AGENCY BUDGETS AND PRIORITIES FOR FISCAL YEAR 2006

(109–3)

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BEFORE THE

SUBCOMMITTEE ON
WATER RESOURCES AND ENVIRONMENT

OF THE

COMMITTEE ON
TRANSPORTATION AND
INFRASTRUCTURE
HOUSE OF REPRESENTATIVES

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AGENCY BUDGETS AND PRIORITIES FOR FISCAL YEAR 2006

Wednesday, February 16, 2005

HOUSE OF REPRESENTATIVES, COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE SUBCOMMITTEE ON WATER RESOURCES AND ENVIRONMENT, WASHINGTON, D.C.

The committee met, pursuant to call, at 2:00 p.m., in room 2167, Rayburn House Office Building, Hon. John Duncan [chairman of the subcommittee] presiding.

Mr. DUNCAN. I want to welcome everyone to this first meeting of the Water Resources and Environment Subcommittee in the 109th Congress. With this new Congress, I am pleased that I have a new Ranking Member, one of my best friends in the Congress, Congresswoman Eddie Bernice Johnson.

I have had the privilege of developing some really close friendships with the Ranking Members that I have had, both when I chaired the Aviation Subcommittee and this Subcommittee. I know that I am certainly looking forward to working with my friend, Congresswoman Johnson.

We also have several new members on both sides of the aisle. On our side, we have Congressman Tom Osbourne from Nebraska, Congressman Ted Poe from Texas, Congressman Connie Mack from Florida, and Resident Commissioner Lewis Fortuño, who represents the Commonwealth of Puerto Rico.

Then, of course, we have Congressman Charles Boustany, who represents the Seventh District of Louisiana, and who is going to serve as Vice Chairman of the Subcommittee. I would now like to introduce Congresswoman Johnson to mention her new members.

Ms. Johnson. Thank you very much, Mr. Chairman. I am pleased to join you as a part of the leadership team for this Subcommittee, and I could not have had a better leader. In the many years that I have had the pleasure of working with you on the Committee on Transportation and Infrastructure, you have displayed fairness and a cooperative spirit exceeded by no one. Over the next two years, I look forward to working closely with you to address the Nation's water resources issues.

We on the Democratic side of the aisle are also pleased to have several new House members on the Subcommittee. Representative John Salazar represents the Third District of Colorado. He brings years of first-hand water resource experience from his years in agriculture.

Representative Brian Higgins represents New York's 27th District, a Congressional District on the Great Lakes, that has been

represented on this Committee since at least 1975. Representative Allison Schwartz represents Pennsylvania's 13th District, and brings to the Subcommittee substantial experience from the Pennsylvania State Senate.

Representative Russ Carnahan, I see he has not come in, yet. I will go ahead and introduce him, even though he has not arrived. He represents the Third District in Missouri, where he succeeds former Democratic leader, Richard Gephart and his grandfather, who also served in the house.

So I am very pleased to welcome all the new members to the Subcommittee. Hopefully, we will see the successful enactment of a Water Resources Development Act, and a renewed and invigorated Federal commitment to clean water at Infrastructure this year. That might be wishing too much, but we will try.

I also look forward to working with you on other issues before the Subcommittee. Today, the Subcommittee has the opportunity to discuss the President's budget proposal for fiscal year 2006 with representatives of the Environmental Protection Agency and the National Oceanic and Atmospheric Administration.

This is the first of two hearings, with representatives of the Corps of Engineers and other agencies within this Subcommittee's jurisdiction testifying on March 10th.

Oversight of executive agency budget's and priorities is critical to Congress performing its Constitution responsibilities to ensure the effectiveness of the programs we create and to meet the expectations of our constituents.

Unfortunately, the witnesses before the Subcommittee today will have a difficult time convincing me that this budget adequately meets the Nation's needs and expectations for the investment, critical infrastructure, and protection of human environmental health.

But the for EPA, that was before a committee that I was on earlier today, the budget request represents a reduction of over a half billion dollars, or seven percent; the lion's share which comes from cuts to vital water and waste water infrastructure programs.

The Congressional Budget Office, the Water Infrastructure Network, and even EPA itself, have each documented that State and local governments need as much as $10 billion annually, over and above currently expenditures, to meet waste water infrastructure needs over the next 20 years

Yet, this budget proposes to eliminate $370 million in Federal grants to States for Revolving Loan Funds, as well as to eliminate $310 million in Federal spending for high priority water, waste water, and storm water projects.

The Superfund Program fairs no better. Since the beginning of this Administration, EPA has completed barely one-half of the annual number of Superfund cleanups, when compared to the previous Administration. In just five years, the pace of cleanup has slowed from an average of 73 sites per year to just over 40.

The budget also proposes that virtually all Federal spending for the Superfund Program will be from the general taxpayers, and continues the alarming trend of collecting fewer and fewer cost recoveries from responsible parties. Gone are the days when the Superfund was a true Polluter Payers' Program.

I know the Subcommittee will hear the explanation that close to 70 percent of the funding is from private parties and, therefore, "Polluter Pays" is still in effect. This ignores that the Superfund trust fund is also supposed to be "Polluter Pays." However, this budget calls for $1.2 billion in general revenues and nothing from the oil and gas, chemical, or the general business community.

Since the Superfund taxes expired in 1995, the oil and gas chemical and business communities have enjoyed a $4 million a day tax break, costing the trust fund over $13 billion. Now that the trust fund is empty, individual taxpayers have been asked to contribute an additional $3.6 billion to clean up the toxic waste sites of the Superfund Program.

In January of 2004, EPA's Inspector General's Office released a report highlighting how limited funding for the Superfund Program has significantly reduced the program's ability to clean up the Nation's most toxic sites. This was followed by a statement by a witness today, Mr. Dunne, who suggested that it might be appropriate to stop adding sites to the Superfund Program because of funding limitations.

It is disingenuous to blame a lack of resources as the reason for slowing the pace of cleanup at the same time the Administration has slowly starved the Superfund trust fund through failing to adequately collect cost recoveries and failing to call for a reinstatement of the taxes to fund the trust fund.

EPA also argues that a major cause for the decline in cleanups comes from the fact that many of the larger, more complex Superfund sites are reaching the construction phase, and as a result, they are placing a greater burden on the total Superfund budget.

Most of these sites have been in the Superfund pipeline for decades. It should come as no surprise that additional cleanup dollars are required to address the sites. Yet, for at least the past five years, EPA's Superfund budget has been declining; failing even to keep pace with inflation.

Mr. Chairman, I am also concerned at the Administration's failure to adequately fund other important programs within the jurisdiction of this Subcommittee. The Administration's budget inadequately funds EPA's Nonpoint Source Program, despite recognition that nonpoint sources of pollution are the single largest source of impairment to the Nation's rivers, lakes, and near coastal waters.

The budget proposes to eliminate the National Oceanic and Atmospheric Administration's Coastal Nonpoint Pollution Control Program, a program that has demonstrated a great potential in improving coastal water quality and reducing the likelihood of unsafe beach conditions and closures.

The Administration's budget underfunds the brownfields sites assessment and cleanup programs, while asserting that the budget fully funds brownfields cleanup. The Brownfields Program is critical to areas such as mine in Dallas County, Texas. Brownfield redevelopment creates jobs and opportunities, while making use of existing roads, water, and sewage, as well as mass transit.

The President made this his first environmental priority upon his election. It is really time for us to ask him to fully fund it.

Mr. Chairman, we cannot to continue to under-invest in our Nation's infrastructure or its environment. We have an obligation to previous generations to take care of the infrastructure and resources that they presented to us, and keep the economy moving forward. Yet, we also have an obligation for future generations to provide a cleaner, safer and more secure world for them to live. I look forward to today's testimony. Thank you for your attention.

Mr. DUNCAN. Well, thank you very much, Ms. Johnson. I, too, look forward to a very productive year. I earlier introduced some of the new members, but we have been joined by Mr. Fortuno from the Commonwealth of Puerto Rico. We are certainly honored to have you with us. Then also we have some of our great veteran members: Mr. Gilchrest, Mrs. Kelly, Mr. Miller, who have been outstanding members, and Mr. Bishop joined us on the other side.

As for the legislative agenda of this Subcommittee, we will first focus on completing the Water Resources Development Act of 2005. We passed this bill through the House in the last Congress with overwhelming support, but the Senate did not finish its job.

Fortunately, the Senate has already started to work on their Water Resources Development Act, and I think we will be able to move this major legislation very quickly, or maybe not very quickly, but fairly quickly and get it to the President some time this year.

I want to remind all members that the Committee has established a deadline of March 2nd for submission of WRDA requests. That can be a wide variety of requests. If there is any confusion about that, come see us.

Our second priority will be to address our Nation's wastewater infrastructure needs. I expect we will get into that somewhat at the hearing today.

The subcommittee also will focus on Good Samaritan legislation to remove barriers to abandoned mine cleanups and legislation on controlling invasive species and on improving implementation of Clean Water Act permit programs.

Today's subcommittee meeting is a hearing to examine the budgets and priorities of the Environmental Protection Agency and the National Oceanic and Atmospheric Administration.

Next month, on March 10th, we will hear from the Corps of Engineers which is a major part of the work here, and the work that the Corps of Engineers does, the Civil Works Program. We will also have the TVA, the Natural Resources Conversation Service, and the St. Lawrence Seaway Development Corporation.

I, of course, support the President's efforts to get Federal spending under control. But I think there will be problems with some of his choices about where to spend the money.

It is inevitable that the Administration's priorities and Congressional priorities will not always coincide and there will be some give and take. But for the EPA and NOAA programs that fall within the jurisdiction of this Subcommittee, I like to think that we have the same goals, protecting our environment in a cost effective way.

With that goal in mind, I continue to be very surprised that any Administration would propose cuts to the Clean Water Act SRF

Program. This seems to happen every year, no matter who is in the White House.

But the SRF Program is and has been one of the most cost effective programs in the Government. For every dollar the Federal Government invests, more than $2 is made available for environmental improvements. In fact, the Federal Government investment of $22 billion in the SRF has led to the creation of Revolving Loan Funds totaling $52 billion. That is not pie in the sky money. Those are actual realistic figures.

In fiscal year 2004 alone, the SRF Program provided over $4.6 billion in loans for sewer upgrades and for other water quality improvements around the country. This sounds like a lot of money, but as Ms. Johnson said, the needs are even greater.

We have made great improvements. We passed a resolution talking about what we have done since the first Clean Water Act was passed 30 years ago. But no one wants to go back to the days when rivers caught on fire. There has to be a shared commitment to make the needed improvements to our wastewater infrastructure. That means local, State, and Federal investment in this area must continue to increase.

For the Superfund Program, the overall budget request of $1.28 billion is $29 million more than the enacted level, but that increase is not directed for the ground cleanup activities. So we need to look into that.

There are several other things that we are going to get into, but I want to get on into this hearing. I will tell you that ordinarily on this Subcommittee, we give very short opening statements. Ms. Johnson and I both have gone a little bit longer here today, because this is the first meeting.

Also, for the new members, as a courtesy for those who show up on time and as a courtesy to our witnesses, I always start this Subcommittee exactly on the minute, if not sooner, unless there is a vote going on. That is partly because I have been to so many committee and subcommittee meetings that start 15 or 20 minutes late. Whether it makes any different to you or not, you can count on this Subcommittee starting right on time.

Does anybody else have any opening statement they wish to make at this time before we introduce the witness? Yes, go ahead, Mr. Salazar.

Mr. SALAZAR. Thank you, Mr. Chairman, I would first of all like to recognize you and Ranking Member Johnson for your leadership on water issues. I am pleased to be a part of this important subcommittee, and I look forward to working with you in the 109th Congress.

As we look towards the budget priorities of fiscal year 2006, I ask that each of us here today keep in mind the needs of rural communities throughout America. I am concerned about the proposed budget impacts of the EPA and its ability to do an effective job.

Local water quality is dramatically impacted by existing water infrastructure. By cutting funding for programs like the Clean Water State Revolving Fund, we make it hard for smaller communities, for rural communities, to invest in infrastructure improvements.

I understand that this budget requests only $730 million in capitalization grants for the State Clean Water Programs, or $360 million less than what was allocated in 2005.

As a man who works and lives on the land, I can attest to you, water is the life blood of many of these communities. Whether it is for drinking or irrigation needs, we must do what we can to protect our national resources.

Mr. Chairman, I know that we will be hearing from these agencies shortly and I will have an opportunity to ask questions. I just want to re-emphasize my concern about proposed cuts to the programs that are so important to the States and to the local level. I thank the witnesses who are here today, and I look forward to hearing from you and starting a dialogue on these important issues; thank you.

Mr. DUNCAN. Thank you very much, Mr. Salazar. Mr. Miller?

Mr. MILLER. Yes, Mr. Chairman, considering the time, I will just place my opening statement into the record. That way we can get closer to testimony.

Mr. DUNCAN. All right, does anybody else have anything? Mr. Bishop?

Mr. BISHOP. Thank you, Mr. Chairman, I will make a very brief opening statement. I want to thank you and the Ranking Member for holding this hearing.

I need to say that I am deeply concerned by the budget proposals that we are now considering. It seems to be that these proposals sacrifice the long-term health of our environment and the protection of our coastal communities for what really is nothing more than short term and insignificant reductions in the deficit.

I am distressed by the Administration's continuing retreat from the protection of our environmental resources under the pretense of expanding economic growth. As someone who represents over 300 miles of coastline and numerous communities that depend on tourism and a pristine local environment for its economic health, I fail to see the correlation between decimating our shoreline and growing the economy.

Many of the proposed cuts will affect members of my constituency on Long Island. This Administration's budget has specifically targeted Long Island Sound restoration funding by drastically slashing this program.

The budget also proposes funding cuts for the National Estuaries Program throughout the country. My district is home to two estuaries that rely on this funding to maintain their pristine environmental qualities.

The President's budget message talked about significant spending reductions or outright elimination of programs that are falling short. So I would ask or I would hope that in the testimony that we are about to hear, that you will detail for us the specific measures that you have used to determine that certain of these programs, particularly the Long Island Sound Study Program, are falling short of their objectives.

Thank you, Mr. Chairman, I await the testimony.

Mr. DUNCAN. Thank you very much. Does anybody else want to say anything?

[No response.]

Mr. DUNCAN. All right, thank you very much, we are then ready to go to the witnesses. We are pleased to have a very distinguished panel here this afternoon.

First, we have the Honorable Benjamin H. Grumbles, a former member of the staff of this Subcommittee, and a very knowledgeable man in this area, who is the Assistant Administrator for Water at the Environmental Protection Agency.

We have the Honorable Thomas Dunne, who is the Deputy Assistant Administrator for Solid Waste and Emergency Response from the Environmental Protection Agency.

We have Dr. Richard W. Spinrad, who is the Assistant Administrator of the National Ocean Service of the National Oceanic and Atmospheric Administration.

Gentlemen, we are pleased to have all three of you with us. Your full statements will be placed in the record. We ask that witnesses limit their opening testimony to five minutes. We give you six minutes, but then we cut you off, in courtesy to the other witnesses and to the members who wish to ask questions.

We always proceed in the order in which the witnesses are listed on the call of the hearing. That means, Mr. Grumbles, you will go first.

STATEMENTS OF THE HONORABLE BENJAMIN H. GRUMBLES, ASSISTANT ADMINISTRATOR FOR WATER, U.S. ENVIRONMENTAL PROTECTION AGENCY; THE HONORABLE THOMAS P. DUNNE, DEPUTY ASSISTANT ADMINISTRATOR FOR SOLID WASTE AND EMERGENCY RESPONSE, U.S. ENVIRONMENTAL PROTECTION AGENCY; DR. RICHARD W. SPINRAD, ASSISTANT ADMINISTRATOR, NATIONAL OCEAN SERVICE, NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

Mr. GRUMBLES. Thank you, Mr. Chairman, it is always an honor to appear before the Subcommittee in representing the EPA Office of Water, in particular. So I am pleased to be here before you, Congresswoman Johnson, and the other members of the Subcommittee, to talk about the National Water Program and the President's budget request for fiscal year 2006.

I would note that this budget is $2.8 billion. It represents approximately 38 percent of the Agency's budget request. We believe that it will advance our efforts, and those of our State and local and Tribal partners, to ensure the Nation's waters are clean, safe, and secure.

What I would like to do is focus on a couple of basic points in the limited amount of time I have. One of them is that there is no question that a budget requires tough decisions.

So we feel that we are making responsible decisions to put priority on key areas and on core programs. The continued success of the Clean Water Act relies on continued investments in the infrastructure and watershed-based approaches and regional collaborations.

The budget request includes $231 million in grants under the Section 106 Program, which is a core program to provide assistance to the States to administer Clean Water Act authorities.

There are three areas I would like to mention, Mr. Chairman, that I think reflect our priorities in the National Water Program. One of them is monitoring.

The President's budget request includes $24 million in new money over a two year period. That is specifically $7 million additional funding for fiscal year 2006, specifically for improved water quality monitoring to help States, localities, the Agency, and the American public understand the status and trends of the Nation's water quality and to be able to make smart decisions with limited resources, and where to get priorities and what areas to focus on.

The other area I would like to focus on is infrastructure. This committee certainly knows the value of water infrastructure and so does EPA. We are requesting $730 million for the Clean Water State Revolving Fund Program. I certainly recognize that is an area where some, particularly in this room, feel there should be more.

I would say to the Committee that the Administration's approach is that, as it was originally envisioned, when this Committee wrote the 1987 amendments, the State Revolving Fund would over time actually revolve and not have to rely on Federal seed money after a certain period of time.

We are making a $6.8 billion commitment that, if $730 million is appropriated over the years, eventually the fund will revolve on its own at $3.4 billion. We think it is a continued step forward. We recognize that there is far more that needs to be brought to the table in terms of State and local resources, full cost pricing, and asset management.

One of our highest priorities, Mr. Chairman, is to focus not only on the supply side of the equation, where the Federal dollars or the local dollars are going to come from, but also on the demand side: water use efficiency, water conservation, and asset management. We are committed to that.

I would note that one of the Agency's priorities is to continue to work with our local partners on ways to better manage their facilities and to take advantage of conservation pricing; or, to explore working with the Department of Energy and the Energy Star Program on ways, through voluntary measures, to reduce costs through water use efficiency, water conservation.

I would also like to focus on the all-important point of watershed based approaches. That is one of our four pillars to sustainable infrastructure. But it is probably the most important approach to the successful implementation of the Clean Water Act.

Watershed restoration means bringing together in a collaboration, whether regional or local, all the key players, to focus on the tools that are available under the Clean Water Act, and to pursue innovations and cost-effective measures.

Through a focus on watersheds, we are very pleased with the Targeted Watersheds Grants Program. We are requesting $15 million for that. We think that is a powerful engine for innovation, for trading, for accelerating restoration of impaired waters and watersheds.

The other key point is regional collaborations. One of the highest priorities of the Agency and the Administration, when it comes to water, is the Great Lakes. This involves continuing the regional

collaboration of national significance, the Great Lakes Legacy Act. We are seeking the full amount authorized for clean-up, $50 million under the Act, and that is extremely important to us.

The last point is wetlands. Wetlands is a key part of any responsible management of a watershed. The President made a fundamental shift from simply a no-net loss goal to an overall gain goal last Earth Day, and we are committed to helping in that regard.

We are requesting $20 million, a 33 percent increase in the Wetlands Grants Program, to help us accelerate progress, respect property rights, respect the regulated community; and through regulatory and non-regulatory measures, advance the ball on wetlands and watershed protection.

Thank you, Mr. Chairman, I appreciate your patience and look forward to answering any questions.

Mr. DUNCAN. Thank you, very much; the Great Lakes Legacy Acts was one of the bills that we passed through this Subcommittee and full committee.

I welcome back the veteran members and introduced a couple of new ones that had come in on our side. Did we introduce Mr. Schwartz? Okay, good, I wanted to make sure of that. Also, Mr. Baird has come in and joined us, as well.

Next, we will hear from Administrator Dunne.

Mr. DUNNE. Thank you, Mr. Chairman and Members of the Subcommittee; I am Tom Dunne, EPA's Deputy Assistant Administrator for the Office of Solid Waste and Emergency Response.

I am pleased to appear before this Subcommittee to discuss the President's Fiscal Year 2006 budget request for the Superfund, Brownfields, and other programs that fall within my office.

The President's budget request provides the necessary funds for EPA to carry out its mission efficiently and effectively, to protect human health and safeguard the environment. The budget request maintains funding for the Superfund Cleanup Program, and includes an increase for Homeland Security efforts in our Office of Emergency Management. The budget request also includes a significant increase for the Brownfields Program.

The Superfund Program continues to face unprecedented problems. EPA is faced with a large number of costly, complex sites that are taking up a large portion of our construction budget.

In the past fiscal year, nine sites used more than 52 percent of the construction contract budget. I want to assure you that we are managing this challenge through aggressive contract management. We have been able to supplement EPA's site construction funding by de-obligating more than $500 million over the past four years.

As of January 2005, cleanup construction has been completed at 927 private and Federal Superfund sites, and 94 percent of Superfund sites have either cleanup construction underway or have completed cleanup construction.

The Superfund budget request will also fund EPA's Removal and Emergency Response Program. To date, EPA has completed more than 8,200 removal actions at toxic waste sites to immediately reduce threats to human health and the environment.

The President's budget also requests an increase in the Brownfields Program for a total of $210,000,000. This represents

nearly a $47 million increase from Fiscal Year 2005 appropriated levels.

The increase in the budget request will enable EPA to further enhance State and Tribal response programs that restore and reclaim contaminated and blighted brownfield sites.

EPA estimates that the President's budget request could fund up to 1,000 brownfield site assessments, 60 cleanups, and leverage roughly $1 billion in cleanup and redevelopment.

The budget request also provides OSWER's Oil Spill Program $2.3 million. The Oil Spill Program focuses on preventing oil spills, reducing the risk of hazardous exposure to people in the environment, and responding to oil spills, where necessary.

EPA evaluates as many as 13,000 spills each year to determine if assistance is required; and on average, EPA takes emergency actions to respond to oil spills at approximately 300 sites per year.

Mr. Chairman, I want to thank you for the opportunity to discuss some of these important EPA programs that are entrusted to my office. I look forward to working with you and your committee as we work toward our mutual goal of protecting human health and safeguarding the environment. Thank you, Mr. Chairman.

Mr. DUNCAN. Thank you very much, Administrator Dunne. You mentioned, of course, Superfund and the Brownfields, which we get into on this Subcommittee.

I will tell some of the newer members that we passed through this Subcommittee about three years ago in 2002 the Small Business Liability Relief and Brownfields Redevelopment Act. That is one of the things, of course, that you mentioned. But that is already doing a lot of good, I think, in a lot of places around the country.

We have now been joined, in addition to other members I have mentioned, by Congressman Osborne. We did introduce you earlier, but we are certainly glad to have you on the Subcommittee.

Next, we will go to the third witness for today, Dr. Spinrad.

Dr. SPINRAD. Thank you, Mr. Chairman and Members of the Subcommittee. I am Rick Spinrad, the Assistant Administrator of NOAA for Ocean Services and Coastal Zone Management. On behalf of NOAA Administrator, Vice Admiral Conrad Lautenbacher, thank you for inviting NOAA to testify today on our Fiscal Year 2006 budget request and priorities.

First, I will speak to NOAA's responsibilities under both the Superfund Act and the Oil Pollution Act of 1990. NOAA has the responsibility to protect and restore coastal resources when threatened or injured by releases of oil or hazardous substances.

Specifically, NOAA's Office of Response and Restoration implements CERCLA and OPA mandates by providing an interdisciplinary scientific response to releases of oil, chemicals, and other contaminants; protecting and restoring NOAA trust resources; and extending core expertise to address critical local and regional coastal challenges as they arise.

In Fiscal Year 2006, the President is requesting $17.6 million for response and restoration activities to meet our responsibilities under CERCLA and OPA to protect and restore injured coastal and marine resources.

Funding in 2006 will continue to support damage assessment and restoration efforts for sites such as the Hudson River in New York, Commencement Bay in Washington, and the LCP chemicals hazardous waste site in Georgia.

NOAA will provide technical assistance, training, and support to States and communities to strengthen local and regional capabilities to restore or redevelop contaminated sites and port areas.

The Fiscal Year 2006 request also provides funding for the Great Lakes Region under NOAA's fisheries habitat restoration line item. This funding will expand NOAA's capabilities in the Great Lakes Region, providing a focused effort on habitat protection and restoration, through an ecosystem-based approach.

The second area I would like to focus on today is the Coastal Nonpoint Pollution Control Program. Polluted runoff from growing urban areas, septic systems, farms, forestry operations, and other land uses remains a major threat to our coastal areas.

NOAA anticipates playing an important role in the implementation of the President's U.S. Ocean Action Plan, which identifies several initiatives to reduce nonpoint source pollution in coastal watersheds.

For example, in Fiscal Year 2005, NOAA and EPA, in partnership with other Federal agencies, will initiate a series of community workshops to improve integration and coordination of the Coastal Zone Management Act and the Clean Water Act and other Federal programs.

NOAA works closely with EPA to ensure that coastal States have the tools necessary to effectively manage nonpoint sources of pollution. Thirty-three of the thirty-four States and territories that participate in the Coastal Zone Management Program now have either conditionally or fully approved coastal nonpoint programs.

The Administration recognizes the important role that State coastal management programs can play in addressing coastal nonpoint pollution problems. NOAA will continue to leverage our resources by working closely with EPA and other Federal partners to apply NOAA's expertise in coastal management to nonpoint pollution issues and programs.

The next two areas I would like to focus on today are the NOAA programs and activities related to harmful algal blooms (HABs) and hypoxia.

Virtually every coastal State has reported reoccurring major blooms, and a recent national assessment revealed that half of our Nation's estuaries experience hypoxic conditions at some point each year.

NOAA, working closely with our partners, has made considerable progress in the ability to detect, monitor, assess, and predict HABs and hypoxia in coastal ecosystems. For example, NOAA implemented the first operational HAB forecasting system along the West Coast of Florida in 2004.

The President's Fiscal Year 2006 budget requests $8.9 million in funding for HAB and HABHRCA-related research. Through the Inter-Agency Task Force on Harmful Algal Blooms and Hypoxia, NOAA will provide guidance for existing research programs, for addressing the research needs in the Great Lakes, and the development of new programs in the areas of prediction, response, and re-

search, as well as development, demonstration, and technology transfer.

The last area I will speak to today is NOAA's request for aquatic nuisance species activities. The Fiscal Year 2006 President's budget requests a total of $7.9 million to continue NOAA's work to prevent the spread of invasive species. The 2006 funding request assumes continued support for the invasive species research and outreach projects selected through a national competition in fiscal year 2005.

A vital part of the 2006 request is $2.5 million for the Aquatic Invasive Species Program, which focuses on early detection, monitoring, and control of aquatic invasive species, including an interagency crosscut initiative led by NOAA, the United States Geological Survey, and the Smithsonian's Environmental Research Center.

NOAA is leading the development of an early warning system for coastal and marine invasive species through its National Centers for Coastal Ocean Science. Once this early warning system is tested in Hawaii, it will be expanded to include other regions of the United States.

Mr. Chairman, thank you again for inviting NOAA to participate in today's hearing. At this time, I would be glad to answer any questions; thank you.

Mr. DUNCAN. Well, thank you very much, Dr. Spinrad, and we thank all of the witnesses. I had divided my opening statement up into two different parts. So sometimes I go first on the questions and sometimes I go last. Today, I am going to go last, since I have spoken twice.

I will say, though, for some of the members who were not here for that part of my statement, that one of the first big things we are going to concentrate on is our Water Resources Development Act. The committee has set a March 2nd deadline of any requests. So if there is any type of a water project or work that is needed to be done in your district, you might try to let us know before March 2nd.

I will go first though and yield my time for questions at this time to Mr. Gilchrest.

Mr. GILCHREST. Thank you, Mr. Chairman.

Mr. Grumbles, I have a comment and two quick questions. My comment is, I think my staff has already contacted you to talk about the Chesapeake Bay Program. It has been in effect almost 20 years now. The Bay is steady, but not improving.

So what I would like to talk to EPA about is how to reform the program so that the dollars that are spent can be more oriented towards specific restoration activities, as opposed to ongoing bureaucracy, research projects, and things like that.

Out of the $20 million a year that we have seen, only a fraction of that actually gets put into grants for restoration projects; whether it is planting trees, purchasing of easements, and things like that.

There is $800 million annually from all of the different States. But it so fragmented, so diffuse, that that money does not have any specific goal. Of course, the watershed from New York to Virginia is 95 percent private property. So it enhances the difficulty of the restoration.

But I would like to have an ongoing discussion with EPA about how to reform that to get all those dollars. Because you talked about investment in infrastructure. If we could make human infrastructure compatible with nature's infrastructure, nature would do a lot more than a sewage treatment plant. It is a matter of how much filtering you get out of a 100 acres of trees versus one sewage treatment plant.

Anyway, those are the kinds of things that I would like to talk about; a pretty major reform of the Chesapeake Bay Program.

The question is, in part of your program, you talk about $24 million for a probabilistic monitoring of water quality. What I have written seems to be somewhat different from TMDLs. Could you comment on what the difference is?

Mr. GRUMBLES. Sure, I would, and I also would just say that I look forward to working with you and your colleagues on further efforts on Chesapeake Bay Restoration, and I recognize your leadership in that effort, legislative with bills and also oversight.

One of the benefits of the $24 million monitoring investment will be better TMDLs. It will also benefit State officials, and local water resource managers, who will have a better sense of what waters are impaired, and which ones are not meeting their designated uses.

But probabilistic sampling is a concept of a scientifically sound approach to get the best, most credible and statically valid assessment, without having a monitoring station at every single spot.

So it is trying to come up with the best, most accurate picture and perspective of the water quality, recognizing that some of those funds cannot just go towards monitoring. They need to go towards projects, implementation of efforts.

So that is one of the reasons why, for us, it is a priority, and the President's budget reflects that it is a priority. Improved monitoring, more tools for States and localities, can lead to better decisions and more effective projects down the road.

Mr. GILCHREST. Thank you, that sounds good.

Dr. Spinrad, as far as I can understand, there is no demonstration project for ballast water in NOAA's budget. The IMO, I think, has come up with standards for ballast water that are to be implemented in the International Maritime Industry in 2009. I do not know of standards that the U.S. has reached yet, either with NOAA or the Coast Guard. Could you comment on that?

Dr. SPINRAD. Yes, sir, and first, I would like to thank you, Congressman, for the support that you have provided in the development of many of the related programs associated with harmful algal blooms which, of course, have an association with some ballast water activities.

We have chosen, in NOAA, to focus our investments on those invasive species issues that are specific to monitoring and detection and forecast of the invasive species, as opposed to the ballast water technology activities.

Mr. GILCHREST. So are you leaving that up to the Coast Guard?

Dr. SPINRAD. We work closely with the Coast Guard. Obviously, we coordinate with them on their STEP Program. But by and large, other than the example of the additional resources provided in Fiscal Year 2005, which we have directed towards particular ballast

water activities, our emphasis has been on the monitoring and detection of those invasives.

Mr. GILCHREST. Thank you.

Mr. DUNCAN. All right, thank you very much, Mr. Gilchrest. Ms. Johnson?

Ms. JOHNSON. Thank you, Mr. Chairman.

Mr. Dunne, I agree with the President on the importance of the Brownfields Program in redeveloping under-utilized areas through the country. In my own city, Dallas, Texas, the city worked with EPA to re-develop 72 acres of abandoned rail yards, an old power plant, and an old meat processing plant, to make room for the American Airlines Center.

Since 2001, this area has been a major success story in Dallas, with significant re-development of commercial and residential living spaces growing up around the center.

This is the kind of success story that needs to be replicated throughout the country. Unfortunately, however, the President's budget for the Brownfields Program shortchanges communities on the availability of brownfields sites assessment and cleanup funding.

The budget identifies $210.1 million for brownfields. However, only $120 million is for actual assessment and cleanup. While the authorized amount is $200 million, the remaining $90 million in the budget appear to be destined to support bureaucracies of EPA and the States, and not actual assessment and cleanup.

If we were to re-allocate one half of the remaining $90 to assessment, would that not add another third of the 1,000 sites you expect to be assessed and another third to the 60 sites you expect to clean up in the coming year?

Mr. DUNNE. Congresswoman, $60 million of the request is going for State and Tribal programs. Almost all States are running Brownfields Programs, of which they also have funding mechanisms. It is also helping local communities in developing their own Brownfields Programs.

So I think the feeling is that the money that is being spent, or the $60 million that is being requested for States and Tribes, is well worth the investment. Because, in effect, you are funding the organizations that can help accelerate Superfund or brownfields cleanup and alternative sites at the local level.

Ms. JOHNSON. Thank you; Mr. Grumbles, the budget and your testimony refer to the Administration's desire to achieve a revolving level of $3.4 billion annually for the Clean Water Act State Revolving Loan Fund Program. What is the basis for this $3.4 billion number? What analysis went into developing that number, and what is the impact on that level of funding in addressing the identified funding gap?

Mr. GRUMBLES. Well, the Clean Water State Revolving Fund is a critically important tool. It is just one of the tools in the toolbox to address what we have documented as a very large national gap in infrastructure needs versus spending.

So the answer to your question is, the first basis that we used was the EPA Gap Analysis that we completed about two years ago. That laid out the most detailed information to date on the gap be-

tween projected needs over the next 20 years and also the likely expenditures.

What we did, Congresswoman, was we looked at the levels, the $21 billion gap that is documented in that report. We then made modeling estimates and projections. If you make assumptions about leveraging and the annual use of the State Revolving Loan Funds, if we continue to contribute Federal seed money, which we want to do, at what point nationally could those State Revolving Loan Funds actually revolve, as was intended in the 1987 amendment.

What that led us to conclude was that if we can net, up front, $6.8 billion over the years 2004 through 2011, then eventually the fund nationally would revolve at that level.

Ms. JOHNSON. Will it make the gap disappear?

Mr. GRUMBLES. No, it will not. Our projection is that if utilities pursue full cost pricing, if the four pillars of the Agency's approach are used, then we think that the gap could be closed. You know, it is an estimate. But we would hope that that amount would lead to a closing of the gap. But there is nothing certain or definite about that.

Ms. JOHNSON. My time has expired, but I have one quick last question. What will the gap be? Do you know?

Mr. GRUMBLES. Well, the gap depends on a lot of things. So what will it be after 2011? It requires a time frame.

If that is the question, we are hopeful that if the amount that we have requested is provided every year and the four pillars of sustainable infrastructure are used, then that $21 billion gap, if not eliminated, would be significantly reduced.

But I guess part of the point is that local infrastructure, as important as the Federal role is in that endeavor, requires a lot of additional tools and actions by local government and rate payers and other sources of State funding. So it is hard to predict.

But our vision of it is that if Congress does continue to provide the seed money over that period of time, and if the four pillars of sustainable infrastructure are pursued, then the gap will be significantly narrowed; thank you.

Mr. DUNCAN. All right, thank you very much.

Professor Ehlers?

Mr. EHLERS. Thank you, Mr. Chairman.

First of all, Mr. Spinrad, I have just a comment about your role on invasives. I appreciate the report on harmful algal blooms. As you know, I sponsored the legislation and I am pleased with your work on that. I hope we can make some real progress on that.

I was disappointed in your comment about your role in invasives. I recognize you are restricted because the Coast Guard is involved, as well. Frankly, the Coast Guard has been involved for 15 years and really has not done much.

So I would hope that we can find a more active role for NOAA in dealing with aquatic invasives. Mr. Gilchrest and I are sponsors of two companion bills that we will be taking up again this year, and hope to get them passed this session. You have the expertise and the knowledge at NOAA to really deal with it accurately, and I hope we can give you a more meaningful role in that.

Mr. Grumbles, I am very pleased with what Administrator Levitt has done on the Great Lakes issues. He has really taken that to

heart and worked very hard on it. He started this whole process to develop the Comprehensive Action Plan. We hope that will continue under the new Administrator, whoever that might be, and we hope that you will continue your involvement in that, as well.

It is extremely important that we protect the Great Lakes. Along that line, as you know, I sponsored the Legacy Act. I appreciate the willingness at the EPA to provide funding, and particularly the budget request for this year at the authorized level of $50 million, and the support of both the EPA and the White House.

In fact, a White House official told me that it was a no-brainer for them to fully fund it, because the needs are clearly identified. The options are clearly identified. The process is clearly identified. It is one of the few environmental areas that can make that claim. So I hope that trend of full funding will continue, and we can deal with the cleanup of these contaminated areas of concern.

One question I have for you, how is the EPA determining how to spend the money? It was easy to spend the first part of it, because the projects were right there, ready to go.

But how are you deciding whether to put money in orphan sites or put it in places where you can accelerate projects already under way? I am also wondering about that first $10 million, which is now out there being spent. How is that working? Can you give us a progress report on that?

Mr. GRUMBLES. Sure, and I need to note that it was virtually a year ago, or almost the precise date, that you made the request of us to go back and talk about the 2006 budget request and seek full funding for the Great Lakes Legacy Act.

I would say that we are still working on it. It is a very high priority --that additional funding. It is more than doubling what Congress appropriated for Fiscal Year 2005. So we hope that additional funding will come.

In terms of the funding from 2005 coupled with the previous year, we certainly have at least one project that is nearly completion, the Black Lagoon Project in Michigan. We have about 14 other projects.

The Great Lakes Legacy Act is very helpful and clear in terms of laying out statutory criteria about priorities. So we are following that closely. You are right, there are some questions. There will undoubtedly be some competition. We will look beyond just the non-Federal cost as to who can provide that 35 percent; but also with the priority needs, we will go through a risk analysis.

You mentioned the question of Superfund. I would say that we want to honor the principle of "Polluter Pays." We also recognize the intent of the Great Lakes Legacy Act, that in some of these cases, while there may be liability associated with PRPs, there are also broader opportunities to have a collaboration among the various agencies and governmental and non-governmental funds going into specific projects.

We are very enthused about the Great Lakes Legacy Act. There are 31 areas of concern. There are a lot of priorities and needs. We are hopeful that the executive order in the Great Lakes collaboration will also provide some useful information about the broader restoration of the Great Lakes. That may also be able to inform us

in our decisions about the projects under the Great Lakes Legacy Act.

Mr. EHLERS. Well, I very much appreciate the Bush Administration's record on the Great Lakes. I hope we get an EPA Administrator that will continue that tradition.

I have a very quick question for Mr. Dunne. On the Superfund cleanup, the tax expired some time ago. Do you have enough money to continue your work on that, or should the Congress be looking at re-instituting that fee that started the program?

Mr. DUNNE. Congressman, if you go back and look at the actual facts of the fund, on the relationship that was in there on the tax, there is no relationship with what the Congress appropriated us in any given year, none. As a matter of fact, if you go back to 1996, when they had $3.9 billion in the fund, the Agency received the second lowest funding of all time.

So people that are trying to make the equation between the amount of money in the fund or the tax, I think, are not being accurate about it.

We can continue to fund those projects that have the basic need. Every project that we look at that has got any health concerns, we move immediately to reduce those. So there is not any project on the national priority list that has not been addressed in terms of health risk.

So in terms of the communities whom we have not been able to reach with the funds, you can rest assured that we are working as diligently and as efficiently as possible to get to those sites. But at no time would we tolerate not having a plan in order to be able to take care of the immediate health risk, and that is being taken care of now.

Mr. EHLERS. Thank you very much.

Mr. DUNCAN. Thank you, Mr. Ehlers.

Mr. Baird?

Mr. BAIRD. Thank you, Mr. Chairman, I appreciate the gentleman's testimony.

Dr. Spinrad, I must say I am not one of those who believes that we should pat ourselves on the back and measure our success by throwing money at problems. Nevertheless, a dearth of funds can create problems.

I am very interested in the issue of invasive species and the costs they present. What is the total Administration proposal for funding on invasive species?

Dr. SPINRAD. As I indicated in my testimony, the NOAA contribution is identified as $7.9 million associated with the invasives, mostly oriented towards detection, monitoring, and assessment. We are going to have to get back to the Subcommittee for the total Administration piece of the invasives' budget.

Mr. BAIRD. Thank you; to put that amount into context, do you have an estimate of how much zebra mussels alone cost the economy in the Great Lakes region and the Mississippi region?

Dr. SPINRAD. I would be remiss to quote a number off the top of my head. But I can indicate to you that there are abundant studies along those lines. I believe EPA, in fact, may have some specific numbers.

Mr. BAIRD. My recollection is, it is billions, with a "B" a year, and we are spending $7 million. My particular concern is, if you get zebra mussels on the west side of the Rocky Mountains and into the Cascade River system and Northern California systems, you are going to have devastating impacts. I would encourage the Administration to look more seriously at the savings that preventive efforts may have.

The 100th Meridian Initiative could help us prevent this and some other early interventions. We know from experience that stopping these species before they really get a toehold can save billions of dollars.

So I would just encourage you to convey that to the Administration. It is not a glamorous issue. There are no political contributions that go with it. But it happens to be central to our environment and our economy.

Mr. Grumbles, I have two questions about the State Revolving Loan Fund. Maybe you wanted to add, did you have a cost estimate on invasives?

Mr. GRUMBLES. I have a cost estimate, at least with respect to zebra mussels. Treatment and control by industrial and municipal water users is over $300 million a year, nationwide.

I can also tell you that at the Office of Water, one of our focal points or priorities is to help develop an overall estimate of the costs and the benefits, in terms of control of zebra mussels and invasive species, more broadly, because of the impacts to the ecology and the economy.

Mr. BAIRD. That is good to hear, because sparteine grass in the Willopa Bay is threatening to wipe out the oyster industry. It is a huge environmental area for shore birds and salmon, and we really need to get a hold of these things early.

I have two questions about the State Revolving Loan Fund. First, I note in the budget significant cuts in the expenditures on that.

Now I understand that rationale that we are trying to create a Revolving Loan Fund. But my understanding, from some of the communities that I represent is, they would like to get some of those funds and they are unable to. My impression is that that is already over-subscribed.

So on the one hand, we want to create a stable Revolving Loan Fund. But on the other hand, more people need those funds than we currently have. It seems to me that further cuts, which I see in this budget, will deprive those communities of those needed funds and of our goal of cleaning the water and providing healthier drinking water for our communities. Can you enlighten me on that a little bit?

Mr. GRUMBLES. Well, every State Revolving Loan Fund looks to the State's intended use plan, the priority projects that are ready to go. I would say that the lists of projects can be quite long in States. There is no question, and the Agency recognizes that the needs are many.

What we are focusing on and trying to encourage is acceleration towards sustainability through increased leveraging, and also recognizing the original intent, which was that after a period of time, and it was about eight years as it was originally written in the

1987 amendments to the act, the Federal Capitalization Grants, the seed money, would stop.

Mr. BAIRD. I have got just a few seconds. I appreciate that. Let me just ask one final question related to this. It sounds to me then like there are more people seeking the monies than can have them. It seems to me that the cut, and maybe I can put this in a different way, is actually going to shift the costs onto the communities.

Earlier, you mentioned that you wanted to talk about full cost pricing. Does that mean that it is the Administration's intent, at the same time that it is cutting funding for the State Revolving Loan Fund, to encourage local communities to raise the sewer and water rates on their subscribers? If so, what economic impact might that have on our local communities, particularly our small communities that are challenged by this cost?

Mr. GRUMBLES. Well, out intent is to continue to be a full partner, a Federal partner, in the Clean Water SRF and to work with communities when they get loans under the SRF and with the States who administer them.

What our intent is, Congressman, we want to make sure people understand the value of water. It is a local decision. It is for the local elected officials to make that decision.

Mr. BAIRD. Well, I know I am out of time. But I am not so sure all the communities see it as a local decision. I am pleased that we have the Clean Water Act and that we require certain standards of cleanliness. But many of these local communities feel it is a Federal mandate to meet those standards without any accompanying funding.

So, yes, maybe it is a local decision, but the costs of not complying, you do not get to operate your water sewer system. So it is not exactly a local system.

Mr. GRUMBLES. Well, certainly, as we make regulatory decisions from the national level, we need to keep in mind and to account that it is not only sustainable infrastructure, but affordable infrastructure that we want to pursue.

So there is a balance between full cost pricing and recognizing the inequities in any particular local situation, using the wide array of not just supply side economics, but demand to help encourage water conservation and funding through various Federal and non-Federal sources.

Mr. BAIRD. I thank the gentleman. I just would close by saying, if I were a local community faced with installing a new water or sewer system, I would not be heartened by this budget or that response. Thank you, Mr. Chairman.

Mr. DUNCAN. All right, thank you, Mr. Baird.

Mrs. Kelly?

Ms. KELLY. Thank you; Mr. Grumbles, I would like to go back to talk about the Clean Water State Revolving Fund. As you know, the Chairman of this Committee held hearings on this. I had a bill that would provide $25 billion. He had a bill which we passed on the Floor of the House and it went over to the Senate last year for $20 billion.

I would like to know how the Administration arrives at the idea that a Clean Water State Revolving Fund should revolve over time at a level of $3.4 billion a year?

You have been in my district. You know that we have aged infrastructure. Dr. Spinrad is here talking about the Hudson River and the need for what we do there. We have terrible problems with the aged infrastructure and combined sewer overflows and things like that.

If this money is cramped down to the point where there just simply are not sufficient monies available, every State in this Union is going to be fighting for it. If you have been into a restroom here on the Capitol recently, there is a big red sign saying, "Do not drink the water" in the restroom. Washington has its water issues.

I would like to know how the Administration arrived at this seemingly paltry amount of $3.4 billion. I do not mean to put you on the spot. You can give me the figures later, if you do not have them with you.

Are you including the fact, and I applaud the idea that you have got the flexibility built in so that the States can transfer the funds, so they can maximize the flexibility between the Drinking Water State Revolving Fund and the Clean Water State Revolving Fund? Can you give me some help here, because I do not quite understand what happened.

Mr. GRUMBLES. Sure, I would mention a couple of things, as Congresswoman Johnson asked the question, too, about where did we start and on what basis.

We did this comprehensive report, the Gap Analysis, that laid out some pretty stark numbers, some very large costs, the gap between projected needs and projected spending for clean water infrastructure over a 20 year period.

We looked at the $21 billion gap, based on various assumptions. Then from there, what we looked at, even though the act, the authorization for the SRF has expired. So what strategy would we have for continued long-term investment at the Federal level, that would also eventually reach the original intend of the SRFs, which was that these were meant to be State Revolving Funds that could be self-sustaining, based on the pay back of loans and leveraging and other proceeds coming in, without having Federal subsidy up front?

When we did the numbers on that, we made various assumptions, which I would be happy to share with you in more detail.

Ms. KELLY. If you would, sir, I would appreciate it.

Mr. GRUMBLES. We recognize that an investment of $6.8 billion over the next several years, 2004 through 2011, would over time allow for the funds to revolve on their own. We just estimated that it will be around $3.4 billion.

I am glad you mentioned the transfer of funds, the flexibility. That is something that was in the legislation, the Safe Drinking Water Act Amendments. We continue to request that that authority for flexibility among the drinking water and clean water funds be continued as a legislative item.

Ms. KELLY. I thank you very much. I would hope that you would supply, if you do not mind, some facts and figures on that.

Certainly, as you said, our water needs to be clean, safe, and secure, but clean is the first of those. We have been struggling very hard to meet Federal mandates in my State. I represent both the Hudson and the Delaware Rivers. The area of the Delaware where

I represent is not particularly polluted, but with the Hudson, we are downstream from Ft. Howard.

We have Federal mandates that we are trying to meet. We need the money to get to that position, and I think the other side was mentioning the same thing. I hope you will work with us to get us to a point where we, too, can have clean water and not worry about combined sewer overflows when we get another hurricane sweeping up the coast.

Thank you very much; I yield back the balance of my time.

Mr. DUNCAN. Thank you, very much, Ms. Kelly. Certainly, we know of your long concern and great interest in this area. We will continue to work on this in the months ahead.

Mr. Taylor or Mr. Bishop, whoever wants to go first; Mr. Bishop?

Mr. BISHOP. Thank you, Mr. Chairman.

My questions are for Mr. Grumbles. I want to just focus in on the Long Island Sound study. Just to provide some context for the last several years, the Long Island Sound Study has received Federal support in the neighborhood of $7 million a year. In the current fiscal year, its total support is $6.7 million.

The budget requests a total of $477,000, which I think most people would agree is a pretty sizable cut. The cut is perplexing. It is particularly perplexing, Mr. Grumbles, in light of your comments in your testimony in which you talked about the priority that the EPA is giving to regional collaborations; its priority given to watershed-based approaches; priority to monitoring.

If the Long Island Sound Study is not about those three things, I am not sure what it is about. It certainly is a regional collaboration. It certainly is a watershed-based approach, and it certainly has monitoring as one of its essential components.

Given all of that and given the priority that you, yourself, assert that the EPA has given to those approaches, could you please help me understand why the EPA thinks a significant cut is the right thing to do?

Mr. GRUMBLES. Congressman, first of all, I would say, there is not a rating or a program assessment that would indicate that it is not a worthwhile investment. The Long Island Sound program office and the efforts towards the restoration and protection of the Long Island Sound are important and worthy of support.

The Agency, as long as I can remember, has requested about that level of amount, and then there has been a Congressional discussion. Congress has, I think, typically provided more.

I would say that we are focused on a couple of things. We have a lot of planning, assistance, and regulatory responsibilities that we are committed to on Long Island Sound, whether it is the designation of the disposal sites, and we are working on that process, through the regional collaborations.

I feel as though one of the lessons that we have learned, which is a good lesson for the whole Nation, is that in the Long Island Sound area, as Congresswoman Kelly points out the needs for infrastructure we like to point to the importance and the savings that have occurred through water quality trading. We estimate $200 million in cost-savings to utilities in the Long Island Sound area by pursuing a water quality trading approach to permitting and the reduction of nutrients into the Long Island Sound.

I just would say that we look forward to the discussion with Congress on the appropriate levels, in terms of these important regional programs. The level that we are requesting in this budget is very similar to previous ones. I look forward to working with you and others on Long Island Sound restoration.

Mr. BISHOP. Perhaps it is not your problem, but I would hope that you would agree that the bar has been raised somewhat this year. I think ability of Congress to be able to add funding for programs that it considers to be important is going to be less easily accomplished, given the current budget constraints this year than we have not had in other years.

I guess my concern is that we have a very important regional resource that is important, in and of itself, just in terms of the environmental quality. But it is also an important resource with respect to the underpinning of the economic well being of our region, which is a tourism-based and second home industry-based economy.

If we lose both the quality of the water that surrounds us and if we lose shoreline protection and if we lose the pristine nature of wetlands and so on, we have a severe economic problem. I would hope it would be a problem that the Agency would recognize is one that they have an obligation to.

What the Agency seems to be saying, yes, it is a worthwhile program, but it is up to Connecticut and New York to carry it forward. Is that not a reasonable conclusion for me to take?

Mr. GRUMBLES. I agreed with everything you said, up to the last point. Because we do feel that there is an important responsibility for the Agency, and we look forward to meeting it in the Long Island Sound program office in the overall effort in protecting and restoring Long Island Sound. There are some very tough budgetary choices that have to be made. On this one, we look forward to discussing it.

Mr. BISHOP. I guess I would say, at the risk of being argumentative, I recognize that you have to make tough choices. I did budgeting in my previous job. I know all about making choices from equally unattractive alternatives, and I perfected that as an art form.

But I guess that if you had to make a cut from $6.7 million to $477,000, or maybe $6.7 million to $6.2 million or $6.5 million, I mean, this is a cut, and I am doing the math in my head, of about 80 or 85 percent. That is a pretty severe cut that imposes an enormous burden on the States and the localities that have an obligation to protect Long Island Sound, and it is one that they are going to be hard pressed to pick up.

Mr. GRUMBLES. We look forward to working with you and with Congress on the program. I know the $477,000 is what the Agency, under previous Administrations as well, has been requesting. We look forward to focusing on doing more with the limited resources that we have.

That is why we point to the collaborations and the National Estuary Program and the Long Island Sound Program to bring more partners to the table to advance the ball, while we also have these discussions about how much should be in the budget request.

Mr. BISHOP. Thank you, I appreciate that. Thank you, Mr. Chairman.

Mr. DUNCAN. Thank you very much, Mr. Bishop.

Mr. Baker?

Mr. BAKER. Thank you, Mr. Chairman, I have several questions for NOAA. I have provided the Clerk with a copy of most of those. I will just submit them for the record for them to be later forwarded.

I would just like to use my time to engage Dr. Spinrad in reaching an understanding about one local issue relative to the liquified natural gas project request in the Gulf of Mexico.

As I understand the process to date, the Coast Guard is the lead permitting agency for enterprises who wish to engage in the construction of LNG platforms. But it has contracted out, in essence, to NOAA the requirement to engage in the environmental impact assessment.

To date, the Agency has done its due diligence, had public hearings and, I believe, has actually issued a FONSI, a Finding of No Significant Impact. But I do not know where in the overall permitting process this matter now resides.

I am concerned that it has taken awhile to reach its final conclusion, and wanted to make an inquiry as to any reasons for delay or a prognosis as to the timely resolution of the permittee's request.

Dr. SPINRAD. Congressman, we can certainly provide the specifics with respect to where the processing of that permit lies right now.

I will point out simply that NOAA's responsibilities associated with the technical expertise provided in those assessments, often times, we find requires extensive get-back with our research community and iteration on what the potential impacts or potential consequences are. Environmental considerations tend to be slightly more complicated than some of the more straightforward physical issues that we have got to deal with.

Mr. BAKER. Oh, I fully understand, and did not expect you to have personal knowledge of this level of detail. My only concern was, I believe a FONSI was issued, and that the Agency has done all of its work.

But something in the interim between the determination of no effect and the Coast Guard's ability to issue permits, I do not know if it is an inter-agency communication difficulty or whether there is something internally within NOAA that has caused them to review the matter again. I am just trying to find out, where are we. That really is it.

Dr. SPINRAD. Congressman, I understand your issue, and we will certainly work to get the solution.

Mr. BAKER. Thank you very much, I appreciate your courtesy.

Mr. DUNCAN. Thank you very much, Mr. Baker.

Mr. Taylor?

Mr. TAYLOR. Thank you and I apologize for running late. My other committee is the Armed Services Committee. In that capacity, I have been fortunate enough to go visit the troops over in Iraq a few times.

I have got to admit noticing an irony here, where every time I go to Iraq we, as a Nation, brag on the money we are spending on waste water treatment over there. We brag on the money we are

spending on wetlands restoration over there. We denounce Saddam for his lack of funding for infrastructure.

I come over here and get an EPA budget from the same Administration that is cutting money for waste water treatment in our country; that is spending way too little on wetlands restoration in our country; and apparently, a lack of money for infrastructure is becoming the accepted norm. Again, I note that with irony. I do not say it happily. I certainly wish it was different.

One of the things that I would like you gentlemen to comment on is, I have noticed a pleasant change in the past five or six years with the Corps of Engineers, where at least down my way, and I am sure they have been doing it in other parts of the country, they have shown a noticeable change in their attitude towards wetlands creation, particularly with things like the dredge material that they generate.

One of the frustrations that we have noticed is that if the creation of a wetlands with dredge spoil costs more than open ocean dumping or taking the material inland, then they have to come up with a local sponsor to make that happen.

Since every single community that I know of, and I would imagine it is universal, is already strapped for funds for sewage treatment plants, for water distribution, for waste water collection, for police and fire, I have noticed that it is extremely difficult to get a community to say, building that marsh is more important than upgrading the sewage treatment plant; it is more important than sewage collection; it is more important than police protection.

So having said all that, having read your statement where you are saying wetlands restoration is a priority, my question is, would you be willing to work with this Committee and other committees of jurisdiction to see to it that the EPA could team up with the Corps more often and that the EPA could become the cost share partner, where and when an opportunity presents itself to do some wetlands creation with dredge material, so that we do not have to ask the communities of the Chesapeake, the communities of the Gulf Coast or wherever?

Again, I am getting tired of hearing, we have got a great opportunity; boy we would love to do it, but we do not have any money. If it is a goal of this Administration, and I hope it is to do so, then why do we not change the rules and try to do that? Again, I am asking your thoughts on that.

Mr. GRUMBLES. I would be happy to respond. I certainly remember your focus on the beneficial use of dredge material over the years.

Mr. TAYLOR. And we have had some success stories.

Mr. GRUMBLES. Yes.

Mr. TAYLOR. But unfortunately not as many as I would like.

Mr. GRUMBLES. On November 19th, John Paul Woodley and I signed a Memorandum of Understanding, a Partnership Agreement, between our two agencies to advance watershed-based approaches, watershed management. It listed about seven or eight key areas. One of them was the beneficial use of dredge material.

So your guidance and your suggestion is a very helpful one, to work with you and your colleagues on looking at that, not just as a challenge, but as an opportunity.

Mr. TAYLOR. Can I get to the point? What if I went to the Chairman and said, Mr. Chairman, why do we not pull out this language that says it has got to be a non-Federal sponsor and change that to be a non-Corps sponsor?

If the EPA can reach their goal of creating X-number of acres of marsh for 10 or 20 cents on the dollar, then of course, the other 80 cents is still coming out of the Corps' budget, but the Corps was going to spend that 80 cents anyway. The Corps was going to dispose of that material one place or the other anyway.

So if you can create X-number of acres of marsh for 20 cents on the dollar, and that would have compared to the full dollar it would have cost you to create that marsh yourselves, would you be agreeable to that? Would you be agreeable to that change in either the law or the code?

Mr. GRUMBLES. Well, I can tell you that in terms of a statutory change, I am not authorized to say whether we would be supportive or not. But I am authorized to say that we would be very interested in talking with you about that.

I can tell you that under several EPA programs, including the Estuary Restoration Act that this Committee passed, the agencies do work together towards habitat restoration, where they share funds and resources amongst themselves. It is not just a Federal versus non-Federal prism to look through things.

We also have various wetlands programs, and USDA and Interior really bring some resources to the table on that front.

So the bottom line, Congressman, is that I would look forward to talking with you more and learning more about your suggestion about a proposed legislative change. But at this point, I would just simply say, we would look forward to the opportunity to talk to you about it and learn more about your specific change.

Mr. TAYLOR. Okay, thank you, that is fair.

Thank you, Mr. Chairman.

Mr. DUNCAN. Well, thank you, Mr. Taylor.

I will say that just before you mentioned your feelings about this spending on the infrastructure in Iraq, I had mentioned to staff, to Mrs. Bodine, that I participated in a hearing last week in which the head of the GAO discussed over $9 billion that the Defense Department has lost or cannot account for over there. He says he has zero doubt that that money was spent.

Perhaps the Armed Services Committee should look into that. To think of losing $9 billion, just disappearing, and to think how much good that could have done right here with our infrastructure in this country, it is just mind boggling.

I know that Charlie Cook, respected political analyst, said one time that nobody can comprehend a figure over $1 billion. So I know it is hard to comprehend $9 billion, but that is still a lot of money.

At any rate, I am pleased though that Mr. Grumbles mentioned our estuary legislation. We have mentioned our brownfields legislation and our Great Lakes Legacy Act. All three were passed out of this Subcommittee. So I am glad that some of these things are coming up and are doing some good.

Mr. Boustany?

Mr. BOUSTANY. I have a question for Dr. Spinrad. The subcommittee recently learned that NOAA has created a data base to help first responders get information about chemical releases. I thought this fell under Mr. Dunne's jurisdiction and responsibilities. So did NOAA coordinate these efforts with the EPA and with FEMA, or is this duplication?

Dr. SPINRAD. The database, in fact, is part of a large package of programs that we developed under the name of CAMEO, which has been developed in close coordination with FEMA, with EPA, with the Coast Guard, as well as with the private sector.

I would point out that it is, in fact, the system of choice among most of the emergency responders around the country, simply because of its ease of use as a database allows emergency responders to quickly and easily access any number of thousands of chemicals that go under a variety of commercial names or common names, as well as easily at their fingertips to be able to access the remediative measures associated with those; and then, in addition, easily couple that information, concentrations, types of materials into forecast products, models. So it has been done in a very, very close collaboration with the full suite of players that I have identified.

Mr. BOUSTANY. Very good, and for Mr. Grumbles, could you elaborate on the security needs that remain unmet with regard to our water and waste water facilities? I know that is a general and broad question.

Mr. GRUMBLES. Well, I appreciate the question though, because water security is an increasing challenge that local government and States face.

EPA is requesting $44 million in the President's budget. This is a new program called Water Sentinel to help meet the drinking water security needs of the country by establishing a new program that would include a handful of cities where there would be monitoring in the distribution systems for warfare agents, or biological, chemical, radiological agents.

It is a scientific investment that also helps lead to greater security. On the waste water front, I hear from utilities, whether it is hardening their facilities or developing vulnerability assessments, that is a need. So we want to work with them and provide training and tools, and also make sure of available resources for that.

That is a growing concern which we need to keep in mind, any time there is a proposal for a new regulatory mandate, because the needs and the challenges are growing for utilities.

Mr. BOUSTANY. Certainly, I would think that with the concerns about infrastructure needs that are currently unmet, and this is just an added burden, which is going to be ongoing for the future.

Mr. GRUMBLES. We hope that it becomes an institutionalized sense, a way of thinking, recognizing it is an added burden, but also it is beneficial. One of the lessons we have learned is, it is beneficial to think not just about meeting the water quality requirements, but also to think about water security and to institutionalize that in your daily practice.

Mr. BOUSTANY. I thank you for your answers. Mr. Chairman, that is all I have.

Mr. DUNCAN. Thank you very much.

Ms. Schwartz?

Ms. SCHWARTZ. Thank you very much, Mr. Chairman. I appreciate the opportunity to ask a question.

I wanted to ask this question, and I assume Mr. Grumbles would answer this question. It has to do with the oil spill in the Delaware River that occurred just several months ago. The Coast Guard Subcommittee had a field hearing in Philadelphia that I was able to participate in.

There were many issues obviously about different jurisdictions, different people involved in cleaning up the oil spill. The Coast Guard and the Army Corps of Engineers have all been very much involved.

But one of the issues that came up from the State environmental agencies, both New Jersey and Pennsylvania, was the fact that one, we have to make sure that we complete the cleanup and particularly the environmental affects on wildlife and on the river itself, after the initial cleanup is done.

In particular, there might be some concern as the weather changes, that additional cleanup would be necessary. There was some concern on both sides of the river that we do the cleanup, but we really do not do restoration.

I really wanted to know from you, who at the EPA will be monitoring, if anyone, to make sure that the long-term effects on the environment, on the wildlife, on the river itself are, in fact, monitored as oversight from the EPA, and that the resources are available, of course, and not left to the local communities?

The second part of my question would be, what else do we need to do to protect that waterfront in the future from what we now understand is actually not an unlikely risk of a large tanker running into some debris in the river?

It could happen again, and there was some suggestion from both the New Jersey and Pennsylvania Environmental Protection Agencies that there were things that we could do, potentially, to do more to both remediate what has already happened, and then to prevent it in the future.

So if you could speak, I guess, to briefly where we are on that. It was a pretty significant oil spill, obviously, and we do not want it to have long-term environmental consequences to the river or either State.

Mr. GRUMBLES. Tom Dunne, really, within his Office of Solid Waste and Emergency Response, focuses on oil spill response.

Mr. DUNNE. Thank you, Congresswoman, for the question. As you properly point out, the Coast Guard is the lead Federal agency. It is a long-established relationship, in terms of what they lead on and they certainly have jurisdiction in this case.

We were only there in a support role to them. We work very closely together on a day-to-day basis; and on spills, we augment each other's resources.

I do not know the particulars of the facts in this, but I will find this out. There is a responsible party. Whoever that responsible party is, the firm that was navigating that particular ship or the owner of the ship; I do not know what the circumstances are. But they are responsible for all of the cleanup cost.

Ms. SCHWARTZ. To a certain cap; we have gone well over that liability cap, and that was another question I was going to get if we

had time, which is whether you would consider administratively increasing the cap. Because the owners of vessel actually have said that they would pay, and they have been paying out.

But they have more recently said that they do not want to pay beyond the cap, and they expect that money to be reimbursed to them from the trust fund. So we are well beyond what the liability cap is for the vessel, the owners.

Mr. DUNNE. But the States, I believe, along with the Coast Guard, could pursue further costs; whether or not they do it through a court action or not, I do not know. It is premature for me to say. It is not EPA's responsibility where the Corps has got the lead. But we will ask the Corps of Engineers for more details and provide you with the answer.

Ms. SCHWARTZ. I would just appreciate, certainly just by way of follow-up or through the Chairman, whether it is appropriate to provide me with some information. Because again, I think the Army Corps and the Coast Guard have been very responsive. I do not want to suggest in anyway that they have not been.

But certainly, you are the ones who really have the expertise and help from the oversight function to make sure that the environmental consequences of that spill, long term in particular, are not forgotten three months from now when the Army Corps of Engineers or the Coast Guard says, everything seems fine when, in fact, there may be some more long-term consequences or remediation is not complete.

So I would be interested in your looking into that and getting back to me, either directly or through the Chairman; thank you.

Mr. DUNNE. We will do that, thank you.

[The information received follows:]

Document Number: 82

Delaware River Oil Spill
Joint Information Center

Date: March 11, 2005

Contact: 609-677-2204

DELAWARE RIVER OIL SPILL FACT SHEET

Latest Updates

- 476 responders are working in the command center and along the Delaware River.
- 129,436 gallons of oil and oily liquid has been recovered.
- 13,428 tons of oily solids (cleanup materials and oil) have been collected.
- Experts report 385 birds have been released and 183 birds are reported deceased.
- 78 percent of the heavily oiled areas, 55 percent of the medium oiled areas, and 34 percent of the lightly oiled areas have been grossly decontaminated.
- 38 facilities have been grossly decontaminated with 7 currently being decontaminated.
- Out of 21 marina's needing decontamination, 11 have been fully decontaminated.
- 86 recreation boats have been decontaminated.

Oil affected approximately 57 miles of shoreline from the Tacony-Palmyra Bridge to south of the Smyrna River in Delaware, mainly light patches of oil and a very light sheen. Refer to the Shoreline Cleanup Assessment Chart for detailed information.

Oil recovery operations are continuing, weather permitting, throughout the winter months. Once the gross decontamination is completed, the next step will be a detailed assessment of the contaminated areas to finalize the cleanup plan. The Unified Command anticipates cleanup operations will continue through spring and into the summer.

Investigation into the cause of the spill continues. Final results of the investigation are not expected to be released for several months.

The claims process for uncompensated damages and removal costs related to the discharge of oil from the tank vessel Athos I into the Delaware River near Paulsboro, N.J., on Nov. 26, 2004, will now be handled by the National Pollution Funds Center. Claims that have been received so far will be denied by the responsible party and returned to the claimants. Claimants should resubmit their claims to the National Pollution Funds Center.

Important Phone Numbers:

- To report areas affected by oil from the *ATHOS I* incident, please call **267-765-3439.**
- For reports of tar balls and/or oily debris in the state of Delaware, please call the Department of Natural Resources and Environmental Control at 800-662-8802. In New Jersey, call 1-877-WARNDEP.
- To report oiled wildlife affected by the spill, call Tri-State Bird Rescue at **302-737-9543.** The U.S. Fish and Wildlife Service asks that you do not assume someone else has called.
- Volunteers who have training handling oiled wildlife can contact Tri-State Bird Rescue at **302-737-9543.**

Mr. DUNCAN. Dr. Spinrad, did you want to add something to that?

Dr. SPINRAD. Yes, Mr. Chairman, if I can very briefly. With respect to the second half of your question, Congresswoman, regarding the remediation activities, NOAA, by cooperative decision among the agencies, has a Federal lead administrative trustee responsibility associated with the natural resource damage assessment. The trend nowadays is to try to do that through cooperative damage assessment.

So over the next one to two years, NOAA will be developing that assessment which will, of course, try to identify the associated costs for the longer term impacts on the environment; thank you.

Mr. DUNCAN. Thank you very much.

Mr. Ehlers, is there anything else you want to get into?

[No response.]

Mr. DUNCAN. Dr. Spinrad, last year, the International Maritime Organization approved new ballast water discharge standards to prevent the introduction of invasive species.

We have held a couple of hearings on the standards, but the new technology is not there even to implement the IMP standards. Is that accurate, and what is NOAA's position in that regard?

Dr. SPINRAD. I believe it is safe to say that NOAA's position is that an emphasis should be put on the monitoring and detection aspects and the assessment.

Therefore, trying to identify the earliest incursions, if you will, of some of these invasive species, for many of these, we recognize that very, very low concentrations of the organisms can precipitate a significant impact. Consequently, our view is that we need to be extremely cautious with respect to identification of standards of concentration, if you will, of some of these species.

Mr. DUNCAN. Well, maybe I missed you saying this. But is there a move in NOAA to require even stricter standards for which there is no technology available?

Dr. SPINRAD. There is not a specific move for those kinds of standards for which there is no technology available.

Mr. DUNCAN. Is this sort of a wish list, then?

Dr. SPINRAD. I think it is fair to say that we are trying to identify the full spectrum of species for which we need to be accountable for; concentrations which could result in an invasive event.

Mr. DUNCAN. Administrator Dunne, GAO says there are 300,000 or more brownfield sites around the country or perhaps even more. I do not know; maybe you have a more accurate figure on that. But all the cities, large and small, have brownfield sites all over the country.

What I am wondering about, I am told that out of a $210 million program, that your agency or your department is planning to spend only about 14 percent of that money or $30 million on various FTEs and contracts in regard to brownfields.

Is that accurate, or what do you have to say about that? What does the Administration intend to do about this need to clean up all these gas stations and various other brownfields locations that we have around the country?

Mr. DUNNE. Well, as I think the budget justification says, we will do 1,000 assessments that will lead to a certain number of cleanups. Our actual State amount from last year is $49.7 million.

The $30 million, I assume that you are talking about salary expense and overhead, et cetera. Let me point out that since the Superfund Law was enacted through this Committee action, we now are in the position where we have an awful lot of open grants. These are grants that have to be closed out statutorily.

Mr. DUNCAN. Let me correct one thing. What I am talking about is, the bigger part of the brownfield budget, I am told, that money is going for administration and management-type expenses; and not very much of it really is going for the actual cleanup.

Mr. DUNNE. I do not think that is true, Congressman.

Mr. DUNCAN. You do not think that is true?

Mr. DUNNE. If you go take a look at the figures that we have got, the vast majority of the money is going for cleanups; and then for monies that go to State and Tribal organizations, to promote cleanups and help the local communities.

Our overhead rate, as I have looked across the EPA, in other programs, within the last number of weeks, is pretty much in tune. Fourteen to fifteen percent is our salary and administrative costs. Then we had certain costs that are associated with normal operations of programs.

So I believe that the bulk of the money is going for cleanups, and the majority of that money is going to State and local governments for the grants.

Mr. DUNCAN. Well, you know, moving from brownfields to the Superfund, for years, that has been a real criticism of the Superfund Program; that so much of the money, and in fact, some people still say that it is as high as 50 percent of the money, is being spent on administration and paperwork instead of actual cleanup there.

In fact, I remember several years ago, I saw an article that said 85 percent of the money was going toward administration and paperwork of course, that was quite a few years ago. Where do we stand there?

Mr. DUNNE. It depends upon what you call overhead. Let me cite some figures for you. Right now, at EPA, we have 678 construction projects, going at 420 individual sites. A lot of those are big, as I mentioned before in my testimony. We started 27 new construction projects last year.

Mr. DUNCAN. You started how many?

Mr. DUNNE. We started 27 new ones last year.

Mr. DUNCAN. That was 27 new ones, and you had how many ongoing?

Mr. DUNNE. Six hundred seventy-eight.

Mr. DUNCAN. Six hundred and seventy-eight ongoing.

Mr. DUNNE. So it is an enormous construction management program.

Mr. DUNCAN. How many will you complete in a typical year?

Mr. DUNNE. Last year we completed 40. This year, we think we can complete 40. We are projecting for the 2006 budget, which we are testifying on, another 40.

Mr. DUNCAN. All right.

Mr. DUNNE. So I do not think our costs are really out of the question. It is a very complicated act that the Congress passed 24 years ago. Because of the liability issues involved, it takes an awful lot of work between the enforcement people; not just the EPA people, but the Justice Department people and ourselves, and then getting construction off the ground.

So an awful lot of investigation and feasibility study has got to be done. The record for 20 some years reflects the number of court actions that have taken place. People were taking EPA to court because they did not think it was too fair.

We are somewhat over that hump, I think, in terms of an awful lot of court actions. But the fact is, it was complicated. We have now developed this enormous workload, and we see that workload continuing for the next number of years. I believe that our costs are in line with the work that is being done.

Mr. DUNCAN. Well, when you say that it is an awfully complicated act that the Congress passed, do you think the act is too complicated? Does it cause you problems in that regard?

Mr. DUNNE. It has been on the books for 24 years. I would hate to see that change, because it would screw up everything if they did.

Mr. DUNCAN. It would make even worse.

Mr. DUNNE. It would it even more complicated.

[Laughter.]

Mr. DUNCAN. Well, I think that may be true. I remember we passed the Tax Simplification Act of, I think in 1998, and it became the longest, most complicated tax law ever written. So that may be true.

Mr. Grumbles, you left this Subcommittee just before I came on as Chairman, and you may be glad about that. But in the four years now that you have been there, where are we getting the most bang for the buck? Of all the problems and programs and so forth that you deal with, what has been your most pleasant surprise and what has been your biggest problem?

Mr. GRUMBLES. I had not prepared for this question, Mr. Chairman, but I welcome and I appreciate that very much.

I would say that one of the most important areas of success or developing areas is watershed approaches through collaborations; the National Estuaries Program and some of the regional offices where EPA is not necessarily the regulator, but they are the facilitator, in bringing together State and local entities. Examples include, from my perspective, the Chesapeake Bay Program.

I think beyond the collaborations, an area the Agency thinks is very important and significant, is through the core programs under the Clean Water Act that relate to the pre-treatment.

The Pretreatment Program is one that, I think, is a real fundamental backbone of the act. The more we can continue to implement it in a way that recognizes that pollution prevention helps minimize costs or the risks of upset at the sewage treatment plant, it can help reduce the costs to the utilities and also reduce the risk of non-compliance in violating the Clean Water Act.

I think that it continues to be a challenge for the Agency; how to deal with wet weather flows and deal with CSOs and SSOs or storm water program, whether it is a municipal storm water pro-

gram or the industrial storm water. It is a different situation when it is not a routine discharge that is associated with some industrial activity, coming out of a manufacturing pipe. It is related to the weather and rainfall patterns.

Mr. DUNCAN. That has been the biggest problem. I will tell you, the Knoxville Utilities Board has just started a $300 million-plus 10 year program to deal with the SSOs and the CSOs and all the problems associated with the storm water. But I guess another way I could have put that is, other than your salary, what is the best money that the EPA spends?

[Laughter.]

Mr. GRUMBLES. I would say that for us, water quality trading and watershed-based permitting are two of the areas that can really lead to more effective, efficient, and equitable approaches towards impaired watersheds. So we want to pursue those. Those are important areas for investment and collaboration with the many stakeholders to pursue those areas.

I was really excited to hear that you are working on the Good Samaritan legislation, too, because it is looking at ways to restore impaired watersheds by interjecting some common sense and incentives for volunteer remediation.

Mr. DUNCAN. Well, I like that. In fact, we passed the first Good Samaritan Law for the skies when I chaired the Aviation Subcommittee, and I am hopeful that we can do some work in that area.

I will tell you this, I tell my staff that I like to hold hearings. I would like more hearings, because I learn something at every hearing. You all have been an outstanding panel and have contributed a great deal, in my opinion. I appreciate it very much that you take time out from your busy schedules to be here with us today, or that you took time out. So that will conclude this hearing.

[Whereupon, at 3:30 p.m., the Subcommittee was adjourned.]

Rep. Tim Bishop
Opening Statement
Water Resources & The Environment Subcommittee
EPA budget hearing, February 16, 2005

Thank you Chairman Duncan and Ranking Member Johnson for holding this hearing, and for giving me the opportunity to make opening remarks. Let me say up front that I am extremely concerned by the budget proposals that we are now considering. These proposals sacrifice the long-term health of our environment and the protection of our coastal communities for short-term and insignificant reductions in the deficit.

I am distressed by the Administration's continuing retreat from the protection of our environmental resources under the pretense of expanding economic growth. As someone who represents over 300 miles of coastline and numerous communities that depend on tourism and an immaculate local environment, I fail to see the correlation between decimating our shoreline and growing the economy.

This budget contains deep and disturbing cuts to efforts to protect our environment. Despite the urgent environmental needs of our air, water and land at risk, the EPA suffered some of the most drastic cuts proposed by the Administration
Many of these proposed cuts will directly affect members of my constituency on Long Island. The Administration's budget specifically targets Long Island Sound Restoration funding by drastically slashing this worthwhile program. The budget also proposes funding cuts for National Estuaries throughout the country. My district is home to two estuaries that rely on this funding to maintain their pristine environmental qualities.

I look forward to discussing these issues further after we hear testimony from our panelists.

STATEMENT OF
THOMAS P. DUNNE
DEPUTY ASSISTANT ADMINISTRATOR
OFFICE OF SOLID WASTE AND EMERGENCY RESPONSE
U.S. ENVIRONMENTAL PROTECTION AGENCY
BEFORE THE
SUBCOMMITTEE ON WATER RESOURCES AND ENVIRONMENT
U.S. HOUSE OF REPRESENTATIVES

February 16, 2005

Mr. Chairman and Members of the Subcommittee, I am Thomas Dunne, Deputy Assistant Administrator of the Office of Solid Waste and Emergency Response (OSWER), U.S. Environmental Protection Agency (EPA). Also appearing today is Mr. Ben Grumbles, Assistant Administrator for EPA's Office of Water. We are pleased to be here to discuss President Bush's budget request for EPA and our views on water infrastructure, Superfund, brownfields, and other programs that fall within the Agency's Offices of Water and Solid Waste and Emergency Response.

The President's budget provides the necessary funds for EPA to carry out our mission efficiently and effectively - to protect human health and safeguard the environment. The fiscal year 2006 budget request is $7.6 billion, which provides a 28 percent funding increase for the brownfields program, maintains steady funding for the Superfund cleanup program, and increases funding for homeland security/emergency response and enforcement activities.

The President's budget request reflects a continued commitment to leave America's air cleaner, its water purer, and its land better protected than this Administration found it. The President' budget request represents an increase for EPA's core operating programs for air, water, land, and enforcement.

OSWER PROGRAMS

Superfund

EPA remains committed to the polluter pays principle. Approximately 70 percent of Superfund cleanups are performed by the parties responsible for hazardous waste sites. Much of EPA's Superfund budget is committed to sites where responsible parties are unidentified or are no longer financially viable. The President's budget request maintains steady funding for the Superfund cleanup program compared with fiscal year 2004 enacted levels. This level of funding enables the Agency to maintain the pace of sites reaching construction completion and continues progress at the more than 440 sites under construction.

The Superfund program not only protects human health and the environment by cleaning up hazardous waste sites and taking short-term actions to mitigate immediate threats to human health, but also works with both public and private partners to promote reuse and redevelopment of Superfund sites.

The Superfund program continues to meet Agency performance measures. As of January 2005, cleanup construction has been completed at 927 National Priorities List (NPL) sites. Additionally, cleanup construction projects are underway or completed at 94 percent of the sites on the NPL. In fiscal year 2006, EPA expects the Superfund program to complete cleanup construction at 40 Superfund sites.

The Superfund program often completes short-term removal actions to mitigate immediate health threats at sites prior to completion of investigations and the start of long-term cleanup construction. However, many Superfund sites pose serious continuing and documented public health risks requiring long term measures as well. For example, the Agency is currently cleaning up many residential sites where we have found residents with high body burdens of lead, arsenic, and other contaminants. Such exposure impairs children's physical and cognitive development and can have a variety of impacts on adults. In addition, the Superfund program has provided alternative sources of drinking water to nearly 615,000 people near both NPL and non-NPL sites where existing water supplies were determined to be unsafe due to contamination.

Finally, the Superfund program has initiated action in four areas of cost management. First among these is the Agency's continued efforts to ensure that the people responsible for the contamination pay for or conduct the cleanup work. Other areas include:

- Getting the most out of Superfund money by ensuring that program resources are used effectively and efficiently. For example, our aggressive effort to deobligate funds from contracts, grants, cooperative agreements and interagency agreements has totaled more than $500 million over the past four fiscal years;

- Ensuring the best cleanup for the money by reviewing and improving high cost remedies and paying careful attention to design and operation. For example,
    - We have established the Contaminated Sediments Technical Advisory Group, comprised of Agency experts, to provide advice to Regions with potentially high cost sites prior to a remedy being selected.
    - Our ongoing efforts to update remedies continue to play a significant role in saving money for the program and for private parties during remedy design, construction, and operation and maintenance. In fiscal year 2003, there were 60 remedies updated generating estimated cost savings in excess of $85 million. Since its inception, EPA has updated over 500 remedies, reducing estimated cleanup costs by more than $1.8 billion.
    - We also have developed new cost estimating tools for use during design and are reviewing and modifying contaminated groundwater treatment systems in an effort that could save about $4.8 million a year.

These efforts are in part a result of several studies, most recently an internal review of the Superfund program, known as the 120-Day Study, which identified opportunities for the Agency to begin and ultimately complete more long term cleanups with current resources. These activities are accomplished within the framework of our priorities for providing remedial action funding. Recognizing that reduction of risk and protection of human health guide our overall

priorities, our most important construction priority is to continue work at projects that are underway, where construction equipment and staff are on site. For new project starts, we base funding on the health threat posed and the need to finish work at an entire site. This goal drives the cost management initiatives we are undertaking.

EPA is undertaking all of these activities to find and utilize every dollar and resource available to clean up contaminated sites and to protect human health. However, the size, complexity and cost of sites currently under construction or ready to begin construction continue to grow. In fact, in fiscal year 2004, more than fifty-two percent of the Superfund obligations for long-term, on-going cleanup work were committed to just nine sites. The Agency expects to have a similar situation this year. I have called upon both the Agency and its partners to investigate new ways of addressing these large sites through a national dialogue about the program's future, and I look forward to reporting the results of that dialogue to you in the future.

Finally, The Superfund removal and emergency response program started 385 removal cleanup actions in fiscal year 2004, and to date, has completed more than 8,286 removals at hazardous waste sites to immediately reduce the threat to human health and the environment.

Brownfields

The President's fiscal year 2006 budget request provides a $46.9 million increase in funding from fiscal year 2005 enacted funding levels for the brownfields program for a total request of $210 million. Fiscal year 2006 funding will produce 1,000 assessments, 60 cleanups, and together with the Brownfields tax credit extension, leverage more than $1 billion in cleanup and redevelopment funding. During the past fiscal year, EPA continued to implement provisions of the 2002 Brownfields law. Of particular importance, was the negotiated proposed rule-making for conducting all appropriate inquiries. This rule-making clarified the requirements for investigating the previous ownerships, uses and environmental conditions of a property, thus encouraging the cleanup and development of contaminated properties by providing regulatory certainty for purchasers and developers of contaminated properties.

EPA remains committed to building and enhancing effective partnerships that allow us to safeguard and restore land across America. Brownfields cleanup and redevelopment remains one of the Administration's top environmental priorities. The brownfields program will draw on these additional resources to enhance State and Tribal response programs that restore and reclaim contaminated and potentially contaminated sites.

Oil Spill Program

The President's budget request provides $12.34 million for the Office of Solid Waste and Emergency Response's portion of EPA's oil spill program. Our oil spill program focuses on preventing oil spills from occurring, reduces the risk of hazardous exposure to people and the environment, and responds to spills when necessary. More than 20,000 spills are reported to the Federal government each year. EPA evaluates as many as 13,000 spills to determine if its

assistance is required. On average, EPA either manages the oil spill response or oversees response efforts of private parties at approximately 300 sites per year.

EPA's spill prevention efforts protect inland waterways through oil spill prevention, preparedness, and enforcement activities associated with the more than 400,000 non-transportation related oil storage facilities that EPA regulates.

Homeland Security - Emergency Response

EPA plays a vital role in preparing for, and responding to, terrorist and other incidents of national significance. The President's budget request has a $79 million increase for EPA homeland security efforts, which includes $14 million more for the Superfund account. The budget request will allow EPA to continue upgrading and enhancing our emergency response capabilities. Incorporated in the request is funding for new Environmental Laboratory Preparedness and Response capacity. This funding will enable EPA to develop a system among existing Federal and state laboratories to support responses to national security incidents with EPA as the lead agency responsible for design and initial implementation of the program.

The fiscal year 2006 request also contains $4 million in targeted investments to strengthen the Agency's readiness and response capabilities, including development of a national portfolio of decontamination resources, and state-of-the-art equipment, and highly specialized training for On Scene Coordinators (OSCs). EPA will continue to provide technical support and expertise for emergency response, including trained personnel and equipment with a $33.5 million request to continue support of these functions.

Other Initiatives

EPA has taken the lead on several initiatives to promote a cleaner environment, encourage recycling and waste minimization, and advance innovative approaches to environmental challenges.

Land Revitalization

The land revitalization initiative, launched in April 2003, includes all of EPA's cleanup programs as well as partners at all levels of government and in the private and non-profit sectors. The goal of land revitalization is to restore our nation's contaminated land resources and enable America's communities to safely return these properties to beneficial economic, ecological, and societal uses. EPA is ensuring that cleanup programs protect public health, welfare, and the environment; and also ensuring that the anticipated future uses of these lands are fully considered in cleanup decisions.

Experience has taught us that one of the best ways to clean up contaminated sites and to address blighted properties in communities is to expressly consider the future uses of this land. The country has accepted the economic and ecological importance of recycling various consumer

products – and our understanding of sound resource management must now also embrace the recycling of contaminated properties.

Under the land revitalization agenda, we are also advancing several other key approaches. One of these is the One Cleanup Program. This approach does not require new programs or additional appropriations, but instead creates opportunities for the many state and federal cleanup programs to collaborate and leverage resources.

The Resource Conservation Challenge (RCC)

The Resource Conservation Challenge is encouraging businesses, manufacturers and consumers to help achieve two goals by 2008: increase the national recycling rate from 30 to 35 percent, and reduce the generation of the 31 most harmful chemicals in hazardous waste. This initiative, which EPA officially launched on September 9, 2002, is a major national effort to conserve our natural resources through voluntary partnerships and demonstrable environmental results.

In late 2004, EPA identified four key areas for national resource conservation focus – Priority and Toxic Chemical Reductions, Recycling Municipal Solid Waste, Beneficial Use of Secondary Materials, and Green Initiatives – Electronics. By spring 2005, after discussions within EPA and with our state RCRA and pollution prevention counterparts, we will develop national implementation strategies for each of these four areas. To date, the RCC has been very successful establishing voluntary partnerships and documenting the environmental benefits of resource conservation.

Innovations Initiative

Through strategic collaborations with industry, academia, non-profit organizations, and various levels of government, EPA is stretching beyond its traditional role as a regulator by embracing new ideas and new ways of doing business. The Innovations Initiative tests creative approaches to cleanup and reuse contaminated land, to increase recycling and minimize waste, and to improve emergency response and preparedness. For example, EPA, in partnership with the private sector, developed a design competition to develop waste-minimizing packaging for books and CDs purchased on the Internet. The competition produced a number of methods to reduce packing waste, and several companies are now exploring other uses for the new packaging. In fiscal year 2004, EPA selected 13 innovative projects totaling $741,000. In fiscal year 2005, EPA anticipates selecting 12 more projects totaling approximately $500,000. While innovative projects usually begin as small-scale efforts, many hold promise for broader application across various industry sectors and waste streams, leading a shift in thinking from waste management to materials reuse, from abandonment of contaminated lands to land revitalization.

CONCLUSION

EPA will continue to protect human health and the environment by requiring polluters to clean up hazardous waste sites and looking for ways to improve Superfund and brownfields

program efficiency and effectiveness. I look forward to continuing to work with the Committee to address the Superfund and brownfields programs, and other programs entrusted to the Office of Solid Waste and Emergency Response. The President's budget request for EPA will help ensure that we are able to accomplish the Agency's important mission - - to protect human health and the environment.

STATEMENT OF
BENJAMIN H. GRUMBLES
ASSISTANT ADMINISTRATOR FOR WATER
U.S. ENVIRONMENTAL PROTECTION AGENCY
BEFORE THE
SUBCOMMITTEE ON WATER RESOURCES AND ENVIRONMENT
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
U.S. HOUSE OF REPRESENTATIVES

February 16, 2005

Mr. Chairman and Members of the Subcommittee, I am Ben Grumbles, Assistant Administrator for Water at the United States Environmental Protection Agency (EPA). I appreciate the opportunity to discuss the President's fiscal year (FY) 2006 budget request for EPA's National Water Program. The request is over $2.8 billion, or 38% of the Agency's overall request, and will advance our efforts, and those of our State, Tribal, and local partners, to ensure America's water is clean, safe, and secure.

OVERVIEW

As a country, we have made remarkable progress over the years in protecting and restoring our waters and wetlands. We have much left to do. EPA is committed to meeting the challenge and to accelerating the pace. EPA continues to find that collaboration is the lynchpin to success in moving our programs forward. Collaboration allows us to benefit from everyone's ideas, efforts, and even resources. And, by engaging all partners, we create momentum as we reach for the next level of environmental protection.

EPA is committed to sustaining our core programs in order to continue achieving environmental progress. This budget, Mr. Chairman, will help us continue and accelerate progress toward the public health and environmental goals set forth in EPA's Strategic Plan. With the help of States, Tribes, and other partners, we are confident of significant progress in the years ahead. Our success will depend on exploring and embracing better ways to ensure effective, efficient, and equitable results. Specifically, the budget we are presenting today will help us:

- continue to make progress in restoring the Nation's polluted waters,
- increase the waters open for shellfishing,
- restore polluted waters for swimming,
- continue to improve the health of the country's major coastal ecosystems,
- achieve a net increase of wetlands, and,
- increase the compliance with drinking water standards.

Accomplishing these ambitious goals will require everyone involved in water programs to focus on effectively implementing the core programs of the Clean Water Act and Safe Drinking Water Act. At the same time, we will work with our partners to strengthen the commitment to collaboration and to develop a range of cost-saving innovations, such as watershed permitting and water quality trading.

PRIORITIES FOR 2006

I want to bring to your attention four key areas of the budget that I believe merit special recognition:

- improving monitoring of surface water and drinking water;
- strengthening the nation's water infrastructure, including water efficiency and system security;
- restoring watersheds; and,
- protecting our coastal waters, including the Nation's inland coast, the Great Lakes.

Monitoring

As in 2005, monitoring remains one of our top priorities. In FY 2006, the President's budget requests an increase of $10 million in Section 106 grants to States, for a total of $232 million. Within this total is $24 million, a $7 million increase, for State water quality monitoring activities. These funds will be used to continue the monitoring network that we established to obtain a statistically valid baseline of water quality conditions at the national level for all water types. It builds upon the 2004 National Coastal Condition Report and the wadeable streams study we will complete at the end of 2005. In 2006, the focus will be on lakes. We intend to repeat these surveys periodically so that we can track trends and give decision makers and the public the information they need to make informed decisions about their own water resources and to assess our investments in water quality protection.

Effective monitoring is essential under both the Clean Water Act and the Safe Drinking Water Act to support effective environmental protection in the information age. Continued success of the Clean Water Act depends on having quality data for:

- appropriate water quality standards for each water body;
- effective discharge permit limits for regulated entities; and

- total maximum daily load (TMDL) plans for impaired waters and other approaches that address both point and non-point sources of pollution.

These standards, limits, and plans rely on our ability to monitor water quality, whether at the point of discharge or in the receiving waters. Monitoring under the Clean Water Act is also critical to understanding where and when our partners can use Clean Water Act tools to help safeguard drinking water through source water protection programs.

Water Infrastructure

This Committee knows the value of water infrastructure and the size of the challenge – and so does EPA. To support sustainable wastewater infrastructure, EPA will continue to provide annual capitalization grants to the Clean Water State Revolving Funds (CWSRF). The budget provides $730 million for the CWSRF. This investment will allow EPA to meet the Administration's federal capitalization target of $6.8 billion for 2004 through 2011 and enable the CWSRF to revolve over time at a level of $3.4 billion a year.

This continued federal investment, with other traditional sources of financing, will result in significant progress in addressing the Nation's wastewater treatment needs. It will also significantly contribute to the long-term environmental goal of increasing the number of watersheds attaining designated water quality uses. The President's budget also maintains the federal commitment to the Drinking Water SRF, providing $850 million, and seeks a one-year extension of the authority for States to transfer funds between the two SRFs to maximize flexibility in meeting State and local needs.

Mr. Chairman, a cornerstone of our water budget is its focus on the "four pillars" of sustainable infrastructure. We must provide the tools that help water managers achieve sustainable infrastructure. The four pillars that are essential for sustainable infrastructure are: better management, full-cost pricing, water conservation, and restoration through the watershed approach.

Better Management

One pillar in our ability to ensure sustainable water infrastructure is better management at the local or facility level. By better management, I mean assuring that facility managers have the suite of tools they need. These tools include: asset management, environmental management systems, capacity development, and other systems that successful enterprises have demonstrated to be effective.

Full Cost Pricing

Another pillar is "full-cost pricing." Pricing that seeks to recover all of the costs of building, operating, and maintaining a system is absolutely essential to achieving sustainability. Of course, full-cost pricing depends upon complete and accurate metering of water use in order to charge users fairly for what they actually consume. Conservation rates and seasonal rates can further help reduce peak water demand. And, valid concerns about equity can be addressed through "lifeline rates" for the poor. Clearly, we need to develop and share more information that documents progress in full-cost and conservation pricing approaches. We took one step toward better

information-sharing a few months ago by establishing a new website with pricing information.

Water Conservation

Another pillar in ensuring sustainable water infrastructure is to encourage efficient use of water. Although EPA's focus is water quality, not water quantity, we increasingly find that water quantity and quality issues are inextricably linked. Examples include infrastructure for both water supply and water quality, and reuse of water.

EPA will continue to increase its focus on voluntary water conservation and efficiency through education, funding, and technical assistance. I am excited to tell you about our efforts to develop a voluntary program to identify and promote water efficient products. Among the approaches we are considering are voluntary standards, market-based approaches that inform consumers about the benefits of water-efficient products, and collaborative efforts with industrial sectors that promote the manufacture and sale of these products.

Restoration through the Watershed Approach

The final pillar in assuring sustainable water infrastructure is an important water program priority in itself. EPA is committed to working on a watershed basis with our State, Tribal, and other partners to protect human health and restore water quality nationwide. About a decade ago, EPA embraced the watershed approach, focusing on multi-stakeholder and multi-program efforts within hydrologically-defined boundaries, as

a better way to address water quality problems. Today, we are increasingly managing water quality on a watershed basis.

Restoring Our Watersheds

The President's budget contains a request for $15 million to continue investing in our Targeted Watershed Grants program. This initiative started in 2003, with 20 grants ranging from $300 thousand to $1 million. The slight reduction from the FY 2005 enacted amount reflects the absence in this budget of the funding that was provided last year for the Chesapeake Bay Pilot. The Targeted Watershed Grants program provides opportunities to demonstrate the effectiveness of market-based approaches, particularly water quality trading, and collaborations that often transcend political boundaries to achieve sustainable environmental solutions.

Many resources under the Clean Water Act directly support efforts to restore and improve the quality of rivers, lakes, and streams. Over the next several years, EPA will rely on this funding to work with States to assure the continued effective implementation of core clean water programs, to restore specific impaired waterbodies, and to accelerate watershed protection efforts.

In 2000, States listed some 21,632 waterbodies that are not attaining water quality standards required under section 303(d) of the Clean Water Act. Succeeding in restoring impaired waterbodies requires that we set interim and long-tem goals to guide this work. By applying the full range of Clean Water Act programs to this problem, EPA and States are working to restore these waterbodies through watershed-based planning, market-based approaches and other available tools.

In FY 2006, EPA will work with our State and Tribal partners to focus on watershed protection by implementing Permitting for Environmental Results (PER). This is the most comprehensive, data-rich review of State Clean Water programs in the history of the National Pollutant Discharge Elimination System (NPDES). The PER initiative is a multi-year EPA-State partnership aimed at improving the environmental performance, efficiency, and the fundamental integrity of NPDES programs. The Agency is developing a management system that fosters ongoing assessment of program integrity, shares and builds on best practices for managing environmental results and efficiency, and anticipates opportunities to enhance the program.

In addressing the backlog of expired permits, EPA and States are developing lists of "priority permits" that allow us to focus on expired permits that have the biggest environmental impact. We are streamlining the permitting process with electronic permit development tools and technical guidance on watershed-based permitting. We are also evaluating the fundamental integrity of State NPDES programs and working with our State partners to develop program profiles that we are posting on EPA's website (www.epa.gov/npdes/per). The profiles highlight program innovations and areas where program improvements can be achieved. They establish a baseline for measuring the health of the program over the long term.

Besides watershed-based permits, States and EPA can use TMDLs and nonpoint and source water assessments to support restoration efforts. By the end of FY 2006, we expect that all EPA-approved State source water assessment programs will have completed baseline assessments for public water systems nationwide. With the support of many federal programs, States will work with community water systems

on voluntary measures to prevent, reduce, or eliminate threats of contamination to source water areas. In addition, EPA will coordinate federal agencies working with national, State and local stakeholder organizations in broad-based efforts to manage significant sources of contamination identified in the source water assessments.

Coasts and Oceans

Last December, in response to the recommendations of the U. S. Commission on Ocean Policy, the President announced his Ocean Action Plan. The Action Plan reflects a commitment to strengthen collaboration among agencies as well as the need for the federal government to strengthen already strong cooperation with State, local, Tribal, and community partners to enhance the management of coastal and ocean resources.

In FY 2006, coastal waters will continue to be a high priority, on both national and regional scales. First issued in 2001, the National Coastal Condition Report (NCCR) results from a collaborative effort among EPA and many federal, State, and other partners. In January 2005, we issued an updated NCCR, consistent with the Ocean Commission report, that sends a clear message about the serious challenges facing our Nation's ocean and coastal resources.

The focus on watershed management at our coasts further underscores the need for continued support for programs like the National Estuary Program. Currently including 28 specific estuaries, this program has leveraged EPA funding into nearly a million acres of habitat restored or protected, and it has achieved many other water

quality improvements. The National Estuary Program is a model of a local, State, federal, and public partnership to restore and manage our critical coastal resources.

Great Lakes

As I have discussed, implementing regional watershed-based collaborations is a top priority for EPA. A stellar example of such an effort is the collaboration that was established under the President's Executive Order on the Great Lakes. One of the largest watersheds on the continent, holding 20% of the world's surface freshwater, the Great Lakes basin is home to more than one-tenth of the population of the United States and one-quarter of the population of Canada. Some of the world's largest concentrations of industrial capacity are located in the Great Lakes region. In spite of their large size, the Great Lakes are sensitive to the effects of a wide range of pollutants. Responding to the President's May 2004 Executive Order, EPA will build on the work already done by former Administrator Mike Leavitt and the Great Lakes Task Force to lead and coordinate local, State, Tribal, and federal partners in focusing on environmental protection that meets international commitments and provides measurable results. Concurrently, we will continue working with partners to restore the chemical, physical, and biological integrity of the Great Lakes ecosystem by implementing Clean Water Act core water protection programs and other actions that support the existing 2002 Great Lakes Strategy. The Strategy's shared, long-range vision (healthy natural environment for wildlife and people, all beaches open for swimming, all fish safe to eat, and Lakes that are a safe source of drinking water) is supported by quantifiable and measurable objectives.

In support of the Great Lakes Legacy Act of 2002, the FY 2006 President budget's request includes $50 million, representing a $5 million increase over the FY 2005 President's budget and $27.5 million over the FY 2005 enacted level, to fund sediment remediation activities at the fully authorized level. In FY 2006, the third year of the program, EPA will support up to six projects for remediation which will clean up over a quarter million cubic yards of contaminated sediments.

Wetlands

Our FY 2006 request reflects our continuing commitment to the goal of increasing the quantity and quality of the Nation's wetlands. On Earth Day 2004, the President announced his commitment to restore, improve, and protect three million acres of wetlands by 2009.

Achieving the Administration's commitment requires stronger State, Tribal, and local programs to protect the most vulnerable wetlands. To support their efforts, the President's Budget contains a request for $20 million for grants to help States and Tribes develop, enhance, implement, and administer wetland programs. This is a 25% increase over the level Congress appropriated for FY 2005 and will help the Administration surpass "no net loss" and move toward its new "net gain" goals.

Homeland Security

The Nation's drinking water systems have taken the first critical steps toward enhancing security – identifying their vulnerabilities and developing emergency

response plans. As these systems begin to mitigate their weaknesses, they need additional guidance to help them adopt effective security programs that will detect intentional acts of contamination. In response to these needs and consistent with Homeland Security Presidential Directives 7 and 9, EPA will deploy, in selected cities, with key federal and water sector partners, a pilot monitoring and surveillance program for early warning of intentional contamination events. To complement this detection program, EPA will provide additional tools, training, and exercises that the largest drinking water utilities need to prevent, respond to, and recover from a terrorist or other intentional attack. EPA's FY 2006 request includes an additional $44 million to carry out these responsibilities.

CONCLUSION

There are always new challenges facing the Nation's water programs. Effective collaboration with our many partners – the Congress, States, Tribes, and public and private groups and individuals – will continue to give us many opportunities for ensuring clean and safe water. I look forward to working with this Committee to accomplish these important national goals.

This concludes my prepared remarks; I would be happy to respond to any questions you may have at this time.

* * *

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

APR 15 2005

OFFICE OF CONGRESSIONAL AND
INTERGOVERNMENTAL RELATIONS

The Honorable Eddie Bernice Johnson
Ranking Democratic Member
Subcommittee on Water Resources and Environment
Committee on Transportation and Infrastructure
U. S. House of Representatives
Washington, DC 20510

Dear Representative Johnson:

Enclosed, for insertion in the hearing record, are the Environmental Protection Agency's responses to the questions that you forwarded to us following the February 16th hearing regarding the Agency's budgets and priorities for FY 2006.

If you have any questions about the enclosed materials, please do not hesitate to contact me, or your staff may call Tom Dickerson in my office at 202-564-3638.

Sincerely,

Charles L. Ingebretson
Associate Administrator

Enclosure

U.S. ENVIRONMENTAL PROTECTION AGENCY'S RESPONSES TO QUESTIONS FOLLOWING THE FEBRUARY 16, 2005 HEARING ON AGENCY BUDGETS AND PRIORITIES SUBCOMMITTEE ON WATER RESOURCES AND ENVIRONMENT COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

QUESTION 1

The budget and your testimony refer to the administration's desire to achieve a revolving level of $3.4 billion annually for the Clean Water Act state revolving loan fund program.

a. What is the basis for the $3.4 billion number?
b. What analysis went into developing that number?
c. Please provide a copy of any analysis used in developing that number.
d. What is the impact of that level of funding on addressing the EPA-identified funding gap.
e. What will be the remaining funding gap if state revolving loan funds are able to provide $3.4 billion annually?
f. Does the $3.4 billion represent constant, or inflation-adjusted dollars? Dependent upon the answer, how does that affect the funding gap?

ANSWER 1

Since some of the answers may overlap, the questions have been grouped into two sections corresponding to the two main topics addressed.

Answers to questions a, b, and c:

The FY 2006 President's Budget proposal to fund the CWSRF program through 2011 at $730 million each year is consistent with the Administration's goal of capitalizing the CWSRFs such that they will provide an average $3.4 billion a year in financial assistance over the long term, even after federal funding ends. The inflow into the CWSRF of the requested federal funds, when combined with other funding sources, including state match contributions, proceeds from bonds, loan repayments, and interest earnings, is projected to support this high level of funding capacity.

The $3.4 billion long-term revolving level of the CWSRF is projected using a planning model developed by EPA to forecast the effect that different program structures have on the ability of CWSRFs to provide financial assistance in the future. The model takes into account various assumptions about key aspects of fund management – including federal capitalization levels, state match contributions, interest rates, repayment terms, leveraging options, and others – that influence the amount of future assistance provided. Assumptions about future performance consider past trends using information provided by the states.

Information on program performance shows that over time the CWSRFs are making more efficient use of the funds that become available each year. Current projections of the long-term revolving level assume that the CWSRFs will continue to improve performance by increasing the pace of loan issuance, increasing the rate of project completion, and shortening the length of loan maturity. Along with greater operating efficiencies, the projections factor in expectations of an expanded funding base from loan repayments, bond proceeds, and interest earnings. The attached table shows in detail the assumptions used to project the $3.4 billion.

Answers to questions d, e, f:

The President's funding plan for the CWSRF assumes that a mix of continued federal funding, 3% revenue growth for systems (consistent with long-term economic growth estimates), and implementation of system efficiencies that reduce the demand for wastewater infrastructure will help close the gap between current capital funding levels and future infrastructure capital needs. The CWSRF is one tool to address infrastructure financing. Pursuing approaches for efficient, effective management of infrastructure assets can ensure that the federal investment results in sustainable systems.

EPA recognizes that addressing the gap requires federal, state, and local actions and innovations to reduce the demand for infrastructure, including better management, conservation (or smart water use), full-cost pricing, and intergovernmental cooperation through the watershed approach. Through a sustainable infrastructure initiative, the Agency is working in partnership with states, the water utility industry, and other stakeholders to ensure sustainability of wastewater systems.

The estimated $3.4 billion CWSRF revolving level represents 2001 constant dollars. The discount rate used is 2.67%; the same as was used in the aforementioned gap report.

2a

Clean Water SRF Financial Planning Model Assumptions

Parameters	Assumptions*
Federal funding – Actual appropriations through 2005; $730 million annually from 2006 through 2011 (President's Budget)	
National set-aside for Indian Tribes	1.5%
National set-aside for 604(b) planning grants	1%
State set-aside for fund administration	4%
Discount rate	2.67%
Match deposits as a % of cash draws	20%
Match bonds as a % of total match	25%
Interest rate on match bonds	5.3%
Average match bond maturity	11 years in 2008, then decreasing to 1 year in 2031
Debt service reserve as a % of match bonds outstanding	10%
Issuance cost as a % of match bond proceeds	2%
Leveraged bonds outstanding as a % of total capital	increasing to 75% by 2009
Interest rate on leveraged bonds	5.3%
Average leveraged bond maturity	decreasing to 18 years by 2007, then to 14 years by 2014
Debt service reserve as a % of leveraged bonds outstanding	33%
Issuance cost as a % of leveraged bond proceeds	1%
Cumulative loan commitments as a % of available funds	increasing to 94% by 2007
Average disbursement period	decreasing to 2.4 years by 2007
Federal cash draws as a % of disbursements	decreasing to 25% by 2007
Investment yield (short term)	4.2%
Investment yield (reserves)	5.3%
Loan yield	3.2%
Average loan maturity	11.4 years

Note: Projections are based on state historical data from 1988 through 2004, contained in EPA's CWSRF National Information Management System. The "revolving level" is the projected average annual assistance (in terms of cash disbursements) that the CWSRFs can provide over the long-term after federal funding ends. Under the President's Budget proposal to fund through 2011, the revolving level is estimated over the time period from 2015 through 2040, given the assumption that it takes about 4 to 5 years for federal funds to work through the program. Projections are adjusted to 2001 dollars.
*Projection assumptions apply beginning in 2005, unless otherwise noted.

QUESTION 2a

If the Administration is determined to ramp down the Federal commitment to financing wastewater infrastructure, what analysis has the administration done to determine how best to use limited resources that remain?

ANSWER 2a

The Administration has actually increased the Federal commitment to the Clean Water SRF by extending Federal funding through FY 2011. This extension represents an additional $5.1 billion and six years over the previous Administration's commitment.

On January 31, 2003, EPA convened a forum on "Closing the Gap: Innovative Solutions for America's Water Infrastructure" to facilitate a dialogue to define the vision and identify a strategy for sustainable infrastructure. As a result of this initiative, the Agency will work in partnership with the States, water utility industry and other stakeholders to ensure sustainability of water and wastewater systems. This will include promoting water efficient products; promoting actual use-costing of water; promoting management techniques for reducing long-term costs and improving performance and sustainability; and expanding watershed approaches to identify effective local infrastructure solutions.

QUESTION 2b

Is there a plan in place? If not, what are the agency's intentions for developing a plan?

ANSWER 2b

In FY 2004, the President's Budget presented a long-term plan to address national water infrastructure needs, which included an extension of federal funding of the CWSRF until 2011. The Bush Administration's commitment to provide $6.8 billion between 2004-2011 represents a $5.1 billion increase over the commitment of the previous Administration. EPA's FY 2006 request continues to support that long-term plan.

The President's funding plan assumes that a mix of federal funding, 3% revenue growth for systems (consistent with long-term economic growth estimates), and implementation of system efficiencies that reduce the demand for wastewater infrastructure will help close the gap between current capital funding levels and future infrastructure capital needs. The CWSRF is one tool to address the wastewater infrastructure gap. In addition to funding infrastructure projects, closing the gap and achieving sustainable systems requires federal, state, and local actions and innovations to reduce the demand for infrastructure, including better management, conservation (or smart water use),

full-cost pricing, and intergovernmental cooperation through the watershed approach. Through a sustainable infrastructure initiative, the Agency is working in partnership with states, the water utility industry, and other stakeholders to ensure sustainability of wastewater systems.

QUESTION 3a

You reiterated the President's stated goal of surpassing a no-net-loss goal related to wetlands, and moving toward a net gain of wetlands. On Earth Day 2004, the President announced his intention to restore, improve, and protect three million acres of wetlands by 2009.

In implementing the President's announcement, how many acres of wetlands have been restored, improved or protected to date? Please specify whether the acres are characterized as restored, improved, or protected. Do any of these acres represent a net gain of wetlands?

ANSWER 3a

EPA is committed to working in coordination with our Federal Agency partners towards achievement of the President's Earth Day 2004 initiative to restore, improve, and protect three million acres of wetlands by 2009 utilizing a variety of programs and authorities. EPA is currently working with other federal agencies to develop a report that provides a comprehensive estimate of progress towards the achievement of the national wetlands goal. EPA is in the midst of a data call to collate data and information from a variety of EPA programs for this report.

QUESTION 3b

You were quoted as stating that the Supreme Court decision in Solid Waste Agency of Northern Cook County could eliminate Federal protection of up to 20% of waters and wetlands. This represents some 20 million acres. Why doesn't the agency support amending the Clean Water Act to change the outcome of the Supreme Court's decision, and thereby immediately provide protection to 20 million acres of waters and wetlands.

ANSWER 3b

Roughly 20% of the Nation's wetlands or 20 million acres are believed to be geographically isolated, but this estimate does not equate to 20 million acres losing Clean Water Act (CWA) protections under *Solid Waste Agency of Northern Cook*

County v. U.S. Army Corps of Engineers (SWANCC). Waters no longer regulated by the CWA under SWANCC are likely considerably less than 20 million acres.

The 20 million acre estimate by of the Interior was made prior to the *SWANCC* decision using the National Wetlands Inventory (NWI). More recently, some scientists have estimated the extent of geographically isolated wetlands through queries of the U.S. Geological Survey's National Hydrographic Dataset (NHD) and found, consistent with results of the earlier NWI estimate, that 10 percent to 20 percent of larger wetlands in the Lower 48 states are estimated to be geographically isolated. In order to use terms corresponding to fields in the NHD, scientists defined "geographically isolated" as those wetlands surrounded entirely by upland and greater than a specified distance from a stream or lake. Thus, these estimates do not represent the impact of *SWANCC*.

Many waters that are termed "geographically isolated" remain under CWA jurisdiction. The *SWANCC* decision held that isolated intrastate non-navigable waters could not be regulated under the CWA based solely on the presence of migratory birds. Thus, under EPA and Corps regulations and consistent with aquatic science, whether a water is "isolated" for jurisdictional purposes is based not only on whether the water is geographically isolated, but also on site-specific characteristics of the individual water in question, such as whether it is wholly-intrastate and the extent to which it has connections to navigable waters.

EPA is working with the Army Corps of Engineers (Corps) to improve the CWA Section 404 implementation consistent with the President's goal of an overall increase in the Nation's wetlands. Additional legislation is not necessary at this time. It is worth noting that the FY 2006 Budget requests an additional $5 million (a total of $20 million) for Wetland Program Development grants.

EPA and the Corps are committed to increasing consistency, transparency, predictability, and sound science for the CWA Section 404 program. The agencies have undertaken a number of steps in response to the Supreme Court's decision in *SWANCC*. For example:

- We are assessing on an ongoing basis the adequacy of existing field practices, the January 2003 guidance on the scope of "waters of the U.S.," and training programs, and take appropriate steps to ensure CWA jurisdiction is correctly determined.

- The agencies are working together to ensure that information on jurisdictional calls is collected and shared with the public. At present, the vast majority of Corps districts are posting jurisdictional findings on the Internet.

- Staff from EPA and Corps headquarters and field offices are planning joint visits to sites that illustrate difficult issues regarding the scope of waters of the U.S., in order to develop a common understanding of the issues.

- EPA and the Corps are coordinating to expand and improve the Corps' permit-tracking database, which will be made available to the public through the Corps' website, providing important access to agency actions.

- the agencies are engaging in opportunities to explain to stakeholder groups the scope of CWA jurisdiction in light of *SWANCC*, including national and regional conferences and other public forums.

- EPA co-sponsored a U.S. Army Engineer Research and Development Center study on Ordinary High Water Mark indicators for delineating arid streams in the southwestern U.S.

- EPA, Corps, and Department of Justice staff continue to have biweekly meetings to discuss jurisdictional issues and questions that arise in the field.

QUESTION 4a

EPA's own analysis is that there is a growing funding gap, and that without additional investment in wastewater infrastructure, the Nation faces the likelihood that water quality will return to the days preceding the Clean Water Act. Now, the agency is advocating its "four pillars" of sustainable infrastructure.

> ***How does the administration justify the reduction in Federal assistance for wastewater infrastructure while EPA's own analysis indicates that communities need financial assistance, and water quality will suffer without additional assistance?***

ANSWER 4a

- The FY 2006 President's Budget proposal for extending federal capitalization of the CWSRF recognizes that replacing the Nation's wastewater infrastructure requires a long-term, sensible approach. By providing federal funding through 2011 at $730 million per year, the President's proposal will increase the CWSRF program's ability to fund projects in both the near term and in the long-run.

- With the FY 2004 Budget, the Administration proposed continuing funding of the CWSRF from 2004 through 2011 to add $6.8 billion in federal funds. The commitment to reach this target was reinforced under the FY 2005 Budget. The current Budget request, when combined with actual FY 2004 and 2005 appropriations, fulfills the commitment of $6.8 billion.

- The Bush Administration's commitment to provide $6.8 billion between 2004-2011 represents a $5.1 billion increase over the commitment of the previous Administration.

- Through FY 2004, EPA has provided $22 billion to capitalize the CWSRF, nearly three times the original CWA authorized level of $8.4 billion. Total CWSRF funding available for loans since 1988, reflecting loan repayments, state match dollars, and other funding sources, exceeds $52 billion, of which $48 billion has been provided to communities as financial assistance.

- Federal funding of the CWSRF was not intended to be permanent; it was intended to help establish the program on a fiscally sound and substantive footing. The original funding authorization for the program expired in 1994. Federal support over the past 17 years combined with state contributions and the recycling of loan repayments into new loans has more than accomplished that goal. With its projected level of funding, the CWSRF is well positioned and managed to run in perpetuity as intended by the CWA.

- The President's funding plan assumes that a mix of increased federal funding, 3% revenue growth for systems (consistent with long-term economic growth estimates), and aggressive implementation of system efficiencies that reduce the demand for wastewater infrastructure will lead to a closing of the gap between current capital funding levels and future infrastructure capital needs. Pursuing approaches for efficient, effective management of infrastructure assets can ensure that the federal investment achieves sustainable systems. These same innovative management practices can achieve significant cost savings in the industry.

- The Agency recognizes that, in addition to fiscal approaches, closing the gap requires federal, state, and local actions and innovations to reduce the demand for infrastructure, including better management, conservation (or smart water use), full-cost pricing, and intergovernmental cooperation through the watershed approach. Through a sustainable infrastructure initiative, the Agency is working in partnership with states, the water utility industry, and other stakeholders to ensure sustainability of wastewater systems. This initiative includes:

    - Ensuring the technical, financial, and managerial capacity of these systems;

- Expanding watershed approaches that engage stakeholders in broad-based, actions-oriented partnerships to identify efficient and effective local infrastructure solutions;
- Encouraging the adoption of sustainable management systems to improve efficiency and economies of scale; and
- Reducing the average costs of service.

QUESTIONS 4b

How does the budget request for fiscal year 2006 compare with actual and expected US expenditures for wastewater improvements in Iraq?

ANSWER 4b

EPA does not provide wastewater funding to Iraq, and does not monitor actual or expected US expenditures for wastewater improvements in Iraq provided by other US Government agencies. However, based on a recent GAO report GAO-05-253, published in March 2005, subject: Freshwater Programs, Federal Agencies' Funding in the United States and Abroad:

"Of the estimated $3 billion in total financial support directed toward freshwater programs abroad between fiscal years 2000 through 2004, about $1 billion was recently provided for freshwater projects in Afghanistan and Iraq. Most of the financial support for international freshwater programs was provided by the US Agency for International Development. Foreign wastewater treatment and watershed management programs were the ones that most of the agencies supported."

GAO also estimates that during this period, USDA and the Army Corps of Engineers provided billions of dollars in U.S. water infrastructure funding.

QUESTION 5

In the President's budget message, President Bush called for "sensible spending" and "significant spending reductions or outright elimination of programs that are falling short." The budget proposes to cut programs within the jurisdiction of this Subcommittee, including cuts to the Clean Water State Revolving Fund, to non-point source pollution prevention programs, and site specific spending.

> ***a. Do the programs not constitute "sensible spending" and is it the position of EPA that these programs are "falling short" of Administration expectations?***

b. If these programs are falling short of expectations, what is the basis for that determination, and what steps has EPA taken or does EPA expect to take to make these programs meet expectations?

ANSWER 5

The Agency is committed to continuing the significant environmental progress we have made to date. For example, the FY 2006 President's Budget Request maintains the commitment to fund the CWSRF through 2011 and increase the long term revolving level to $3.4 billion. The Agency has provided, through FY 2004, $22 billion to capitalize the SRF, nearly triple the authorization level. Additionally, in the FY 2006 President's Budget, the non-point source program request is restored to its pre-FY 2005 rescission level.

Of the eight water programs reviewed under the FY 2006 Program Assessment Rating Tool cycle, only one, the Alaska Native Villages Program, was rated ineffective. Programs were evaluated for purpose, planning, management, and results. EPA will work with the State of Alaska to develop regulations that strengthen the management controls for the Alaska Native Villages Program and improve performance.

QUESTION 6

Toward the end of the previous administration, EPA proposed a rule to modernize the Total Maximum Daily Load (TMDL) program, making the program more effective in cleaning-up the 20,000 impaired water body segments throughout the Nation. However, on the first day of the current administration, White House Chief of Staff, Andrew Card, released a memo to all Federal agencies that prevent any regulatory action carried over form the previous administration from proceeding, including the revised TMDL rule.

In 2003, EPA announced that it would withdraw the 2001 TMDL rule in favor of a new "watershed rule," and soon afterward, released a draft of the proposal to various stakeholder groups. Since that time, no official Agency action on the "watershed rule" has occurred.

a. What is the status of the draft "watershed rule?"

b. Does the Agency plan to proceed further with this rule, or any revised version of a rule that addresses similar issues?

ANSWER 6

EPA is still considering how best to proceed with the draft "watershed rule" or similar rulemaking. We have determined that our efforts and those of our State partners are best directed toward implementation of the current program and making administrative improvements in areas that will best facilitate achieving State water quality objectives.

States and EPA have now established more than 14,000 TMDLs, approximately 6,000 of them in the last two years, in contrast to the fewer than 1,000 TMDLs established prior to 1999. EPA continues to meet consent decree deadlines established in court orders covering 22 states. In addition, States and EPA continue to work to improve the scientific rigor of the list of waters needing TMDLs, the quality of TMDLs, and the incorporation of TMDLs into watershed planning processes. EPA has also issued guidance for use of CWA section 319 funding to ensure that funds are used to develop and implement watershed plans that incorporate completed TMDLs, and has issued guidance to improve the listing process.

QUESTION 7a

In your testimony, you comment on the President's request for the Great Lakes Legacy Act (GLLA) of $50 million. I am pleased to see support for this Clinton era proposal. You also note that should Congress appropriate this money, EPA would be able to support up to six projects for remediation of contaminated sediments within the Great Lakes Areas of Concern.

> ***a. Please identify which six remediation projects would be funded should the GLLA receive funding equal to the President's request?***

ANSWER 7a

Decisions on which projects will be funded have not been made; projects would be selected for the $50M over the course of the next 2-3 years. $10M was available in FY04 when EPA first opened a solicitation requesting projects under the Legacy Act. That request generated $80M in 14 requests. In September, 2004, EPA started the first project, the $6.5M ($4M in EPA funds) Black Lagoon project, in the Detroit River in Michigan.

As GLNPO projects for Legacy Act funding are proposed, they are posted to:
http://www.epa.gov/grtlakes/sediment/legacy/projlst.html

QUESTION 7b

Also, what actions are expected to be taken at the identified sites, what is the total expected cost of planned remediation at each identified site, and what is the timetable for completion of the remedial activity?

ANSWER 7b

EPA will work with applicants and will undertake sediment remediation actions at the selected sites in accordance with the provisions of the Legacy Act. Projects can include monitoring or evaluation, remediation, or preventing further contamination.

Costs of remediation and the timetable for completion of remedial activity will vary from site to site; however, in accordance with the provisions of the Legacy Act, EPA will give priority to projects which include remediation to be commenced not later than 1 year after the date of receipt of funds for the project.

QUESTION 8

The President's budget flat-funds EPA's Section 319 program—the principal Federal program to address non-point sources of pollution—and eliminates funding for NOAA's Coastal Nonpoint program (Section 6217). According to EPA budget materials, the reasoning behind these funding decisions is a result, in part, of efforts to combine several Federal programs aimed at reducing non-point sources of pollution, such as the Department of Agriculture's environmental Quality Incentives Program (EQIP). However, the EQIP programs is limited to only one continuing source of non-source point pollution—agriculture. The EQIP program cannot address urban and suburban non-point sources of pollution.

In addition, when you combine the lack of funding in the EPA's Section 319 program with the elimination of NOAA's coastal non-point program, this budget basically abandons efforts by urban and suburban communities to address non-point sources of pollution—those typically responsible for increased levels of water pollution, closing the Nation's recreational beaches, and potentially contaminating sources of drinking water.

> ***a. How are coastal communities supposed to afford the necessary upgrades to avoid discharging pollutants into coastal recreation waters, and potentially making vacation-goers sick?***
>
> ***b. Does the agency expect changes to the operation of the EQIP program to address the lack of resources under Section 3419 of the Clean Water Act and Section 6217 of CZARA***

ANSWER

EPA's Section 319 program is one of several resources that are available to help protect and restore coastal recreation waters. In addition to Section 319, the State revolving loan fund (SRF) program provides low- or zero-interest loans to communities to address both high-priority municipal wastewater treatment needs and non-point source (NPS) needs.

While the national needs for point and non-point source pollution control are vast, EPA believes that the President's budget proposal to provide $209 million dollars for Section 319 in FY 2006 will make a significant contribution towards addressing priority NPS pollution problems.

In addition, the 2006 Budget requests substantial funding for USDA's farm bill conservation programs—including the Environmental Quality Incentives Program ($1 billion), Conservation Reserve Program ($2 billion), and Conservation Security Program ($274 million)—to address natural resource concerns on agricultural operations, such as sources of NPS pollution.

USDA's Environmental Quality Incentives Program (EQIP) provides significant resources towards ameliorating NPS water pollution concerns. USDA's regulations for the EQIP program specifically identify four national-level conservation priorities, the first of which is the "Reduction of non-point source pollution, such as nutrients, sediment, pesticides, or excess salinity in impaired watersheds consistent with TMDLs where available as well as the reduction of groundwater contamination and the conservation of ground and surface water resources." Another of these four national priorities focuses on reducing soil erosion and sedimentation, which are leading causes of water quality impairments nationwide. Based upon ongoing communications between EPA and USDA, EPA understands that USDA intends to continue its efforts to assure that these national priorities are appropriately addressed at the state and local level.

GARY G. MILLER
42ND DISTRICT, CALIFORNIA

ASSISTANT WHIP AT LARGE

COMMITTEE ON FINANCIAL SERVICES

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

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Statement of Congressman Gary G. Miller
Hearing on the Environmental Protection Agency and National Oceanic and Atmospheric Administration Budget Priorities
Water Resources and Environment Subcommittee
February 16, 2005

- As our nation grows, so too does our reliance upon a safe and dependable water infrastructure. The cost of insufficient attention to clean water is indisputable. Leaking toxins, storm water runoff, and coastal pollution all pose grave risks to water quality. The dependability of our country's water infrastructure could not be more vital to the health, safety, and overall quality of life of every American.

- California, home to 30 million people, is faced with the formidable task of providing reliable and safe water resources for its growing population.

- As many of you know, Southern California is in a perpetual crisis. It's arid climate makes it difficult for this region to find viable and dependable sources of water. With increased demand, decreased availability of imported water and higher water quality requirements, future water supplies will become even more limited and expensive.

- In 1996, the Clean Water Needs Survey put California's needs at $11.5 billion. The next needs survey is expected to double that amount. In fact, the EPA's 2001 survey of capital improvement needs for public water systems indicated that communities need to invest $150.9 billion on drinking water infrastructure improvements over the next 20 years.

- Under the Administration's request, the State Revolving Fund would be cut by $361 million compared to FY 2005 enacted levels. This would come at a time when it is critical to have funding increases in order to meet the demands of the region. Communities critically need funding from the Clean Water State Revolving Fund to improve their aging water infrastructure.

- While I understand the desire to cut spending, I firmly believe that fiscal responsibility is about striking a balance among competing demands and facing obligations not only to today's generation, but also to tomorrow's. It is important that Congress invest in our nation's crumbling clean water infrastructure immediately.

- In California, the reauthorization of the state revolving fund could translate into over $1 billion in additional funds to address the state's clean water needs.

- I welcome the opportunity to work with my colleagues on this subcommittee to continue to work on legislation that will authorize increases in funding for the clean water state revolving fund in order to close the gap that exists between infrastructure needs and current levels of spending.

- I look forward to hearing the testimony of Assistant Administrator Grumbles on how the EPA plans to address the water needs of Southern California and the entire nation, under this budget proposal.

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STATEMENT OF
THE HONORABLE JAMES L. OBERSTAR
ON
SUBCOMMITTEE ON WATER RESOURCES AND ENVIRONMENT
HEARING ON AGENCY BUDGETS AND PRIORITIES FOR FY 2006
FEBRUARY 16, 2005

Mr. Chairman, thank you for holding today's hearing on the administration's proposed budget for fiscal year 2006, and its impact on Agency programs and priorities under the jurisdiction of the Subcommittee on Water Resources and Environment.

As in its earlier budget submissions, the administration's priorities for the upcoming fiscal year reduce protection for the Nation's environment, cut investment in essential water-related infrastructure, and ignore needed investment in the economic and environmental health and safety of the Nation for generations to come. Instead the budget emphasizes cuts, slowdowns, and flat spending for key water-related infrastructure projects and for the protection of the environment.

The budget message proclaims that the fiscal year 2006 budget will continue to advance the President's priorities of restoring economic growth, winning the was on terror, protecting the homeland, improving schools, rallying the armies of compassion, and promoting ownership. At the same

time, the budget message calls for "sensible spending limits" through "significant spending reductions or outright elimination of programs that are falling short."

If cuts in federal spending are a reflection on which programs the Administration sees as "falling short", then the bulk of this Subcommittee's programs must be thought of as failing to meet expectations. The budget request cuts funding for the Corps of Engineers, the Environmental Protection Agency (EPA), the Natural Resources Conservation Service, and the National Oceanic and Atmospheric Administration. For the Federal agencies here this afternoon, the budget cuts funding for grants to states to invest in wastewater infrastructure, cuts funding to reduce nonpoint source pollution, cuts Superfund cleanups, cuts investment in watershed protection, and cuts efforts to restore the Nation's estuaries.

Mr. Chairman, this administration misreads what is most important to American families, and the means to accomplish these goals. Without question, the tragic events of September 11th and its aftermath have changed most Americans' perspective on the importance of protecting ourselves and our families from harm. However, this increased awareness of our security has not erased the importance of other programs and priorities essential to our way

of life, our economic security, and to the health and well-being or ourselves and our families.

The administration's budget fails to recognize that investment in our Nation's water-related infrastructure is a key element in stimulating and improving the Nation's economy – and one that not only helps current generations, but provides for continued economic growth and stability for generations to come.

For example, EPA and others acknowledged a significant annual funding gap of between $4 to $9 billion for wastewater infrastructure over the next 20 years. At the same time, agency officials have warned that without significant increases in funding to repair and replace the Nation's wastewater infrastructure, water quality will diminish to levels not seen since *before* enactment of the Clean Water Act.

Yet, the Administration's budget reduces Federal participation in meeting current and future wastewater needs by a third (the fifth straight year of significant reductions) and eliminates funding for high priority projects. This means in my own state that Minnesota officials will have to try and make the necessary wastewater infrastructure repairs and improvements with close to

$7 million less than last year, which is on top of the $4.5 million reduction from fiscal year 2004. This trend is disturbing, and demonstrates the lack the commitment by this administration to meeting the water and wastewater needs of the Nation.

On Superfund, not only does this budget continue the dramatic slowdown in the pace of hazardous site cleanup, it continues the practice of shifting the costs of the program from responsible parties to the taxpayers. Unlike the previous administration, this budget again fails to call for the reinstatement of the taxes to fund the Trust Fund. This failure provides a continuing $4 million-a-day tax break to the oil and gas, chemical, and business community. The total tax break since 1995 – the year that the taxes expired – is now more than $13 billion, and the meter is running.

Mr. Chairman, this Committee, on a bipartisan basis, overwhelming supported reinstating those taxes in 1999. The program certainly could have used the resources.

Worse still is that the administration's budget proposes to further weaken enforcement efforts against polluters to recover cleanup costs. The budget request for fiscal year 2006 assumes that EPA will continue to forego

cost recoveries from responsible parties – funds that should be used to reimburse the government for addressing contaminated sites – projecting only $60 million recovered from responsible parties. This assumption continues an alarming trend in declining recoveries for the program, with the administration *revising down* last year's estimate of $125 million in cost recoveries during FY2005 to $60 million, and *actual* recoveries of $125 million in FY2004, $147 in FY2003, $248 million in FY2002, $202 million in FY2001, and $231 million in FY2000.

The failure to reinstate the taxes, and to recover costs from responsible parties, not only creates a windfall for polluters, it slows down the pace of cleanup, and shifts the costs of Superfund cleanups to the individual taxpayers. Since the taxes expired in 1995, the general taxpayer has paid nearly $5 billion extra to operate the Superfund program -- $5 billion over 8 years from the taxpayers just so that the oil and gas, chemical, and other businesses can enjoy their $4 million-per-day tax break.

Mr. Chairman, the points that I have highlighted only partially address the myriad of issues and concerns that I have with the administration's budget, and its adverse impact on the economic prosperity of the Nation, and on the health, safety, and well-being of its citizens. We cannot continue to under-

invest in the Nation's infrastructure or the environment. Such a short-sighted view of environmental and infrastructure stewardship fails to uphold our commitment to maintain our current water infrastructure and natural resources, and places at risk, the quality of life we will pass along to future generations.

I welcome the administration witnesses here today, and look forward to their testimony.

Testimony of
Richard W. Spinrad, Ph.D.
Assistant Administrator
National Ocean Service
National Oceanic and Atmospheric Administration
U.S. Department of Commerce

Oversight Hearing on NOAA Budget and Priorities for FY 2006 before the
Subcommittee on Water Resources and the Environment
Committee on Transportation and Infrastructure
U.S. House of Representatives
February 16, 2005

Mr. Chairman and Members of the Subcommittee, thank you for inviting me to appear today to discuss fiscal year (FY) 2005 actions and FY 2006 plans and priorities for the National Oceanic and Atmospheric Administration (NOAA) programs that fall under this Subcommittee's jurisdiction. My name is Richard W. Spinrad and I am the Assistant Administrator for NOAA's National Ocean Service. My testimony today will focus on programs that help fulfill NOAA's responsibilities for understanding, protecting and restoring coastal and marine resources. These programs help maintain environmental and economic prosperity along the Nation's coast.

OFFICE OF RESPONSE AND RESTORATION

Under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA or Superfund) and the Oil Pollution Act of 1990 (OPA), NOAA has the responsibility to protect and restore coastal resources when threatened or injured by releases of oil or hazardous substances. Specifically, NOAA's Office of Response and Restoration (OR&R) implements CERCLA and OPA mandates by:

- Providing an interdisciplinary scientific response to releases of oil, chemicals, and other contaminants;
- Protecting and restoring NOAA trust resources; and
- Extending core expertise to address critical local and regional coastal challenges as they arise, including terrorist activities and major coastal storms.

NOAA Emergency Response Program

Our interdisciplinary scientific response team is a key part of the NOAA Emergency Response Program. This team provides unbiased scientific advice in support of federal response efforts to oil and hazardous chemical spills such as the November oil spill in the Delaware River and the January chlorine release from a train collision near Graniteville, South Carolina. NOAA is on notice 24/7 and is able to provide scientific support within 15 minutes of notification and to respond on scene within 4 hours of notification.

The NOAA Emergency Response Program works to:

- Forecast the movement and behavior of spilled oil and chemicals;
- Evaluate the risk to natural resources;
- Recommend protection priorities and cleanup actions;
- Strengthen the Nation's response capabilities by conducting research and monitoring in areas impacted by spills;
- Work with federal, state, and industry partners to ensure close cooperation and coordination for planning and responding to pollution incidents and other emergencies;
- Assist local communities in developing and evaluating their oil and hazardous materials response plans; and
- Pursue compensation and restoration for injuries to NOAA's trust resources caused by oil or chemical.

NOAA research is focused on developing new response technologies and monitoring techniques. Our research includes the development of new techniques for restoration that will help speed habitat recovery. NOAA's goal is to remain at the forefront of any new scientific developments in order to ensure our ability to execute our mission efficiently and effectively. NOAA's research efforts are critical to improving our ability to respond to hazardous spills. Research partnerships, such as that with the University of New Hampshire through the Coastal Response Research Center, are the primary means by which we conduct research into various aspects of response and restoration.

Habitat Program

NOAA's Habitat Program addresses harm to coastal trust resources in an integrated way, from initial response through completion of restoration monitoring. NOAA regional coordinators, scientists, and economists work in partnership with government agencies, the public, and industry to:

- Provide technical advice on ecological risk, contaminated sediments, brownfields, and remedial issues to accelerate natural resource recovery as well as community and waterfront revitalization;
- Assess impacts to NOAA trust resources by collecting data and conducting studies to quantify injuries to coastal resources, including impacts on recreation and other lost service uses from a spill or chronic contaminant release;
- Determine the type(s) and amount(s) of restoration necessary to compensate the public for the losses;
- Develop cooperative settlements to resolve liability for impacts, where possible; and
- Work with co-trustees, responsible parties, and communities to implement resource restoration.

NOAA has applied an integrated remediation and restoration planning approach successfully at many sites around the country. Beginning this spring (2005), construction will begin on nearly 400 acres of wetland and oyster reefs and nearly 2,500 acres of coastal habitat will be preserved and improved in Texas alone.

NOAA's Habitat Program also participates in implementation of the Estuary Restoration Act. Our participation includes:

- Developing a national database of restoration projects,
- Establishing monitoring protocols to measure the success of restoration activities, and
- Promoting regional restoration planning to maximize the benefits of restoration in coastal ecosystems.

Future Activities and Focus Areas

In the FY 2005 appropriation, OR&R activities were funded at $2.1 million below the President's request. This cut is restored in the FY 2006 request, with the President requesting $17.594 million for Response and Restoration activities. The level of funding in the FY 2006 request ensures that NOAA will continue to meet its responsibilities under CERCLA and OPA, to protect and restore injured coastal and marine resources.

In FY 2006, the Emergency Response program will continue to focus on increasing the Nation's capability to respond to oil and hazardous material spills through the most effective methods. Funding in FY 2006 will continue to support damage assessment and restoration efforts for sites such as the Hudson River in New York, Commencement Bay in Washington, and the LCP Chemicals hazardous waste site in Georgia.

NOAA will continue to provide technical assistance, training, and support to states and communities to strengthen local and regional capabilities to restore or redevelop contaminated sites and port areas. For example, we will continue to build and improve products in several watersheds, including the Hudson River in New York, Passaic River in New Jersey, Kalamazoo River in Michigan, the Elizabeth River in Virginia, Charleston Harbor in South Carolina, and Puget Sound in Washington.

The FY 2006 request also provides funding for the Great Lakes Region under NOAA's Fisheries Habitat Restoration line item. This funding will expand NOAA's capabilities in the Great Lakes region, providing a focused effort on habitat protection and restoration through an ecosystem-based approach. NOAA will continue to participate in the Great Lakes Interagency Task Force, established by Executive Order 13340, to identify the restoration needs and priorities in the Great Lakes.

COASTAL NONPOINT POLLUTION CONTROL PROGRAM

Polluted runoff from growing urban areas, septic systems, farms, forestry operations, and other land uses remains a major threat to our coastal waters. The Final Report of the United States Commission on Ocean Policy (USCOP) characterized the nonpoint source pollution problem as "complex and pervasive." NOAA anticipates playing an important role in the implementation of the President's U.S. Ocean Action Plan, which identifies several initiatives to reduce nonpoint source pollution in coastal watersheds. For example, in FY 2005, NOAA and the Environmental Protection Agency (EPA), in

partnership with other federal agencies, will initiate a series of community workshops to improve integration and coordination of Coastal Zone Management Act, Clean Water Act, and other federal programs. This workshop is designed to better assist states, tribes, and local governments in addressing priority nonpoint source pollution and land use issues.

NOAA, in coordination with EPA, works to ensure that coastal states have the tools necessary to effectively manage nonpoint sources of pollution. Thirty-three of the thirty-four states and territories that participate in the Coastal Zone Management Program have either conditionally or fully approved coastal nonpoint pollution control programs. In FY 2005, our program will focus on states and territories with only one or a few conditions remaining, so that their programs may reach fully approved status.

Congress has supported the implementation of state coastal nonpoint pollution control programs through appropriations to NOAA of approximately $10 million per year in FY 2001-04 and $3 million in FY 2005. NOAA's priorities for wisely using the $3 million in FY 2005 funds include a continued emphasis on nonpoint pollution sources not addressed by other federal programs, such as septic systems and marinas. NOAA also intends to focus on enhancing its coastal program policies by explicitly recognizing the inextricable link between coastal development and polluted runoff. It will be critical to clarify and strengthen the role of state coastal programs in addressing land-based sources of pollution. We must improve the ability of coastal states to effectively plan for and manage coastal development and to conserve coastal areas that have significant ecological, recreational or other values. NOAA will maintain a leading role in nonpoint source pollution research, science and education.

The Administration recognizes the important role that state coastal management programs can play in addressing coastal nonpoint pollution problems. NOAA's FY 2006 request does not include additional funding for state implementation of nonpoint coastal programs, however, other federal agencies, especially EPA and the U.S. Department of Agriculture (USDA) invest heavily in this area. NOAA will continue to leverage its resources by working closely with EPA and other federal partners to apply NOAA's expertise in coastal management to nonpoint pollution issues and programs.

HARMFUL ALGAL BLOOMS AND HYPOXIA

Harmful Algal Blooms (HABs) and hypoxia are often interrelated issues affecting an increasing number of Great Lakes and coastal ecosystems. Virtually every coastal state has reported recurring major blooms, and a recent national assessment revealed that more than half of our Nation's estuaries experience hypoxic conditions at some time each year. Hypoxia can stress and kill marine organisms, which affects both commercial harvests and the health of ecosystems. HABs can produce toxins that bioaccumulate in marine organisms. These toxins can also become airborne, leading to the closure of commercially important fisheries, the death of coastal marine wildlife, and illness or death in humans. A single HAB event can cost local coastal economies tens of millions

of dollars, and the total cost associated with HABs during the past few decades has been conservatively estimated at more than $1 billion.

NOAA's mandate to address national issues related to HABs and hypoxia in the Nation's coastal waters is primarily provided by the recently reauthorized Harmful Algal Bloom and Hypoxia Research and Control Act of 1998 (HABHRCA). In addition to HABHRCA, NOAA conducts HAB and hypoxia related research through the NOAA Authorization Act of 1992, which established the NOAA Coastal Ocean Program, and the Sea Grant Act of 2002, which contains authorization for competitive grants for university research on the biology, prevention, and forecasting of HABs.

NOAA, working closely with our federal, state, and academic partners, has made considerable progress in the ability to detect, monitor, assess, and predict HABs and hypoxia in coastal ecosystems. These advances are helping coastal managers undertake short- and long-term efforts to reduce and ultimately to prevent the detrimental effects of these phenomena on human health and valuable coastal resources.

NOAA research on HABs and hypoxia involves a mix of extramural and intramural research, long-term regional ecosystem-scale studies supported by short-term targeted studies, collaborations between academic and federal scientists, and multiple partnerships with federal, state and tribal managers. Projects are currently located in marine coastal areas and the Great Lakes. These interdisciplinary studies are helping to advance the state of the science and also lead to direct application for coastal managers.

Ecology and Oceanography of Harmful Algal Blooms (ECOHAB)
This competitive research program, led by NOAA, is run cooperatively with the National Science Foundation, EPA, National Aeronautics and Space Administration, and the Office of Naval Research. Through a combination of long-term regional studies and short-term targeted studies, ECOHAB seeks to produce new, state-of-the-art detection methodologies for HABs and their toxins; to understand the causes and dynamics of HABs; to develop forecasts of HAB growth, transport, and toxicity; and to predict impacts on higher trophic levels and humans, including socioeconomic impacts. Research results will be used to guide management of coastal resources to reduce HAB development, impacts, and future threats.

Monitoring and Event Response for Harmful Algal Blooms (MERHAB)
NOAA's MERHAB competitive research program assists states and tribes in their response to current threats from HABs by forging working partnerships between leading government, public, and private entities in an affected region. Through MERHAB, researchers and managers are transferring technology for proactive detection of algal cells and toxins to improve the efficiency and effectiveness of coastal monitoring programs.

Event Response
NOAA has two mechanisms that provide immediate assistance to state and federal coastal managers to reduce the impact of HAB events – the HAB Event Response

Program and the Analytical Response Team. Through these programs, coastal managers and public health officials can request immediate, coordinated assistance during toxic algal blooms, related health incidents, and marine animal mortality events.

Research on HAB Prevention, Control, and Mitigation
Advancements in this area of HAB research have been made through other NOAA HAB programs (e.g. ECOHAB, MERHAB) and by using existing mechanisms (e.g. NOAA Sea Grant research and extension network). Efforts are also underway in outreach and public education to help coastal communities and managers control the impacts of HABs.

HAB Research and Assessment Activities in NOAA Laboratories
NOAA's laboratories have focused on the following key areas critical to HAB management:

- Identification of new toxins,
- Development of sensitive, toxin-specific assays and toxin standards for research and field application,
- Effect of environmental conditions and organism physiology on toxin movement through food webs, and
- Remote sensing and prediction of HABs.

NOAA labs have also participated with academic investigators and state managers in investigating regional HAB problems. Investments in these laboratories have led to developments that are now aiding coastal scientists and managers with critical, timely information on the occurrence of HABs and the production of toxins.

Hypoxia Research and Monitoring
In the 1990s, through support from NOAA, the scientific community documented the distribution and dynamics of the hypoxic "dead zone" over the Louisiana continental shelf. These efforts led to the development of six technical reports, an integrated assessment of the causes and consequences of Gulf hypoxia, and an *Action Plan for Reducing, Mitigating, and Controlling Hypoxia in the Northern Gulf of Mexico* as mandated through HABHRCA, 1998. The uncertainties highlighted in the integrated assessment were used to identify research needs and to form the basis of a competitive, peer-reviewed research program in the northern Gulf of Mexico. This research program is designed to evaluate hypoxic events in the Gulf of Mexico; efforts include assessing the impacts on commercially important species and providing forecasts of the "dead zone" that may be used by coastal managers.

NOAA is in the process of expanding the current program to address hypoxia in other coastal, estuarine, and Great Lake regions around the Nation. Our goal is to provide tools that will be used by resource managers to assess alternative management strategies for preventing or mitigating the impacts of hypoxia on coastal ecosystems. The scope and impact of hypoxia in U.S. waters is evidenced by the reauthorization of HABHRCA and two national reports that describe the need and identify priorities for research related to

nutrient inputs, eutrophication and hypoxia in U.S. coastal waters ("Priority Topics for Nutrient Pollution in Coastal Waters: An Integrated National Research Program for the United States" and "An Assessment of Coastal Hypoxia and Eutrophication in U.S. Waters").

Future Activities and Research Areas
In FY 2006, NOAA requests $8.9 million for HAB and HABHRCA-related research. NOAA will take the lead in working with other federal agencies to implement the requirements of the reauthorized HABHRCA through the Interagency Task Force on Harmful Algal Blooms and Hypoxia. Over the next two years, the plans mandated by HABHRCA will be prepared. These plans will provide guidance for existing research programs, for addressing the research needs in the Great Lakes, and the development of new programs in the areas of prediction, response, and research as well as development, demonstration and technology transfer. NOAA will also ensure coordination within NOAA and through the Interagency Task Force.

NOAA is assisting the Mississippi River Basin/Gulf of Mexico Watershed Nutrient Task Force in its efforts to reassess the 2001 *Action Plan for Reducing, Mitigating, and Controlling Hypoxia in the Northern Gulf of Mexico*. This Action Plan had been prepared in accordance with HABHRCA 1998. Addressing the dead zone in the Gulf of Mexico is a commitment made in the President's U.S. Ocean Action Plan. NOAA will take a leading role in the scientific reassessment of the Action Plan; the new Action Plan is targeted for release in mid-2006.

A national plan for research on algal toxins and harmful algal blooms (HARRNESS; Harmful Algal Research and Response through a National Environmental Science Strategy 2004-2015) will be released in FY 2005. It will replace the national plan written more than ten years ago and guide HAB research for the next ten years. NOAA intends to build upon past successes by focusing research efforts on priorities developed in response to HABHRCA 1998. Consequently:

- NOAA will increase regional predictive capabilities through improved understanding of the ecology and oceanography of HAB organisms. The focus will be on modeling physical oceanography and bloom dynamics and identifying environmental factors that regulate HAB toxicity and toxin transfer to humans and animals.

- NOAA will continue developing state-of-the-art technologies to detect algal cells and toxins; to allow remote satellite and in-water detection of HAB species and toxins in real time; and develop micro-array technologies to monitor toxin exposure during natural events. The long-term goal is to develop quick and accurate tests for all HAB cells or toxins that can be used in the field by non-experts or deployed remotely as part of observing systems.

- NOAA will transfer successful tools and techniques to coastal resource managers for integration into existing monitoring networks and/or regional observing

systems. NOAA will provide managers with scientific and analytical support during HAB events to promote effective management of marine resources, protected species, and public health.

- NOAA will expand upon research efforts focused on the areas of prevention, control, and mitigation of HABs and their impacts on ecosystems, coastal communities, and human health. NOAA will expand efforts in outreach and public education to help disseminate this information to the public.

- NOAA will continue funding hypoxia research efforts in the Gulf of Mexico and will expand research in other regions of the United States with persistent hypoxia problems. These efforts will provide information, tools and models that will contribute to the understanding of causes and consequences of hypoxia in ecosystems. Our goal is to conduct research that will lead to the eventual mitigation of hypoxia events through forecasts and the identification of susceptible ecosystems.

- NOAA will continue to operate the first operational HAB forecasting system along the west coast of Florida, implemented in 2004. Satellite imagery and field sampling data are integrated into a HAB bulletin that provides advanced warning of potentially toxic algal blooms to coastal resource managers. These bulletins allow managers the time to modify coastal monitoring, improve their ability to detect HABs and mitigate impacts of blooms on tourism and fisheries. NOAA is developing similar programs that integrate satellite remote sensing with our partners' monitoring and modeling in other U.S. coastal regions.

AQUATIC NUISANCE SPECIES PROGRAM

The FY 2006 President's budget requests a total of $7.9 million to continue NOAA's work to prevent the spread of invasive species through efforts of the Aquatic Invasive Species Program, Sea Grant, the Great Lakes Environmental Research Lab, and the National Centers for Coastal Ocean Science. The FY 2006 base funding request for NOAA's National Sea Grant College Program assumes continued support for the invasive species research and outreach projects selected through a national competition in FY 2005. Similarly, approximately $2.0 million of base funding for the Great Lakes Environmental Research Laboratory will continue to support invasive species research activities.

A vital part of the FY 2006 request is $2.5 million for the Aquatic Invasive Species Program, which focuses on early detection, monitoring and control of aquatic invasive species. One million dollars of this request will improve early detection and monitoring capabilities and will contribute to an interagency crosscut initiative led by NOAA, the United States Geological Survey, and Smithsonian Environmental Research Center. The initiative's overarching goal is to develop an effective, proactive strategy for addressing aquatic invasive species by minimizing their establishment through early detection.

NOAA is leading the development of an early warning system for coastal and marine invasive species through its National Centers for Coastal Ocean Science. This effort is currently being implemented as a pilot project in Hawaii. The system aims to provide coastal resource managers and scientists with alerts of new introductions and information on control measures. Once the early warning system is tested in Hawaii, it will be expanded to include other regions of the United States.

NOAA has made great progress to address our mandates and fulfill our missions in FY 2004. Our efforts will continue in FY 2005, and we ask the committee to support the President's FY 2006 budget request for NOAA's programs. These programs help maintain environmental and economic prosperity along our Nation's coast.

Mr. Chairman and Members of the Subcommittee, I thank you for the opportunity to testify before you.

Questions for the Record from Congressman Richard H. Baker (R-6th/LA)
Subcommittee on Water Resources and the Environment

Hearing on the FY 2006 Budgets and Priorities of the Environmental Protection Agency and the National Oceanic & Atmospheric Administration

February 15, 2005

Question 1: The LSU-sponsored Louisiana Spatial Reference Center (LSRC) was founded in 2001 with a grant from NOAA to establish a network of high precision GPS reference stations throughout Louisiana. This network, termed GULFNET, is the continuous operation reference stations (CORS). In 2005 GULFNET will grow again to 40 stations across Louisiana.

The Louisiana Spatial Reference Center has created and maintains the official 3-D position system for the United States in Louisiana, provides over $3.5 million per month of publicly available data that NOAA provides to surveyors, construction companies, and GIS professionals. The Army Corps of Engineers and local governments use these data to support billions of dollars of tax-supported construction. **Does NOAA have plans to include the permanent funding for this critical center in the FY 2006 or future budget requests? If not, what plans can be made to include this important enterprise as a permanent feature of NOAA's budget?**

Answer: NOAA has been implementing Height Modernization (the 3D position system you mention) since 1999 by collaborating through an active outreach and technology transfer program with state governments, local partners, the private sector, and other federal agencies. Louisiana is a key state in NOAA's Height Modernization plan for the Gulf of Mexico region. However, budgetary constraints prevent NOAA from requesting funding for the Louisiana Spatial Reference Center (LSRC) in the FY 2006 Budget Request, and NOAA is unable to commit to permanent funding of this Center in future budget requests.

Question 2: The Coastal Restoration and Enhancement through Science and Technology program (CREST) was established in 2001 as an alliance of eleven academic institutions within southern Louisiana and Mississippi. The aim of the alliance is to create a cooperative program to help policymakers, planners, and coastal resource managers use the latest science and best technologies to ensure sustainable and productive coastal habitats and communities.

A. Given the commitment to Louisiana coastal restoration reflected in the President's FY06 budget, which includes projects some years from completion, **can NOAA commit to permanent funding for the CREST program** that seeks scientifically valid technological solutions to the very real current needs of the Louisiana coast?

B. As NOAA is well aware, coastal Louisiana and Mississippi are dynamic systems and every year face different threats from storms, droughts, floods and other stresses. **What**

can NOAA do to boost the CREST program, which every year seeks to apply the best science and technology to developing solutions to these problems, and put them in the hands of resource managers?

C. Given that the CREST program addresses coastal degradation in its broadest sense, addressing water quality and fisheries issues as well as wetland loss, **how can NOAA ensure that this program will be built in stature to the size of other NOAA programs addressing similar needs in Chesapeake Bay?**

Answer (A-C): NOAA's FY 2006 budget request does not include funding for the Coastal Restoration and Enhancement through Science and Technology (CREST) program. However, NOAA supports habitat restoration off the Louisiana coast, in the northern Gulf of Mexico, and throughout the Gulf. NOAA is currently working on a number of waste sites in Louisiana to ensure that cleanup efforts not only reduce risk, but also restore natural resources and improve the quality of the environment. One area of special concern and focused NOAA effort in Louisiana is the Calcasieu River Estuary. The Calcasieu River Estuary is an important habitat that is impacted with hazardous substances. NOAA is working with partners in the Calcasieu River Estuary to complete ecological and human risk assessments, resolve natural resource damage liability through restoration-based settlements, and develop innovative approaches to solve contamination problems and restore ecological functions. Through close collaboration with our partners, a cooperative settlement has resulted in the restoration of 241 acres of wetlands in Lake Charles.

CREST has been a successful alliance between NOAA and a coalition of eleven academic institutions in southern Louisiana and Mississippi that has developed new approaches and innovative techniques to address the unique and complex restoration issues in coastal Louisiana and Mississippi. However, due to budgetary constraints, NOAA cannot commit to permanent funding of the CREST program. NOAA does remain committed to working closely with CREST members.

Question 3: The objective of WAVCIS (wave-current information system) at LSU is to provide wave information (sea state) including wave height, period, direction of propagation, water level, surge, near surface current speed and direction and meteorological conditions on a real time basis around the entire Louisiana coast. WAVCIS is a state-of-the-art monitoring program, which by virtue provides a highly unique online information database for multiple uses. A few examples are as follows:

- Information necessary to provide and emergency response decision tool for agencies faced with decision making during storm threats in the Gulf of Mexico involving evacuation or early warning enhancement.
- Because the information is archived, it forms a critical database for use in monitoring studies of barrier island and wetland restoration projects (e.g., CWPPRA) around the entire state.
- Information necessary to assist in decision making during oil spill response coordination.

- Information useful for assisting operations support for offshore industries, commerce and trade.

A. Given that coastal Louisiana is the most vulnerable state in the nation to storm surge and wave damage during storms and hurricanes, and given NOAA's prediction that we are now in a prolonged period during which powerful storms, such as Hurricane Ivan, will occur more frequently in the southeastern U.S., **is NOAA prepared to support and sustain ocean observing systems off the Louisiana coast, namely WAVCIS, to increase the availability of critical information during such emergencies as well as to assist in coastal restoration?**

Answer (A): NOAA is directing significant observing system support to the northern Gulf of Mexico, specifically relating to the need for prediction, mitigation, and recovery from the effects of coastal storm events. Ocean and coastal observing activities are conducted on a routine and sustained basis by NOAA offices such as the National Data Buoy Center (NDBC) and the Center for Operational Oceanographic Products and Services (CO-OPS). In addition, NOAA's National Ocean Service has initiated a project to enhance the resilience of Gulf of Mexico coastal communities to storm surge and flooding.

B. LSU's WAVCIS program requires $3 million annually to support and sustain Louisiana's ocean observing activities offshore. In light of the serious threats to coastal Louisiana's marshes and barrier islands, industry and other public infrastructures, as well as constituents, **is NOAA prepared to include these funds as part of its budget to support Louisiana's efforts in ocean observing?**

Answer (B): NOAA's FY 2006 budget request does not include funding for LSU's WAVCIS program. However, as evidenced by the activities described above (part A), NOAA clearly supports ocean observations off the Louisiana coast, in the northern Gulf of Mexico, and throughout the Gulf. NOAA will continue to work towards the integration of federal and regional ocean observing systems to build an Integrated Ocean Observing System (IOOS) for the United States.

C. **When will the report be issued and when will the dollars be released that were in the FY 2004 language for Louisiana's WAVCIS program?**

Answer: The Senate Report accompanying the Departments of Commerce, Justice, State and the Judiciary and Related Agencies Appropriations Bill, 2004 (S. Rpt. 108-144) included extensive language concerning Ocean and Coastal Observing Systems. The Senate mark included funding and direction to establish a "competitive grant pilot fund whereby parties interested in joining the system may compete, and if deemed by the AA as contributing to the concept of a national system, may receive funding." NOAA was urged to consider LSU's WAVCIS, among others, for awards under the competitive grant pilot program. Funding for this competitive program was not sustained in the Conference Report accompanying the Consolidated Appropriations Act, 2004 (H. Rpt. 108-401).

NOAA did not receive any funding in FY 2004 with direction that it be released to LSU's WAVCIS program.

The report requested by the Senate on the "future shape of these [regional] systems and their integration into the Federal system...." has been drafted, and is currently under review by the Administration.

Question 4. The Coastal Studies Institute (CSI) of Louisiana State University is celebrating its official 50th anniversary. The Institute's origin began as a result of a national study to evaluate the environmental problems faced by the defense department during World War II. One of the major findings was that a lack of coastal environmental data that could be used for accurate prediction of coastal conditions was the cause of major failures in wartime operations. The Institute's director, Dr. Richard Russell, met with the newly appointed director of the Coastal Geography Programs of the Office of Naval Research, Dr. Evelyn Pruitt, and convinced her that a long-term systematic research program should be oriented towards understanding the geomorphology and coastal processes that occur along the world's coastlines. As a result of this relationship, a long-term contract between the Office of Naval Research and Louisiana State University was established.

A. The Coastal Studies Institute at Louisiana State University is uniquely qualified to assist NOAA's National Data Buoy Center (NDBC) in all areas of ocean observing, providing advice and consultation with research and reengineering of the operational and administrative processes. In light of NOAA's efforts to implement development and streamlining of the Integrated Ocean Observing System (IOOS)**, is NOAA prepared to support LSU's Coastal Studies Institute financially to facilitate this collaboration between LSU/CSI and NDBC?**

Answer: The National Data Buoy Center (NDBC) operates and maintains the array of operational buoys used by NOAA's National Weather Service (NWS). NWS, in particular NDBC, has worked with Louisiana State University in the past, and currently has a contract with LSU for support in re-engineering internal processes and establishing a technical services contract. NOAA has also worked with many other Louisiana universities through the Louisiana Marine Consortium (LUMCON). NOAA has not requested funding in FY 2006 to support LSU's Coastal Studies Institute, however, NOAA will explore all available opportunities to leverage federal resources to achieve its goal for IOOS.

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