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**Impacts of the Possible “Sequestration” or “Fiscal Cliff” on Clean Air Programs**  
**Prepared by the National Association of Clean Air Agencies (NACAA)**  
**November 13, 2012**

**What is the Budget “Sequestration” or “Fiscal Cliff”?**

Pursuant to the Budget Control Act of 2011 (P.L. 112-25), which Congress adopted after the Joint Select Committee on Deficit Reduction failed to propose a plan to reduce the deficit by \$1.2 trillion, there could be a “sequestration” of funds effective January 2, 2013 (often referred to as the “Fiscal Cliff” in the press). The sequestration, which calls for across-the-board reductions in the federal budget that will equal \$1.2 trillion, will take effect unless Congress adopts an alternative deficit-reduction plan before the end of 2012.

According to estimates from the Office of Management and Budget<sup>1</sup>, the sequestration would result in cuts from FY 2012 levels of 9.4 percent in non-exempt defense discretionary funding and 8.2 percent in non-exempt nondefense discretionary funding, the latter including EPA’s budget. It is unclear how much discretion EPA would have to apportion the cuts among the various programs within the agency, but it is possible the across-the-board cuts could apply equally to all the specific programs within EPA’s budget.

**What does this mean in terms of funding levels for EPA’s programs?**

If the cuts are truly across-the-board, decreases in funding levels could be expected as follows:

- EPA’s budget, which was \$8.45 billion in FY 2012, would be cut by \$692.9 million, for a new level of \$7.76 billion;
- EPA’s budget for the “Taking Action on Climate Change and Improving Air Quality” goal, funded at \$1.026 billion in FY 2012, would be reduced by \$84.1 million to \$941.9 million;
- Within EPA’s air program, state and local air grants under sections 103 and 105 of the Clean Air Act, funded at \$235.7 million in FY 2012, would be decreased by \$19.3 million, down to \$216.4 million; and
- EPA’s enforcement budget, funded at \$784.9 million in FY 2012, would be cut by \$64.5 million, for a total of \$720.5 million.

<sup>1</sup> OMB Report Pursuant to the Sequestration Transparency Act of 2012 (P. L. 112–155) (September 14, 2012), [http://www.whitehouse.gov/sites/default/files/omb/assets/legislative\\_reports/stareport.pdf](http://www.whitehouse.gov/sites/default/files/omb/assets/legislative_reports/stareport.pdf)

## What would this mean for state and local air quality programs?

### State and Local Activities

Because of current economic conditions, most state and local air agencies are finding it difficult to keep essential programs operating. Many already have had to reduce their staffs and cut back or eliminate programs that protect public health. According to a NACAA survey of state and local air agencies in 2011, 85 percent of the respondents reported cuts to their air quality budgets during the previous four years and 80 percent of the respondents had laid off or otherwise lost staff during that period.<sup>2</sup>

As a result of constrained budgets, states and localities are more dependent than ever on federal grants. In this time of limited state and local resources, where state and local governments are straining to maintain existing programs, federal funding *above* current levels 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.<sup>3</sup> In light of the need for increased funding, additional cuts could have devastating impacts.

Reductions in funding triggered by the sequestration could have a serious impact on the ability of state and local air pollution control agencies to meet our nation's clean air goals. Specifically, these cuts could damage critical elements of state and local air quality programs in a variety of ways, including, but not limited to, the following:

- decrease monitoring of pervasive pollutants, such as nitrogen dioxide, ozone, sulfur dioxide and particulate matter, as well as numerous toxic air pollutants in almost every major metropolitan area in the country. This could include curtailment of monitoring and/or analysis activities or even closure of monitoring sites;
- delay the preparation and updating of State Implementation Plans (SIPs) for the attainment of health-based air quality standards, such as those addressing nitrogen dioxide, ozone, sulfur dioxide and particulate matter, which could add barriers for new and expanding industry in areas that violate federal standards;
- reduce activity to address toxic air pollution, including implementing the federal regulations (Maximum Achievable Control Technology – MACT), taking delegation of area source MACT programs and addressing air toxics where the public lives, works and goes to school;
- impede the issuance of permits, resulting in backlogs and delays in new construction, and reduce permitting assistance to sources;
- impede the ability of state and local agencies to address complex multi-pollutant and multi-state transport issues;

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<sup>2</sup> NACAA Survey on the Impact of Budget Cuts on State and Local Air Quality Agency Staffing (June 7, 2011), <http://www.4cleanair.org/Documents/NACAAlettertoSenatewithstaffstudy2011.pdf>

<sup>3</sup> 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>

- decrease the number of inspections of sources, including for compliance purposes;
- hamper the enforcement and compliance assistance efforts that help to ensure that clean air programs are meeting their goals;
- curtail training for staff of state and local air agencies, which is especially necessary if they are to carry out technical work, including compilation of emission inventories, analysis of air quality data, permitting and sophisticated modeling; and
- diminish programs to communicate with and assist the general public, including education, outreach and response to citizen complaints.

### EPA Activities to Support State and Local Efforts

For state and local air agencies to reduce air pollution and protect public health, it is critical that EPA be adequately funded as well. State and local agencies rely on EPA's efforts in a variety of ways. For example, EPA establishes the health-based and air toxics standards and regulations that state and local agencies implement in order to meet the goals of the Clean Air Act. In addition, EPA provides important technical and policy assistance to state and local air agencies as these agencies develop or revise their SIPs or address sources of hazardous air pollutants. Likewise, EPA must approve SIP revisions and provide ongoing assistance to state and local agencies as they work to meet the goals of their plans. This support includes, among other things, source characterization analyses, emission inventories, quality assurance protocols, improved testing and monitoring techniques and air quality modeling. Additionally, state and local agencies rely on EPA to address mobile sources, conduct important research and assist with enforcement and compliance activities.

### **The Bottom Line**

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 NAAQS in 2010.<sup>4</sup> 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.<sup>5</sup> Finally, air pollution also harms vegetation and land and water systems, impairs visibility and causes other adverse impacts.

It is imperative that efforts to support clean air programs be adequately funded. The cuts expected under the sequestration would put additional stress on important programs that are already critically underfunded and would seriously undermine public health protection efforts in this country.

*NACAA is a national, non-partisan, non-profit association of air pollution control agencies in 43 states, the District of Columbia, four territories and 116 metropolitan areas. The air quality professionals in our member agencies have vast experience dedicated to improving air quality in the U.S. The information we offer is based upon that experience. The views expressed in this document do not necessarily represent the positions of every state and local air pollution control agency in the country.*

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<sup>4</sup> *Our Nation's Air: Status and Trends Through 2010* (February 2012), EPA, [www.epa.gov/airtrends/2011/](http://www.epa.gov/airtrends/2011/)

<sup>5</sup> National Air Toxics Assessment for 2005 – Fact Sheet, [www.epa.gov/ttn/atw/nata2005/05pdf/sum\\_results.pdf](http://www.epa.gov/ttn/atw/nata2005/05pdf/sum_results.pdf)