

**STATEMENT OF
GOVERNOR CHRISTINE TODD WHITMAN
ADMINISTRATOR
U.S. ENVIRONMENTAL PROTECTION AGENCY
BEFORE THE
SUBCOMMITTEE ON WATER RESOURCES AND ENVIRONMENT
OF THE
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
U.S. HOUSE OF REPRESENTATIVES
MAY 2, 2001**

Mr. Chairman and Members of the Subcommittee, I am Christine Todd Whitman, Administrator of the Environmental Protection Agency (EPA). I am pleased to be here to discuss President Bush's request for EPA, our views on water infrastructure needs, Superfund and brownfields programs and brownfields legislation.

The President's budget provides the necessary funds for the Agency to carry out our mission efficiently and effectively – to protect human health and safeguard the environment. The FY 2002 request is \$7.3 billion, a \$56 million increase above last year's budget request. The FY 2002 request eliminates nearly \$500 million in earmarks that were included in the FY 2001 enacted budget.

The President's budget request for EPA reflects a commitment to increase partnerships across America to develop innovative environmental programs that ensure stewardship of our land, air, and water for generations to come. This request provides the resources and vision necessary to reach our nation's environmental mission to protect the environment and human health.

Each day, America's communities are developing environmental experience and expertise. Sharing this expertise with the Agency will help us fulfill its mission. The states and tribes receive about half of EPA's budget, because they are the innovators and energizers and are on the front line in implementing and enforcing our environmental statutes. The FY 2002 request for states, tribes and EPA partners is \$3.3 billion, almost \$500 million more than was requested by the previous Administration.

The President's request for EPA reflects a commitment to provide more flexibility to states and local communities to craft solutions to meet their unique environmental needs.

New Enforcement Grant Program

The President's Budget for FY 2002 includes \$25 million for grants to state enforcement programs. Each year, the states conduct about 95% of the nation's environmental compliance inspections and take about 90% of the enforcement actions. This grant program will benefit the national environmental enforcement program by providing states much-needed funds to enhance

their enforcement efforts in delegated environmental programs. EPA envisions a program which includes three ingredients: a program for which there is accountability for results, flexibility to use the dollars to address state environmental priorities, and a program that is simple and efficient to administer. Over the next several months, EPA plans to develop specific guidelines for the grant program.

Information Exchange Network

The budget request also includes a \$25 million program intended to improve the states' environmental information systems. This program will help states and EPA create the necessary infrastructure to efficiently exchange information *electronically*, which will reduce burden, improve accuracy and inform decision-making. This request reflects two years of collaboration with the states, with whom EPA has created a Network blueprint to improve the nation-wide exchange of environmental information. In June 2001, all of the states will have the opportunity to begin submitting their Air Emissions Inventory data using the Information Exchange Network, demonstrating the progress made so far.

Brownfields

In the President's FY 2002 budget, the brownfields program request is increased by \$5 million above last year's enacted level, for a total of \$98 million. These resources will be used to provide additional support for State Voluntary Cleanup Programs and the Brownfields Assessment Demonstration Pilot program. The FY 2002 funding request provides the resources necessary to award 38 communities new Brownfields Assessment Demonstration Pilots, 29 new Brownfields Cleanup Revolving Loan Fund pilots, and 10 new job training pilots. The request includes supplemental funding for all three existing pilot programs, the existing 28 Showcase communities, and for state/tribal voluntary cleanup programs.

EPA's brownfields program supplements the cleanup and redevelopment efforts of states, tribes and local governments and has provided an excellent return on the budget resources devoted to the program. The brownfields program has leveraged more than an estimated \$2.9 billion in cleanup and redevelopment funds. Through the EPA program, states, tribes and local communities have assessed more than 2,500 sites and generated more than 11,000 jobs.

Superfund

This budget continues a commitment to clean up toxic waste sites with \$1.3 billion for the Superfund program. The Agency's Superfund program responds to the needs of states, communities and the public to address contamination from uncontrolled releases of toxic wastes that threaten human health, the environment and local economies. The Superfund program not only protects human health and the environment through the cleanup of toxic waste sites, but works with both public and private partners to promote redevelopment of Superfund sites. The President's budget proposes funding Superfund at the FY 2001 appropriated level.

To date, cleanup construction has been completed at 762 private and Federal National Priority List (NPL) sites. Cleanup construction is under way or completed at 92% of the 1,450 sites on the NPL. In FY 2002, the Superfund program and its partners will complete construction at 65 private and Federal sites. This target reflects funding reductions in prior fiscal years and the number of large, complex sites now entering the construction phase of the Superfund pipeline. By the end of FY 2002, EPA will have undertaken more than 6,800 removals at hazardous waste sites to immediately reduce the threat to human health and the environment.

Working with our Federal partners to clean up Federal Facilities, the FY 2002 budget includes resources to support continuing cleanup oversight, technical assistance and property transfer at Federal NPL and Base Realignment and Closure (BRAC) sites. Efforts to support the Department of Defense's (DOD's) BRAC property transfer program have contributed to the creation of an estimated 67,000 jobs and the availability of more than 350,000 acres for reuse.

Oil Spill Program

The President's budget maintains current funding levels for EPA's oil program. EPA's oil spill program focuses on preventing oil spills from occurring, reduces the risk of hazardous exposure to people and the environment, and responds to spills when necessary. More than 24,000 spills are reported annually to the Federal National Response Center, about half of them in the inland zone which falls within EPA's jurisdiction. EPA's spill prevention efforts protect inland waterways through oil spill prevention, preparedness, and enforcement activities associated with the 450,000 non-transportation-related oil storage facilities that EPA regulates. In FY 2002, the Agency will ensure that 680 additional facilities are in compliance with the Spill Prevention, Control and Countermeasure provisions of the oil pollution prevention regulations, for a total of 3,112 facilities reaching compliance since 1997.

Water Infrastructure Funding - FY 2002 Request

The President's budget includes \$2.1 billion in grants to states for water infrastructure to ensure that safe and clean water is supplied in every American community. With respect to wastewater infrastructure, the Administration proposes \$1.3 billion for grants to states in FY 2002, \$500 million more than the previous Administration's FY 2001 request. Included in the wastewater infrastructure request is a new \$450 million grant program to assist local communities in addressing infrastructure needs related to Combined Sewer Overflows (CSOs) and Sanitary Sewer Overflows (SSOs) to address the largest remaining municipal wastewater problem, and \$850 million for continued capitalization of state Clean Water State Revolving Loan Funds (SRFs).

I am aware that a number of Members of the Committee were instrumental in creating language in the Omnibus Appropriations Act authorizing these grants. Let me outline recommendations that we are proposing to help speed implementation of the grants. The Act stipulated that funding for the CSO/SSO grants be available when funding for the Clean Water SRF was funded at least \$1.35 billion. While I appreciate the need for infrastructure funding, we

still must be sensitive to the need to meet our priorities while exercising fiscal restraint. In our request, we sought to strike a proper balance that provides for a substantial, continuing investment in the existing Clean Water SRF program, while providing a meaningful level of support for the newly authorized grants program. Our proposal of \$850 million for the Clean Water SRF and the \$450 million for the Wet Weather Act achieves these goals.

The Act directed grants to municipalities. In the FY 2002 President's budget, we propose allocating funds to states using the existing Clean Water SRF allocation formula. In FY 2003, consistent with authorization, a new formula allocating the funding to states will be implemented based on CSO and SSO needs. We believe that states are in the best position to evaluate the water quality benefits of individual projects in their states, as well as the financial needs of their communities. Providing funding to municipalities via the state will also allow the states to better integrate SRF loan funding with the state sewer overflow grant funding and will simplify the application process for local communities.

Finally, the Act did not include an allocation for tribes. EPA proposes that up to one-and-a-half percent of the funding be set aside for tribes for the purposes of the Act. As authorized by Congress, tribes currently receive one-and-a-half percent of Clean Water SRF funds. We urge Congress to consider these recommendations and we stand ready to work with you to achieve consensus.

Maintaining Support for Core Water Quality Programs

The President's request fully maintains support for EPA's core water quality programs, including grants to states under Clean Water Act Section 106 to manage water quality programs and grants under the Section 319 nonpoint source program to address polluted runoff. Our request eliminates the cap on Section 319 grants to Indian Tribes. Funding is also continued at current levels to support the development of beach monitoring and notification programs at the state and local level. In addition, the budget maintains support for EPA's most critical core programs including efforts to:

- Work cooperatively with states to develop Total Maximum Daily Loads (TMDLs) for the states most impaired waters;
- Train and provide technical assistance to states to aid in the adoption and implementation of new drinking water standards;
- Reduce the backlog of expired wastewater discharge permits under the National Pollutant Discharge Elimination System (NPDES); and
- Work to ensure that states have protective, up-to-date water quality standards in place.

The budget also maintains funding of \$75 million to address priority water and wastewater infrastructure needs along the U.S.-Mexico border, and \$35 million to support much needed water and wastewater projects in Alaska rural and Native Villages. Also, in recognition

of the lack of basic wastewater infrastructure that exists in much of Indian Country, the President is proposing to extend authority granted by the Congress for the current fiscal year that allows the Agency to reserve up to one-and-a-half percent of funds appropriated for the Clean Water SRFs for wastewater grants to tribes.

Drinking Water SRF

With regard to drinking water, the Administration proposes to maintain capitalization of the drinking water SRF at current levels in FY 2002, \$823 million. By the end of FY 2002, state drinking water SRFs will have awarded 2,400 loans, with about 850 SRF funded projects having initiated operations by that date.

In addition, the Safe Drinking Water Act Amendments of 1996 included a provision that allows states flexibility to transfer funds between their clean water and drinking water SRFs in order to address their most compelling infrastructure needs. Under the President's Budget, the Administration is proposing to allow states to continue to exercise this important flexibility.

Taken together, the Administration's budget will help communities across the country address their most critical clean water and drinking water priorities.

Financing Water Infrastructure Needs

The Bush Administration is committed to providing the financial tools needed to help communities provide the pipes and treatment plants that deliver clean and safe water. These facilities are critical to protecting human health. The primary mechanism to assist local communities finance water infrastructure projects is through the State Revolving Funds (SRFs). Established in the Clean Water and Safe Drinking Water Acts, the SRFs were designed to provide a national financial resource for clean and safe water that would be managed by states and would provide a funding resource "in perpetuity." The FY 2002 President's Budget affirms the Administration's commitment to adequately capitalize the SRFs, while also providing significant new grant funding to address municipalities' most compelling infrastructure needs.

To date, the Federal government has provided more than \$18 billion in capitalization funding to states for their Clean Water SRFs. When the state match, bond proceeds, and loan repayments are included, since its inception, cumulative funds available for loans from the Clean Water SRFs exceeded \$34 billion, of which \$3.4 billion remained available for loans as of June 30, 2000.

Since 1988, states have awarded more than 9,500 individual loans for a total of \$30.4 billion. The Clean Water SRFs have provided about \$3 billion in loans each year for several years. In 2000 alone, the Clean Water SRFs issued a record total of 1,300 individual loans with a value of \$4.3 billion.

In 1996, Congress enacted comprehensive amendments to the Safe Drinking Water Act which created a SRF program for the financing of drinking water projects. While the Drinking

Water SRF was modeled after the Clean Water SRF, states were given broader authority to use Drinking Water SRFs to help disadvantaged communities and support Drinking Water program implementation.

Through FY 2000, Congress has appropriated approximately \$3.6 billion for the Drinking Water SRF program. Through June 30, 2000, states had received sufficient funding in capitalization grants, which when combined with state match, bond proceeds and other funds made available \$3.7 billion in total cumulative funds for loans. Through June 30, 2000, states awarded almost 1,200 loans totaling \$2.3 billion and \$1.4 billion remained available for loans. Approximately 74% of the agreements (38% of dollars) were provided to small water systems that frequently have a more difficult time obtaining affordable financing. Together, the two SRF programs have proved to be an invaluable source of low cost financing to communities to address their most critical infrastructure needs.

Future Infrastructure Needs

Both the Safe Drinking Water Act and Clean Water Act, require EPA to periodically develop a needs survey to quantify needed water infrastructure investments. In March, 2001, EPA released its second report on drinking water infrastructure needs and found that \$150.9 billion is needed over the next 20 years to ensure the continued provision of safe drinking water to consumers. The majority of these costs were attributable to water intake, distribution, and treatment.

The 1996 clean water needs survey estimated wastewater needs of \$140 billion, including \$26.5 billion for secondary treatment projects, \$17.5 billion for advanced treatment, and \$73.4 billion for various types of sewage conveyance projects, including collectors, interceptors, combined sewers, and storm water and \$10 billion for nonpoint pollution control projects.

The Agency is working to improve information about long-term infrastructure needs, assess different analytical approaches to estimating those needs, and estimate the gap between needs and spending. The 2000 clean watershed needs survey will be published in the summer of 2002. Some elements of this analysis – known as the Gap Analysis – have been presented to a range of interested parties. EPA is committed to improving and refining this important work and this summer, plans to make this analysis available for peer review by expert organizations.

The Agency is also aware of recent efforts by other organizations to estimate infrastructure needs – estimates which are substantially above those of EPA's needs surveys. While much of these differences are attributable to differences in methodology, the needs are substantial.

The progress made in improving the quality of wastewater treatment since the 1970s is a national success, although wastewater infrastructure needs remain. Historically, EPA wastewater infrastructure funds have been focused on upgrading wastewater treatment plants to secondary treatment standards. In 1972, only 84 million people were served by secondary or advanced

wastewater treatment facilities. Today, 99 percent of community wastewater treatment plants, serving 181 million people, use secondary treatment or better.

Ensuring that our water infrastructure needs are addressed will require a shared commitment on the part of the Federal, State, tribal, and local governments, private business, and consumers. I pledge that EPA will continue to participate in such a partnership to better understand the water infrastructure challenges we face and to play a constructive role in helping to define an effective approach to meeting these needs in the future.

Brownfields Legislation

President Bush has made the clean up and redevelopment of brownfields and the enactment of brownfields legislation a priority. The brownfields program is an important urban redevelopment tool that provides an alternative to the development of greenfields, and plays a key role in the Administration's goal of building strong and healthy communities for the 21st century.

I look forward to working with this Committee to develop bipartisan brownfields legislation that is consistent with the President's principles. In part, those principles include:

- Brownfields legislation should remove a significant hurdle to brownfields cleanup and development by providing redevelopers with protection from federal Superfund liability;
- Brownfields legislation should ensure that states have the authority and resources to run their own programs while ensuring that cleanups are protective of human health and the environment;
- Brownfields legislation should direct EPA to work with states to ensure that they employ high, yet flexible standards, and allow EPA to step in to enforce those standards when necessary;
- Brownfields legislation should streamline and expedite the process by which grants are given to states and local communities, so that they have maximum flexibility to use the funds according to their unique needs.
- The Federal government should focus additional research and development efforts on new cleanup technologies and techniques to clean up brownfields.

Brownfields legislation must strike the correct balance between the certainty sought by parties cleaning up brownfields and the need to protect human health and the environment. Legislation should clarify Superfund liability for contiguous property owners, prospective purchasers, and innocent landowners. The Administration believes that brownfields legislation is important enough to be considered independently from other statutory reform efforts, such as Superfund.

I look forward to working with the Committee to address water infrastructure needs, the Superfund program, and supporting brownfields legislation. The President's request for EPA will ensure that we are able to accomplish our mission – to protect human health and safeguard the environment. This concludes my prepared statement. I would be pleased to answer any questions that you may have.