

**Testimony of the National Association of Clean Air Agencies
Provided to the House Appropriations Committee
Subcommittee on Interior, Environment, and Related Agencies
Regarding the FY 2016 Budget for the U.S. Environmental Protection Agency
March 24, 2015**

On behalf of the National Association of Clean Air Agencies (NACAA), thank you for this opportunity to testify on the FY 2016 proposed budget for the United States Environmental Protection Agency (EPA), particularly grants to 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. Specifically, NACAA supports the President's request for an increase of \$40 million over FY 2015 levels, for a total of \$268.2 million for state and local air quality grants; recommends that state and local air pollution control agencies be provided with the flexibility to determine how best to use any additional resources, including the \$40 million; and requests that grant funds for fine particulate matter monitoring remain under Section 103 authority, rather than being shifted to Section 105 authority, as EPA is proposing.

NACAA is a national, non-partisan, non-profit association of air pollution control agencies in 41 states, the District of Columbia, four territories and 116 metropolitan areas. The members of NACAA have the primary responsibility under the Clean Air Act for implementing our nation's clean air program. The air quality professionals in our member agencies have vast experience dedicated to improving air quality in the United States. These observations and recommendations are based upon that experience. The views expressed in this testimony do not necessarily represent the positions of every state and local air pollution control agency in the country.

Air Pollution Remains a Significant Threat to Human Health

While great strides have been made in addressing air pollution, and the Clean Air Act's programs have been extremely successful in providing significant health and welfare benefits throughout our country, there is still a lot of work to be done. According to EPA, "[e]ven with this progress, in 2012 approximately 45 percent of the U.S. population lived in counties with air that did not meet health-based standards for at least one pollutant."¹ Additionally, EPA's latest National Air Toxics Assessment (NATA) data showed that everyone living in the United States had an increased cancer risk of over 10 in one million (one in one million is generally considered "acceptable") in 2005, due to exposure to the hazardous air pollutants included in EPA's analysis.² Finally, global warming and climate change are expected to cause a host of problems, including rising sea levels, changing weather patterns and increases in diseases and other problems that threaten human health and the environment.³

¹ *FY 2016 EPA Budget in Brief* (February 2015), page 14

² National Air Toxics Assessment for 2005 – Fact Sheet (February 17, 2011), http://www.epa.gov/ttn/atw/nata2005/05pdf/sum_results.pdf

³ *FY 2016 EPA Budget in Brief* (February 2015), page 13

While this Subcommittee addresses many critically important problems, it is unlikely that any pose more of a threat to public health than air pollution. In fact, tens of thousands of people die prematurely each year⁴ and many others suffer serious health problems as a result of exposure to air pollution. These include, among other things, premature mortality; cancer; and cardiovascular, respiratory, neurological and reproductive damage.⁵ This Subcommittee has the opportunity to help address these serious public health and welfare problems by providing additional federal funding to assist state and local air agencies in their efforts.

State and Local Programs Need Significant Increases for Continuing and New Programs

For many years, state and local air pollution control agencies have struggled with insufficient resources. A NACAA study revealed an annual shortfall of \$550 million in federal grants for state and local air programs,⁶ which has caused our agencies to make difficult choices to cut air pollution programs that are important for public health and/or eliminate staff. Due to these economic hardships, states and localities increasingly rely on federal grants provided by the Clean Air Act.

While 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 programs and calls for states and localities to provide a 40-percent match, in reality, state and local air agencies provide over three-fourths of their budgets (not including permit fees under the federal Title V program). To make matters worse, the purchasing power of federal grants has decreased by nearly 16 percent over the past 14 years due to inflation, during which time state and local responsibilities have expanded almost exponentially.

We recognize that Congress must support many programs and that providing full funding for any one effort is probably impossible. Therefore, although it is not enough to fund all of our responsibilities, NACAA appreciates and supports the Administration's proposed \$40-million increase and hopes that Congress will provide that level of funding. Federal funding for state and local air programs – both continuing grants and the requested increase – would provide resources for a host of essential activities, such as our ongoing core programs and new efforts, including obligations under the Clean Power Plan.

Core Program Funding

State and local air quality agencies are continuously required to implement many essential programmatic responsibilities to obtain and maintain healthful air quality. These include not only new efforts, but also ongoing activities that constitute the “core” of our clean air activities and the day-to-day responsibilities that are the foundation of our programs. Just to list a few examples, in FY 2016, states must: develop and/or make revisions to their State Implementation

⁴ <http://epa.gov/ncer/science/pm/>

⁵ *FY 2014-2018 EPA Strategic Plan* (April 10, 2014), page 8

⁶ *Investing in Clean Air and Public Health: A Needs Survey of State and Local Air Pollution Control Agencies*, (April 2009), NACAA, www.4cleanair.org/Documents/reportneedssurvey042709.pdf

Plans (SIPs) for each of the health-based national ambient air quality standards (NAAQS) – especially the ozone and PM_{2.5} (fine particles) standards; continue implementing new and updated Maximum Achievable Control Technology (MACT) air toxics standards; address regional haze problems; implement motor vehicle and related fuels programs; etc. All of these tasks call for a variety of activities that are resource- and labor-intensive. These include, among other things, planning; compiling comprehensive emission inventories; carrying out complex modeling; analyzing extensive data; expanding and operating monitoring networks; adopting regulations; inspecting facilities and enforcing regulations, as necessary; addressing complicated transport issues; issuing minor source permits; and informing and involving the public in air quality decisions and issues.

Clean Power Plan Funding

In June 2014, EPA proposed the Clean Power Plan, which is a regulation under Section 111(d) of the Clean Air Act designed to reduce emissions of greenhouse gas emissions from existing electric utility power plants. It is expected to be issued as a final regulation this summer. Regardless of one's opinions about the need for climate change measures, the fact is that state and local air quality agencies are now expected to begin developing state plans and carrying out other activities to comply with the requirements that will shortly be in place. Likewise, even though these regulations will be litigated, in the meantime the requirements for state and local air agencies to move ahead with the program will remain in force and require significant resources.

Among the many activities state and local air agencies must undertake to comply with these regulations are the development and submission of state plans to meet the Section 111(d) requirements. According to EPA, these tasks include: “compile and assess information about energy and emissions; establish approaches to evaluating, measuring, and verifying plans for energy savings across environmental agencies and energy regulators, hold public meetings and conduct outreach with interested parties, and prepare and submit state plans.”⁷ Additionally, agencies will need to conduct modeling, technical analysis and training. The activities will be in addition to the tasks state and local air agencies are already performing to comply with other requirements of the Clean Air Act and will call for additional resources.

NACAA Recommends Flexibility in the Use of Grant Increases

As stated above, the proposed budget calls for an increase of \$40 million in state and local air pollution control grants. The proposed budget would divide the increase into \$25 million to implement the Clean Power Plan under Section 111(d) and \$15 million for other continuing state and local air quality activities. While state and local air agencies do need additional funds to implement the Clean Power Plan, we are also in need of significant increases to operate our essential core programs. In fact, state and local air pollution control agencies would need amounts far greater than the \$40-million proposed increase whether or not the Clean Power Plan were in effect in FY 2016. Accordingly, we request that Congress provide the \$40-million increase but also allow full flexibility for state and local air agencies to use the additional funds for the highest priority activities in their areas. This could include the Clean Power Plan and/or

⁷ Draft OAR National Program Manager Guidance, Fiscal Years 2016-2017 (February 23, 2015)

other essential elements of state and local air quality programs, such as the core program activities noted above.

NACAA Recommends that Authority for Monitoring Grants Remain Under Section 103

EPA has proposed again this year to begin shifting funds for PM_{2.5} monitoring from Section 103 authority, where no state or local matching funds are needed, to Section 105, which would require additional matching funds. We recommend that the funds remain under Section 103 authority. For individual agencies that have concerns about the matching requirements, this will ensure that they do not have to refuse essential monitoring funds because they do not have the resources to provide the required match. In past years, Congress has been very responsive to our requests on this issue, for which we are very grateful, and we recommend that Congress again call for these grants to be provided under Section 103 authority.

NACAA Supports Diesel Emission Reduction Act (DERA) Funds

NACAA is pleased that the proposed budget includes funding for the Diesel Emission Reduction Act (DERA) program (\$10 million). This is an important program to address emissions from the large legacy fleet of diesel engines. We appreciate that the budget request did not fund DERA at the expense of the Section 103/105 grants and we strongly urge that any future funding for DERA not be in lieu of increases to state and local air grants. Additionally, since many of the DERA funds are not provided to state and local governments, we recommend that future DERA activities not be funded through the STAG account. Instead, we suggest that the grants be provided through one of EPA's other accounts.

NACAA Supports Resources for Additional State and Local Clean Power Activities

NACAA supports the recommended \$4-billion Clean Power State Incentive Fund contained in the request because it will provide significant support for states and localities to achieve reductions in greenhouse gas emissions related to the Clean Power Plan.

Conclusion

NACAA supports the Administration's proposed increase of \$40 million for grants to state and local air pollution control agencies under Sections 103 and 105 of the Clean Air Act for FY 2016, for a total of \$268.2 million. We recommend that these increases be provided to state and local air agencies with full flexibility to be used for the programs that are the highest clean air priorities in each area, rather than being earmarked for specific programs, such as EPA's Clean Power Plan. We further request that grants for PM_{2.5} monitoring remain under Section 103 authority, rather than being shifted to Section 105 authority.

Thank you for this opportunity to testify on this important issue and for your consideration of the funding needs of state and local air quality programs.