

103

ENVIRONMENTAL PROTECTION AGENCY'S FISCAL YEAR 1995 BUDGET REQUEST

Y 4. P 96/10: S. HRG. 103-676

Environmental Protection Agency's F...

HEARING BEFORE THE COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS UNITED STATES SENATE ONE HUNDRED THIRD CONGRESS

SECOND SESSION

MARCH 8, 1994

Printed for the use of the Committee on Environment and Public Works



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C O N T E N T S

Page

MARCH 8, 1994

OPENING STATEMENTS

Baucus, Hon. Max, U.S. Senator from the State of Montana	1
Mitchell, Hon. George J., U.S. Senator from the State of Maine	3
Warner, Hon. John W., U.S. Senator from the Commonwealth of Virginia	2

WITNESS

Browner, Hon. Carol M., Administrator, Environmental Protection Agency	4
Prepared statement	46

(III)

ENVIRONMENTAL PROTECTION AGENCY'S FISCAL YEAR 1995 BUDGET REQUEST

TUESDAY, MARCH 8, 1994

U.S. SENATE,
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS,
Washington, DC.

The committee met, pursuant to notice, at 10:10 a.m. in room 406, Dirksen Senate Office Building, Hon. Max Baucus (chairman of the committee) presiding.

Present: Senators Baucus, Warner, Reid, and Chafee.

OPENING STATEMENT OF HON. MAX BAUCUS, U.S. SENATOR FROM THE STATE OF MONTANA

Senator BAUCUS. The hearing will come to order.

I want to thank Administrator Browner for appearing before the committee, and I commend you, Administrator Browner, for your very impressive leadership with the Environmental Protection Agency.

The purpose of this hearing is to discuss our investment in preserving our natural resources and environment, as reflected in EPA's fiscal year 1995 budget request.

Unlike most agencies, EPA is slated to receive an increase. The agency's budget will grow from \$6.7 billion in fiscal year 1994 to \$7.2 billion in fiscal year 1995. The agency will also receive an increase in staff; 900 contractor employees will be converted to agency personnel. This will add people in key areas, and at the same time minimize management problems and potential conflicts of interest.

At a time when there is not so much money to go around, it is good to see that more of it will be invested to preserve our natural resources and protect the health of our citizens.

I believe that environmental protection is an investment. President Clinton has said that "preserving our environment, improving it, and passing it along to future generations is a great purpose, worthy of a great people. If we seize the opportunity and shoulder the responsibility we can enrich the future and ennoble our own lives." I agree.

With this budget, the Administration makes good on the promise to change our course and place a greater emphasis on protecting human health and natural resources.

Last year, EPA's budget slipped below what it had been in previous years under President Bush. Tough fiscal times forced the Clinton Administration to take an indiscriminate, across-the-board cut in all agencies. That meant that EPA, already just scraping by,

was forced to take cuts. As a result, I believe the air and water quality deteriorated; but this year, the Administration has got its budget priorities straight.

Now it is time for you, Administrator Browner, to seize the opportunity. You have been given additional resources and you must now shoulder the responsibility of protecting the environment. I hope that this money and the extra people will enable you to deliver some measurable improvements to the environment. As you know, the American people ranked clean air and water among their highest priorities. We cannot let them down. Therefore I am anxious to hear your testimony. We in Congress want to be certain that you will fight against pollution problems that pose the greatest risk first. We want to be confident that the additional money will not be wasted on bureaucratic paper-shuffling and poor business practices. We want to see you set high priorities and high standards of performance, standards that can be quantified and against which success can be measured. That \$7.2 billion is a lot of money.

Looking at the budget, I have a few questions regarding spending priorities. For example, Congress is making a major effort to reauthorize the Clean Water Act and the Safe Drinking Water Act, but the combined increase to those operating programs is a modest \$25 million. The Safe Drinking Water Program even takes a \$6 million decrease. Moreover, the Clean Water State Revolving Loan Fund is still \$400 million short of the \$2 billion level promised by the President last year.

Despite these questions, I pledge that I will help to see that EPA gets all the money it has been budgeted. As you know, these are tough times of competing demands and diminishing resources, but I will work with Senator Mikulski in the Appropriations Committee to defend this investment in our environment against any 11th hour raids.

Make no mistake, preserving our natural resources is a great purpose. I believe it is one that is worthy of additional money in this year's budget. Especially now, when times are tough, we in the Congress cannot forget that protecting the environment is an investment in the future.

I look forward to hearing from you on the details of your 1995 budget and how wisely you will invest it.

I would now like to turn to Senator Warner for any statement he might make.

**OPENING STATEMENT OF HON. JOHN W. WARNER, U.S.
SENATOR FROM THE COMMONWEALTH OF VIRGINIA**

Senator WARNER. Thank you, Mr. Chairman.

I had the opportunity to visit this morning with this distinguished public servant, and I would just like to say congratulations on the first year well done. It is a difficult, difficult task. I also appreciate the reassurance you gave me this morning about my concerns with Superfund, several of those concerns being addressed in a recent article in the Washington Post written by Jack Anderson. So as long as you give me that reassurance, we will work together.

Administrator BROWNER. Thank you.

Senator BAUCUS. I would like to acknowledge, at this time, a statement from the Majority Leader, Senator Mitchell, and, without objection, it will be included in the record.

[Senator Mitchell's statement follows:]

STATEMENT OF HON. GEORGE J. MITCHELL, U.S. SENATOR FROM THE STATE OF MAINE

It is a pleasure to be here to discuss the budget request for the Environmental Protection Agency that increases the Agency's budget for Fiscal Year 1995 by 8 percent over Fiscal Year 1994 levels. The EPA is our nation's most important agency when it comes to protecting public health from environmental pollutants and contaminants.

For many years, we here in Congress struggled to support the Agency's mission while severe cuts were being made in its budget. While the Clinton Administration and Congress have proven their commitment to the reduction of the Federal deficit, we also recognize that we need to better prioritize the issues of concern to the nation. The Administration has made it clear that environmental protection is a priority, and for the most part, their budget request reflects this. I commend Administrator Browner and the President for standing firm in their resolve to protect public health and our nation's precious resources.

I would like to comment briefly on some aspects of the President's Fiscal Year 1995 budget request for the EPA. I am very pleased that the Air Program is slated to receive a \$77 million increase. Members of this Committee know well how hard we struggled to craft amendments to the Clean Air Act in 1990 that improved the quality of our nation's air. The Clean Air Act Amendments of 1990 were desperately needed, and the EPA is the agency charged with the important task of implementing them. Under budget constraints, the Agency has been doing what it can to meet the deadlines of the statute, but still, many have been missed.

I am hopeful that this increase in the Agency's air program budget will help the EPA to effectively implement the Clean Air Act, fulfill obligations under the Montreal Protocol, and address climate change issues. However, even with a budget increase, those of us who were closely involved with Clean Air Act Amendments have concerns that the increase may not be sufficient to implement the Act in a timely manner. We will be watching closely, as will the American public, to ensure that the goals of the statute are met. Congress, especially those members on this Committee, need to know if the Agency is unable to fulfill its obligations because of budgetary problems and we hope the Administrator will keep us informed of the status of implementation.

Another issue of concern to me and the people of Maine is clean water. Much of Maine's economy and quality of life depends on this resource, and though we have come a long way since the first Clean Water Act was authored by Senator Ed Muskie from Maine, much of our fresh and coastal waters remain threatened. The President's budget requests an increase in State loan funds, but shows a decrease in the needy community program. I am pleased that more funding is being requested for the loan fund, but I will support increasing funding even further to help States and small communities to protect our nation's waters. In this year's Clean Water Act reauthorization bill recently considered by this committee, I proposed a \$500 million funding level to help needy communities implement the Act.

I will also continue to support increased funding for the Safe Drinking Water Act. All citizens have a right to clean drinking water. Funding for this program is badly needed in my State of Maine and in many others and I am hopeful that we can promptly enact reauthorizing legislation to achieve the goal of safe drinking water for all Americans.

Again, I commend the Administration for its efforts in the realm of the environment, and I will continue to push for funding for these and other crucial programs which protect the health of the citizens of Maine and the nation, as well as the integrity of the natural environment. Mr. Chairman, I ask that my remarks be entered into the record.

Senator BAUCUS. Administrator Browner, we would like to hear from you.

STATEMENT OF HON. CAROL M. BROWNER, ADMINISTRATOR, ENVIRONMENTAL PROTECTION AGENCY, ACCOMPANIED BY DAVID GARDINER, ASSISTANT ADMINISTRATOR, OFFICE OF POLICY, PLANNING AND EVALUATION; ROBERT HICKMOTT, ASSOCIATE ADMINISTRATOR, OFFICE OF CONGRESSIONAL AND LEGISLATIVE AFFAIRS; JONATHAN Z. CANNON, ASSISTANT ADMINISTRATOR, OFFICE OF ADMINISTRATION AND RESOURCES MANAGEMENT; ELLIOTT LAWS, ASSISTANT ADMINISTRATOR, OFFICE OF SOLID WASTE AND EMERGENCY RESPONSE; MARY NICHOLS, ASSISTANT ADMINISTRATOR, OFFICE OF AIR AND RADIATION; MARTHA PROTHRO, DEPUTY ASSISTANT ADMINISTRATOR, OFFICE OF WATER; AND KATHRYN SCHMOLL, COMPTROLLER

Administrator BROWNER. Mr. Chairman, Senator Warner, thank you for the opportunity to be here to present the Environmental Protection Agency's fiscal year 1995 budget.

The budget that we present to you today represents a "home run" for the environment. It is a half-billion-dollar increase. It represents the commitment of this President and this Administration to protecting the environment, to giving the Environmental Protection Agency the tools that we need to do the job that the public expects of us.

This increase in the EPA budget comes at a time of very tight budget caps and a 40 percent reduction in the deficit. This request is a record request for the Environmental Protection Agency. It is higher than any other request in the history of EPA under any President. But not only is our budget up, so is our workforce and so are our hopes for the future. The President has increased EPA's budget so that we can respond to the critical challenges we face if we are to protect our children and our children's children. This budget will allow us to carry out our new agenda for protecting public health and our environment.

The budget stresses pollution prevention, sound science, and environmental justice. It reflects building partnerships with State and local governments, with business, with communities, and it will allow us to use a comprehensive approach to solving problems. It will allow EPA to deal with whole communities, whole industries, whole ecosystems, and whole watersheds.

With this budget we will continue our efforts to build an energized, competent agency. Perhaps no agency in this Government has a greater impact on the lives and livelihoods of Americans. Citizens across our Nation are counting on EPA to make their lives safer and healthier, and we take that responsibility very seriously.

Since coming to EPA, I have been calling for a new generation of environmental protection, a strong commitment to the protection of the public's health and our natural resources, combined with innovation, common sense, and flexibility. The \$500 million increase included in this budget will help us put in place this new generation of environmental protection. Our operating programs budget is the largest ever, a total of \$3.1 billion, which is reflected in the chart to my left. Our core operating programs are up by more than \$400 million, an increase of 13 percent. That's the bottom piece of the chart. This is the funding for many of the environmental laws we enforce, as well as most of our research. This is the money that

we use to set standards, for research and development, for enforcement activities, for studies. This is where we do a large part of our work.

The budget will also allow us to continue the accelerated pace of cleanups in Superfund and leaking underground storage tanks, and that's the trust fund piece of the chart before you.

And finally, the top piece, which we refer to as "water infrastructure," demonstrates an increase in money to the States for wastewater and drinking water infrastructure.

In addition to the increase in funds, the President's budget also represents the largest request ever for FTEs or for personnel, 19,418. This is an increase of 793 work years over EPA's 1994 levels. As I think everyone is well aware, the President has called for a reduction of 100,000 in the Federal workforce through fiscal year 1995. EPA was exempted from a part of this reduction. Rather than the 1.5 percent reduction which would represent what would be needed if you applied it equally across the Government agencies, EPA was only asked to take a 1 percent reduction in our base work years for 1995. We believe that will be easily achieved through attrition.

In addition, we will receive 900 new work years through contractor conversion and 98 new work years for implementing the Administration's new Climate Change Action Plan.

In addition to this increase in both dollars and people, as a result of an extensive internal budget process at EPA, we have shifted over \$113 million and 500 work years into top priority areas. When I appeared before this committee last year I indicated that we would undertake a base budget review. We did that, and the results were a shift in terms of the work that we think is important in terms of addressing the concerns of the public.

As I mentioned at the outset, I believe there is a need for a new generation of environmental protection. Foremost in that is the need to protect our children. The 1995 budget will allow EPA to emphasize increasing protection for children from adverse risk from pesticides and lead. It will allow us to implement fully the National Academy of Sciences Kids Study. It will allow the agency to focus on the health risks to kids from exposure to pesticide residues from food and other pathways.

This budget will also allow us to carry out the President's Environmental Technology Initiative to promote public-private partnerships to develop new technologies, and then help find markets for those technologies at home and abroad. This budget includes a 100 percent increase, \$80 million, for the Environmental Technology Initiative.

The budget will also allow us to expand a number of our highly successful energy efficiency programs, such as Green Lights, Energy Star, that fulfill implementation of the President's Climate Action Plan. The budget includes an increase of more than 100 percent—\$117 million—in funds for implementation of the National Action Plan.

The budget will also allow EPA to advance aggressively a new interdisciplinary approach to protect ecosystems. It will allow us to address natural systems using an integrated and ecologically-and geographically-focused management approach. Through this ap-

proach we will improve water quality by looking beyond point sources to all sources.

We have all heard a great deal about unfunded mandates. This budget goes a long way toward addressing unfunded mandates by targeting funds. We call for increased funding for the Clean Water State Revolving Fund, which provides low-interest loans to municipalities. We also propose resources for a new Drinking Water State Revolving Fund to help communities upgrade their drinking water systems.

Total State grants in this budget are up, a total of \$616 million, including funds to assist the States in implementation of the Clean Air Act, as well as nonpoint sources of pollution, wetland protection, and hazardous waste disposal problems.

This budget also contains \$179 million for NAFTA-related activities, including funding for wastewater, drinking water projects along the U.S.-Mexico border, and money for cooperative efforts with Mexico to clean up the border.

The final issue that I want to mention briefly is the contractor conversion. Mr. Chairman, as you know, we at EPA have worked very hard over the last year to address the concerns as to the use of contractors. The 900 work years will allow us to bring back in house a number of activities. It will allow us to build on the contracting reform initiatives already in place. Over the last 12 years, the agency's responsibilities grew, but our FTEs did not keep pace with that growth in responsibilities, so we were forced to hire contractors. Now we will be able to bring responsibilities back in. We think it will give us an opportunity to rebuild our scientific base by bringing expertise in house, to bring sensitive Superfund functions in house, and to increase our control over key data information systems.

As you can see, I think we have a very full and exciting agenda planned for 1995, and we look forward to answering any questions that you may have.

[Charts used during Administrator Browner's statement follow:]

FY 1995 President's Budget

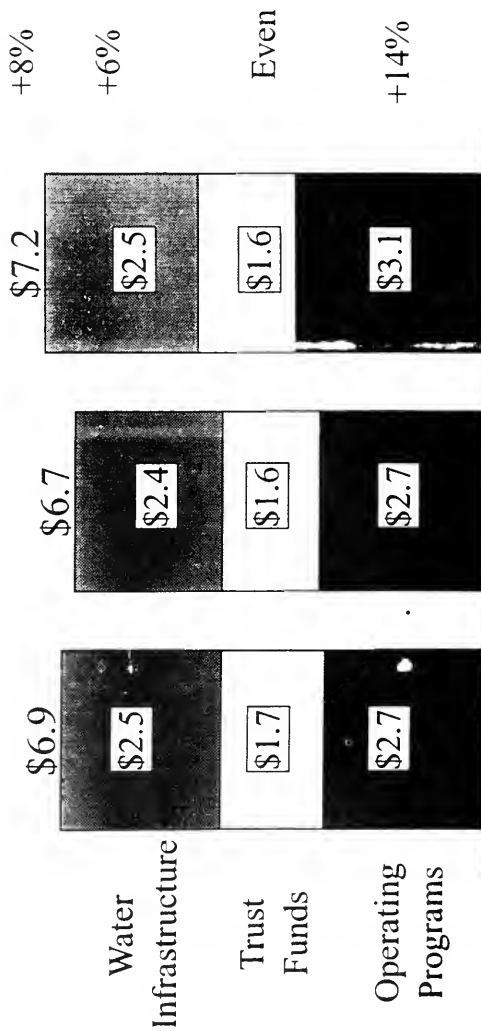


"A New Generation of Environmental Protection"

Record Total Request for EPA: \$500 Million Increase over 1994 Levels

(Dollars in Billions)

Change
From
FY 1994

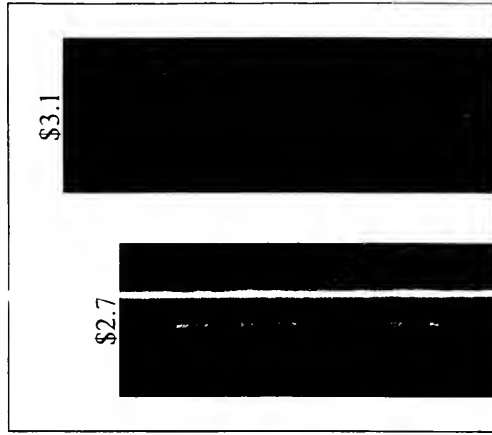


1993 Enacted 1994 Enacted 1995 Pres. Bud.

\$400 Million Increase to Meet the Challenges of a New Generation of Environmental Protection

- ✓ Protecting Human Health
 - Toxic Release Inventory
 - Reduced Use Pesticides/Food Safety
 - Lead Abatement
- ✓ Cleaning the Air
 - National Action Plan for Climate Change
 - Montreal Protocol
 - CAA Implementation
- ✓ Improving Water Quality
 - Watershed Restoration
 - Wetlands Initiative
- ✓ Managing Waste
 - Waste Combustion
 - Hazardous Waste Grants
- ✓ Science/Data
 - Ecosystem Research
 - Data Integration

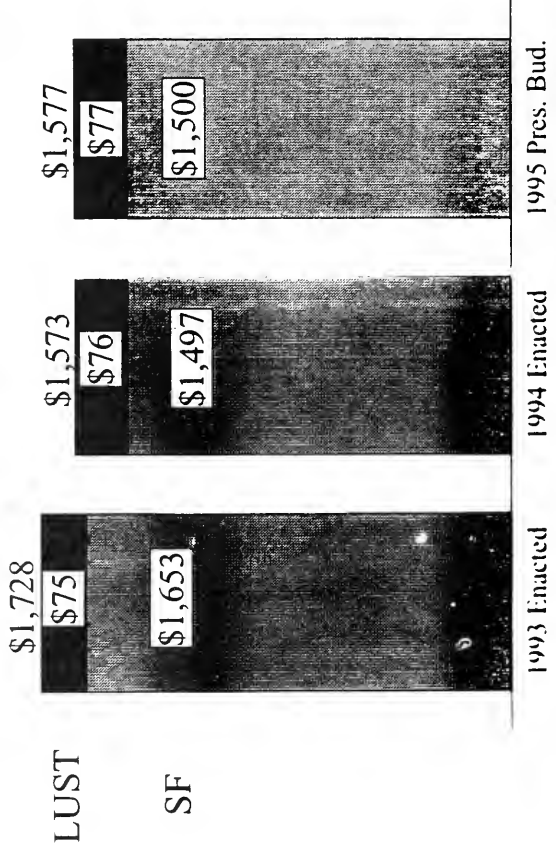
(E o l l a r s i n B i l l i o n s)



1994 Ena ted.

1995 Pres Bud

Leveraging Trust Funds to Maintain Clean Up Pace

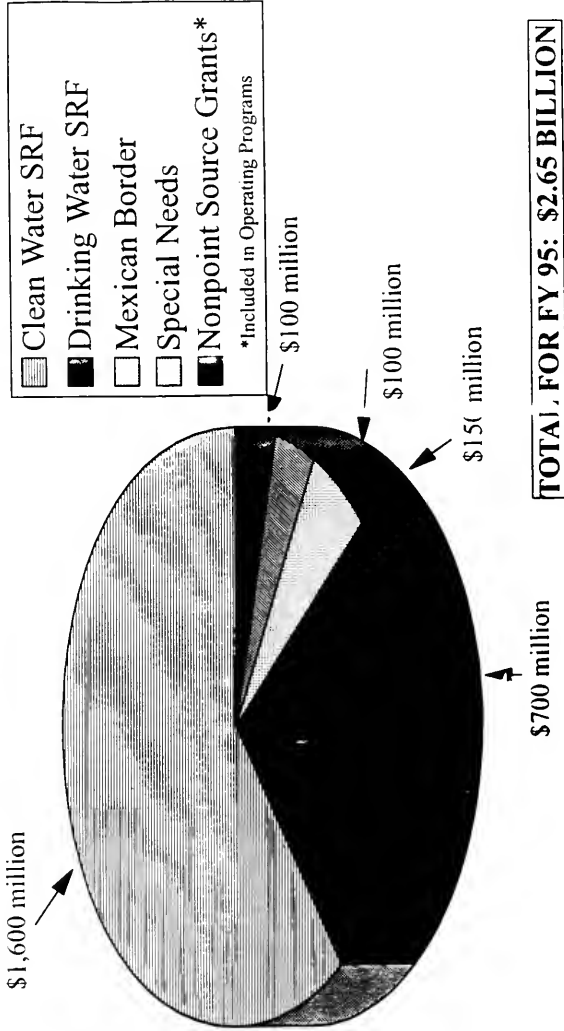


1995 Presidential Initiatives

(Dollars in Millions)

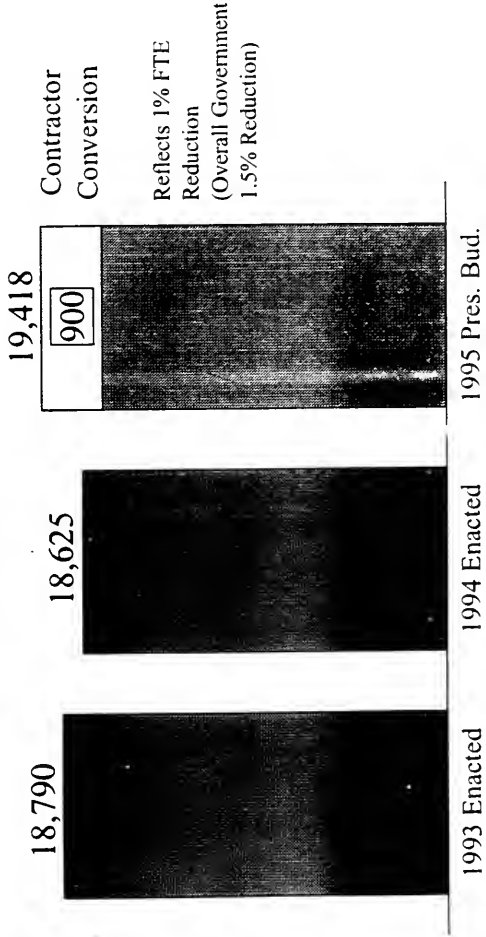
	<u>FY 95</u>
Clean Water SRF	\$1,600
Drinking Water SRF	700
Watershed Restoration	100
Mexican Border/NAFTA	179
Climate Change Action Plan (Including Green Programs)	107
Environmental Technology Initiative	80
Wetlands Initiative	32

Water Infrastructure Financing -- FY 1995



For FY 1995, \$21.5 million has been included in the Clean Water SRF total for Water Quality Management Cooperative Agreements (Section 104)

Workyears Increase Substantially to Improve Environmental Management



Senator BAUCUS. Thank you very much, Administrator Browner.

Could you tell me a little more about your base review? When you testified before this committee a year ago, on the last budget, you said you were going to undergo a base review, and you alluded to it briefly in your statement. You said that it has caused a "shift," as I recall. What is the shift?

Administrator BROWNER. Well, we looked at every single thing, essentially, that the agency does. The way the agency puts its budget together, there is the base and then you look at new responsibilities. Well, rather than assuming that the base should be carried forward, as had been done previously, we went into the base and we looked at what we were doing, whether we should be doing it, was there a better way to do it, was there a different way to do it. Several changes came out of those activities. It was a nine-month activity, and the changes included reorganization of our Office of Enforcement. We have changed that office significantly. It has a multimedia focus, it has a sector focus, it has a compliance focus.

We also changed the way that we would do our job in the Office of Water, moving more toward an ecosystem approach, as a result of the base budget review.

As I said in my opening statement, over \$100 million was shifted and 500 work years were shifted as a result of the base budget review.

Senator BAUCUS. That sounds like a marginal shift, not like a major shift.

Administrator BROWNER. Again, it is important to recognize that the opportunities for shifts are in the operating budget. The way the budget is designed, we have the trust funds, where we're limited in terms of our activities, and then we have the money that goes to the States in the form of infrastructure money. So within the operating programs, I think this was a significant change; 500 work years is a significant number of people.

Senator BAUCUS. Last year I also asked you about the agency's relationship with States. You said, if I recall correctly, that there was a problem, that you were very aware of it, and that you were committed to addressing it and doing something about it. There was the "bean-counting" question, that after a State develops its plan, the charge is that EPA comes back and redoes it; that it's just micromanaging.

Do you think you've improved on the EPA's relationship with the States? If so, what's your evidence?

Administrator BROWNER. I think we have put in place a process that will lead to real improvement. We held—not the first ever, but we held an all-State meeting where we brought in all the State administrators and we worked on a State-to-EPA basis in a way that we hadn't done for a number of years. They have formed an organization now so that we can involve them in everything from rule-making to oversight decisions to the budget process in terms of soliciting their input.

As I said, this budget does reflect an increase in support for State and local activities, for a total of \$616 million, and that doesn't include what may happen as a result of the Clean Water

Act reauthorization or the Safe Drinking Water Act reauthorization. That would be a separate pot of money.

But I think that the process of changing the relationship with the States is not something that happens overnight. It is something that has to be put into the way we do our job, and they need to be made part of how we do our job on an almost daily basis. I think we have begun the process of institutionalizing that kind of relationship.

We have also created a State and local government advisory group. In fact, I met with them last week. We have city managers, mayors, etc., from across the country. We went through the formal process of creating that so that we could solicit their input and advice in our decisionmaking.

Senator BAUCUS. When do you think you will know whether you have improved the relationship, or made enough effort to improve it as much as it reasonably can be improved? Do you have a date? Have you given yourself another year? I agree that it probably takes more than a year to nail this down. How long have you given yourself? And by what date do you think you are going to get this all cured?

Administrator BROWNER. First of all, it is important to understand that this is going to have to be an ongoing effort. Involving the States is something that should be part and parcel of everything we do. It shouldn't be, "Oh, in this category let's involve the States, and once we involve them, we don't need to involve them again." They need to be part of all of our decisionmaking. For example, we are in the process of developing environmental goals, a strategic plan. We are talking to the States. We are soliciting their advice and input on that. That's one project we have underway.

In the case of rules, we have been working to change the process whereby we involve States in the rulemaking process so that they come in earlier rather than later in the process. We have rules where that is now starting to happen. The goal, obviously, would be for any rule that the States care about, to have them involved.

So it is looking at specific activities that the agency undertakes, and then establishing means for the involvement of the States, the ongoing involvement of the States. It's something that I think we're going to have to do forever if we're going to do our job properly.

Senator BAUCUS. You always have to work on it, but last year you said that it was a problem. I hope that you don't say "We're working on it" every year, and it continues to be a problem every year.

Administrator BROWNER. Well, I think that we've made a lot of progress.

Senator BAUCUS. That's my question. What is your evidence of the progress?

Administrator BROWNER. We could ask the States.

Senator BAUCUS. I'm asking you. Have you asked the States?

Administrator BROWNER. Yes, we have asked the States. We have been meeting with the States and they have pointed out some instances where they feel that progress is being made, and others where they are still frustrated. So we are seeking to address those.

Senator BAUCUS. Where is there progress and where are they still frustrated?

Administrator BROWNER. Rulemaking is one where, in some instances, they feel like they've been involved properly, but in other instances they feel like the involvement has not gone as it should, so we need to address where it is not occurring successfully and make changes accordingly.

Senator BAUCUS. And the \$616 million in grants is not really much of an increase, is it?

Administrator BROWNER. It represents a \$15 million increase over 1994.

Senator BAUCUS. Which is less than inflation?

Administrator BROWNER. It's still a sizeable amount of money for the States.

Senator BAUCUS. But in real terms, it's probably barely breaking even, if that.

Administrator BROWNER. But if you look at how we've targeted the increase in terms of the air implementation, which we think is something where it's obviously important to build a relationship with the States, and the wetlands program implementation—we have also, in that, redirected funds; for example, nonpoint source, \$20 million increase to the States for those activities.

We could provide you with a detailed list.

Senator BAUCUS. Please do that.

[The information referred to follows:]

PROGRAM	FY 1994	FY 1995 INCREMENT
Drinking Water SRF	\$599,000,000	+\$101,000,000
Mexican Border	\$58,000,000	+\$92,000,000
CW-SRF	\$1,218,000,000	+\$382,000,000
Wetlands Grants	\$10,000,000	±\$5,000,000
NPS Grants	\$80,000,000	±\$20,000,000

Office of Prevention, Pesticides, and Toxic Substances
State Grants Programs
(\$ K)

Title	FY 1994 Current Estimate	FY 1995 President's Budget Request
Pesticides Program Implementation Grants	\$16,172.1	\$16,135.8
Pollution Prevention State Grants (1)	\$8,500.0	\$6,000.0
Lead (2)	\$11,000.0	\$11,500.0
Pesticides Enforcement (3)	\$15,831.3	\$16,135.8
Toxic Substances Enforce. (3)	\$5,100.0	\$4,650.0

(1) FY 1994 Current Estimate includes a \$6,000.0 base and \$2,500.0 in Congressional and Agency Add-on funds.

(2) FY 1994 Current Estimate includes \$1,000.0 in Congressional Add-on Funds.

(3) The Enforcement State Grants programs are being transferred to the new DECA in FY 1994 as soon as the Operating Plan is approved.

The Air program distributes its grants by program area. These program areas relate to the major responsibilities detailed in the Clean Air Act Amendments of 1990. The 1995 President's Budget includes the following amounts by program area:

<u>Program Area</u>	<u>FY 1995</u> <u>Request</u> (\$ Millions)
Acid Rain	\$ 6.7
Enforcement	36.6
Mobile Sources	10.9
Nonattainment	93.0
Permits	10.4
Toxics	16.2
Other CAA	7.3

The Radon program distributes an additional \$8.2 million in grant funds. These are targeted to high risk areas.

OSWER STATE GRANT INCREASES IN FY 95

OSWER has requested increases in state grants to implement stabilization measures at RCRA corrective action facilities, fund additional compliance monitoring and permitting activities at waste combustion units, and provide resources for stepped-up enforcement efforts along the Mexican border. In addition, resources are provide to build state enforcement capabilities in the underground storage tanks program.

ENVIRONMENTAL PROTECTION AGENCY
ESTIMATED DISTRIBUTION OF FEDERAL GRANT RESOURCES
SUMMARY

PROGRAM TITLE	FY 1993 OBLIGATIONS ACTUALS	FY 1994 CURRENT ESTIMATE	FY 1995 PRESIDENT'S BUDGET
WATER INFRASTRUCTURE FINANCING	\$2,600,690,200	\$2,477,000,000 *	\$2,650,000,000 *
DRINKING WATER - STATE REVOLVING FUND	0	599,000,000 **	700,000,000 **
NONPOINT SOURCE GRANTS	48,576,200	80,000,000 **	100,000,000 **
AIR POLLUTION CONTROL (SECTION 105)	174,723,300	176,664,000	161,072,100 ***
WATER POLLUTION CONTROL (SECTION 106)	81,617,000	81,700,000	81,700,000
PUBLIC WATER SYSTEM SUPERVISION	58,882,100	63,900,000	58,900,000
UNDERGROUND INJECTION CONTROL (UIC)	9,938,500	10,505,200	10,500,000
HAZARDOUS WASTE	93,050,300	92,949,700	98,699,700
PESTICIDES ENFORCEMENT GRANTS	16,084,600	15,831,300	16,135,600
PESTICIDES PROGRAM IMPLEMENTATION	15,433,800	16,172,100	14,825,400
TOXIC SUBSTANCES ENFORCEMENT	5,276,300	5,100,000	4,650,000
TOTAL	\$3,055,696,100	\$2,794,222,300	\$3,916,583,000

* The total WIF appropriation includes funds for (1) Cities with Exceptional Needs, (2) WQ Mgmt Cooperative Agreements, (3) Mexico Border projects, (4) Nonpoint Source grants, (5) drinking water, and (6) Regional Allocations.

** Nonpoint source grants and drinking water accounts are included in the total appropriation for the WIF account.

*** No allocation will be made until September 1994.

Senator BAUCUS. I am a little concerned about the Administration's request for \$1.6 billion for the State Revolving Loan Fund. Last year, \$2 billion was budgeted. And as I recall earlier testimony before this committee, EPA itself has documented—if I recall the figure—roughly \$136 billion in needs.

Administrator BROWNER. Yes.

Senator BAUCUS. If we were at \$2 billion, it would take a good number of years to accommodate those needs.

Why are we down to \$1.6 billion in the Administration's budget request?

Administrator BROWNER. Well, we're up from the 1994 request. Our 1994 request was \$1.2 billion; this is \$1.6 billion.

Mr. Chairman, the Administration had to work within the Budget Reconciliation Act, approved by Congress in 1993. We had to live within spending caps, which was not an easy exercise but an important one in terms of achieving the deficit reduction that the Congress and this Administration thinks is so important.

We have recommended that in the Clean Water State Revolving Loan Fund there be a total of \$13.2 billion over a 10-year period. So we have increased the money and we are suggesting that it pay out over a longer period of time than our original proposal of a year ago.

Senator BAUCUS. But did the NAFTA request of \$179 million for needy cities, is that basically taken out of the State Revolving Loan Fund? Is that partly why the budget request is only \$1.6 billion?

Administrator BROWNER. The needy cities, as reflected in the Green Book, which is the Administration's proposals and recommendations on the Clean Water Act reauthorization, as you know, suggest a 2 percent setaside in the SRF for a needy cities/coastal cities program. Obviously, we are working with you and the members of this committee on how to proceed.

Senator BAUCUS. That's in addition to the \$500 million?

Administrator BROWNER. That would be 2 percent of the total amount appropriated by Congress within the Clean Water SRF that would be set aside for a needy cities fund. Cities that meet certain eligibilities would be able to take advantage of that setaside.

Senator BAUCUS. Why shouldn't the needy cities just be included in the SRF?

Administrator BROWNER. Well, I think there is a recognition that there are certain cities where they will experience particularly high rates, rates which are much higher than other cities. There was an effort to address the needs of those cities so that we could see the protections put in place, and that is the recommendation that we've made in terms of a setaside within the SRF.

Senator BAUCUS. Why is the Safe Drinking Water Act amount reduced?

Administrator BROWNER. Again, it was a result of the budget caps resulting from the Congressional action in 1993.

Senator BAUCUS. That's not entirely accurate in the sense that they ought to be increased. It's just the Administration's priorities within the budget caps that reduce that amount and not other areas in the total discretionary spending, under the discretionary spending cap.

Administrator BROWNER. Well, as you know, we work with the Office of Management and Budget. They give us certain guidance in terms of how we should make proposals so that the caps are met, Governmentwide. In the Drinking Water SRF, the total that the Administration has recommended has not changed in terms of the funds that would be available to the States.

Again, the goal, Mr. Chairman, is to provide much-needed funds to the States, both in the case of the Clean Water SRF and the Drinking Water SRF. In fact, in the Clean Water SRF we have suggested more funds than we originally suggested, paid out over a longer period of time.

Senator BAUCUS. I would like to turn now to risk analysis. First, I commend you for your appearance at the hearing we had in this room last Friday, where Members of Congress and you had what I thought was a very good discussion on the future of risk analysis. I think everyone would agree that there is a very important role for risk assessment and comparative risk, risk management, the various components of risk analysis which you would take into account in setting budget priorities.

To what extent did risk assessment and comparative risk analysis drive your 1995 budget decisions?

Administrator BROWNER. Comparative risk analysis, as opposed to risk assessment where we make decisions, as does the Congress, in passing individual environmental statutes, was an important part of our budget process. For example, each of our regions has conducted a comparative risk assessment in terms of what they think are the most important needs within their particular regions, and they will vary region-to-region because of the activities that have gone on previously within a particular region. But comparative risk assessment is a tool that we think is particularly helpful in terms of a budget process.

As you know, the agency is also involved in developing a strategic plan that will help to guide us in our future budget decisions. Obviously incorporated into that is comparative risk analysis.

Senator BAUCUS. But are you budgeting more in any significant way through risk analysis?

Administrator BROWNER. An example would be the example that I gave previously in terms of the Office of Water, the changes that we made there. That is based on a comparative risk assessment in terms of what it is that is really affecting the surface waters in this country, the groundwater in this country, what are the best ways to address those problems. We have made changes in terms of how we want to do the work of protecting this country's water based on that information.

Senator BAUCUS. You mentioned various changes, the partnership sharing, ecosystem analysis and integration, multimedia efforts, and so forth. Just talk a bit about that, if you could. Those are all buzzwords to a large degree. They sound good, they make people feel good, but what are they, really? And what will they really accomplish, in your judgment, as intended goals? Let's take "multimedia," for example. What are you doing there that, in a meaningful way, is really going to integrate your agency's efforts?

Administrator BROWNER. "Multimedia" is perhaps one of the most important changes that we can undertake at EPA. I'll give you a specific example.

Last fall we announced an initiative of an industry-by-industry approach to regulation. What has happened within EPA historically is that the air people are busy writing rules that affect a lot of industries; the water people are writing rules, and there's not necessarily any integration. It's a "one size fits all" mentality. What we've said is that we want to pick four to six industries, four to six sectors, and focus on them individually, look at all of the laws that affect that particular industry, look at all of the current rules, look at the permitting requirements, look at the enforcement activities, look at the pollution prevention opportunities, look at the environmental technology opportunities, look comprehensively at a particular industry and what needs to be done so that that industry is not just in compliance with environmental laws, but in fact is being managed and conducted in a way that recognizes the importance of environmental protection. That is a multimedia approach. We bring together all of the tools of the agency to focus on a specific industry, and it means tearing down the walls that have perhaps developed between the programs and looking for ways to integrate the individual laws that Congress has passed.

Senator BAUCUS. I think that's a very important goal and I agree with it. It's a very ambitious goal and a very large goal. But you can't do it all at once.

Administrator BROWNER. That's why we would only pick four or six in the first round. We agree.

Senator BAUCUS. So my question is, how do you break it down? What are the categories here as you see it? And what are you generally attempting to address first, as opposed to last? And when do you expect, within a reasonable period of time, to have accomplished your goal?

Administrator BROWNER. Well, in terms of the industry-by-industry approach, we would hope to select the individual industries in the next several months, and then begin, with each of them, the in-depth work that will be necessary to develop, if you will, the "blueprint" for that individual industry as to environmental protection and environmental compliance. As I said before, it will be broken into a series of components. Rulemaking is an easy one to look at. There are the future requirements that may relate to a particular industry in terms of requirements under the Clean Air Act, rules that we're going to be adopting, so we will look at those; but we will look at those in conjunction with the rules that are already on the books. Are we duplicating efforts? Are we sending people in two different directions simultaneously? We'll look at the clean air rules and how they would dovetail with the requirements under the Clean Water Act, under RCRA, under TSCA, under all of the environmental laws that may affect a particular industry, and go through this analysis for each industry, then develop the blueprint that we think would be appropriate for that industry.

Senator BAUCUS. All right. So you are breaking this out. How many different categories are there, as you see it, with respect to solving this multimedia problem? You mentioned rules, you mentioned industry-by-industry, etc.

Administrator BROWNER. Pollution prevention, environmental technology—

Senator BAUCUS. What are you addressing last?

Administrator BROWNER. Well, because we're going to approach this on an industry-by-industry basis, we will be moving simultaneously on several fronts.

Senator BAUCUS. Which industry last?

Administrator BROWNER. We haven't decided which of the six industries—we're talking to industry representatives and trade associations right now in terms of what industries they think would be important to choose. We've done an analysis in terms of where we have regulatory responsibilities, deadlines that need to be met, so that we can take our current responsibilities and integrate them into this work.

Senator BAUCUS. When do you think you will reasonably have this project in place and concluded?

Administrator BROWNER. By this spring we will have selected the industries and then we will begin the work. It may be that for some industries the time frame is shorter, depending on which ones we choose; for others, it may be longer.

Senator BAUCUS. Is your goal to essentially integrate all of our environmental statutes?

Administrator BROWNER. Ultimately.

Senator BAUCUS. When is that?

Administrator BROWNER. Hopefully sooner rather than later. Mr. Chairman, as you know, in the reauthorizations that you have been working so hard on over the last year, we have made many recommendations that we think will allow for greater integration of our environmental statutes to give us some of the flexibilities, to give industry some of the flexibilities, to give the States some of the flexibilities that we think are important to achieving this integration.

This is a significant change in the way that EPA does its business. It is moving beyond the mere regulatory responsibility and looking at things more broadly.

Senator BAUCUS. Again, I'm trying to get you to establish some benchmarks and some dates here so that we can determine jointly the degree to which we are achieving our goals, and if we're not, what changes or adjustments we have to make.

Do you think it's important to set a deadline, to set a target date so that all your people know what they're shooting for?

Administrator BROWNER. Yes. I think it's important not just to have a final deadline, but to have indicators along the way, to be able to determine whether or not progress is being made, to determine whether or not this is actually working.

Senator BAUCUS. Right.

Administrator BROWNER. Now, I know we are going to be working with the staff of the committee in April in terms of presenting to them what we see as a work plan and soliciting any advice or recommendations that the Members may have.

Senator BAUCUS. So you think that by April you will have the deadlines and the benchmarks, etc.?

Administrator BROWNER. We would certainly hope to.

Senator BAUCUS. Good.

You hear a lot these days about EPA mismanagement—

Administrator BROWNER. We hoped you were hearing less. [Laughter.]

Senator BAUCUS. Well, in this hearing we're hearing less; in other hearings, we're hearing more. I think it would be only appropriate if we were to address that subject.

Here, the agency is getting more dollars, more people, and yet some believe that there is some mismanagement. The contractor issue is certainly a part of it.

Your thoughts? How are you addressing these charges that the agency is not properly managed?

Administrator BROWNER. In terms of the contracting issues, we have had a rigorous program in place for more than a year. It was begun before I came to the agency. I made some significant changes in terms of how we would deal with the contracting issues. We have worked very closely with our Inspector General to ensure that we are doing everything we can to see that we are managing the contractors, that we are using contracting dollars appropriately.

In the 900 work years that are recommended by the President in the budget, we will take very seriously the opportunity and the responsibility that come with those work years. They are designed specifically for contractor conversion, to allow us to bring activities back in. For example, one of the areas that we have been concerned about is the increased use of our labs. In many of the labs we would hope to be able to bring the scientific analysis, the research, back into the lab because we would hire Government employees to perform those services that we are now depending on contractors to perform.

Senator BAUCUS. In February of this year you wrote a memo to your agency instituting a new "tiering" process for policy development, is that correct?

Administrator BROWNER. Yes.

Senator BAUCUS. February 7th, 1994.

Administrator BROWNER. It's about rulemaking?

Senator BAUCUS. Yes, I believe.

Administrator BROWNER. Yes.

Senator BAUCUS. The goals of this process are to enhance quality, reduce delay, make better use of the agency's scarce resources.

What real changes in the regulatory process do you think will result from this new policy?

Administrator BROWNER. This is in conjunction with the Executive Order—I think the memo that you have is in conjunction with the Executive Order that was signed by the President on rulemaking within this Administration.

Senator BAUCUS. The subject is "Tiering of Agency Rules Under the Agency's New Regulatory and Policy Development Process," February 7th.

Administrator BROWNER. Right. And the point of it is to undertake a process that would allow us to determine what are the most important, the most complex rules that we're dealing with, to what are the least complicated and the least complex rules that we are dealing with, so that we can focus our resources accordingly. Obviously, when we have a complicated rule that affects large numbers

of industries, that would probably fall into Tier 1. Tier 3 might be something as simple as a several-page rule putting forth definitions that we would be required to do under a particular law.

But the point is to get people to, one, use the rulemaking, think about the rulemaking process in terms of resources that have to be applied to any individual rule, involvement of people beyond their individual offices. So a Tier 1 rule would probably involve people from across the agency; a Tier 3 might not involve people beyond an immediate office because it is narrow in scope.

Senator BAUCUS. So how much is this going to cut down on what one could reasonably call—

Administrator BROWNER. We hope it's going to speed up rulemaking.

Senator BAUCUS. So to what degree will it speed up rulemaking? Just your rough guess. Ten percent? Twenty percent?

Administrator BROWNER. I'm asking David Gardiner because his office is the one that sort of oversees the integration of rulemaking within the agency. His sense is that it's hard to put a number on it in terms of 10 percent or 20 percent faster.

What it should mean is that it's a better use of the agency's resources in terms of devoting time to those important rules and allowing the smaller rules that have a very limited impact, or perhaps are just following very precise direction from the Congress. Every rule is not equal in terms of its impact, and this is an effort to distinguish so that we can put the resources where they are most needed.

Senator BAUCUS. Well, I hear you, but that sounds like a lot of words, not a lot of action, because people—

Administrator BROWNER. Nothing like this has been done before.

Senator BAUCUS. Well, it may not have been done before, but you can't quantify it. People want results. People want rules to be appropriately speeded up where that is appropriate. Frankly, there's going to be a problem if there isn't some progress here.

Administrator BROWNER. That's the purpose of the tiering, to allow us to focus our energies where they are most needed and to allow other activities to move in a more timely manner than they have previously.

Senator BAUCUS. I don't know the degree to which ordinary management rules can be applied to the EPA. I know that in Reinventing Government, the Vice President is pushing somewhat in that direction. But the general rule is that you flatten the organization, delegate—

Administrator BROWNER. We're trying to do that too, yes.

Senator BAUCUS. You just delegate more, lower down, and get them out of your central offices, out of Washington, out of the regional offices to some degree, out in the field.

To what degree are you flattening? I say that because you hear, and it's all anecdotal, that in rulemaking there are so many people that have to sign off and so many different aspects—

Administrator BROWNER. That's a good example of what this memo will accomplish, which is to streamline the approval process, so that fewer people will be involved. But on a big rule you may actually bring more people in earlier because the impacts of it are

so significant that it is appropriate to involve more people earlier. On a small rule, involve fewer people, streamline the process.

The question of streamlining, the point that you make about pushing the work down, we absolutely agree with you. In fact, for example, in our Office of Enforcement reorganization we achieved a 1-to-11 manager-to-employee ratio. We are developing plans across the agency to achieve that 1-to-11.

Senator BAUCUS. What's an example of a big rule and what's an example of a small rule?

Administrator BROWNER. The rule that we put out last week, the Hon rule, would be a big rule.

Now, I don't know the small rules because they don't come to me, but I'll ask someone.

We did a rule last week the magnetic tape rule, which probably no one has heard of except for the three facilities that it covers. That would probably be a small rule, or a Tier 3 rule. The magnetic tape people might not think it's a small rule.

Senator BAUCUS. Let's take this so-called Hon rule. Assuming this new process had been in effect in the development of that rule, how much shorter—how much less time would have been involved in getting that rule out?

Administrator BROWNER. Well, Mr. Chairman, as you are probably aware, that in fact was over a year in the last Administration—

Senator BAUCUS. Your best guess?

Administrator BROWNER. I believe that rule took four years.

Senator BAUCUS. Well, I am advised it took 10 years.

Administrator BROWNER. Well, that rule that we put out last Monday is pursuant to the 1990 Clean Air Act Amendments. As you are well aware, the agency had efforts underway to deal, pollutant by pollutant, with hazardous air pollutants. You all changed the law in 1990 so that we could deal on an industry basis, so that we could move away from a risk-based process to a technology-based process. That was a correction that the Congress made in 1990.

Senator BAUCUS. All right. And I see Assistant Administrator Nichols here. She advised this committee several months ago that after a six-month review she would be in a position to advise us as to what progress you were making in getting out of "receivership," if you will, and—

Administrator BROWNER. She's available to answer that question, if you would like.

Senator BAUCUS. I'll wait until May because the six months expires in May. I'll give her full opportunity to come up with the agency's schedule on how you're going to get current with all the rules.

Administrator BROWNER. We haven't missed any court deadlines yet. They take seriously that we shouldn't be in contempt.

Senator BAUCUS. It's too bad that this is not a court. [Laughter.]

In December you issued a long-awaited proposed final rule on reformulated gasoline. The rule of 30 percent market share was mandated for ethanol?

Administrator BROWNER. Yes.

Senator BAUCUS. You know, the use of ethanol was prohibited during summer months in order to prevent deterioration of air quality. Now there is a letter that has been sent to you, signed by several Senators, questioning this compromise on ethanol. I understand that EPA may be considering revising the rule again. Is that true?

Administrator BROWNER. Mr. Chairman, let me explain what we did. Pursuant to a negotiated rulemaking that had been undertaken by the agency prior to my coming to the agency, and an agreement that was reached as a result of that negotiated rulemaking, we finalized a rule that gives the cities the reformulated gas program to meet air quality standards, what they needed.

Simultaneously with the finalization of that rule we noticed a proposal which I think embodies much of what you were just describing. We are in a rulemaking process at this time. We have taken public comment; we will continue, if people have information that they want to provide for the record, to include that in the record, and we have indicated that we will make a decision on the basis of the record in June of this year on that proposal. I do not presuppose the outcome of a proposed rulemaking. The purpose of a proposal is to solicit comment.

Senator BAUCUS. In 1990 the Science Advisory Report ranked 22 environmental problem areas by their relative risk to human health and environment, and the following are the seven highest risk problem areas: indoor air; radon; work exposure; global climate change; stratospheric ozone depletion; pesticides, and wetlands protection.

According to EPA's Office of Policy announcement, these areas received only 4.8 percent of your fiscal year 1995 budget. Of the seven, only funding for global climate change increased as a percent of the EPA's total budget. The percent of total budget decrease remained the same for indoor air, radon, ozone depletion, pesticides, wetlands, and worker exposure.

Why?

Administrator BROWNER. Mr. Chairman, we are not familiar with the analyses that you present. On hearing it, my sense is that it—

Senator BAUCUS. Let me tell you what it is. It's the Environmental Problem Area Analysis from EPA's Office of Policy, Planning and Evaluation. This is a draft. It's dated October 15th of last year. I'm reading from a chart that says, "Allocation of EPA dollars."

Administrator BROWNER. We didn't have a budget in October. I wonder if it's a preliminary analysis of something.

We would be more than happy to take a look at it and respond to you in writing as to what that reflects.

Senator BAUCUS. But the chart I have here is fiscal year 1995. That's the dollars. Maybe that's changed—

Administrator BROWNER. Things may have changed, right.

Senator BAUCUS. All right.

Administrator BROWNER. We can do that, certainly.

[The information referred to follows:]

QUESTION (from Senator Baucus): Why do the problem areas, Indoor Air, Radon, Worker Exposure, Global Climate Change, Stratospheric Ozone, Pesticides and Wetlands & Habitat Alteration, account for only 4.8% of the Agency's FY 1995 budget? (Referencing the draft dated 10/15/93 Problem Area Analysis of the Budget using figures for the FY 1995 Agency request to OMB.)

ANSWER: Risk and risk management principles are important tools for making resource decisions in the formulation and implementation of the budget, but they are not the only considerations. Over time, the budget should incrementally reflect movement in the direction of risk and risk management opportunities in its implementation. The shift must be gradual because we do not have complete legal or managerial flexibility to make large changes overnight. Moreover, "higher risk" does not necessarily translate into "more resources" being required. Finally, we must ensure that we continue to maintain the gains that past resource expenditures have provided to the environment and to the country.

Using the FY 1995 Agency Request to OMB, the Office of Policy, Planning and Evaluation estimated that the seven problem areas in question (Indoor Air, Radon, Worker Exposure, Global Climate Change, Stratospheric Ozone, Pesticides, and Wetlands & Habitat Alteration) account for 4.8% of the total Agency budget. The Environmental Problem Area Analysis of the Budget also shows that, as a group, the resources devoted to these problem areas increased by 6% between the FY 1994 President's Budget and the FY 1995 Agency Request to OMB.

It would be unproductive to try too quickly to increase the proportion of the Agency's budget devoted to these areas. EPA has a number of mandates and obligations which may prevent significant redirection of resources from the present allocation without significant changes to our authorizing legislation. The problem areas, Drinking Water (including the Drinking Water State Revolving Fund), Nonpoint Sources (including Watershed Restoration Grants), Water Point Sources (including the Clean Water State Revolving Fund), and Superfund account for more than 60% of the total Agency budget.

Another problem is the difficulty in rapidly expanding the historically and relatively small base resources associated with the problem areas in question (Indoor Air, Radon, Worker Exposure, Global Climate Change, Stratospheric Ozone, Pesticides, and Wetlands & Habitat Alteration) account for only \$346 million of the Agency's more than \$7 billion request to OMB in FY 1995). Even a sizable increase in resources directed toward these higher risk problem areas would not significantly increase their share of the Agency's budget. For example, using figures from the FY 1995 Agency Request to OMB, a redirection of 10% (\$139.4 million) of the Agency's Superfund resources could increase the total resources devoted to Indoor Air, Radon, Worker Exposure, Global Climate Change, Stratospheric Ozone, Pesticides, and Wetlands & Habitat Alteration by 40%. However, even with a 40% increase, these problem areas would still account for only 6.8% of the total Agency budget.

Over time, the Agency would like to move its resources toward programs addressing the Nation's most important problems and within which exist the greatest opportunities to achieve risk reduction and measurable environmental improvement.

Senator BAUCUS. I have one final question with respect to your international operations. You don't have an Assistant Administrator yet?

Administrator BROWNER. No. In fact, of the Presidential appointments with Senate confirmation, we are hopefully in the final stages on both the Assistant Administrator for International Affairs and the Office of Research and Development. And of our regional appointments, eight are now done and two are in the counsel's office at the White House.

Senator BAUCUS. I understand that AID has \$326 million budgeted for—I don't know if that's environmental or not—\$326 million, it is my understanding, for environmentally-related efforts, whereas EPA's Office of International Environmental Affairs is about \$20 million. Then you have other programs scattered about. But their total is really not that large in comparison with State Department international environmental efforts and so forth.

What I'm really getting at is, do you think there's a need—I now that it's difficult for you to answer this question—for the EPA to be a little more involved in international environmental matters?

Administrator BROWNER. I think our international program is very strong. I think if you look at the activities across the agency as opposed to just looking at what may be the salary dollars and the travel dollars that go to pay the people who work in the Office of International Affairs, it's quite significant. There are activities going on in literally every program office at EPA concerning international environmental issues.

We believe as an agency that the work we do on an international basis has, in most if not all instances, domestic application, that by working with our colleagues around the globe we benefit here at home. There are activities in our Office of Enforcement, for example, in terms of coordinated work that we do with Mexico on enforcement activities. I was just told—I guess we were anticipating your question to some degree—that we totalled, across the agency, the amount of monies used on international activities. Including NAFTA, it is \$210 million—

Senator BAUCUS. Including NAFTA?

Administrator BROWNER. Including NAFTA. The AID money apparently also does include some NAFTA money.

Senator BAUCUS. Okay. I don't want to quibble on this, but the NAFTA money, that's not the \$179 million for the border cleanup?

Administrator BROWNER. That would include the \$179 million.

Senator BAUCUS. Which means there's not much left.

Administrator BROWNER. Well, \$60 million.

Senator BAUCUS. What I'm getting at is this. At many intergovernmental environmental negotiations, often other countries' major environmental agencies are represented.

Administrator BROWNER. That's also true in our instance.

Senator BAUCUS. What I'm getting at is that often the U.S. State Department represents the United States on environmental matters.

Administrator BROWNER. When another country's environmental minister is their representative in an international forum, EPA, in almost all instances, is the lead, either myself or one of my colleagues representing the United States.

Now, we work closely with the State Department. The great thing about this Administration, unlike the prior Administration where perhaps you had a handful of people who were concerned about international environmental issues, in this Administration you have a large number of people who share that concern. But we work very, very closely with State. As I said, when the meeting is of environment ministers, then EPA has the lead responsibility in most instances.

Senator BAUCUS. If that's the case, then, is your budget proportionate with your responsibility compared with the budgets of other U.S. cabinets in their environmental responsibility?

Administrator BROWNER. I think that the resources that we put to international activities are appropriate. I think that we are able to work with our colleagues at the State Department, at AID, in terms of seeing that all of the resources available within the Administration for international environmental activities are widely used.

Senator BAUCUS. Thank you.

I see Senator Reid has been waiting very patiently to ask questions.

Senator REID. Mr. Chairman, I apologize for being late. I appreciate your holding this hearing.

Ms. Browner, I have the responsibility of preparing the legislation to reauthorize TSCA. It is going to be a very difficult proposition, but it is something that we have to do. It is long, long overdue. I'm going to meet with Lynn Goldman next week to get prepared. We're going to have two or three hearings, and then I hope to introduce the bill this summer. So I would hope that we could have the support of your office to move this forward. It's something that is years and years overdue.

Administrator BROWNER. Certainly.

Senator REID. The other thing I'd like to talk to you about is the safety of chemicals, about which I'm concerned. I have talked to you personally about that on other occasions. I am familiar with the fact that we've increased the money being spent to deal with lead, something that I have worked on for a number of years now, lead abatement. TRI has gone up; not significantly, but it's gone up.

But what I'm concerned about is that TSCA core program funding keeps going down. That's a real concern to me. Do you have any comments about that?

Administrator BROWNER. As I said previously, as part of the development of our 1995 budget, Senator Reid, we did undertake a review of the agency's base activities. We went back into our base budget and looked at how we were allocating resources. As a result of that there were some resources redirected from core TSCA programs into what we felt were some higher priority areas, such as emergency planning, community right-to-know, as well as the lead program.

These are difficult decisions to make. We tried to look at both Congressional expectations and public expectations where we believed problems existed, and in conducting that analysis we did make some redirections within the core TSCA program.

What we would like to do is work with you during the reauthorization to see exactly what it is that we all think is most important for us to accomplish in the TSCA program and to design a law and a program that will allow us to meet those concerns.

Senator REID. We have a facility in Nevada that we've talked about in this committee. Senator Simpson has a much smaller one in Wyoming. We have what are called "liquefied gaseous fuel spill facilities," which is something that is tremendously underutilized. The DOE is the lead agency on that. I don't expect you to say anything here today, other than to be aware that we have to come up with a program. We have tens of thousands of chemicals that need to be tested. The perfect place to do it is out in the middle of nowhere. I just think that DOE and EPA—we might as well forget about DOE because they're not interested in doing much with it. They have other things they want to do. But I think EPA, with the responsibilities that you have, I'd like for you to take a look at it and maybe at some subsequent time you or someone from your office could talk to me about potential uses for that facility.

Administrator BROWNER. Certainly. We would like to talk to you about that.

Senator REID. One of the concerns I have, and I became concerned about this while conducting the Interior Appropriations hearings for various agencies, every agency was spending money on global warming, all of them. I was concerned that there is no coordination of the money being spent. Here we have, let's see, \$58 million in global climate change from the EPA.

My question is how, if at all, does the EPA coordinate your global warming activities with the Geological Survey, NASA, and all the others?

Administrator BROWNER. In fact, I think there is a great deal of coordination. Under the President's leadership the Administration has adopted a National Action Plan. Agencies have been assigned responsibilities or have taken responsibilities in terms of the implementation of that plan. For example, there are things that EPA will do; some things we will do in conjunction with other agencies, such as Department of Energy; there are some things that EPA had done previously and the Department of Energy feels—and we agree—that they can assume a greater responsibility. So there was a rather rigorous process in terms of, one, developing the plan, and then, two, the implementation procedure for the plan in terms of which agencies would do what.

The President's budget does reflect the individual agency or department responsibilities. The Office of Environmental Policy within the White House and other offices retain a coordinating function in terms of the implementation activities.

Senator REID. Could you have someone prepare for the committee a chart or some way of illustrating how there is coordination with the multi-faceted direction of the global warming and climate change research?

Senator BAUCUS. Including a copy of the plan that you referred to.

Administrator BROWNER. Yes. Absolutely.
[The information requested follows:]

The Climate Change Action Plan was developed in an interagency process that involved the White House and key agencies, including the Environmental Protection Agency and the Departments of Agriculture, Commerce, Energy, Interior, State, Transportation, and Treasury. Implementation of the CCAP will require a similar degree of interagency coordination to deliver results.

EPA is continuing to coordinate its efforts with DOE, NASA, GSA, Air Force, and USDA to implement President Clinton's Climate Change Action Plan.

DOE reviewed and approved the Memorandum Of Understanding (MOU) for federal partners to join Green Lights. DOE and EPA have been discussing an MOU to coordinate efforts in promoting energy efficient lighting in the federal sector, including joint funding of some projects. EPA and DOE will work closely together to launch the joint Energy Star Buildings/Rebuild America initiative - a program to increase the overall energy performance of commercial buildings across the country.

EPA works cooperatively with DOE in implementing residential market-pull programs to get super efficient technologies to market -- technologies that DOE often helped develop through their research programs.

DOE is coordinating with EPA in the coal mining area so that EPA's Coal Mining Outreach Program and DOE's Coal Mining R&D Program are well coordinated. Similar efforts are underway for EPA's Landfill Methane Outreach Program and DOE's Landfill R&D Program.

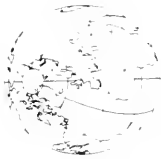
NASA is interested in the detailed information on actions to reduce emissions of greenhouse gases that EPA learns from our close interaction with the industrial and other sectors. NASA uses this information to make better estimates of the impacts of these actions on the atmosphere.

GSA is working with EPA's Green Programs to implement the Energy Star programs throughout government. GSA has worked closely with the Energy Star Computers program in fulfilling President Clinton's Executive Order #12845, requiring all federal agencies to purchase computer equipment which meets EPA's Energy Star power saving specifications.

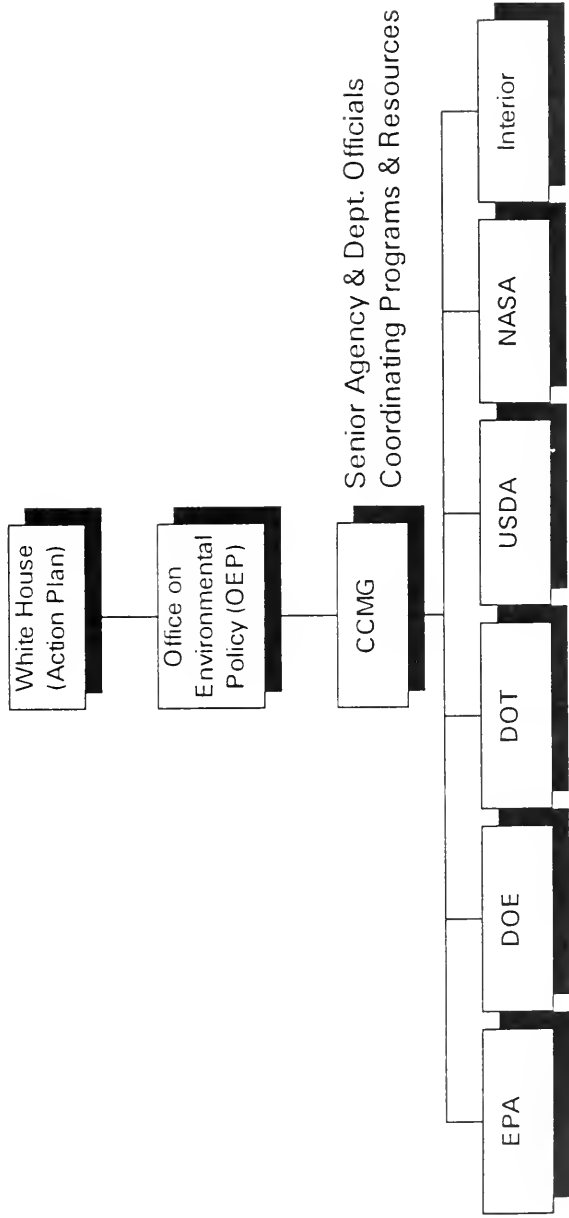
Air Force is developing an Interagency Agreement for Green Lights. Under the agreement, EPA will assist Bolling Air Force Base in surveying their property and installing energy efficient lighting where profitable. This joint effort may serve as a pilot to assist the Air Force in joining Green Lights as a full partner by providing first hand experience in the program's benefits.

USDA and DOE have begun an interagency working group with EPA to fulfill the requirements of EPA's AgStar program and to make sure that all barriers hindering energy recovery from animal waste lagoons are effectively identified and removed.

USDA is working with EPA to determine the most effective projects to undertake as part of the ruminant productivity program.



Coordination of Global Change Activity



THE CLIMATE CHANGE ACTION PLAN

President William J. Clinton
Vice President Albert Gore, Jr.

October 1993

NOTE: The following has been excerpted from the above-named document. The document, in its entirety, has been retained in committee files.

PREFACE

Last year in Rio de Janeiro, Brazil, world leaders and citizens from more than 200 countries came together to confront the global ecological crisis. The Earth Summit aroused the hopes and dreams of people around the world and set in motion ambitious plans to address the planet's deepest environmental threats. We shared a common mission: to provide a higher quality of life for ourselves and a brighter future for our children.

At the Earth Summit, the United States joined other countries in signing the Framework Convention on Climate Change, an international agreement to address the danger of global climate change. The Convention has been signed by 161 countries and has been ratified by 31 of those countries. The objective of the Convention was stated to:

"...achieve ... stabilization of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system. Such a level should be achieved within a time frame sufficient to allow ecosystems to adapt naturally to climate change, to ensure that food production is not threatened, and to enable economic development to proceed in a sustainable manner."

The international community rallied around the threat of climate change because scientists agree that the risk is real. There is no doubt that human activities are increasing the atmospheric concentrations of greenhouse gases, especially carbon dioxide, methane, and nitrous oxide. All theoretical models predict that these increases in greenhouse gas concentrations will cause changes in climate both regionally and globally -- with adverse consequences likely for human health, as well as to ecological and socio-economic systems. The best current predictions suggest that the rate of climate change will far exceed any natural climate changes that have occurred during the last 10,000 years. Of course, there are uncertainties regarding the precise magnitude, timing and regional patterns of climate change. But any human-induced climate change that does occur will not be easily reversed for many decades or even centuries because of the long atmospheric lifetimes of the greenhouse gases and the inertia of the climate system.

Our capacity to act in the face of long-term threats is illustrated in a story about a French general who asked his gardener to plant a tree. "Oh, this tree grows slowly," the gardener said. "It won't mature for a hundred years." "Then there's no time to lose," the general answered. "Plant it this afternoon."

Global climate change is a long term problem that will require years of sustained effort. The time for action is now.

EXECUTIVE SUMMARY

We must take the lead in addressing the challenge of global warming that could make our planet and its climate less hospitable and more hostile to human life. Today, I reaffirm my personal, and announce our nation's commitment to reducing our emissions of greenhouse gases to their 1990 levels by the year 2000. I am instructing my administration to produce a cost-effective plan ... that can continue the trend of reduced emissions. This must be a clarion call, not for more bureaucracy or regulation or unnecessary costs, but instead for American ingenuity and creativity, to produce the best and most energy-efficient technology.

President Clinton
April 21, 1993

President Clinton's Climate Change Action Plan meets the twin challenges of responding to the threat of global warming and strengthening the economy. Returning U.S. greenhouse gas emissions to their 1990 levels by the year 2000 is an ambitious but achievable goal that can be attained while enhancing prospects for economic growth and job creation, and positioning our country to compete and win in the global market.

There is no doubt that human activity is increasing the concentration of greenhouse gases in the atmosphere. The buildup of greenhouse gases threatens to change the global climate system, raise sea levels and inundate coastal areas, inflict irreversible damage to ecosystems, and destabilize agricultural production. But the magnitude of the threat should galvanize, not paralyze, our response.

Responding to future threats with immediate action takes vision and discipline. The international community has agreed that action is necessary now, even while the impacts of climate change may take decades to fully unfold. The Framework Convention on Climate Change challenges the industrial countries of the world to begin a long journey with the proverbial first step -- to return greenhouse gases to 1990 levels by the year 2000. We should strive to do no less; ultimately we will have to do more.

A full scale international response is needed to confront the climate change threat, and the United States will help to lead that effort. The President challenges the American people and other countries to meet the ambitious goals of the Framework Convention on Climate Change.

The President's Climate Change Action Plan presented here:

- Returns U.S. greenhouse gas emissions to 1990 levels by the year 2000 with cost-effective domestic actions;
- Includes nearly 50 new and expanded initiatives;

- Includes measures to reduce all **significant greenhouse gases** -- carbon dioxide, methane, nitrous oxide, hydroflourocarbons, and other gases;
- Takes measures in all **sectors of the economy** that emit greenhouse gases -- from energy production and use to forestry initiatives;
- **Fosters partnerships** with business where focused government guidance and flexible approaches can produce cost-effective emission reductions;
- **Stimulates investments** in the technologies of the future, strengthening the American position in the global environmental technology marketplace;
- **Is backed up with real federal resources** -- the Administration will commit \$1.9 billion in new and redirected funding between 1994 and 2000 to the Action Plan;
- **Reduces the deficit** through two new policies. One would allow commuters the option of "cashing-out" employer-paid parking, by taking the value of the fringe benefit as taxable income. The second would permit private development at existing Federal hydroelectric facilities in exchange for lease payments. These reforms would raise \$2.7 billion between 1994 and 2000;
- **Leverages over \$60 billion in private investment** between 1994 and 2000 in environmental technologies. These investments pay off for U.S. businesses and citizens -- the investments lead to over \$60 billion in reduced energy costs between 1994 and 2000, with continued benefits of over \$200 billion in energy savings between 2001 and 2010;
- **Creates new jobs** in the sectors and industries that produce, market, or install technologies that save energy or reduce greenhouse gas emissions;
- Includes a **pilot program of joint implementation** to gain experience in evaluating investments in other countries for emission reduction benefits;
- **Coordinates multiple programs** to enhance their effectiveness and to strengthen their relationship with electric and gas utilities, state and local governments, and industry;
- Is designed for **rapid and aggressive implementation** and minimizes actions likely to be delayed through legislative or regulatory processes;
- **Will be actively monitored to review progress** toward meeting the President's goal, and will institute new programs as needed to ensure that emission reductions are made; and
- **Establishes a White House team to develop strategies for long term emission reductions**, including emissions from automobiles and trucks.

OVERVIEW

America's most important assets are its people -- decent, hard-working, creative and concerned. When that talent is focused through our economic and political system to solve a problem, it can accomplish great things. We have put people on the moon, we have won the cold war, and we have provided unparalleled prosperity. We can now begin to do the same for the global environment.

This plan harnesses economic forces to meet the challenges posed by the threat of global warming. It calls for limited, and focused, government action and innovative public/private partnerships. It relies on the ingenuity, creativity, and sense of responsibility of the American people.

President Clinton's Action Plan responds to the threat of global climate change and helps guide the U.S. economy toward environmentally sound economic growth into the twenty-first century. The plan is *comprehensive*, targeting all greenhouse gases and all sectors of the economy. The plan inaugurates a new era of *partnership* with American business to help solve environmental problems. The plan is designed for *rapid implementation* that can quickly deliver *cost-effective* results. The plan was developed by an interagency team that relied greatly on *public input*, and is a *coordinated* federal response, involving many agencies working together. The plan will be actively monitored for effectiveness and will *adapt to changing circumstances*. Finally, the plan lays the foundation for an *international response* to this global challenge.

COMPREHENSIVENESS

Emissions of greenhouse gases are pervasive in the U.S. economy. A policy that relies on dramatic reductions of greenhouse gas emissions from one sector of the economy or one region of the country is unlikely to be effective or economic: there is no "magic bullet" that solves the problem. However, opportunities to reduce greenhouse gas emissions in cost-effective ways are distributed broadly throughout the economy. Therefore, the Climate Change Action Plan consists of almost 50 actions involving all sectors -- industry, transportation, homes, office buildings, forestry, and agriculture. These actions are targeted in specific sectors to stimulate markets for technologies that reduce emissions of carbon dioxide (CO₂), methane, nitrous oxide, and halogenated compounds that contribute to global warming. The plan also reduces emissions of CO₂ by protecting forests, which are greenhouse gas "sinks" that store carbon removed from the atmosphere.

ESTABLISHING PARTNERSHIPS FOR PROGRESS

The Climate Change Action Plan will continue to break new ground in the relationship between government and the private sector -- fostering cooperative approaches and a forward

looking agenda, rather than relying exclusively on command-and-control mandates that tend to lock technologies into place and stifle innovation. These partnerships reflect the mutual responsibility of both the private sector and the government to improve environmental performance while enhancing economic growth and job creation. In several key areas -- electric utilities, motor manufacturers and users, automobile manufacturers, chemical and aluminum manufacturers -- American firms are entering into partnerships with the Federal government to attain environmental objectives using flexible and cost-effective options.

Today, President Clinton is announcing the **Climate Challenge**, a partnership between the Department of Energy and major electric utilities who have pledged to their reduce greenhouse gas emissions. Under the partnership, utilities have the opportunity to choose from a wide range of control options and to experiment with innovative ideas to achieve their emission reduction goals. The same partnership approach motivates the joint DOE/EPA **Climate Wise** program -- firms who respond to the challenge of reducing greenhouse gas emissions will set bottom-line emission targets that they can attain using the most cost-effective means available. In another initiative announced today, the DOE **Motor Challenge**, motor system manufacturers, industrial motor users, and utilities will begin an aggressive program to install the most energy-efficient motor systems in industrial applications. Chemical companies have formed a working partnership with EPA to reduce by-product emissions of potent greenhouse gases by 50 percent from their manufacturing operations. Aluminum producers are joining with EPA to identify greenhouse gas emission reduction opportunities, and to set targets for real reductions. These new commitments -- and the partnerships established between the private sector and the Federal government -- provide a strong foundation for the other initiatives outlined in the Action Plan, ensuring that the programs will deliver real results.

DESIGN FOR RAPID IMPLEMENTATION

While the Action Plan contains major new initiatives, many of the actions build on the success of earlier public or private programs that have focused attention on energy savings or other emission reduction opportunities. These programs do not rely on exotic new technologies, but can help accelerate the diffusion of existing technologies into the marketplace. Much of the program outlined here can be implemented rapidly and without new legislative authority. Expanding, adapting, or reinforcing innovative and successful programs will ensure that emission reductions can begin quickly enough to meet the President's goal to return greenhouse gas emissions to 1990 levels by the year 2000.

Programs that already demonstrate success on limited budgets will be expanded, largely by redirecting resources to those programs that deliver real results. Additional funding will allow successful programs to cover larger market segments or to expand into new sectors or technologies. The best programs in one agency will be adapted by other agencies and programs will be reinforced by complementary initiatives.

COST-EFFECTIVENESS

Low cost and even profitable opportunities exist to reduce emissions of greenhouse gases. While markets work well in most circumstances, significant transaction costs, information gaps, regulatory barriers and other market imperfections exist that can raise greenhouse gas emissions. Reducing these market imperfections will save money for many U.S. consumers and firms as they reduce greenhouse gases. The Action Plan targets these opportunities through public/private partnerships, allowing the private sector maximum flexibility to devise innovative programs to reduce emissions. And by taking a comprehensive approach encompassing all major greenhouse gases, both sources and sinks, and all sectors of the economy, the Action Plan offers the widest scope for creative and cost-effective actions.

PUBLIC INPUT

The President directed his Administration to tap the ingenuity and creativity of the American people. Part of that effort involved identifying innovative programs in all levels of government and in the private sector to explore their potential for reducing emissions. The White House Conference on Global Climate Change, held on June 10-11 in Washington, DC, provided the opportunity for hundreds of recognized experts in the private sector, the environmental community, academics, and others to offer their suggestions and views directly to the Administration officials responsible for developing the plan and analyzing its implications. Additional workshops were held during the following months, and participants continued to offer new and innovative ideas. This plan is based on the best ideas that Americans have offered.

The Action Plan was developed in an interagency process that involved the White House and key agencies, including the Environmental Protection Agency and the Departments of Agriculture, Commerce, Energy, Interior, State, Transportation, and Treasury. In addition, a team of analysts from these agencies was assigned the task of quantifying the impact of various proposals on greenhouse gas emissions and the economy.

COORDINATED FEDERAL ACTIVITY

The President directed his Administration to work together for the benefit of the American people and for the environment. Too often, federal programs are a confusing and contradictory patchwork quilt that lack coordination and are poorly linked with state and local level efforts or private initiatives. This plan was developed with an unprecedented degree of cooperation at all levels in the Administration, from Cabinet Secretaries and Administrators to program managers and staff in the agencies. Implementation will require a similar degree of interagency coordination to deliver results. The National Performance Review has highlighted areas where effective coordination can deliver better performance and cost less in every area of government action. The development and implementation of this plan will apply the same lessons to the climate change problem.

ADAPTING TO CHANGING CIRCUMSTANCES

The Action Plan is expected to reach the emission reduction goal under reasonable assumptions concerning economic growth and other trends. However, a substantial degree of uncertainty accompanies any attempt to project future emission levels. The analysis supporting the plan represents a best estimate under the most likely scenario, but we recognize that these estimates could vary by a significant degree under other plausible assumptions.

The economy continually evolves in ways we cannot predict perfectly; businesses and citizens must adapt to changing circumstances. Successful policy must do the same, and this plan will evolve as circumstances warrant. A White House task force will actively monitor trends in greenhouse gas emissions and the implementation of the Action Plan, and if necessary will modify the program to keep the emission reductions on track. The first opportunity to evaluate the Action Plan is likely to come within one year. The Framework Convention on Climate Change will enter into force when 50 countries ratify the agreement, and this could occur in early 1994. Within six months of entry into force, the U.S. will submit a National Action Plan to the Conference of the Parties of the Convention. This Climate Change Action Plan, or an updated version if necessary, will form the cornerstone of the U.S. National Action Plan required by the Climate Convention. After that milestone is reached, the White House task force will reassess and update the Action Plan every two years, or sooner if called upon by the Conference of the Parties.

The Administration will also begin to identify additional opportunities for long term emission reductions. The Action Plan focuses on near-term emission reduction opportunities in order to attain a near-term goal. Perhaps more importantly, the Plan sets in motion an ongoing process of policy development to address the long term global threat.

ENCOURAGING INTERNATIONAL EMISSION REDUCTIONS

While the plan achieves the President's goal with domestic actions alone, the Administration recognizes the significant potential for cost-effective emission reductions in other countries. The Framework Convention on Climate Change allows countries to explore emission reduction projects together under a program of "joint implementation." In order to gain experience in verifying net emission reductions from certain types of investments in other countries, the Administration is announcing the U.S. Initiative on Joint Implementation. Projects undertaken under the initiative can provide greenhouse gas emission reductions beyond the domestic programs in the President's plan and promote sustainable development. This initiative will also help advance thinking on the many issues that need resolution before an international joint implementation effort can be fully mounted. By leading the international community in developing the appropriate guidelines and criteria necessary to ensure maximum global environmental and economic benefits, the United States will help lead the international response to the climate change threat.

Senator REID. The last area, Mr. Chairman, that I would like to cover is this. The subcommittee that I chair has primary jurisdiction over research and development at EPA. In this year's budget I am happy to see there has been a request to increase that by almost \$38 million, and I think that's good.

I have a bill that I have introduced and hopefully will move forward on this year. I received calls from the House; Chairman Brown is very anxious to move a research bill, and we are going to do that. It would make the job a lot easier, though, if we had the person in your agency—where is this Assistant Administrator in the process of being selected?

Administrator BROWNER. Senator Reid, this is probably one of my greatest frustrations. I have personally interviewed probably eight people now for this job, very talented, very qualified people. In many instances we started the process of attempting to bring them into the position. In a number of instances what we found was that for individuals at a certain point in their career, particularly people in academic institutions, that it was very hard for them to leave that position to join the Government and adhere to the various requirements in terms of where they can go upon leaving the Government. For many of them, they felt like they just couldn't do that to their career, that they needed the opportunity to be able to go back to their research at a particular university. In some instances they felt a responsibility to the college students, the graduate students who were sharing grants with them, that they would have to cut that off.

It has not been easy. I'm being very honest with you. It has been very troubling to me because every time I think I've found a person, to have them say, when they then meet with the Ethics Council and all of the requirements of the process—which is important—that they can't do it.

Where we are right now, we are in detailed discussions with two different individuals. We decided that rather than moving one to one to one, to proceed on several fronts. They are both engaging in conversations with counsel as to whether or not they could structure their personal situations in ways that would allow them to take this job.

Once we have completed that, we would make a recommendation to the White House and the President would make a decision and then, obviously, this committee would consider the person in a confirmation proceeding.

Senator REID. I'm sure everyone had the best intentions in mind when we passed all these ethics rules, but it's really getting difficult to get people to fill these jobs. Your statement just now is an indication of that, because you're right; under ethics rules, if someone was in the process of doing a multiyear research program and any of the money came from here, they would have to cut it off. That would be so unfair.

So that's too bad. We're arriving at a point where the only people who are going to be able to run for office or be selected for appointive jobs are people who have done nothing.

Senator BAUCUS. Those who are totally self-sufficient.

Senator REID. Or extremely wealthy.

Senator BAUCUS. Right.

Administrator BROWNER. We will certainly keep the committee informed of our progress. As I said, we are moving on several fronts now in an effort to see if we can find an individual who both can provide the leadership and the vision for the Office of Research and Development, one of the most important scientific positions—

Senator REID. It's \$600 million a year.

Administrator BROWNER [continuing]. In the Federal Government. Right. It takes a person with a certain type of experience and with a certain set of skills. I am hopeful that we will shortly be able to present such an individual to the committee.

Senator REID. Thank you, Mr. Chairman.

Senator BAUCUS. Thank you very much, Senator Reid.

Senator Chafee.

Senator CHAFEE. Thank you, Mr. Chairman.

Ms. Browner, let me just say this in connection with the appointments. I understand Senator Baucus has addressed that, and I just heard Senator Reid on part of that.

I am distressed about the whole process. As I mentioned before, we had TVA appointees come up before this body. I looked at the record, and one of them had worked for Senator Gore; the other had worked for the governor of Tennessee. Not exactly hotbeds of subversive activities. The FBI interviewed 37 witnesses in connection with each of those nominees. I think this thing has gone berserk.

I think that if you've got somebody in mind and people in your organization are jumpy about proposing him, it might be well to talk to Senator Baucus and me and others about it.

Let me just give you an illustration. Dr. Sullivan was nominated by the Bush Administration to be head of HHS. He had been president of Morehead College Medical School. The people down in the White House told him that he would have to forego his retirement to take that job, so he signed off on it. He came before the committee and we said, "This is insanity. You're not required to give up your pension because you want to serve the U.S. Government." So they reversed the thing and backtracked and he got the pension that he was thoroughly entitled to.

The point is, sometimes I think that the White House—I'm not necessarily saying this White House as opposed to any others, because they're all the same—gets ultrasensitive on these issues. And because somebody didn't pay their babysitter 14 years ago doesn't mean they're going to be turned down for a position as an Assistant Administrator at EPA.

So I would urge that if you think they're being ultra-fussy down there, I would certainly give you my candid opinion of how this side would react. Senator Baucus can obviously speak for himself, but I find this terrible that you don't have your people in place yet. It's not due to the Senate holding things up.

The other thing I wanted to touch on briefly is the Clean Water Act grants for the SRF. We started off with \$2.5 billion, then that got down to \$2 billion. Now I understand you're at \$1.6 billion.

Do I understand that what you're doing is take money from the Clean Water SRF and come up with money for the Safe Drinking Water SRF? Am I correct, or can you help me out with that?

Administrator BROWNER. Senator, you are right that the number is different from what we originally proposed in the Clean Water SRF when we first had discussions about this with you and the Chairman and other members of the committee. We had originally called for \$8 billion in the Clean Water SRF over four years. Last year the appropriated amount was \$1.2 billion; this year the budget request is \$1.6 billion. That is less than what we had suggested for the outyears in last year's budget request.

A large part of that is due to the budget caps and working within the law that Congress passed in 1993. What we are proposing in the Clean Water SRF is to increase the total amount of money that would be available to the States from \$8 billion to \$13.2 billion, and to pay it out over a longer period of time, over a 10-year period of time, rather than the \$8 billion which would have paid out over approximately a four- or five-year period.

We recognize the very large needs of the States, and this is an effort to be responsive to those.

In terms of the Safe Drinking Water SRF, it doesn't come out of that, although I understand why people would think that because the number does total up to be what the Clean Water SRF discussion was previously. But last year the Administration, as you are aware, called for the creation of the Drinking Water SRF, a new SRF, with a total of \$4.6 billion to the States over a four- or five-year period.

What happened in the fiscal year 1994 EPA appropriations bill is that the appropriators did set aside the money for the Drinking Water SRF, but we can't make it available to communities until the authorizing process has concluded, until a bill has been signed. They have a clause in there, as I understand it, explaining it appropriately, which is that should the Drinking Water SRF not be created, then the money that was set aside would go into the Clean Water SRF. It would not disappear in terms of the EPA budget, but rather the things that the money could be used for would shift from Drinking Water to Clean Water. Perhaps that's what you're concerned about.

Senator CHAFEE. How much do you have in for the Safe Drinking Water SRF?

Administrator BROWNER. In fiscal year 1994, it was \$599 million. In fiscal year 1995 the request is \$700 million.

Senator CHAFEE. I see. Okay. And for the Clean Water SRF it's \$1.6 billion?

Administrator BROWNER. Right, which is an increase over the \$1.2 billion. But I want to be very honest about this, you are right that last year when we discussed this we did suggest a higher number.

Senator CHAFEE. Okay.

Thank you very much, Mr. Chairman.

Senator BAUCUS. Thank you, Senator.

I would just like to follow up on Senator Chafee's point about the delay in these appointments. I agree; I go through these FBI reports, and I am astounded by how many interviews there are over virtually nothing. I just hope you can send that signal back and give a strong message back in a lot of these cases for the FBI to back off.

Having said that, though, I know that the number of FBI personnel devoted to these background checks is really not as great a percentage of the numbers of agents as one might expect. It is somewhat significant, but it is not as great as one might expect. It's ludicrous, frankly. Here we are, in March of the second year, and there are still too many vacancies.

I think you've done a good job on your budget presentation, Administrator Browner. I think you're doing a good job. It's going to be difficult for us to protect this budget in this process. You have the cooperation of this committee in that effort.

I have asked some questions that were a little bit difficult, basically in anticipation of questions that others might ask, particularly in Appropriations hearings, but it's done in the spirit of helping us better protect our air and water, but in a more efficient way.

Thank you very much for your testimony today.

Administrator BROWNER. Thank you, Mr. Chairman. I would just like to thank you and Senator Chafee for your leadership and assistance over this last year in dealing with the very difficult issues that we deal with at EPA. We look forward to continuing to work with this committee, and particularly to working with you all in the appropriations process.

This budget is significant. It represents a real opportunity for EPA to do the job that the public expects. To have achieved the level of increase in the operating budget, which is the hardest place of all for an increase to occur, I think demonstrates this Administration's commitment to these issues. It will be important to do everything we can and we will certainly work with you all to see that those funds are secured so that we can move forward.

Senator BAUCUS. I appreciate that. I must say, though, that I have a penchant for data and dates. I will be asking you questions in the future along the lines of benchmarks and indicators and deadlines so that we can more likely achieve our goals.

Administrator BROWNER. Thank you.

Senator BAUCUS. Thank you very much.

The committee is adjourned.

[Whereupon, at 11:25 a.m., the committee adjourned, to reconvene at the call of the Chair.]

[Administrator Browner's prepared statement and responses to additional questions follow:]

STATEMENT OF CAROL M. BROWNER, ADMINISTRATOR
U.S. ENVIRONMENTAL PROTECTION AGENCY
SENATE ENVIRONMENT AND PUBLIC WORKS COMMITTEE
HEARING ON
THE PRESIDENT'S BUDGET REQUEST FOR 1995

Mr. Chairman and members of the Committee: I would like to thank you for the opportunity to present the President's FY 1995 Budget Request for the Environmental Protection Agency. This budget represents a new generation of environmental protection for America. Although the federal government as a whole faces tight fiscal restraints, the President has demonstrated his strong commitment to environmental protection by submitting a record request for EPA. Our budget is up, our workforce is up, and so are our hopes for the future.

The President's proposed \$7.2 billion budget for EPA is the largest in the history of the Agency. This budget will allow us to carry out our mission of protecting public health and our environment. This budget allows us to be firmly committed to meeting environmental goals, but flexible and innovative about how those goals are met. Our new agenda stresses pollution prevention, sound science and environmental justice. We are building stronger partnerships with state and local governments, communities, businesses, and environmentalists. And we are using a comprehensive approach toward environmental protection -- dealing with whole communities, whole industries, whole ecosystems, whole watersheds.

With this budget, we will continue to build a new, energized Agency, confident of our place as the leading environmental organization in the world. Perhaps no agency in this government has a greater impact on the lives and livelihoods of Americans. Citizens across our nation are counting on EPA to make their lives safer and healthier -- and to ensure that

economic development and environmental protection go hand in hand.

Our budget this year represents an increase of \$500 million over last year -- an increase of 8%. Our core operating programs are up by \$362 million -- an increase of 13% -- the largest budget for our operating programs ever. Our workforce level of 19,418 is the largest ever requested, an increase of 793 workyears over our 1994 level. EPA has been partially exempted from the 1.5 percent government-wide reduction of employees; the Agency will take a 1% reduction in our base workyears. The Agency's workyear request reflects a significant increase for a new contract reform initiative. As part of our broad range effort to improve the quality, performance and management of our environmental programs, the Agency will be increasing its in-house expertise by replacing contractors with up to 900 new federal positions.

A NEW GENERATION OF ENVIRONMENTAL PROTECTION

EPA's FY 1995 budget request supports a new generation of environmental protection in which a strong commitment to environmental goals is combined with common sense, innovation and flexibility. To implement our new policy agenda, we propose to invest in several strategic approaches to environmental protection, including pollution prevention, environmental justice, partnerships, ecosystem protection, improved science, and targeted risk. For example, we will develop scientific information to determine whether infants and children are at risk from pesticides residues in the food they eat. We will promote public/private partnerships to identify needs for and to develop new environmental technologies and find markets for them. We will work with state and local governments to implement the Clean Air Act, which will remove an estimated 57 billion pounds of pollution from the air we breathe by 2005. We will help with the construction of wastewater projects along the U.S.-Mexico border to address domestic and international water quality problems.

And with a new loan fund, we will help communities in America that are struggling to provide safe drinking water.

Pollution Prevention

EPA continues to promote pollution prevention -- the elimination of pollution at the source -- as a primary guiding principle for protecting the environment. This strategy has exciting potential for both protecting the environment and maintaining economic growth by encouraging more efficient industrial processes. EPA is integrating pollution prevention into all areas of its work -- in rulemaking, in permits, and in enforcement. EPA is also developing a new "Green Sectors" program which is an industry-by-industry approach to both reduce pollution and save industry money through reduced process and wastestream costs. In addition to providing increased levels of funding for implementing the Climate Change Action Plan and for expansion of the Toxics Release Inventory, EPA is proposing to increase funds available to support other federal and state pollution prevention activities.

Building Partnerships

In order to accomplish the tremendous environmental, social and economic agenda that President Clinton has brought to the American people, federal agencies must reinvent their relationships with other governmental agencies, non-governmental organizations, and the business community. An abundant wealth of energy and resources exist outside of the EPA that can help do more for the environment and our communities. Our challenge is to draw upon the strengths of these groups and to help them come together in new ways to protect the environment.

Our 1995 budget proposes significant increases to enhance our partnerships with the states and to improve local infrastructures. We propose to increase funding for the Clean Water State Revolving Fund which provides low interest loans to municipalities to construct

wastewater treatment facilities. We also propose increased resources for a new Drinking Water State Revolving Fund to provide low interest loans to help communities upgrade their drinking water systems to meet federal requirements. EPA will also provide increased assistance to the states to address non-point sources of pollution, wetland protection, and hazardous waste disposal problems.

Environmental Justice

EPA is working to ensure that the benefits of environmental protection can be shared by everyone in society. EPA is determined to integrate a commitment to environmental justice into our programs and activities, including permitting, grants, data collection and analysis, and enforcement. The Agency is striving to improve our ability to assess disparate effects of environmental degradation on different communities and to target remedies. To this end, EPA is embarking on a new and exciting effort to strengthen the capacity of economically disadvantaged communities to provide pollution prevention solutions to environmental problems. EPA is also providing financial and technical assistance to groups involved in environmental justice initiatives. EPA will also lead an interagency effort to carry out the requirements of the President's Executive Order on Environmental Justice (E.O. 12898).

Ecosystem Protection

EPA's budget reflects the Agency's intent to promote the restoration and protection of living resources within ecosystems. In order to effectively address many environmental problems, geographically-based strategies tailored to the specific ecosystem must be established. Such strategies should incorporate land, water, and air resources and their influence on the health and vitality of living organisms within an ecosystem. In 1995, EPA will work in a cooperative spirit with other Federal and state governments to accelerate the

protection and restoration of four key ecosystems, the Anacostia River, South Florida, Pacific Northwest, and Prince William Sound.

Improving Science

This budget reflects EPA's vision for improving the link between EPA science and environmental policy. EPA continues to develop scientific tools to address problems of enormous consequence to the nation's social and economic well being. EPA, through science, continues to be the world leader in building a capacity to improve environmental conditions. These R&D resources are targeted to developing consistent, science-based criteria and standards on which to base environmental policy decisions, regulations, enforcement, and technology assistance.

Targeted Risk Areas

One of the Agency's main priorities has been to target resources towards higher risk areas, including lead, which poses a particular health risk to children, and pesticides. The lead program enhances state lead programs, environmental justice activities, and exposure assessment. States will use increased grant funds to train and certify state, local and private employees; increase public education and technical assistance activities; and develop and disseminate technical guidance to renovators and remodelers. Additional resources will also be directed toward reducing health risks, ecological risks and pollution by encouraging the use of safer pesticides. In an initiative that involves food safety, EPA will work on developing major testing guidelines for manufacturers, reassess allowable "tolerance" levels of chemicals on foods, and provide information to the general population regarding potential regulations on health risks from pesticides.

PRESIDENTIAL INITIATIVES

EPA's 1995 budget includes funding for Presidential initiatives which will create tremendous new opportunities for American businesses to develop advanced systems to clean our air and water. Together, these investments will prove that spurring economic growth and protecting the environment can be accomplished hand in hand.

Climate Change Action Plan/Green Programs/ETI

EPA shares the President's commitment to forging a link between economic development and the environment and the belief that the nation's goals in environmental protection can be advanced through the use of innovative technology. EPA will promote public/private partnerships to identify needs for and develop new technologies and then help find markets for these technologies at home and abroad. The money we invest now will pay off many times over, both in ensuring America's leadership in the world market and in enhancing environmental protection.

One such program was launched on Earth Day 1993 when President Clinton committed to the stabilization of greenhouse gas emissions at 1990 levels by the year 2000. The Climate Change Action Plan, released in October 1993, outlines national strategies to reduce greenhouse gas emissions to 1990 levels through efficient and cost-effective methods. The Action Plan relies strongly on strategies that have been pioneered and field-tested at EPA, and calls for significant increases in these programs in FY 1995. This includes expansion of the successful Green Lights program, expansion of EPA's Energy Star Building program, and launching new outreach and technical assistance programs designed to achieve reductions in methane emissions.

Clean Water SRF/Drinking Water SRF/Non-point Source/NAFTA

The President is committed to improving water quality and ensuring the safety of the Nation's drinking water supply. These activities will be funded through two State Revolving

Funds. The Clean Water State Revolving Fund will help States finance a broad range of water quality improvement projects from wastewater treatment facility improvements to combined sewer overflows. The Drinking Water State Revolving Fund will assist communities by providing low interest loans for federally mandated improvements to drinking water systems.

In 1995, a key priority for EPA will be implementing the watershed approach to improve water quality. The largest contributor to water quality degradation is non-point source pollution such as agricultural runoff or runoff from city streets after a rainstorm. EPA is committed to furthering Federal efforts to reduce nonpoint source pollution, and the Agency's request provides \$100 million, which doubles the 1993 level of grant funding for this program.

EPA is also committed to the agreements reached in the environmental side agreement to the North American Free Trade Agreement (NAFTA) which will provide extraordinary benefits for the North American environment. To implement NAFTA's environmental provisions and the U.S.-Mexico Border Action Plan, EPA's budget includes \$179 million. The NAFTA package lays out a framework for unparalleled cooperation on the full range of environmental issues facing the North American continent in the coming years.

SUPERFUND

The Agency's Superfund budget request continues the momentum achieved in cleaning up Superfund sites. By the end of 1995, EPA projects that over 330 sites will have all construction activities completed, thereby preventing further exposure to hazardous substances for thousands of citizens and eliminating additional environmental damage. The Administration is proposing revisions to the Superfund law designed to further speed up cleanups and reduce the overall cost of the program. While the 1995 budget does not reflect

changes to implement those revisions, the Agency is currently engaged in implementing important administrative improvements which the Agency announced in June of last year. These improvements will enhance enforcement fairness and reduce the public/private costs of implementing the program, accelerate the pace of cleanups, increase public involvement, and enhance the role of the States in the Superfund program. EPA looks forward to the upcoming reauthorization of Superfund as an opportunity to advance its reinvention efforts.

MANAGEMENT

The President's 1995 Budget for EPA makes tremendous strides in accomplishing the goal of creating a government that works better and costs less. Four initiatives in our request demonstrate the Administration's commitment to effective, efficient and responsive government: Contractor Conversion, Office of Enforcement Reorganization, Improved Facilities and Infrastructure, and a Redirection of Base Resources.

The President's budget request includes a major shift from contract to in-house support as part of the Agency's Contract Reform Initiative and in response to one of the Vice President's National Performance Review recommendations on improving resources management. Contract resources will be converted to in-house support resulting in the hiring of an additional 900 EPA workyears. This degree of support by the Administration is particularly significant given other management efforts undertaken to reduce the size of the Federal workforce. This conversion does not increase EPA's budget, but rather is budget-neutral by shifting resources previously used for contracts to resources for in-house workyears. We anticipate being able to realize savings in the outyears as a result of this action. The conversion of contract resources to in-house employees will also address concerns about potential inadvertent violations of contract law that could result when senior EPA researchers work with technicians employed by contractors.

Through this conversion of contract resources, it is anticipated that EPA will begin to better define the most effective mix of contract to in-house resources needed to meet its health and environmental mandates. For example, EPA will be converting a portion of contract personnel working in research and development laboratories to government personnel, e.g. scientists and laboratory technicians, thereby increasing in-house expertise.

Another initiative we have included in this request is the consolidation of the Agency's Headquarters enforcement components into a sophisticated, integrated approach to environmental enforcement. This reorganization is necessary because the nation can no longer afford the limitations that are inherent in a single program, statute-by-statute enforcement focus.

Through the reorganization reflected in EPA's budget, the Agency is increasing efficiency and eliminating duplication of effort; integrating a targeted approach to environmental enforcement; and achieving uniformity in enforcement policy and decisions. The new organization will allow the Agency to speak with one consistent and well-considered enforcement voice to the public, Congress and the regulatory community.

The 1995 Budget includes a major investment for critically needed facilities projects. This investment is designed to ensure a healthy and safe work environment for Agency employees and to guarantee that our research laboratories provide an environment where high quality science can be conducted. Not only will these new facilities provide a tremendous boost to EPA's national research mission, they will save taxpayers millions of dollars over the long term and improve the Agency's ability to protect the environment.

EPA's facilities request includes a new science center to replace the existing Central Regional Laboratory in Annapolis, MD, and the Pesticide Laboratory in Beltsville, MD. In addition, a new Headquarters facility has been identified, and we will continue the repair and

improvement program at existing laboratories and offices to ensure the health and safety of EPA employees. Thanks in large part to assistance from members of this Committee, Agency employees of the Office of Enforcement will begin moving next week into the Federal Triangle complex.

Finally, the development of EPA's 1995 budget began with a rigorous review of the Agency's activities and resources last Spring. As a result of that review and subsequent budget discussions, the Agency's request includes a significant shift of resources to new activities focused on a new policy agenda and managerial goals. A major example of this is in EPA's request for resources to improve the quality of the nation's surface waters. In this area, a key priority for EPA will be implementation of the watershed approach to improving water quality. EPA has taken resources previously used for controlling point source water pollution and redirected them to a watershed approach. This allows us to begin addressing nonpoint sources of water pollution as well as the point sources to improve overall water quality in critical watersheds.

NEW LEGISLATION

EPA's legislative priorities for 1994 include the reauthorization of the Clean Water Act, Safe Drinking Water Act, and Superfund; the elevation of EPA to cabinet status, and Food Safety Reform. Recently this Committee favorably reported Clean Water Act Reauthorization legislation, and we look forward to continued cooperative efforts to move this legislation through the Senate and the House. Not far behind will be reauthorization of the Safe Drinking Water Act, which this Committee is expected to consider over the coming weeks. We also will be working with the Committee on Superfund Reauthorization. We look forward to working with the Committee to address any additional resources that may be needed to implement reauthorization legislation.

SUMMARY

I am particularly proud of EPA's 1995 Budget request. It represents a significant commitment to protecting human health and the environment and aggressively supports the Agency's new policy agenda. EPA's management initiatives will assist the Agency in reducing its over-reliance on contractors, reorganize the Enforcement program to make it more efficient and effective, and redistribute resources to the Agency's most pressing needs. All of these activities support a new generation of environmental protection. The significant growth in EPA's proposed 1995 budget reflects an important investment in a new environmental agenda and an unmistakable signal of the Administration's commitment to the environment.

Senator Baucus

Question #1: Implementing NAFTA is one of the Presidential initiatives contained in the EPA budget. Under what legislative authority does EPA spend \$5 million for the U.S. share of the Commission for Environmental Cooperation (CEC)? Is there any legislative authority, in your opinion, for EPA's other activities to implement the NAFTA?

Answer: Under the NAFTA implementing legislation approved by the Congress last November, the Administration was authorized by Congress to contribute \$5 million for the CEC. Specifically under Subtitle D, Part 1, Section 532 (2) of the legislation:

"There are authorized to be appropriated to the President (or such agency as the President may designate) \$5,000,000 for each of fiscal years 1994 and 1995 for the United States contributions to the annual budget of the Commission for Environmental Cooperation pursuant to Article 43 of the North American Agreement on Environmental Cooperation."

In a soon-to-be released Executive Order, as well as in the annual Budget Request to Congress, the President has designated the U.S. Environmental Protection Agency (EPA) as having clear and direct responsibility for U.S. implementation of CEC activities, including the U.S. contribution to the Commission's annual operations. In addition, EPA has legislative authority to carry out environmental activities with international implications.

QUESTION #2: How much money is there in EPA's budget for providing technical assistance to foreign countries striving to protect their environment by putting in place tougher environmental laws? How does this compare to the \$326 million budgeted for the Agency for International Development (U.S. AID) to perform multilateral and bilateral assistance? Does EPA get any of this AID money to fund its international activities? Could EPA do more if it had more funds?

ANSWER: The Office of International Activities (OIA) within the EPA has a total of about \$20 million to provide technical assistance and environmental management capacity building for foreign countries striving to develop environmental policies and laws. Of this amount, approximately \$14 million is reimbursable funds that EPA/OIA receives from US AID to perform multilateral and bilateral assistance.

OIA has \$6 million of its' own funding to provide technical assistance and support implementation to Mexican Border/NAFTA Programs. Resources will be focused on the coordination of the trilateral cross media effort, emphasizing the creation of the North American Commission for Environmental Cooperation (NACEC) and contributing to the development of the Border Environment Cooperation Commission.

Could EPA do more if it had more funds? The President's FY 1995 Budget for EPA includes an increase of \$500 million and 793 workyears over 1994. This increase will enable the United States to meet several international environmental agreements, such as the Montreal Protocol and the NAFTA environmental side agreement. Any increase above the President's Budget for EPA would have to be offset in other areas of the Budget in order to meet the Budget caps established by the Congress.

Baucus Questions and Answers

Question: In December 1993, EPA issued its long-awaited final rule on reformulated gasoline which prohibited the use of ethanol during the summer months in order to prevent the deterioration of air quality. At the same time, another rule was mandated for ethanol. Now, several Senators are questioning this "compromise" on ethanol. I understand that EPA may be considering upsetting this delicate balance. Is that true?

Answer: Pursuant to a negotiated rulemaking that was undertaken by the previous Administration, and an agreement that was reached as a result of the negotiated rulemaking, EPA completed a rule that allows cities with the dirtiest air to implement a reformulated gas program to meet air quality standards.

Simultaneously with the completion of that rule EPA published a proposal which would require 30 percent of the oxygenates used in the reformulated gasoline to be produced from renewable sources, such as corn-based ethanol. We are in a rule-making process at this time. The public comment period has closed. We will make a decision on the basis of the public record this June. I do not want to presuppose the outcome of a proposed rulemaking. The purpose of the proposal is to solicit comment.

Health Effects of MTBE

Question 5: There have been questions raised about the adverse health effects of the fuel additive MTBE. Last year you pledged to do additional research on MTBE. And the appropriations Act for FY 94 requires that you do so. How much money will be spent on MTBE research? What geographic areas is this research covering? When is it expected to be completed?

Answer: In order to answer questions raised about the adverse health effects of the fuel additive methyl tertiary butyl ether (MTBE), in FY 93 the EPA Office of Research and Development (ORD) developed a preliminary inhalation health risk assessment of MTBE-oxygenated gasoline. The primary finding was that the paucity of key information made quantitative risk assessment impossible. Therefore, a research and assessment program was initiated (primarily funded by EPA and industry). The EPA research was coordinated with work performed by industry, academia, the Centers for Disease Control and Prevention, other Federal agencies, and several states. The results of the research from the participating institutions were presented and discussed at a MTBE Conference, sponsored by EPA, the Oxygenated Fuels Association, and the American Petroleum Institute, on July 26-29, 1993.

In FY 94, we completed our risk assessment on MTBE-oxygenated gasoline (see conclusions below). In addition, we have continued to work with the State of Alaska and other entities to improve our understanding of MTBE and other oxygenated fuels. On December 7 and 8, 1993, we held an oxygenated fuels research planning meeting in North Carolina. The meeting participants included representatives from the State of Alaska, industry, and other Federal agencies. At the meeting, many important research projects were identified that are needed to further our understanding of oxygenated fuels under different climatic conditions.

ORD is now working with others in EPA to develop Agency priorities for the projects identified at the meeting. When this process has been completed, we will work with the other interested organizations to coordinate our efforts. At present, ORD is planning to use about \$ 1.5 million over the period FY 94 - FY 95 to conduct MTBE research. In FY 93, ORD spent about \$1 million on MTBE related research.

The geographic areas for the MTBE studies have not been determined, although cold climate areas will obviously be a consideration of the research. However, we are providing assistance (equipment and training, at a cost of about \$50,000 in FY 94) to the Alaska Department of Environmental Conservation in its effort to conduct vehicle emissions testing in conjunction with the State's ethanol-oxygenated gasoline demonstration program in Fairbanks. It is uncertain when all needed research will be completed. ORD will prepare a report in FY 95 on the status of the research conducted to that time.

**Conclusions of ORD's November, 1993, report
"Assessment of Potential Health Risks of Gasoline Oxygenated
with Methyl Tertiary Butyl Ether (MTBE)"**

The report's conclusions, which relate to inhalation exposures to the general public, and not to occupational exposures, follow:

- There is unlikely to be a substantial risk of acute health symptoms (e.g., headache, nausea, and throat irritation) among healthy members of the public receiving "typical" environmental exposures under temperate conditions. This leaves the question open about more subtle risks, especially among susceptible populations. If acute symptoms are being caused by MTBE, they appear to be mild and transient.
- Symptom reports in Fairbanks clearly decreased when MTBE oxyfuels

were removed. However, the situation is confounded since the heightened public concern about the potential health effects, higher costs, and distinctive odor with MTBE oxyfuel use also decreased when MTBE oxyfuels were removed. Even so, the unique meteorology and topography of Fairbanks prevents ruling out an association between MTBE oxyfuels and symptoms.

- Animal studies have shown developmental effects from repeated exposures to high concentrations of pure MTBE. While most public exposures are not of concern, a potential exists for short term exposures during some high concentration MTBE-oxygenated gasoline fill-up scenarios to pose a risk. MTBE is not unique among gasoline constituents in having developmental effects in laboratory animals.
- Based on several studies of laboratory animals exposed chronically to MTBE and annual human exposure estimates, it does not appear that there is a significant risk for MTBE to cause chronic noncancer effects. The potential risk of chronic noncancer effects from MTBE as part of a complex gasoline vapor mixture is unknown.
- Although EPA's cancer assessment will remain preliminary until new data are received and evaluated, the current data suggest that MTBE is a "possible" human carcinogen. The MTBE component seems to be no worse than the gasoline (classified as a "probable" human carcinogen) to which it is added.

Baucus 6: Because the Administration was still finalizing its Superfund legislative reforms when the 1995 budget was completed, the current request does not reflect the budgetary impact of these reforms. What do you expect the budgetary impact of the Superfund reforms to be if they are enacted?

Answer: The Agency projects that the Administration's Superfund reform proposal would require annual funding from the Superfund as follows: Year 1, \$120 million; Year 2, \$270-280 million; Year 3, \$320-350 million; Year 4, \$280-340 million; and Year 5, \$330-360 million. These estimates reflect assumptions about the rate at which the reforms phase in and affect program funding needs. These estimates are based on the Administration's February 2, 1994 Superfund reform proposal, are preliminary, and are subject to refinement of the analysis of some aspects of the proposal.

Question 7: In discussions between GAO and Bob Currie of the Office of Policy, Planning and Evaluation (OPPE), Mr. Currie noted that some program managers roughly estimate that EPA could achieve 20 to 30 percent more environmental protection if the Agency used comparative risk analysis to fund higher-risk problem areas. If this is the case, what is the Agency doing to move in this direction? What are the major barriers? What progress is the Agency making?

Answer: The current structure of the Agency budget is to address funding needs statute by statute. These resources have accomplished a sizable amount of environmental protection for the specific problems that are addressed by specific statutes. There is no clear answer as to whether or how much "more environmental protection" could be achieved with the use of a comparative risk basis for allocating funds. It may be time to look at the total resources that are available, the problems that must be addressed, the longer-term goals the country needs to achieve, and reassess the priorities for resource allocation.

Higher risks do not necessarily mean greater expenditures are needed to address those risk. Nonetheless, the current resource structure does not necessarily correspond to what is known about the most significant risks and risk management opportunities. All the statutes address environmental problems, but were designed as a "one-size fits all." We need to be more responsive to the geographic variabilities across the country and to where the most significant risks are. The statutes should be looked at as tools for solving specifically identified problems and not ends in themselves.

The Agency currently has a contract underway with National Association of Public Administrators (NAPA). NAPA is looking very aggressively at how the Agency addresses risks and at the possibility of using risk as a priority setting tool for the Agency. NAPA expects to have findings and recommendations from their study sometime in early 1995.

8. MULTI-MEDIA PILOT PROJECTS

Question: I offered an amendment during the Clean Water Act Reauthorization mark-up to authorize EPA to conduct a multi-media pilot project. Ten plants from ten different industries would be selected and given limited regulatory flexibility. How would this program fit within EPA's overall multimedia program? Is this pilot project the right approach?

Answer: EPA supports multi-media pilot projects as they will enable us to assess the feasibility of using more cost-effective approaches to protecting the environment. EPA's experience with the joint pollution prevention project with Amoco Corporation demonstrated the feasibility of such projects. Additional projects of this nature will enable EPA to assess appropriateness of the multi-media approach.

The ten pilot projects that are included in the Reauthorization markup will enable EPA to conduct a systematic assessment of this approach in several different industries, and hopefully, demonstrate that such an approach would yield more cost-effective environmental protection.

Question 9: As you know, I am a supporter of building up the environmental technology industry. Please explain EPA's strategy for promoting the development of environmental technology. What are EPA's plans to work with other agencies that purchase or develop environmental technology?

Answer: EPA's current thinking on how best to promote the development of environmental technology is contained in our draft Technology Innovation Strategy (attached). We believe that by fostering the development and use of innovative environmental control technologies, we will be promoting a strong and competitive environmental technology industry.

The draft strategy has four objectives focusing on the functional areas where government intervention can address market barriers facing the industry:

- o Adapt EPA's policy, regulatory and compliance framework to promote innovation;
- o Strengthen the capacity of technology developers and users to succeed in environmental technology innovation;
- o Strategically invest EPA funds in the development and commercialization of promising new technologies; and
- o Accelerate the diffusion of innovation technologies at home and abroad.

The strategy has five basic operating principles:

- o Maximum consultation with stakeholders;
- o Coordination with Federal, state and local agencies;
- o Partnership and collaboration with the private sector and academia;
- o Cleaner technology not just control technology; and
- o Measuring progress along the way.

Consistent with the principle of coordinating with other Federal agencies, EPA is inviting other agencies to actively participate in the FY 1995 planning process for the Environmental Technology Initiative. We have established planning committees that collectively address each of the objectives listed above. Each of these committees will develop focus areas and then recommend projects for FY 1995 funding. Each agency involved with environmental technology will have representation on each of these committees. We will ensure that this process will result in numerous new collaborative efforts among the Federal agencies addressing or developing environmental technology.

With respect to the "purchasing" of environment technologies, as part of our technology program we are undertaking several efforts:

- o EPA, the State Department, members of the Federal Facilities Roundtable and the General Services Administration will be exploring ways to use the Federal procurement system as a vehicle for stimulating demand for innovative technologies that

control, prevent, or remediate pollution at federal facilities. We are also exploring ways to showcase environmental technologies at domestic and foreign Federal facilities;

o EPA, like other Federal agencies is implementing the Executive Order on "Buying American" by promoting the appropriate use of American environmental technology in the implementation of the Environmental Technology Export Strategy; and

o EPA is implementing the Executive Order on "Federal Acquisition, Recycling and Waste Prevention." Section 512 calls for EPA to "issue guidance that recommends principles that Executive agencies should use in making determinations for the preference and purchase of environmentally preferable products. A shift to an environmentally preferred product can often be the best approach to pollution prevention.

10. On March 7th, I received a letter from Mary Nichols stating that EPA does not have enough money to implement the Clean Air Act in FY94. Does the FY 95 budget request fix this problem?

Answer: The Congressional Appropriation for FY 1994 included a reduction for the Agency. This is the second year of reduced funding for the Agency due to Congressional action. These cuts are applied across the Agency. The result for the Air program is that it is not operating in FY 1994 with the level of funds we believe are needed to adequately implement the CAAA. In applying the reductions within the Air program we have tried to target the lowest health and ecological risks. Additionally, court-ordered deadlines are given priority. However, the funding levels for FY 1994 are very tight and some statutory deadlines may not be met.

The FY 1995 President's Budget for the air program restores the reductions taken in FY 1994. However, the Agency's FY 1995 Budget has yet to be reviewed by the Congressional Appropriations committees. Continued Congressional cuts to EPA's appropriation will adversely affect the Air program. With the restoration of funding and the efforts we are making to streamline the regulation development, we believe we will be able to stabilize our efforts associated with our regulatory activities.

Question: There has been much criticism of the Safe Drinking Water Program recently. And one criticism we have heard in particular is that current law forces communities to monitor for pineapple pesticides even though pineapples are not grown anywhere nearby. Is this true? How did this happen?

Answer: The pineapple pesticide story is based on a myth. The so-called "pineapple" pesticide is DBCP (dibromochloropropane) which, in fact, has been used on 40 different crops until 1979, including soybeans, cotton, peanuts and commercial vegetables. Its use was restricted by EPA to pineapples in 1979, and then completely banned in 1987. Moreover, DBCP has been detected in drinking water in 16 out of 25 States for which data were recently analyzed by EPA, in some cases at levels above the drinking water standard. DBCP, considered a probable carcinogen, was widely used and is very persistent, which is why it still shows up in drinking water today and why it is monitored. States where DBCP has been found in drinking water include: Alabama, California, Massachusetts, North Carolina, Pennsylvania, Delaware, North Dakota, New Mexico, New York, New Jersey, Ohio, Georgia, Tennessee, Texas and Florida.

Current law does not force communities to monitor for pesticides that were never used. If a pesticide truly was never used in an area, current regulations allow States to waive monitoring requirements.

MYTHS AND FACTS -- THE "PINEAPPLE PESTICIDE"**MYTH:**

"Chemicals such as the 'pineapple pesticide' were never used in most of the United States, yet EPA needlessly requires every system in every State to monitor for such chemicals."

FACT:

■ The so-called "pineapple pesticide" is dibromochloropropane (DBCP), a pesticide that, in fact, has been detected in ground water and surface water supplies across the country.

- DBCP was detected in 16 out of 25 states for which data were analyzed.* At least ten of these States found levels exceeding the drinking water standard. EPA is currently reviewing data from other States.

■ DBCP was used on more than 40 crops including citrus, cotton, grapes, soybeans, peanuts, almonds, strawberries, and commercial vegetables prior to 1979. Its use was restricted by EPA to pineapples in 1979, then banned completely in 1987.

■ The pesticide, considered a probable human carcinogen, is highly persistent and mobile in the environment -- that is why it is still showing up in water supplies.

■ Monitoring waivers -- an option under current regulations -- can reduce monitoring costs in places where a chemical is unlikely to pose a contamination problem. To use this option, a State must gain EPA approval of a program for evaluating the vulnerability of water supplies. Through waivers and other flexibilities Wisconsin is reducing monitoring costs by \$15 million. Other States are expected to reduce monitoring costs for some regulations by up to half or more.

* States with detections: Alabama, California, Colorado, Massachusetts, North Carolina, Pennsylvania, Delaware, North Dakota, New Mexico, New York, New Jersey, Ohio, Georgia, Tennessee, Texas, and the Virgin Islands (counted as a State).

Question: EPA has proposed a \$20 million increase in appropriations for nonpoint source (NPS) pollution programs. But that's under current law. The new Clean Water Act will take a more aggressive approach to nonpoint, imposing new responsibilities on farmers, ranchers, and others. These new responsibilities must be matched by new resources. How does the Administration propose to help farmers and ranchers fully meet their responsibilities under the proposed nonpoint programs of a new Clean Water Act?

Answer: The Administration's FY 1995 budget request of \$100 million for Section 319 grants is a full doubling of the base amount from FY 1993 and before. This increase was proposed with an understanding that NPS controls are the next critical step for addressing water quality problems.

The Clinton Clean Water Initiative proposes a measured, targeted approach to strengthening State NPS programs and requirements for existing NPS problems from all sectors: including agriculture. We would like States to target efforts to address existing NPS problems to watersheds identified as threatened or impaired watersheds, not all watersheds, and to manage new nonpoint sources state-wide. States may continue to use proven voluntary and incentive-driven approaches, backed up by State and local compliance mechanisms.

The voluntary element of this approach will require leadership and support at the Federal, State, and local levels of government to address successfully the water quality issues identified by the States under this proposal. The appropriate agencies will need to be actively involved, providing assistance and guidance to those seeking to adopt changes designed to protect and restore water quality. The Administration recognizes that Congress will need to be a partner in the effort to provide the necessary resources to work with the States as they address these water quality issues.

While our 1995 budget request for nonpoint source grants under section 319 includes a \$20 million increase in recognition that EPA should do more to help States to implement their nonpoint source programs. EPA and States do not and should not act alone in implementing nonpoint source programs. The Soil Conservation Service, the Extension Service, the Agricultural Stabilization and Conservation Service, the Forest Service and the Bureau of Land Management are but a few our partners within the

Administration for conserving soil, protecting range, and protecting water quality. Farmers and ranchers currently draw on the educational, technical, and financial assistance programs of these and other agencies, and farmers and ranchers would continue to do so to help meet any nonpoint source requirements of a reauthorized Clean Water Act.

RURAL WATER TECHNICAL ASSISTANCE

QUESTION: In the FY 1995 budget request, enforcement of drinking water regulations receives a 13% increase while technical assistance to small and rural communities sustains a \$6 million dollar decrease. What kind of message does it send to increase enforcement and decrease technical assistance at a time when small systems are being overwhelmed by the demands of complying with the Safe Drinking Water Act?

ANSWER: The increase in enforcement is needed to deal with the increased workload from the Surface Water Treatment Rule and the Lead and Copper Rule. The decrease in technical assistance to small and rural communities reflects the completion of the Congressionally-directed add-ons for the National Rural Water Association (NRWA) and the Rural Community Assistance Programs (RCAP), as well as a decrease in Agency support of these organizations. Our position reflects the Agency's effort to achieve maximum leverage with limited resources. Although the Agency supports the work done by NRWA and RCAP, and recognizes the need for technical assistance to small systems, we believe these organizations can and should secure additional funding through organizational dues, training fees and other mechanisms.

SEPW Questions for the Record

Lautenberg 1: ATSDR was created by Congress to be an independent Agency. With their budget process controlled by EPA, how does the process allow ATSDR to be a truly independent Agency? How could the process work so that ATSDR will truly have independent Superfund budget authority?

Answer: Under the current process ATSDR submits its Superfund budget request to EPA for consideration in our submission to OMB. This procedure is used for all agencies that receive funding from Superfund. While there have been some difficulties in the past coordinating the request, the Agency is establishing a process by which both ATSDR and NIEHS will be assured a fair hearing and access to EPA decisionmakers (see attached letters from EPA Assistant Administrator Elliott Laws to Barry Johnson, ATSDR and Ken Olden, NIEHS).



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

OFFICE OF
SOLID WASTE AND EMERGENCY
RESPONSE

Barry L. Johnson, Ph D
Assistant Surgeon General
Assistant Administrator
Agency for Toxic Substances and Disease Registry
1600 Clifton Road, N.E. (E-28)
Atlanta, GA 30333

Dear Dr. Johnson.

Thank you for your letter of October 29 to Bob Sussman concerning ATSDR's Superfund budget. As my office is charged with negotiating and defending the ATSDR request, Bob asked that I respond to your concerns. I fully understand your frustrations with the budget process, and I am committed to working with you and your staff to implement much needed improvements.

As you know, recent Superfund budget reductions have made it more difficult to maintain support for even the highest priority activities. In this constrained budget environment, I appreciate the need to receive a fair hearing and the desire to be kept apprised of key developments as the budget moves through the formulation process.

I propose an annual meeting at the Assistant Administrator level, prior to our budget submission to the Administrator, to discuss your priorities and the resources required to address them. We could also use this meeting as an opportunity to share with you the most current guidance on the budget formulation process, including any targets established by the Administrator. Please be assured that we will keep you apprised of decisions affecting your request throughout the budget process. By increasing communication between our two agencies, we will be better prepared to represent your interests to the Administrator, OMB, and the Congress.

I look forward to meeting with you on December 10 and answering any remaining concerns you may have about the FY 1995 budget. If your budget staff wish to discuss my proposal in more detail, please have them contact my senior budget officer, Susan Absher, at (202) 260-4526.

Sincerely,

Elliott P. Laws
Assistant Administrator



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UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

FEB 4 1994

OFFICE OF
SOLID WASTE AND EMERGENCY
RESPONSE

Kenneth Olden, Ph.D., Director
National Institute of Environmental Health Sciences
P.O. Box 2233
Research Triangle Park, NC 27709

Dear Dr. Olden: *Ken*

As EPA prepares to send its FY 1995 budget request to the Congress, I wanted to take the opportunity to discuss your budget and propose a process for developing future requests.

With regard to your FY 1995 budget, we are requesting \$41,846,300. While this is less than you have received in recent years, I have had to make reductions in many areas in developing a budget that is nearly \$100 million lower than our enacted FY 93 level. Despite this, I am confident that NIEHS will be able to address the core needs of the program as it has done in the past. In developing the request, we have provided full funding for the worker safety training program.

With respect to the formulation process, I propose an annual meeting between our senior decision makers, prior to our budget submission to the EPA Administrator, to discuss your priorities and the resources required to address them. We would also use this meeting to share with you the most current budget guidance, including any growth targets established by the Administrator. By increasing the communication between our agencies, I believe we will be better prepared to represent your interests to the Administrator, OMB, and the Congress.

I look forward to discussing this new process and other opportunities for enhancing communication between our two agencies. If your budget staff wishes to discuss my proposal or the FY 1995 request in more detail, please have them contact my senior budget officer, Susan Absher, at (202) 260-4526.

Sincerely,

Elliott P. Laws
Elliott P. Laws
Assistant Administrator

We've set up a similar process with ATSDR. I hope this is another step in having all our agencies work closer together!



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Lautenberg 2: Over the past six years EPA has recommended a level program budget of approximately \$42 M for ATSDR. For FY 1995 EPA has recommended \$57 M which is \$10 million less than Congress appropriated. ATSDR submitted a budget request in excess of \$80 M reflecting the growing need for support for health activities from communities around Superfund sites. How does EPA prioritize Superfund activities, and where is the ATSDR budget for health activities in that prioritization scheme?

Answer: The prioritization process for Superfund is similar to that used for other programs within the Agency. Each year Agency senior management evaluates proposed areas of investment and disinvestment from the Superfund stakeholder offices within EPA. The proposals are evaluated in light of overall budget constraints and decisions reflect changing priorities and the development of the program. As an example, in the FY 95 President's budget resources for site assessments have been reduced to reflect an emphasis on site completions consistent with a more mature program. In addition, funds have been increased for removal "early actions" to reflect implementation of the Agency's accelerated cleanup model with its focus on early risk reduction.

The Agency places a very high priority on ATSDR's health activities and believes that the budget request reflects this. As you have noted, the request is substantially greater than in prior years. It is anticipated, however, that with fewer sites being listed on the National Priorities List (NPL) the demand for health assessments will be reduced in the near-term. In addition, while ATSDR's health education/outreach activities are a valuable tool in disseminating health information, they are less directly related to site cleanups than other ATSDR activities and some scale back may be necessary if we are to maintain our emphasis on site completions. Finally, with the overall Superfund appropriation having decreased each year since FY 1992, it is increasingly difficult to maintain the current levels of funding for ATSDR given competing priorities.

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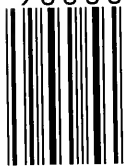


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