NACAA
national association of clean air agencies

Impacts of the President's Proposed FY 2008 Budget Cuts on State and Local Clean Air Programs

Prepared by the National Association of Clean Air Agencies

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Introduction

The President's recommended budget for fiscal year (FY) 2008 calls for significant reductions in grants to state and local air quality agencies – cuts of $35.1 million or nearly 16 percent. These cuts come at a time when air quality agencies, which are already underfunded, need additional resources, not budget reductions, in order to meet their responsibilities to the public. Such decreases will have a damaging impact on these agencies' abilities to protect air quality and public health in this country.

State and local air agencies have reported that cuts of this magnitude will result in loss of valuable agency staff; cessation or curtailment of important monitoring; impairment in inspection, enforcement and permitting programs; and difficulty in developing and implementing effective air quality plans. Some agencies could even face financial hardship so severe that they would be forced to close their doors.

This report, prepared by the National Association of Clean Air Agencies (NACAA)[1], provides information about the effects of the President's proposed budget cuts on state and local efforts to ameliorate our nation's air pollution problems. It contains background information about the proposed budget, how agencies are funded and the problem of air pollution and details about the impacts of budget reductions on specific aspects of state and local clean air programs.

The information in this report supports NACAA's recommendation that grants to state and local air agencies be increased in FY 2008 by $25 million above FY 2006 and expected FY 2007 levels, for a total of $245.3 million.

The President's FY 2008 Proposed Budget

The President's FY 2008 budget request calls for a $35.1-million reduction in funding for state and local air quality grants – from $220.3 million to $185.2 million – which is a cut of approximately 16 percent overall from FY 2006 and expected FY 2007 levels. More specifically, the Administration is proposing cuts as follows:

- a $17-million reduction from the program for monitoring fine particulate matter (equaling a cut of 40 percent to that program). The Administration is proposing also to shift the fine particulate monitoring funds from Clean Air Act Section 103 authority to Section 105 authority, which means that state and local agencies would have to provide additional matching funds in order to accept the grants, pursuant to Section 105 requirements;

- a $15.6-million reduction (or approximately 10 percent) from the fund that supports a host of activities that comprise the foundation of state and local air quality programs, including developing control strategies, inspecting sources,

[1] NACAA, formerly STAPPA and ALAPCO, is the national association of clean air agencies in 54 states and territories and over 165 metropolitan areas across the country. The Clean Air Act gives state and local air quality officials the primary responsibility for implementing our country's clean air program.

compiling emission inventories, enforcing regulations, permitting sources, monitoring other pollutants besides fine particles, staffing agencies, educating the public and a variety of other efforts; and

- a $2.5-million reduction from the five regional planning organizations that states have formed to address regional haze and related issues cooperatively.

The Administration claims that these cuts are appropriate because it is no longer necessary for state and local agencies to carry out monitoring and other activities related to carbon monoxide, sulfur dioxide, nitrogen dioxide and lead, thus, the funds targeted to those pollutants can be revoked. However, in most cases, state and local air agencies have already stopped devoting significant resources to these pollutants. Instead, because those agencies have been underfunded for years, they have reprogrammed these funds to focus on critical activities of the greatest importance. Therefore, cutting these resources now would, in fact, reduce funding for high-priority activities.

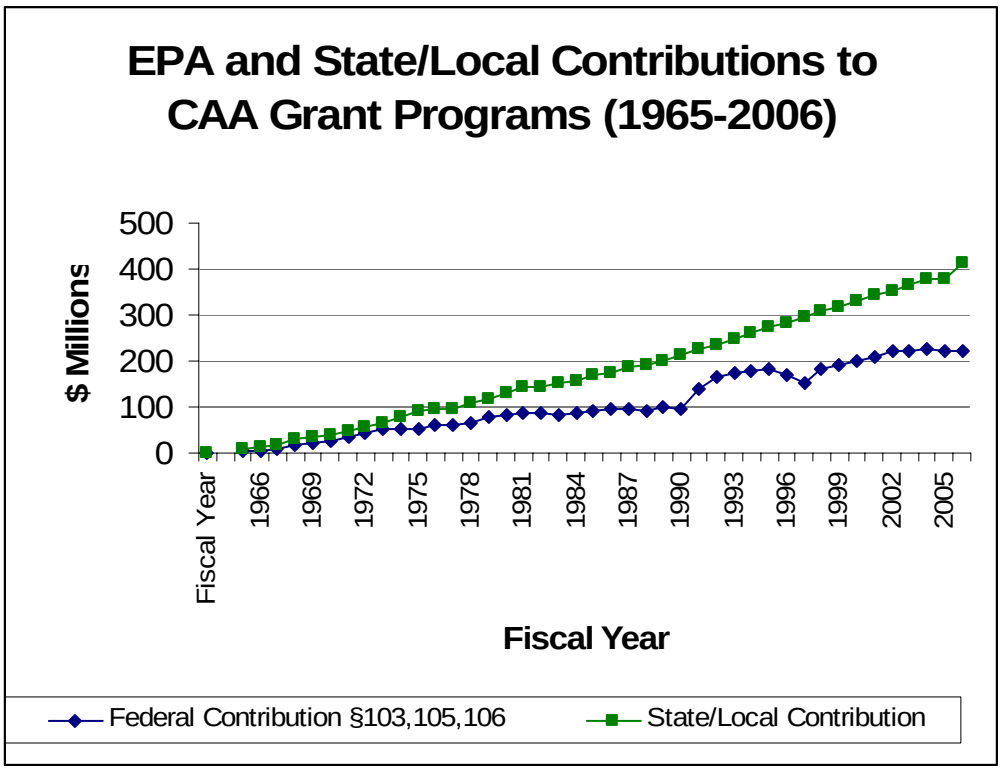
While federal grants to state and local air agencies fall far below what is actually needed to implement the Clean Air Act, NACAA recognizes that Congress must address many competing funding needs and cannot completely make up the deficit in federal funding for clean air programs. Therefore, NACAA recommends that grants to state and local air agencies under Sections 103 and 105 of the Clean Air Act be increased in FY 2008 by $25 million above the FY 2006 and expected FY 2007 levels, for a total of $245 million.

Background on Funding for State and Local Air Agencies

The Clean Air Act authorizes the federal government to provide grants for up to 60 percent of the cost of state and local air quality programs, while states and localities must provide a 40-percent match (as per Section 105). In reality, however, the federal government provides only about 25 percent of the total (not including income from Title V permit fees, which state and local agencies collect from major sources and can use to fund *only* permit-related activities). In a time of limited resources, when state and local governments are straining just to maintain existing programs, additional federal funding is needed to meet the ever-growing challenges and responsibilities associated with implementing the federal Clean Air Act and achieving and sustaining clean, healthful air.

The total amount needed to fund state and local efforts to implement the Clean Air Act is estimated to be in excess of $1 billion each year. If the federal government were to supply 60 percent of that amount, as the Clean Air Act envisions, federal grants would amount to approximately $600 million annually. However, federal grants have fallen far short of this level – amounting only to about one-third of it in recent years – and are now slated to be cut even further. Furthermore, over the past 15 years, federal grants for state and local air agencies to operate their programs (not including the separate fine particulate monitoring program) have decreased by approximately one-third in terms of purchasing power.

The following chart, prepared with data supplied by EPA, provides a historical summary of federal, state and local contributions to state and local air pollution control programs throughout the country from 1965 to 2006. (Note: The state and local contributions reflected in the chart are based on an assumption that air agencies' match is limited to 40 percent. However, since many air agencies actually "over match" their federal grants, the illustrated state/local contributions are understated.).



The Problem of Air Pollution

While great strides have been made in reducing levels of air pollution, millions of Americans continue to breathe unhealthful air. It is estimated that over 160 million tons of pollution are emitted annually in the United States and more than 150 million people live in areas that violate at least one of the six health-based National Ambient Air Quality Standards (NAAQS). Fine particulate matter alone is responsible for up to 30,000 premature deaths each year and causes other health problems, such as aggravation of existing respiratory and cardiovascular disease, damage to lung tissue, impaired breathing, irregular heart beat, heart attacks and lung cancer.

There are many other pollutants besides those covered by the NAAQS that threaten public health. EPA's most recent National-Scale Air Toxics Assessment (NATA) presents a very troubling picture of the prevalence of toxic air pollutants in our country. For example, when the cancer risks from all toxic air contaminants listed as known, probable or possible carcinogens based on human data are combined, EPA

estimates that more than 270 million people live in census tracts where the combined upper-bound lifetime cancer risk exceeded 10 in one million risk (one in one million risk is generally considered acceptable). Additionally, more than 92 percent of the population in this country lives in areas with "hazard index" values for respiratory toxicity greater than 1.0 (with 1.0 being the level above which adverse effects to the respiratory system occur).

Impacts of Budget Reductions on State and Local Air Programs

Overview

If the President's proposed $35.1-million budget cut is enacted, on average, each state will lose $700,000 (i.e., an average reduction of approximately $340,000 in fine particulate monitoring and $360,000 from the other elements of the air quality program). While some agencies will experience greater or lesser reductions than the average, virtually all agencies will suffer adverse effects.

Last year, the Administration proposed similar cuts in grants to state and local air programs for FY 2007. However, in the final FY 2007 appropriations measure, Congress reverted to FY 2006 levels, so the reductions are not expected to occur in this fiscal year. When the President first proposed reductions of 16 percent last year, NACAA asked state and local air agencies to estimate the impacts to their respective programs of such cuts. The report, entitled *Impact of Proposed FY 2007 Budget Cuts on State and Local Air Quality Agencies* (March 14, 2006) – available on NACAA's web site at www.4cleanair.org/StateandLocalExamplesofImpactsofCuts.pdf – provides state-by-state accounts of the serious difficulties air quality agencies would have accommodating such deep cuts. Now, as state and local air agencies face a potential 16-percent budget cut in FY 2008, NACAA has compiled this report, to describe the dire consequences that could result.

Like the budget cuts proposed for FY 2007, the severity of the proposed cuts for FY 2008 is so great that, in many cases, state and local air agencies would have to lay off existing personnel and/or not fill empty positions. Staffing cuts to state and local air agencies could range from one to 12.5 Full Time Equivalents (FTEs). In many cases, the cut of one to two FTEs would occur in agencies that are already very small (fewer than 10 people). In such small agencies, each staff person has cross-cutting responsibilities, thus the loss of one or two people will affect multiple programs. Furthermore, even if budgets are increased in the future, trained personnel will already have been lost and training new staff will be very costly.

Many agencies would have to cease operating existing monitors or otherwise curtail their monitoring programs. The reductions would impair their ability to inspect sources and carry out enforcement activities, making clean air requirements less effective. Additionally, permits for minor sources will take longer to process and customer service will diminish.

The funding cuts could seriously impair the ability of state and local air agencies to prepare new plans for implementing ozone and particulate matter standards. The development of effective State Implementation Plans (SIPs) is essential to ensure that measures will be adopted that reduce air pollution and protect public health. Without funds to develop and carry out the SIPs, some areas currently meeting the standards may no longer attain them. Not only would such areas experience degraded air quality, they would also be subject to the more onerous requirements applicable to nonattainment areas.

Agencies could also be forced to return portions of their programs to EPA due to a lack of funds to carry them out. Not only will this place an excessive burden on EPA, but there would be an additional loss of resources for the air program as state and local funds that are currently leveraged as part of the matching requirements would no longer be spent on those Clean Air Act activities.

The adverse impacts of the budget cuts would be further exacerbated by the proposal to shift the fine particulate monitoring program from Section 103 to Section 105 authority, requiring a 40-percent match. Some agencies do not currently have additional funds for the match. Because of two-year legislative cycles or the timing of budget development, some agencies can not supply additional matching funds without a reasonable transition period in which to make adjustments. They could be forced to turn away grant funds.

Perhaps most troubling of all, if the proposed reductions occur, several local air quality agencies face the very real possibility of having to close their operations entirely. This would be a terrible loss for those local areas.

Health-Based Air Quality Standards and Regional Haze

The proposed 16-percent cut in funding for state and local air agencies comes at a critical time for states and localities. States are juggling the many responsibilities associated with putting together three – and in some cases four – sets of SIPs. They are also beginning to prepare to implement the new NAAQS that EPA issued last year for fine particulate matter ($PM_{2.5}$).

States are required under the Clean Air Act to develop SIPs to show how they will attain or maintain NAAQS for so-called criteria pollutants, like ozone (smog) and particle pollution (soot). SIP preparation is an extremely complex and resource-intensive process. States spend months, sometimes years, to prepare SIPs: crafting strategies for reducing emissions of air pollutants, which usually includes developing rules and regulations; holding discussions with stakeholders, including public hearings; and, finally, shepherding the SIP through a state's administrative process for adoption. This final step alone can take up to a year or more. Once the SIPs have been approved through a state's administrative process, the SIP is submitted to EPA for approval. This approval process can also be quite lengthy, involving a back-and-forth between EPA and

the state to clarify the contents of the SIP. Once EPA approves a SIP, it becomes federally enforceable.

For most state and local air agencies, the proposed budget cuts would likely translate into significant reductions in SIP-planning work, including loss of personnel, which would cause them to miss their SIP-submittal deadlines and subject them to mandatory sanctions under the Clean Air Act. This loss of SIP-planning ability would also mean that less cost-effective strategies for reducing emissions would be developed, since the agencies would not have the necessary resources to devote to finding the most cost-effective attainment strategies. Developing innovative community-based and industry sector strategies for addressing air pollution is resource-intensive; thus, if state and local air agency budgets are cut, this type of attainment planning work will be reduced or eliminated. Finally, some air agencies would be forced to return certain programs – like regional haze and fine particulate matter – to EPA because they would simply not have the resources to develop SIPs for these pollutants.

Specific SIP activity work in FY 2008 that would be severely affected by the proposed FY 2008 budget cuts includes:

- *Preparation of $PM_{2.5}$ SIPs*. SIPs to meet the 1997 $PM_{2.5}$ NAAQS are due in April 2008. The effort of states and localities to develop these SIPs in a timely manner has already been hampered by EPA's failure to issue its rule implementing the $PM_{2.5}$ standards. The proposed budget cuts will only harm this effort further.

- *Preparation of regional haze SIPs*. Regional haze SIPs are due in December 2007. While states receive assistance from Regional Planning Organizations (RPOs) for the analysis underpinning their SIPs, funding for RPOs is also proposed to be cut.

- *Finalizing ozone SIPs*. SIPs to meet the 1997 ozone NAAQS are due in June 2007. Though this deadline falls in FY 2007, states may be late in submitting their SIPs because of a D.C. Circuit Court decision vacating the "Phase 1 Rule" EPA issued to implement the 8-hour ozone standard. (*South Coast Air Quality Management District v. EPA* [No. 04-1201, et al.]). Given the *South Coast AQMD* decision, states and EPA may request clarification and additional analyses regarding ozone SIPs during FY 2008.

- *Finalizing Clean Air Interstate Rule (CAIR) SIPs*. EPA promulgated CAIR to address interstate transport of sulfur dioxide and nitrogen oxide in the East; CAIR covers 28 states and the District of Columbia. CAIR SIPs were due in FY 2007, but EPA's target date for approving CAIR SIPs is not until December 2007, so during FY 2008 EPA may request additional analyses or information from states covered by CAIR.

A precursor to submitting SIPs is the determination of whether or not areas are attaining a NAAQS. (More rigorous requirements apply to nonattainment areas and more

information is required in these areas' SIPs.) This process of determining the geographical coverage of a nonattainment area is called "designation," and is important for ensuring that the right sources are included in the nonattainment area. It is also important to involve the public in this process so it is aware of the meaning of a nonattainment designation and its ramifications.

EPA finalized a new NAAQS for $PM_{2.5}$ in 2006. State recommendations for $PM_{2.5}$ designations are due to EPA in December 2007. A state's work in compiling a list of designation recommendations will be affected by budget cuts.

Hazardous Air Pollutants

The Clean Air Act includes a list of 187 Hazardous Air Pollutants (HAPs) that are carcinogens and otherwise harmful to human health. EPA has promulgated and continues to issue standards to control emissions of HAPs, which state and local air agencies are responsible for implementing. During FY 2008, state and local air agencies will continue to have many responsibilities to address emissions of HAPs and implement the federal standards. A reduction in federal grants to state and local air agencies will severely impede the ability of state and local air agencies to carry out their responsibilities. The following are some of the major HAP-related tasks facing state and local agencies in FY 2008, all of which would suffer under the proposed budget cuts.

Implementation of the Maximum Achievable Control Technology (MACT) standards, which generally apply to larger sources of HAPs (i.e., 10 tons of a single HAP or 25 tons of a combination of HAPs) will be ongoing. This includes any activities related to inspections, public education, enforcement, monitoring, etc. that are not covered by Title V fees. Additionally, many air agencies must undertake their own rulemaking efforts to incorporate the federal standards into their programs. For sources that reduce their emissions to below the major-source threshold, states must still issue permits and conduct inspections, monitoring and other activities for which Title V fees are not available and for which grant funds may be needed.

Besides their continuing activities related to HAPs, state and local air agencies will face a variety of new EPA rules that they will be expected to implement. For example, EPA is currently developing standards for area sources of HAPs, which are smaller sources that emit less than the major-source threshold. Pursuant to a court settlement, the agency must issue 54 additional area source standards by June 2009. Therefore, during FY 2008, state and local air agencies must implement the standards that have been promulgated. This will require some air agencies to go through their own resource-intensive rulemaking processes to incorporate the EPA requirements into their own programs. Additionally, air agencies must conduct outreach and education for the regulated community and the public, identify affected sources (which can often be very labor-intensive) and put the regulations into effect. Since these sources are not major sources subject to Title V fees, air agencies will not have that income to support permitting, inspections, enforcement and other activities related to those facilities.

EPA is also in the process of developing and issuing Residual Risk standards. These standards are intended to address the emissions of HAPs that remain after the implementation of MACT. As with the area source standards, these new rules will call upon state and local air agencies to tailor their own programs to incorporate these new requirements. While some of these sources will be Title V sources from which fees are collected, there will be activities that are not supported by fees, such as community outreach, education and other tasks. Some other sources, such as dry cleaners, are subject to Residual Risk, but are area sources that do not pay Title V fees. Dry cleaners, in particular, are plentiful and addressing them could require significant resources. Finally, EPA is considering allowing sources to opt out of Residual Risk standards on a case-by-case basis. This could require significant resources on the part of those state and local air agencies that need to develop risk-review expertise that will allow them to evaluate these sources.

EPA's Clean Air Mercury Rule called for states to develop plans to address emissions of mercury from coal-fired power plants and submit their plans by November 2006. States have been working hard during recent months to complete and submit these plans to EPA. Some of the plans are based wholly on EPA's model rule, while others are very different. During FY 2008, states will continue to finalize their plans and work with EPA through the plan-approval process. Once the plans are final, states will begin to implement them. While permit fees should cover inspection and enforcement activities, the rule development and plan approval processes, along with outreach and education, are not covered by fees.

Monitoring

The President's FY 2008 proposed budget drastically reduces funds for monitoring fine particle pollution. It does so by, in effect, delivering a "one-two punch". First, the budget eliminates $17 million from the current $42.5 million allocated for particle pollution monitoring. Next, the budget shifts the remaining $25.5 million into a category of Clean Air Act grants (Section 105) that requires state and local agencies to supply 40 percent additional matching funds before accepting the federal grants. The Administration's expectation is that the state and local matching funds will make up for the cut, but this is undoubtedly not what will transpire. Some agencies will be unable to meet this match requirement. For others that already exceed the 40-percent match, many will not be able to further increase their contributions. Thus, there will not be additional matching funds dedicated to monitoring to make up for the $17-million reduction and the monitoring program will suffer significant decreases. As a result, states and localities will be severely restricted in their ability to measure particulate pollution if the proposed FY 2008 budget is enacted.

Monitoring plays an indispensable role in the implementation of the NAAQS. Eliminating funds for fine particle monitoring forces state and local air agencies to eliminate or reduce monitors used to determine whether or not areas are meeting the health-based NAAQS. Moreover, continuous fine particle monitors provide real-time air quality data to the public, warning those who suffer from respiratory or cardiac ailments

when pollution levels are high, so that they can take protective actions. Accordingly, it is essential that states and localities have robust monitoring networks to ensure that air quality in all parts of the country is properly measured.

The proposed deep budget cuts come at a time when new health studies underscore that lung and heart function can be seriously – sometimes, fatally – compromised by breathing particle pollution. Yet, despite the growing body of scientific literature linking morbidity and mortality with particle pollution, particulate levels appear to be increasing in some areas. Monitored data show levels of particle pollution in different areas in different seasons, and, in some cases, enables source "foot printing" of emissions – allowing identification of the source from which the emissions come. Such data enables air agencies to impose effective control strategies on sources. Conversely, gaps and inadequacies in monitored data may mean that less effective control strategies will be adopted – and healthful air quality may take longer to achieve.

The severe cut in the fine particle monitoring budget, coupled with the shift to Section 105 authority, could scarcely come at a more difficult time for state and local air agencies, which are now in the process of drafting the SIPs that will enable them to attain and maintain the NAAQS for fine ($PM_{2.5}$) particles. In order to develop and assess control strategies for industrial and other sources of fine particles, states and localities need accurate data, particularly about areas that are in or near nonattainment. If areas must shut down monitors or collect data less frequently, the air quality information that serves as the backbone of planning activities is likely to be compromised.

Moreover, the recently adopted new, more stringent daily standard for $PM_{2.5}$ will clearly necessitate network improvements. Many parts of the country that have been attaining the current standard are projected to be in nonattainment for the new standard. Yet, the President's FY 2008 proposed budget ignores the need for new resources to adequately measure the new daily standard, making measurement of the required particle levels problematic in many areas.

Further, EPA regulations necessitate continued monitoring of larger or coarse (PM_{10}) particles in many parts of the country. As state and local air agencies gear up for submission of the SIPs that will provide a blueprint for fine particle attainment, they must also continue to work toward attainment of the PM_{10} standard in applicable areas.

EPA monitoring regulations also impose new requirements that state and local air agencies are already struggling to meet. The most challenging of these is the requirement for daily sampling at numerous $PM_{2.5}$ monitors nationwide that were formerly sampled on a less frequent basis. While such enhanced monitoring is needed to gauge compliance with the new, lower daily standard, many air agencies simply cannot afford to deploy the personnel required to perform such daily sampling in addition to their other required activities. Furthermore, these monitoring regulations impose requirements for annual and every-five-year network review and assessment of all monitors, including particulate matter, tasks which will be extremely difficult for air agencies to perform adequately if the President's proposed budget for FY 2008 is enacted by Congress.

Finally, on the budget horizon lies the largest and most expensive requirement of all – the NCore Multipollutant sites. EPA is encouraging states to begin drawing up site plans and sampling protocols in FY 2008 in preparation for each state's required submission in FY 2009 of plans and protocols for these monitoring stations, which are mandated for every state (with more than one to be located in several states). State and local air agencies already have insufficient budget resources to support this program. The proposed budget cuts will only exacerbate this funding deficit and make these activities next to impossible.

State and local air agencies expect extreme consequences if the budget is cut as proposed. Many agencies anticipate eliminating $PM_{2.5}$ monitors, which could result in the remaining monitoring network being inadequate to provide even minimally acceptable $PM_{2.5}$ data for planning and other purposes.

Permitting

The proposed elimination of $15.6 million from the Section 105 grant program will impair the ability of state and local air agencies to issue permits to new, modifying, and minor sources. Facilities that emit 100 tons per year of any criteria pollutant fall under the operating permit requirements of Title V of the Clean Air Act. Implementation of the Title V program, including permitting and compliance activities, can only be funded by fees paid by the facilities. Although states may choose different ways to assess the fees, most often emission fees are charged per ton of emissions. While the large, Title V facilities are, therefore, in a funding category of their own that is intended to be self-sustaining, the rest of the permitting activities rely to a large extent on grants under Section 105. It is important to note that in most areas, the majority of the permitting, compliance and enforcement work performed by air agencies is for non-Title V sources.

Delays and backlogs in permitting are expected to result if the budget is reduced, since the bulk of the permitting work in most air agencies is for minor sources, and major and minor New Source Review (NSR) sources. These delays would, in many cases, be the result of staff cuts that would be necessary, adversely affecting customer service for permit applicants. Ultimately, the delay in permit issuance could have negative effects on a state's economy, because companies that wish to construct new sources or expand existing ones may choose other locations if the permitting process in a state or local area is lengthy or unpredictable.

It is ironic that the cuts and corresponding delays come at a time when EPA is spearheading a program – the "Roadmap for Permitting Innovation" – that aims to foster efficiencies in permitting and to cut down delays. In addition, some states are implementing reforms of their own to make permitting more efficient. All of these efforts, however, will be essentially wasted if budget cuts and layoffs make delays inevitable and backlogs routine. No "streamlining" program will be able to compensate for inadequate staffing.

Enforcement

State and local air agencies carry out many compliance-related activities to insure that the facilities in their jurisdictions meet emissions limits contained in their permits. These activities include carrying out inspections, monitoring stack tests and reviewing facilities' submissions of required reports, such as those documenting deviations from monitoring or emissions requirements. Those sources that are below the major-source threshold and are not subject to Title V do not pay permit fees to fund those activities. In addition, facilities that have voluntarily agreed to operate at emissions levels that bring them below Title V limits, or "synthetic minors," are subject to EPA's Compliance Monitoring Strategy. Full compliance evaluations must be undertaken for these sources on a regular basis.

Compliance inspections and other activities can be anticipated to be curtailed, however, if the President's FY 2008 budget is enacted. Reductions in staff could result in the elimination of facility inspections that are normally conducted throughout the course of a year. In that an adequate inspection program reduces air pollution emissions, such cuts would have detrimental impacts on public health.

Furthermore, cuts of the magnitude proposed for FY 2008 are also expected to prevent air agencies from responding to citizens' complaints. States respond to thousands of complaints each year from citizens concerned about air emissions and public health impacts from both major and minor sources. Many of these complaints result in compliance investigations at these sources to resolve issues and address citizen concerns. Many of them also relate to minor (non-Title V) sources, which do not pay Title V fees that support these compliance activities.

Not only is it anticipated that routine compliance activities would be curtailed by budget reductions, but innovative outreach efforts to industry are highly likely to be cut back as well. Many state and local air agencies conduct workshops on upcoming regulations and compliance issues for different industrial sectors. These sorts of compliance assistance efforts are essential in developing communication between regulators and the regulated community and in increasing compliance rates. Through compliance assistance, many issues and concerns have been identified and corrected before they could become problems for the industry or the environment. Thus, eliminating compliance assistance and outreach activities will likely lead to increased air emissions.

In addition, air enforcement activities would likely be reduced in many parts of the country. These activities include initiating cases, issuing notices of violation, negotiating settlements, and drafting, filing, and monitoring consent decrees. Pursuing cases against violators of the Clean Air Act not only comports with the intent of the Act, but has the additional benefits of, in effect, warning other facilities – putting them on notice that the air agency takes source obligations seriously. An effective enforcement program serves to deter other sources from violating state and federal requirements, and is, therefore, a cost-effective way to achieve compliance. Moreover, civil penalties and

supplemental environmental projects, often part of the settlement of enforcement cases, benefit the public in many ways. These benefits would be jeopardized if enforcement staff were laid off as a result of cutbacks.

Training

Training activities are crucial to maintaining the knowledge, skills and abilities of state and local air agency staff and for training new employees. Many state and local air agencies face high turnover rates due to more enticing salaries in private-sector jobs, as well as retirements, and many state and local air agencies face increased responsibilities due to new NAAQS and new EPA air rules. All of this means there are tremendous training needs.

Various state and local agencies will have no choice but to cut back or eliminate training for their staff if their federal grants are reduced. Given the changing regulatory landscape and the need for well-informed staff to be apprised of all the hills and valleys in this landscape, training activities should be increased, not decreased. But in the face of budget cuts, "discretionary" activities are the first to be curtailed or eliminated.

Voluntary Programs

Many states will have to eliminate or severely curtail voluntary programs if the proposed budget cuts are enacted. The label "voluntary" belies the critical role these programs play in many states and localities in reducing air pollution by changing behavior, informing the public and industry about air pollution and regulations, and involving communities in designing strategies to reduce air pollution.

For example, areas that are close to violating a NAAQS use voluntary pollution reduction strategies to avoid nonattainment. With the proposed budget cuts, discretionary and voluntary measures will be the first tasks to be eliminated by state and local air agencies, thus putting these areas at risk of violating the NAAQS.

Conclusion

Tens of thousands of people in the United States die each year from air pollution, while millions more suffer illness and other adverse effects from poor air quality. The primary responsibility under the Clean Air Act for protecting and maintaining healthful air quality falls upon state and local clean air agencies. These agencies must undertake a myriad of programs and activities to address the many sources of air pollution.

While the Clean Air Act authorizes Congress to provide grants to fund up to 60 percent of state and local programs to address air pollution, federal funding has fallen far short of that goal. In addition, over the past 15 years, federal grants have decreased in terms of purchasing power by nearly one-third. While state and local governments have contributed more than their fair share to operate clean air programs, state and local air agencies still have struggled for years with inadequate funding for their programs.

For FY 2008, the President has recommended that grants to state and local air agencies be reduced by $35.1 million from FY 2006 and expected FY 2007 levels. These cuts would further exacerbate the significant funding shortfall facing these agencies and make it even more difficult for them to protect public health. Such cuts would impede these agencies' ability to carry out almost every aspect of their programs, including developing and implementing air pollution control plans, monitoring, ensuring compliance, educating the regulated community and the public and collecting critical data.

NACAA recommends that grants to state and local air agencies be increased in FY 2008 by $25 million above FY 2006 and expected FY 2007 levels, for a total of $245.3 million. While this amount is not all that is needed to operate effective programs, the increases will go a long way toward helping state and local agencies reduce the threat of air pollution and maintain the strides toward healthful air quality that have already been made.

Acronyms

CAIR – Clean Air Interstate Rule
EPA – U.S. Environmental Protection Agency
FTE – Full-time Equivalent
FY – Fiscal Year
HAP – Hazardous Air Pollutant
MACT – Maximum Achievable Control Technology
NAAQS – National Ambient Air Quality Standards
NACAA – National Association of Clean Air Agencies
$PM_{2.5}$ – Particulate Matter of 2.5 microns or less (fine particulate matter)
PM_{10} – Particulate Matter between 2.5 and 10 microns (coarse particulate matter)
SIP – State Implementation Plan