



ENVIRONMENTAL PROTECTION AGENCY

Since 2001, the Administration:

- Reduced emissions of sulfur dioxide and nitrogen oxides—pollutants that contribute to particulate matter and ozone—by 13 percent and 8 percent, respectively, while the economy grew 12 percent;
- Proposed Clear Skies legislation and took regulatory action to control air emissions from power plants. When fully implemented, these rules will reduce nitrogen oxides and sulfur dioxide emissions in the eastern United States by 60 percent and 70 percent, respectively, and will reduce mercury emissions nationwide by nearly 70 percent;
- Helped more than 8,500 drinking water utilities complete risk assessments and update emergency response plans, improving emergency preparedness and response for manmade and naturally occurring events affecting the water sector;
- Supported business investment and community revitalization efforts through historic Brownfields legislation, more than doubling the properties assessed during the prior Administration and making over 1,300 acres ready for reuse; and
- Carried out climate change programs, such as Methane to Markets, Climate Leaders, and SmartWay that work to reduce greenhouse gases.

The President's 2008 Budget:

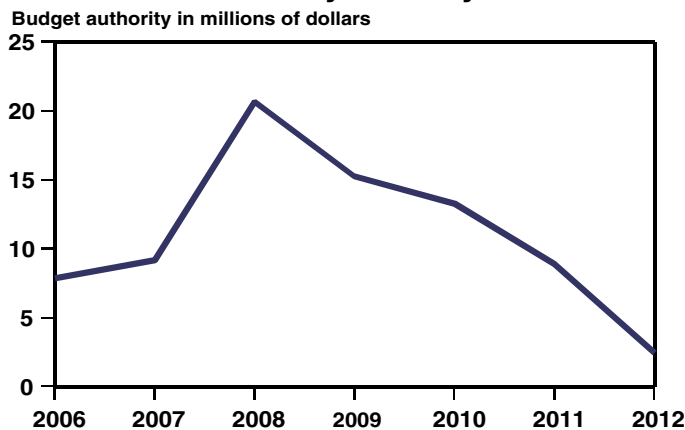
- Provides \$22 million toward completion of the Water Security Initiative, a critical infrastructure protection pilot program for the water sector;
- Supports the continued implementation of clean diesel rules, which when fully implemented will reduce diesel vehicle pollution by more than 90 percent nationwide;
- Provides \$162 million to the Brownfields program to assess 1,000 more properties and support cleanup in 63 more communities;
- Provides \$35 million to clean up contaminated sediments at three to five sites through the Great Lakes Legacy Act;
- Provides \$29 million to restore water quality in the Chesapeake Bay;
- Helps communities finance their water infrastructure and improve operations through expanded bonding authority; and
- Provides \$5 million as part of a \$52 million multi-agency effort to advance clean technology investment through the Asia-Pacific Partnership on Clean Development and Climate.

FOCUSING ON THE NATION'S PRIORITIES

Securing Critical Water Infrastructure

The swift adoption of surveillance systems by drinking water utilities in high threat cities is a critical component of water infrastructure protection. In 2008, the Environmental Protection Agency (EPA) will complete deployment of pilot systems under its Water Security Initiative. EPA is focused on accelerating implementation by sharing its findings with water utilities even as its pilot program is underway.

Funding Needed to Finish Water Security Pilot Systems



By the end of 2007, based on lessons learned from the first pilot, EPA will issue interim guidance on design and consequence management that will enable water utilities to deploy and test contamination warning systems in their own communities. After start-up of the remaining pilot systems in 2008, the program will ramp down as EPA shifts its focus to evaluation of the pilots. EPA will continue support of each pilot for three years, after which the host cities assume maintenance of these systems and over time bring them to full-scale operation.

As the Federal lead for coordinating protection of water infrastructure, EPA will continue to engage with the water sector on

several risk reduction activities including best security practices, emergency response planning, and water security training. EPA's National Homeland Security Research Center will help ensure that water utilities and emergency responders can react rapidly and effectively to intentional contamination incidents.

Partnering for Environmental Stewardship

Through collaborative work with States, Tribes, and other non-Federal partners, EPA optimizes its resources to secure environmental benefits.

Air quality continues to be a concern in many parts of the Nation and a major contributor to this problem is from the combustion of fossil fuels. The Administration recognizes the need to help States address these air pollution issues and has pursued policies to address that need. The Administration proposed the Clear Skies legislation, which when fully implemented would reduce emissions of nitrogen oxides (NO_x) and sulfur dioxide (SO₂)—both products of fossil fuel combustion and precursors to ozone and particulate matter pollution—by nearly 70 percent. To ensure States had the means to meet air quality standards, EPA issued a series of rules that targeted combustion sources such as engines and power plants. For example, the Highway Diesel rule will make new highway diesel engines as much as 95 percent cleaner than current models starting in 2007. The Nonroad Diesel rule reduces sulfur in off-highway diesel fuel by more than 99 percent by 2010 and phases in new controls on nonroad diesel engine emissions starting in 2008 to reduce emissions by over 90 percent. The Clean Air Interstate rule when fully implemented is projected to reduce SO₂ emissions

from power plants in the covered States by over 70 percent and NO_x emissions by over 60 percent from 2003 levels.

EPA also continues to work with businesses, organizations, governments, and consumers to reduce emissions of greenhouse gases through increased use of energy efficient technologies and improved management practices. For example, in 2008 the Energy Star program will continue to help consumers and companies make informed energy efficient choices through product labeling efforts and other tools. EPA's suite of domestic methane programs will continue to help partners identify and adopt cost-effective technologies and methods for the recovery and use of methane. The agency will maintain other successful programs as well, such as Climate Leaders and the SmartWay Transport program. These climate programs utilize effective voluntary partnerships to promote emission reductions in the near term, which helps meet the Administration's goal of reducing greenhouse gas intensity by 18 percent by 2012.

In addition to these domestic efforts, EPA works internationally to encourage greenhouse gas reductions. The agency actively participates in six of the eight Task Forces of the Asia-Pacific Partnership on Clean Development and Climate. This six-nation Partnership works to develop strategies for improving energy security, reducing pollution, and addressing the long-term challenge of climate change. Also, building on the agency's successful domestic methane programs, EPA leads the U.S. efforts in the international Methane to Markets Partnership. Member countries work in collaboration with the private sector, multilateral development banks, and other governmental and non-governmental organizations to advance the recovery and use of methane—a potent greenhouse gas—as a clean energy source.

Brownfields Grants Transform Rainier Valley, Washington

In Seattle, Washington, the Courtland Place at Rainier Court is now a 208-unit affordable senior housing development with ground floor retail businesses. For over 30 years, abandoned warehouses and junkyards were both a visual blight and a health hazard to the community. A multitude of partners—King County; the City of Seattle; Washington Department of Community, Trade, and Economic Development; Washington Department of Ecology; South East Effective Development; Senior Housing Assistance Group; and EPA—combined resources and expertise to make the project a success. More than \$1 million in EPA Brownfields grants for assessment and cleanup activities helped leverage \$17 million in public and private funds. This project brought hope to the economically distressed Rainier Valley area of Seattle by creating jobs, affordable housing opportunities, and new commercial space.



Brownfields grants encourage business investment and jobs by returning contaminated sites and abandoned properties to productive use. In 2008, the funds requested will enable assessment of 1,000 more brownfields properties, support cleanup in 63 more communities, and address petroleum contamination found on brownfields sites in more than 40 communities.

In 2007, EPA will finalize a rule that provides financial incentives to States to implement fee programs for their National Pollutant Discharge Elimination System activities. This rule would provide additional grant money to States that charge fees to permittees, expanding the total resources available for water quality in that State.

Improving the Nation's Water Resources and Supplies

Through the Great Lakes Legacy Act, EPA works with non-Federal partners to clean up contaminated sediment sites in the Great Lakes region. For decades, industrial sources contributed substantial amounts of harmful pollutants to the Great Lakes. These contaminants may subsequently enter the food chain where they can cause adverse effects to human health and the environment. The President's Budget provides \$35 million to continue this important work.

Through a unique voluntary partnership, the Chesapeake Bay Program is working to restore water quality in the Nation's largest estuary. In order to meet water quality standards, EPA helped determine appropriate pollutant cap loads and proportionately allocate those loads among the nine major tributaries. Each of the partners is now developing and implementing tributary strategies. The President's Budget provides \$29 million to support EPA's efforts in this program.

The Budget provides \$842 million in new capitalization for the Drinking Water State Revolving Fund. States use their capitalization grants, along with matching funds, to make loans to localities. The funds "revolve" as States use loan repayments to make new loans. Included in the President's Budget is a proposal to exempt private activity bonds (PABs) used to finance drinking water and wastewater infrastructure from the overall PAB cap. PABs are tax-exempt bonds issued by a State or local government, the proceeds of which are used by another entity for a public purpose. This exemption will ensure all States and communities have access to PABs to help finance their water infrastructure needs. The proposal also will facilitate public-private partnerships and require States or municipalities that use these bonds to implement—if they have not already—full-cost pricing for services, helping drinking water and wastewater systems become self-sustaining.

States will begin early implementation of the new Long Term 2 Enhanced Surface Water Treatment rule in 2008. The rule supplements existing drinking water regulations with additional *cryptosporidium* monitoring and treatment requirements. The rule uses an innovative risk-based monitoring approach to target the most vulnerable systems and assign treatment requirements based on relative risk levels. In addition, systems have flexibility in meeting treatment requirements by choosing from a "microbial toolbox," which contains a range of treatment and management strategies.

Environmental Protection Agency
(In millions of dollars)

	2006 Actual	Estimate	
		2007	2008
Spending			
Discretionary Budget Authority:			
Operating Program	4,273	4,319	4,208
Clean Water State Revolving Fund.....	831	688	688
Cancellation of unobligated balances.....	—	—	-5
Drinking Water State Revolving Fund.....	837	842	842
Brownfields Assessment and Cleanup	89	89	89
Clean Diesel Grants	7	28	35
Targeted Water Infrastructure	274	241	26
Requested (non-add)	84	41	26
Unrequested (non-add)	190	200	—
Superfund.....	1,235	1,220	1,245
Leaking Underground Storage Tanks	72	69	73
Total, Discretionary budget authority	7,619	7,494	7,200
<i>Memorandum: Budget authority from enacted supplementals</i>	21	—	—
Total, Discretionary outlays	8,411	8,117	7,924
Total, Mandatory outlays	-90	-79	-146
Total, Outlays	8,321	8,038	7,778