



## NATIONAL CONFERENCE *of* STATE LEGISLATURES

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# NCSL ENVIRONMENT STANDING COMMITTEE: FEDERAL BUDGET & APPROPRIATIONS UPDATE

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### FY 2014 President's Budget Request<sup>1</sup>

On April 10, President Barack Obama released his federal [budget](#) proposal for FY 2014. The \$3.77 trillion proposed budget includes \$1.8 trillion in deficit reduction over the next 10 years and aims to reduce the deficit overall by 1.7 percent of GDP by 2023. Additionally, the proposal eliminates the across-the-board spending reductions of sequestration. [More general budget information is available through [NCSL's overview](#) of the president's FY 2014 budget proposal.]

The proposed budget for the [Environmental Protection Agency](#) (EPA) is \$8.15 billion, a reduction of \$296 million (3.5 percent) from the FY 2012 enacted level, and approximately 5 percent less than the current level under the FY 2013 continuing resolution. Funding for state and tribal environment programs would see a 13 percent reduction (or \$465 million) in the president's FY 2014 request compared to FY 2012 enacted levels. Climate change programs were increased by 5 percent from FY 2012.

Specifically the EPA Budget asks for:

- \$1.1 billion for the Clean Water State Revolving Fund, a reduction of \$371 million from FY 2012 levels.
- \$817 million for the Drinking Water State Revolving Funds, a reduction of \$100 million
- \$300 million in continued funding for the Great Lakes Restoration Initiative and a \$16 million increase in funding for Chesapeake Bay restoration to support watershed states' pollution reduction
- \$270.5 million for state and local Air Quality Management grants (\$21.5 million increase)
- \$259 million in state Water Pollution Control grants (section 106), a \$20 million increase over FY 2012 that includes \$15 million designated for states that commit to strengthening their nutrient management efforts consistent with EPA's Office of Water (OW) guidance issued in March 2011
- \$103 million for Hazardous Waste Financial Assistance grants
- \$85 million for the Brownfields Project
- \$15.1 million for Wetlands Program grants
- \$6 million for Diesel Emissions Reduction Grant Program, a reduction of \$23.9 million

Also included in the FY 2014 EPA budget request is \$60 million to support its agency-wide E-Enterprise initiative. According to the agency, this initiative will enable EPA to begin developing tools and expanding systems designed to reduce reporting burdens and ease access to and use of environmental data. A second initiative discussed in the budget request, which is expected to complement E-Enterprise, is called Next Generation Compliance. The components of this initiative include: using state-of-the-art monitoring technology to detect pollution problems; leveraging electronic reporting to enhance government efficiency and reduce paperwork and regulatory reporting burden;

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<sup>1</sup> All funding levels in the president's FY 2014 budget request are compared to FY 2012 enacted funding levels, due to the uncertainty of the federal funding for FY 2013 prior to the signing of the Continuing Resolution into law on March 26, 2013.

enhancing transparency so the public is aware of facility and government environmental performance; implementing innovative enforcement approaches; and structuring regulations to be more effective in facilitating improved compliance.

The president's proposal also dedicates \$900 million by 2015 to long-term funding for Land and Water Conservation Fund programs in the Department of Interior, increases the loan level for assistance grants in the areas of water and wastewater facility needs to \$1.2 billion, and fully funds the average cost of wildland fire suppression while adding an additional \$74 million for modernized fire-retardant devices.

The Department of Interior is funded at \$11.7 billion, an increase of 4 percent from the FY2012 level; the Department of Energy at \$28.4 billion, an 8 percent increase; and the U.S. Agriculture Department (USDA) at \$22.6 billion, just about equal to the FY 2012 enacted level.

### **FY 2014 Congressional Budget Resolutions**

On March 21, the U.S. House of Representatives passed its non-binding [FY 2014 Budget Resolution](#). The House plan sets new budget authority for the FY 14 natural resources and environment budget at \$38.1 billion. The plan also opens new federal land including the Outer Continental Shelf to oil and gas drilling and requires construction of the Keystone XL pipeline. The plan also requires both the Natural Resources Committee and the Energy and Commerce Committee to reduce spending in their jurisdictional areas by \$1 billion over the next 10 years.

On March 23, the Senate passed its [FY 2014 Budget Resolution](#) after a marathon of non-binding amendment votes. This is the first time in four years that the Senate has passed a budget. The Senate budget sets new budget authority for FY 2014 natural resources and environment at \$42.9 billion, directs investments in environmental and clean energy programs and funds Department of Energy research into energy efficiency programs. The Senate plan also invests in nuclear waste management, land and water conservation activity and wildland fire management activities.

The Senate resolution debate process included votes on more than 100 non-binding, budget neutral amendments. An amendment approving the construction of the Keystone XL pipeline passed 62-37 with 17 Democrats voting for construction. The Senate also approved amendments to increase funding for the Advanced Research Projects Agency-Energy (ARPA-E) and to provide funding for low-income weatherization and energy efficiency programs. Amendments to block regulations on Greenhouse Gas emissions and to institute a carbon-tax failed to garner the necessary votes.

Both chambers' budget plans take into account the across-the-board cuts due to the enactment of sequestration.

### **What's next?**

While conversations are ongoing regarding convening of a conference committee to negotiate the differences between the two budget resolutions, it is unclear if this will be possible. If the budget process stalls, procedures are in place to allow the appropriations committees in both chambers to begin the annual appropriations process in hopes of approving the 12 individual funding bills needed to fund the federal government before the beginning of FY 2014, on Oct. 1, 2013. Based on the experience of the past few years, approving all 12 bills is unlikely, especially given the differences between the House and Senate evident in their budget resolutions. Should Congress fail to pass all 12 appropriations measures, they would need to approve one or more continuing resolutions to continue funding the federal government and avoid a shutdown.

### **Environment Program Funding in the FY 2013 Continuing Resolution**

On March 26, 2013, President Barack Obama signed into law [Public Law No. 113-6](#), The Full-Year Continuing Appropriations Act, to avert a government shutdown and fund the U.S. federal government through Sept. 30, 2013. The measure provides full-year appropriations for Defense-Military Construction-Veterans Affairs, Agriculture, Homeland Security and Commerce-Justice-Science and finances the rest of the government through a continuing resolution based

on FY 2012 funding levels. However, due to the effects of sequestration cuts the continuing resolution provides \$984 billion in total funding, down nearly \$60 billion from the FY 2012 spending level of \$1.043 trillion.

EPA's FY 2013 budget is reduced by \$136 million and an additional \$50 million is rescinded in unobligated balances from prior appropriations to the State and Tribal Assistance Grants (STAG) and the Hazardous Substance Superfund. Specifically, \$10 million each is rescinded from unobligated funds in the Brownfields Fund, Clean Water State Revolving Fund and Drinking Water State Revolving Fund. The Categorical Grant Funds see a \$5 million recession, and the Hazardous Substance Superfund is rescinded by \$15 million from unobligated funds.

The Environmental Council of the States (ECOS) sent a [letter](#) to the Senate Appropriations Committee on March 13 asking that the committee not rescind unobligated funds from the EPA that are less than three years old. ECOS cites delays in EPA's administrative arm in awarding the money to states and therefore should not be considered "unobligated," as states still need the funds to comply with EPA requirements.

Other cuts to note include; \$11.1 million from land and resource management activities at the Department of Interior, Bureau of Land Management; \$18 million from the Fish and Wildlife Service; \$40 million from the superfund program.

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