

**Testimony of the National Association of Clean Air Agencies
Provided to the Senate Appropriations Committee
Subcommittee on Interior, Environment, and Related Agencies
Regarding the FY 2013 Budget for the U.S. Environmental Protection Agency
April 17, 2012**

The National Association of Clean Air Agencies (NACAA) appreciates this opportunity to provide testimony on the FY 2013 proposed budget for the United States Environmental Protection Agency (EPA). NACAA is a national, non-partisan, non-profit association of air pollution control agencies in 45 states, the District of Columbia, four territories and over 165 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 U.S. The comments we offer are based upon that experience. The views expressed in these comments do not necessarily represent the positions of every state and local air pollution control agency in the country. NACAA supports the President's request for a \$65.8-million increase in federal grants for state and local air pollution control agencies under Sections 103 and 105 of the Clean Air Act – part of the State and Tribal Assistance Grant (STAG) program (for a total of \$301.5 million).

Air Pollution is a Significant Public Health Problem

With all the competing requests Congress must address, one may ask why air quality programs should receive additional funding. The answer is that dirty air poses a significant risk; tens of thousands of people die prematurely every year. In fact, it would be fair to say that more people die from air pollution than from almost any other problem under this Subcommittee's jurisdiction. Many more people suffer serious health problems as a result of air pollution, including aggravation of existing respiratory and cardiovascular disease; damage to lung tissue; impaired breathing; irregular heart beat; heart attacks; adverse effects on learning, memory, IQ, and behavior; and cancer.

While federal, state and local clean air programs have made tremendous progress, millions of people in this country continue to breathe unhealthful air. EPA estimated that about 124 million people lived in areas that violated at least one of the health-based National Ambient Air Quality Standards (NAAQS) in 2010.¹ EPA's data on toxic air pollution showed that *everyone* in the United States had an increased cancer risk of over 10 in one million (one in one million is generally considered "acceptable") in 2005.² Finally, air pollution also harms vegetation and land and water systems, impairs visibility and causes other adverse impacts.

¹ *Our Nation's Air: Status and Trends Through 2010* (February 2012), EPA, www.epa.gov/airtrends/2011/.

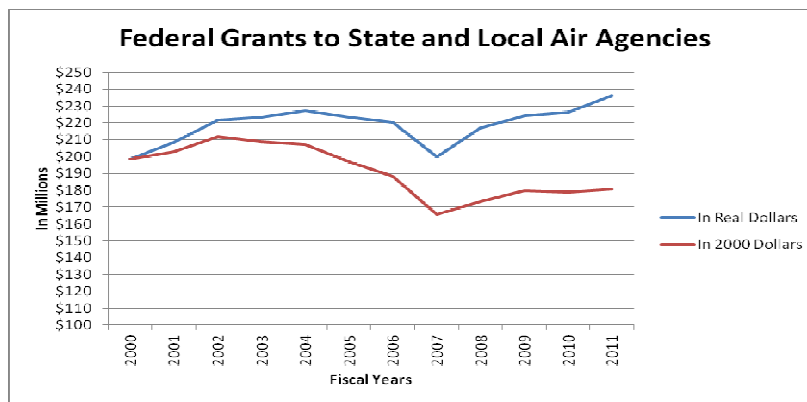
² National Air Toxics Assessment for 2005 - Fact Sheet, www.epa.gov/ttn/atw/nata2005/05pdf/sum_results.pdf.

The Current State of Funding for Air Quality Programs

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 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 less than one-quarter of the total state/local air budget, while state and local governments supply over three-quarters (not including income from Title V permit fees). Furthermore, numerous air quality agencies receive no Section 105 grants and must supply all of the funds to implement federally mandated programs to attain and maintain the national air quality standards.

Not only do federal funds provide a small share of the cost of Clean Air Act programs, those grants have actually decreased in purchasing power over the years due to inflation. As the following chart shows, this decline between FY 2000 and FY 2011 has equaled 9 percent.



Because of current economic conditions, many state and local air agencies are finding it difficult to keep essential programs operating. Many have had to reduce or eliminate programs that protect public health and have had to reduce their staffs. As a result, states and localities are more dependent than ever on their federal grants.

In this 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 ongoing and ever-increasing responsibilities and challenges of air quality programs. A 2009 NACAA funding study documented an annual shortfall of \$550 million in federal grants for state and local air programs.³ While the proposed increase would not solve all our funding problems, it is critically needed to help fill the gap in our efforts to attain and maintain healthful air quality.

³ *Investing in Clean Air and Public Health: A Needs Survey of State and Local Air Pollution Control Agencies* (April 2009), NACAA, <http://www.4cleanair.org/Documents/Reportneedssurvey042709.pdf>.

An EPA study from March 2011 highlighted the cost effectiveness of air quality programs, showing that the benefits from the Clean Air Act have outweighed the costs by over 30 to one.⁴ Moreover, an EPA White Paper from last year reported that environmental protection, including air quality, has had a significant positive effect on our economy in general and job creation in particular.⁵ Certainly additional jobs, a healthier and more productive workforce and fewer health-care expenditures are all beneficial to our economy and should be encouraged through Congressional appropriations, such as grants to state and local agencies.

Permit Fees Cannot Fill the Gap

Some believe that the permit and emission fee program under Title V of the Clean Air Act is the answer to the state and local air agencies' financial problems. Unfortunately, this is not so for several reasons. First, the fees must support *only* the operating permit program (and associated program support) 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, fee revenue is decreasing due to reductions in the emissions on which they are based.

Increases in costs for air quality programs (except for permit programs themselves) are not addressed by Title V permit fee programs. The Clean Air Act's 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.

The Increases Will Support Essential Programs

The President's proposed budget calls for a much-needed increase of \$65.8 million over FY 2012 levels for several very important activities. We urge Congress to provide the amount of increased grants the Administration is recommending, but to allow state and local air agencies the flexibility to determine which activities are most in need of additional funds in their areas. While there is a need for additional funds for a myriad of programs and activities at the state and local levels, most agencies find that they will require additional grants primarily for two major categories: core programs and monitoring.

Core Activities – We are gratified that the President's request calls for additional grants to support state and local air agencies' core programs. These activities are the very foundation of our programs and include current day-to-day activities, as well as new and innovative efforts to address additional requirements. As EPA issues updated health-based NAAQS, state and local air agencies must prepare or update State Implementation Plans (SIPs). Specifically in FY 2013, state and local air agencies must implement the revised lead, nitrogen dioxide (NO₂), and sulfur dioxide (SO₂) NAAQS, and the current particulate matter (PM), and ozone NAAQS. This

⁴ *The Benefits and Costs of the Clean Air Act Amendments from 1990 to 2020* (March 1, 2011), EPA, <http://www.epa.gov/air/sect812/feb11/summaryreport.pdf>.

⁵ *Empirical Evidence Regarding the Effects of the Clean Air Act on Jobs and Economic Growth*, EPA White Paper (February 9, 2011), http://www.epa.gov/ocir/pdf/hottopics/2011_0208_white_paper.pdf.

includes the 1997 PM_{2.5} NAAQS, the 2006 24-hour PM_{2.5} NAAQS, the one-hour ozone NAAQS (through anti-backsliding requirements), the 1997 eight-hour ozone NAAQS, and the 2008 eight-hour ozone NAAQS. To develop these SIPs, state and local air agencies must compile emission inventories, carry out sophisticated modeling, significantly expand and operate monitoring networks, adopt and enforce regulations and address complex multi-pollutant and multi-state transport issues, among others. Additionally, agencies must continuously reassess and change SIPs as they are implemented. All of these important activities require significant resources.

Monitoring – State and local air agencies are facing a host of ongoing and additional monitoring requirements to address standards for ozone, lead, NO₂ and SO₂ that are either new or have been revised. In addition to monitoring for the health-based criteria pollutants, additional monitoring of toxic air pollutants is necessary. These monitoring activities provide information about the amount of pollution in the air and, later, about how successful our control strategies have been. In order to accomplish this monitoring, these agencies must purchase and operate additional ambient air monitoring equipment. While the budget request for air quality monitoring in FY 2013 would not address *all* our additional monitoring needs, it would certainly help clean air agencies to expand their monitoring programs.

EPA is proposing to begin the process of shifting funds for fine particulate matter (PM_{2.5}) monitoring from Section 103 authority, where no match is needed, to Section 105, which would require additional matching funds. We strongly urge that these funds remain under Section 103 authority, as they have in the past. For individual agencies that have concerns about the matching requirements, this will ensure that they can continue receiving these monitoring funds. Additionally, we are concerned that EPA is proposing to reduce the total amount specifically set aside for fine particulate matter monitoring, based on the theory that state and local air agencies will fill in the reduced amount as part of their matching funds. However, as many agencies are already over matched and would not be adding to the funds set aside for PM_{2.5} monitoring, this important monitoring program could suffer. We recommend that EPA allot the same amount for PM_{2.5} monitoring as it did last year and leave the entire amount under Section 103 authority.

Conclusion

The President's budget request calls for a much-needed increase in grants to state and local air quality agencies at a time when they are required to take on significant new responsibilities and continue their current efforts. While these increases would not completely address the enormous funding deficit that these programs face, they would be very helpful to state and local air quality programs.

NACAA recommends, therefore, that Congress appropriate an amount consistent with the President's FY 2013 request for federal grants to state and local air quality agencies under Sections 103 and 105 of the Clean Air Act, which is \$305.1 million. This represents an increase of \$65.8 million above the FY 2012 appropriated amount.

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 as they work to improve and protect public health.