

**TESTIMONY OF
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BEFORE THE

**SUBCOMMITTEE ON ENVIRONMENT AND CLIMATE CHANGE
U.S. HOUSE COMMITTEE ON ENERGY AND COMMERCE**

April 9, 2019

Good morning, Chairman Tonko, Ranking Member Shimkus, and members of the subcommittee. I am joined by Holly Greaves, EPA's Chief Financial Officer, and we are here today to discuss the Environmental Protection Agency's (EPA's) proposed FY 2020 budget, which supports the goals and objectives in the *FY 2018-FY 2022 EPA Strategic Plan*.

The FY 2020 Budget Request reflects President Trump's vision of responsible stewardship of taxpayer dollars and critical investments in the nation's health, safety, and long-term prosperity. The Budget supports ongoing work at EPA to reduce unnecessary regulatory burdens while investing in areas that demand greater attention, such as protecting children from lead exposure and other environmental harms through a new Healthy Schools Grant Program and providing funding to begin implementing the America's Water Infrastructure Act (AWIA).

The proposed Budget ensures that the Agency can continue the President's bold agenda and the tremendous progress we have made over the past two years. The U.S. is a global leader with respect to clean air and access to safe drinking water, and we are cleaning up contaminated lands at the fastest pace in over a decade. At the same time, EPA has supported the President's record economic gains by finalizing 38 deregulatory actions and saving Americans more than \$3 billion in regulatory costs. We have an additional 39 actions in development projected to save billions more in regulatory costs. The Trump Administration is proving that environmental protection and historic economic growth can go hand-in-hand.

In my testimony, I will highlight how the President's budget would continue this progress.

I believe that water issues, from drinking water to marine litter to infrastructure, are the largest and most immediate environmental and public health issues affecting the world right now. The Budget Request provides critical support in the area of water quality protection.

Right now, over two billion people worldwide lack access to safe drinking water and proper sanitation, leading to anywhere from one to three million deaths every year. And those most likely to die from a lack of safe drinking water are young children. According to the United Nations, nearly a thousand children die every day due to preventable water and sanitation-related diseases. We believe that these children deserve our immediate attention, and we are elevating our work with our federal partners, like USAID, to improve global water security.

Here in the U.S., we have made tremendous progress on this front. In the 1970s, more than 40 percent of our nation's drinking water systems failed to meet even the most basic health standards. Today, over 92 percent of community water systems meet all health-based standards, all the time.

We still face challenges, however. Our nation's children are particularly vulnerable to the health impacts of unsafe drinking water, especially lead exposure. Through the new *Federal Action Plan to Reduce Childhood Lead Exposures and Associated Health Impacts*, EPA is coordinating with our federal counterparts to reduce exposure to lead where children live, learn, and play. Last week, we issued a status report to hold ourselves accountable to the public and clearly communicate the steps we are taking to implement the Action Plan.

To bolster these efforts, the FY 2020 Budget proposes \$50 million to establish a new Healthy Schools Grant Program. This flexible grant program will help our state and local partners, including school systems and administrators, minimize asthma triggers, reduce exposure to lead or other toxics, and ensure children have access to clean and safe learning environments. This new program is a top priority for the Agency, and we look forward to partnering with Congress to advance this effort.

We are also moving forward to update the Lead and Copper rule for the first time in over two decades. We will get this rule out in the summer of 2019, and we will get it done right. Our proposal would ensure that we address the most corrosive pipes in the most at-risk communities first. These communities can't afford to wait five, ten, or twenty years to have their lead pipes replaced. EPA staff is currently monitoring and mapping the location of the highest-risk lead pipes so we can focus our work on the most impacted areas of the country first.

The other dimension of our water challenges is our ability to identify and address potential sources of drinking water contamination. Source protection can reduce the need for additional drinking water treatment and avoid the associated costs. EPA is stepping up its leadership on this front as well.

In February, EPA released its Per- and Polyfluoroalkyl Substances (PFAS) Action Plan. We utilized each of our program offices to produce the most comprehensive, multi-media research and action plan ever issued by the Agency to address an emerging chemical of concern. And for the first time ever, we held simultaneous press conferences in all ten of our Regional Offices to roll out the plan. This will be our approach moving forward on issues of emerging concern.

On the marine litter issue, billions of pounds of waste enter our oceans each year, harming marine life and coastal economies. Through programs like Trash Free Waters, EPA is helping foreign governments and organizations capture marine litter or prevent it from reaching the ocean in the first place. When I travel to the G7 in France in May and the G20 in Japan in June, I will make the issue of marine litter a priority.

On infrastructure, we estimate that more than \$700 billion will be needed to upgrade water infrastructure in the U.S. alone over the next 20 years. The President understands that modernizing our nation's aging infrastructure is critical to public health and prosperity. At EPA, this means that we will continue to make investments in water infrastructure that not only safeguard our nation's precious water resources but also create well-paying jobs and ensure taxpayer dollars achieve the maximum return on investment.

The FY 2020 budget includes a 25 percent increase to the Water Infrastructure Finance and Innovation Act (WIFIA) program from last year's request. The \$25 million, including \$20 million in credit subsidy, provided for WIFIA could deliver more than \$2 billion in direct credit assistance, which, when combined with other funding resources, could spur over \$4 billion in total infrastructure investments.

This new program is already producing tremendous results. To date, EPA has issued eight WIFIA loans totaling more than \$2 billion in federal credit assistance. Not only will these funds improve public health for hundreds of thousands of Americans, it is also estimated these projects will create over 6,000 jobs. This is just the beginning. This past year, we invited an additional 39 projects across the nation to apply for WIFIA loans, which, when approved and combined with other funding sources, could help finance over \$10 billion dollars in water infrastructure and create up to 155,000 jobs. On top of this, we recently announced our third round of funding, which, when combined with other funding sources, could support \$12 billion dollars in water infrastructure projects and create more than 180,000 jobs.

While most water systems consistently provide safe and reliable drinking water, many small systems face their own unique challenges. To address these needs, President Trump signed the bipartisan America's Water Infrastructure Act of 2018 (AWIA) on October 23, 2018. While funding for these important new mandates was not included in the FY 2019 budget Congress recently enacted, EPA proposes funding of \$83 million in this Budget Request to begin implementation of the law, including five new grant programs. Funding AWIA would expand EPA's ability to invest in water infrastructure in even more communities across the country.

The Budget Request also includes approximately \$2 billion in federal dollars towards the two State Revolving Funds (SRFs) to assist our implementing partners in rebuilding aging water infrastructure. The combination of the federal capitalization grants provided over more than twenty years, required state match, loan repayments, and interest flows back into each state revolving fund, creating approximately \$80 billion currently revolving at the state level. This recycling of funds results in additional funding available well beyond the annual federal investment in both SRF programs. Across the SRFs, WIFIA loans, and the new AWIA programs, we are providing robust support for water infrastructure project investments.

Regarding the Great Lakes Restoration Initiative, as the President stated, this is a unique and important program. I fully support his decision as it relates to funding this program.

When it comes to reducing air pollution, we are moving forward with common-sense reforms that will help more regions throughout the nation reach attainment of the National Ambient Air Quality Standards (NAAQS).

Areas in nonattainment face a variety of consequences, including increased regulatory burdens and restrictions on infrastructure investments. The Agency is working across multiple fronts to bring these areas into attainment. We announced last week that the Cleveland area is now meeting the standards for particulate matter. We are also converting Federal Implementation Plans (FIPs) into State Implementation Plans (SIPs) and aggressively tackling the backlog of SIPs we inherited. The Agency has converted an average of almost one FIP into a SIP each month since March 2017. The Trump EPA inherited a backlog of more than 700 SIPs, and we've taken final action on over 400 SIPs to date.

We are also moving forward with the Cleaner Trucks Initiative. Since 2000, nitrogen oxide (NOx) emissions in the U.S. have been reduced by 52 percent. However, it is estimated that heavy-duty trucks will be responsible for one-third of NOx emissions from transportation in 2025, and it's been nearly 20 years since EPA last set NOx emissions standards for heavy-duty trucks. By working closely with states and the private sector, we will reduce NOx emissions from heavy-duty trucks, which is not required by statute or court order, but will help nonattainment areas reach attainment.

The cleanup and redevelopment of contaminated lands play a crucial role in revitalizing communities throughout the country. I'm proud to report that in Fiscal Year 2018, EPA deleted all or part of 22 sites from the National Priorities List (NPL), the largest number of deletions in one year since Fiscal Year 2005. We believe that a site on the National Priorities List should be just that – a national priority. If it has languished on the NPL for decades, then it was not a priority. We are changing that. We are in the process of cleaning up some of the nation's largest, most complex sites and returning them to productive use.

While the Agency continues to request robust funding to revitalize lands, it's important to remember that annual appropriations are just one source of funding to help facilitate the cleanup and restoration of contaminated lands. In 2018 alone, the Superfund Enforcement program secured private party commitments totaling \$613 million. Approximately 60 percent of ongoing remedial construction projects are performed by Potentially Responsible Parties. EPA's enforcement program continues to encourage private investment in the cleanup and reuse of sites.

Our next responsibility is ensuring that chemicals used in commerce and sold in the marketplace are safe for public use. I'm proud to report that EPA continues to meet the major statutory deadlines of the amended Toxic Substances Control Act (TSCA).

We've issued rules addressing the prioritization process, the risk evaluation process, and the TSCA inventory, while also developing a new fees program.

Not only that, we are well on our way to completing draft risk evaluations for the first 10 chemicals; we published a final strategy to reduce animal testing; we published a final mercury reporting rule; we released three sets of guidance regarding confidential business information; and we released an updated Chemical Substance Inventory.

We recently announced the next 20 high and 20 low existing chemicals that we will prioritize for risk evaluation. In FY 2020, the Agency will begin risk evaluations for the next round of twenty high-priority chemicals.

In terms of risk management, earlier this month, we finalized a ban on retail sales of methylene chloride for consumer paint and coating removal – the first risk management action under Section 6 of amended TSCA. After analyzing the health impacts and listening to affected families, we took action to protect retail consumers.

As for new chemicals, we are reviewing submissions consistent with the statute while increasing the transparency of our decisions. We are committed to reducing our backlog of approximately 400 new chemical submissions within six months. What EPA is accomplishing should give confidence to American consumers and certainty to the manufacturers.

To ensure that our actions are effective and durable, EPA is assisting the regulated community in attaining and maintaining compliance with environmental laws and, where necessary, punishing actors that do not comply with those laws.

At one end of the spectrum, we are increasing compliance through self-audits, which are often the quickest way to correct environmental harms. At the other end of the spectrum, we are deterring non-compliance by stepping up criminal cases. We increased the number of new criminal cases in FY 2018, reversing a downward trend that began in 2011.

In Fiscal Year 2018, EPA enforcement actions required the treatment, disposal, or elimination of 809 million pounds of pollutants and waste – almost twice as much compared to 2017. And in January, EPA and the Department of Justice announced a \$490 million settlement with Fiat Chrysler for cheating U.S. emissions standards. We will vigorously enforce our nation’s environmental laws, and we will ensure that hardworking Americans that follow the law and play by the rules do not suffer a competitive disadvantage.

Within the Agency itself, we are improving how efficiently and effectively we carry out our core responsibilities. In FY 2018, the Agency introduced the EPA Lean Management System (ELMS), which has enhanced the Agency’s performance management framework. For the first time, EPA is reviewing its performance via new measures and taking corrective action on a monthly, rather than annual, basis. We created over 600 performance measures across all national programs and regional offices. We’re already beginning to see dramatic improvements, such as reducing the backlog of new permit applications older than six months by 34 percent between June and November 2018. The deployment of ELMS will help us maximize the skill sets of EPA staff and ensure that we are agile and responsive to the needs of all Americans.

We want the public to know that when they encounter environmental threats, we will address them head on. And we want the world to know, that when they encounter environmental threats, we are ready to help. This is the type of leadership that gives confidence to the public, certainty to the regulated community, and reassurance to our allies around the globe. This is the type of leadership you can expect from

President Trump and his Administration. Thank you for the opportunity to speak with you today. I look forward to answering your questions.