

TESTIMONY OF
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BEFORE THE
TRANSPORTATION AND INFRASTRUCTURE COMMITTEE
UNITED STATES HOUSE OF REPRESENTATIVES

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Chairman Oberstar, Ranking Member Mica, and Members of the Committee, thank you for the opportunity to appear before you today to discuss the U.S. Environmental Protection Agency's (EPA's) implementation of the American Recovery and Reinvestment Act of 2009 (Recovery Act).

Background

As Members of this Committee well know, we are in the midst of one of the most severe economic crises our Nation has seen. In response, the President acted quickly with Congress to pass the American Recovery and Reinvestment Act. The purpose of the Recovery Act is to create and save jobs, jumpstart the economy, and build the foundation for long-term economic growth. The Recovery Act invests in projects that will modernize the nation's critical infrastructure, encourage America's energy independence, expand educational opportunities, increase access to healthcare, provide tax relief, and protect those in greatest need.

The Recovery Act provides \$7.22 billion for specific programs administered by EPA: the Clean Water State Revolving Fund, Drinking Water State Revolving Fund, Superfund, Brownfields, Underground Storage Tanks, and Clean Diesel programs. The majority of these

funds (\$4.7 billion) are specified for programs under the jurisdiction of this Committee: the Clean Water State Revolving Fund (\$4 billion), Superfund (\$600 million), and Brownfields (\$100 million). The programs targeted by EPA's portion of Recovery Act funding address location-specific, community-based public health and environmental needs. Investing in these areas ensures that job creation, economic growth, and beneficial environmental results occur at the local level.

Of the \$7.22 billion dollars thus far made available to EPA, we have already distributed 1.5 billion to 49 states, plus the District of Columbia and American Samoa. Of this figure, over \$1.4 billion has been obligated through the State Clean Water and Drinking Water State Revolving Funds, over \$20 million through the Superfund program, and, over \$86 million for the Clean Diesel Program. For the Leaking Underground Storage Tank funds, we are in the process of working with our state partners to meet requirements of the Act for the obligation of funds. In addition, Brownfields funding decisions will be made shortly.

Funding these programs will not only help our economic recovery, but they will protect and increase the number of green jobs, sustain communities, restore and preserve the economic viability of property, promote scientific advances and technological innovation, and ensure a safer, healthier environment. These programs were chosen carefully, both for their ability to put people to work and their environmental benefit. Grants and contracts are being awarded quickly, and progress and results will be monitored and reported in detail to ensure that American workers and taxpayers reap the economic and social benefits of these investments.

Oversight, Accountability, and Transparency

In order to meet the Recovery Act's requirements for oversight, results, and unprecedented transparency, EPA has designated Craig Hooks, Acting Assistant Administrator of the Office of Administration and Resources Management, as its Senior Accountable Official. In this role, he has the responsibility and authority to lead and coordinate all Agency activities under the Recovery Act. A Stimulus Steering Committee comprised of senior managers from across the Agency is monitoring Recovery Act planning and implementation on a weekly basis. In addition, the Act provided EPA's Office of the Inspector General (OIG) with \$20 million for oversight and review.

To ensure that Recovery Act funds are managed and spent effectively, EPA is implementing the following accountability objectives: funds are awarded and distributed in a prompt, fair, and reasonable manner; recipients and uses of all funds are transparent to the public, the public benefits of these funds are reported clearly, accurately, and in a timely manner; funds are used for authorized purposes and instances of fraud, waste, error, and abuse are identified and addressed; projects avoid unnecessary delays and cost overruns; and program goals are achieved, including specific program outcomes and improved results on broader economic indicators.

EPA is undertaking a series of important steps to ensure that these accountability objectives are met. For example, EPA offices have ensured that internal financial and management processes expedite the flow of Recovery Act funds to qualified grant recipients and contractors. EPA will give funding preference to recipients with a demonstrated or clear potential ability to produce desired programmatic results, and for projects that can be started and

completed expeditiously, will stimulate economic growth, and will achieve long-term public benefits. Transparency will be achieved through regular reporting to the Agency's Recovery Web site, as well as the government-wide Recovery site. EPA has also developed quantifiable outputs, performance measures, and reporting requirements to ensure that funds are spent as directed and achieve the economic and environmental goals authorized by the Recovery Act. In order to avoid cost delays and overruns, EPA will implement its Stewardship Plan, which provides a framework for management of common risk areas. In addition, EPA will report on economic and environmental results achieved through the Recovery Act and will make these results available to the public through Recovery.gov.

Finally, as I mentioned earlier, EPA's Office of the Inspector General (OIG) is committed to conducting performance audits, financial audits, and investigations in order to monitor the Agency's adherence to its accountability objectives. The OIG is taking a number of actions to alert Agency managers of potential risks and is recommending cost effective controls to ensure accurate reporting and transparency while helping to prevent fraud, waste, and abuse. Our work is being closely coordinated with the Recovery Act Accountability and Transparency Board.

Clean Water State Revolving Fund

As the nation's largest water quality financing program, the Clean Water State Revolving Fund (Clean Water SRF) supports the overarching goal of protecting aquatic systems throughout the country, including lakes, rivers, coastal water, and wetlands. Since 1987, the Clean Water SRF has provided over \$68 billion through more than 22,000 individual loans. Projects include

wastewater treatment, nonpoint source pollution control, and watershed and estuary management.

The Recovery Act provided the Clean Water SRF with \$4 billion to help states finance high priority infrastructure projects needed to ensure clean water. As EPA works with our state and local partners to use these Recovery Act dollars in the most effective way, we must ensure a focus on the basic principles of pollution prevention and sustainability. We can build infrastructure that minimizes the environmental footprint we leave for future generations, and leverage these investments to maximize environmental progress.

One of the most exciting aspects of the Recovery Act is the requirement that the states allocate 20 percent of their SRF dollars to promote the implementation of green infrastructure, which represents an effective response to a variety of environmental challenges that is cost-effective, sustainable, and provides multiple desirable environmental outcomes. In addition, SRF funds should promote water and energy efficiency, and environmentally innovative projects, such as those that support low-impact development, water harvesting and reuse, and efforts to establish or restore riparian buffers, floodplains, wetlands and other natural features. These types of projects will support the development of a green workforce and can provide long-term benefits that exceed those associated with traditional infrastructure projects.

The Recovery Act also requires that, with limited exceptions and applied consistently with U.S. international obligations, funded projects use only iron, steel, and manufactured goods produced in the United States, a requirement that particularly affects SRF programs. EPA has worked closely with the Office of Management and Budget (OMB) to ensure that guidance on the “Buy American” provision can work within the structure of our existing programs. In addition, the Agency is working closely with industry and municipal representatives to gain a

better understanding of the nature of needed equipment and materials and the costs involved in complying with the provision. We have made a great deal of progress on this issue, and guidance and procedures on the provision have been posted to the Agency's Recovery Web site. However, we will need to closely monitor our implementation of this provision.

The Clean Water SRF program is committed to implementing the Recovery Act with accountability, oversight, and transparency. For Recovery Act grants, EPA is examining states' Intended Use Plans (IUPs) with greater scrutiny, particularly in light of the Green Project Reserve requirement. In addition, the Agency is conducting on-site reviews of states managing Recovery Act funds on an ongoing, rather than annual, basis. EPA's existing procedures, in addition to the new procedures being added specifically for Recovery Act funds, provide the Agency with assurance that funds are being used for their intended purposes in a timely and efficient manner.

To date, EPA has awarded over \$1 billion in Recovery Act funds to Clean Water SRF programs around the country and nearly 30 states have submitted applications for Clean Water SRF funds.

Brownfields

Brownfields cooperative agreements facilitate the leveraging of economic investment and the creation and retention of jobs while helping to prevent, assess, safely clean up, and sustainably reuse Brownfields. Since 1995, grantees have leveraged more than \$12.9 billion in federal, state, local, and private sector cleanup and redevelopment resources; leveraged more than 53,950 jobs; and supported assessments at more than 13,500 properties.

The Recovery Act provides \$100 million for Brownfields projects. Cooperative agreements for the Assessment, Cleanup and Revolving Loan Fund (RLF) will be awarded under an existing competition to those applicants that rank highest on Brownfields statutory criteria. These criteria are consistent with the Recovery Act goals; therefore, highly ranked proposals will demonstrate economic need, a commitment to environmental sustainability principles, project readiness, and job creation. In addition, EPA will award Brownfields Recovery Act funding for job training, targeted regional Brownfields assessment, and supplemental funding for existing RLF recipients.

To ensure oversight and accountability, EPA will continually monitor progress through the quarterly reports required of each grant recipient. In addition, beginning one year after the date of each award, EPA will administer a Recovery Act cooperative agreement review to ensure that recipients are making sufficient progress. The Brownfields Program is also committed to providing transparent information on the performance and progress of projects funded with Recovery Act funds.

Through continued federal, state and local partnership, the Brownfields Recovery Act funds will be used to allow problem properties to become productive assets in communities across the country.

Superfund

The EPA Superfund program protects citizens from the dangers posed by abandoned or uncontrolled hazardous waste sites. Two-thirds of the sites listed on the National Priorities List (NPL) have had cleanup construction completed. In addition to completing construction on the remaining sites on the NPL, the program is focused on ensuring that these sites are ready to be returned to beneficial use by the community, putting both people and property back to work.

The Superfund remedial program has continued to evolve over the years. While the Agency has been able to achieve construction completion at two-thirds of our sites, there are remaining sites that require cleanups that will take decades to complete. In addition, new and challenging sites have been added to the NPL.

On April 15, 2009, EPA announced \$600 million in Recovery Act funds for Superfund remedial activities at 50 sites in 28 states around the country. With this funding, EPA will continue Superfund program progress by starting new cleanup projects, accelerating cleanup projects already underway, increasing the number of workers and activities at cleanup projects, and returning sites to more productive use. I had the pleasure to announce the allocation of Superfund Recovery Act funds at the New Bedford Harbor site in Massachusetts which will provide a tremendous boost to the cleanup of New Bedford Harbor, significantly expediting the timetable to return a clean harbor back to the community.

Cleanup activities at Superfund sites receiving Recovery Act funds could also yield significant site-specific, non-environmental economic benefits, including improved site property values and job opportunities. Superfund sites are often located in the areas hardest hit by unemployment and downturns in the economy. EPA anticipates that the Recovery Act funding

for the Superfund remedial program will leverage jobs in communities across the country while also increasing demand for construction materials such as steel and concrete. EPA has developed an implementation plan that will obligate funds ahead of statutory requirements and we expect work to accelerate within the next month at many sites where construction is already underway.

EPA will report on the progress of the Recovery Act funding for the Superfund remedial program through program performance measures. In addition, the Agency established reporting mechanisms to collect the information necessary to ensure accountability and transparency. EPA will evaluate both Superfund resource utilization on a monthly basis and performance progress quarterly. Recovery Act resources will also be evaluated at mid-year and annual Superfund work planning meetings. EPA will provide transparent information on the performance, progress, and accomplishments of Superfund remedial activities by Recovery Act funds on Recovery.gov and the Agency's own Recovery Act Web site..

Conclusion

EPA looks forward to working with this Committee, our federal, state, and tribal partners, and members of the public as we work to effectively implement the American Recovery and Reinvestment Act of 2009 with oversight, accountability, and transparency. Thank you again for inviting me to testify here today, and I look forward to answering any questions that you might have.