TESTIMONY OF
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BEFORE THE
SENATE COMMITTEE ON ENVIRONMENT & PUBLIC WORKS
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Madam Chairman and Members of the Committee, I am pleased to be here today to discuss the fiscal year (FY) 2008 budget request for the Environmental Protection Agency (EPA). The President has requested $7.2 billion to support the work of EPA and our partners nationwide. This funding illustrates the Administration's unwavering commitment to setting high environmental protection standards, while focusing on results and performance, and achieving the goals outlined in the President's Management Agenda.

The President's request builds on EPA's long record of accomplishments and funds its role as America enters into the next phase of environmental progress. These are exciting times for our nation's environment. Since its founding, EPA has laid a strong foundation of environmental progress. Our air, water and land are cleaner today than they were just a generation ago, and with this year's budget, this progress will continue.

While our nation's environmental results are significant, it is important to understand how they're being achieved. Over our 36 years, EPA has laid a strong foundation to shift America into a "green" culture. Today, instead of having just 17,000 EPA employees working to protect the environment, we now have over 300 million Americans as environmental partners. Americans from all sectors of society – businesses, communities and individuals – have begun to embrace the fact that the environment is everyone's responsibility, not just the responsibility of EPA.

Madam Chairman, the FY 2008 budget will fund our new role in this next exciting phase of environmental progress.

Our nation is committed to balancing the budget, and EPA is a proud partner in this effort. EPA is not only a good steward of our environment, but it is a good steward of our nation's tax dollars. We are accountable for spending the taxpayer's money efficiently and effectively, while focusing on wisely investing in environmental results.

Clean Air and Global Climate Change

The FY 2008 President's Budget requests $912 million for the Clean Air and Global Climate Change goal at EPA. EPA implements this goal through its national and regional programs that are designed to provide healthier air for all Americans and protect the stratospheric ozone layer while also minimizing the risks from radiation releases, reducing greenhouse gas intensity, and enhancing science and research. In order to carry out its responsibilities, EPA utilizes programs that include many common elements, including: setting risk-based priorities; facilitating regulatory reform and market-based approaches; partnering with state, tribal, and local governments, non-governmental organizations, and industry; promoting energy efficiency; and utilizing sound science.

The Clean Air Rules are a major component of EPA work under Goal 1 and include a suite of actions that will dramatically improve America's air quality. Three of the rules specifically address the transport of pollution across state borders (the Clean Air Interstate Rule, the Clean Air Mercury Rule, and the Clean Air Nonroad Diesel Rule). These rules provide national tools to achieve significant improvement in air quality and the associated benefits of improved health, longevity and quality of life for all Americans. In FY 2008, EPA will be working with the states and industry to implement these rules.

In order to address the nation's growing energy challenges, EPA's request supports activities associated with the Energy Policy Act of 2005. These activities include the implementation of the Renewable Fuel Standards that will promote the use of renewable fuels, diversify our energy sources, and reduce our reliance on oil. EPA's request provides $35 million to support the new Diesel Emission Reduction Grants program that is designed to reduce diesel emissions in trucks and school buses through retrofitting and replacing existing engines. This program will target projects in areas that don't meet air quality standards to help ensure improvements occur in areas of the country where the benefits are needed most.

In FY 2008, EPA's climate protection programs will continue its government and industry partnerships to achieve reductions in greenhouse gas emissions and contribute to the President's goal of reducing greenhouse gas intensity by 18 percent in 2012. The President's request for EPA's voluntary partnership climate change programs and research on technology and science in FY 2008 is $118 million. The request includes $4 million for the Methane to Markets Partnership which promotes methane recovery and use in landfills, coal mines and natural gas facilities. In addition, EPA's request provides $5 million to support the Asia Pacific Partnership - this partnership supports international efforts to reduce greenhouse gas emissions by creating new investment opportunities, building local capacity, and removing barriers to the introduction of more efficient technologies. EPA's climate partnership and technology research efforts are components of the Administration's Climate Change Technology Program. In addition, EPA's Global Change research program coordinates its efforts and actively contributes to the Administration's Climate Change Science Program.

Clean and Safe Water

The FY 2008 President's Budget requests $2.7 billion to implement the Clean and Safe Water goal through programs designed to improve the quality of surface water and drinking water. EPA will continue to work with its state, tribal, and local partners to achieve measurable improvements to the quality and safety of the nation's drinking water supplies as well as the conditions of rivers, lakes and coastal waters.

The President's request continues the Administration's commitments to the Clean Water and Drinking Water State Revolving Funds. The President funds the Clean Water State Revolving Fund (CWSRF) at $688 million, supporting the cumulative capitalization commitment of $6.8 billion for 2004-2011 and enabling the CWSRF to eventually revolve at an annual level of $3.4 billion. The budget proposes $842 million for the Drinking Water State Revolving Fund (DWSRF), essentially the same as the 2007 level. This request keeps the Administration's commitment of achieving a long-term $1.2 billion revolving level.

EPA has worked with Treasury and other parts of the Administration to propose expanded use of tax-exempt Private Activity Bonds for capital investments in drinking water and wastewater projects. The President's Budget proposes to exempt PABs from the private activity bond unified state volume cap. PABs are tax-exempt bonds issued by a state or local government, the proceeds of which are used by another entity for a public purpose or by the government entity itself for certain public-private partnerships. By removing drinking water and wastewater bonds from the volume cap, this proposal will provide states and communities greater access to PABs to help finance their water infrastructure needs and increase capital investment in the nation's water infrastructure.

This Water Enterprise Bond proposal would provide an exception to the unified annual State volume cap on tax-exempt qualified private activity bonds for exempt facilities for the "furnishing of water" or "sewage facilities." To ensure the long-term financial health and solvency of these drinking water and wastewater systems, communities using these bonds must have demonstrated a process that will move towards full-cost pricing for services within five years of issuing the Private Activity Bonds. This will help water systems become self-financing and minimize the need for future subsidies.

Land Preservation and Restoration

The Agency's FY 2008 budget request to Congress implements the Land Preservation and Restoration goal through EPA's land program activities that promote the following themes: Revitalization, Recycling, Waste Minimization, and Energy Recovery; Emergency Preparedness and Response; and Homeland Security.

The President's budget provides $1.2 billion for the Superfund program to continue progress cleaning up the nation's most contaminated hazardous waste sites. As of the end of FY 2006, cleanup construction has been completed at 1,006 National

Priorities List (NPL) sites. The Superfund program often completes short-term removal actions to mitigate immediate health threats at sites prior to completion of investigations and the start of long-term cleanup construction. EPA has continued its efforts to efficiently utilize every dollar and resource available to clean up contaminated sites and to protect human health. In FY 2006, EPA obligated $390 million of appropriated, state cost-share, and responsible party funding to conduct ongoing cleanup construction and post-construction work at Superfund sites that includes nearly $45 million to begin construction at 18 new Superfund projects. Based upon the construction schedules, EPA expects to complete construction of all remedies at 24 sites in FY 2007 and 30 sites in FY 2008. EPA expects to complete construction at 165 sites during the FY 2007 to FY 2011 time period, the goal established in the Agency's FY 2006 to FY 2011 Strategic Plan.

In FY 2008, the Agency is requesting $34 million for the Underground Storage Tank Program to provide assistance to states to help them meet their new responsibilities, that include: 1) mandatory inspections every three years for all underground storage tanks; 2) operator training; 3) prohibition of delivery to non-complying facilities; 4) secondary containment of financial responsibility for tank manufacturers and installers; 5) various compliance reports; and 6) grant guidelines. The Agency is also submitting new legislative language to allow states to use alternative mechanisms, such as the Environment Results Program, to meet the mandatory three-year inspection requirement. This proposal provides states with a less costly alternative to meet the objectives of the Energy Policy Act.

Healthy Communities and Ecosystems

In FY 2008, EPA's Budget carries out the Healthy Communities and Ecosystems goal via a combination of regulatory, voluntary, and incentive-based programs. A key component of the Healthy Communities and Ecosystems goal is to reduce risks to human health and the environment through community and geographically-based programs.

In FY 2008, $162.2 million was requested for the Brownfields program to support research efforts with additional assessments, revolving loan fund, cleanup grants and workforce development programs. When leveraged with state and local resources, this Brownfield funding will help assess more than 1,000 properties, clean up more than 60 sites, and address petroleum contamination in more than 40 communities.

EPA focuses on collaborative place-based programs to protect the great waterbodies – the Chesapeake Bay, the Great Lakes, the Gulf of Mexico and the Puget Sound.

The Chesapeake Bay is the largest estuary in the United States and a water resource of tremendous ecological and economic importance. The greatest success in the last five years has been the water quality initiative that has resulted in new water quality standards for the Bay, the adoption of nutrient and sediment allocations for all parts of the watershed that meet new standards, and tributary-specific pollution reduction and habitat restoration plans. To continue to carry out these functions, the FY 2008 President's

Budget requests $29 million in FY 2008, an increase of over $2 million from the previous President's Budget request. Within the request is $8 million for competitive grants for innovative, cost-effective non-point source watershed projects, which reduce nutrient and/or sediment discharges to the Bay.

The Great Lakes are the largest system of surface freshwater on earth, containing 20 percent of the world's surface freshwater and accounting for 84 percent of the surface freshwater in the United States. The goal of the Agency's Great Lakes Program is to restore and maintain the chemical, physical and biological integrity of the Great Lakes Basin Ecosystem. The President's FY 2008 budget commits $57 million towards continuing efforts by EPA's Great Lakes program, working with state, local, and tribal partners and using the Great Lakes Regional Collaboration Strategy as a guide to protect and restore the Great Lakes. The Agency will focus on working with partners to clean up and de-list eight Areas of Concern (AOCs) by 2010, emphasizing clean up of contaminated sediments under the Great Lakes Legacy Act. EPA will continue to work towards reducing PCB concentrations in lake trout and walleye and keeping Great Lakes beaches open and safe for swimming during the beach season.

The FY 2008 President's Budget Request provides $4.5 million for the Gulf of Mexico program to support Gulf States and stakeholders in developing a regional, ecosystem-based framework for restoring and protecting the Gulf of Mexico.

EPA efforts in the Puget Sound are focused on the Basin's highest priority environmental challenges: air and water quality. The FY 2008 Budget provides $1 million for restoration activities to improve water quality and minimize the adverse impacts of rapid development.

Another major focus of the Healthy Communities and Ecosystems goal is identifying, assessing, and reducing the risks from pesticides. In FY 2008, EPA will continue identifying and assessing potential risks from pesticides. In addition, EPA will set priorities for addressing pesticide risks and promoting innovative and alternative measures of pest control. EPA will continue to meet its pesticide-related homeland security responsibilities by identifying and reviewing proposed pesticides for use against pathogens of greatest concern for crops, animals, and humans. EPA will continue to work closely with other federal agencies and industry to implement its Registration Review program that will review existing pesticide registrations on a 15-year cycle to ensure that registered pesticides in the marketplace continue to be safe for use in accordance with the latest scientific information.

Compliance and Environmental Stewardship

The EPA's FY 2008 Budget request of $743.8 million for the Compliance and Environmental Stewardship goal provides funding for programs that monitor and promote enforcement and compliance with environmental laws and policies. The Agency will also support stewardship through direct programs, collaboration and grants for

pollution prevention, pesticide and toxic substance enforcement, environmental information, and continuing an environmental presence in Indian Country.

In FY 2008, the budget for this goal also provides $56.9 million for GAP grants, which will build tribal environmental capacity to assess environmental conditions, utilize available federal information, and build an environmental program tailored to tribes' needs. The grants will develop environmental education and outreach programs, develop and implement integrated solid waste management plans, and alert EPA to serious conditions that pose immediate public health and ecological threats. Through GAP program guidance, EPA emphasizes outcome-based results.

Enforcement

In FY 2008, the proposed total of $549.5 million represents the highest requested enforcement budget. This request for an increase of $9.1 million reflects the Administration's strong commitment to the vigorous enforcement of our nation's environmental laws and ensures that we will have the resources necessary to maintain a robust and effective enforcement program.

EPA's enforcement program continues to achieve outstanding enforcement results with settlements over the past 3 years resulting in commitments of nearly $20 billion in future pollution controls. As an outcome of EPA's Superfund enforcement actions in FY 06, parties held responsible for pollution will invest $391 million to clean up 15 million cubic yards of contaminated soil and approximately 1.3 billion cubic yards of contaminated groundwater at waste sites. These results show a strong and vigorous enforcement program that will be attainable under the FY 2008 Request.

Research

EPA conducts research that provides a scientific foundation for the Agency's actions to protect the air that all Americans breathe. In FY 2008, EPA's air research program will support implementation of the Clean Air Act, especially the National Ambient Air Quality Standards (NAAQS). The NAAQS programs will focus on tropospheric ozone, particulate matter, carbon monoxide, sulfur dioxide, nitrogen oxides, and lead. EPA also conducts research to improve understanding of the risks from other hazardous air pollutants, known as air toxics. EPA is also one of many federal agencies that actively contribute to the Administration's Climate Change Science Program.

Other important areas of research in FY 2008 will include: 1) development of molecular microarrays for detection of bacterial pathogens and non-pathogenic microbes in drinking water source waters; 2) epidemiological studies on the illness rates resulting from untreated groundwater and distribution systems; 3) studies on the practices, such as blending, for handling significant wet weather events to identify "best practices" for preventing peak wet weather flows from overwhelming wastewater treatment facilities while protecting water quality; and 4) providing more efficient monitoring and diagnostic tools through continued research to develop methods of using landscape assessments for

monitoring and assessing watershed conditions. These programs will help assess risks and priorities for ensuring clean water.

EPA is requesting $10.2 million in FY 2008 for nanotechnology research, which will focus primarily on the potential implications of manufactured nanomaterials on human health and the environment. The Agency's efforts are coordinated with other federal agencies through the National Nanotechnology Initiative (NNI), which the Administration has identified as a FY 2008 research and development budget priority. In FY 2008, EPA's Science to Achieve Results (STAR) program will continue to fund exploratory grants on the potential implications of manufactured nanomaterials on the environment and human health, in collaboration with other federal agencies.

The Agency also will continue in-house nanotechnology research initiated in FY 2007. The integrated programs will focus on: 1) assessing the potential ecological and human health exposures and effects from nanomaterials likely to be released into the environment; 2) studying the lifecycles of nanomaterials to better understand how environmental releases may occur; 3) developing methods to detect releases of nanomaterials; and 4) using nanotechnology to detect, control, and remediate traditional pollutants.

Recognizing that environmental policy and regulatory decisions will only be as good as the science upon which they are based, EPA makes every effort to ensure that its science is of the highest quality and relevance, thereby providing the basis for sound environmental decisions and results. EPA uses the federal Research and Development (R&D) Investment Criteria of quality, relevance, and performance in its decision-making processes through: 1) the use of research strategies and plans; 2) program review and evaluation by the Board of Scientific Counselors (BOSC) and the Science Advisory Board (SAB); and 3) independent peer review.

Homeland Security

Following the cleanup and decontamination efforts after the terrorist incidents in 2001, the Agency has focused on ensuring we have the tools and protocols needed to detect and recover quickly from deliberate incidents. The emphasis for FY 2008 is on several areas including decontaminating threat agents, protecting our water and food supplies, and ensuring that trained personnel and key lab capacities are in place to be drawn upon in the event of an emergency. Part of these FY 2008 efforts will continue to include activities to implement a common identification standard for EPA employees and contractors such as the Smartcard initiative.

EPA has a major role in supporting the protection of the nation's critical water infrastructure from terrorist threats. In FY 2008, EPA will continue to support the Water Security Initiative (formerly known as Water Sentinel) pilot program and water sector-specific agency responsibilities, including the Water Alliance for Threat Reduction (WATR), to protect the nation's critical water infrastructure. The FY 2008 budget provides $22 million for the Water Security Initiative to continue operation at the existing

pilot systems and to begin deployment of the last pilot systems. Ultimately, an expansion of the number of utilities will serve to promote the adoption of Water Security within the water sector. Functioning warning systems, among several utilities of potentially divergent configurations, will afford a more compelling outcome than just one utility. After start-up of the remaining pilot systems in 2008, the program will ramp down as EPA shifts its focus to evaluation of the pilots. EPA will continue support of each pilot for three years, after which the host cities will assume maintenance of these systems and over time bring them to full-scale operation. By the end of FY 2007, EPA will issue interim guidance on design and consequence management that will enable water utilities to deploy and test contamination warning systems in their own communities.

In FY 2008, the Agency, in collaboration with our water sector security stakeholders, will continue our efforts to develop, implement and initiate tracking of national measures related to homeland security critical infrastructure protection activities.

In summary, this budget will enable us to carry out the goals and objectives as set forth in our Strategic Plan, meet challenges through innovative and collaborative efforts with our state, tribal, and private entity partners, and focus on accountability and results in order to maximize environmental benefits. The requested resources will help us better understand and solve environmental challenges using the best available science and data, and support the President's focus on the importance of homeland security while carrying out EPA's mission.