



**Testimony of Martha Rudolph, Director of Environmental Programs,
Colorado Department of Public Health & Environment and President,
Environmental Council of the States (ECOS)
Before the U.S. House of Representatives Committee on Appropriations
Subcommittee on Interior, Environment and Related Agencies,
March 23, 2016**

Dear Chairman Calvert, Ranking Member McCollum, and members of the Subcommittee,

I am Martha Rudolph, Director of Environmental Programs at the Colorado Department of Health and Environment, submitting this testimony as President and on behalf of the members of the Environmental Council of the States (ECOS) on the Fiscal Year 2017 (FY17) budget for the U.S. Environmental Protection Agency (EPA).

We are pleased to provide this testimony in support of the President's Budget Request of \$3.28 billion in appropriations for the State and Tribal Assistance Grants (STAG). Within STAG, there is a proposed \$1.158 billion for categorical grants, which advance, in part, core state work to carry out responsibilities under the major environmental laws. The Administration's STAG request also includes \$2 billion for the important clean water and drinking water state revolving funds (SRFs), \$90 million for brownfields projects, \$10 million for diesel emission reduction grants, and \$22 million for several focused assistance programs. States welcome the President's request for \$77 million more in funding for categorical grants than the enacted FY16 budget for these programs. We see great value in the \$15.7 million requested increase for environmental information categorical grants, which help support the critical E-Enterprise for the Environment collaborative state and federal work to improve regulatory processes for the regulated community and increase data availability to the public. The E-Enterprise for the Environment effort between states and EPA continues to support the ushering in a new era of efficient, effective, and renewed collaborative federalism - with benefits for all who interface with, or administer, our nation's environmental programs.

States continue to face obstacles as we work to keep pace with the cost of implementing core and new programs. When limited funding is combined with new regulatory requirements and variability in the timing and the amount of federal funds, states' ability to meet their delegated commitments becomes increasingly challenging. As states are responsible for the implementation of over 95 percent of the nation's federal environmental laws, it is essential that states are given flexibility and financial support so that we can work with EPA and other partners to ensure effective protection of human health and the environment.

While states seek ways to save resources through efficiency efforts, our work is difficult to conduct in a flat or reduced fiscal state. We urge Congress to recognize the states' crucial role in delivering environmental protection and services by funding the STAG at the

requested \$3.28 billion level. Following, we offer and elaborate upon several reasons why this investment in states will deliver many times over.

States are Primary Implementers of the Nation's Environmental Laws

The states are co-regulators with EPA in the implementation of the nation's environmental laws and corresponding programs. Congress included provisions in the major federal environmental statutes – including the Clean Water Act, Safe Drinking Water Act, Clean Air Act, and Resource Conservation and Recovery Act – for states to assume authority over the federal programs and to provide financial assistance to states to operate these federal programs. A state match is usually required under these statutes, and states provide on average well over half and in many states, three-quarters of the funds to operate federally delegated programs.

States perform much of the work set out in the President's Budget request through these delegated programs, making federal funding essential. States use a combination of federal and state funding, and fees assessed on regulated entities, to issue permits, conduct inspections and enforcement, gather and manage data, set standards, remediate sites, monitor ambient conditions, and other important activities. In order to ensure the long-term strength and viability of EPA and the states' joint efforts to implement these programs, it is essential that the states receive sufficient federal funding through STAG.

The Reality of the STAG Request

States are encouraged that the President's Budget Request increases ten categorical grants and that overall, categorical grants receive a \$77 million requested increase. When divided nationally, this is a proposed increase of just over \$1 million per state for the implementation of national programs, and every federal dollar will matter – particularly as states do more to maintain the delegated programs.

We acknowledge that the Budget Request was prepared in continued challenging fiscal climate, and that proposed increases may come from reductions to valued programs. In many of these areas, EPA has proposed alternative ways to support the sectors affected by the proposed reductions through programs on the Agency's side of the ledger. For example, while a reduction is proposed for the Clean Water SRF, the administration's proposal calls for a \$1.6 million increase in funds for the Water Infrastructure and Resiliency Finance Center to help communities identify and develop water financing. ECOS still has concerns with reductions to the revolving loan funds below needed and historic amounts. ECOS Resolution 08-1, renewed in 2014, refers to estimates – continually increasing – that over \$700 billion is required to address wastewater and drinking water needs over the next 20 years. While the \$157 million increase proposed for the Drinking Water SRF is without question an overdue and needed response to long acknowledged shortfalls, it appears to come at the expense of the Clean Water SRF – which is proposed at \$414 million less than FY16 enacted. Given the great needs for investment in water infrastructure across the nation, we encourage Congress to fund the SRFs at the President's increased drinking water request level without taking funds away from the clean water SRF. These investments are essential in order to advance critically needed and important work to protect the environment and public health in communities across the nation.

Modernizing the Business of Environmental Protection

Among the categorical grant increases, we especially encourage you to appropriate the requested \$15.7 million increase to the Environmental Information Categorical Grant to states. Streamlining processes and technological investment are essential to enhancing how states deliver permits, monitoring, inspections, and public information. When leveraged with state resources it is essential to bringing state environmental business models into the modern age, and often supports development of shared services for states. These funds will facilitate states' continued efforts to implement electronic permitting and reporting systems proactively which will allow information to be processed, reviewed, shared between states and EPA, and acted upon more quickly. This facilitates job creation, contributes to improved public health, and creates a more efficient and transparent government system that brings more and more regulated entities into compliance while creating incentives for all facilities to perform at high levels. We are committed to joint governance, to better decision-making, and to increasing transparency and efficiency through the E-Enterprise for the Environment initiative. Your support for this Categorical Grant, and for EPA's request for funding its work on E-Enterprise for the Environment aligned projects, will make a meaningful difference to the states, private entities, and the public.

Rescissions

We commend the Administration for proposing no rescissions in prior STAG funds. The states need every dollar that Congress can give, and rescinding prior year funds is detrimental to achieving environmental progress. We are working with EPA to improve administrative processes to ensure that funds are dispersed in a timely manner so that they can be efficiently and effectively put to use by states. We urge you not to include any rescissions of unobligated STAG funds in the FY17 enacted budget. If rescissions must occur due to hard choices you must make, rescissions should be taken equitably from one or more of the Agency's budget accounts and the STAG account.

The Value of Flexibility

State Environmental Agencies have seen budget cuts at the state level and are managing reductions in part by leaning our business processes and by strategically applying practices that improve efficiency, such as targeting inspections to priority areas and implementing technological advancements.

Within each state, needs and priorities can vary in part from priorities set by EPA at the federal level. State commissioners require maximum flexibility to direct the federal resources in ways that suit their unique needs and circumstances. While the states may agree with and appreciate funding for specific efforts, states need flexibility to budget for and implement work activities most effectively. Directed funding undermines state flexibility and needed support for on-going every day implementation of the nation's environmental laws. The states, as co-regulators with EPA, wish to preserve and expand state flexibility to address state and regional priorities within EPA's national framework. Fewer funding directions should help streamline state-EPA discussions about the work to be accomplished.

Reducing spending directives within a Categorical Grant expedites state utilization of funds. States have worked closely with EPA over the last several years to quickly award and then

efficiently utilize valuable federal funding. Fewer instructions allow states to move more quickly to turn federal dollars into positive results.

ECOS and the states are very supportive of the \$21 million multipurpose grant program that Congress created in the FY16 omnibus budget. The President's budget does not include a request to fund this program. In providing these funds for EPA to apportion to states and tribes for the implementation of priorities within environmental programs generally, Congress has given states and tribes the ability to direct the funds where they can most effectively be leveraged and deliver tangible results. We believe flexible funds provide states the best opportunity to make progress in advancing environmental goals and protecting human health, and we strongly encourage Congress to provide additional funding in the enacted budget so that this much-needed grant program can continue.

ECOS and its members value our work with the Appropriations Committees, and are appreciative of the continued consideration of our views. We are confident the funding allocated will be well used to implement the nation's environmental enterprise with EPA. With this funding, states will continue their dedicated efforts to deliver the clean environment all Americans want and deserve in the most efficient, modern, and results-oriented way possible.

We thank you for the opportunity to share our perspective, and remain willing to provide the Committee with any input in the future.

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