



**Testimony of the Officers of the Environmental Council of the States
Before the
U.S. Senate Committee on Appropriations
Subcommittee on Interior, Environment, and Related Agencies**

**Addressing the FY18 Budget for the U.S. Environmental Protection Agency
May 25, 2017**

Dear Chairman Murkowski, Ranking Member Udall, and members of the Subcommittee,

The undersigned Officers of the Environmental Council of the States (ECOS), on behalf of the organization, submit this testimony on the President's proposed Fiscal Year 2018 (FY18) budget for the U.S. Environmental Protection Agency (EPA), and specifically regarding the Categorical Grants within the State and Tribal Assistance Grants (STAG Categorical Grants).

States are collectively and independently reviewing the President's proposal. We appreciate the interactions and outreach by the Administration to seek state input on the budget to date, and look forward to further engagement on the budget with the Administration and Congressional Delegations. It will be important that budget adjustments are made thoughtfully and with caution to assure sustained support to programs that advance the well-being of our communities and to the many partnerships we employ to deliver programs that drive critical environmental and public health protection.

The Administration's proposed funding of \$597 million for the STAG Categorical Grants continues a national conversation about how to deliver environmental programs in our country efficiently and with a focus on results and outcomes.¹ ECOS is committed to, with our federal, state, and local partners, assessing how we, collectively, perform environmental protection work today in the most efficient, least duplicative, manner possible.

Core State Environmental Work

Through authorization and delegation over the last 45 years, states have become the primary implementers of federal environmental statutes, today with 96 percent of the delegable authorities under federal law. The STAG Categorical Grants fund core state environmental work, which include all aspects of operating delegated federal programs such as issuing permits, conducting inspections, setting standards, collecting and managing data, bringing enforcement actions, providing compliance assistance and inspections, evaluating information submitted by regulated entities, citizen complaint response, external engagement and communication, developing regulations, drafting policies, classifying waterbodies, preparing for and responding to accidental or intentional releases of contaminants, and cleaning up and restoring sites. The STAG Categorical Grants make up on average 27 percent of State Environmental Agency

¹ ECOS notes that some funding for states is contained in other parts of the EPA proposed budget. For purposes of this testimony, however, ECOS focuses on the STAG Categorical Grants.

Budgets.² Decreases in STAG Categorical Grants will have impacts on state environmental agencies that must be thoughtfully considered.

Supercore STAG Categorical Grants

While all the STAG Categorical Grants are important to states, ECOS identified several STAG Categorical Grants as “supercore” because they directly support core state environmental responsibilities. Supercore STAG Categorical Grants sustain state performance of core legal obligations and health protection responsibilities. They are:

- 1 - Hazardous Waste Financial Assistance (RCRA Core Funding)
- 2 - Water Pollution Control (Clean Water Act Section 106)
- 3 - State and Local Air Quality Management (Clean Air Act Sections 103, 105, 106)
- 4 - Nonpoint Source Control (Clean Water Act Section 319)
- 5 - Public Water System Supervision (PWSS) (Safe Drinking Water Act Section 1443(a))
- 6 - Environmental Information (E-Permitting, Modernization of Data Systems)
- 7 - Multipurpose Grants (created in FY16 Omnibus for state defined high priority activities)

The new Multipurpose Grants are the type of flexible, state-priority informed funding that states have been seeking for a long time. In 2016 all 56 states, territories, and the District of Columbia accepted the share of the \$19,800 million in Multipurpose Grants funding for which they were eligible. Projects undertaken included National Ambient Air Quality Standards implementation activities, process or system improvement efforts (many involving electronic data management systems), water pollution control, drinking water, and pesticides. Most importantly, the selected projects were important to the respective states, territories, and the District of Columbia.

State Revolving Funds

We acknowledge the Administration’s clear signal in favor of water infrastructure investment, with level funding proposed for the STAG State Revolving Loan funds (SRF). States recognize the significant need for investment in clean and safe water infrastructure nationally; ECOS recently documented that just the top 20 ready to go in 2017 water and wastewater projects per state total over \$14.4 billion.³ SRF funds are not cost-free to states – there is a 20 percent state match required. And while states can set-aside up to 31 percent of drinking water SRF funds to support state programs and activities to ensure safe drinking water, and four percent of clean water SRF funds for administrative costs, the overwhelming majority of SRF funds are distributed out to communities and are not for supporting the core state environmental work discussed above.

Rescissions

States have voiced concerns that funds must be dispersed in a timely manner to allow efficient and effective use by states. States are currently working with EPA to address this real issue and improve administrative processes. We urge Congress to consider this ongoing concern and work

² <https://www.ecos.org/news-and-updates/green-report-on-status-of-environmental-agency-budgets/>

³ <https://www.ecos.org/documents/ecos-inventory-of-states-2017-ready-to-go-water-and-wastewater-projects/>

as a basis to not include rescissions of unobligated STAG funds in the FY18 enacted budget. For rescissions which are necessary in future years, we suggest rescissions should be taken equitably across federal and state grant accounts.

The Importance of Flexibility

States are managing state level cuts to their budgets, and historic flat federal STAG funding, by leaning 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 directives and instructions help streamline state-EPA discussions about the work to be accomplished and allow states to move more quickly to turn appropriated federal dollars into positive environmental and public health results.

EPA's Scientific Research Role

State environmental agencies significantly value much of the research that EPA performs. States recently submitted to EPA for consideration a comprehensive inventory of current state research priorities.⁴ Ensuring that EPA has sufficient funding to directly assist states with key research needs is important, part of effective government, and much more efficient than multiple states seeking to answer common environmental science questions. ECOS hopes to work with the Administration and Congress to see that appropriated EPA research dollars respond to identified state environmental agency research needs.

A Call to Revisit Cooperative Federalism

The amount of federal funding appropriate for environmental programs delegated to states is closely related to how we collectively view cooperative federalism. States are committed to engaging the Congress, the Administration, and all other parties and interests in how we can more fully define how cooperative federalism today impacts policy, operations, and fiscal positions, and how we ensure effective public health and environmental protections. We believe that we can build on the foundations of national statutes, learn from the innovations and successes of state programs, and confidently meet the challenge of providing 21st century environmental protection with the best of 21st century methods and relationships.

Conclusion

ECOS values our work with the Appropriations Committee and Subcommittee, and appreciates consideration of our views. We are confident the funding appropriated will be well used, and

⁴ <https://www.ecos.org/wp-content/uploads/2017/04/ERIS-Survey-Summary-One-Pager.pdf>

that 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 welcome the opportunity to answer any questions or provide any further information. Questions about our testimony can be directed to ECOS' office at 50 F Street NW, Suite 350, Washington D.C. 20001, via phone at 202-266-4920, or via email to adunn@ecos.org.

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

John Linc Stine, Commissioner, Minnesota Pollution Control Agency
ECOS President

Todd Parfitt, Director, Wyoming Department of Environmental Quality
ECOS Vice President

Becky Keogh, Director, Arkansas Department of Environmental Quality
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