ECOS

THE ENVIRONMENTAL COUNCIL OF THE STATES

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September 4, 2014

Mr. Michael J. Hickey
Chief, Environment Branch
Office of Management and Budget
Executive Office of the President
New Executive Office Building
725 17th Street, N.W.
Washington, D.C. 20503

Via Electronic Mail

Re: *FY 2016 President's Budget for the U.S. Environmental Protection Agency*

Dear Mr. Hickey:

The Environmental Council of the States (ECOS) is pleased to provide you with this input as you begin to prepare the President's Fiscal Year (FY) 2016 budget for the U.S. Environmental Protection Agency (EPA or Agency). ECOS verbally presented the points in this letter to the Agency at a meeting on June 26, 2014. Given the importance of the federal-state co-regulator partnership in implementing our nation's environmental programs, we felt it beneficial to articulate and convey the state perspective on the FY 2106 budget to your office directly at this critical time.

As you know, states implement 96 percent of the delegable programs under the major environmental laws, and carry out significant numbers of inspections, enforcement actions, and monitoring and data collection efforts. The collective state effort, as part of the co-regulator partnership, greatly enhances the effectiveness of our system of laws and regulations, serves the public through education and transparency, and keeps the economy moving forward through permitting of projects and infrastructure.

ECOS strongly believes that the FY 2016 President's Budget must (1) emphasize the importance and value of the state role by providing strong funding for state environmental programs via a robust request for categorical grants (State-Tribal Assistance Grants (STAG)); (2) request additional funding to support states carrying out work associated with the Clean Air Act (CAA) 111(d) proposal; (3) contain strong funding for the Clean Water Act (CWA) and Safe Drinking Water Act (SDWA) state revolving funds (SRFs); and (4) request funds for the transformative E-Enterprise for the Environment initiative, including funds for the state environmental information categorical grant.

This letter provides more details on each of these points.

I. Categorical Grants Funding

Categorical grants are essential to states, allowing leveraging with state resources and the provision of high quality environmental services to the regulated community and the public. Unfortunately, a ten year review from 2004 to 2014 shows that while funding for EPA's operations (the EPM account) has increased by approximately 15 percent, categorical grants have decreased nearly 10 percent. The FY 2016 President's Budget request for categorical grants must be as high as possible, while still consistent with guidelines and limitations.

ECOS does not support directing state spending or the inclusion of set asides in the President's FY 2016 budget for categorical grants. In lean budget times, any funding – and particularly modest increases – must be accompanied by maximum flexibility to states to direct funds to the projects and initiatives most important to them. We are concerned that recent Presidential Budgets have tied incremental increases to categorical grants to the states undertaking specific work in areas of priority to the Administration – for example nutrients under the CWA and developing plans for reducing CO2 and supporting greenhouse gas permitting under the CAA. These directives expect states to carve resources to take on new initiatives out of existing funds. Rather than undermining state flexibility and support for ongoing, every day environmental program implementation by directing limited existing funding, additional new funding should be provided.

In a similar vein, ECOS continues to oppose the shift of PM2.5 monitoring funding from CAA Section 103 which is 100 percent federally funded to Section 105 which requires a 40 percent state match. Requiring a state match means that some states are unable to accept the federal funds, resulting in less clean air work at the state level.

Finally, ECOS requests that the FY 2106 President's Budget contain no rescissions of unobligated funds from the STAG account. Rescissions only hinder state work that needs to occur on the ground.

II. Increased Funding for 111(d)

ECOS requests an increase in the CAA categorical grant specifically to support states taking on the critical planning aspects associated with the CAA 111(d) proposal. As noted in Section I, above, resourcing such a significant initiative out of existing funds is not an option, as this only takes away from core CAA work that still needs to occur.

III. Clean and Safe Drinking Water SRFs

The FY 2016 President's Budget must make a strong request for the SRFs – at a minimum restoring the proposed FY 2015 cut of $580 million from FY 2014 enacted levels. The SRFs are well acknowledged as one of the most successful infrastructure programs in our nation, providing public health protection and enhancing sanitation across the U.S. The SRFs are a significant and critical funding source that assists communities of all sizes in meeting compliance obligations and creating jobs. Today, the SRFs funds projects addressing nutrient pollution, sewer overflows, green infrastructure, and more. It is important to also recognize that cuts to the drinking water SRF directly translate to a loss of state personnel with expertise in helping communities provide drinking water protection to their citizens, especially in rural areas.

IV. E-Enterprise for the Environment

A priority for ECOS is that the President's FY 2016 Budget requests funding for the Environmental Information Categorical Grant to support state and regional specific projects.

The budget also should request funding for E-Enterprise for the Environment, which is all about rethinking how we deliver environmental protection in this country. This is a transformative 21st century strategy, governed by a partnership among EPA, states, and tribes, to improve environmental results and enhance service to the regulated community and the public, by collectively improving business processes and driving innovations across agencies and programs. E-Enterprise for the Environment builds on states' four decades of environmental program implementation experience to redefine how states, tribes, and EPA will get our work done together in the future, and will improve environmental performance by reducing regulatory burdens, streamlining reporting, enabling new environmental management, and incorporating advanced monitoring and data collection techniques.

A number of potential new projects are currently being scoped by joint teams of state and EPA personnel, and all of the projects determined to be meritorious will require funding if they are to be implemented. EPA is also now considering many of its own previously-initiated and ongoing regulatory modernization projects in a manner consistent with the goals and approaches of the E-Enterprise for the Environment effort. These projects include the CWA National Pollutant Discharge Elimination System (NPDES) e-Reporting rule, the development of an e-Manifest system under the Resource Conservation and Recovery Act, the SDWA data system SDWIS Prime, and the CAA system ICIS-Air. For these reasons, funding for E-Enterprise for the Environment is critical, as without FY 2016 fiscal support the Agency and states will not be able to continue their joint work on these important advances.

Thank you for the opportunity to provide these perspectives. We remain ready to provide additional thoughts from ECOS, and to answer questions, on your request.

Sincerely yours,

Dick Pedersen

Dick Pedersen
ECOS President
Director, Oregon Department of Environmental Quality

Cc: Lisa Feldt, Acting Deputy Administrator, EPA
David Bloom, Acting Chief Financial Officer, EPA
ECOS Executive Committee