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BEFORE THE

U. S. SENATE COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

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Chairman Inhofe, Ranking Member Boxer, and members of the Committee, thank you for the opportunity to appear before you to discuss the Environmental Protection Agency's proposed FY 2017 budget. I'm joined by the agency's Deputy Chief Financial Officer, David Bloom.

The EPA is, at its very core, a public health agency. The simple fact is you cannot have healthy people without clean air, clean water, healthy land, and a stable climate. We have worked hard to deliver these and made significant progress over the years for the American people. This budget request of \$8.267 billion [in discretionary funding] for the 2017 fiscal year, starting October 1, 2016, lays out a strategy to ensure that steady progress is made in addressing environmental problems. This strategy includes actions to protect public health and it ensures that the agency and its partners in environmental protection, states and tribes, are positioned to meet the challenges of the future. The request is \$127 million above the agency's enacted level for FY 2016. For 45 years, the EPA's investments to protect public health and the environment have helped make the nation's air, land, and waters cleaner.

However, in many ways we are now at a turning point. As science advances, it improves our ability to measure pollution and provide better and more complete access to environmental information, but we know that the technologies and tools that we have relied on to date cannot be expected to meet all of today's challenges, like climate change and aging infrastructure. This budget supports efforts to leverage investments in technology, and be even more innovative and responsive, while reflecting an understanding that a strong economy depends on a healthy environment. It funds essential work to support our communities, address climate change, protect our waters, protect our land, ensure chemical safety, encourage pollution prevention, advance research and development and promote innovation and modernization to streamline processes.

Supporting our state, local, and tribal partners is a central component of our work to protect public health and the environment. This budget builds on a history of addressing environmental and public health challenges as a shared responsibility. We are doing this while supporting a strong workforce at the EPA and maintaining a forward and adaptive organization with the tools necessary to ensure effective use of the public funds provided to us.

Making a Visible Difference in Communities Across the Country

We are committed to continuing our work with our partners to make a visible difference in communities across the country—especially in areas overburdened by pollution—including distressed urban and rural communities.

The EPA has made community support a top priority and this budget reinforces that focus. It includes a multi-faceted effort that builds and strengthens capacity using innovative tools, comprehensive training, technical assistance, and increased access to the most up-to-date scientific data. The EPA is committed to assisting communities in addressing their most pressing environmental concerns and will continue to innovate by taking full advantage of advances in technology to detect air and water pollution.

In FY 2017, the EPA will provide targeted funding and support for regional coordinators to help communities find and determine the best programs to address local environmental priorities. The FY 2017 budget also provides \$17 million for the Alaska Native Villages infrastructure assistance program, and an additional \$2.9 million within the Integrated Environmental Strategies program will support these communities in conducting resiliency planning exercises and capacity-building. This will build upon previous collaborative efforts with FEMA, NOAA and HUD.

Across the budget, activities help communities adopt green infrastructure, provide technical assistance for building resilience and adapting to climate change, and help communities to reduce environmental impacts through advanced monitoring technology and decision making tools. The EPA's budget also includes \$90 million in Brownfields Project grants to local communities, an increase of \$10 million. These funds will help to return contaminated sites to productive reuse by increasing investments in technical assistance and community grants for assessment and cleanup of areas where we work, live and play.

The EPA will continue work to limit public exposure to uncontrolled releases of hazardous substances and make previously contaminated properties available for reuse by communities through a request of approximately \$521 million in the Superfund Remedial program and another \$185 million in the Superfund Emergency Response and Removal program. An increase of \$24 million in Superfund cleanup programs will enable the remedial program to maximize the preparation of "shovel-ready" projects, and provide funding to reduce the backlog of new construction projects that address exposure to contaminated soil and groundwater. It also supports critical resources with the Emergency Response and Removal program giving us the ability to quickly respond to simultaneous emergencies.

Addressing Climate Change and Improving Air Quality

The FY 2017 budget request for the agency's work to address climate change and to improve air quality is \$1.132 billion. These resources will help protect those most vulnerable to climate impacts and the harmful health effects of air pollution through commonsense standards, guidelines, and partnership programs.

Climate change remains a threat to public health, our economy, and national security and the U.S. recognizes our role and our responsibility to lead in cutting carbon pollution that is fueling climate change. To do so, our work will position the business community, its entrepreneurs, and its innovators to lead the world in a global effort while at the same time, expanding the economy. States and businesses across the country are working to build renewable energy infrastructure, increase energy efficiency, and cut carbon pollution—creating sustainable, middle class jobs and displaying the kind of innovation that has enabled this country to overcome so many challenges. Over the last decade, the U.S. has cut its total carbon pollution more than any other nation on Earth. And last November, we set a goal of reducing economy-wide greenhouse gas emissions by 26 - 28% by 2025. Even so, we are still ranked just behind China as the second largest emitter of CO₂, so we need to continue to lead by example as we work to address this global challenge.

The FY 2017 budget prioritizes actions to reduce the impacts of climate change, one of the most significant challenges for this and future generations, and supports the President's Climate Action Plan. The budget includes \$235 million for efforts to cut carbon pollution and other greenhouse gases through common sense standards, guidelines, and voluntary programs. The EPA's Clean Power Plan, which establishes carbon pollution reduction standards for existing power plants, is a top priority for the EPA and will help spur innovation and economic growth while creating a clean energy economy. Although the Supreme Court has stayed the CPP rule, the stay does not preclude all continued work on the CPP and does not limit states that want to proceed with planning efforts or other actions to reduce greenhouse gas emissions from power plants. During the stay, EPA will continue to assist states that voluntarily decide to move forward, helping to pave the way for plans that will involve innovative approaches and flexibility for achieving solutions.

The President's Climate Action Plan also calls for greenhouse gas reductions from the transportation sector by increasing fuel economy standards. These standards will represent significant savings at the pump, reduce carbon pollution, and reduce fuel costs for businesses, which is anticipated to lower prices for consumers. The budget includes a \$4.2 million increase to enhance vehicle, engine and fuel compliance programs, including critical testing capabilities, to ensure compliance with emission standards. An additional \$1 million is included in the President's request to share the agency's mobile source expertise and technical assistance internationally with a focus on heavy duty trucks.

As part of the President's 21st Century Clean Transportation Plan, the President's Budget proposes to establish a new mandatory fund at the EPA. The existing fleet of cars, trucks, and buses is aging, contributing to climate change and putting our children's health at risk. To protect the health of the most vulnerable populations and reduce childhood exposure to harmful exhaust, the EPA will provide a total of \$1.65 billion through the Fund over the course of 10 years to retrofit, replace, or repower diesel equipment. The proposed funding, which is separate from the agency's discretionary funding request, will provide up to \$300 million in FY 2017 to renew and increase funding for the Diesel Emissions Reduction Grant Program (DERA), which is set to expire in 2016. This budget also provides \$10 million in discretionary funding to support our existing DERA program to provide national grants and rebates to reduce diesel emissions in priority areas.

Protecting the Nation's Waters

Protecting the nation's waters remains a top priority for the EPA. In FY 2017, the agency will continue to build upon decades of work to ensure our waterways are clean and our drinking water is safe. There are far reaching effects when rivers, lakes, and oceans become polluted. Polluted waters can make our drinking water unsafe, threaten the waters where we swim and fish, and endanger wildlife. To meet these needs and to protect public health, we need to expand our impact through innovation. The State Revolving Funds (SRF) alone, while important, cannot and should not be relied upon to solve all infrastructure needs. New funds available under the Water Infrastructure Finance and Innovation Act (WIFIA) credit program, as well as technical assistance to help communities plan future investments and better leverage Federal, state, and local resources are necessary to get us there.

We have to confront the systematic challenges that threaten our drinking water; a resource essential to every human being and living thing on Earth. The EPA will continue to partner with states to invest in our nation's water infrastructure. This budget includes a combined \$2 billion request for the Clean Water and Drinking Water State Revolving Funds and \$42 million in additional funds to provide technical assistance to small communities, loan financing to promote public-private collaboration and training to increase the capacity of communities and states to plan and finance drinking water and wastewater infrastructure improvements.

The Water Infrastructure Finance and Innovation Act (WIFIA) established a new financing mechanism for water and wastewater infrastructure projects. In this budget, the EPA requests \$20 million to fund the WIFIA program, which will provide direct financing for the construction of water and wastewater infrastructure by making loans for large innovative projects of regional or national significance. The WIFIA program also will work to support investments in small communities and promote public-private collaboration. \$15 million of the \$20 million increase in the budget will allow EPA to begin making loans for WIFIA projects. The program is designed to highly leverage these funds, translating into a potential loan capacity of nearly \$1 billion to eligible entities for infrastructure projects.

This budget provides \$22 million in funding to expand the technical, managerial, and financial capabilities of drinking water and wastewater systems to provide safe and reliable services to their customers now and into the future. Included is \$7.1 million for the Water Infrastructure and Resiliency Finance Center and the Center for Environmental Finance that will enable communities across the country to focus on financial planning for upcoming public infrastructure investments, expand work with states to identify financing opportunities for rural communities, and enhance partnership and collaboration with the U.S. Department of Agriculture. The Water Infrastructure and Resiliency Finance Center is part of the Build America Investment Initiative, a government-wide effort to increase infrastructure investment and promote economic growth by creating opportunities for state and local governments and the private sector to collaborate on infrastructure development.

Protecting Our Land

The EPA strives to protect and restore land to create a safer environment for all Americans by cleaning up hazardous and non-hazardous wastes that can migrate to air, groundwater and surface water, contaminating drinking water supplies, causing acute illnesses and chronic diseases, and threatening healthy ecosystems. We preserve, restore, and protect our land, for both current and future generations by cleaning up contaminated sites and returning them to communities for reuse. Funding will assist communities in using existing infrastructure and planning for more efficient and livable communities, and encouraging the minimization of environmental impacts throughout the full life cycle of materials.

Approximately 53 million people in the U.S. live within 3 miles of a Superfund remedial site, roughly 17% of the U.S. population, including 18% of all children under the age of five. In FY 2017, we will increase the Superfund Remedial program by \$20 million to accelerate the pace of cleanups, supporting states, local communities, and tribes in their efforts to assess and cleanup sites and return them to productive reuse, and encourage renewable energy development on formerly hazardous sites when appropriate. We also will expand the successful Brownfields program's community-driven approach to revitalizing contaminated land, providing grants, and supporting area-wide planning and technical assistance to maximize the benefits to the communities.

Taking Steps to Improve Chemical Facility Safety

The EPA is requesting \$23.7 million for the State and Local Prevention and Preparedness program, an increase of \$8.4 million above the FY 2016 enacted level.

In support of the White House Executive Order 13650 on Improving Chemical Facility Safety and Security, the requested increase will allow the EPA to continue to expand upon its outreach and technical assistance to improve the safety and security of chemical facilities and reduce the risks of hazardous chemicals to facility workers and operators, communities, and responders.

These efforts represent a shared commitment among those with a stake in chemical facility safety and security: facility owners and operators; federal, state, local, tribal, and territorial governments; regional entities; nonprofit organizations; facility workers; first responders; environmental justice and local environmental organizations; and communities. The EPA therefore plays a significant and vital role.

In FY 2017, the EPA will develop, initiate and deliver training to aid with expansive outreach and planning for local communities, emergency planners, and responders. This will assist local emergency planners and first responders in using the risk information available to them, educating the public about what to do if an accident occurs. The EPA also will work effectively with facilities to reduce the risks associated with the chemicals that are stored, used, or produced on site to help prevent accidents from occurring.

Continuing EPA's Commitment to Innovative Research & Development

In building environmental policy, scientific research continues to be the foundation of EPA's work. Environmental issues in the 21st century are complex because of the interplay between air quality, climate change, water quality, healthy communities, and chemical safety. Today's complex issues require different thinking and different solutions than those used in the past. In FY 2017, we will continue to strengthen the agency's ability to develop solutions by providing \$512 million to evaluate and predict potential environmental and human health impacts for decision makers at all levels of government. Activities in the FY 2017 Budget include providing support tools for community health, investigating the unique properties of emerging materials, such as nanomaterials, and research to support the nation's range of growing water-use and ecological requirements. The Chemical Safety and Sustainability program will continue to place emphasis on computational toxicology (CompTox), which is letting us study chemical risks and exposure exponentially faster and more affordably than ever before. The EPA's ToxCast program has screened nearly 2,000 chemicals and Tox21 has screened over 8,000. In FY 2017 we have an opportunity to further enhance CompTox and broaden its application, adding significant efficiency and effectiveness to agency operations.

Supporting State and Tribal Partners

Effective environmental protection is a joint effort of the EPA, states and our tribal partners, and we are setting a high bar for continuing our partnership efforts. That's why the largest part of our budget, \$3.28 billion dollars, or almost 40 percent, is provided directly to our state and tribal partners. In FY 2017, we are requesting an increase of \$77 million in funding for State and Tribal Assistance categorical grants in support of critical state work in air and water protection as well as continued support for our tribal partners.

The EPA is focused on opportunities to continue building closer collaboration and targeted joint planning and governance processes. One example is the E-Enterprise for the Environment approach, a transformative 21st century strategy to modernize the way in which government agencies deliver environmental protection. With our co-regulatory partners, we are working to streamline, reform, and integrate our shared business processes and related systems. These changes, including a shift to electronic reporting, will improve environmental results, reduce burden, and enhance services to the regulated community and the public. State-EPA-Tribal joint governance serves to organize the E-Enterprise partnership to elevate its visibility, boost coordination capacity, and ensure the inclusiveness and effectiveness of shared processes, management improvements, and future coordinated projects.

Maintaining a Forward Looking and Adaptive EPA

The EPA has strategically evaluated its workforce and facility needs and will continue the comprehensive effort to modernize its workforce. By implementing creative, flexible, cost-effective, and sustainable strategies to protect public health and safeguard the environment, the EPA will target resources toward development of a workforce and infrastructure that can address current challenges and priorities.

We are requesting funding in this budget to help us fast-track efforts to save taxpayer dollars over the long term by optimizing and renovating critical agency space. That space includes laboratory buildings across the country, where we conduct critical scientific research on behalf of the American public. Since FY 2012, the EPA has released over 250,000 square feet of office space nationwide, resulting in a cumulative annual rent avoidance of nearly \$9.2 million across all appropriations. Additional planned consolidations and moves could release another 336,000 square feet of office space in the next several years.

The agency will continue on-going work to improve processes and advance the E-Enterprise effort – replacing outdated paper processes for regulated companies with electronic submissions. The EPA’s goals for process improvements are: leveraging technology, streamlining workflow, and improving data quality, and increasing data sharing and transparency. The agency also is making necessary investments to improve internal IT services to support productivity and address cybersecurity needs.

In FY 2017, the EPA requests \$3.3 million to expand Program Evaluation and Lean efforts as a part of the High Performing Organization Cross-Agency Strategy. We continue to eliminate non-value added activities to focus more directly on all tasks that support its mission of protecting public health and the environment.

The EPA continues to examine its programs to find those that have served their purpose and accomplished their mission. The FY 2017 President’s Budget also eliminates some mature programs where state and local governments can provide greater capacity. Those grant programs are the Beaches Protection categorical grants, the Multi-purpose categorical grants, the Radon categorical grants, the Targeted Airshed grants and the Water Quality Research and Support grants, totaling \$85 million.

We are committed to do the work that is necessary to meet our mission and protect public health. The EPA’s FY 2017 budget request will let us continue to make a real and visible difference to communities and public health every day. It will give us a foundation to revitalize the economy and improve infrastructure across the country. And it will sustain state, tribal, and federal environmental efforts across all our programs.

Mr. Chairman, I thank you for the opportunity to testify today. While my testimony reflects only some of the highlights of the EPA's FY 2017 budget request, I look forward to answering your questions.