



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

THE ADMINISTRATOR

FEB 06 2013

The Honorable Barbara A. Mikulski
Chairwoman
Committee on Appropriations
United States Senate
Washington, D.C. 20510

Dear Madam Chairwoman:

I am responding to your letter dated January 22, 2013, requesting information about the impact that sequestration will have on the U.S. Environmental Protection Agency's ability to protect the nation's environment and public health. As stewards of taxpayers' dollars, we have set priorities, made tough choices and managed our budget carefully. Sequestration, however, will force us to make cuts we believe will directly undercut our congressionally-mandated mission of ensuring Americans have clean air, clean water and clean land. I am enclosing our preliminary assessment of some of the impacts of sequestration, should it be implemented. Our assessment highlights a number of immediate impacts to programs, people and services.

Should you have any questions about the information included, please have your staff contact Ed Walsh of my staff at (202) 564-4594.

Sincerely,

A handwritten signature in black ink that reads "Lisa P. Jackson" with "(cc)" written below it.

Lisa P. Jackson

Enclosure

Potential Impacts of Sequestration

Air Programs

ENERGY STAR

- ENERGY STAR is relied upon by millions of Americans and thousands of companies to save money and protect the environment through energy efficient products and practices.
 - Results are already adding up. Americans, with the help of ENERGY STAR, prevented 210 million metric tons of GHG emissions¹ in 2011 alone— equivalent to the annual emissions from 41 million vehicles—and reduced their utility bills by \$23 billion.
- Under sequestration, there would be three specific impacts that could jeopardize, delay or impair further progress: (1) EPA's ability to keep ENERGY STAR product specifications up to date across more than 65 categories would slow down, including electronics, appliances and home heating and cooling systems; (2) EPA would have to reduce the number of energy-intensive industrial sectors it works with to develop energy performance indicators and Energy Efficiency Guides; and (3) EPA would reduce support for our Portfolio Manager, both the planned upgrade and our ability to support its users, including the approximately 10 major cities and states as well as the federal government, which use the tool in emissions and energy disclosure and benchmarking policies.

Vehicle Certification

- Before new vehicles can be sold in the United States, EPA must first certify that they are in compliance with emissions standards.
- Sequestration would harm EPA's ability to confirm in a timely manner that manufacturers are complying with all vehicle emission standards and creates the risk that some manufacturers would be delayed in their ability to certify their products. Without this certification, they would be unable to sell these products in the United States, thus depriving car-buyers access to the latest vehicles and potentially harming vehicle sales and the economy.

State Air Monitors

- Air quality monitoring is vital to the protection of public health from harmful air pollution.
- Sequestration would reduce the funding EPA provides states to monitor air quality, likely forcing the shutdown of some critical air monitoring sites. Lost monitoring for high priority pollutants such as ozone and fine particles would impact the collection of data necessary for determining whether areas of the country meet, or do not meet, the Clean Air Act's health-based standards.
- Sequestration would force the Agency to eliminate or significantly reduce essential air quality data systems like AIRNow, a popular air quality reporting and forecasting system. Americans that have or care for individuals with respiratory and cardiac health issues rely on AIRNow for information about when to take action to avoid health impacts from air pollution. The Agency would eliminate upgrades for the Emission Inventory and Air Quality Systems – the Agency would only fund operations for these systems. These systems store and process air quality monitoring and emissions data from across the nation that informs EPA, state, tribal, and local air agencies' decisions on steps needed to improve air quality. Without this monitoring data, future improvements in air quality would be hampered or delayed.

Potential Impacts of Sequestration

Enforcement and Compliance Programs

Civil and Criminal Enforcement

Americans expect their government to protect them from violations of the nation's environmental laws that could harm their families and impact the safety and prosperity of their communities.

Sequestration's reduction to EPA's enforcement budget would:

- Reduce EPA's ability to monitor compliance with environmental laws – as fewer environmental cops are on the "beat" to enforce environmental laws (note implementation of the sequester could result in 1,000 fewer inspections in FY 2013.)
- Limit EPA's capacity to identify toxic air emissions, water discharges, and other sources of pollution that directly affect public health and the environment.

National Environmental Policy Act

- EPA's comments on environmental reviews are required by law and help to ensure that federal agencies understand the potential environmental impacts and have considered alternatives to proposed projects on federal lands. Sequestration would reduce support for environmental reviews and could slow the approval of transportation and energy related projects.

Superfund Enforcement

Superfund enforcement ensures that responsible parties pay for necessary and often costly cleanups at the nation's most polluted sites. Sequestration would cut work to press responsible parties to clean up contaminated sites in communities and restore clean up funds for use at other sites – putting the costs back on the American public. (note: estimated \$100 million loss in clean-up commitments and cost reimbursements to the government).

Tribal Programs

EPA tribal funding supports environmental protection for 566 tribes on 70 million acres of tribal lands. This funding includes the most significant grant resources to help tribal governments build the core capacity necessary to protect public health and the environment. Funds are used to support staffing of environmental directors and technicians to implement environmental projects, including safe drinking water programs and development of solid waste management plans. Reduced funds under sequestration would directly impact some of the country's most economically disadvantaged communities, resulting in loss of employment, and hindering tribal governments' ability to ensure clean air and clean and safe water.

Research and Development Programs

Air, Climate and Energy

- Under sequestration, cuts to EPA climate research would limit the ability of local, state and the federal government to help communities adapt to and prepare for certain effects of climate change, such as severe weather events. Without information provided by climate research, local

Potential Impacts of Sequestration

governments would not know how climate change would affect water quality, and therefore would be unable to develop adaptation strategies to maintain protection of water quality as the climate changes.

- Implementation of the sequester would eliminate research to increase our understanding of exposures and health effects of air pollutants on susceptible and vulnerable populations, such as asthmatics, the growing aging population, and individuals living near air pollution sources which would impact the development of national air quality standards as required by the Clean Air Act.

Chemical Safety for Sustainability

- Under sequestration, the reduction in funding would impede EPA's ability to assess and understand the effect of nanomaterials on human health and dispose of rare earth materials used in electronics, thereby limiting innovation and manufacturing opportunities with these materials in the US. The reduction in funding for endocrine disrupting chemicals research would limit our nation's ability to determine where and how susceptible people are exposed to endocrine disrupting chemicals, and to understand how these toxic exposures impact their health and welfare. Limiting the use of advanced chemical evaluation approaches recommended by the National Academy of Sciences would impair the ability of business, states and EPA to make decisions on both the safety of existing industrial chemicals, as well as on the development and use of safer chemicals.

Sustainable & Healthy Communities

- Under sequestration EPA would reduce the number of undergraduate and graduate fellowships (STAR and GRO) by approximately 45, thus eliminating any new fellowships. The Fellowship program, one of the most successful fellowship programs in government, is educating the next generation of environmental scientists, which is critical to a strong and competitive economy.
- Reductions under Sequestration would discontinue funding for two joint EPA/National Institutes of Health Centers of Excellence for Children's Health Research. These centers are providing a greater understanding of how the environment impacts today's most pressing children's health challenges, including asthma, autism, attention deficit hyperactivity disorder (ADHD), neurodevelopmental deficits, childhood leukemia, diabetes, and obesity. Eliminating funding would negatively impact graduate students and faculty who would have to look for new funding to keep their research going and ultimately slow down the pace of scientific research in these important areas. Research in these areas translates to improved public health.
- EPA research and grants to academic institutions for studies to understand human health disparities at the community-level would both be severely curtailed by reductions under sequestration. This would be especially significant to disproportionately affected communities across the US. Important research would be stopped mid-stream and graduate students would be without expected funding. This would delay scientific research in these fields, which are important to advancing public health.

Safe and Sustainable Water Resources

- Under sequestration Reductions to green infrastructure (GI) research would slow the Agency's ability to provide GI best-management practices to municipalities dealing with costly stormwater enforcement actions. Other benefits of GI, such as wildlife habitat, flood and erosion control, recreational opportunities, jobs and increased property values, would also be lost.
- Sequestration would cut research to find cleaner and cheaper solutions to help states and cities address the nation's crumbling water infrastructure that is contaminating clean drinking water and

Potential Impacts of Sequestration

causing substantial loss of valuable quantities of water.

Human Health Risk Assessment

- Reductions under Sequestration would result in the significant delay of crucial Integrated Risk Information System (IRIS) human health related assessments (e.g. arsenic, styrene, ethylbenzene, naphthalene and manganese) that would limit the ability of EPA and states to make decisions to protect people's health.
- Sequestration reductions delaying the delivery of four major Integrated Science Assessments would limit the ability of EPA to make decisions that would protect people from certain air pollutants.

Homeland Security Research

- Sequestration would stall development of approaches to manage waste from radiological contaminants following a terrorist attack or a nuclear accident. Opportunities to learn lessons from the Japanese Fukushima Disaster would be lost.
- Under sequestration, reductions in practical research on preparedness following disasters would inhibit the development of techniques and procedures for communities to prepare for and recover from natural disasters and industrial accidents (e.g., Deepwater Horizon, Superstorm Sandy). This would lead to longer recovery times and higher costs at the local, state, and national levels.

Water Programs

State Revolving Fund Program (SRFs):

- Under sequestration, cuts to Clean Water and Drinking Water SRFs would deprive communities from access to funding to build or repair decaying water and wastewater infrastructure that provides safe drinking water and removes and treats sewage.

Water Program State Implementation Grants:

- Reductions under sequestration would impact states' ability to meet drinking water public health standards and to reduce the nitrogen and phosphorus pollution that contaminate drinking water supplies, cause toxic algae blooms, and deprive waters of oxygen that fish need to survive. This reduction would result in the elimination of more than 100 water quality protection and restoration projects throughout the United States. Examples of specific projects that would be impacted include but are not limited to:
 - Assisting small and/or disadvantaged public drinking water systems that need assistance to improve the safety of the drinking water delivered to communities.
 - Protecting children from harmful exposure to lead in drinking water by revising the Lead and Copper Rule
 - Protecting public health from cancer-causing Volatile Organic Compounds in drinking water

EPA's Water Program Implementation:

- Reductions under sequestration would limit assistance provided to states and tribes to ensure safe and clean water, including protecting children from exposure to lead in drinking water; protecting rivers and streams from industrial and municipal pollution discharges, identifying and developing

Potential Impacts of Sequestration

cleanup plans for polluted waterways, and developing science to support human health and aquatic life.

Superstorm Sandy Appropriation:

- Sequestration would reduce funding available to enhance resiliency and reduce flood damage risk and vulnerability at treatment works in communities impacted by Superstorm Sandy.

Community Protection Reduced

The Agency's cleanup programs protect communities from the risks posed by hazardous waste sites and releases and returns formally contaminated properties to beneficial use.

- The Superfund Remedial program would be unable to fund an estimated 3-5 new construction projects to protect the American public at Superfund National Priority List sites due to constrained funding from the sequestration.
- Under sequestration, the Agency may have to stop work at one or more ongoing Superfund Remedial construction projects. Stopping any ongoing work would increase costs in the long run (due to contract termination penalties and the need to demobilize and re-mobilize construction contractors).
- The sequestration would reduce funding available for other parts of the Superfund Remedial program as well. Critical steps leading up to construction would be curtailed.
- Cuts to the Brownfield Program's budget under sequestration would limit the Agency's ability to provide cleanup, job training, and technical assistance to brownfield communities. The Program leverages nearly \$17 dollars of private and public sector funding for every dollar expended by the Brownfields program to clean up sites and help revitalize communities and support economic development.
- Under sequestration, funding cuts would reduce Risk Management Plan (RMP) Program inspections and prevention activities. Both high-risk and non high-risk RMP facility inspections would be reduced by approximately 26 inspections per year, from 500 to 474. Of the reduced inspections, approximately 8 would be from high risk facilities and the RMP inspector training program would be reduced.
- Cuts to the Oil Spill program under sequestration would reduce protection of US waters from oil spills by reducing inspection and prevention activities. The largest program impact of an oil budget reduction would be on inspections at regulated facilities. EPA currently conducts approximately 840 inspections per year at SPCC-regulated facilities (which represents 0.13 % of the total universe of 640,000) and 290 FRP inspections/ unannounced exercises (about 6.5% of the universe of 4,400). EPA would reduce approximately 37 FRP inspections in FY 2013 and limit the development of a third party audit program for SPCC facilities, which may lead to a decrease in compliance with environmental and health regulations.

EPA / State Cleanup and Waste Program Cuts

- Under sequestration state cleanup program funding would be cut reducing site assessments.
- Cuts in Leaking Underground Storage Tank state grants under sequestration would result in nearly 290 fewer cleanups completed at contaminated sites, limiting further reductions to the backlog of sites awaiting cleanup. It would reduce the number of sites and acres ready for reuse or continued

Potential Impacts of Sequestration

use, and therefore, fewer communities would receive the redevelopment benefit of cleaning up LUST sites.

- Under sequestration, cuts in state grants would result in approximately 2,600 fewer inspections, and would limit the States' ability to meet the statutory mandatory 3-year inspection requirement. Decreased frequency of inspections may lead to a decline in compliance rates and could result in more UST releases.
- Since 75% of state clean up grants and 80% of state prevention grants support state staff, these cuts under sequestration could lead to the loss of state jobs.
- Under sequestration, cuts to the Brownfield Program would reduce funds to states and tribes for the development of voluntary response programs.
- A cut of \$2.5 million to CERCLA 128(a) State and Tribal response program Brownfields categorical grants program under sequestration would reduce the ability to fund new grantees (7 tribal grantees) without further reducing the allocations of existing grantees, and would decrease the number of properties that could be overseen by Voluntary Cleanup Programs by nearly 600.
- Cuts under sequestration would delay work on a three-year project to develop a fee-based system for managing hazardous waste transport (e-Manifest) that would produce the estimated \$77 million to \$126 million in annual projected savings to industry and the states.
- Sequestration cuts would reduce funding for maintenance to the only national system for tracking state and federal RCRA permitting and corrective action. RCRA Info is vital to the U.S. economy since it enables states to prioritize and implement their hazardous waste programs by tracking facility activities regarding the handling hazardous waste (generators, or treatment, storage, or disposal facilities).