

# CRS Issue Brief for Congress

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## **The Environmental Protection Agency's FY2004 Budget**

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## The Environmental Protection Agency's FY2004 Budget

### SUMMARY

For FY2004, the President's budget requested \$7.6 billion in budget authority for the Environmental Protection Agency (EPA), \$448 million (or 6%) less than the \$8.1 billion current funding level. The House approved \$8.0 billion in H.R. 2861 (H.Rept. 108-235) on July 25. The Senate Appropriations Committee approved \$8.1 billion in S. 1584 (S.Rept. 108-143) on September 5. Floor action is expected soon.

The request consisted of \$3.1 billion for EPA operating expenses, \$3.1 billion for assisting state and local governments, and \$1.4 billion for cleaning up Superfund toxic waste sites. Wastewater infrastructure needs and the future of Superfund are prominent topics.

While the EPA budget proposal is presented according to 10 goals (clean air, safe food, etc.), EPA's appropriations bills continue to be organized by traditional accounts. The \$731 million sought for the Science and Technology account reflected a \$16 million increase; for the Environmental Programs and Management account, the proposed level was a \$122 million, a 6%, increase compared to current funding. The \$1.4 billion requested to clean up toxic waste sites under Superfund was \$125 million, or 10%, above the current year level. There is some concern over the level of Superfund activities under this plan, and a concern that general revenues would now pay for the majority of the appropriation, as the industry-supported trust fund balance declines.

How to fund state and local wastewater and drinking water capital needs, estimated to be as high as \$300 billion, continues to be a major issue. The request sought \$3.1 billion

for the State and Tribal Assistance Grants account, \$714 million, or 19%, less than current funding. It included \$850 million for Clean Water State Revolving Funds (SRF) \$490 million less than the current \$1.34 billion. Funding for drinking water state revolving funds would also be \$850 million, approximately the current level. Also anticipated was \$50 million for Mexican border water projects and \$40 million for Alaska projects. For state and tribal administrative grants, the budget sought \$1.2 billion, \$5 million more than current funding. It also included \$210 million for the Brownfields program, \$33 million above current levels.

The House action reinstated some of the funds for the Clean Water State Revolving Fund, and included \$180 million for direct water grants. It did not approve the full increase requested for the Environmental Program and Management Account, and Superfund Account. It added funds for science and technology activities. In bill language, the House prohibited EPA from using a numerical estimate that could devalue the lives of the elderly, and continued a ban on human testing of pesticides during FY2004. The Senate action also reinstated wastewater funds and included bill language on Brownfields and off-road vehicle emissions.

While considering the FY2004 budget resolution (S.Con.Res. 23), the Senate adopted a provision, later dropped by the conferees, allowing for an increase in wastewater and clean water funds by as much as \$3 billion and rejected provisions to restore the Superfund tax and to increase natural resource and environment funding.



## MOST RECENT DEVELOPMENTS

On February 3, 2003, the President forwarded to Congress a \$7.6 billion FY2004 budget request for the Environmental Protection Agency. On July 21, the House Committee on Appropriations recommended \$8.0 billion (H.R. 2861, H.Rept. 108-235), which the House approved, amended, on July 25. On September 5, the Senate Committee on Appropriations reported S. 1584 (S.Rept. 108-143), which included \$8.1 billion. Senate floor action is expected soon.

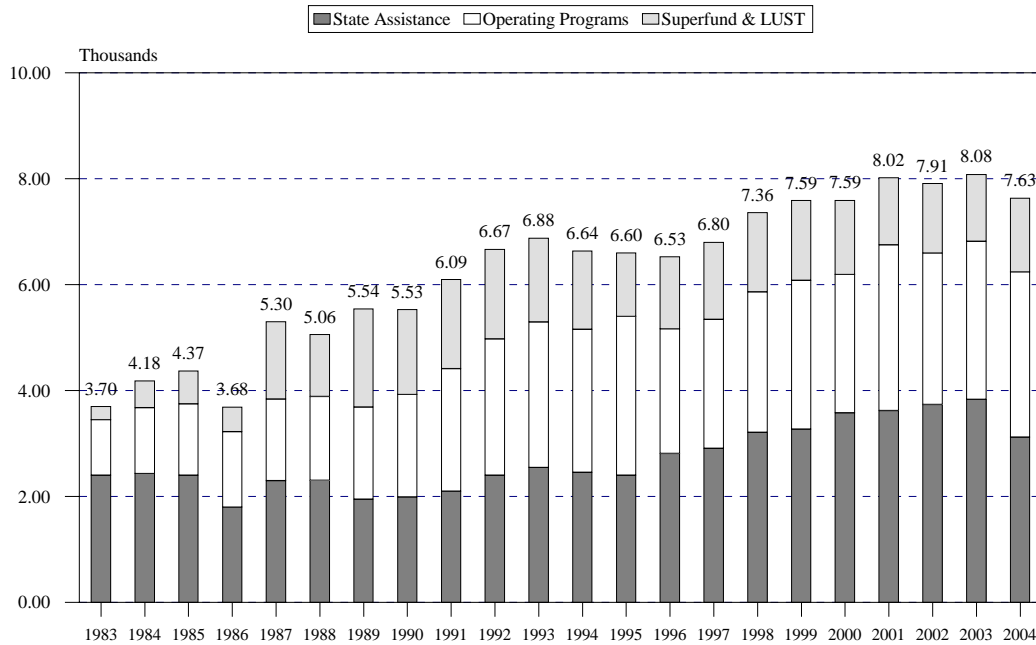
Earlier, while considering the FY2004 overall budget resolution (S.Con.Res. 23), the Senate adopted a provision allowing for an increase in wastewater and clean water funds by as much as \$3 billion. It rejected amendments seeking to increase the allocation for the natural resource and environment function, and to reinstate the tax supporting the Superfund Trust Fund. Conferees later dropped the wastewater/clean water provision.

## BACKGROUND AND ANALYSIS

The FY2004 EPA request of \$7.6 billion is \$448 million, or 6%, less than the total current level of funding, \$8.0 billion, which was included in P.L. 108-7, the Consolidated FY2003 appropriation bill (H.J.Res. 2), signed February 20, 2003. From the beginning of FY2003 until February 20, 2003, a series of continuing resolutions funded the Agency at the FY2002 level of \$7.9 billion.

**Figure 1** depicts EPA funding by major categories — operating programs, state assistance, Superfund — since FY1983. Within these broad categories, the FY2004 EPA request calls for \$2.2 billion for program management, \$731 million for science and technology, and \$1.4 billion for Superfund. When compared to current levels, funding would decrease by \$714 million in the State and Tribal Assistance Grants account, which incorporates wastewater/drinking water state revolving funds (SRFs) monies and traditional state program assistance and management grants. The request for this account included \$850 million for wastewater SRFs, \$850 million for drinking water SRFs, \$50 million for Mexican border projects, and \$1.2 billion for traditional grants to states for administering their environmental protection programs.

**Figure 1. EPA Funding, FY1983 to FY2003 Enacted and FY2004 Request**



FY2002 totals include \$175 million supplemental funding. Prepared by CRS.

The major issue associated with the request is the discontinuance of funding for a number of FY2003 activities totaling about \$500 million. Much of this total was allocated to 483 wastewater projects in FY2003. It is likely that reinstatement of some of these projects or the creation of new earmarks could be pursued during the FY2004 appropriations process. The degree to which earmarks are approved may require changes to other parts of the request depending on the flexibility afforded the committees under their individual budget allocations, and within the priorities set for the bill, as the needs of many other competing national programs included in the bill such as housing, veterans affairs, disaster assistance, and space are assessed.

The FY2004 budget presentation, now referred to as the “2004 Annual Plan,” was the sixth presented under provisions of the 1993 Government Performance and Results Act (GPRA), which directs that a performance plan accompany the budget. In 2000, EPA submitted a second GPRA-mandated strategic plan spelling out its mission and 10 major goals and associated objectives. Its FY2004 budget justification is aligned with these 10 goals:

1. Clean Air
2. Clean and Safe Water
3. Safe Food
4. Preventing Pollution and Reducing Risk in Communities, Homes, Workplaces and Ecosystems

5. Better Waste Management, Restoration of Contaminated Waste Sites, and Emergency Response
6. Reduction of Global and Cross-border Environmental Risks
7. Quality Environmental Information
8. Sound Science, Improved Understanding of Environmental Risk, and Greater Innovation to Address Environmental Problems
9. A Credible Deterrent to Pollution and Greater Compliance with the Law (Enforcement)
10. Effective Management

EPA appropriations are a small portion of the federal budget. Each year the President forwards his budget, which includes revenues and expenditures; Congress then develops its own budget after evaluating revenue and spending projections. One of the functions is Function 300, Natural Resources and Environment, and it is here that EPA activities are placed for purposes of overall fiscal planning. While considering the FY2004 budget resolution (S.Con.Res. 23), the Senate adopted a provision allowing for an increase in wastewater and clean water funds of as much as \$3 billion and rejected provisions to restore the Superfund tax and to increase natural resource and environment funding. However, conferees dropped the wastewater provisions. (For a discussion of this process, see CRS Report RL31784, *The Budget for Fiscal Year 2004*.) The specifics of EPA funding are then laid out during the congressional appropriations process, specifically in the Department of Veterans Affairs, Housing and Urban Development, and Independent Agencies Appropriations Bill.

This report will be updated as further legislative developments transpire.

## **EPA's Budget by Appropriations Accounts**

Traditionally, EPA's budget has been presented, considered, and enacted according to several major appropriations accounts. These accounts, including environmental programs and management, science and technology, Office of Inspector General, buildings and facilities, and oil spills, representing about one-third of EPA's appropriation, are sometimes referred to as the "operating programs" and reflect the heart of the Agency's research, regulatory, and enforcement efforts. Two trust fund-based accounts — about 17% of the Agency's FY2003 appropriation — are Superfund and the Leaking Underground Storage Tank (LUST) Trust Fund. All state supporting activities are reflected in the State and Tribal Assistance Grants (STAG) account. About 45% of the Agency's FY2004 appropriation is allotted to this account. **Table 1** shows the breakdown of EPA's funding by appropriations accounts.

**Table 1. EPA Major Appropriations Accounts:  
FY1999-FY2003 Enacted, FY2004 Request and Latest Actions**  
(in millions of dollars)

<b>Account</b>	<b>FY2000 P.L. 106-74</b>	<b>FY2001 P.L. 106-377</b>	<b>FY2002 PL. 107- 73</b>	<b>FY2003 P.L. 108-7</b>	<b>FY2004 Req.</b>	<b>House- Passed H.R. 2861</b>	<b>Senate- Report- ed S. 1584</b>
<b>Operating Programs</b>							
Science and Technology	645.0	709.1	698.1	715.6	731.5	767.1	715.6
Environmental Programs and Management	1,895.3	2,039.2	2,054.5	2,097.7	2,219.7	2,192.6	2,219.7
Buildings & Facilities	62.5	28.3	25.3	42.6	42.9	42.9	42.9
Office of Inspector General	32.4	40.8	34.0	35.7	36.8	36.8	36.8
Oil Spill Response	14.9	14.6	15.0	15.4	16.2	16.2	16.2
<b>Superfund</b>	<b>1,400.0</b>	<b>1,270.0</b>	<b>1,311.0</b>	<b>1,264.6</b>	<b>1,389.7</b>	<b>1,275.0</b>	<b>1,265.0</b>
<b>Leaking Underground Storage Tank Trust Fund</b>	<b>69.8</b>	<b>70.7</b>	<b>73.0</b>	<b>71.8</b>	<b>72.5</b>	<b>72.5</b>	<b>72.5</b>
<b>State and Tribal Assistance Grants</b>	<b>3,581.0</b>	<b>3,623.3</b>	<b>3,733.3</b>	<b>3,834.9</b>	<b>3,121.0</b>	<b>3,602.0</b>	<b>3,814.0</b>
<b>EPA Total All Programs</b>	<b>7,591.7</b>	<b>8,018.9</b>	<b>7,903.2</b>	<b>8,078.5</b>	<b>7,630.5</b>	<b>8,005.1</b>	<b>8,118.3</b>

Note: This table shows only the major activities, while totals are for all EPA programs. For FY2000 and future years, the conferees elected to fund the National Institutes of Environmental Health Sciences (NIEHS) and the Agency for Toxic Substances and Disease Registry (ATSDR) — a total of \$130 million — independent of the Superfund appropriation. FY2002 figures include \$175 million in terrorism supplemental funds included in P.L. 107-117, Div. B. From October 1, 2002, the beginning of FY2003, until February 20, 2003 when a consolidated appropriations bill was signed, the Agency was funded under a series of continuing resolutions at the FY2002 level of \$7.9 billion. The FY2003 Consolidated Appropriations Act requires a rescission of 0.65% of the amounts enacted which these figures reflect.

Within the many EPA programs, there are numerous issues with respect to implementing and administering the media (air, water, etc.) protection programs, wastewater treatment funding, and Superfund.

## Science and Technology

The Science and Technology (S&T) account incorporates elements of the former research and development account (also called extramural research), as well as EPA's in-house research, development, and technology efforts. The FY2004 request of \$731 million for the S&T account represents a 2% increase when compared to the current funding level of \$716 million. The House Committee approved \$767 million, adding \$25 million for an environmental research grant program, \$2 million for competitive research, \$4 million for Water Environmental Research Foundation, \$5 million for the American Water Works Research Foundation, and \$2 million each for the National Decentralized Water Resource Capacity Development Project and Water Information Sharing and Analysis Center. The Committee also approved a \$5.5 million general reduction for this account. The House approved the Committee's recommendation.

The Senate Committee approved \$715.6 million, \$15.9 million below the Administration's request and the same as current year funding. It approved a general reduction of \$40.1 million and reductions of \$5 million for particle matter research, \$5 million for communicating information research, and \$10 million for emerging issues research. The Committee also approved 37 add-ons for a variety of activities.

EPA's role in climate research and in the Administration's Climate Protection Program (CPP), formerly the Climate Change Technology Initiative (CCTI), has been an issue in past budget presentations. EPA requested \$138.1 million for its objective to "reduce Greenhouse Gas Emissions" (research and programmatic activities) in FY2004, about the same as current year funding. About \$39 million, or 28%, of the request is under the S&T account; the rest is under the Environmental Program and Management request.

There is no funding change planned for the \$21.5 million research program in climate change. Most categories of the Climate Protection Program would remain at about current year levels. This includes some research and incentive programs related to buildings, carbon removal, international capacity building, and state/local programs. (For a discussion of climate change issues, see CRS Issue Brief IB89005, *Global Climate Change*.)

The budget request sought a significant increase of \$6.3 million in S&T funds for the air program to support the Clear Skies Initiative. According to the budget justification, it would help the Agency "analyze pollutant contributions from different sectors and provide assistance to states regarding regional and local reductions." (For additional discussion of this program, see CRS Issue Brief IB10107, *Clean Air Act Issues in the 108th Congress*.)

## Environmental Programs and Management

The Environmental Programs and Management (EPM) account — representing about 30% of the Agency's resources — reflects the heart of the Agency's regulatory, standard-setting, and enforcement efforts for various media programs such as water quality, air quality, and hazardous waste management. The President's FY2004 budget sought \$2.2 billion, \$122 million, or 6%, more than the current level. Many complex or contentious regulatory / standard setting issues can be associated with this account. (CRS Issue Brief IB10115, *Environmental Protection Issues in the 108th Congress*, discusses some of them.) The House Committee approved \$2.2 billion, about \$95 million more than current year funds and \$27



million less than requested. While approving a \$22.2 million general reduction for this account, the Committee included several increases above the budget request. Among these are \$25 million for an environmental grant program, \$18.2 million more for rural water technical assistance, and \$4 million for state water quality ambient monitoring grants. On the floor, the House adopted an amendment increasing this account by \$550,000, to augment funding for EPA's environmental justice programs, according to the sponsor.

The Senate Committee also approved \$2.2 billion. It restored \$5 million for environmental justice activities and added-on \$16 million for rural water technical assistance. It also approved numerous add-ons for a variety of activities.

EPM allocations for clean air, safe food, pollution prevention, global activities, information, enforcement, and effective management goals would all increase under the proposal. The House approved a \$5.4 million increase for implementing drinking water requirements, a \$15 million for sediment cleanup in the Great Lakes, a \$8.6 million increase for e-gov initiatives, and \$30.6 million more for improvements to the information technology infrastructure.

The EPM account funds most of EPA's enforcement effort. For EPA's enforcement goal the budget sought \$430.6 million. A key requested increase sought \$14.0 million more for FY2004, which translates into an additional 100 FTEs. The House action supports the Agency's plan to increase enforcement FTEs by 100. Another increase — \$8.5 million — would modernize the Agency's permit compliance system. On the floor, the House adopted two enforcement-related amendments. One increases enforcement funding, and decreases media relations funding, by \$1 million to enforce bilateral agreements, specifically enforcing a 1992 U.S.-Canada waste agreement; the other redirects funding by \$5.4 million, and staff by 54 FTEs, for the Office of Compliance and Enforcement for civil enforcement.

In addition, the House adopted an amendment that struck committee-approved language related to drinking water health effects studies, language dealing with contaminants, and language on purchasing American-made goods and services. According to the Chairman of the VA-HUD Subcommittee, these provisions were legislative in nature.

The House also adopted amendments prohibiting EPA from using a numerical estimate that places a lower statistical value on the lives of older individuals than on the lives of others, and another that continues the ban on human testing of pesticides. An OMB May 30 memo directed federal agencies to use a method that could value the lives of the elderly less than others when calculating the benefits of regulations.

On June 3, a federal court reinstated an earlier approach for EPA to use when evaluating third-party human studies of chemicals, pending further rulemaking at the agency (*CropLife America v. EPA*, D.C. Cir., No. 02-1057, 6/3/03). The court reinstated EPA's earlier practice of considering the tests on a case-by-case basis. EPA had relied on the third-party human tests of pesticides for decades until 1998.

## Office of Inspector General

The President's FY2004 budget sought, and the House approved, \$37.0 million for the Office of Inspector General, \$1.1 million more than current year funding. The Senate Committee approved the same.

## Buildings and Facilities

The FY2004 request of \$43 million for the Buildings and Facilities account is about the same as current funding. The House and Senate Committee approved this amount. An amendment adopted by the House decreased this account by \$550,000 and increased the Environment and Program Management account by the same amount.

## Oil Spill Response

For EPA's oil spill response activities, the President's FY2004 budget sought, and the House and Senate Committee approved, \$16 million, \$1 million more than current funding.

## Superfund

The FY2004 EPA request sought \$1.4 billion for the Superfund account. This is \$125 million, or 10%, more than current year funding. Taxing authority to support the Superfund Trust Fund expired on December 31, 1995, and the fund balance has been declining since then. It is anticipated that trust monies will only be available in significant amounts through FY2003. The House approved \$1.275 billion, \$10.4 million above the current level and \$114.7 million less than requested. On the floor, the House rejected an amendment that would have increased Superfund by \$114 million and similarly reduced NASA's Prometheus Program. The Senate Committee approved \$1.265 billion, about the current level and \$125 million less than requested.

Also part of the President's FY2004 budget is a \$210 million request for cleaning up certain urban sites, called Brownfields, that have developmental potential. This is not funded under the Superfund account. The \$180.5 million for grants is included in the State and Tribal Assistance Grants account, and \$30.3 million for EPA's Brownfields administrative expenses is contained in the EPM account.

While the Superfund program has completed cleanup construction at 851 sites as of June 30, there are significant identified needs. Two major studies have concluded that the nation's toxic cleanup program has major challenges, requiring large funding levels for the next few years. GAO estimates that 85% of non-federal National Priority List sites will be cleaned up by 2008 (GAO/RCED-00-25, *Superfund: Information on the Program's Funding and Status*). This will necessitate appropriations averaging at least \$875 million annually through FY2008, according to GAO. This report calculates costs of \$8.2 to \$11.7 billion for studies, design, and remedial work to address all remaining sites. In 2001, Resources for the Future (RFF) released its EPA-funded report requested by the appropriations committees. *Superfund's Future: What Will It Cost?* estimates that for fiscal years 2000 through 2009, EPA will have to spend \$14 billion to \$16.4 billion on the Superfund program and that appropriations will have to be maintained at current levels through these years. RFF

anticipated in its base case scenario that “EPA’s need for Superfund monies will not decrease appreciably below FY1999 expenditures of \$1.54 billion until 2006.” (For further discussion of the Superfund program, see CRS Issue Brief IB10114, *Brownfields and Superfund Issues in the 108th Congress.*)

The FY2004 budget assumes about 40 construction completions per year, about average for the program over its history, but about half of the number at the height of the program a few years ago, according to EPA. The proposed \$125 million increase would be devoted to beginning cleanup at 10 to 15 new sites. In addition, the budget asks for \$6.8 million more for a National Decontamination Team (Decon Team) and \$7 million more for specialized field supplies and laboratory support.

Derived from industry taxes which expired in 1995, the trust fund has paid for the majority, often over 80%, of Superfund program activities for several past years. In the current year, the fund supports about 50% of the program costs, while the proposal for FY2004 anticipates the trust fund paying for about 21% of program costs, with the general fund paying the balance. In future years, general appropriations may have to pay the majority of, if not all, program costs. So the contribution of general revenues to the annual appropriation has increased in recent years, from \$250 million annually in FY1993 to FY1998, to about \$600 to \$700 million in FY2000 to FY2003 and \$1.1 billion in FY2004. Some have criticized this fundamental change in policy, maintaining that it diminishes the responsibility of polluters, under the principle that the “polluter pays,” and instead spreads pollution costs across the economy, by funding them as costs to the general Treasury. Others dispute this, claiming that responsible parties continue to pay through negotiated cleanup settlements. (For further discussion of the trust fund, see CARS Report RL31410, *Superfund Taxes or General Revenues: Future Funding Options for the Superfund Program.*)

During March 25th consideration of the FY2004 Budget Resolution (S.Con.Res. 23), the Senate tabled an amendment to reinstate the taxes supporting Superfund. It would have increased the total federal revenues by at least \$15 billion over 10 years and reduced the deficit accordingly, according to its sponsor, Senator Frank Lautenberg.

The level of appropriations for FY2004 and the role of general revenues will be a matter for the appropriators to consider. Whether the Superfund tax is reinstated is likely to be a point of contention. Superfund tax issues have generally been addressed by the revenue committees.

## **Leaking Underground Storage Tanks**

The President’s FY2004 budget sought, and the House and Senate Committee approved, \$73 million, equal to current year funding, for the Leaking Underground Storage Tank (LUST) program, which assists states in addressing substandard underground petroleum storage tanks. On the floor, the House adopted an amendment that increases this funding by \$7.3 million, an amount transferred from the Science and Technology Account.

The status of state LUST programs is a significant issue. Many states are finding it difficult to finance their programs. At the same time, the fact that the balance of the LUST Trust Fund has passed the \$2.2 billion threshold, and the likelihood it will grow even larger if not drawn upon significantly, has led some to call for allowing greater use of the fund

balance by states. (For further discussion, refer to CARS Report 97-471 ENR, *Leaking Underground Storage Tank Cleanup Issues*.)

## State and Tribal Assistance Programs

For the State and Tribal Assistance Grants Account (STAG), the account that supports state and local government activities including administering programs and capital construction, the FY2004 request has been again particularly controversial. The President requested \$3.12 billion, which is \$714 million (or 19%) less than the current funding level of \$3.83 billion. Reductions in funding for the Clean Water State Revolving fund and targeted grants are responsible this planned decrease. The House passed \$3.6 billion; the Senate Committee approved \$3.8 billion. The chief elements of the STAG request include:

- ! \$850 million, as compared to the current level of \$1.34 billion, for State Revolving Funds (Clean Water);
- ! \$850 million for State Revolving Funds (Drinking Water), slightly more than the current \$844 million;
- ! \$50 million for Mexican Border infrastructure projects, currently funded at \$50 million;
- ! \$40 million for Alaska Native Village water infrastructure projects, current year funding for which is \$43 million; \$3 million requested for remediating above-ground storage tanks in Alaska;
- ! \$8 million for one targeted drinking water project in Puerto Rico; \$314 million for 483 individually earmarked grants was provided in FY2003;
- ! \$1.2 billion, as compared to the current \$1.15 million, for traditional grants to states for their administration of various environmental programs; and,
- ! \$180 million for the Brownfields program grants, including \$120 million for assessment grants and to capitalize revolving loan funds; total grant funding for the current year is \$140.5 million.

In making its recommendations, the House added \$350 million to the Clean Water State Revolving Loan Fund, for a total of \$1.2 billion. In addition, the House included \$180 million for a targeted program “making grants to communities for construction of drinking water, wastewater, stormwater infrastructure and for water quality protection.”

The Senate Committee also increased this account, approving \$1.35 billion for the Clean Water State Revolving Fund. It included \$130 million for 187 targeted project grants.

The major capital needs that communities face for funding drinking water and wastewater facility construction remain the chief issue associated with the STAG account. By statutory design, the federal contribution to meeting most of these needs has been through capitalizing state revolving funds from which states loan monies to communities. Since most localities are now borrowing their funding, any remaining direct grants listed above for special projects have become controversial. The total national needs remain great. EPA’s 1996 needs survey for clean water SRF monies estimated remaining needs at \$139.5 billion to \$200 billion through the year 2016, while sewerage agencies estimate funding needs may be as high as \$330 billion. A September 2002 EPA “Gap Analysis” estimates that \$390 billion will be needed over the next 20 years to replace and build wastewater facilities. The needs of small communities remain a special component of this problem. A November 2002

Congressional Budget Office report, *Future Investment in Drinking Water and Wastewater Infrastructure*, included two sets of projections of 20-year costs for wastewater systems. A low-cost case included an estimate for average annual investment costs of \$13.0 billion for wastewater, compared to an estimate of \$20.9 billion under the high-cost case.

One estimate has spotlighted the FY2004 water SRF request even further. A stakeholder group, the Water Infrastructure Network (WIN), in *Clean and Safe Water for the 21<sup>st</sup> Century*, estimates total wastewater and drinking water capital needs at around \$1 trillion over the next 20 years, even more if operation and maintenance needs are added in (they currently are not eligible for federal assistance). WIN estimates that 20-year capital funding needs for wastewater are about \$460 billion and for drinking water about \$480 billion. WIN foresees a \$23 billion per year funding gap: \$12 billion for wastewater and \$11 billion for drinking water capital needs.

Recognizing a shortfall, the FY2004 budget presentation states that the proposed \$850 million annual level for the Clean Water SRF will be sustained at this annual level until 2011 for a total of \$4.4 billion, which is expected to reduce the \$21 billion gap between current capital funding and future EPA-estimated needs. According to EPA budget justifications, "This continuing investment in the CWSRF is expected to increase the long-term target revolving level of the CWSRF from \$2 billion per year to \$2.8 billion per year, a 40 percent increase."

While much attention is devoted to the role of federal appropriations in current wastewater infrastructure funding, many believe that legislative modifications are necessary. Reauthorization bills have been introduced. (See CARS Issue Brief IB10108, *Clean Water Issues in the 108<sup>th</sup> Congress*, for discussion).

In February 2001, EPA issued the second drinking water needs survey, which projected that public drinking water systems need to invest \$151 billion over 20 years. Part of the increase is attributable to new regulations and about half is due to installation and rehabilitation of transmission and distribution systems.

For state administrative grants, the President's FY2004 budget sought \$1.20 billion, \$128 million, or 12%, more than current level of \$1.15 billion. These grants fund state programs that administer various environmental protection programs. The FY2002 and FY2003 budget requests contained proposals for new enforcement grants to the states which the appropriators did not approve. The FY2004 presentation does not contain a similar proposal.

During consideration of the FY2004 Budget Resolution (S.Con.Res. 23), the Senate adopted a non-binding amendment opting to increase funding for clean water and drinking water revolving funds by as much as \$3 billion. However, this provision was not included in the final resolution.

## **Conclusion**

In seeking lower funding for EPA and for water infrastructure in particular, the FY2004 request for EPA was similar to proposals of the last several years. In each case, the Administration sought to greatly reduce popular direct grants for wastewater infrastructure.

Congress responded by reinstating most of these funds during these years. As for Superfund, another popular program, the proposal sought slightly higher funding, but not as high as recommended by Resources for the Future and others. Unaddressed is the condition of the Superfund Trust Fund itself, whose funding source ceased in 1995 and whose balance is disappearing. In the absence of a renewal of the supporting tax, the Superfund program is now almost fully funded by the general treasury.

The proposal would advance several Administration initiatives and reflect current policy. For instance, it asked for \$210 million for the Brownfields program to implement recent congressionally mandated provisions. Funding is requested to advance the Clear Skies initiative and more funds are requested for state programs. To understand climate change, the Administration sought about the same level as current funding.

## LEGISLATION

### **S.Con.Res. 23 (Nickles)**

Congressional Budget Resolution for FY2004. Passed Senate March 26, 2003, amended, including EPA amendments. The Senate vitiated previous S.Con.Res. 23 passage after incorporating S.Con.Res. 23 in H.Con.Res. 95. Conferees did not include EPA amendments in conference version.

### **H.R. 2861 (Walsh)**

VA-HUD-Independent Agencies Appropriations Bill for FY2004. Reported from the Committee on Appropriations, July 21, 2003 (H.Rept. 108- 235). Passed House July 25.

### **S. 1584 (Bond)**

VA-HUD-Independent Agencies Appropriations Bill for FY2004. Reported from Committee on Appropriations September 5, 2003 (S.Rept. 108-143).

## CONGRESSIONAL HEARINGS, REPORTS, AND DOCUMENTS

U.S. Senate. Committee on Appropriations. Subcommittee on VA-HUD-Independent Agencies. Environmental Protection Agency FY2004 Budget. March 20, 2003. Washington, GPO. (To be published)

U.S. House of Representatives. Committee on Appropriations. Subcommittee on VA-HUD-Independent Agencies. Environmental Protection Agency FY2004 Budget. April 2, 2003. Washington, GPO. (To be published)

## CHRONOLOGY

02-03-03 — President submits FY2004 budget, including \$7.7 billion for EPA.

03-20-03 — Senate Committee on Appropriations, Subcommittee on VA-HUD-Independent Agencies, conducts hearings on EPA's FY2004 budget proposal.

04-02-03 — House Committee on Appropriations, Subcommittee on VA-HUD-Independent Agencies, conducts hearings on EPA's FY2004 budget proposal.

07-15-03 — House Committee on Appropriations, Subcommittee on VA-HUD-Independent Agencies, recommends \$8.0 billion for EPA.

07-21-03 — House Committee on Appropriations approves \$8.0 billion for EPA.

07-25-03 — House passes H.R. 2861, including \$8.0 billion for EPA.