

**Testimony of the  
State and Territorial Air Pollution Program Administrators  
and the  
Association of Local Air Pollution Control Officials  
presented to the  
Senate Appropriations Subcommittee on  
VA, HUD, and Independent Agencies  
Regarding the  
FY 2002 Budget of the U.S. Environmental Protection Agency**

**May 31, 2001**

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 2002 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 representing air quality officials in 54 states and territories and more than 165 metropolitan areas across the United States. Under the Clean Air Act, state and local air quality officials have the primary responsibility for implementing our country's clean air program on behalf of our citizens. This extremely complex and diverse program requires state and local air agencies to address particulate matter, ground-level ozone, 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 continue to carry out the core elements of our programs, which serve as the foundation of our nation's clean air effort, while, at the same time and with the same staff and resources, address new initiatives that focus on emerging problems.

With respect to FY 2002, the President's proposed budget calls for \$208.5 million for state and local air agency grants under Sections 103 and 105 of the Clean Air Act, which represents level funding from last year. While we understand that there are constraints throughout the federal budget, we are concerned that level funding will make it far more difficult for state and local air quality agencies to meet their health-based and environmental requirements under the Clean Air Act. Accordingly, we strongly urge that Congress recognize the severe and growing budget shortfall facing state and local air agencies and provide an increase of \$33 million under Section 105 of the Clean Air Act.

## **AIR POLLUTION IS A SIGNIFICANT PROBLEM**

Although we have made substantial progress in improving air quality, air pollution still presents a pervasive national public health and environmental problem. In fact, the health risks from exposure to air pollution are significant and far exceed those from almost every other environmental medium. Over 60 million people live in areas of the country where health-based air quality standards are violated. Further, 125 million people live in areas with air quality that does not meet the new health-based eight-hour ozone standard. Aside from our traditional air contaminants, more hazardous pollutants are emitted into the air than are released to surface water, ground water and land *combined*. In view of the importance of what is at stake – public health – and the difficulty and complexity of the task we still face, it is critical that we focus the necessary resources on ensuring that the air our citizens breathe is clean.

The magnitude of the national problem posed by air pollution and the tremendous risk to public health this problem presents demonstrate clearly that our nation's air program budget warrants far more resources than are currently being appropriated. No matter what efforts we make to address air pollution, and in spite of any innovations or plans we develop, we will not reach our goal – healthful air quality – without adequate funds. We believe increased funding for the air program should be a top priority – commensurate with the relative risk to public health and the environment.

## **STATE AND LOCAL AIR AGENCIES NEED ADDITIONAL RESOURCES**

Several years ago, STAPPA, ALAPCO and EPA conducted a collaborative effort to assess funding needs, which concluded that federal grants to state and local air pollution control agencies under Section 105 of the Clean Air Act continue to fall short by nearly \$100 million each year. Unless the FY 2002 budget includes significant increases over recent years, state and local air agencies will continue to face a serious funding shortfall that would impede our ability to address the important public health problems throughout the country that result from air pollution.

This shortfall is growing larger because the demands being placed on state and local agencies are increasing. Since the completion of the collaborative effort, new ambient air quality standards have been promulgated for fine particulate matter and ozone, the regional haze program has been implemented and numerous standards to control toxic air pollution have been promulgated. Each of these has placed an increased resource burden on our agencies without commensurate increases in our Section 105 grants.

There are many who mistakenly believe that the federal permit fee program under Title V of the Clean Air Act, which requires the collection of fees from major sources to cover the costs of the permit program, is the solution to the funding woes of state and local air agencies. While the permit fees collected pursuant to Title V *are* essential to our efforts, they do not solve our funding problems for several reasons.

First, Title V fees may only support the operating permit program and cannot be used for other activities. Second, the fee program only applies to major sources, while most permits are issued for non-major sources, which do not pay Title V fees. The issuance of minor source permits is quite resource intensive. Finally, increases in costs for air quality programs (except for permit programs themselves) are not addressed by permit fee programs.

In other words, federal grants and permit fees support separate activities and cannot be mingled. Even if fees are adequate for major source permit programs, which they may not be in many cases, the funds are not available for the other elements of air quality programs.

Since fees are not the answer, federal grants are critical to the effective operation of our programs. While we feel the Section 105 program should be increased in FY 2002 by at least the entire amount of the shortfall that the study identified, we recognize that this is unlikely in view of the very difficult task facing Congress in distributing finite resources to many worthy programs. We believe, therefore, that it is reasonable for the increase to be phased in over a three-year period, beginning with an increase of \$33 million in FY 2002.

On what would we spend additional resources? Increased grants would help to support many activities. For example, there is much that still must be done to address toxic or hazardous air pollution. We must assess the extent of the problem through monitoring and data analysis, implement technology-based (or "MACT") standards, develop strategies for addressing national and local problems, and issue permits to many minor sources (an expensive undertaking that is *not* covered by permit fees under Title V of the Clean Air Act), among other things. In addition to toxic air pollution, we must continue to address criteria pollutants, such as ozone and particulate matter, and regional haze and visibility. In fact, the list of our responsibilities for which additional funds are necessary is long and includes, among others, the following: transportation-related projects; land use and air quality programs; development, replacement and/or upgrading of monitors (apart from fine particulate matter monitoring); collection of essential emission and pollutant data; minor source inspections and permits; training; implementation of ozone strategies; multi-state approaches to regional air quality problems; and public education and outreach.

As we work to confront our air quality problems, we grow in our understanding of the nature of air pollution. This experience has allowed us to better define the issues we face and to recognize that the air quality problems before us are different from those of the past and will require new solutions. While many of the approaches that have served us well in the past will continue to play an essential role, it is imperative that we also explore new strategies to augment our programs and add more tools to our repertoire. For example, there is a greater need to reduce emissions from small industrial, mobile and area sources, which is more resource intensive than the traditional stationary source program. This has increased the demand for outreach, inspection, enforcement and compliance assistance. These innovative strategies, including additional flexibility for both state and local agencies and the regulated community, which the new Administration strongly supports, do not come without a price. The development and implementation of these new and flexible innovative strategies will also require significant resources.

## **ENFORCEMENT GRANTS**

The President's budget request includes \$25 million for a state enforcement grant program. While we are very gratified by the Administration's vote of confidence in the important work of state enforcement programs, and we hope Congress will include this program in the final appropriations, we wish to express two concerns.

First, STAPPA and ALAPCO are extremely concerned that EPA's current framework does not include local air pollution control agencies among those entities eligible to compete directly for enforcement grant funds. We find this omission to be very troubling, particularly in that Congress specifically recognizes local air pollution control agencies in the Clean Air Act and goes so far as to include such local agencies in the definition of "air pollution control agency" under Section 302 of the Act. Further, under Section 105 of the Act, Congress authorizes the EPA Administrator to make grants to local air agencies. But perhaps most important is the fact that many local air pollution control agencies across the country have been delegated direct responsibility for enforcement of programs under the Clean Air Act and, in effect, function similarly to state agencies with respect to enforcement. In fact, in some cases, local air agencies have greater knowledge and understanding of the sources in their respective jurisdictions, enabling them to bring unique and very valuable expertise to enforcement activities. Not allowing local air pollution control agencies to apply directly to EPA for enforcement grants and to be awarded such grants directly by EPA seriously undervalues the integral role of local air agencies and, moreover, is counter to the federal/state/local partnership principles upon which the air enforcement program is built. Therefore, we strongly urge that EPA's enforcement grant program ensure that local air pollution control agencies be allowed to compete directly for and be directly awarded enforcement grant funds.

Second, while some of the funds for the grant program are additional, approximately \$10 million are merely resources transferred from EPA's own enforcement budget. While we think the new grant program will be very worthwhile, we do not believe these increases should be at the expense of EPA's enforcement budget, particularly if it leaves the agency with insufficient funds for important enforcement activities (e.g., enforcing consent decrees against heavy-duty diesel manufacturers). We would not want the national enforcement program to suffer – both EPA and state/local grants need to be adequate. We recommend, then, that the enforcement grant program remain at the \$25-million level, but that EPA's enforcement budget also be preserved.

## **EPA'S BUDGET**

During decades of air pollution control, state and local governments have gained substantial experience and expertise to employ in our quest for clean air. We have learned a great deal about the science of air pollution, the technology of control and strategies for addressing local problems. As a result, state and local agencies welcome the flexibility to craft and tailor programs that will best suit our needs. However, we cannot solve the problems related to air pollution alone; we need EPA to perform those duties that are best suited to a federal agency. It is only through federal, state and local cooperation that we will succeed. Accordingly, we welcome and support a strong federal role in the national air quality program.

Among the responsibilities EPA has undertaken and upon which we will continue to rely are establishing (and revising) strong national standards for pollutants, industries and sources, including motor vehicles; developing national guidance, conducting research, providing training and carrying out enforcement oversight and appropriate enforcement actions. As a federal agency with a national perspective, EPA is best suited to these tasks.

In order for EPA to fulfill its responsibilities with respect to the air program, it needs to be adequately funded as well. We touched upon this issue above, with respect to the enforcement budget. We urge Congress, therefore, not to reduce EPA's budget, since decreasing EPA's ability to carry out its programs will adversely affect the job state and local air agencies are able to do. In fact, we believe EPA's air quality budget should be increased to allow the agency to fulfill its responsibilities the way the Clean Air Act intended.

### **CONCLUSION**

In conclusion, we strongly urge you to ensure that state and local air agencies receive significant increases in grant funding in FY 2002, specifically by providing an increase of \$33 million to state and local grants under Section 105 of the Clean Air Act in FY 2002, as the first part of a three-year phase-in of at least a \$100-million increase. Further, we recommend that the enforcement grant program be funded, but not by diverting EPA enforcement resources, and that local air quality agencies be permitted to apply directly to EPA for grants and receive grants directly from EPA under the program. Finally, we recommend that EPA programs be adequately funded.

Thank you very much for this opportunity to provide you with our testimony. Please contact us if you have questions or require any additional information.