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September 6, 2017

David Bloom
Acting Chief Financial Officer
Office of the Chief Financial Officer (OCFO)
U.S. Environmental Protection Agency (EPA)
1200 Pennsylvania Avenue, N.W.
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Via email to bloom.david@epa.gov

Dear Mr. Bloom,

On behalf of the Environmental Council of the States (ECOS), the national nonprofit, nonpartisan association of state and territorial environmental commissioners, we thank you for the opportunity to provide our perspectives as the Agency prepares its Fiscal Year 2019 (FY19) budget. As state regulators responsible for carrying out through cooperative federalism with EPA over 98 percent of the federal environmental programs through delegation, authorization, and primacy, we are committed to the goal of fostering a strong, positive, and productive relationship between states and the Agency. We appreciate that each year EPA offers states an opportunity to provide our thoughts on areas of priority for Agency consideration as the budget is developed for the White House Office of Management and Budget.

ECOS recommends that EPA develop a FY19 budget that reflects, advances, and articulates the following core themes:

- Outlines actions to advance cooperative federalism and an effective and balanced state-federal relationship;
- Embraces processes that will more clearly define state and federal roles and responsibilities, and that will then allocate resources accordingly;
- Focuses on environmental outcomes and results rather than outputs and process;
- Reflects specific actions that embody and promote flexibility to meet environmental commitments in an effective and efficient manner;
- Identifies, and prioritizes funding of, core public health and environmental protection functions and of environmental service delivery; and
- Articulates steps to align EPA research priorities with identified state research needs.

Below we provide written input on discussion questions that EPA posed to ECOS in advance of our August 29 call with OCFO.

1. Looking across all of the Agency's work, what are your 3 or 4 top priorities for EPA's FY 2019 budget?

As our highest budget-related priority, states encourage EPA first to request continuation of stable STAG/categorical grant funding. Funds from the STAG account, including categorical grants, support state implementation of the federal

environmental programs delegated to them over the past four decades. This includes activities like permits, inspections, standard setting, data collection, enforcement, compliance assistance, citizen response, preparing for and responding to accidental or intentional releases of contaminants, and cleaning up and restoring sites. A recent ECOS report shows that categorical grants support on average 27 percent of state environmental agency budgets.

Second, ECOS encourages EPA to develop a budget for FY19 that requests funding in ways that maximize state flexibility to pursue key priorities identified within their regions, among groups of states, or individually. ECOS has consistently advocated that policies allowing states flexibility in achieving environmental goals are an effective way to stretch limited budgets and also facilitate a higher-functioning state-federal relationship. Some examples of flexibility can be seen in Performance Partnership Agreements/Grants (PPAs/PPGs), the [E-Enterprise- PPG Tradeoffs memo](#), the Alternative Compliance Monitoring Tradeoffs (ACMS) memo, and the many documents supporting flexibility identified in ECOS' [Field Guide to Flexibility and Results](#).

Third, ECOS hopes that the FY19 budget will also explicitly provide states flexibility to move funds when compelling circumstances demand to allow states to respond to the environmental impacts of industrial emergencies, wildfires, drought, flooding, spills, and unexpected weather and natural condition events. Such occurrences are inevitable, are typically unbudgeted, and place significant strain on state and local governments, thus representing an area where EPA discussion in the budget proposal is important.

A fourth priority is that EPA's FY19 budget specifically reflect and allocate funding for lean activities, program modernization, and business process improvement. State agencies have employed business process improvement techniques to more efficiently and effectively reach their environmental and public health protection goals by maximizing cost efficiencies and streamlining processes for their employees and customers. Explicit financial support for E-Enterprise for the Environment projects and activities is also needed, as this is a valuable partnership of states-tribes-and EPA designed to modernize and accelerate regulatory processes, enhance coordination with federal and local partners, and increase transparency and trust with the public and regulated community through increased timely, available, accessible, and high-quality data and improved customer and stakeholder service.

2. Are there particular areas where we could do a better job of leveraging our resources with other federal agencies? What about leveraging among state and local governments?

ECOS has identified several areas in which enhanced collaboration between EPA and other federal agencies would strengthen their roles as partners in collaborative federalism. First, ECOS believes EPA could better leverage its resources and relationship with the U.S. Army Corps of Engineers related to joint activities under the Clean Water Act (CWA) §404 wetlands program. Several states are currently seeking delegation of the 404 program and are encountering diverging reactions from EPA and the Army Corps. Second, ECOS encourages EPA to reinforce the Department of Energy's support of the

EPA-State-DOE dialogue on the management of nuclear weapons complex cleanups. Third, ECOS believes there are extensive opportunities for improved coordination with the Department of the Interior's Bureau of Land Management and the Fish and Wildlife Service, particularly on joint activities related to mining sites and water quality. Finally, ECOS recommends that EPA identify specific ways to leverage its resources with the Department of Agriculture, and with state departments of agriculture, on issues related to the CWA §319 program and nonpoint sources of water pollution including pesticide uses, and strategic partnerships. ECOS' suggestions on improving coordination with state and local governments are included in the responses to question 3, below.

3. Do you see any areas where we could work smarter – more efficiently or more effectively – with states to make our limited dollars go further?

EPA's budget can promote efficiency by aligning consultation processes and clearly setting forth, where possible, the roles and responsibilities of different stakeholders. ECOS has identified several areas in EPA's budget and operations that may merit particular attention to ensure that efficiencies are captured and budget shortfalls are navigated effectively. First, ECOS' longstanding advocacy in support of policies that allow states flexibility to focus on key goals is largely due to the fact that this flexibility is a critical tool to make the environmental enterprise work smarter and stretch limited budgets. For examples of flexibility-related successes and opportunities, please see our response to question 1 above.

Measures and metrics represent an important component of the state-federal relationship. Many states have begun focusing on outcome-oriented measurement that focuses on the environmental results achieved rather than the processes used to achieve them. Such a philosophy allows states not only to have their metrics be directly aligned with their fundamental mission, but also makes it easier for them to meaningfully communicate their value and their accomplishments to the public. Several states have begun to put this new focus into practice through the ECOS Measures Project and ecosresults.org, set to be unveiled this month. We urge EPA to engage with their state partners on this topic and to make efforts to begin adopting an outcome-oriented measurement philosophy and system.

Regional Geographic Programs funded under EPA's budget serve as important resources to protecting and restoring local and regional ecosystems, and supporting state agencies who are also investing in these priority areas. We urge EPA to request funding for these programs.

Through E-Enterprise for the Environment, ECOS' Innovation & Productivity Committee, and other contexts, ECOS has supported the ability of states to improve their efficiency and effectiveness in implementing environmental programs through streamlining and modernization – business process improvement - activities. This program represents a key area in which EPA and states have begun working smarter together, and states encourage EPA to advocate for continued support of E-Enterprise in the budget. Please also see our comments on E-Enterprise in question 1 above.

4. If we could restore, partially or fully, some of your categorical grants, what would be your top 3 to 5 priorities?

ECOS has identified, through our members' testimony and other budget materials, seven high-priority "super-core" categorical grants that are in need of additional support. These are, in no particular order:

- 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).

While all of these super-core grant programs are extremely valuable to ECOS' membership, the FY16 Multipurpose Grants merit particular acknowledgement. This grant program represents 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 with this grant funding 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-related work. Most importantly, the selected projects were of special importance to the respective states, territories, and the District of Columbia.

ECOS again thanks EPA for the opportunity to provide this input. We hope you find it to be valuable as you formulate your proposed FY 2019 budget. We remain available to share additional information, and welcome any feedback you can provide.

Sincerely,



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

Cc: ECOS Membership
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