

**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 VA, HUD, and Independent Agencies  
regarding the  
FY 2005 Budget of the U.S. Environmental Protection Agency  
March 31, 2004**

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 2005 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 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 from many different sources. These include particulate matter, ground-level ozone, toxic air pollution, and acid rain, among others. In order to protect public health, state and local air pollution control agencies are responsible for implementing 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.

**Recommendation**

Section 105 of 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. The reality is that the federal share represents

only 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).

It is estimated that the total amount spent on state and local efforts to implement the Clean Air Act is approximately \$900 million. A study that the U.S. Environmental Protection Agency (EPA) and STAPPA and ALAPCO conducted several years ago concluded that state and local programs faced a *deficit* of approximately \$163 million, meaning that the total needed is over \$1 billion. If EPA were to support 60 percent of that total, as the Clean Air Act envisioned, federal grants would amount to \$600 million annually.

Unfortunately, the Administration has recommended a total of \$228.6 million in FY 2005 for grants to state and local air quality agencies under Sections 103 and 105 of the Clean Air Act, which is far short of the \$600 million that is needed. To make matters worse, 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).

In light of the need for a substantial increase, the budget request is insufficient to support state and local air agency efforts. However, we recognize that Congress must address many competing needs and cannot fund many activities and programs as fully as necessary. Therefore, although we believe that air pollution poses a significant threat to public health and should be among our highest priorities, we are recommending that federal grants to state and local air quality agencies be increased by only \$100 million above the President's request in FY 2005, for a total of \$328.6 million. While this will not fill the gap entirely, it will provide a much needed increase to state and local air quality efforts. 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**

In spite of the best efforts of air quality regulators, air pollution poses a serious threat to public health and the environment. In fact, we know of no other environmental problem that presents a *greater* risk. It is a pervasive and universal danger – all of us breathe. We have no choice in the matter. While some of us can choose to eat certain foods or select what we drink, we have no option but to breathe the air that is in our midst.

Unfortunately, the fact is that many, if not most, people in the United States are exposed to unhealthful levels of air pollution. In this country, over 170 million tons of pollution are emitted into the air each year. An astounding 133 million people live in areas of the country that violate at least one of the six health-based National Ambient Air Quality Standards (NAAQS). Many millions are exposed to toxic air pollutants that cause cancer and other health problems. When we consider our children, who are among our most sensitive and precious populations, the bad news mounts. In 1996, *all* children lived in counties in which the combined estimated concentrations of hazardous air pollutants exceeded a 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.

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. These figures are nothing less than shocking.

The following is greater detail about just a few types of air pollution that we face.

The first is fine particulate matter – or PM<sub>2.5</sub>. The U.S. Environmental Protection Agency has established a new standard for PM<sub>2.5</sub>. While the agency has not yet officially designated which areas of the country violate the standard, we know one thing: PM<sub>2.5</sub> 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. Based on preliminary data, it appears that PM<sub>2.5</sub> concentrations in over 120 counties throughout the U.S. exceed the health-based standard.

We have faced an uphill battle against ground-level ozone, or “smog.” In spite of our efforts, levels of ozone in some parts of the country actually increased during the past 10 years, and in 33 national parks, ozone has risen by more than 4 percent. A significant factor in this trend is the increase we have experienced in nitrogen oxide (NO<sub>x</sub>) 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 secondary PM<sub>2.5</sub>. Over the past 20 years, NO<sub>x</sub> 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 8-hour ozone standard.

Another concern is the serious public health threat posed nationwide by emissions of hazardous air pollutants (HAPs). According to EPA’s most recent National-Scale Air Toxics Assessment, 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 and approximately 3 million face a lifetime cancer risk of 1 in 10,000. To put this in context, consider that EPA has established 1 in 1,000,000 as the generally acceptable level of risk. These figures demonstrate that HAP emissions are a nationwide threat. It will require a significant level of effort to reduce the risk they pose to all of us.

One HAP that is especially worrisome is mercury. Air emissions are responsible for much of the mercury that is found in fish. This is a significant problem, especially for those who rely on fish as an important part of their diets. In this country, in 1999-2000, approximately 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). Due to public health concerns about the consumption of mercury in contaminated fish, 45 states, territories and tribes have issued advisories to the public about elevated concentrations of mercury in the fish that is caught in their water bodies.

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 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 Sections 103 and 105 of the Clean Air Act. Section 103 traditionally funds specific monitoring efforts (e.g., particulate matter or air toxics monitoring). Section 105 supports the fundamental elements of state and local air quality efforts, including, but not limited to, the personnel needed to run the programs.

As discussed above, state and local contributions provide a disproportionate share of air budgets. Unfortunately, not only have Section 105 grants failed to equal the percentage of the total air budget that the Clean Air Act envisioned, they have actually declined by 25 percent in terms of purchasing power during the past decade, from \$224 million to \$168 million in 2003 dollars. This decrease has come at the same time that state and local responsibilities have steadily increased. We have attached to this testimony a chart that illustrates Section 105 grants from FY 1993-FY 2003, adjusted for inflation (based upon U.S. Department of Labor inflation statistics).

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.

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, 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. 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 shortfall. Federal grants must be expanded to meet the significant resource requirements.

## **EPA/State/Local Study Recognized Need for Federal Air Grant Increases**

Several years ago, EPA, in cooperation with STAPPA and ALAPCO, conducted an intensive effort to identify the activities that are necessary for state and local agencies to carry out and estimate the amount of Section 105 grants needed. 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. 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.

### **How Would an Increase be Used?**

State and local air agencies have identified several high-priority activities on which they would spend increased grant funds. For example, they will be required to develop State Implementation Plans – plans to implement the 8-hour ozone standard, which is an effort that will require significant resources. This will be especially onerous for smaller agencies, including local agencies, that have very limited resources. In addition, state and local air quality agencies are facing many other responsibilities for which additional funds are needed. These include the following, among others: 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. Accordingly, we recommend an increase of \$100 million above the President's FY 2005 request for grants to state and local air quality agencies.

Thank you for this opportunity to provide our testimony. We will also supply you with a report entitled, *The Critical Funding Shortfall of State and Local Air Quality Agencies*, which we have prepared to provide additional detail about state and local air agencies' funding difficulties. Please contact us if you have questions or require any additional information.

## SECTION 105 GRANTS TO STATE AND LOCAL AIR AGENCIES

