

**TESTIMONY OF
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BEFORE THE
HOUSE SUBCOMMITTEE ON INTERIOR, ENVIRONMENT, AND RELATED
AGENCIES
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Mr. Chairman and Members of the Committee, I am pleased to be here today to discuss the Fiscal Year (FY) 2007 budget request for the Environmental Protection Agency (EPA). The President's FY 2007 budget request of \$7.3 billion reflects the Administration's strong commitment to carrying out EPA's mission of protecting human health and the environment. The request demonstrates the President's continued commitment to providing the resources needed to address our Nation's highest priorities which include: continued support of homeland security, fighting the war on terror, and sustaining the recovery of our economy. At the same time, there is a need for discipline in our federal budget, and this request shows such discipline through its results-oriented approach.

EPA's programs can work even more efficiently than they do today. We expect to be held accountable for spending the taxpayers' money more efficiently and effectively every year. To assist you, the Administration launched ExpectMore.gov, a website that provides candid information about programs that are successful and programs that fall short, and in both situations, what they are doing to improve their performance next year. I encourage the members of this Committee and those interested in our programs to visit ExpectMore.gov, see how we are doing, and hold us accountable for improving.

This FY 2007 budget incorporates the Administration's vision of a results-oriented and market-based approach to environmental protection while focusing on achieving measurable outcomes in the form of cleaner air, purer water, and better protected land. EPA will implement an environmental philosophy based on three principles in order to better fulfill its mission of protecting human health and the environment.

The first principle is results and accountability. EPA must focus on environmental outcomes, not environmental programs. This budget request includes three programs that have delivered some of the greatest environmental successes. These three programs include: Superfund, for which \$1.3 billion is requested, the Drinking Water State Revolving Fund for which \$841.5 million is requested, and the Clean Water State Revolving Fund, for which \$688 million is requested.

The second principle is innovation and collaboration. This means the Agency will focus on collaborating with its state, tribal, local, and private enterprise partners. EPA will work with these partners to promote market-based strategies, advance stewardship opportunities, and invest in new and innovative technologies. The Great Lakes Program is an example of regional and international cooperation, and this budget requests over \$70 million to clean and protect the Great Lakes. This request includes \$50 million for the

Great Lakes Legacy Act program, a \$20 million increase, which will accelerate the cleanup of contaminated sediment that has accumulated for many years in the Great Lakes as a result of historical industrial sources.

Using the best available science is the third principle which the Agency will utilize to fulfill its mission. Strong science and data are integral to making decisions about environmental issues. This budget supports the use of science and data by requesting \$7 million for a Water Infrastructure initiative. These funds will provide EPA with the resources needed to conduct a major research effort which will reduce the cost of operation, maintenance, and replacement of old drinking and wastewater systems. The focus on the best science is also demonstrated in the request to fund the study of nanomaterials and their effect on human health. Additionally, our request supports the Integrated Risk Information System and Computational Toxicology programs to promote the best available science.

Mr. Chairman, the Agency has accomplished a great deal in its past efforts to clean the water, improve our air quality, and protect our lands. The environmental challenges that we face are enormously complex and expensive but by relying upon what we have learned from our accomplishments and by incorporating the Administration's environmental philosophy with its focus on results, I believe we can meet the challenges that lie ahead in an efficient and productive manner.

Homeland Security

Homeland Security is a top priority for the Administration and an integral component of this budget. For FY 2007, the President requests \$184 million for Homeland Security. This is an increase of \$55 million over FY 2006 enacted levels. EPA plays a leading role in protecting U.S. citizens and the environment from the effects of attacks that release chemical, biological, or radiological agents. Following the cleanup and decontamination efforts of 2001, EPA has focused on ensuring we are prepared to detect and recover quickly from deliberate incidents. The emphasis for FY 2007 is on a few key areas: decontamination of threat agents, ensuring trained personnel and standardized lab capabilities to be called upon in the event of an emergency, and protecting our water and food supplies.

Protecting our water supplies is imperative and this budget requests \$42 million for improved water security including the WaterSentinel pilot program. The WaterSentinel pilot program demonstrates how EPA has taken a leading role in protecting the citizens of this Nation. This program is designed to monitor and protect the Nation's drinking water infrastructure and will provide early warning of any intentional drinking water contamination. WaterSentinel consists of enhanced physical security monitoring, water quality monitoring, routine and triggered sampling of high priority contaminants, public health surveillance, and consumer complaint surveillance. In FY 2007, EPA will establish, in selected cities, additional pilot contamination warning systems with water utilities through water intensive water monitoring and other surveillance. The addition of water utilities in FY 2007 will allow for more comprehensive testing of contaminant warning systems. Ultimately, an expansion of the number of utilities will serve to promote the adoption of WaterSentinel within the water

sector, as functioning warning systems among several utilities of potentially divergent configurations will afford a more compelling outcome than just one utility. By the end of FY 2007, EPA expects to begin disseminating information learned from the pilots to other water utilities.

Clean Air and Global Climate Change

The FY 2007 President's Budget requests \$932 million for the Clean Air and Global Climate Change goal. EPA implements this goal through its national and regional programs which 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.

In March 2005, EPA issued the Clean Air Interstate Rule (CAIR), which will reduce power plant emissions of sulfur dioxide and nitrogen oxides in 28 eastern states and the District of Columbia by 70 percent and more than 60 percent respectively from 2003 levels when fully implemented. This will go a long way to help many areas attain the fine particle standards and the ozone standards. We will continue to move forward with implementation of this and our other clean air rules in FY 2007. However, we have received 14 Petitions for Review and 12 Petitions for Reconsideration for the 2005 Clean Air Interstate Rule. EPA has also received two administrative stay requests (1 has been denied, 1 is pending); two judicial stay motions have been filed (both have been denied). While we are confident that we will prevail in the litigation concerning CAIR, there is always some uncertainty regarding the outcome of any litigation. We would much prefer to reduce emissions from power plants with the President's Clear Skies legislation. The authority provided by the Clean Air Act to put CAIR in place is limited. Regulations do not provide enough certainty – that is why the President has been urging Congress to pass a permanent, nation-wide solution.

EPA's Climate Protection Programs continue to assist in reaching the President's goal of reducing greenhouse gas intensity by 18 percent by the year 2012. The United States has joined five other countries (Australia, China, India, Japan, and the Republic of Korea) in the Asia-Pacific Partnership for Clean Development and Climate. In 2007, EPA requests \$5 million to support this partnership which will focus on deploying cleaner technologies in partner countries in order to reduce poverty, enhance economic growth, improve energy security, reduce pollution, and reduce greenhouse gas intensity.

This FY 2007 budget request includes \$50 million for the new Diesel Emission Reduction Grants Program authorized by the 2005 Energy Policy Act. The program will provide grants for projects that reduce diesel emissions from existing engines by using cleaner fuels, retrofitting them with emissions reduction technology, or replacing them with newer, less-polluting engines.

Clean and Safe Water

The FY 2007 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.

Also in FY 2007, EPA will continue to work with states and tribes on implementing core Clean Water programs, including innovations that apply programs on a watershed basis. Water quality monitoring is a top priority in protecting and improving water quality and will provide the scientifically defensible water quality data that is necessary to defend our Nation's waters. Additionally, the Agency will support the protection and restoration of wetlands through its own programs such as Section 319 and State Revolving Fund, as well as other Federal programs such as those administered by Fish and Wildlife Service.

The Budget also continues the Administration's commitments to the Clean Water and Drinking Water State Revolving Funds (SRFs). The Budget provides \$688 million for the Clean Water SRF, keeping the program on track to meet the cumulative capitalization commitment of \$6.8 billion for 2004-2011. This funding level will allow the Clean Water SRF to provide \$3.4 billion in loans annually, even after Federal capitalization ends, and will ensure communities have access to capital for their wastewater infrastructure needs.

The Budget proposes \$841.5 million for the Drinking Water State Revolving Fund, a \$4 million increase over the 2006 enacted level. This request keeps the administration's commitment to provide sufficient capitalization grants to allow the Drinking Water SRF to provide \$1.2 billion annually, even after Federal capitalization ends.

Land Preservation and Restoration

The Agency's FY 2007 budget request to Congress implements the Land Preservation and Restoration goal through EPA's land program activities which promote the following themes: Revitalization, Recycling, Waste Minimization, and Energy Recovery; Emergency, Preparedness and Response, and Homeland Security.

In FY 2007, this goal will include new responsibilities as EPA takes on an important role in implementing the Energy Policy Act of 2005 and it is reflected in the 2007 budget request. This budget includes \$38 million for State and Tribal Assistance Grants to support EPA's underground storage tank (UST) program. This is a \$26 million increase over FY 2006 enacted levels. The UST program will continue working with states to implement the base UST program as well as the new provisions of the EPAct. The EPAct provisions focus on preventing future releases from USTs and include inspections, operator training, delivery prohibition, secondary containment, and financial responsibility.

Revitalized land that was once contaminated can be used in many proactive ways, including creation of public parks, the restoration of ecological systems, the establishment of multi-purpose developments, and the establishment of new businesses. EPA uses its cleanup programs (including Superfund, RCRA, Corrective Action, Brownfields, Federal Facilities, and Underground Storage Tanks) to facilitate the cleanup and revitalization of contaminated properties. In FY 2007, the Agency will continue to promote the minimization of waste. EPA's municipal solid waste program will implement a set of coordinated strategies, including source reduction (also called waste prevention), recycling (including composting), combustion with energy recovery, and landfilling. The Agency will work with other Federal Agencies within the National Response System to respond to incidents which involve accidental or intentional releases of harmful substances and oil.

Enforcement activities are a significant component of the Land Preservation and Restoration goal which support the Agency's ability to clean up the majority of the most hazardous sites in the Nation. Enforcement allows the Agency to collect funding from Potentially Responsible Parties (PRPs) to finance site-specific cleanup. These accounts segregate site-specific funds obtained from responsible parties that complete settlement agreements with EPA. The Agency will continue to encourage the establishment and use of these Special Accounts within the Superfund Trust Fund in order to finance cleanups. These funds create an incentive for other PRPs to perform cleanup work they might not otherwise be willing to perform and the result is that the Agency can clean up more sites and preserve appropriated Trust Fund dollars for sites without viable PRPs.

Healthy Communities and Ecosystems

In FY 2007, 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. Some of these community and geographically-based programs include: Brownfields, Wetlands Protection, and programs that concentrate on our nation's large bodies of water such as the Great Lakes, Gulf of Mexico, and Chesapeake Bay.

Community and Geographically-based programs comprise one of the most important components of the Healthy Communities and Ecosystems goal. In FY 2007, the Agency requests \$163 million for the Brownfields program to restore abandoned contaminated properties. This is a slight increase over the FY 2006 enacted level for Brownfields. The Chesapeake Bay program also supports the Healthy Communities and Ecosystems goal. This program protects the Bay which needs improved water quality, overall protection, and restoration. This budget requests \$26 million for cleaning up and protecting the Chesapeake Bay. This request is \$4 million over the FY 2006 enacted level. Community Action for a Renewed Environment (CARE) is another program which is vital to achieving the goal of Healthy Communities and Ecosystems. This program offers many communities the opportunity to improve their environment through voluntary actions.

Another major focus of the Healthy Communities and Ecosystems goal is identifying, assessing, and reducing the risks from chemicals and pesticides. In FY 2007, EPA will continue identifying and assessing potential risks from pesticides. In addition, EPA will set priorities for addressing pesticide and chemical risks, strategize for reducing such risks, and promote innovative and alternative measures of pest control. Also related to reducing pesticide and chemical risk, EPA will continue its Homeland Security activities which focus on identifying and reviewing proposed pesticides for use against pathogens of greatest concern for crops, animals, and humans in advance of their potential introduction. EPA will work closely with other Federal agencies and industry in order to carry out these activities.

Compliance and Environmental Stewardship

EPA's FY 2007 Budget Request of \$540 million for the enforcement program helps realize the Compliance and Environmental Stewardship goal through programs that monitor and promote enforcement and compliance with environmental laws and policies. In FY 2007, EPA will continue with its strong commitment to compliance and enforcement through collaborating with its state, Tribal, and local government partners. The Agency also will support stewardship through direct programs, collaboration and grants for pollution prevention, pesticide and toxic substance enforcement, environmental information, and creation of an environmental presence in Indian Country.

Compliance assistance and enforcement are critical components of the Compliance and Environmental Stewardship goal and EPA supports these components by assuring requirements are clearly understood and by assisting industry in identifying cost-effective compliance options. In FY 2007, EPA will use a two-part approach in ensuring compliance assistance and enforcement. First, EPA will help clarify environmental laws and regulations for regulated communities. The second step is for the Agency to reduce noncompliance through inspections, monitoring, and via enforcement when needed.

In FY 2007, EPA also will focus on promotion of Environmental Stewardship. Environmental Stewardship is a concept that seeks more than just minimal compliance with environmental regulations. Instead, it promotes voluntary environmental protection strategies in which states, Tribes, communities, and businesses are invited to participate. EPA will promulgate stewardship by educating, providing incentives, tools and technical assistance to states, Tribes, communities, and businesses. EPA will implement a performance-oriented regulatory system that allows flexible strategies to achieve measurable results.

In FY 2007 EPA will continue to work with industrial sectors to set pollution reduction goals, provide tools and technical assistance, and identify innovative strategies to reduce risks. In the tribal GAP program, the Agency will support approximately 517 federally recognized Tribes in assessing environmental conditions on their lands and building environmental programs tailored to their needs.

Also in FY 2007, the agency will continue to fortify the Environmental Information Exchange Network (Exchange Network). In FY 2007, EPA, states, Tribes, and territories will continue to re-engineer data systems so that information previously

not available or not easily available can be exchanged using common data standards. By the end of 2007 all fifty states and approximately ten Tribes will have established nodes on the Exchange Network and will be mapping data for sharing with partners and submission to EPA.

In 2007, EPA also will continue its work with Performance Track by recognizing and rewarding private and public facilities that demonstrate strong environmental performance, beyond current requirements. To provide incentives to business to participate, EPA continues to implement and develop new regulatory incentives at the state level. It will support and leverage state environmental leadership programs by aligning Performance Track with at least 20 state programs and double the measurable environmental improvements achieved to date.

In summary, this budget will enable us to carry out the goals and objectives as set forth in our strategic plan, to meet challenges through innovative and collaborative efforts with our state, tribal, and private entity partners, and to focus on accountability and results in order to maximize environmental benefits.

The requested resources will help us better understand and solve environmental problems 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.