PRESS RELEASE

E C O S

State Environmental Agency Budgets Vulnerable amid Trend toward Nonfederal Support

New ECOS national report details funding sources for state environmental agency budgets, highlighting growing nonfederal support and the critical nature of federal funding to health and the economy.

Washington, DC — State environmental agency budgets rose significantly from FY20 to FY23, with the median budget increasing from $136.9M to $179.2M, primarily due to a temporary surge in federal funding for water infrastructure, according to a new ECOS report. The *State of the States Budgets Report* draws on data from 49 states, DC, and one territory, highlighting trends across four main funding streams – federal, state general funds, permit fees, and other.

"The report shows the critical role states play in delivering environmental protection nationally and locally and also the vulnerability of states if federal and other funding sources aren't sustained," says ECOS President James Kenney of New Mexico. "With state agencies managing over 90% of federal environmental programs through delegation agreements, these budget trends underscore the importance of a fair share of significant federal funding and continuing innovation by states to sustain environmental protections for their communities and ecosystems."

During the review period, increases in state environmental budgets were driven primarily by unprecedented but temporary federal investments through the American Rescue Plan Act, Infrastructure Investment & Jobs Act, and Inflation Reduction Act. On average, federal infrastructure funding for state environmental agencies increased from 21% of state budgets in FY2020 to 34% in FY2023.

Key findings from the report include:

- The average state environmental agency budget rose from $297.9M in FY20 to $486.7M in FY23,
- The median budget grew from $136.0M to $179.2M during the same period,
- Federal funding made up an average of 26.3% of state budgets,
- State general fund support increased by 76.6% and comprised 12.8% of state budgets,
- State permit fees increased by 17.3%, representing 21.9% of funding, and
- "Other" funding sources expanded by 40.6%, accounting for 37.8% of state environmental budgets.

Concerns Remain over Core Program Funding

While federal funding to states increased overall during the period studied, the report notes that federal investments in core environmental programs implemented by states have either decreased or remained unchanged. Most federal funds provided to states supported infrastructure projects rather than ongoing regulatory program operations.

"Continued increases from state general fund, permit fees, and other funding may not be sustainable to support core programs," Kenney warns. "Without sufficient federal funding, states could lose their delegation agreements and face third-party legal challenges."

ECOS Vice President Chris Wells of Mississippi adds that cooperative federalism requires that the federal government and states act not only as co-regulators, but also as co-funders and collaborators, alongside partners in communities, the private sector, and nonprofit organizations. "State programs are the main delivery channel for federal investments to local communities, supporting projects with permitting and technical assistance, and providing matching funds," Wells says. "Without sufficient federal funding, this work may stall, potentially threatening economic and environmental progress made possible by partnerships."

ECOS leaders are available for interviews to discuss the report's findings and implications for environmental protection.

ECOS is the national nonprofit, nonpartisan association of state environmental agency leaders. For more information, visit www.ecos.org.