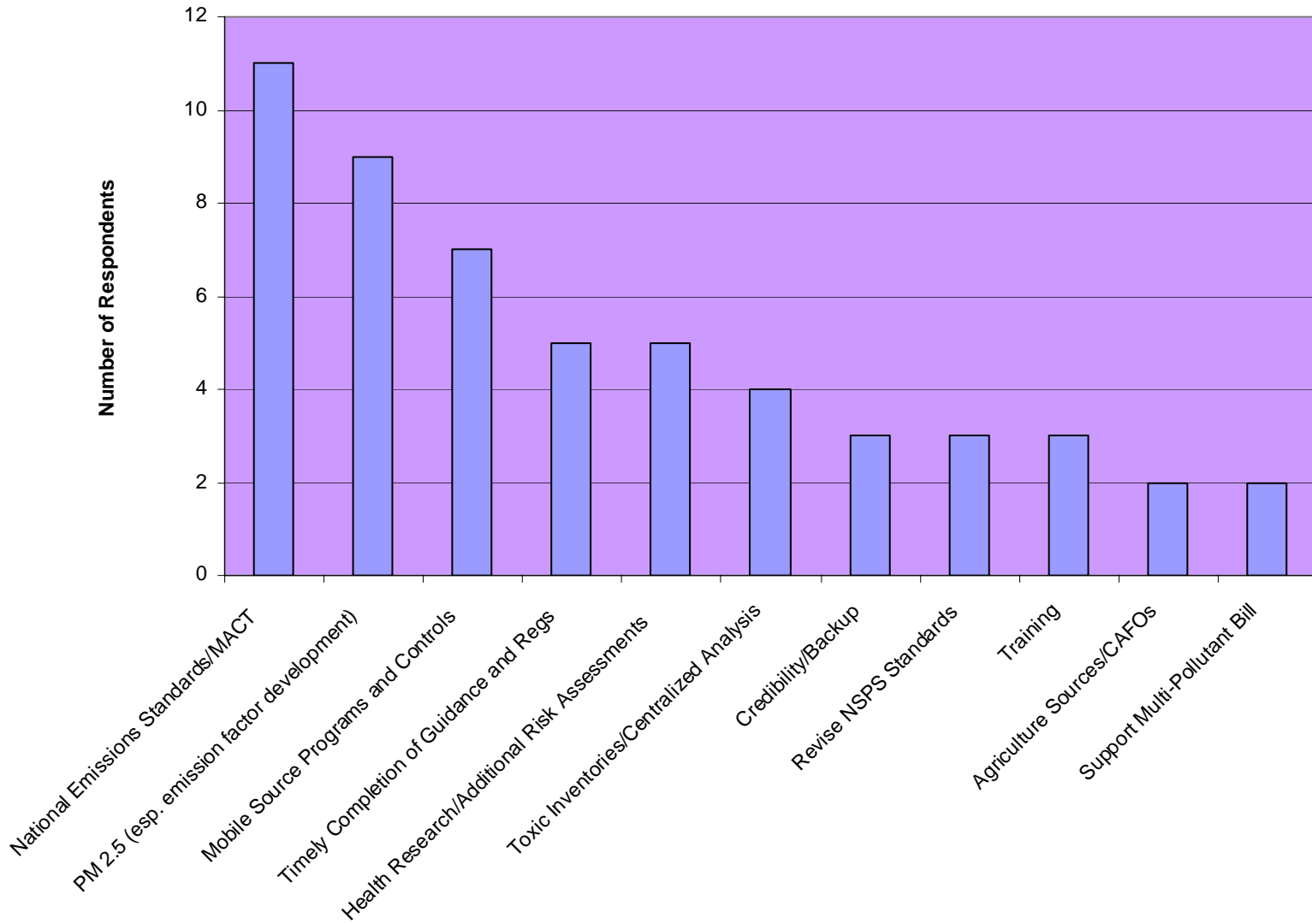
Graph 5
Top Priority Activities for State Air Agencies



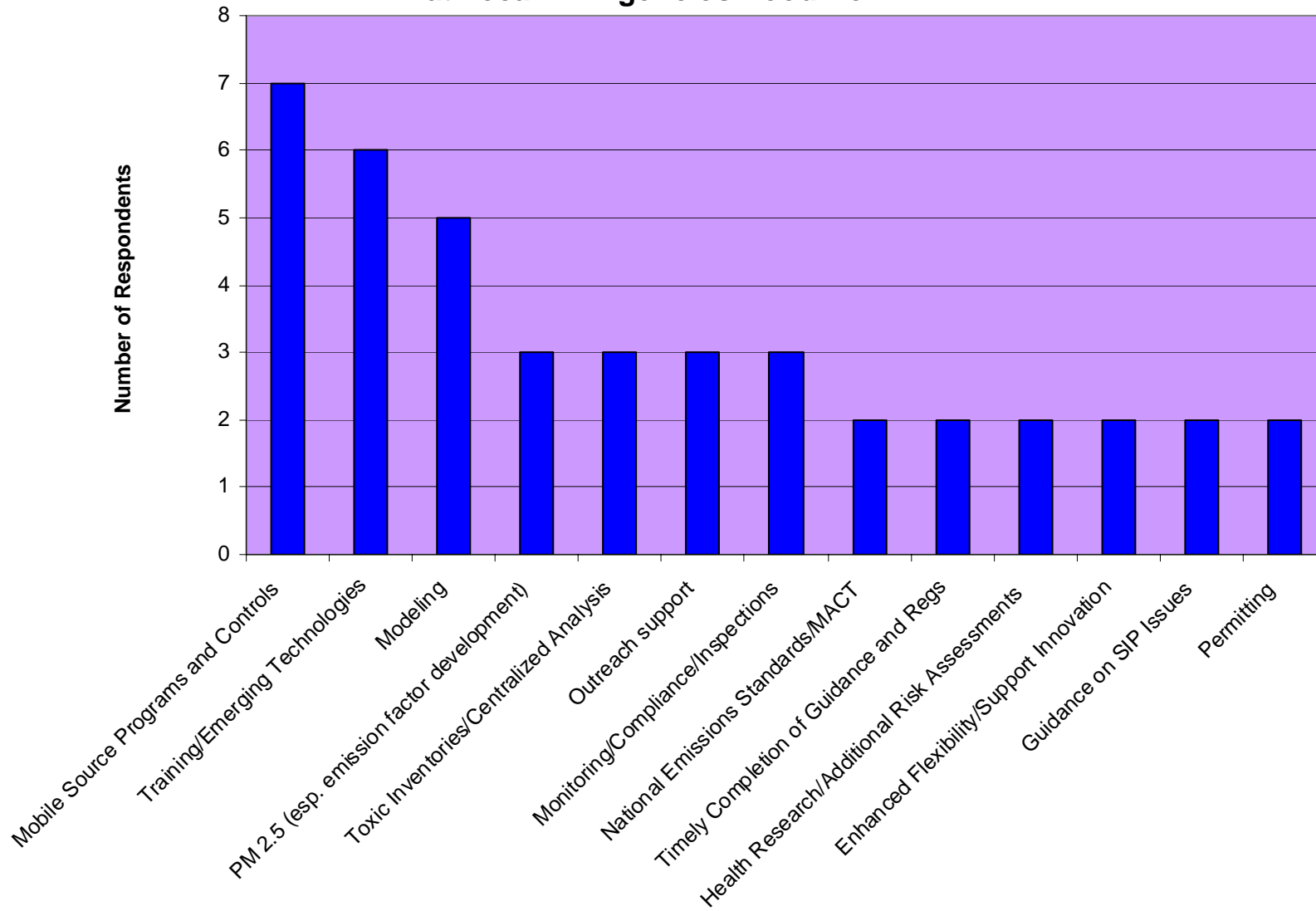
Graph 6
Top Priority Activities for Local Air Agencies



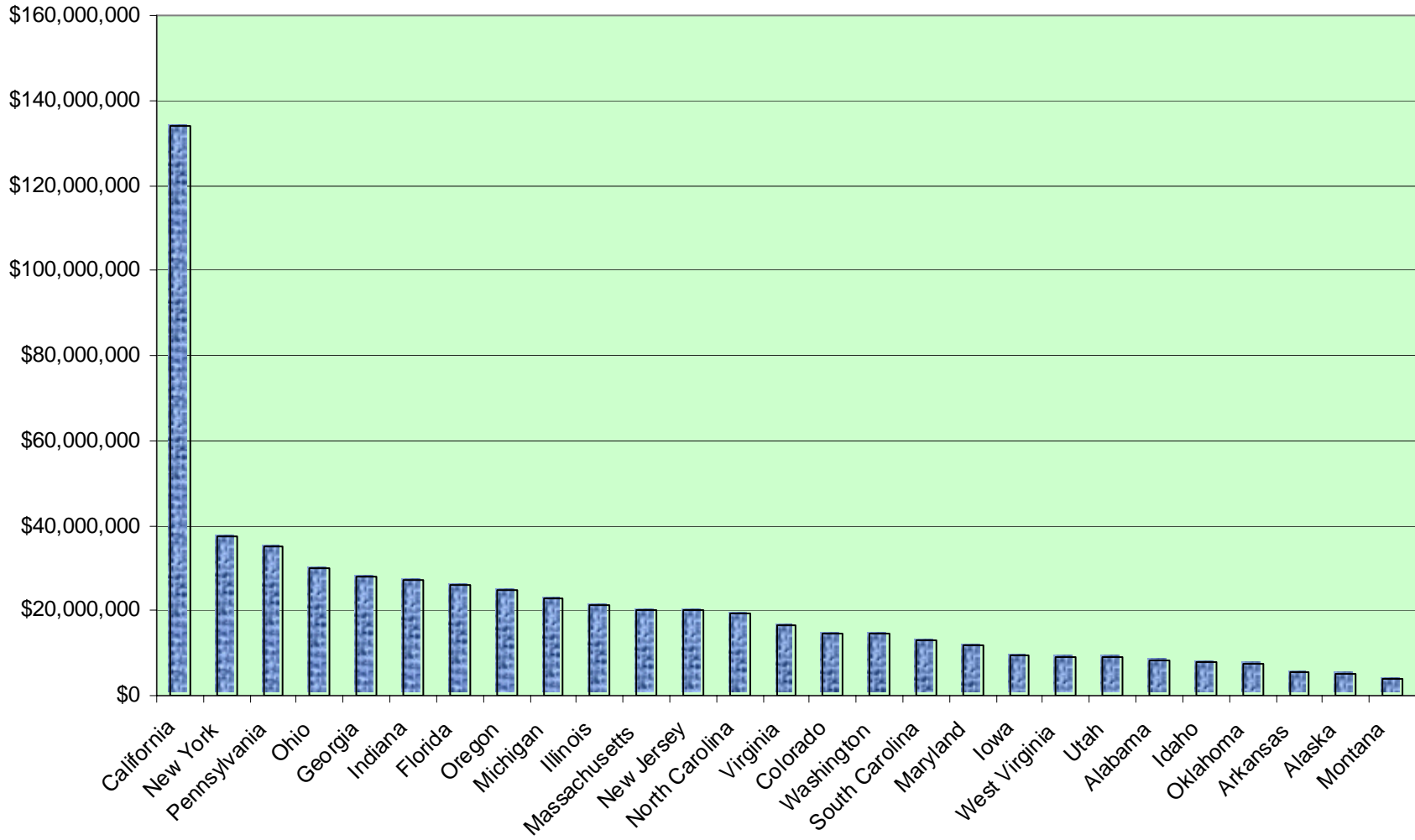
Graph 7
What State Air Agencies Need from EPA



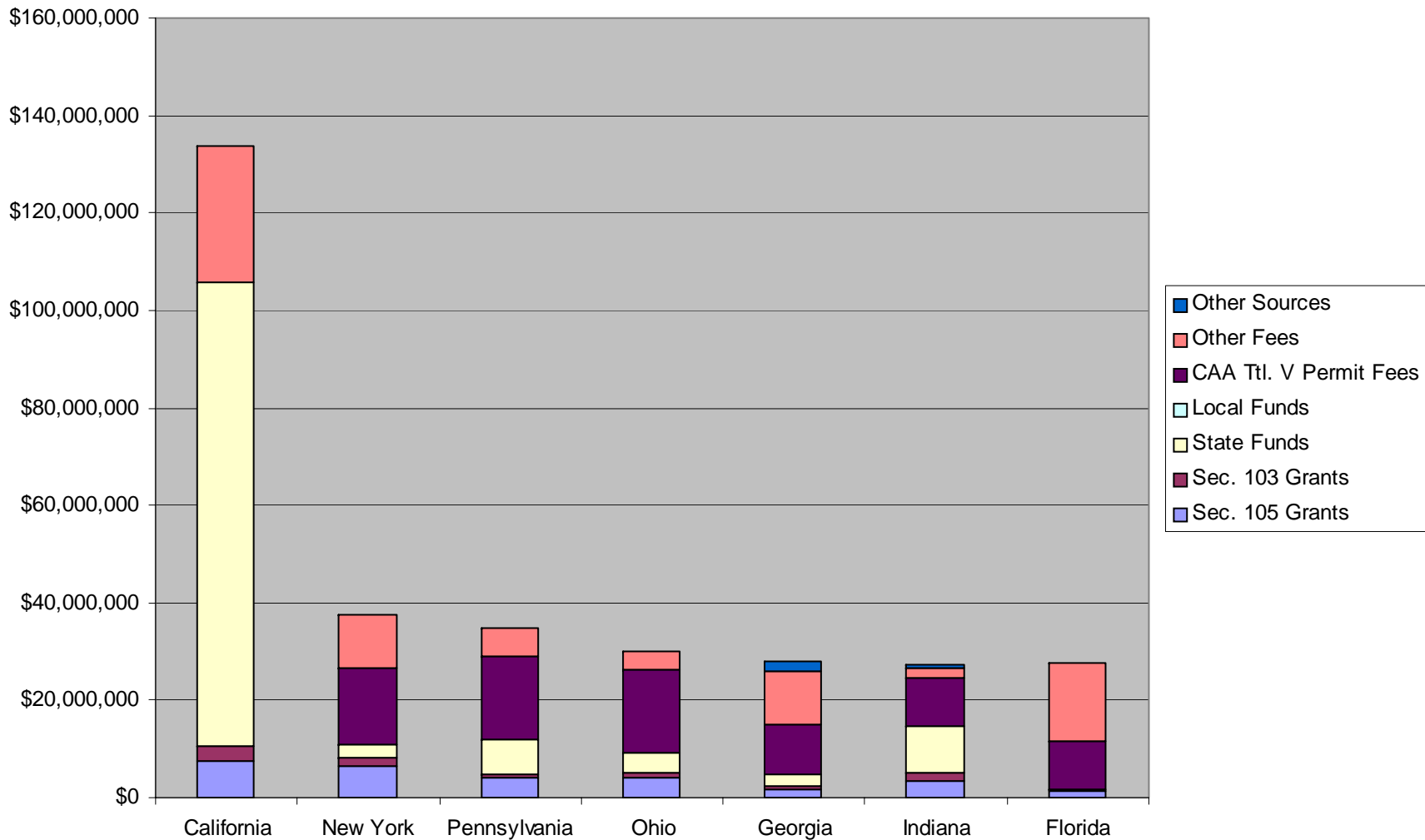
Graph 8
What Local Air Agencies Need from EPA



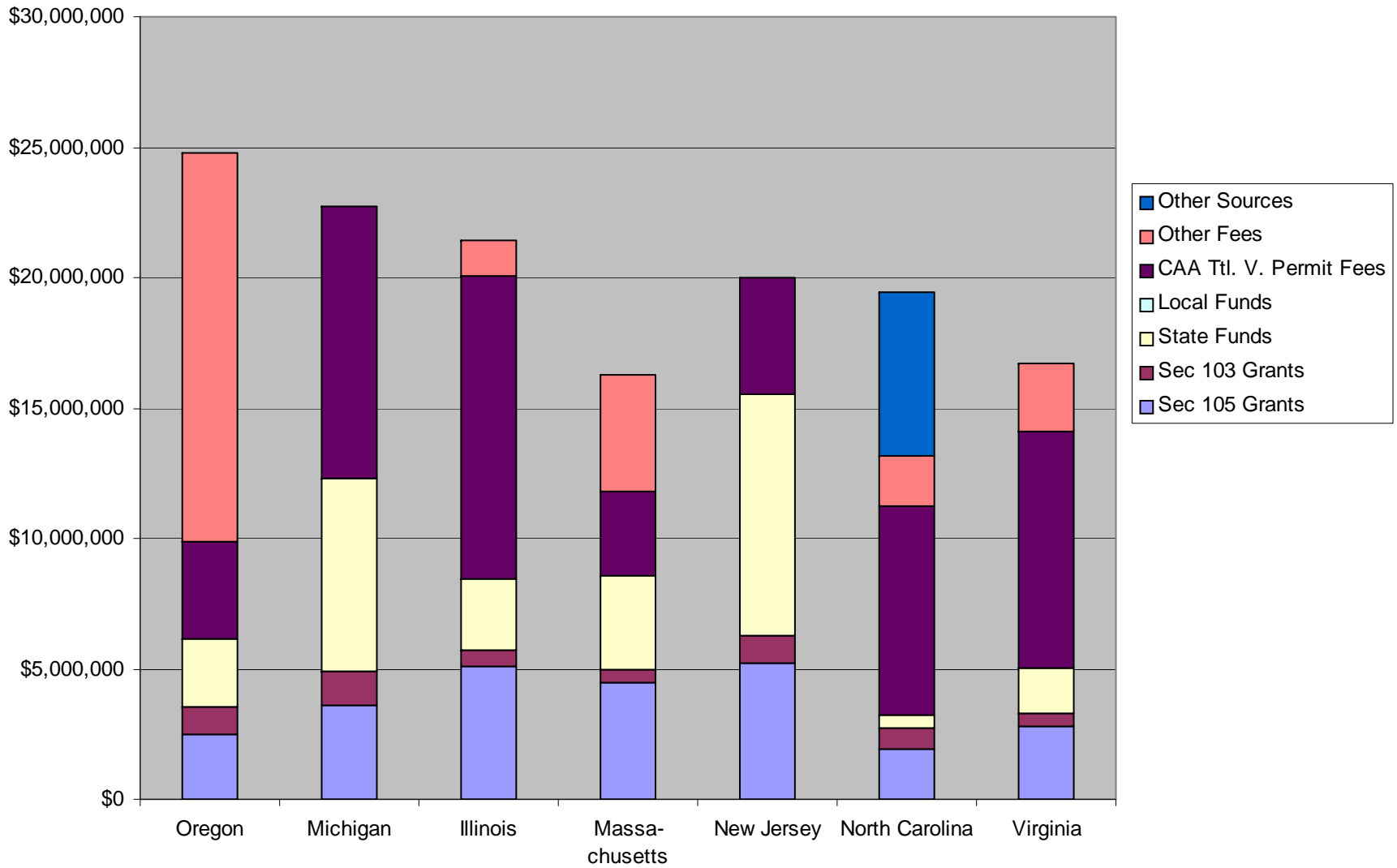
Graph 9
State Air Quality Agencies' Annual Budgets



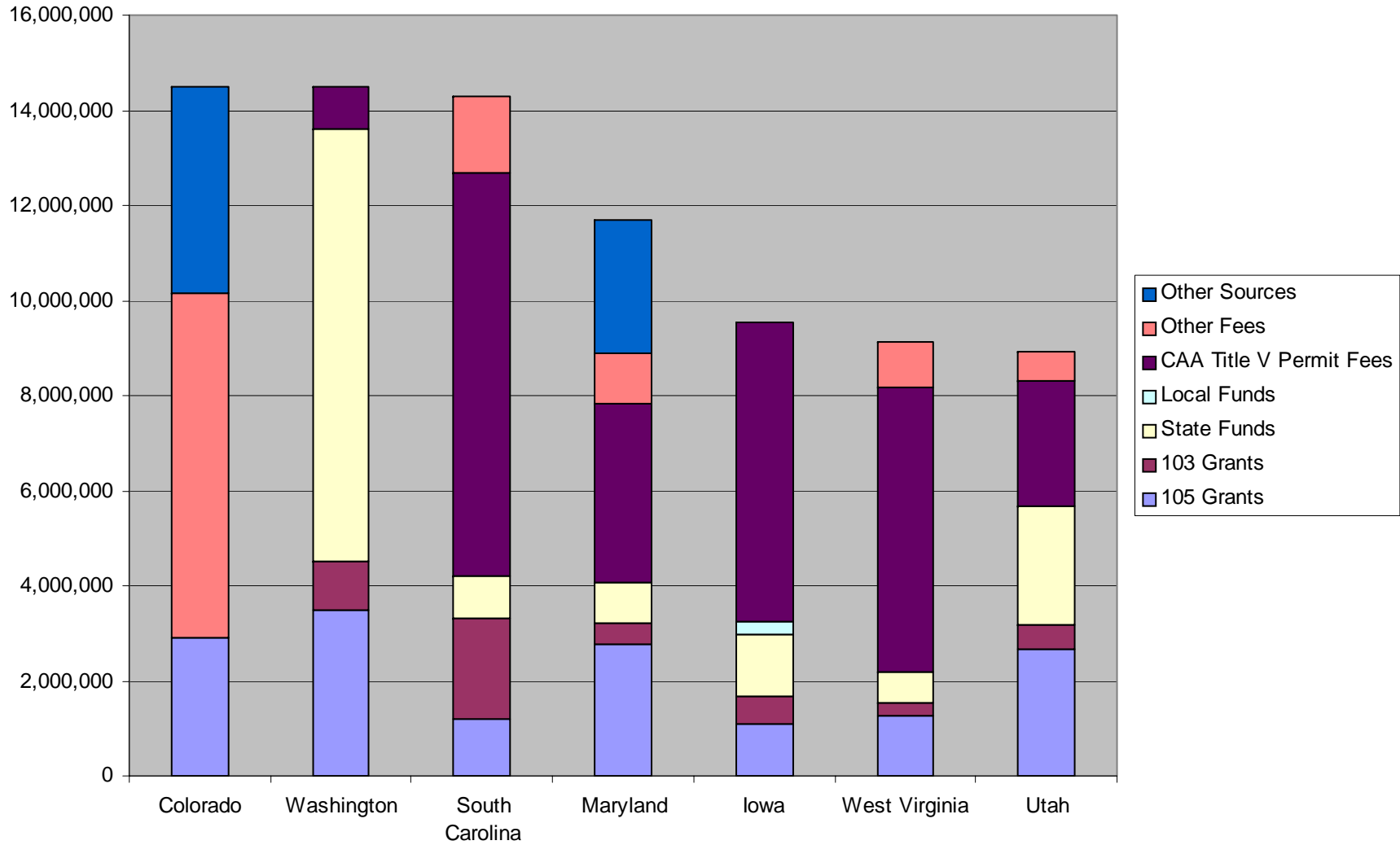
Graph 10
Sources of Funding for State Air Quality Agencies



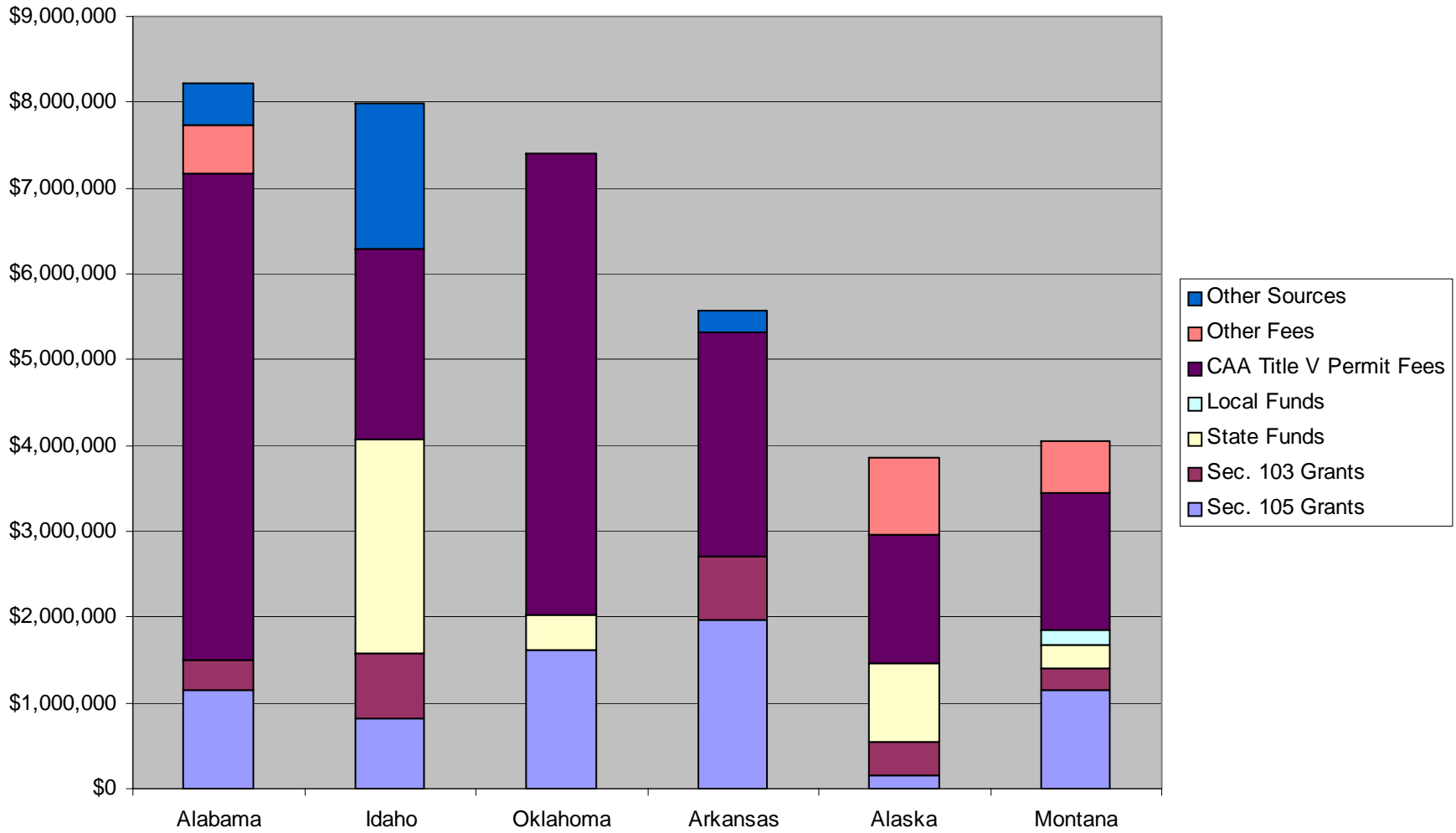
Graph 11
Sources of Funding for State Air Quality Agencies (Cont.)



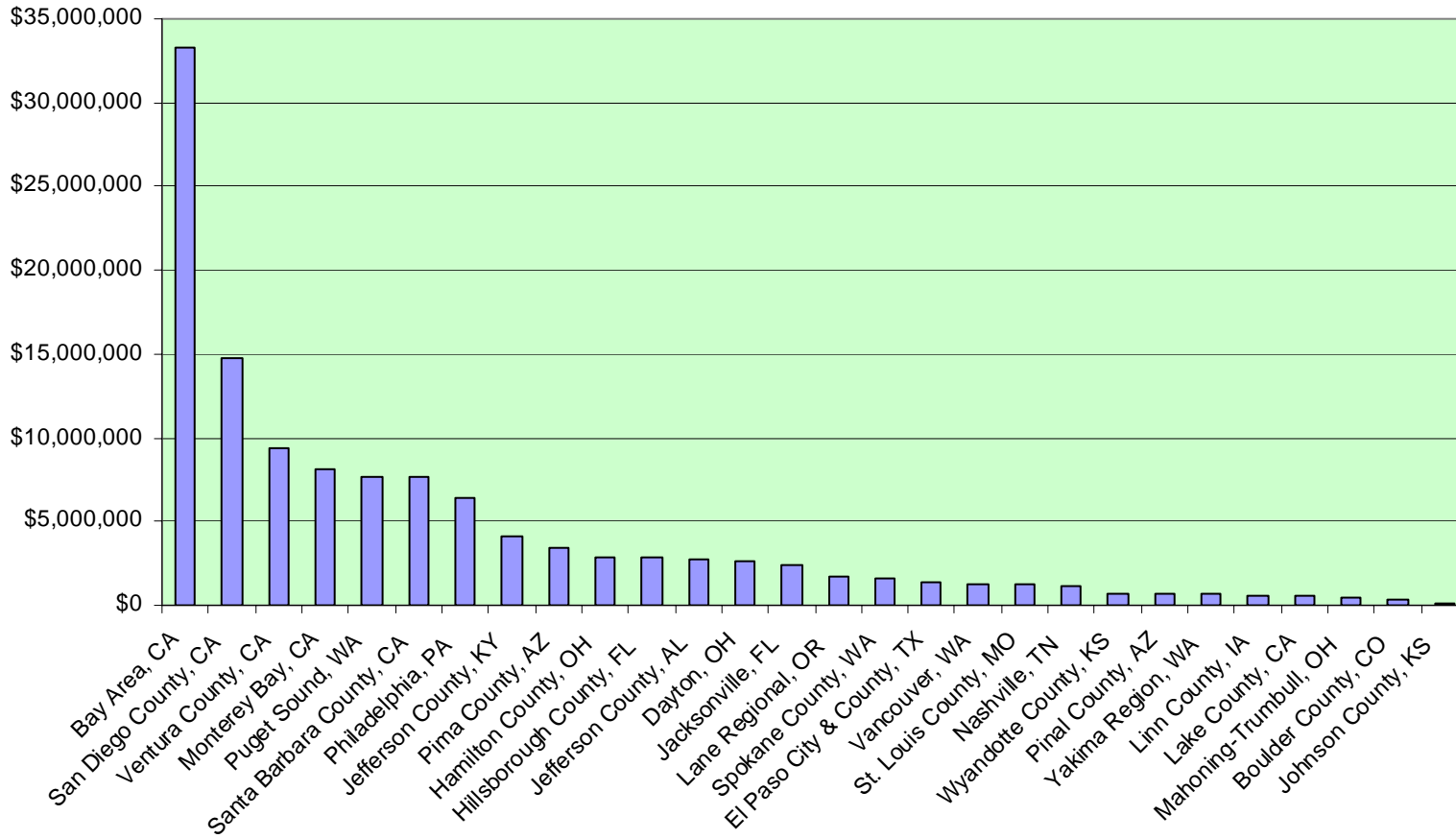
Graph 12
Sources of Funding for State Air Quality Agencies (Cont.)



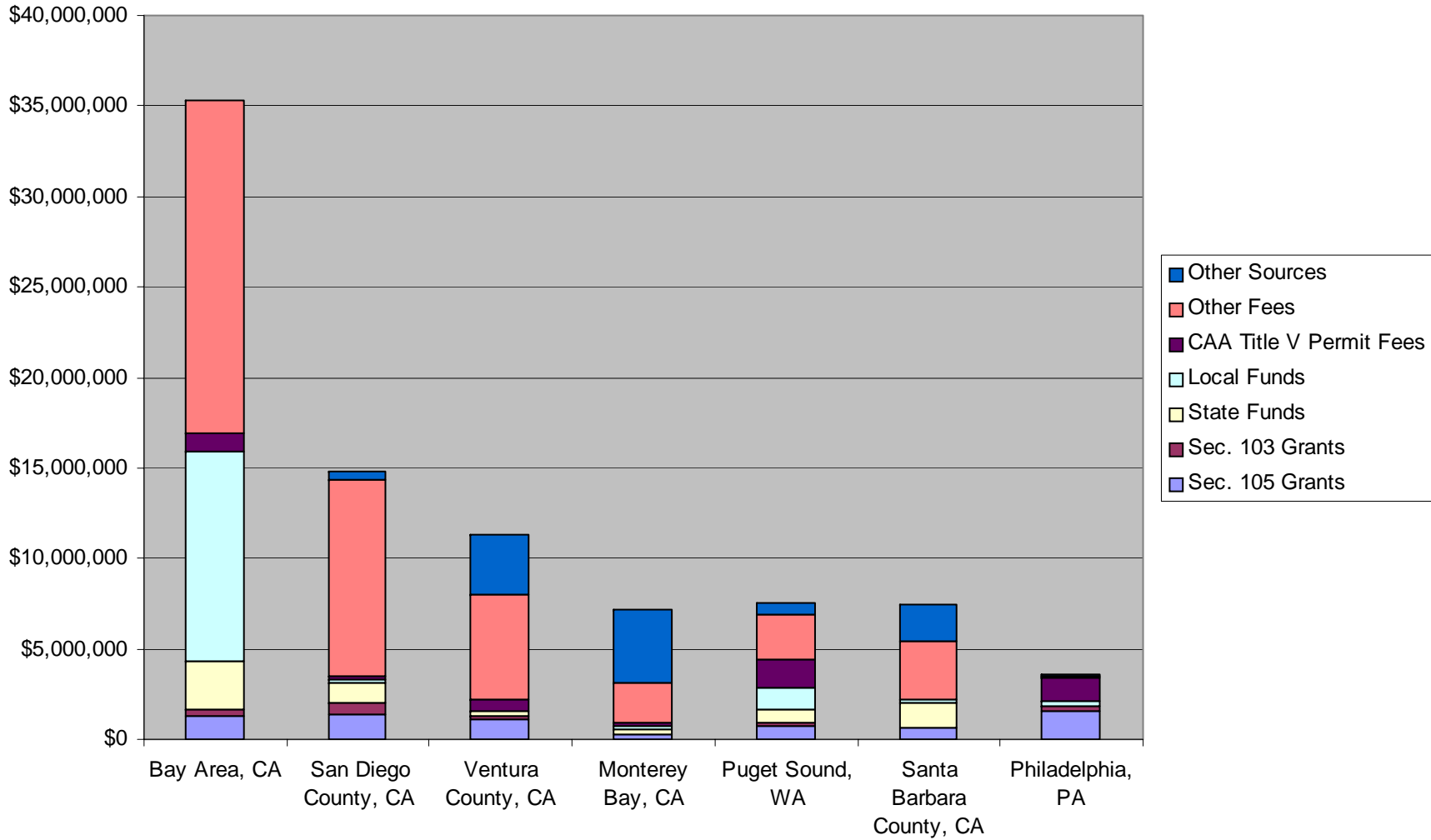
Graph 13
Sources of Funding for State Air Quality Agencies (Cont.)



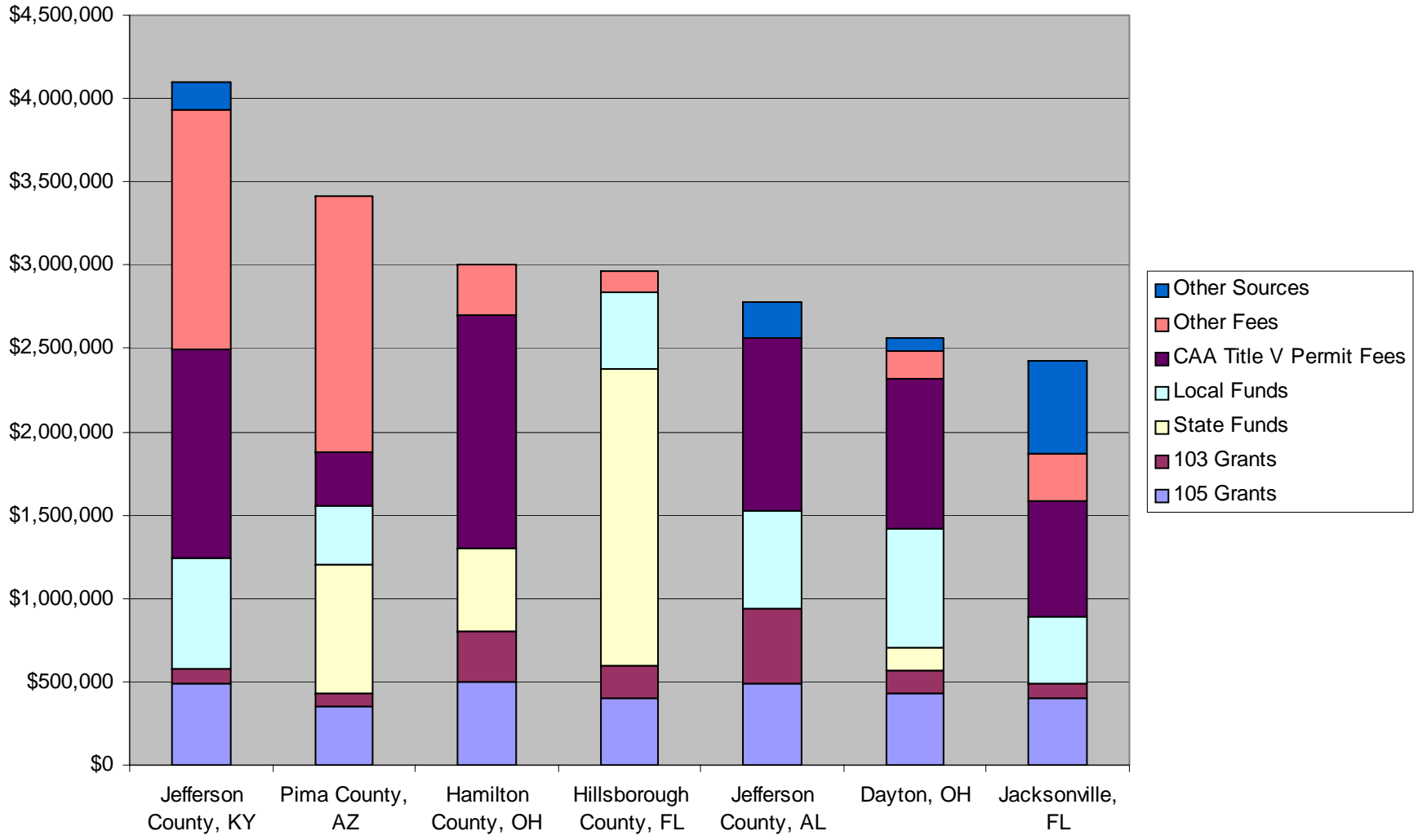
Graph 14
Local Air Quality Agencies' Annual Budgets



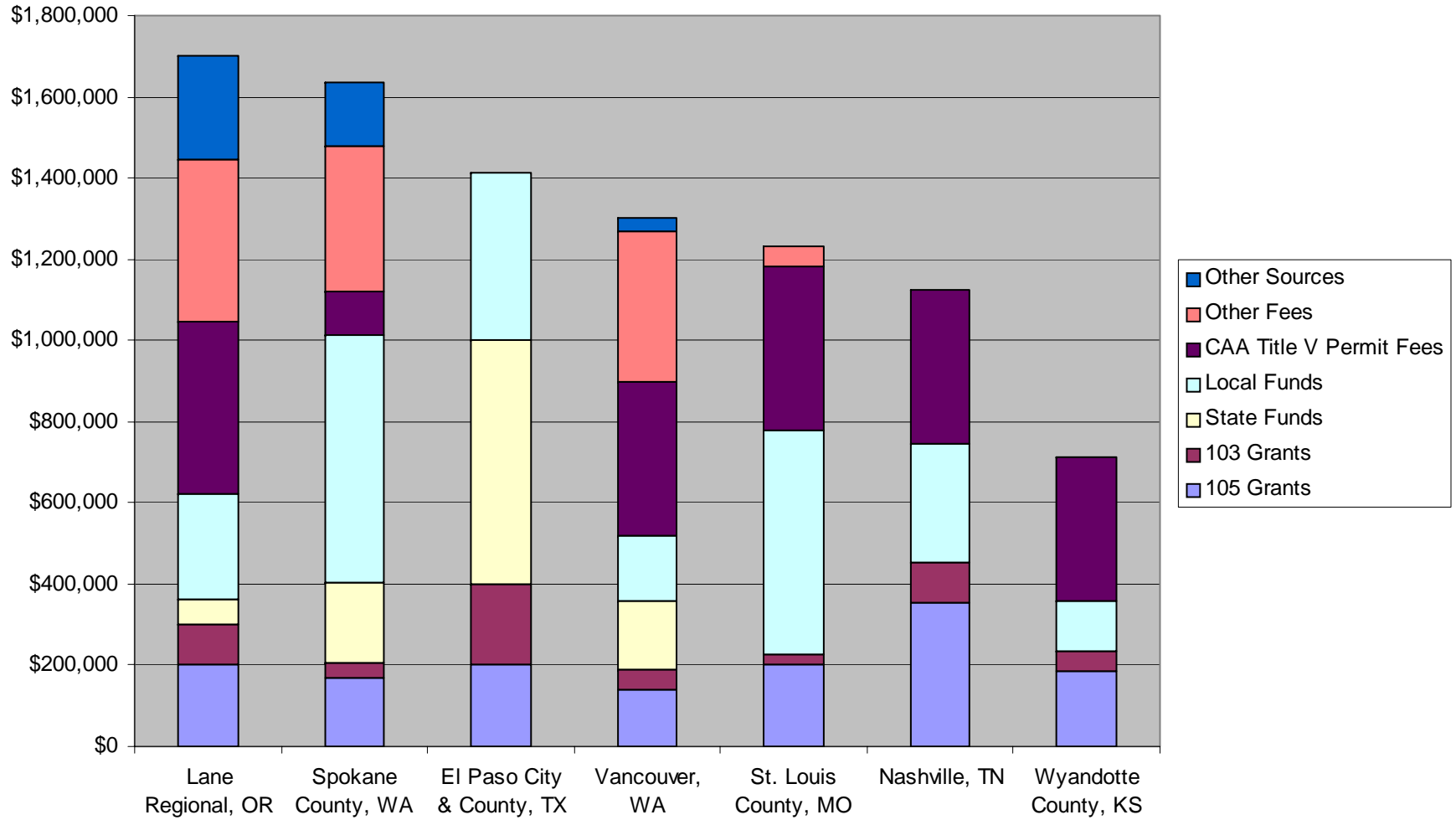
Graph 15
Sources of Funding for Local Air Quality Agencies



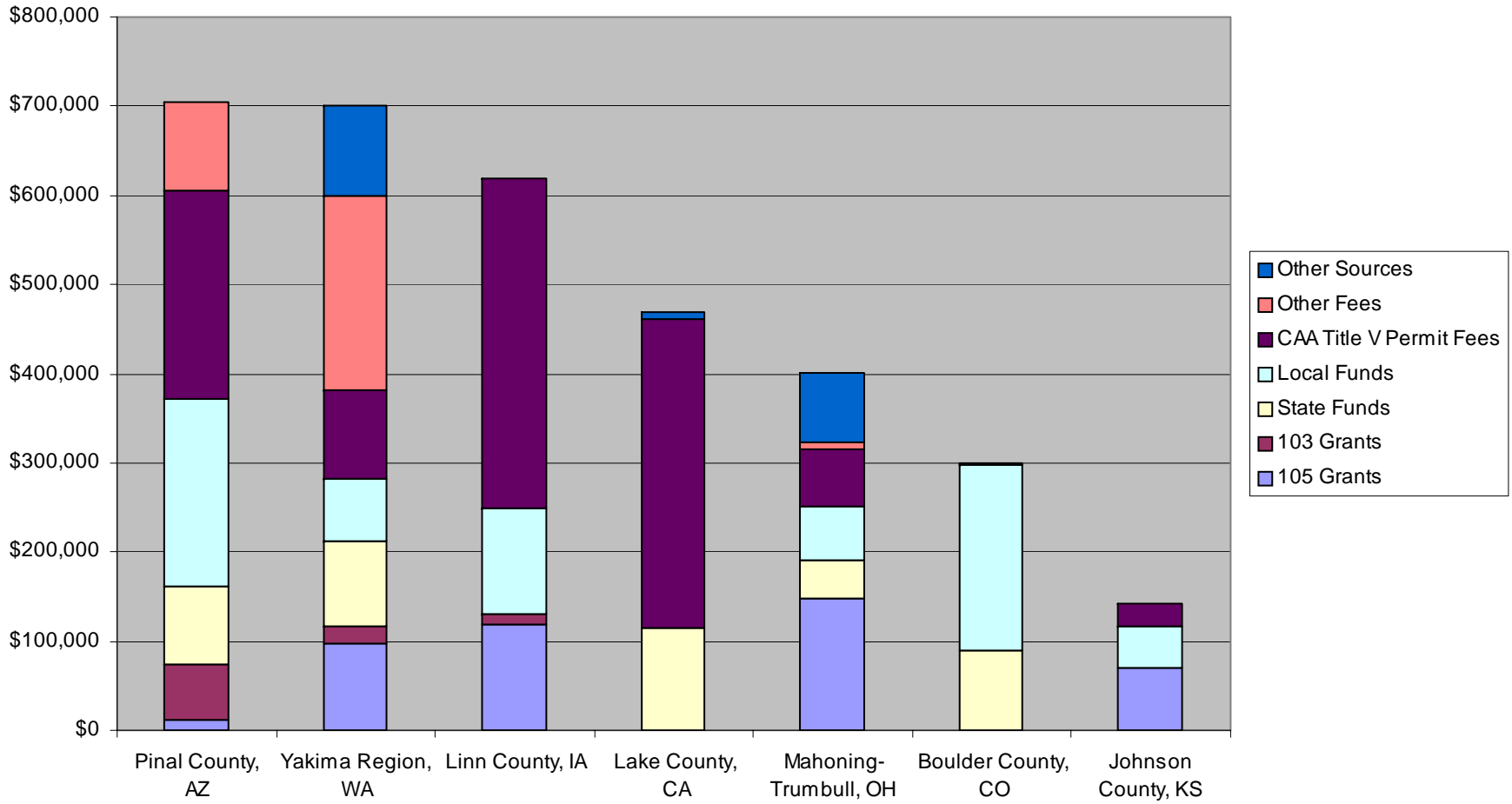
Graph 16
Sources of Funding for Local Air Quality Agencies (Cont.)



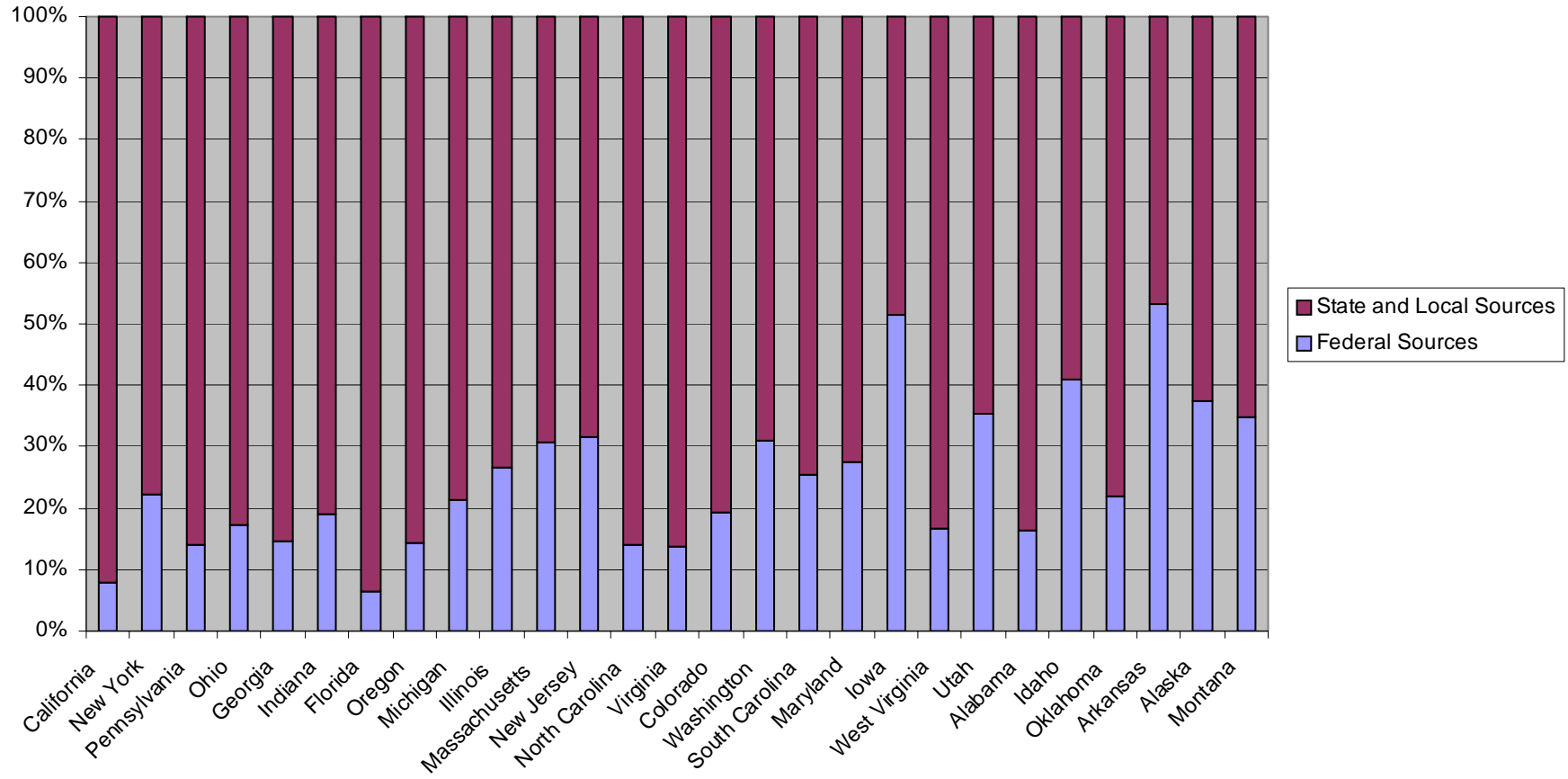
Graph 17
Sources of Funding for Local Air Quality Agencies (Cont.)



Graph 18
Sources of Funding for Local Air Quality Agencies (Cont.)



Graph 19
State Air Quality Agency Budgets
Federal & Local Funds as Percentage of Total



Graph 20
Local Air Quality Agency Budgets
Federal & State/Local Funds as Percentage of Total

