

US EPA ARCHIVE DOCUMENT

**STATEMENT OF
MICHAEL O. LEAVITT
ADMINISTRATOR
U.S. ENVIRONMENTAL PROTECTION AGENCY
BEFORE THE
HOUSE APPROPRIATIONS
VA, HUD, AND INDEPENDENT AGENCIES SUBCOMMITTEE**

March 4, 2004

Mr. Chairman and Members of the Committee, I am pleased to be here to discuss President Bush's Fiscal Year (FY) 2005 budget request for the Environmental Protection Agency (EPA). The President's FY 2005 budget request of \$7.8 billion provides funding necessary for the Agency to carry out our mission—to protect human health and safeguard the natural environment—efficiently and effectively. Given the competing priorities for Federal funding this year, I am pleased by the President's commitment to human health and environmental protection.

I would like to begin, Mr. Chairman, by emphasizing that the President's budget request for EPA reflects the Agency's commitment to cleaning our air, cleansing our water, and protecting our land efficiently and effectively, while sustaining economic growth. The request promotes EPA's goals by facilitating collaboration, harnessing leading-edge technology, and creating market-based incentives for environmental protection.

This Agency remains committed to working with our geographic and regional partners and focusing on our core programs to protect human health and the environment. Of the \$7.8 billion budget, \$4.4 billion—the highest level in EPA history—is devoted to the Agency's core regulatory, research, and enforcement activities, and state program grants. The President and I both believe that enhancing EPA's core programs is a vital part of effective environmental management and stewardship. Our budget request reflects that.

As EPA continues to carry out its mission, I look forward to building upon a strong base of environmental progress. This budget, Mr. Chairman, will enable us to carry out our principal objectives while allowing us to react and adapt to challenges as they arise.

Clean Air and Global Change

The FY 2005 President's Budget requests \$1.0 billion to fund our clean air and global change programs, thereby helping to ensure that air in every American community will be clean and safe to breathe. The budget includes a large increase for EPA's Clean School Bus USA grant program to \$65 million for projects that reduce diesel emissions from school buses through bus replacement or retrofitting. Clean School Bus USA helps ensure that school children have the cleanest transportation possible. This program is an additional tool for communities to develop localized solutions for environmental protection to meet new air quality standards for particulate matter.

This budget also supports the President's Clear Skies initiative, which draws on EPA's experience to modernize the Clean Air Act. Clear Skies legislation would slash emissions of three power plant pollutants—nitrogen oxide, sulfur dioxide, and mercury—by 70 percent. Such emissions cuts are an essential component of improving air quality and thus environmental and human health. The Clear Skies initiative would build upon the 1990 Clean Air Act's acid rain program by expanding this proven, innovative, market-based approach to clean air. The power plant reductions required under Clear Skies and our new diesel engine regulations will bring most of the country into attainment with the new ozone and PM air quality standards: by 2020, only 27 counties out of 263 will need to take further steps to be in attainment for ozone; only 18 counties out of 111 will need to take further steps to be in attainment for PM. Such a program, coupled with appropriate measures to address local concerns, would provide significant health benefits even as energy supplies are increased to meet growing demand and electricity rates remain stable. I look forward to working with you, your fellow members of Congress, and the President on this landmark legislation. Next month, I will formally designate counties that will be out of attainment with the new ozone standards; in December, I will formally designate counties that will be out of attainment for particulate matter. These designations start the clock ticking on the often controversial and resource-intensive state planning process. By 2007, states must have plans to get into attainment approved by EPA. So, the budget would also support the Interstate Air Quality Rule we proposed in December and intend to finalize this year. This rule is similar to Clear Skies in that it requires an approximate 70 percent reduction in sulfur dioxide and nitrogen oxide from the power sector. However, due to authority under the Clean Air Act, its reach is limited to states in the eastern half of the U.S. that contribute pollution to neighboring states. Although this rule would allow us to take an enormous step forward in providing cleaner air across much of the country, it would not do so as fast or as effectively as would Clear Skies.

EPA's request for clean air programs includes \$313 million for clean air grants to support our collaborative network of states and Tribes. These resources will assist states, Tribes, and local governments in devising additional stationary and mobile source strategies to reduce ozone, particulate matter, and other pollutants.

The clean air and global change request also includes \$130 million to meet our climate change objectives by working with business and other sectors to deliver multiple benefits while improving overall scientific understanding of climate change and its potential consequences. The core of EPA's climate change efforts are government/industry partnership programs designed to capitalize on the tremendous opportunities available to consumers, businesses, and organizations to make sound investments in efficient equipment and practices. These programs help remove barriers in the marketplace, resulting in faster deployment of technology into the residential, commercial, transportation, and industrial sectors of the economy.

Clean and Safe Water

In FY 2005, this budget requests over \$2.9 billion for its water programs. EPA's FY 2005 budget focuses on four strategies toward achieving the Nation's clean and safe water goals. To better address the complexity of the remaining water quality challenges, EPA will promote local watershed approaches to execute the best and most cost effective solutions to local and regional water problems. To protect and build on the gains of the past, EPA will focus on its

core water programs. To maximize the impact of each dollar, EPA will continue to strengthen vital partnerships and collaborative networks with states, tribes and local governments, and others in working to achieve our shared goal of improving the Nation's waters. To leverage progress through innovation, EPA will promote water quality trading, water efficiency, and other market based approaches.

The budget makes a significant investment in a new water-quality monitoring initiative to solve water quality monitoring problems. Through this investment, EPA can make the most of scarce resources through information-based management, using tools such as prevention, source water protection, watershed trading, and permitting on a watershed basis. Monitoring is the foundation of information-based management and it is imperative that the data and information gaps be closed as quickly as possible. The budget provides a total of \$20 million to strengthen state and tribal water quality monitoring programs, improve data management systems and improve monitoring tools. Of that amount \$17 million in grants provides direct assistance to states and tribes. \$3 million of this funding will provide technical assistance to help states and tribes develop statistically representative water quality monitoring programs, a tool that will eventually allow EPA to make a national determination of water quality and ensure resources target the highest priority problems.

States are struggling with implementation of the National Pollution Discharge Elimination System (NPDES) permitting programs, as demonstrated by withdrawal petitions and permit backlogs. Compounding the problem is that the regulated universe increased tenfold due to new requirements for concentrated animal feeding operations and storm water runoff. The Agency requests a \$5 million increase in Section 106 Grants to help states issue timely and effective NPDES permits. By providing additional resources in the form of state grants, EPA will help states and tribes meet obligations under the revised rule and help reduce pollutants and make necessary improvements in water quality.

EPA is also advancing water quality trading in voluntary partnerships on a watershed basis. It capitalizes on economies of scale and cost differences among sources. Trading allows one source to meet its regulatory obligations by using pollutant reductions gained by another source and provides incentives for voluntary reductions at a reduced cost to all. It provides an opportunity for innovative solutions to complex water quality problems. To encourage the implementation of water quality trading programs, the budget includes \$4 million in the Targeted Watersheds Grants program.

The President's Budget continues its commitment to help provide affordable financing for States' water infrastructure needs. The Budget provides \$850 million for the Clean Water State Revolving Fund, which will ultimately result in a \$3.4 billion long term revolving level, helping communities across the country clean up their wastewater. It also provides \$850 million for the Drinking Water State Revolving Fund, resulting in a long term revolving level of \$1.2 billion and protecting public health. However, growing populations are increasing demands on water resources, and addressing these demands, along with the nation's multi-billion dollar water infrastructure gap, will require creative solutions at the local, state and Federal level. As part of a long-term strategy to develop sustainable infrastructure EPA will work in partnership with states, the utility industry and others to enhance operating efficiencies and mitigate infrastructure

needs by encouraging efforts to reduce water demand and wastewater flows, potentially downsizing capital needs. High priority activities in support of this effort include a new water efficiency labeling program and a sustainable infrastructure initiative that will promote best practices such as full cost pricing.

Land Preservation and Restoration

This budget continues EPA's commitment to clean up toxic waste sites with \$1.4 billion for Superfund. This reflects a \$124 million increase over the FY 2004 appropriated level for Superfund's remedial program, which will allow for 8-12 additional construction starts in 2005 and a similar number of additional completions by 2006. As of January 2004, cleanup construction projects were underway or complete for over 93% of National Priority List (NPL) sites.

The President's Budget also includes an additional \$26 million to strengthen EPA's partnership with states to monitor underground storage tanks. Recognizing that states have primary responsibility for monitoring tanks, issuing permits, and enforcing regulations, the additional grant money will provide funds for states to inspect a larger universe of federally regulated underground storage tanks on a more frequent basis.

Protecting America's Communities and Ecosystems

EPA is committed to building and enhancing effective partnerships that allow us to safeguard human populations and ecosystems across America. To help protect and restore land-based ecosystems, this budget provides \$210.7 million, over \$40 million more than the level provided in the FY 2004 Consolidated Appropriations bill, for the Brownfields program, one of the Administration's top environmental priorities. The Brownfields program will draw on these additional resources to provide grants to state and Tribal partners to fund cleanup of lightly contaminated sites. By protecting land and revitalizing contaminated sites throughout the United States, EPA continues to expand efforts to foster healthy and economically sustainable communities and attract new investments to rejuvenated areas.

EPA's budget requests resources to protect individual ecosystems across the country, including a total of \$30 million for the Chesapeake Bay. Ten million dollars of this total will be provided through the Targeted Watersheds Program for a pilot program to help municipalities reduce nutrient discharges to the Bay through collaboration with nonpoint sources. EPA's collaborative partnership in Chesapeake Bay protection, which serves as a model for similar endeavors, includes Maryland, Virginia, Pennsylvania, the District of Columbia, the Chesapeake Bay Commission, and participating citizen advisory groups.

The Great Lakes are the largest system of fresh surface water on Earth, containing roughly 18 percent of the world's supply. The Great Lakes basin also is home to more than one-tenth of the population of the United States, one-quarter of the population of Canada, and heavy concentrations of industry. Over the years, industrial development has contaminated sediments throughout large areas of the lakes with toxics such as polychlorinated biphenyls (PCBs) and heavy metals, putting large populations and the tremendous water resource at risk. EPA's Great

Lakes Legacy program provides funding to remediate contaminated sediments, keeping them from entering the food chain where they may cause adverse effects to human health and the environment. In 2005, this Administration will demonstrate its commitment to the health and well-being of the region and its citizens by proposing to fund the Great Lakes Legacy program at \$45 million, nearly five times greater than previous levels.

To ensure that the American public will continue to enjoy one of the safest and most affordable food supplies in the world, the President's budget continues to meet implementation challenges of the Food Quality Protection Act (FQPA). The Agency's implementation of FQPA focuses on science-driven policies for pesticides review, seeks to encourage the development of reduced risk pesticides to provide an alternative to the older versions on the market, and works to develop and deliver information on alternative pesticides/techniques and best pest control practices to pesticide users. The Agency is also working to help farmers' transition to safer substitutes and alternative farming practices while minimizing production disruptions. Reassessing existing tolerances ensures food safety, especially for infants and children, and ensures that all pesticides registered for use meet current health standards.

Compliance and Environmental Stewardship

This budget also requests \$751 million to promote and insure compliance with environmental laws, and to foster and support the development of pollution prevention strategies and innovative approaches to environmental protection. Since EPA's inception over thirty years ago, many environmental improvements in our country can be attributed to a strong set of environmental laws, and to our efforts to ensure enforcement of those laws. The Agency uses a "smart" enforcement approach, employing a mix of compliance assistance, incentives and monitoring strategies, supported by strong, effective civil and criminal enforcement and litigation teams. This "smart" approach maximizes the use of the Agency's resources and personnel, and allows us to quickly and effectively adapt both to emerging environmental threats and to changes in law and policy.

The President's FY 2005 request also continues to support results-based, innovative, and multimedia approaches to pollution prevention and natural resource conservation by government, industry, and the public. Increasingly, Americans are recognizing the value of their own pollution prevention efforts, and the contributions made through sustainable business practices, to the preservation and restoration of community and national environmental resources. In addition, EPA will continue to support initiatives targeted toward improving compliance at public and private facilities, empowering state and Tribal environmental programs, encouraging corporate stewardship, and better informing the public.

Strong Science

Sound science is a fundamental component of EPA's work. The Agency has long relied upon science and technology to help discern and evaluate potential threats to human health and the natural environment. Much of our decision-making, policy, and regulatory successes stem from reliance on quality scientific research aimed at achieving our environmental goals. In FY 2005 EPA will strengthen the role of science in decision-making by using sound scientific

information and analysis to help direct policy and establish priorities. This budget request includes \$572 million for the Office of Research and Development to develop and apply strong science to address both current and future environmental challenges. These resources support a balanced research and development program designed to address Administration and Agency priorities, and meet the challenges of the Clean Air Act (CAA), the Safe Drinking Water Act (SDWA), the Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA), the Food Quality Protection Act (FQPA), and other environmental statutes. The budget request includes important new or increased research efforts in the following areas: computational toxicology, data quality, and EPA's Integrated Risk Information System (IRIS)—an EPA database of Agency consensus human health information on environmental contaminants.

Accelerating Environmental Performance

To further promote environmental stewardship with localized solutions, the Agency requests \$1.25 billion, the highest level ever, for categorical grants to support core state and Tribal environmental programs. A new State and Tribal Performance Fund provides \$23 million in competitive grants to develop projects with tangible, performance-based environmental and public health outcomes that can be models for implementation across the nation. The Administration believes that the best way to ensure strong, effective programs is to promote accountability, competition, and performance, and these funds will allow States and tribes that can link their proposed activities to health and environmental outcomes to receive additional assistance. EPA will also continue its emphasis on working with Tribal governments to build the capacity of their environmental programs.

Rewarding Results and Increasing Productivity

The President's proposed EPA budget for FY 2005 fully supports the Agency's work. The request demonstrates EPA's commitment to our principal objectives—safeguarding and restoring America's air, water, and land resources—by facilitating collaboration, harnessing leading-edge technology, creating market-based incentives, and ultimately finding a better way for environmental protection. As we look to the future, I am confident that this funding will ensure the Agency's fulfillment of our responsibilities to the American public.

With that, Mr. Chairman and members of the Committee, my prepared statement is concluded. I would be pleased to answer any questions you may have.