TESTIMONY OF

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ON BEHALF OF THE

STATE AND TERRITORIAL AIR POLLUTION PROGRAM ADMINISTRATORS

AND THE

ASSOCIATION OF LOCAL AIR POLLUTION CONTROL OFFICIALS

BEFORE THE

HOUSE APPROPRIATIONS SUBCOMMITTEE ON

VA, HUD, AND INDEPENDENT AGENCIES

APRIL 21, 1998
Mr. Chairman and members of the Subcommittee, my name is S. William Becker and I am the Executive Director of the State and Territorial Air Pollution Program Administrators (STAPPA) and the Association of Local Air Pollution Control Officials (ALAPCO), on whose behalf I am appearing before you today.

STAPPA and ALAPCO are the national associations of state and local air pollution control agencies in the 54 states and territories and over 150 major metropolitan areas across the nation. Under the Clean Air Act, state and local air quality officials have the primary responsibility for ensuring healthful air quality for our citizens. These agencies must carry out numerous activities to implement federal, state and local clean air requirements. These include programs to address ground-level ozone, particulate matter, toxic air pollution, acid rain and other types of air pollutants, many of which cause significant adverse health effects, including cancer, severe respiratory ailments and premature death. Air agencies must address new initiatives that focus on emerging problems, as well as carry out the core elements of our programs, which serve as the backbone of our nation’s clean air effort.

We appreciate this opportunity to testify regarding the FY 1999 proposed budget for the U.S. Environmental Protection Agency, particularly with respect to grants to state and local air pollution control agencies under Sections 103 and 105 of the Clean Air Act. The President’s request calls for an increase of $8.3 million for state and local air grants in FY 1999 (under both Sections 103 and 105), totaling approximately $190.2 million. While STAPPA and ALAPCO are pleased that the President’s budget acknowledges the need for additional funds, we believe this increase is grossly inadequate to support state and local air agencies, including those activities necessary for the new fine particulate monitoring network, as well as most other programs under the Clean Air Act. Accordingly, STAPPA and ALAPCO request an increase of $121 million above the President’s request for FY 1999, which includes an increase of $23 million in Section 103 funds for the fine particulate monitoring network and an additional $98 million for the Section 105 program, which we believe will address these serious funding gaps.

We are extremely concerned about recent trends in federal funding for state and local air pollution control agencies. With respect to FY 1999, we have identified two major problems, which I will discuss in greater detail in this testimony. The first focuses specifically on the costs of monitoring for fine particulate matter (PM$_{2.5}$), while the second addresses the operating costs for the remainder of the Clean Air Act.

**Particulate Matter Monitoring**

In its final monitoring regulation for fine particulate matter (PM$_{2.5}$), published on July 18, 1997, EPA estimated that $98.3 million is needed to deploy a national PM$_{2.5}$ monitoring network.
comprising 1,500 sites (including the purchase of equipment and the costs of operating and maintaining the system and analyzing data). On many occasions, EPA committed to providing full funding over a two-year period for this new program and indicated that this would be new money.

In fact, federal funding for the monitoring network has not been a controversial issue – both the Administration and Congress have expressed support for it. Last year, Congress recognized the importance of the program by providing a $24.7-million increase above the Administration’s FY 1998 request for the national PM$_{2.5}$ monitoring network. Furthermore, Congress called for the monitoring funds to be granted under Section 103 of the Clean Air Act, which does not require state and local matching funds, thus ensuring that the costs of the new network would be borne by the federal government, as promised. We were extremely grateful for both the additional funds and the mechanism (Section 103) under which they were granted.

Unfortunately, notwithstanding the increase Congress provided last year and the Administration’s stated endorsement of the PM$_{2.5}$ monitoring effort, EPA has not met its commitment and the full funding the agency promised has not become a reality.

In FY 1997, EPA allocated $2.7 million for state and local air grants for PM$_{2.5}$ monitoring activities. In FY 1998, EPA earmarked $35.6 million for those activities but, rather than providing full funding, the allocation included only $28.7 million in new money, while the remaining $6.9 million was diverted from other, non-PM$_{2.5}$-monitoring activities that state and local agencies must perform. The proposed FY 1999 budget earmarks $50.7 million for the PM$_{2.5}$ monitoring network. However, this includes only $43.9 million in new funds for PM$_{2.5}$ monitoring activities and again proposes to reprogram funds – $6.8 million – away from other extremely important and grossly underfunded state and local air program activities. Thus, instead of providing $98.3 million over two years to fund the PM$_{2.5}$ monitoring effort, EPA has, in fact, only allocated $75.3 million in new money, which falls $23 million short of the amount EPA has repeatedly stated is needed and would be provided. Since state and local air agencies have expressed concerns that $98.3 million may not be sufficient to fully fund the PM$_{2.5}$ monitoring network, we are extremely troubled that EPA does not seem to be providing even the amount it promised.

The U.S. Senate shared our concern with this problem and, in response, approved an amendment to the Intermodal Surface Transportation Efficiency Act (Senator Inhofe’s amendment) on March 4, 1998 that called for EPA to fund 100 percent of the cost of the PM$_{2.5}$ monitoring network by FY 2000, through Section 103 of the Clean Air Act, and to do so without diverting or reprogramming funds from other clean air activities. Further, the amendment calls for EPA to restore to state and local air programs in FY 1999 any funds previously reprogrammed or diverted from Section 105 grants.

In light of the need to have the PM$_{2.5}$ monitoring network fully funded, we urge you to ensure that state and local air agencies receive a $23-million increase under Section 103 over the President’s FY 1999 request to fully fund the network and that the reprogrammed and diverted funds are restored to state and local air grants under Section 105 of the Clean Air Act.
State and Local Air Quality Agency Needs

While PM$_{2.5}$ monitoring activities are very important, there are many other critical responsibilities that state and local air quality agencies must carry out under the Clean Air Act. These include both new initiatives to address emerging issues, as well as ongoing activities to preserve the gains and improvements in air quality that we have already made. Yet, even as the need for federal funds for state and local agencies’ operating programs is increasing, Section 105 grants (for non-PM$_{2.5}$-monitoring activities) have steadily decreased in recent years. Specifically, as the graph below illustrates, since FY 1995, federal grants for implementing the Clean Air Act (not including PM$_{2.5}$ monitoring) have decreased by over $40 million (not including the effects of inflation), representing a 23-percent cut.

State and local agencies are painfully aware of the funding shortfall they are experiencing due to insufficient Section 105 grants. However, it is not only we who recognize these needs – EPA is well aware that state and local air grants need to be much higher to support all the activities we must perform to carry out our Clean Air Act responsibilities and improve and protect our nation’s air quality.

Beginning in January 1997, EPA, in cooperation with STAPPA and ALAPCO, undertook a four-month, intensive effort to identify and estimate the costs related to activities that should be funded in FY 1999 with state and local air grants under Section 105 of the Clean Air Act. The project resulted from the clear need to develop a sound analysis of the amount of Section 105 grants that would be necessary to address deficiencies in existing programs and support new initiatives.

The effort consisted of five workgroups, specifically addressing ozone, particulate matter, air toxics, other pollutants (e.g., carbon monoxide and sulfur dioxide) and multi-state approaches, that identified activities necessary for state and local agencies to carry out in FY 1999 and estimated the amount of Section 105 grants needed. The project relied upon the expertise and efforts of approximately 70 federal, state and local participants. We would be happy to provide you with more detailed information, including the reports from each of the workgroups explaining their estimates in greater detail. Furthermore, as a follow-up to this
effort, EPA has contracted a series of case studies of state and local agencies with respect to federal grants, the preliminary reports of which corroborate the need for significant additional Section 105 funding.

Based upon an analysis of what it would take to operate a good (although not perfect) program, the workgroups participating in this EPA study calculated that a total increase of approximately $163 million over FY 1998 levels would be needed in FY 1999 for state and local air agencies (i.e., not including grants for the fine particulate matter monitoring effort under Section 103). The federal share of this total would be $98 million in grants to state and local air agencies (based upon the 60/40-percent grant matching requirements under the Clean Air Act). These estimates took into account savings from eliminating completed programs and curtailing lower-priority activities, and incorporated appropriate disinvestments. As indicated, this $98-million estimate does not include PM$_{2.5}$ monitoring costs, since those are addressed under Section 103.

The study identified many other activities that the workgroups believed should receive increases in FY 1999 over FY 1998 levels. These include, among others, minor source inspections and permits; development, replacement and/or upgrading of monitors (in addition to PM$_{2.5}$ monitoring); collection of emission and pollutant data; training; implementation of ozone strategies; compliance assistance activities, especially for small businesses; multi-state approaches to regional air quality problems; monitoring of emissions of toxic air pollutants; and implementation of strategies to address toxic air emissions in urban areas.

Attached is a more detailed list of activities that the EPA/STAPPA/ALAPCO workgroups recommended receive funding increases in FY 1999.

In spite of the significant funding shortfall identified by the EPA needs assessment study, EPA has not only not proposed budget increases in operating programs in FY 1999, it has actually called for decreases in Section 105 grants and has proposed reprogramming funds away from these operating activities.

**Conclusion and Recommendation**

In summary, STAPPA and ALAPCO recommend a total increase of $121 million above the President’s request for state and local air grants. This comprises an additional appropriation under Section 103 of $23 million over the President’s budget for the fine particulate monitoring network and an increase of $98 million over the President’s request for the Section 105 program. Such increases will address the critical gaps in funding that state and local air quality agencies face.

Thank you very much for this opportunity to testify. I am happy to answer any questions you have or to provide you with additional information.
EPA/STAPPA/ALAPCO Needs Assessment Study (1997)

The workgroups identified the following as activities that should receive funding increases in FY 1999 over FY 1998 levels. This is not an exhaustive list.

Ozone
Minor source inspections and permits
Replacement and upgrade of monitors
Emission inventories related to the ozone standard
Market-based incentives
Training
Preparation of ozone designations
Implementation of strategies for State Implementation Plans
Development of state regulations for the new ozone standard
Mobile source programs (including outreach, development of emission factor and modeling)

Particulate Matter
Minor source permits
New source permits
Training
Compliance activities
Public outreach
Development of inventories

Criteria and Other Pollutants
Minor source permits
Update and reports of source emissions
Operation and quality assurance of monitoring networks
Upgrade and replacement of carbon monoxide monitors
Development of SIP revisions for carbon monoxide
Development of monitoring programs for acid deposition
Development of the nitrogen oxide program
Acid rain monitoring
Emission inventories
Stratospheric ozone activities
Data management (e.g., real-time air quality data)

Toxics
Ambient monitoring of hazardous air pollutants
Development and maintenance of state and local toxics programs
Development and implementation of urban air toxic strategies
Public outreach and development of community-based programs
Collection and assessment of air toxics emission data
Development of toxic environmental indicators
Completion of national air toxic rules
Training (e.g., related to risk assessment and risk communications)
Development and implementation of the accidental release program
Compliance

Other
Regional approaches to addressing air pollution