

**TESTIMONY OF NANCY STONER
ACTING ASSISTANT ADMINISTRATOR
OFFICE OF WATER
U.S. ENVIRONMENTAL PROTECTION AGENCY**

**BEFORE THE SUBCOMMITTEE ON WATER RESOURCES AND ENVIRONMENT
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
UNITED STATES HOUSE OF REPRESENTATIVES**

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Good morning, Chairman Gibbs, Ranking Member Bishop, and members of the Subcommittee. I am Nancy Stoner, Acting Assistant Administrator for the Office of Water at the United States Environmental Protection Agency (EPA). Thank you for the opportunity to speak about the President's Fiscal Year 2013 budget request for the EPA's National Water Program. The President's budget provides the resources necessary for the EPA to continue our work, in collaboration with states, municipalities, industry, and the public, to ensure clean and safe water for all Americans. As Administrator Jackson has testified, this budget focuses on our core mission and sets priorities to make the best use of available resources.

Clean water is not only a resource and asset to be passed on to our children; it is also a necessary part of life. Clean water is essential to public health, drinking water supplies, quality of life, and the welfare of families and communities, whether in large cities, small towns, or rural America. Clean water is also vital to the U.S. economy. A wide range of businesses depend on clean water supply including energy generation, tourism, farming, development, fishing, manufacturing, food processing, and beverage production. The Clean Water Act is designed to protect the many uses of water by American businesses, which employ millions of Americans and affect virtually all citizens and communities.

Consider these facts about the value of clean water to the U.S. economy:

- Manufacturing companies use nine trillion gallons of fresh water every year.¹
- 31 percent of all water withdrawals in the U.S. are for irrigation, highlighting the extent to which the nation's farmers depend on clean water.²
- About 40 million anglers spend \$45 billion annually to fish all kinds of waters.³
- The beverage industry uses more than 12 billion gallons of water annually to produce products valued at \$58 billion.⁴

The EPA's request for the National Water Program is for \$3.41 billion, a 9 percent reduction from FY 2012 enacted levels. The requested level still allows the National Water Program to maintain its fundamental mission of protecting the quality of the nation's water resources. The reduction in the request is accomplished by a combination of targeted program reductions, including reduced capitalization of State Revolving Loan Funds, and carefully selected investments to address critical needs.

Much progress has been made toward ensuring that America's waters are healthy and safe, but much work remains. There are more than 41,000 impaired waters in the nation, some for more than one pollutant. The primary sources of impairment are pathogens, nutrients, sediment, PCBs and mercury. Despite cleanup efforts, waterbodies are newly identified as impaired each time states assess the quality of their waters.

¹ Liquid Assets 2000: America's Water Resources at a Turning Point:
<http://water.epa.gov/lawsregs/lawsguidance/cwa/economics/liquidassets/>

² Estimated use of water in the United States in 2005: U.S. Geological Survey Circular 1344, p.4
<http://pubs.usgs.gov/circ/1344/pdf/c1344.pdf>.

³ American Sportfishing Association: http://www.asafishing.org/newsroom/newspr_092607.html

⁴ Liquid Assets 2000: America's Water Resources at a Turning Point:
<http://water.epa.gov/lawsregs/lawsguidance/cwa/economics/liquidassets/>

To continue to make progress towards clean and safe water throughout the country, the agency will build, maintain, and strengthen effective partnerships with states, other federal agencies, communities, and other stakeholders. For example, the FY 2013 budget includes a significant new voluntary effort under which the EPA and U.S. Department of Agriculture (USDA) will work with states, agricultural producer organizations, conservation districts, tribes, NGOs, individual producers, and other local leaders to identify areas where a focused and coordinated approach can reduce nutrient pollution and improve the condition of nearby waters. This coordination will support more effective, targeted investments to ensure continued improvements in water quality during a time of constrained budgets.

Water and Wastewater Infrastructure Investments

The Clean Water State Revolving Fund (CWSRF) and Drinking Water State Revolving Fund (DWSRF) provide capitalization grants to states, which, when combined with state resources, use the funds to make affordable loans to local communities to finance capital improvements to drinking water and wastewater infrastructure and other water quality projects that protect public health and vital water resources. The FY 2013 President's budget request includes \$1.175 billion for the CWSRF and \$850 million for the DWSRF, a total reduction of \$359 million, but a level that will still enable states and tribes to begin approximately 500 clean water and approximately 400 drinking water projects nationally. This request, when combined with enacted appropriations, including the American Recovery and Reinvestment Act, totals approximately \$18 billion invested in the SRF's over the last five years. EPA will work with states to target assistance to small and underserved communities with limited ability to repay loans, while maintaining state program integrity.

As part of the Administration's strategy, the EPA continues to implement its Sustainable Water Infrastructure Policy first issued in October 2010.⁵ The Policy places significant emphasis on the promotion of planning by utilities that result in infrastructure investments that also support other relevant community goals. The Policy encourages a robust analysis of various infrastructure options, including use of "green infrastructure" techniques and decentralized approaches, and encourages utilities to implement management strategies and rate structures that support a system's water infrastructure investments and operations and maintenance. As part of that strategy, the EPA is working to promote investments of State Revolving Funds that act as a catalyst for efficient system-wide planning, improvements in technical, financial and managerial capacity, and the design, construction and ongoing management of sustainable water infrastructure.

Beach Monitoring

In these difficult economic times with declining budgets, the EPA carefully reviewed its programs to identify cost efficiencies and savings while still funding the nation's most pressing environmental priorities. As a result of this review, the EPA is proposing the elimination of its beach monitoring grant program with a reduction of \$9.9 million in FY 2013. While beach monitoring continues to be important, well-understood monitoring guidelines are in place and state and local government programs have the technical expertise and procedures to continue beach monitoring without federal support.

Restoring the Chesapeake Bay and the Great Lakes

The President's budget requests \$72.6 million for the Chesapeake Bay Program. The EPA continues to collaborate closely with other federal agencies to restore the health of the Chesapeake Bay and implement the President's Executive Order on the Chesapeake Bay. The EPA also continues to support the ongoing partnership among federal agencies, Chesapeake Bay jurisdictions, and other stakeholders,

⁵ <http://water.epa.gov/infrastructure/sustain/upload/Sustainability-Policy.pdf>

which is essential for ensuring that the diverse activities necessary to restore the Bay, including the waters within the Bay watershed, are being implemented and supported in a strategic manner.

The budget provides state and local governments, within the Bay watershed, with an additional \$14.4 million in grants to make further progress on implementing the Watershed Implementation Plans that states and the District of Columbia developed to meet the Chesapeake Bay Total Maximum Daily Load (TMDL). The TMDL, a pollution diet for nutrient and sediment pollution in the Bay, required under the Clean Water Act, defines the reductions in nutrients and sediment needed to alleviate the overabundance of nutrients and high turbidity that robs the Bay of the oxygen and sunlight needed to support blue crabs, rockfish, other fish and wildlife, and important plant life critical to the Bay ecosystem and to support clean water in all watershed communities. The EPA will continue to use its technical and scientific capabilities to support the efforts of the states, District, local governments, farmers, and others to put practices in place to reduce water pollution.

In addition, the EPA is requesting \$300 million to continue funding for the Great Lakes Restoration Initiative (GLRI), equal to the FY 2012 enacted level. The GLRI promotes unparalleled interagency coordination across 16 federal agencies to reduce levels of toxic pollutants in the Lakes, restore habitat, combat invasive species, and improve the health of the Lakes. Approximately half of the \$ 300 million will be given to other federal agencies to support their restoration activities. Special priority will be placed on cleaning up and de-listing Areas of Concern⁶, preventing the introduction of new invasive species, and reducing phosphorus runoff that contributes to harmful algal blooms and other water quality impairments.

⁶ <http://www.epa.gov/glnpo/aoc/>

Strengthening State Programs

The FY 2013 request includes \$265.3 million for Water Pollution Control grants to states, tribes and interstate agencies. The \$26.9 million increase in these grants will strengthen the base programs, address emerging water quality issues, support expanded water monitoring, and strengthen permitting, compliance, and enforcement efforts. These funds also support state and tribal work to review and update their water quality standards as required by the Clean Water Act. In FY 2013, the EPA will designate \$15 million of this increase for states that commit to strengthening their nutrient management efforts consistent with the EPA's March 16th, 2011, memorandum to its regional offices, which lays out a recommended framework for how the agency can work in partnership with states and tribes to achieve near-term reductions in nutrient loadings.⁷ Nitrogen and phosphorus pollution causes algal blooms, dead zones, and waters unhealthy for many uses. These additional funds and the March framework, along with state and tribal activities that use nonpoint source grants (Clean Water Act Section 319) and USDA funding, and efforts to improve coordination of these programs, will help ensure that state clean water programs are effective at protecting the environment and supporting our economy.

Strengthening Urban Waters

The President's budget requests \$4.9 million to support the Urban Waters program. In this program, the EPA is assisting communities in restoring urban waterways and revitalizing urban areas through partnerships with governmental and non-governmental organizations.

⁷ Nancy K. Stoner memorandum *Working in Partnership with States to Address Phosphorus and Nitrogen Pollution through Use of a Framework for State Nutrient Reductions*, March 16, 2011.

Conclusion

I would like to thank you, Mr. Chairman and the members of the Subcommittee for this opportunity to discuss the President's FY 2013 budget request for the EPA's National Water Program. The President's budget reflects the EPA's ongoing efforts to carefully consider potential savings while continuing our commitment to the core mission of protecting water quality and public health. The EPA looks forward to continuing to work with the Subcommittee to ensure clean and safe water for all Americans. Thank you again and I will be happy to answer any questions you may have.