

**TESTIMONY OF
GINA McCARTHY**

**ADMINISTRATOR
U.S. ENVIRONMENTAL PROTECTION AGENCY**

**BEFORE THE SENATE INTERIOR, ENVIRONMENT, AND RELATED AGENCIES
SUBCOMMITTEE OF THE HOUSE COMMITTEE ON APPROPRIATIONS**

WEDNESDAY, APRIL 9, 2014

Chairman Reed, Ranking Member Murkowski, and members of the Committee, thank you for the opportunity to appear before you to discuss the Environmental Protection Agency's proposed FY 2015 budget. I'm joined by the Agency's Acting Chief Financial Officer, Maryann Froehlich.

EPA's budget request of \$7.890 billion for the 2015 fiscal year starting October 1, 2014 reflects our ongoing efforts to meet the challenges facing the agency today and into the future. Despite these challenges, we remain dedicated to protecting public health and the environment, and we know we must target staff and resources and find new ways to fulfill our mission. We will focus those resources in a way that will allow EPA to be more effective and efficient.

The FY 2015 budget reflects a strategic approach to our budget planning process, looking toward the future rather than continuing to simply react to tough budget choices with cuts across the Agency. The FY 2015 budget request does this in the following ways:

- It reflects EPA's incorporation of new technologies and new regulatory and non-regulatory approaches that can help us maintain our efficiency and effectiveness.
- It strengthens EPA's partnership with public health and environmental protection partners in states, tribes and local communities with a focus on aligning our resources, avoiding duplication, and identifying and closing any gaps in the broader environmental enterprise system.
- It invests our funds and leverages funds of our partners where it makes the most sense and gets the biggest bang for the buck.

Following the framework of priorities laid out in the FY 2014 - 2018 Strategic Plan and working within our budget, we are committed to ensuring the staff we have in program areas and regions make the most sense and will have the most impact.

EPA has already taken steps toward proactive management of our operating budget. Through the VERA/VSIP process, we have begun to accelerate attrition within EPA both at headquarters and the regions toward a ceiling of 15,000 nonrefundable FTE's.

Our FY 2015 budget relies on a reduced workforce focused on programs, policies, and regulations that matter most to public health and the environment. This is not simply about cutting the workforce to save costs. We are reshaping the workforce and our work to meet current and future challenges. Doing this includes making key investments.

It makes long-term fiscal sense to invest the cost savings achieved -- through a smaller workforce and improved use of technology -- to work smarter and more effectively. This approach will keep EPA strong, focused on science and the law, and transparent in addressing environmental challenges and the results we have achieved.

This budget will provide the support we need to move forward by targeting real progress in priority areas: communities, climate change and air quality, toxics and chemical safety, and clean water.

Building on current work on the ground in our communities, we are asking for \$7.5 million and 64 staff in FY 2015 to work toward efforts that will make a difference in people's everyday lives and in their communities. Those efforts include providing green infrastructure technical assistance for up to 100 communities that will promote cost-effective approaches to water management.

This budget request furthers our environmental justice efforts. The protections provided by our national environmental laws must be accessible to everyone. We will do more to partner with states, tribes, and local governments and other federal agencies to better coordinate and leverage resources supporting community efforts.

Addressing the threat from a changing climate is one of the greatest challenges of this and future generations. The request for climate change and air quality is \$1.03 billion—over \$41 million more than fiscal year 2014. And it designates \$199.5 million specifically for climate change work.

Building on existing efforts and base budget resources, the Agency has added \$10 million and dedicates 24 FTE's in FY 2015 to support the President's climate action plan. \$2 million is designated for technical assistance for adaptation planning for water utilities at greatest risk from storm surges. Research and development efforts will focus on support tools for at-risk communities and tribes in preparing for the impacts of climate change.

The Agency will focus resources on the development of common sense and achievable greenhouse gas standards for power plants—the single largest source of carbon pollution. The President's budget provides support for the states to help them meet their obligations under Section 111 of the Clean Air Act with regard to cutting carbon emissions.

This request also supports the President's interagency methane strategy and the President's recently announced directive to EPA to develop phase 2 fuel efficiency and greenhouse gas standards for heavy-duty vehicles. EPA also will be implementing a range of activities in support of the President's call to cut energy waste in homes, businesses, and factories.

Chemicals and toxic substances are prevalent in our everyday lives. The EPA budget requests almost \$673 million to support work to reduce the risk and increase the safety of chemicals and prevent pollution for all Americans and especially children.

We are requesting \$23 million and 24 FTE in FY 2015 to support activities under the President's executive order on chemical safety, as well as Agency efforts on chemical prioritization, air toxics, radon, and volatile organic compounds in drinking water. \$5 million in resources for air toxics work will enhance our capabilities to design effective regulations and continue developing the national air toxics assessment.

The nation's water resources are the lifeblood of our communities. The FY 2015 budget recognizes the long-term benefits of healthy aquatic systems for all aspects of our daily lives.

The Agency is directing \$8 million and 10 FTE to advance clean water. Resources are also proposed for the municipal separate storm sewer systems program for technical support to communities that must develop effective stormwater permits for the first time.

We are requesting \$1.775 billion for the clean water and drinking water state revolving funds. Although this is a more than a \$580 million decrease over FY 2014 levels, federal capitalization of the SRFs totals over \$22 billion since FY 2009, if you include the FY 2015 request. The FY 2015 budget seeks to ensure that federal dollars provided through the fund lead to the design, construction, and support of sustainable water infrastructure.

The EPA is looking toward future ways to better serve the American people by employing technology where it can be used more effectively. E-Enterprise is a major joint initiative between EPA and states to modernize our business practices and to increase responsiveness. This effort holds the promise of increased effectiveness and savings for businesses as well as government. The agency is expanding efforts in the second year of the multi-year E-Enterprise business model including focusing people and resources to accelerate development of the E-Manifest system and associated rule-making work. For example, the benefits of implementing the E-Manifest system include annual savings estimated at \$75 million for over 160,000 waste handlers. Transitioning from a paper-based system saves time and effort for every person who used to handle that paper.

In addition, EPA is making changes to long-standing business practices such as contracts, grants management, and the regulation development process. One important area of emphasis is improving freedom of information act (FOIA) and records management.

In FY 2015, the Agency is requesting over \$1.33 billion to continue to apply the most effective response approaches for cleanups under RCRA, Superfund, Leaking Underground Storage Tank, and other authorities. This strategy will help ensure land is returned to beneficial use in the most effective way. \$1.16 billion is requested for Superfund which includes a \$43.4 million increase for remedial work and an increase of \$9.2 million for emergency response and removal.

In this budget, we hold firm our priority support for state and tribal partners, the primary implementers and front line of environmental programs. Funding for state and tribal assistance

grants – or STAG – is once again the largest percentage of the EPA's budget request and prioritizes funding for state categorical grants.

The FY 2015 budget includes a total of \$1.13 billion in categorical grants – a net \$76 million increase over FY 2014.

- Within that total is over \$96 million for tribal general assistance program grants – a \$31 million increase over FY 2014.
- We also included an \$18 million increase for pollution control (Section 106),
- There is a \$16 million increase for environmental information grants.
- There is a \$15 million increase for state and local air quality management in our request.

Science is the foundation of our work at the EPA. And science is supported by the President's request of \$537.3 million. In FY 2015, the EPA is focusing research on the most critical issues facing the Agency.

These include efforts to: advance chemical prioritization and predictive toxicology, help communities make sustainable decisions regarding environmental protection and resilience, and inform regional and community level strategies for the use of green infrastructure and other innovative alternative practices.

The EPA continues to focus on reducing its physical footprint and achieving greater energy efficiency. Since 2006, the EPA has released approximately 428 thousand square feet of space nationwide, resulting in a cumulative annual rent avoidance of over \$14.6 million.

The EPA continues to eliminate programs that have served their purpose, accomplished their mission, or are duplicative. The FY 2015 budget eliminates a number of such programs totaling nearly \$56 million. These include beaches protection categorical grants, state indoor radon grants, and diesel emissions reductions assistance grants.

Recognizing the importance of the two-year budget agreement congress reached in December, which the President's budget adheres to, levels are not sufficient to expand opportunity to all Americans or to drive the growth our economy needs.

For that reason, across the federal government, the budget also includes a separate, fully paid for \$56 billion opportunity, growth, and security initiative. This initiative—split evenly between defense and non-defense funding—shows how additional discretionary investments in FY 2015 can spur economic progress, promote opportunity, and strengthen national security.

- Within the initiative is \$1 billion for a climate resilience fund, through which the budget will invest in research and unlock data to better understand and prepare for impacts of a changing climate. These investments will also fund breakthrough technologies and resilient infrastructure.

- Within the climate resilience fund, EPA will support a nation better prepared for the impacts of climate change—with \$10 million for protecting and enhancing coastal wetlands, and \$5 million to support urban forest enhancement and protection.

We have made some very difficult choices in this budget. But we need to look realistically at challenges we face in the future and make sure we have the best tools and people in the right places to make the most difference. Our final FY 2015 budget reflects a balanced approach to accomplishing this.

Thank you for the opportunity to touch upon some of the highlights of EPA's FY 2015 budget request in my testimony today. I look forward to answering your questions.