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**BEFORE THE SUBCOMMITTEES ON
ENERGY AND POWER
&
ENVIRONMENT AND THE ECONOMY**

COMMITTEE ON ENERGY AND COMMERCE

U.S. HOUSE OF REPRESENTATIVES

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Mr. Chairmen, Ranking Members Rush and Green, and Members of the Committee, thank you for the opportunity to appear before you to discuss the Environmental Protection Agency's proposed budget. In the State of the Union – as President Obama laid out a plan to win the future – he made clear that we “will not hesitate to create or enforce common-sense safeguards to protect the American people,” and explained that these safeguards are “why our food is safe to eat, our water is safe to drink, and our air is safe to breathe.”

These are the services EPA provides. EPA's activities prevent thousands of illnesses such as asthma, cancer and other diseases. They help keep students and workers healthy so they can be more productive. And, they save lives. Preliminary estimates show that last year, the Clean Air Act alone is estimated to have saved 160,000 lives and prevented more than 100,000 hospital visits.

President Obama also understands, however, that as millions of families are cutting back and making sacrifices, they expect the same level of good fiscal sense out of their government.

This budget reflects that good fiscal sense, and makes many tough choices.

FY 2010's budget of \$10.3 billion was EPA's highest funding level since its creation. This FY 2012 budget request, while a deep cut resulting in a total budget of \$8.973 billion, will allow EPA to carry out its core mission and fund the most critical efforts to protect the health of American families.

The choices in this budget reflect EPA's commitment to core regulatory work and preserving the hard-won progress made over the last 40 years in protecting and restoring the quality of

our air, water, and land; ensuring the safety of our chemicals; and providing strong enforcement of environmental laws and regulations.

At the same time, we have heeded the President's call for deficit reduction and made some painful choices to reduce funding for important programs. As it does every year, EPA has worked to find efficiencies within our programs and in some cases made reductions trusting that further efficiencies can be found. The \$8.973 billion proposed for EPA in the FY 2012 President's Budget will allow the Agency to maintain its core programs while investing in areas of urgent need and will support key priorities during this time of fiscal challenges.

This budget represents a nearly 13 percent reduction over the FY 2010 budget and reflects our priorities: supporting action on climate change and improving air quality; protecting America's waters; building strong state and tribal partnerships; strengthening enforcement and compliance; enhancing chemical safety; supporting healthy communities; and maintaining a strong science foundation. Because of the constrained fiscal environment, the Budget decreases the State Revolving Funds (SRFs) by nearly \$950 million while supporting a long-term goal of providing about 5 percent of total water infrastructure spending and spurring more efficient system-wide planning. The Budget also reduces the Great Lakes Restoration Initiative by \$125 million, eliminates about \$160 million in targeted water infrastructure earmarks, and eliminates \$60 million for clean diesel grants.

Our priorities are aligned with the government-wide effort to identify near-term high priority performance goals. For EPA, our goals include reducing greenhouse gas emissions, improving water quality, and delivering improved environmental health and protection to our communities. EPA will work toward meeting these goals over the next 18 to 24 months.

Madam Chair and Members of the Committee, let me touch on some of the highlights of this budget, both the painful choices and the targeted investments that will protect our health and the environment.

Supporting Action on Climate Change and Improving Air Quality

We are committed to meeting EPA's obligations under the Clean Air Act, the landmark law that all American children and adults rely on to protect them from harmful air pollution. We will continue to take meaningful, common sense steps to address climate change and improve air quality. Making the right choices now will allow the Agency to improve health, drive technology innovation, and protect the environment; all without placing an undue burden on the nation's economy. Indeed, EPA's implementation of the Clean Air Act has saved millions of lives and avoided hospital visits; enhanced American productivity by preventing millions of lost workdays and growing the clean energy sector; and kept American children healthy and in school.

Our budget requests \$46 million for additional regulatory efforts aimed to reduce greenhouse gas emissions and address the Climate and Clean Energy Challenge. This includes \$30 million in state grants and support for permitting, which will ensure that our state partners develop the

technical capacity to address greenhouse gas emissions under the Clean Air Act. Also included is \$6.0 million in additional funding for the development and implementation of new emission standards that will reduce greenhouse gas emissions from mobile sources such as passenger cars, light-duty trucks, and medium-duty passenger vehicles. These funds also will support EPA's assessment and potential development, in response to legal obligations, of standards for other mobile sources. Also included is \$7.5 million for the assessment and potential development of New Source Performance Standards for several categories of major stationary sources through means that are flexible and manageable for business. Finally, this amount includes an additional \$2.5 million for priority measurement, reporting and verification activities related to implementing the GHG Reporting Rule, to ensure the collection of high quality data.

Our air toxics strategy prioritizes standards that provide the greatest opportunity for cost-effective emissions reductions. This budget requests an additional \$6.4 million to conduct integrated pilots in several communities, including disadvantaged communities, to systemically evaluate and reduce risks from toxic air pollutants through regulatory, enforcement, and voluntary efforts. An additional \$3.7 million will improve air toxic monitoring capabilities and dissemination of information between and among the EPA offices, the state, local and tribal governments, and the public.

We anticipate a more than four-fold increase in the number of vehicle and engine certificates EPA issues. In addition, as a result of diverse and sophisticated technologies, we anticipate more challenging oversight requirements for both the vehicle/engine compliance program and fuels. We will upgrade vehicle, engine, and fuel testing capabilities through a \$6.2 million investment in the National Vehicle and Fuel Emissions Laboratory.

Protecting America's Waters

By leveraging partnerships and traditional and innovative strategies, we will continue to sustain and improve water infrastructure and clean-up America's great waterbodies. EPA, the states, and community water systems will build on past successes while working toward the FY 2012 goal of assuring that 91 percent of the population served by community water systems receives drinking water that meets all applicable health based standards.

The Clean Water State Revolving Fund (CWSRF) and Drinking Water State Revolving Fund (DWSRF) provide grants to states, which use the funds to make affordable loans to local communities for public drinking water and wastewater infrastructure projects. The President's Budget requests \$1.55 billion for the Clean Water SRF and \$990 million for the Drinking Water SRF. This request level reduces funding for State Revolving Funds by \$947 million from FY 2010 levels. As part of the Administration's long-term strategy, EPA is implementing a Sustainable Water Infrastructure Policy that focuses on working with states and communities to enhance technical, managerial, and financial capacity. Important to the technical capacity will be enhancing alternatives analysis to expand "green infrastructure" options and their multiple benefits. Future year budgets for the SRFs gradually adjust, taking into account repayments, through 2016 with the goal of providing, on average, about 5 percent of water infrastructure

spending annually. Federal dollars provided through the SRFs will serve as a catalyst for efficient system-wide planning and ongoing management of sustainable water infrastructure.

We will also leverage our partnership with states and tribes through an additional \$21 million in Water Pollution Control (Sec. 106) grants to enhance water quality and to provide additional resources to address Total Maximum Daily Load (TMDL), nutrient, and wet weather issues. An additional \$4 million is requested for Public Water Systems Supervision grants to support management of state and drinking water system data, improve data quality, and allow the public access to compliance monitoring data not previously available. This will improve transparency and efficiency and reduce the need for state resources to maintain individual compliance databases.

This budget supports EPA's continued efforts to clean up America's great waterbodies. It includes \$67.4 million for the Chesapeake Bay program, a \$17.4 million increase, which will allow EPA to continue to implement the President's Executive Order on Chesapeake Bay Protection and Restoration. The increased funding will support Bay watershed States as they implement their plans to reduce nutrient and sediment pollution in an unprecedented effort to restore this economically important ecosystem.

This budget has \$350 million included for programs and projects strategically chosen to target the most significant environmental problems in the Great Lakes ecosystem, a \$125 million decrease from FY 2010, the first year of the initiative. Led by EPA, and engaging the capabilities of a number of federal agencies, the initiative will implement the most important projects for Great Lakes Restoration and achieve visible results.

The Administration is committed to restoring and protecting the Gulf Coast ecosystem following decades of environmental harm, including the BP Deepwater Horizon oil spill. As Chair of the Gulf Coast Ecosystem Restoration Task Force, established by Executive Order 13554, I will work with the Federal and State Task Force members to lead environmental recovery efforts in the region. EPA is also working to support the Federal and State Trustees on the Deepwater Horizon Natural Resource Damage Assessment and Restoration Trustee Council as they develop a restoration plan to restore the region's natural resources to pre-spill conditions. As a complement to these efforts, EPA's request of \$6.6 million for the Mississippi River Basin program will address excessive nutrient loadings that contribute to water quality impairments in the basin and, ultimately, to hypoxic conditions in the Gulf of Mexico.

Building Strong State and Tribal Partnerships

Strong partnerships and accountability are vital to the implementation of environmental programs, and we are committed to strengthening state and tribal capacity. This budget includes \$1.2 billion for state and tribal grants which is an overall increase of \$84.9 million over FY 2010 within this amount is a reduction to Nonpoint Source (Sec. 319) Grants and Local Government Climate Change Grants. This request will provide critical support to State and local governments who are working diligently to implement new and expanded requirements under the Clean Air Act and Clean Water Act.

These include implementation of updated National Ambient Air Quality Standards and addressing complex water quality issues such as nutrient pollution, which I discussed earlier.

To help tribes strengthen environmental protection capacity and move forward with implementation of environmental programs, an \$8.5 million increase is included for Tribal General Assistance Program grants and \$20 million is budgeted for the competitive Tribal Multi-media Implementation grant program.

Strengthening Enforcement and Compliance

Regulated entities, Federal agencies, and the public benefit from easy access to tools that help them understand environmental laws and find efficient, cost-effective means for putting them into practice. This budget includes a request of \$27.5 million for the Regaining Ground in Compliance Initiative. Through this initiative, EPA will begin to harness the tools of modern technology to address some of these areas and make EPA's Enforcement and Compliance Assurance program more efficient and effective. We also will increase the number of inspections at high risk facilities regulated under the Spill Prevention, Control and Countermeasures (SPCC) and the Facility Response Plan (FRP) regulations.

By increasing the use of electronic reporting, monitoring tools, and market-based approaches, we will improve the effectiveness and efficiency of our limited resources, and ensure a level playing field for American businesses. By maximizing the use of advanced data and monitoring tools, we can focus our limited inspection and enforcement resources and focus our attention on identifying where the most significant vulnerabilities exist.

Enhancing Chemical Safety

America's citizens deserve to know the products they use are safe. One of my highest priorities is making significant and long overdue progress in assuring the safety of chemicals. We are taking immediate and lasting actions to eliminate or reduce identified chemical risks and develop proven alternatives.

FY 2012 represents a crucial stage in our approach for ensuring chemical safety. The program has attained its "zero tolerance" goal in preventing the introduction of unsafe new chemicals into commerce. However, many "pre-TSCA" chemicals already in commerce remain unassessed.

With the \$16 million investment for the Enhancing Chemical Safety initiative included in this budget, we will increase the pace of chemical hazard and risk assessments, strengthen chemical information management and transparency, and take action to address identified chemical risks including careful consideration of the impact of chemicals on children's health and on disadvantaged, low-income, and indigenous populations. The additional funding will help to close knowledge and risk management gaps for thousands of chemicals already in commerce through actions that will decrease potential impacts to human health and the environment. We also will continue promoting use of proven safer chemicals, chemical management

practices, and technologies to enable the transition away from existing chemicals that present significant risks.

Supporting Healthy Communities

We are committed to protecting, sustaining or restoring the health of communities and ecosystems by bringing together a variety of programs, tools, approaches and resources directed to the local level. Partnerships with international, Federal, state, tribal, local governments, and non-governmental organizations have long been a common thread across EPA's programs. This diversity of perspectives and experiences brings a wider range of ideas and approaches, and creates opportunities for innovations.

The budget includes a \$20.4 million multidisciplinary initiative for Healthy Communities. It supports states and communities in promoting healthier school environments by increasing technical assistance on school siting, environmental health guidelines, and Integrated Pest Management in schools. It also provides resources to address air toxics within at-risk communities, and to enhance the important joint DOT/HUD/EPA outreach and related efforts with communities on sustainable development.

We proudly support the America's Great Outdoors initiative to develop a community-based 21st century conservation agenda that can also spur job creation in the tourism and recreation industries. Leveraging support across the Federal Government, EPA will join the Department of the Interior, the Department of Agriculture, and the Council on Environmental Quality to lead the coordinated effort to protect and restore our outdoor legacy. The area-wide planning and community support focus of existing EPA programs and initiatives like Urban Waters and Brownfields programs align well with the goals and objectives of this new initiative.

Maintaining a Strong Science Foundation

To develop a deeper understanding of our environmental challenges and inform sustainable solutions, we are requesting a science and technology budget of \$826 million, \$22 million lower than our FY 2010 enacted funding level, reflecting both efficiencies and difficult choices in order to ensure support for the highest priority science needs. We will strengthen planning and delivery of science through an integrated research approach, which will help us more deeply examine our environmental and public health challenges. By looking at problems from a systems perspective, this new approach will create synergy and produce more timely and comprehensive results beyond those possible from approaches that are more narrowly targeted to single chemicals or problem areas. Within the request, we are including increases for research on endocrine disrupting chemicals, green infrastructure, air quality monitoring, e-waste and e-design, green chemistry, and the potential effects of hydraulic fracturing on drinking water.

To make progress on these research priorities and leverage the expertise of the academic research community, funding redirections will support additional Science to Achieve Results (STAR) grants and fellowships. This budget also supports the study of computational toxicology, and other priority research efforts with a focus on advancing the design of sustainable solutions

for reducing risks associated with environmentally hazardous substances. Two million dollars is also included to conduct a long-term review of EPA's laboratory network. These increases are offset by redirections from other areas, such as human health and ecosystems, biofuels, homeland security, mercury, and ground water remediation.

We look forward to working with the Congress to cut spending and cut the deficit. But to win the future, we cannot cut in a way that will undermine our ability to win the future and out-educate, out-innovate, and out-build our economic competitors. The budget that the President announced is a responsible plan that shows how we can live within our means and invest in the future. It makes tough choices to cut spending and cut the deficit. It includes a five-year non-security discretionary freeze, saving more than \$400 billion over the decade and reducing non-security discretionary spending to its lowest level as a share of the economy since President Eisenhower, and the Budget reduces the deficit by more than \$1 trillion, putting us on a path to fiscal sustainability.

Thank you again for inviting me to testify today, and I look forward to answering your questions.