

**Testimony of the
State and Territorial Air Pollution Program Administrators
and the
Association of Local Air Pollution Control Officials
Before the Senate Appropriations Subcommittee on Interior and Related Agencies
regarding the
FY 2006 Budget of the U.S. Environmental Protection Agency
April 19, 2005**

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 2006 proposed budget for the U.S. Environmental Protection Agency (EPA), particularly regarding grants to state and local air pollution control agencies under Sections 103 and 105 of the Clean Air Act. STAPPA and ALAPCO recommend that the budget for federal grants to state and local air quality agencies, which was proposed at \$223.6 million, be increased by \$100 million, for a total of \$323.6 million in FY 2006.

STAPPA and ALAPCO are the national associations of air quality officials in 53 states and territories and more than 165 metropolitan areas across the country. The Clean Air Act gives state and local air quality officials the primary responsibility for implementing our country's clean air program. These agencies must work to limit or prevent emissions of a variety of pollutants, including particulate matter, ground-level ozone, toxic air pollution and acid rain, among others, which are emitted from a variety of sources. State and local air pollution control agencies are responsible for implementing myriad activities and programs designed to protect public health. These activities must address the fundamental and continuing elements of air quality programs, as well as address emerging problems. Among the many activities state and local air agencies must carry out are monitoring ambient air quality, providing compliance assistance to the regulated community, issuing permits to sources, inspecting facilities, compiling inventories of emissions, carrying out enforcement actions, providing public education and outreach, formulating control strategies, and developing State Implementation Plans.

Is Air Pollution a Significant Problem in the United States?

Air pollution poses a very serious threat to public health and the environment. We know of no other environmental problem that presents a *greater* risk. Consider the fact that all of us breathe; we need air to live. Most of us have no control over the cleanliness of the air we inhale – we are largely dependent on federal, state and local air programs to ensure that our air is healthful to breathe. When determining priorities for federal funding, then, it seems reasonable

to designate the improvement and protection of air quality as one of the government's highest priorities.

While the United States, at all levels of government, has accomplished much in terms of improving air quality, we still have significant problems. For example, more than 160 million tons of pollution are emitted annually in this country. Over 146 million people live in areas that violate at least one of the six health-based National Ambient Air Quality Standards. Fine particulate matter alone is responsible for up to 30,000 premature deaths each year and causes 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.

Hazardous – or toxic – air pollution is another huge problem. Over 200 million people in the United States live in areas where the lifetime cancer risk from exposure to those pollutants is over 1 in 100,000 and 3 million face a lifetime cancer risk of 1 in 10,000. One hazardous air pollutant that has received a lot of notice lately is mercury. Mercury emitted into the air finds its way into the fish we eat. Forty-five states have issued notices that the fish caught in their water bodies contain elevated concentrations of mercury. As many as 15 percent of women of child-bearing age are exposed to mercury levels that are above those EPA considers safe for a developing fetus.

Are There Major New Activities Facing State and Local Air Agencies?

State and local air agencies must carry out a myriad of activities to address our air quality problems. These activities are ongoing and continual, in order to both improve air quality and to maintain the strides that have already been made. In the coming months, state and local air quality agencies will take on significant additional activities in an effort to attain new, more stringent health-based National Ambient Air Quality Standards (NAAQS) for ozone and fine particulate matter (PM_{2.5}). Last year, all or parts of nearly 500 counties were designated as nonattainment for the 8-hour ozone standard and, in January of this year, EPA designated 225 counties, in whole or in part, as nonattainment for the PM_{2.5} standard. The nonattainment areas – areas not attaining these standards – are required to develop State Implementation Plans (SIPs) identifying the measures they will take to reduce emissions in their areas in order to attain the standards. They will also have to demonstrate to EPA's satisfaction that they will attain the standards as expeditiously as practicable and in any event no later than 2010 for PM_{2.5} and between 2007 and 2024 – with areas with more severe ozone problems getting more time – for ozone. Those who are attaining the standards will have to work to maintain their air quality and submit plans to EPA to demonstrate how they will do so. States are required to submit their plans to EPA by April 2007 for ozone and April 2008 for PM_{2.5}.

In addition, on March 10, 2005, EPA finalized a determination that 28 states in the Eastern United States and the District of Columbia contribute significantly to nonattainment of the ozone and PM_{2.5} standards in downwind states and is requiring these upwind states to revise their SIPs to include control measures to reduce emissions of sulfur dioxide and/or nitrogen oxides. Under the Clean Air Interstate Rule (CAIR), these states are required to submit these revisions by September 10, 2006.

Accordingly, during the next fiscal year state and local agencies will be consumed with developing and refining emission inventories, modeling emission trends, projecting emissions and pollution concentrations, identifying emission reduction measures and modeling the impact of these emission reduction measures on pollution concentrations in their states. In addition, to the extent that any of the emission reduction measures requires regulatory or legislative action or funding, state and local agencies will need to prepare regulatory and legislative proposals to implement these measures. Furthermore, they will need to follow their administrative procedures for these plans, requiring many states to begin well in advance in order to provide a completed plan to EPA by April 2007. For those states covered by CAIR, all of this work will need to be concluded in FY 2006, since the plans are due by September 2006.

All of these activities, which are intended to help areas meet the standards and protect public health, represent significant effort for which adequate funding is essential. These new activities, as well as the ongoing responsibilities, lead STAPPA and ALAPCO to recommend an increase of \$100 million in the federal grant program under Sections 103 and 105 of the Clean Air Act (increasing the President's request from \$223.6 million to \$323.6 million).

How Are Air Quality Programs Funded?

Funding for state and local air pollution control programs comes from several sources, including 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 Sections 103 and 105 of the Clean Air Act. Section 103 has usually funded specific monitoring efforts (e.g., particulate matter or air toxics monitoring), while Section 105 supports the foundation of state and local air quality programs, including, but not limited to, personnel.

The Clean Air Act authorizes the federal government to provide grants up to 60 percent of the cost of state and local air quality programs, while state and local agencies must provide a 40-percent match (as per Section 105). In reality, however, the federal government provides approximately 25 percent of the total state/local air budget, while state and local governments supply 75 percent (not including income from Title V permit fees, which state and local agencies collect from major sources and can fund *only* permit-related activities). In a time of limited state and local resources, where state and local governments are straining to maintain existing programs, additional federal funding is needed to meet the challenges of air quality programs.

How Much Money is Needed for State and Local Air Programs?

The total amount needed for state and local efforts to implement the Clean Air Act is estimated to be in excess of \$1 billion each year. If EPA were to supply 60 percent of that amount, as the Clean Air Act envisioned, federal grants would amount to approximately \$600 million annually.

The FY 2006 budget request for state and local air quality agencies under Sections 103 and 105 of the Clean Air Act, rather than being \$600 million, is actually \$223.6 million. Not only is this far short of the amount that is needed, but over the past decade, federal grants for state and local air agencies to operate their programs (not including the separate monitoring

program funded with Section 103 grants) have decreased by 25 percent in terms of purchasing power (based upon U.S. Department of Labor inflation statistics).

Couldn't Permit Fees Be Used to Fill the Gap?

Unfortunately, the permit fee program under Title V of the Clean Air Act Amendments of 1990 is not the answer to the state and local air agencies' financial problems for several reasons. First, the fees must support *only* the operating permit program and *must not* be used for other activities. 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. 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 problem. Federal grants must be expanded to meet the significant resource requirements.

How Else Would Additional Funds Be Put to Use?

In addition to the attainment activities discussed above, state and local air agencies face other high-priority responsibilities on which they would spend increased grant funds. These include the following, among others: improving emission inventories of toxic air pollution; implementing programs to address toxic air pollution; improving risk assessment capacity; increasing the frequency of inspections of minor sources; expanding criteria pollutant monitoring; reducing concentrations of fine particulates; developing SIPs to address regional haze; increasing public outreach efforts and response to citizen concerns; improving small business compliance assistance; purchasing replacements for monitoring equipment that has outgrown its expected usage; increasing the number of air toxics monitoring locations to better characterize baseline concentrations and localized impacts; improving modeling tools to determine the emission reductions needed to attain public health standards; and addressing minor sources, including issuing permits.

Conclusion

The current budget does not meet the needs of state and local air agency efforts and, we believe, should be increased substantially. However, we understand that there are many programs competing for limited federal funds and that Congress has a very difficult task in determining how the resources should be allocated. Therefore, although we believe that air pollution poses a significant threat to public health and should be among our highest priorities, we recommend that federal grants to state and local air quality agencies be increased by \$100 million above the President's request in FY 2006, for a total of \$323.6 million. Unless state and local air quality agencies receive substantial increases in resources, and are granted the flexibility to target them to the activities that are most appropriate in individual states and communities, we will find it increasingly difficult or impossible to obtain and maintain healthful air quality.