

ONE HUNDRED FOURTEENTH CONGRESS
Congress of the United States
House of Representatives
COMMITTEE ON ENERGY AND COMMERCE
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MEMORANDUM

February 23, 2015

To: Subcommittee on Energy and Power and Subcommittee on Environment and the Economy Democratic Members and Staff

Fr: Committee on Energy and Commerce Democratic Staff

Re: Hearing on the Fiscal Year 2016 Proposed Budget of the U.S. Environmental Protection Agency

On Wednesday, February 25, 2015, at 10:00 a.m., in room 2123 of the Rayburn House Office Building, the Subcommittees on Energy and Power and on Environment and the Economy will hold a joint oversight hearing on the proposed budget for the Environmental Protection Agency (EPA) for fiscal year (FY) 2016.

I. THE FY 2015 EPA BUDGET REQUEST

The President's FY 2016 budget requests \$8.59 billion for the EPA. This request represents a \$451 million increase (5%) from the enacted level for FY 2014 and a \$700 million increase (9%) from the FY2015 budget request.

EPA's FY 2016 budget request allocates \$1.11 billion to address climate change and improve air quality; \$4.05 billion to protect drinking water and clean up waterways; \$1.95 billion to clean up toxic contamination and promote sustainable communities; \$668 million to reduce the risk posed by chemicals in consumer products and the environment; and \$804 million to enforce the nation's environmental laws.¹

Please see the table appended to the end of this memo for historical EPA budget data.

¹ U.S. Environmental Protection Agency, *Fiscal Year 2016 Budget in Brief*, at 9 (Feb. 2, 2015) (online at www2.epa.gov/sites/production/files/2015-02/documents/fy_2016_bib_combined_v5.pdf).

A. Efforts to Address Climate Change and Air Quality

The President's FY 2016 budget request for programmatic actions related to climate change and air quality is \$1.11 billion, an increase of \$120 million (12.11%) above FY 2015 enacted levels.² This funding will support both voluntary and regulatory actions to reduce domestic and international greenhouse gas emissions and impacts and protect and improve air quality.

Climate change programs account for most of the funding increase. The President's request seeks \$279.47 million for climate change programs, an increase of 46.58% above FY 2015 enacted levels.³

EPA plans to use this funding to implement the President's 2013 Climate Action Plan. On June 2, 2014, EPA proposed the Clean Power Plan which establishes carbon pollution standards for existing power plants – a key component of the President's climate mitigation agenda. The Clean Power Plan gives states significant flexibility to develop their own approaches for reducing carbon emissions, which is reflected in the FY 2016 budget request. EPA will use funding to provide necessary technical assistance and guidance to states in the development and implementation of their Clean Power Plan strategies. For states choosing to go beyond the requirements of the Clean Power Plan, EPA has requested funding for the Clean Power Plan State Incentive Fund. Under the incentive fund EPA would provide up to \$4 billion to assist states in further reducing carbon emissions from existing power plants. Activities eligible for funding may include, "efforts to address disproportionate impacts from environmental pollution in low-income communities and support for businesses to expand efforts in energy efficiency, renewable energy, and combined heat and power through, for example, grants and investments in much-needed infrastructure."⁴

EPA also plans to implement the second phase of fuel economy and greenhouse gas emissions standards for medium- and heavy-duty vehicles and start a Midterm Evaluation of light-duty vehicle standards for model year 2022-2025. EPA intends to promote alternatives to hydrofluorocarbons and continue to lead the Global Methane Initiative to reduce global emissions of methane from the industrial and agricultural sectors. In addition, EPA will support the President's call to cut energy waste in homes, businesses, and factories, including ENERGY STAR's efforts to increase energy efficiency in single and multifamily housing.⁵

² *Id.* at 13.

³ *Id.*

⁴ U.S. Environmental Protection Agency, *FY 2016 EPA Proposed Budget Fact Sheet* (Feb. 2, 2015) (online at www2.epa.gov/sites/production/files/2015-02/documents/fy_2016_proposed_budget_fact_sheet.pdf).

⁵ U.S. Environmental Protection Agency, *Fiscal Year 2016 Budget in Brief*, at 13-19 (Feb. 2, 2015) (online at www2.epa.gov/sites/production/files/2015-02/documents/fy_2016_bib_combined_v5.pdf).

Please see the table appended to the end of this memo for historical data on EPA grants to states and tribes for air quality management.

B. Funding for Drinking Water Infrastructure

For FY 2016, EPA is requesting \$1.19 billion for the Drinking Water State Revolving Funds (SRFs), an increase of approximately \$279 million (23%) from the FY 2015 operating level.⁶

The Budget also calls for over \$7 million for a new Water Infrastructure and Resilience Finance Center which launched on January 16, 2015. The center will provide information and assistance to communities looking to pursue innovative financing options for drinking water and wastewater infrastructure, although it will not itself provide such financing.⁷

The Drinking Water SRFs provide an important funding source to meet the needs of our nation's water systems, which serve almost 300 million people. Because of aging infrastructure, the most recent EPA needs survey estimates that the costs needed to maintain and upgrade water systems could climb to \$384 billion over the next 15 years.⁸ Funds from the Drinking Water SRFs are allotted to the states based on a needs survey, with no state receiving less than 1% of the fund.⁹ Each state then administers its fund according to an approved Intended Use Plan and provides loans to public water systems at below-market interest rates. The priorities for these funds under existing law address the most serious risks to human health, ensure compliance with Safe Drinking Water Act requirements, and assist systems most in need on a per household basis.

Please see the table appended to the end of this memo for historical data on the EPA budget for the Drinking Water SRF.

C. State and Tribal Assistance Grants and Categorical Grants

Funding for states and tribes through the State and Tribal Assistance Grants (STAG) account and Categorical Grants amounts to \$3.60 billion in EPA's proposed FY 2016 budget, or roughly 42% of the total agency request. The STAG account includes the Clean Water and Drinking Water State Revolving Funds, as described above, Diesel Emissions Reduction grants, and infrastructure grants for Alaska Native villages and the border with Mexico. Categorical grants cover a range of programs, including air quality management, water pollution control, public water systems, wetlands, lead abatement, pollution prevention, brownfields, and underground storage tanks.

⁶ *Id.* at 81.

⁷ U.S. Environmental Protection Agency, *Water Infrastructure and Resiliency Finance Center* (online at <http://water.epa.gov/infrastructure/waterfinancecenter.cfm>).

⁸ U.S. Environmental Protection Agency, *Drinking Water Infrastructure Needs Survey and Assessment: Fifth Report to Congress* (Apr. 2013).

⁹ 42 U.S.C. § 300j-12.

Like the President's FY 2015 Budget, this year's request proposes eliminating two categorical grant programs: the state indoor air radon grants program (\$8.05 million) and the beaches protection grants program (\$9.55 million).

Please see the table appended to the end of this memo for historical data on EPA grants for air quality management.

D. Superfund

In 1980, Congress enacted the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), establishing the Superfund program to address the nation's most serious hazardous waste sites.¹⁰ Primary responsibility for overseeing cleanup of the sites and administration of the program was vested in the EPA. In the early years of the program, the Superfund was funded through a tax on polluters, but that tax expired in 1995 and funds were depleted in FY 2003. Cleanups are currently funded entirely through the appropriations process.

According to the most recent data, there are 1,321 sites on the National Priority List (NPL) for cleanup and an additional 47 sites proposed for addition to the list. In FY 2014, EPA completed work at only eight Superfund sites, by far the lowest number of construction completions since at least 1997. Because of the delay between construction completion at a site and the completion of cleanup at that site, EPA was able to delete 14 sites in FY 2014 based on work in past years.¹¹ To date, EPA has deleted two sites from the NPL in 2015.¹²

The President's FY 2016 budget request includes \$1.154 billion for the Superfund program. Although this requested allocation is higher than the enacted amounts for FY 2015, it is the lowest request for Superfund in the last 13 years, without adjusting for inflation. The request includes a \$38.6 million increase in funding for long-term cleanups from FY 2015 enacted and an increase of \$9.43 million for short-term removal actions.¹³

Please see the table appended to the end of this memo for historical data on the EPA Superfund budget.

¹⁰ 42 U.S.C. § 9601 et seq.

¹¹ U.S. Environmental Protection Agency, *National Priorities List* (Feb. 9, 2015) (online at www.epa.gov/superfund/sites/npl/); U.S. Environmental Protection Agency, *Number of National Priorities List (NPL) Site Actions and Milestones by Fiscal Year* (online at www.epa.gov/superfund/sites/query/queryhtm/nplfy.htm) (accessed Feb, 20, 2015).

¹² *Id.*

¹³ U.S. Environmental Protection Agency, *Fiscal Year 2016 Budget in Brief*, at 79 (Feb. 2015) (online at www2.epa.gov/sites/production/files/2015-02/documents/fy_2016_bib_combined_v5.pdf).

II. WITNESS

The following witness has been invited to testify:

The Honorable Gina McCarthy
Administrator
U.S. Environmental Protection Agency

Historical Budget Tables (Prepared by the Congressional Research Service)

**Table I. Environmental Protection Agency:
Total Requested and Enacted Appropriations, FY2003-FY2016**
(in billions of dollars not adjusted for inflation)

Fiscal Year	Requested	Enacted
2003	\$7.621	\$8.078
2004	\$7.631	\$8.366
2005	\$7.789	\$8.026 ^a
2006	\$7.521	\$7.712 ^b
2007	\$7.315	\$7.725
2008	\$7.199	\$7.461
2009	\$7.177	\$14.856 ^c
2010	\$10.486	\$10.290
2011	\$10.020	\$8.682
2012	\$8.973	\$8.449
2013	\$8.344	\$8.478 ^d
2014	\$8.153	\$8.200
2015	\$7.890	\$8.140
2016	\$8.592	n/a

Sources: Prepared by CRS using the most recent information available from the Congressional Record, or House, Senate, and conference committee reports and tables accompanying the annual appropriations bills that fund the Environmental Protection Agency (EPA). In instances in which these committee reports did not specify or address the information for a program or activity you selected, we deferred to Administration budget documents, including the President's annual budget requests as presented by OMB, and EPA's accompanying annual congressional budget justifications. Tables in this memorandum use a combination of these sources to present the information requested, as no single source included all items. The FY2013 post-sequestration enacted amounts are as reported in EPA's FY2013 Operating Plan that you provided previously for the preparation of this memorandum and the earlier version. Consistent with relevant supplemental appropriations in the earlier fiscal years in the table above, CRS combined the baseline appropriations and the Hurricane Sandy supplemental appropriations for FY2013 to present the aggregate of these amounts that EPA broke out separately. n/a = not available

- a. Within the total for FY2005, Congress provided \$3 million in supplemental appropriations (P.L. 108-324) for the repair of hurricane-related damage to EPA's Gulf Ecology Division Facilities in Gulf Breeze, FL.
- b. Within the total for FY2006, Congress provided \$15 million in supplemental appropriations (P.L. 109-234 and P.L. 109-148) to address underground storage tank needs in areas affected by Hurricanes Katrina and Rita, and an additional \$6 million (P.L. 109-234) for other hurricane-related assistance.
- c. Within the total for FY2009, Congress provided \$7.220 billion in supplemental appropriations (P.L. 111-5) for various programs and activities.
- d. Within the total for FY2013, Congress provided \$577.3 million in supplemental appropriations (post-sequestration) for various programs under the Disaster Relief Appropriations Act, 2013 (P.L. 113-2).

**Table 2. Hazardous Substance Superfund Account Totals (Prior to Transfers):
Requested and Enacted Appropriations, FY2003-FY2016**

(in billions of dollars not adjusted for inflation)

Fiscal Year	Requested	Enacted
2003	\$1.273	\$1.265
2004	\$1.390	\$1.258
2005	\$1.381	\$1.247
2006	\$1.279	\$1.242
2007	\$1.259	\$1.255
2008	\$1.245	\$1.254
2009	\$1.288	\$1.885 ^a
2010	\$1.309	\$1.309
2011	\$1.293	\$1.281
2012	\$1.236	\$1.214
2013	\$1.176	\$1.084 ^b
2014	\$1.180	\$1.089
2015	\$1.157	\$1.089
2016	\$1.154	n/a

Source: Prepared by CRS using the most recent information available from the Congressional Record, or House, Senate, and conference committee reports and tables accompanying the annual appropriations bills that fund the Environmental Protection Agency (EPA). In instances in which these committee reports did not specify or address the information for a program or activity you selected, we deferred to Administration budget documents, including the President’s annual budget requests as presented by OMB, and EPA’s accompanying annual congressional budget justifications. Tables in this memorandum use a combination of these sources to present the information you requested, as no single source included all items. The FY2013 post-sequestration enacted amounts are as reported in EPA’s FY2013 Operating Plan that you provided previously for the preparation of this memorandum and the earlier version. Consistent with relevant supplemental appropriations in the earlier fiscal years in the table above, CRS combined the baseline appropriations and the Hurricane Sandy supplemental appropriations for FY2013 to present the aggregate of these amounts that EPA broke out separately. n/a = not available

- a. Within the total for FY2009, Congress provided \$600 million in supplemental appropriations ([P.L. 111-5](#)) for Superfund Remedial Activities.
- b. Within the total for FY2013, Congress provided \$1.9 million in supplemental appropriations ([P.L. 113-2](#)) for the Superfund account (post-sequestration).

**Table 3. Drinking Water State Revolving Fund (SRF) Program:
Requested and Enacted Appropriations, FY2003-FY2016**

(in millions of dollars not adjusted for inflation)

Fiscal Year	Requested	Enacted
2003	\$850.0	\$844.5
2004	\$850.0	\$845.0
2005	\$850.0	\$843.2
2006	\$850.0	\$837.5
2007	\$841.5	\$837.5
2008	\$842.2	\$829.0
2009	\$842.2	\$2,829.0 ^a
2010	\$1,500.0	\$1,387.0
2011	\$1,287.0	\$963.1
2012	\$990.0	\$917.9
2013	\$850.0	\$956.3 ^b
2014	\$817.0	\$906.9
2015	\$757.0	\$906.9
2016	\$1,186.0	n/a

Source: Prepared by CRS using the most recent information available from the Congressional Record, or House, Senate, and conference committee reports and tables accompanying the annual appropriations bills that fund the Environmental Protection Agency (EPA). In instances in which these committee reports did not specify or address the information for a program or activity you selected, we deferred to Administration budget documents, including the President’s annual budget requests as presented by OMB, and EPA’s accompanying annual congressional budget justifications. Tables in this memorandum use a combination of these sources to present the information you requested, as no single source included all items. The FY2013 post-sequestration enacted amounts are as reported in EPA’s FY2013 Operating Plan that you provided previously for the preparation of this memorandum and the earlier version. Consistent with relevant supplemental appropriations in the earlier fiscal years in the table above, CRS combined the baseline appropriations and the Hurricane Sandy supplemental appropriations for FY2013 to present the aggregate of these amounts that EPA broke out separately. n/a = not available

- a. Within the total for FY2009, Congress provided \$2.00 billion in supplemental appropriations (P.L. 111-5).
- b. Within the total for FY2013, Congress provided \$95.0 million (post-sequestration) in supplemental appropriations ([P.L. 113-2](#)) for the Drinking Water SRF capitalization grants.

**Table 4. State, Local, and Tribal Air Quality Management Categorical Grants:
Requested and Enacted Appropriations, FY2003-FY2016**

(in millions of dollars not adjusted for inflation)

State and Tribal Assistance Grants (STAG) Account: Categorical Grants						
Fiscal Year	State and Local Air Quality Management Grants		Tribal Air Quality Management Grants		Total State, Local, and Tribal Air Quality Management Grants	
	Requested	Enacted	Requested	Enacted	Requested	Enacted
2003	\$221.54	\$223.54	\$11.04	\$11.00	\$232.58	\$234.50
2004	\$228.55	\$227.20	\$11.05	\$10.98	\$239.60	\$238.18
2005	\$228.55	\$223.20	\$11.05	\$10.74	\$239.60	\$233.94
2006	\$223.55	\$220.26	\$11.05	\$10.89	\$234.60	\$231.15
2007	\$185.18	\$199.76	\$10.94	\$10.89	\$196.12	\$210.65
2008	\$185.18	\$216.83	\$10.94	\$10.77	\$196.12	\$227.60
2009	\$185.58	\$224.08	\$13.30	\$13.30	\$198.88	\$237.38
2010	\$226.58	\$226.58	\$13.30	\$13.30	\$239.88	\$239.88
2011	\$309.08	\$236.11	\$13.57	\$13.27	\$322.65	\$249.38
2012	\$305.50	\$235.73	\$13.57	\$13.25	\$319.07	\$248.98
2013	\$301.50	\$223.44	\$13.57	\$12.56	\$315.07	\$236.00
2014	\$257.23	\$228.22	\$13.25	\$12.83	\$270.48	\$241.05
2015	\$243.23	\$228.22	\$12.83	\$12.83	\$256.06	\$241.05
2016	\$268.23	n/a	\$12.83	n/a	\$281.06	n/a

Source: Prepared by CRS using the most recent information available from the Congressional Record, or House, Senate, and conference committee reports and tables accompanying the annual appropriations bills that fund the Environmental Protection Agency (EPA). In instances in which these committee reports did not specify or address the information for a program or activity you selected, we deferred to Administration budget documents, including the President's annual budget requests as presented by OMB, and EPA's accompanying annual congressional budget justifications. Tables in this memorandum use a combination of these sources to present the information you requested, as no single source included all items. The FY2013 post-sequestration enacted amounts are as reported in EPA's FY2013 Operating Plan that you provided previously for the preparation of this memorandum and the earlier version. Totals may not add due to rounding. n/a = not available