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**WRITTEN STATEMENT OF
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BEFORE THE
SENATE SUBCOMMITTEE ON INTERIOR AND RELATED AGENCIES
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Mr. Chairman and Members of the Committee, I am pleased to be here to discuss the Fiscal Year (FY) 2006 budget request for the Environmental Protection Agency (EPA) and I look forward to working with the members and staff of the Subcommittee on Interior and Related Agencies under which EPA has recently been placed. This is my first time appearing before you as the Administrator of EPA and I am happy to be here.

EPA is a regulatory agency whose mission is to protect human health and the environment. We carry out this mission by developing and enforcing regulations that implement environmental laws enacted by Congress. In addition, the Agency works at laboratories throughout the nation to assess environmental conditions and to identify, understand, and solve current and future environmental problems.

The President's FY 2006 budget request of \$7.6 billion reflects a strong commitment to protect health and safeguard the environment. This includes moving forward EPA's core programs as reflected in the nation's environmental statutes. This request will also ensure that EPA's critical role in homeland security is made a top priority.

In his February 2nd State of the Union Address, the President underscored the need to restrain spending in order to sustain our economic prosperity. As part of this restraint, it is important that total discretionary and non-security spending be held to levels proposed in the FY 2006 Budget. The budget savings and reforms in the Budget are important components of achieving the President's goal of cutting the budget deficit in half by 2009 and we urge the Congress to support these reforms. The FY 2006 Budget includes more than 150 reductions, reforms, and terminations in non-defense discretionary programs, of which four affect EPA. The Agency wants to work with the Congress to achieve these savings.

Mr. Chairman, the Agency has accomplished a great deal. We have cleaned the water, improved our air and protected and restored our lands. While the nation's environmental well being has shown a steady improvement, there is more to do. Much of what remains is enormously complex and more expensive.

Bringing a healthy environment to our communities is a responsibility we all share. Engaging the full range of partners – not just federal, state, tribal, and local but also businesses, interest groups, international and regional authorities and educational institutions – leverages our federal monies through collaboration. New science,

innovation and technology development, regulation, and market-based solutions that support these efforts are all a part of this budget request.

This budget, Mr. Chairman, will enable us to carry out our goals and objectives as set forth in our Strategic Plan and help us to meet our challenges. It supports the Administration's commitment to environmental results by identifying new and better ways to carry out EPA's mission while protecting our national competitiveness.

Homeland Security

Three years ago we took on significant new responsibilities in homeland security work that was necessary to protect human health and the environment from intentional harm. In FY 2006 we are taking another big step towards filling the gaps we've identified. EPA's request includes \$79 million in new resources for critical homeland security efforts. EPA plays a lead role for addressing the decontamination of deadly chemical, biological and radiological contaminants. The nation must have the tools and procedures in place to respond effectively and swiftly after a terrorist event.

One of our most important homeland security responsibilities is to protect our drinking water supply. \$44 million will launch pilot programs in cities of various sizes to explore technology and systems that detect contamination before it causes large scale harm. The program includes resources to create the Water Alliance for Threat Reduction to train and prepare the operators of our nation's largest drinking water systems.

Response to terrorist events may call for decontamination from many new hazards. Environmental decontamination research and preparedness increases by \$19.4 million, and an additional \$4 million is requested for the Safe Buildings research program. Over \$11 million in new resources will support preparedness in our environmental laboratories. Working with federal partners in Homeland Security, EPA will plan for certain fundamental laboratory network needs, such as appropriate connectivity between member labs and standardized methods and measurements for environmental samples of terrorism-related agents of concern. Resources also support training and continuing education for member laboratories, as well as accreditation and accountability.

Clean Air and Global Change

The FY 2006 President's Budget requests \$969 million to implement EPA's Clean Air and Global Climate Change goal through national programs designed to provide healthier outdoor and indoor air for all Americans, protect the stratospheric ozone layer, minimize the risks from radiation releases, reduce greenhouse gas intensity, and enhance science and research. EPA's key clean air programs – particulate matter, ozone, acid rain, air toxics, indoor air, radiation and stratospheric ozone depletion – address some of the highest health and environmental risks faced by the Agency. Also in this area, I look forward to working with you Mr. Chairman, in passing Clear Skies legislation.

Clean fuels and clean technologies are also an integral part of reducing emissions from mobile sources. The FY 2006 President's Budget provides \$15 million for the Clean Diesel Initiative. EPA and a coalition of clean diesel interests will work together to expand the retrofitting of diesel engines into new sectors by adopting a risk-based strategy, targeting key places and working with specific use sectors to identify opportunities to accelerate the adoption of cleaner technologies and fuels. The \$15 million proposed for this program will be leveraged significantly by working with our partners. Reducing the level of sulfur in the fuel used by existing diesel engines will provide additional immediate public health benefits by reducing particulate matter from these engines.

EPA's Climate Protection Programs will continue to contribute to the President's 18 percent greenhouse gas intensity reduction goal by 2012. In addition, the FY06 President's Budget requests \$4 million for EPA to implement the Methane to Markets Partnership, an important US-led international initiative and Administration priority that promotes cost-effective, near-term recovery and use of methane - a very powerful greenhouse gas -- as a clean energy source. Methane to Markets builds on the success of our domestic methane programs with US industry, and is designed to assist other countries in achieving significant reductions in the same way: voluntarily, cost-effectively, in partnership with the private sector, and in a manner than supports development, economic growth, energy security and the environment. To date, 16 countries from the developed and developing world and over 90 organizations from the private and public sectors have made a commitment to this Partnership. The countries include: Argentina, Australia, Brazil, Canada, China, Colombia, India, Italy, Japan, Mexico, Nigeria, Russia, South Korea, Ukraine, the United Kingdom and the United States. The requested funding is part of the President's pledge of up to \$53 million over the next five years. These resources will be used for Ministerial activities and to promote technology transfer and provide technical assistance. Private sector investment and involvement is an important part of Methane to Markets and is critical to the success of the partnership. Funding the President's request for the Methane to Markets Partnership will send a clear signal to the world that the United States is committed to the success of voluntary, technology-driven programs to address the challenge of climate change.

Clean and Safe Water

In FY 2006, the budget requests \$2.8 billion to implement the Clean and Safe Water goal through programs designed to provide improvements in the quality of surface waters and drinking water. In FY 2006, EPA will work with states and tribes to continue to accomplish measurable improvements in the safety of the nation's drinking water, and in the conditions of rivers, lakes, and coastal waters. With the help of these partners, EPA expects to make significant progress in these areas, as well as support a few more focused water initiatives.

In FY 2006, EPA will work with States to make continued progress toward the clean water goals through implementation of core clean water programs and acceleration

of efforts to improve water quality on a watershed basis. Efforts include innovative programs spanning entire watersheds. To protect and improve water quality, a top priority is to continue to support water quality monitoring to strengthen water quality data and increase the number of water bodies assessed. The Agency's request includes \$24 million to build on the monitoring initiative begun in FY 2005 by establishing a nationwide monitoring network and expanding the baseline water quality assessment to include lakes and streams. The initiative will allow EPA to establish scientifically defensible water quality data and information essential for cleaning up and protecting the Nation's waters. The funding provides additional resources to states in order for them to contribute to the development of this baseline of water conditions across our country.

To support sustainable wastewater infrastructure, EPA will continue to provide significant annual capitalization to the Clean Water State Revolving Funds (CWSRF). The budget provides \$730 million for the CWSRF, which will allow EPA to meet the Administration's Federal capitalization target of \$6.8 billion total for 2004 – 2011 and enable the CWSRF to eventually revolve at a level of \$3.4 billion.

During FY 2006, EPA, the states, and community water systems will build on past successes while working toward the FY 2008 goal of assuring that 95 percent of the population served by community water systems receives drinking water that meets all applicable standards. To help ensure that water is safe to drink, the FY 2006 President's Budget requests \$850 million for the Drinking Water State Revolving Fund.

Land Preservation and Restoration

\$1.7 billion of the FY 2006 President's Budget will help to implement the Land Preservation and Restoration goal through continued promotion of the Land Revitalization Initiative, first established in 2003. Revitalized land can be used in many beneficial ways, including the creation of public parks, the restoration of ecological systems, the establishment of multi-purpose developments, and the establishment of new businesses. Regardless of whether a property is an abandoned industrial facility, a waste disposal area, a former gas station, or a Superfund site, this initiative helps to ensure that reuse considerations are fully integrated into all EPA cleanup decisions and programs. Through the One Clean-up Program, the Agency will also work with its partners and stakeholders to enhance coordination, planning and communication across the full range of Federal, State, Tribal and local clean-up programs to promote consistency and enhanced effectiveness at site cleanups.

The FY 2006 President's Budget funds the Superfund Appropriation at \$1.3 billion. Within this total, the Superfund Remedial Program provides significant resources in EPA's effort to preserve and restore land to productive use. In FY 2006, the Superfund Remedial Program will continue its clean-up and response work to achieve risk reduction, construction completion and restoration of contaminated sites to productive use. In FY 2006, the Remedial Program anticipates completing construction of remedies at 40 Superfund sites.

Enforcement programs are also critical to the agency's ability to clean up the vast majority of the nation's worst hazardous sites by securing funding from Potentially Responsible Parties (PRPs). The Agency will continue to encourage the establishment and use of Special Accounts within the Superfund Trust Fund to finance cleanups. These accounts segregate site-specific funds obtained from responsible parties that complete settlement agreements with EPA and total a cumulative \$1.5 billion. These funds can create an incentive for other PRPs to perform work they might not be willing to perform or used by the Agency to fund clean up. As a result, is the Agency can clean up more sites and preserve appropriated Trust Fund dollars for sites without viable PRPs.

Healthy Communities and Ecosystems

The FY 2006 President's Budget requests \$1.3 billion to implement national multi-media, multi-stakeholder efforts needed to sustain and restore healthy communities and ecosystems, which are impacted by the full range of air, water and land issues. Programs such as Brownfields, the Great Lakes collaboration and the targeted watersheds work must reflect local priorities and local stakeholder involvement to be effective.

Proper use and careful selection of chemicals and pesticides influence air quality, clean water and the health of the land. Carefully targeted research is necessary to keep the Agency at the forefront of the science that will point to tomorrow's concerns as well as tomorrow's solutions.

FY 2006 will be a key year for the chemicals and pesticides programs. The High Volume Production chemicals program will move from data collection to first-time screening for possible risks. Many of these chemicals entered the marketplace before the Toxics Substances Control Act was passed and EPA's screening process was put in place. FY 2006 also marks the final milestone in the ten-year pesticide tolerance reassessment program, which ensures older food-use pesticides meet the latest scientific standards for safety.

The Brownfields program is a top environmental priority for the Administration. EPA is working with its state, Tribal and local partners to meet its objective to sustain, cleanup and restore contaminated properties and abandoned sites. Together with the extension of the Brownfields tax credit, EPA expects to achieve the following in FY 2006: assess 1,000 Brownfields properties; clean up 60 properties using Brownfields funding; leverage resources to yield \$1 billion in cleanup and redevelopment funding and 5,000 jobs; and train 200 participants, placing 65 percent in jobs related to the Brownfields efforts.

There is great population and industrial pressure on the areas surrounding our large water bodies – the Great Lakes, the Chesapeake Bay, the Gulf of Mexico, and our wetlands in general. EPA has established special programs to protect and restore these unique resources by addressing the vulnerabilities of each.

The Great Lakes program will build on collaborative networks to remedy pollution, with a budget proposal to increase funding for the Great Lakes Legacy program to \$50 million in order to remediate sediment that was contaminated by improperly managed old industrial chemicals. Chesapeake Bay resources in this budget total over \$20 million. EPA's work in the Chesapeake Bay is based on a regional partnership whose members have committed to specific actions aimed at reducing both nutrient and sediment pollution. Wetlands and estuaries are increasingly stressed as coastal population density grows. The FY 2006 budget provides over \$40 million for our work to protect these ecosystems. Again, effective collaboration is key to protecting these primary habitats for fish, waterfowl and wildlife. Our work with the Corps of Engineers will be instrumental in protecting these valuable natural resources.

Toxic chemicals reduction is also the emphasis of Community Action for a Renewed Environment projects. The requested increase of \$7 million will offer many more communities the opportunity to improve their environment through voluntary action. EPA expects to establish 80 CARE programs across the nation in FY 2006, building on experience gained from 10 projects started in 2005.

In the research area, over \$5 million is requested for the Advanced Monitoring Initiative. This initiative will combine information technology with remote sensing capabilities, to allow faster, more efficient response to changing environmental conditions such as forest fires or storm events, as well as current ecosystems stressors in sensitive areas such as the Great Lakes or the Everglades. EPA also continues to make progress in the area of computational toxicology. In FY 2006, the program expects to deliver the first alternative assay for animal testing of environmental toxicants, a major milestone toward the long-term goal of reducing the need for animal testing. Other major research efforts include human health risk assessments, which will inform agency regulatory and policy decisions, and research for ecosystems, which will emphasize evaluating the effectiveness of restoration options.

The President's Budget also includes \$23 million for a new competitive State and Tribal Performance Fund. The Performance Grant Fund will support projects that include tangible, performance-based environmental and health outcomes -- and that can serve as measurement and results-oriented models for implementation across the nation.

Compliance and Environmental Stewardship

The FY 2006 President's Budget requests \$761 million to implement national programs to promote and enforce compliance with our environmental laws, and to foster pollution prevention and tribal stewardship. The Agency will employ a mixture of effective inspection, enforcement and compliance assistance strategies. Also within this goal, EPA will protect human health and the environment by encouraging innovation and providing incentives for governments, businesses, and the public to promote environmental stewardship. In addition, EPA will assist Federally recognized Tribes in assessing environmental conditions in Indian Country, and will help build their capacity to implement environmental programs.

The Agency's enforcement program works with states, tribes, local governments and other federal agencies to identify the most significant risks to human health and the environment, address patterns of non-compliance and work to ensure communities or neighborhoods are not disproportionately exposed to pollutants. This flexible, strategic use of EPA's and our state and tribal partners' resources brought over 1 billion pounds of pollution reduction in FY 2004, and helps to ensure consistent and fair enforcement.

EPA also strives to foster a culture of creative environmental problem-solving, not only with our state, tribal and federal partners but also with industry, universities and others. The result is a high capacity for implementing collaborative results-driven innovations and the organizational systems to support them. The President's Budget supports pollution prevention and other efforts to improve environmental performance, looking at the full range of possible interventions that would reduce waste created, reduce highly toxic materials in use, and reduce the energy or water resources used. These changes also make good business sense, often improving "the bottom line" for participating companies.

Agency resources for tribal programs support their environmental stewardship through a variety of means in every major program: air, water, land and others. In the Compliance and Environmental Stewardship goal, General Assistance Grants develop tribal capacity to implement environmental programs in Indian Country in line with local priorities. In FY 2006, EPA will support approximately 510 federally recognized tribes through these grants.

Effective Management

Throughout its operations, EPA is working to maximize effectiveness and efficiency, implementing new information technology solutions and streamlining operations. The research and development areas, for example, will see changes geared toward maximizing the effectiveness and relevance of applied research throughout the Agency. Continuing to improve internal controls and accountability is another priority. FY 2006 marks the next phase in our financial systems replacement which will enhance our internal systems. For our work with external partners, the Exchange Network and the Integrated Portal will provide the foundation for states, Tribes, the public, regulated community and EPA to increase data availability, collect better data and enhance the security of sensitive data.

Finally, EPA is making our grant programs work better. We are using new tools to help us achieve our goals: increasing competition for discretionary grant awards, making grants more outcome-oriented to meet Agency performance goals, strengthening oversight and accountability and providing more transparency to promote an open process.

