

**TESTIMONY OF
BOB PERCIASEPE**

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

**BEFORE THE
House Committee on Energy and Commerce**

**Joint Subcommittees
on
Energy and Power
&
Environment and the Economy**

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Chairmen Whitfield and Shimkus, Ranking Members Rush and Tonko, and members of the Committee, thank you once again for the opportunity to appear before you to discuss the Environmental Protection Agency's proposed Fiscal Year 2014 budget. I'm joined by the Agency's Acting Chief Financial Officer, Maryann Froehlich.

The President's Fiscal Year 2014 Budget demonstrates that we can make critical investments to strengthen the middle class, create jobs, and grow the economy while continuing to cut the deficit in a balanced way. The Budget also incorporates the President's compromise offer to House Speaker Boehner to achieve another \$1.8 trillion in deficit reduction in a balance way. By including this compromise proposal in the Budget, the President is demonstrating his willingness to make tough choices. EPA's budget request of \$8.153 billion for the 2014 fiscal year starting October 1, 2013 reflects our ongoing efforts to change the way EPA does business –to invest in more efficient ways for the Agency to operate, to further reduce costs wherever possible all while we preserve and enhance our ability to carry out the Agency's core mission to protect human health and the environment.

The President's budget reinforces our firm commitment to keeping American communities clean and healthy, while also taking into consideration the difficult fiscal situation and the declining resources of state, local and tribal programs.

EPA's requested budget will allow us to continue making progress toward cleaner air, addressing climate change, protecting the nation's waters, supporting sustainable water infrastructure and protecting lands and assuring the safety of chemicals.

It is the product of long discussions and difficult choices. In the end, we believe this budget will enable us to work toward the Agency's goals as effectively and efficiently as possible.

Let me run through a few highlights from the President's FY 2014 budget request.

Despite the fiscal challenges we face, supporting our state and tribal partners, the primary implementers of environmental programs, remains a priority of the EPA. Funding for states and tribes through the State and Tribal Assistance Grants – or STAG – account is once again the largest percentage of the EPA's budget request – at nearly 40 percent in FY 2014. The FY 2014 budget includes a total of \$1.14 billion in categorical grants.

We have requested a \$60 million investment in an agency-wide initiative to develop new tools and expand systems designed to reduce the regulatory reporting burden on regulated entities, and provide EPA, states, and the public with easier access to environmental data for compliance monitoring and other purposes. This new initiative is fully paid for, so does not add a single dime to the deficit.

This project – what we call “E-Enterprise” – would enable businesses to conduct environmental business transactions with regulators electronically through a single interactive portal, similar to online banking. The paperwork and regulatory reporting burden would be reduced thanks to more efficient collection, reporting, and use of data, in addition to regulatory revisions to eliminate redundant or obsolete information requests. The initiative will encourage greater transparency and compliance.

The result will be widespread savings – for industry and for the states and tribes. For example, E-Enterprise builds on efforts such as the e-manifest system which is projected to reduce reporting costs for regulated businesses by up to a range of \$77 - \$126 million annually, because it replaces the millions of paper manifests for hazardous waste shipments with a modern tracking and reporting system.

The FY 2014 request also includes \$176.5 million to support the agency's work with partners and stakeholders to address greenhouse gas emissions and its impacts. These funds will help reduce emissions – both domestically and internationally – through careful, cost-effective rulemaking and voluntary programs that focus on the largest entities and encourage businesses and consumers to limit unnecessary greenhouse gas emissions.

Some of this funding will support existing, successful approaches like ENERGY STAR, the Global Methane Initiative, the GHG Reporting Rule, and state and local technical assistance and partnership programs, such as SmartWay. \$20 million will go towards research, so we can better understand the impacts of climate change on human health and vulnerable ecosystems. Our requested budget contains \$175 million to support our Clean Air Act-mandated work to develop, implement and review air quality standards and guidance. This funding will also allow EPA to enhance our support to our state, local and Tribal partners to implement the programs.

Nutrient pollution is one of the nation's most widespread and challenging environmental problems. To assist in tackling this challenge, EPA is requesting an increase of \$15 million in

Clean Water Act Section 106 Water Pollution Control grant funding to support states, interstate agencies and tribes that commit to strengthening their nutrient management efforts.

Ensuring that federal dollars provided through the State Revolving Funds support effective and efficient system-wide planning remains a priority for EPA. The FY 2014 budget request includes \$1.1 billion for the Clean Water State Revolving Fund and \$817 million for the Drinking Water SRF. This money will also assist EPA efforts to expand and institutionalize the use of up-front planning that considers a full range of infrastructure alternatives like “green” infrastructure, so that the right investments are made at the right time, and at the lowest life-cycle cost. This budget request will allow the SRFs to finance approximately \$6 billion in wastewater and drinking water infrastructure projects annually.

In FY 2014, the agency is requesting over \$1.34 billion for its land cleanup programs to continue to apply the most effective approaches to preserve and restore our country’s land. This money will go towards developing and implementing prevention programs, improving response capabilities, and maximizing the effectiveness of response and cleanup actions. The agency is also renewing its request to reinstate the Superfund tax in order to provide a stable, dedicated source of revenue for the Superfund Trust Fund and to restore the historic nexus that parties who benefit from the manufacture or sale of substances that commonly contaminate hazardous waste sites should bear the cost of cleanup when viable potentially responsible parties cannot be identified.

Ensuring the safety of new or existing chemicals in commerce to protect the American people is another top priority. Chemicals are used in the production of everything from our homes and cars to the cell phones we carry and the food we eat. The \$686.2 million requested in FY 2014 will allow EPA to continue managing the potential risks of new chemicals entering commerce, without impacting progress in assessing and ensuring the safety of existing chemicals. These resources encompass all efforts across the agency associated specifically with ensuring chemical safety and pollution prevention, including research and enforcement.

EPA’s research budget provides \$554 million to support critical research in key areas, ranging from chemical safety to water sustainability to climate and energy to human health. This research will help advance the Administration’s commitment to healthy communities and a clean energy future.

Finally, let me discuss some steps we are taking to ensure taxpayer dollars are going as far as they possibly can.

The budget includes \$54 million in savings by eliminating several EPA programs that have either completed their goals or can be implemented through other federal or state efforts. Adding to these savings and demonstrating a willingness to make tough choices, more than 20 EPA programs, are being reduced by 10 percent or more in FY 2014.

EPA has also been laying the groundwork to ensure the best use of human resources, which will continue in FY 2014. We will continue to analyze our workforce needs to achieve the Agency's mission effectively and efficiently. This is reflected in our FTE request for FY 2014, which is our lowest in 20 years.

We also continue to look for opportunities to consolidate physical space and reduce operating costs at our facilities nationwide. On-going improvements in operating efficiency, combined with the use of advanced technologies and energy sources, have reduced energy utilization and saved nearly \$6 million annually.

In FY 2014, we are requesting \$17 million in the Building & Facilities appropriation to accelerate space consolidation efforts, which will result in long-term savings in rent and operating costs. By consolidating space, we have, since 2006 released approximately 417 thousand square feet of space at headquarters and facilities nationwide, resulting in a cumulative annual rent avoidance of over \$14.2 million.

Mr. Chairman, thank you for the opportunity to testify today. While my testimony reflects only some of the highlights of EPA's budget request, I look forward answering your questions.