

**Testimony of S. William Becker
Executive Director of the National Association of Clean Air Agencies
before the House Appropriations Committee
Subcommittee on Interior, Environment and Related Agencies
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My name is S. William Becker and I am the Executive Director of the National Association of Clean Air Agencies (NACAA). NACAA (formerly known as STAPPA and ALAPCO) represents the state and local air pollution control agencies in 54 states and territories and over 165 metropolitan areas across the country. Thank you for this opportunity to testify on the FY 2008 proposed budget for the United States Environmental Protection Agency (EPA), particularly federal grants for state and local air pollution control agencies under Sections 103 and 105 of the Clean Air Act, which are part of the State and Tribal Assistance Grant (STAG) program. Congress has vested state and local agencies with “primary responsibility” for the control of air pollution through the Clean Air Act (Section 101(a)(3)) and found that “federal financial assistance is essential for the development” of state and local air pollution control programs (Section 101(a)(4)). NACAA is extremely concerned that the proposed FY 2008 budget calls for a reduction of \$35.1 million (nearly 16 percent) in grants to state and local air pollution control agencies, compared to FY 2006 levels. Worse yet, this reduction would come on the heels of a \$20.5-million decrease that state and local air agencies suffered in FY 2007, and at a time when these agencies, which are already severely underfunded, need additional resources to protect the nation’s air quality and public health. NACAA recommends that grants within the STAG program for state and local air pollution control agencies under Sections 103 and 105 of the Clean Air Act be increased in FY 2008 by \$80.5 million above the President’s request, for a total of \$265.8 million. Additionally, we recommend that grants for the particulate matter monitoring program *not* be shifted from Section 103 authority to Section 105 authority.

Air Pollution Is a Significant Health Threat

Tens of thousands of people die prematurely every year as a result of air pollution. In addition, millions more are exposed to unhealthful levels of a variety of air contaminants. In fact, more than 150 million people in this country live in areas that violate at least one of the six health-based National Ambient Air Quality Standards (NAAQS). For example, fine particulate matter, just one of these pollutants, is responsible for most of the premature deaths each year and results in many other health problems, such as aggravation of existing respiratory and cardiovascular disease, damage to lung tissue, impaired breathing, irregular heart beat, heart attacks and lung cancer.

In addition to the pollutants covered by the NAAQS, there are many others that threaten public health. EPA’s most recent National-Scale Air Toxics Assessment (NATA) provides extensive data about toxic air pollution across our country. According to NATA, when the

cancer risks from all toxic air contaminants listed as known, probable or possible human carcinogens are combined, more than 270 million people are estimated to live in census tracts where the combined upper-bound lifetime cancer risk exceeded 10 in one million risk (one in one million risk is generally considered acceptable). Additionally, more than 92 percent of the population in this country lives in areas with "hazard index" values for respiratory toxicity greater than 1.0 (with 1.0 being the level above which adverse effects to the respiratory system occur).

Funding for State and Local Clean Air Programs Has Declined Significantly

Section 105 of the Clean Air Act authorizes the federal government to provide grants for up to 60 percent of the cost of state and local air quality programs, while states and localities must provide a 40-percent match. In reality, however, the federal government provides only about 25 percent of the total (not including income from Title V permit fees, which state and local agencies collect from major sources and can use to fund *only* permit-related activities). In a time of limited resources, when state and local agencies face dramatically increasing responsibilities and are straining to maintain existing programs, additional federal funding is needed to meet the ever-growing challenges and costs associated with implementing the federal Clean Air Act and achieving and sustaining clean, healthful air.

The total amount needed to fund state and local efforts to implement the Clean Air Act is estimated to be in excess of \$1 billion each year. If the federal government were to provide 60 percent of that amount, as the Clean Air Act envisions, federal grants would amount to approximately \$600 million annually. However, federal grants have fallen far short of this level – amounting only to about one-third of it in recent years – and are now being cut even more. Further, over the past 15 years, federal grants for state and local air pollution control agencies to operate their programs (not including the separate fine particulate monitoring program) have decreased by approximately one-third in terms of purchasing power.

Further Funding Reductions in FY 2007 Have Increased the Hardship

Notwithstanding the fact that federal grants to state and local air pollution control agencies were already insufficient in FY 2006, we are witnessing further devastating reductions this year. For the proposed budget in FY 2007, EPA requested a reduction of \$35.1 million in grants. Additionally, EPA's budget request proposed shifting funds for the fine particulate monitoring network from Clean Air Act Section 103 authority to Section 105 authority, which means that state and local agencies would have to provide additional matching funds in order to accept the grants, pursuant to Section 105 requirements.

NACAA was extremely concerned about the adverse effects such a decrease in FY 2007 would have on our air quality programs and urged Congress to restore grants to FY 2006 levels. We are very grateful to this Committee and the U.S. House of Representatives for adopting an appropriations bill in its last session that called for the full restoration of state and local air grants in FY 2007 to an amount equal to that of FY 2006 – \$220.3 million. While the Senate Appropriations Committee restored some, but not all of the \$35.1 million in cuts, the Continuing

Resolution that was finally adopted generally called for funds to remain steady at FY 2006 levels.

Unfortunately, in its Operating Plan for distributing the funds Congress provided through the FY 2007 Continuing Resolution EPA included a reduction, from FY 2006 levels, of \$20.5 million in the state and local air quality grant program under the STAG account. Since this significant reduction must be absorbed over only a six-month period, the impact is even more devastating than the original budget cut the Administration had recommended for FY 2007.

Proposed FY 2008 Reductions Would Severely Hamper Clean Air Efforts

For FY 2008, the Administration has again requested \$185.2 million, which is a reduction of \$35.1 million compared to FY 2006 levels and would be extremely detrimental to state and local air pollution control programs. If this proposed budget cut is enacted, on average, each state will lose \$700,000 compared to FY 2006 amounts (i.e., an average reduction of approximately \$340,000 in fine particulate monitoring and \$360,000 from the other elements of the air quality program). While some agencies will experience greater or lesser reductions than the average, virtually all agencies will suffer adverse effects.

NACAA analyzed the impacts of the proposed FY 2008 budget cuts, which we shared with the members of the House and Senate Appropriations Committees in February 2007. Our report, *Impacts of the President's Proposed FY 2008 Budget on State and Local Clean Air Programs*, is available at www.4cleanair.org/documents/FY2008budgetanalysisfinal022607.pdf. The severity of the cuts is so substantial that, in many cases, state and local air agencies would have to lay off existing personnel and/or not fill empty positions. Many agencies would have to cease operating existing monitors or otherwise curtail their monitoring programs. The reductions would impair their ability to inspect sources and carry out enforcement activities, making clean air requirements less effective. Additionally, permits for smaller sources will take longer to process and customer service will diminish.

The funding cuts could seriously impair the ability of state and local air pollution control agencies to prepare new plans for implementing ozone and particulate matter standards. The development of effective State Implementation Plans (SIPs) is essential to ensure that measures will be adopted that reduce air pollution and protect public health. Without funds to develop and carry out the SIPs, some areas currently meeting the standards may no longer attain them. Not only would such areas experience degraded air quality, they would also be subject to the more rigorous requirements applicable to nonattainment areas.

Finally, some smaller agencies might even have to close operations entirely, posing a terrible loss for those local areas. Overall, these reductions in our programs would be extremely detrimental to our efforts to reduce air pollution and maintain the improvements that our country has already worked so hard to achieve.

The cuts would be further exacerbated by the Administration's proposal to shift grants in the particulate matter monitoring program from Section 103 authority (which does not require a 40-percent match from state and local recipients) to Section 105 authority. Under the budget

proposal, state and local agencies would need to supply additional funds in order to accept the federal grants. Some agencies do not currently have additional resources for the match and could be forced to turn away some much-needed grant funds.

We urge you to review our analysis to learn about the very real adverse effects the proposed FY 2008 reductions would have on state and local efforts to protect public health. The information we are providing will make it clear that increases – rather than cuts – are necessary for these programs. Also, you may wish to review a report NACAA prepared when similar reductions were proposed for FY 2007, which provides state-by-state accounts of the serious impacts of such deep cuts on air quality programs. We shared this report entitled, *Impact of Proposed FY 2007 Budget Cuts on State and Local Air Quality Agencies* (March 14, 2006), with members of the Appropriations Committee last year. It is also available on NACAA's web site at www.4cleanair.org/StateandLocalExamplesofImpactsofCuts.pdf.

Broad Coalition Supports Increase in Clean Air Grants and Diesel Retrofit Funding

NACAA is not alone in seeking increases for state and local air grants. We are a member of a broad coalition of over 150 organizations, ranging from public-interest groups, such as the American Lung Association, to business organizations, such as the U.S. Chamber of Commerce. This coalition recognizes the importance of adequate funding for state and local air pollution control agencies and has also requested that Congress provide increases to these grants. Additionally, our coalition supports the appropriation of \$49.5 million in FY 2008 for programs authorized by the Diesel Emissions Reduction Act (DERA). These programs are designed to reduce the prevalence of harmful microscopic particles in the ambient air. Studies indicate that exposure to these particulates greatly increases the risk of asthma and other respiratory disorders. Initiatives under DERA provide incentives to retrofit the approximately 11 million diesel engines on trucks, buses, locomotives and agricultural vehicles with technologies to limit their emissions. NACAA urges Congress to provide this funding to these important DERA efforts.

Conclusion

Significant increases in federal grants to state and local air pollution control agencies are necessary if they are to continue efforts to improve and maintain air quality and protect public health. However, we recognize that Congress faces many competing funding priorities. Therefore, we are asking for only a fraction of what is really needed. When the President issued the FY 2008 budget request for EPA, NACAA originally recommended an increase of \$25 million above FY 2006 levels for state and local air grants under Sections 103 and 105 of the Clean Air Act – for a total of \$245.3 million. Since EPA unexpectedly reduced FY 2007 grant levels by \$20.5 million, a cut that state and local air agencies must absorb over a mere six-month period, we are now recommending that those funds be restored in FY 2008 as well. Therefore, NACAA recommends that FY 2008 grants within the STAG program for state and local air pollution control agencies under Sections 103 and 105 of the Clean Air Act be \$265.8 million (an increase of \$80.5 million above the FY 2008 request). Additionally, we recommend that grants for the particulate matter monitoring program not be shifted from Section 103 authority to Section 105 authority.