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Proposed EPA Cuts Incense State Funding Proponents

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By *Sylvia Carignan*

Environmental activists and former EPA staffers are shocked about proposed deep cuts to the agency's grants to states and skeptical those cuts can survive congressional scrutiny, while some Republicans say reining in EPA's budget is necessary.

Under a proposal from the Office of Management and Budget that

circulated March 1 among environmental activists and associations, the Environmental Protection Agency could cut its grants to states by 30 percent in fiscal year 2018, putting about 20 grants on the chopping block.

The cuts are subject to congressional approval. The EPA has one day, March 1, to protest the suggestions.

Bill Becker, executive director of the National Association of Clean Air Agencies, sent an email to members March 1 about the proposed cuts.

The EPA has not verified the information in the email and has not provided responses to Bloomberg BNA's questions about the budget.

The proposal identified at least 22 grants and programs that would not be funded in fiscal year 2018, including those for the agency's Brownfields program, Energy Star, environmental justice, climate change research and health research.

The budget proposal also includes a 20 percent cut in EPA staff. The EPA's overall budget could be cut by 25 percent.

Contradicting Pruitt's Promise

"What people don't understand is a substantial portion of EPA resources go either directly to states, or what's technically called STAG," the agency's State and Tribal Assistance Grants, said Mathy Stanislaus, former assistant administrator for the EPA's Office of Land and Emergency Management.

Those grants have been the largest part of EPA's budget request in past years. They formed about 40 percent of the agency's fiscal year 2016 and 2017 budgets. About \$3.3 billion of EPA's fiscal year 2017 budget was allocated for STAG.

The grants help states and tribes comply with EPA regulations and fund environmental projects. But the cuts contradict EPA Administrator Scott Pruitt's promise to place more control in states' hands, Becker said.

“We were expecting state grant programs were going to increase,” he told Bloomberg BNA. “Now we just have no idea what Congress is going to do.”

Gutting Brownfields Funding

Stanislaus said the decision to cut Brownfields grants doesn't align with Pruitt's or President Donald Trump's priorities.

“This does not make any sense,” he told Bloomberg BNA. “The Brownfields program is one of those programs that provides resources for local communities for economic development.”

The Brownfields program is currently funded at \$80 million, though President Barack Obama asked for the program to get an additional \$10 million in his most recent request. According to Becker's email, Brownfields grants would be cut to zero in fiscal year 2018.

Sue Boyle, head of the New Jersey Licensed Site Remediation Professional Association, said local officials are trying to figure out what that could mean for them.

“Everybody in my line of work has been trying to read the tea leaves,” she said.

In New Jersey, state-offered brownfields grants outnumber federal ones, she said. Cutting federal money may persuade grantees to seek grants at the state level.

“There are going to be states where the state programs are utilized even more than they were,” if federal funding is slashed, she said.

Larry Schnapf, chair of the Environmental Law section of the New York State Bar Association, said he doesn't think the federal brownfields cuts will make it through Congress. Cutting brownfields grants, which have enjoyed bipartisan support in past years, is “contrary to 20 years of federal policy,” he said.

“I just think this is budget cutters that are just looking for areas to

trim, and I think there will be significant opposition,” Schnapf said.

Gone for Good?

Some of the programs listed have been left off past Democratic- and Republican-proposed budgets. In some cases, the agency cuts back on certain programs with the expectation that Congress will boost the numbers in the appropriations process. The popular clean water and drinking water state revolving funds, grants to state-run loan programs for rebuilding old water systems, are one example.

But Becker doesn't think Congress will revive the programs targeted in the budget document.

“You don't play games with that, especially in a budget period when there's going to be immense competition among budget programs,” he said. “I don't think they're playing that game assuming that Congress is going to fund programs.”

Tom Cole (R-Okla.), a member of the House Appropriations Subcommittee on the Interior Environment and Related Agencies, is concerned about some of the proposed EPA-wide cuts.

“When you're talking about cuts of that magnitude, you really are going to make (a) tremendous difference,” he said.

But Hal Rogers, (R-Ky.), a House Appropriations member and former chairman, said the agency still has fat to trim.

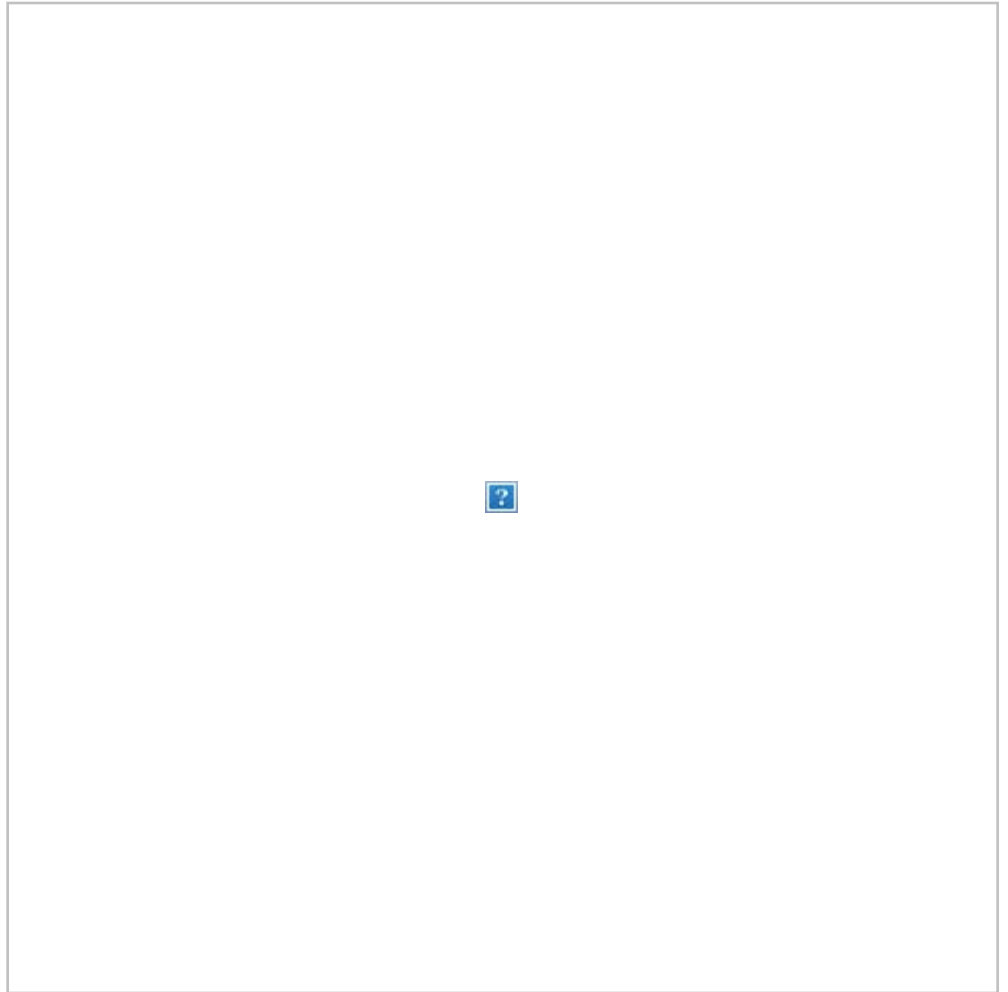
“I think EPA could stand the cuts. We've cut them back to 1989 staffing levels, but I still think they've been overextending their authority, even all the while,” Rogers said.

Marked for Cuts

Several of the programs on the list, including the Diesel Emissions Reduction Act grant program, were also targeted for funding cuts or elimination under the Obama administration.

Congress generally rejected Obama's proposed cuts to popular environmental grant programs, and in some cases, provided

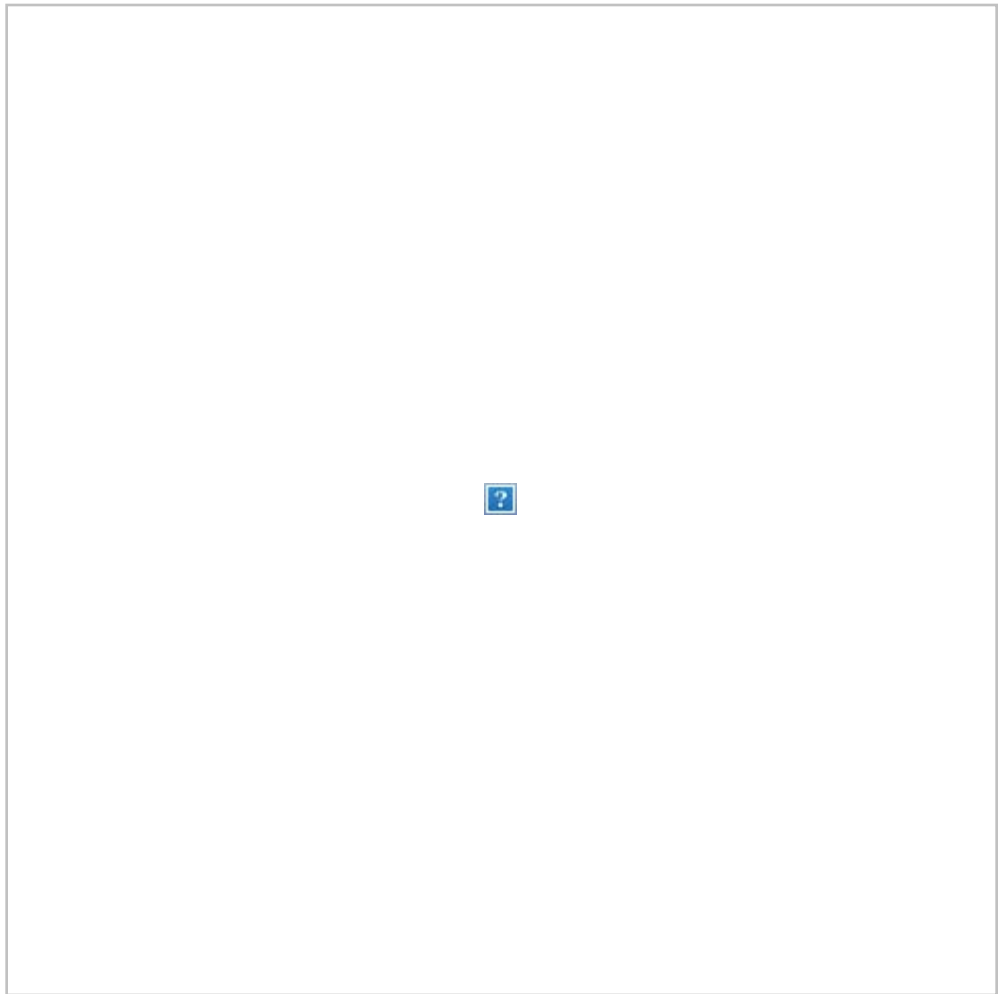
additional funding.



The DERA program, which funds projects to upgrade or replace older, higher-emitting diesel engines, is one of the EPA programs that saw its funding levels increase in recent years. The program's current annual funding level is \$50 million, compared to \$20 million in both fiscal 2013 and 2014.

Pruitt has indicated support for the DERA program. He said in a Feb. 24 statement announcing the grant that the EPA was "thrilled" to provide a \$1 million grant to Alabama that will be used to replace a diesel-powered ferry with a 100 percent electric ferry.

"This is a tremendous example of how EPA collaboration with state partners can produce environmental as well as economic benefits," Pruitt said. "These grants provide not only environmental and health benefits by eliminating exposure to diesel exhaust, but cost-effectiveness as well."



Reliance on Federal Funds

The Association of Clean Water Administrators, which represents state and interstate water pollution agencies, hasn't been able to verify the cuts, but told Bloomberg BNA that their members rely heavily on state and tribal grants. For instance, the Clean Water Act's Section 319 grants are used to address nonpoint sources of pollution, such as agricultural runoff containing nitrogen and phosphorus that cause algae blooms and subsequent fish kills.

"Robust STAG funding is essential to implementation of environmental programs delegated to states, and significant cuts to state funding would seem to counter the messaging from the administration that states and EPA 'are partners' in carrying out the work of protecting public health and the environment," Julia Anastasio, the association's executive director and general counsel, said when asked about the impact of the cuts.

The largest chunk of the state and tribal grants includes money for the state revolving funds for drinking water and clean water

programs that provide a combination of low-interest loans and grants to municipalities to repair, rehabilitate and rebuild aging water infrastructure.

Pruitt told Bloomberg BNA he has been quietly pushing the White House to set aside funding for water infrastructure, but it is unclear how much of a priority that will be for the agency.

Ironically, Trump pledged during his campaign and after his election to triple these funds to the levels enacted in 2009 in his quest to improve and rebuild the nation's crumbling infrastructure.

In prior years, the Obama administration has proposed to zero out grants to monitor water quality at beaches, but Congress has always restored it during the appropriations process.

It is unclear, however, whether the Trump administration is proposing cuts to the beach grants program or some other research program within the EPA.

A year ago, Obama requested about \$9.6 million in his fiscal 2017 budget to improve the water quality in the Long Island Sound in New York, Lake Champlain in Vermont, San Francisco Bay and South Florida. Congress, in response, appropriated \$14.8 million for all three programs.

Little Change for Chemicals

Lynn Bergeson, managing partner of Bergeson & Campbell PC, a Washington, D.C.-based law firm that specializes in chemical and pesticide regulations, told Bloomberg BNA this is good news for the EPA's Office of Chemical Safety and Pollution Prevention Office, which oversees both chemicals and pesticides.

The OMB did not recommend any cuts to either the chemicals or pesticides offices, she said.

That gives the EPA flexibility. Given the Trump administration's priorities, the agency could choose surgical cuts in the budgets and staff within the air and water offices, while ensuring the chemicals and pesticides program have the resources they need

to function, Bergeson said.

Both the chemicals and pesticides office are starved for staff right now, given the attrition that occurs at the end of every administration, she said.

Cuts in the chemicals program are not sustainable if the EPA is to deliver the enhanced chemical oversight Republicans and Democrats approved when they amended the Toxic Substances Control Act in 2016, Bergeson said.

Jack Pratt, chemicals campaign director at the Environmental Defense Fund, told Bloomberg BNA: “You can’t burn down my house and still expect me to cook dinner just because the kitchen’s still standing.”

“These type of drastic funding cuts would hobble the agency across the board and would be certain to affect every program, even the ones not specifically targeted,” Pratt said.

But he said a lot of work remains ahead.

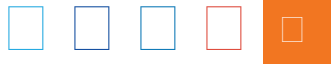
“We are hopeful that the more responsible voices on both sides of the aisle will see this for what it is: a press release budget that might play well in certain circles, but will be dead on arrival in Congress,” he said.

—With assistance from Patrick Ambrosio, Brian Dabbs, Pat Rizzuto, Amena Saiyid and Tiffany Stecker.

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