



Environmental Protection Agency (EPA): Appropriations for FY2011

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Summary

The President's FY2011 budget request, submitted to Congress on February 1, 2010, included \$10.02 billion for the Environmental Protection Agency (EPA). The requested amount is a decrease below the funding level of \$10.29 billion provided in the Interior, Environment, and Related Agencies Appropriations Act for FY2010 (P.L. 111-88). Compared to FY2009, the President's FY2011 request for EPA is an increase above the enacted appropriation of \$7.64 billion provided in the Omnibus Appropriations Act for FY2009 (P.L. 111-8). However, when including the \$7.22 billion in supplemental appropriations for EPA provided in the American Recovery and Reinvestment Act of 2009 (ARRA; P.L. 111-5), the total appropriation for the agency in FY2009 was \$14.86 billion, exceeding both the FY2010 enacted appropriations and the President's FY2011 request.

Although the President has proposed an overall decrease for EPA relative to the appropriations enacted for FY2010, the FY2011 budget request includes a variety of decreases and increases in funding for many of the individual programs and activities funded within the eight appropriations accounts that fund the agency. Since FY2006, Congress has funded these accounts within the Interior, Environment, and Related Agencies appropriations bill, noted above with respect to FY2010 enacted appropriations. In FY2005 and prior fiscal years, Congress appropriated funding for EPA's accounts within the former Veterans Affairs, Housing and Urban Development, and Independent Agencies appropriations bill.

For FY2011, the President has requested the largest decrease in funding for EPA within the State and Tribal Assistance Grants (STAG) account, from \$4.97 billion in FY2010 to \$4.79 billion in FY2011. This account contains the largest portion of the agency's funding among the eight accounts. The majority of this requested decrease for FY2011 is attributed to a combined \$200 million reduction in funding for grants that provide financial assistance to states to help capitalize Clean Water and Drinking Water State Revolving Funds (SRFs). Respectively, these funds finance local wastewater and drinking water infrastructure projects in local areas.

The President's FY2011 request includes \$2.0 billion for Clean Water SRF capitalization grants and \$1.29 billion for Drinking Water SRF capitalization grants. These amounts are slightly below the enacted FY2010 appropriations, but are larger than amounts provided in the Omnibus Appropriations Act for FY2009. However, when including the supplemental funds provided in ARRA, both the FY2010 enacted appropriations and the President's FY2011 request for the SRF grants are less than the total funding made available for the SRF grants in FY2009. ARRA provided \$4.0 billion in supplemental funds for Clean Water SRF capitalization grants and \$2.0 billion in supplemental funds for Drinking Water SRF capitalization grants.

In addition to the adequacy of federal financial assistance for water infrastructure, other prominent issues that have received attention within the context of EPA appropriations include the adequacy of funding for climate change research and related activities, cleanup of hazardous waste sites under the Superfund program, cleanup of less hazardous sites referred to as brownfields, and grants to assist states in implementing air pollution control requirements. Funding for the Great Lakes Restoration Initiative established in the FY2010 appropriations, and funding for the protection and restoration of the Chesapeake Bay and other geographic water programs, also have received attention. There have been varying levels of interest in funding for numerous other EPA programs and activities.

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Introduction

On February 1, 2010, the President submitted his FY2011 budget request to Congress, including \$10.02 billion for the Environmental Protection Agency (EPA). The President's request is 2.6% less than the funding level of \$10.29 billion enacted by Congress in the Interior, Environment, and Related Agencies Appropriations Act for FY2010 (P.L. 111-88). In comparison to historical funding levels, the President's FY2011 request for EPA is greater than appropriations enacted by Congress in most prior fiscal years since the agency was established in FY1970. (See **Appendix B** for readily available information on historical funding trends since FY1976.) House and Senate appropriations committees and various authorizing committees have held hearings to consider the President's FY2011 budget request for EPA; however, no bill to fund Interior, Environment, and Related Agencies for FY2011 has been introduced to date. Congress continues to debate a variety of funding and policy issues during consideration of the FY2011 Interior appropriations.¹

EPA was established in 1970 to consolidate federal pollution control responsibilities that had been divided among several federal agencies. EPA's responsibilities grew significantly as Congress enacted an increasing number of environmental laws as well as major amendments to these statutes. Among the agency's primary responsibilities are the regulation of air quality, water quality, pesticides, and toxic substances; the management and disposal of solid and hazardous wastes; and the cleanup of environmental contamination. EPA also awards grants to assist states and local governments in complying with federal requirements to control pollution.

Congress funds EPA programs and activities within the Interior, Environment, and Related Agencies appropriations bill.² The authorization of appropriations for many of the programs and activities administered by EPA has expired, but Congress has continued to fund them through the appropriations process. Although House and Senate rules generally do not allow the appropriation of funding that has not been authorized, these rules are subject to points of order and are not self-enforcing. Congress may appropriate funding for a program or activity for which the authorization of appropriations has expired, if no Member raises a point of order, or the rules are waived for consideration of a particular bill. Congress typically has done so to continue the appropriation of funding for EPA programs and activities for which the authorization of appropriations has expired.³

EPA's funding over the long term generally has reflected an increase in overall appropriations to fulfill a rising number of statutory responsibilities to carry out the agency's primary mission of protecting human health and the environment. Without adjusting for inflation, appropriations

¹ For an overview of the FY2011 Interior et al appropriations, including analysis of key funding issues for the major agencies under these appropriations, see CRS Report R41258, *Interior, Environment, and Related Agencies: FY2011 Appropriations*, coordinated by Carol Hardy Vincent.

² During the 109th Congress, EPA's funding was moved from the jurisdiction of the House and Senate Appropriations Subcommittees on Veterans Affairs, Housing and Urban Development, and Independent Agencies to the Interior, Environment, and Related Agencies Appropriations Subcommittees beginning with the FY2006 appropriations. This change resulted from the abolition of the House and Senate Appropriations Subcommittees on Veterans Affairs, Housing and Urban Development, and Independent Agencies.

³ As amended, Section 202(e)(3) of the Congressional Budget and Impoundment Control Act of 1974 requires the Congressional Budget Office (CBO) to report to Congress annually on the enacted appropriations for individual programs and activities for which the authorization of appropriations has expired, and individual programs and activities for which the authorization of appropriations is set to expire in the current fiscal year. The most recent version of this report is available on CBO's website at <http://www.cbo.gov/doc.cfm?index=10882>.

enacted for EPA have risen from about \$1.0 billion when the agency was established in FY1970 to a peak level of \$14.86 billion in FY2009. This peak funding level included both the \$7.64 billion in “regular” fiscal year appropriations provided in the Omnibus Appropriations Act for FY2009 (P.L. 111-8), and the \$7.22 billion in emergency supplemental appropriations provided in the American Recovery and Reinvestment Act of 2009 (ARRA; P.L. 111-5), often referred to as the “economic stimulus package.”

In general, the term *appropriations* used in this report refers to total discretionary funds made available to EPA for obligation, including regular fiscal year and emergency supplemental appropriations, as well as any rescissions, transfers, and deferrals in a particular fiscal year, but excludes permanent or mandatory appropriations that are not subject to the annual appropriations process. This latter category of funding constitutes a very small portion of EPA’s funding. The vast majority of the agency’s funding consists of discretionary appropriations.

Funding increases and decreases noted in this report generally are calculated based on comparisons between the funding levels requested by the President for FY2011, and the FY2010 appropriations provided in P.L. 111-88 (and any supplemental appropriations or other adjustments; see discussion under “Congressional Action on FY2011 Appropriations,” which follows). This report also includes information on funding levels enacted for FY2009 for certain EPA programs and activities, including both the regular fiscal year appropriations provided in P.L. 111-8 and the emergency supplemental appropriations provided in P.L. 111-5, the latter of which is referred to throughout this report as ARRA or Recovery Act funding. With the exception of the historical funding table in **Appendix B**, the President’s FY2011 request and the enacted appropriations for prior fiscal years presented in this report have not been adjusted for inflation. In some cases, small increases above the prior year funding level may reflect a decrease in real dollar values when adjusted for inflation.

The amounts in this report presented for the President’s FY2011 budget request are as reported in EPA’s *FY2011 Annual Performance Plan and Congressional Justification* (referred to throughout this report as the EPA FY2011 budget justification),⁴ and the President’s *Budget of the United States Government, Fiscal Year 2011*, issued by the Office of Management and Budget (OMB).⁵ The House Committee on Appropriations is the primary source for enacted amounts presented for FY2010 unless specified otherwise in the funding tables presented throughout the report. FY2009 appropriations, including ARRA funding, are as reported in the conference report (H.Rept. 111-316) accompanying the Interior, Environment and Related Agencies Appropriations Act for FY2010 (P.L. 111-88; H.R. 2996).

The following sections of this report provide a brief overview of the President’s FY2011 budget request for EPA, discussion of congressional action on FY2011 appropriations in the 111th Congress, and examination of funding levels and relevant issues for selected EPA programs and activities that have received more prominent attention. Please note that appropriations are complex, and that accordingly not all issues are summarized in this report. For example, OMB’s budget documentation and EPA’s budget justification number more than 1,000 pages and present an array of funding, programmatic, and legislative proposals for congressional consideration.

⁴ EPA’s *FY2011 Annual Performance Plan and Congressional Justification*, and other related agency budget documents are available at <http://www.epa.gov/ocfo/budget>.

⁵ The multi-volume set of the President’s *Budget of the United States Government, Fiscal Year 2011*, is available at <http://www.whitehouse.gov/omb/budget/Overview/>.

Further, the appropriations bills and accompanying committee reports identify funding levels for numerous programs, activities, and sub-activities that are beyond the scope of this report, and the committee reports may provide specific direction to the agency in terms of how the funds are to be spent to implement a certain activity.

Appendix A briefly describes the scope of the purpose and activities funded within each of EPA's eight statutory appropriations accounts. **Appendix B** depicts historical funding trends for the agency, based on information readily available from OMB back to FY1976.

Congressional Action on FY2011 Appropriations

The House and Senate Appropriations Committees and various authorizing committees have held hearings to consider the President's FY2011 budget request for EPA, but no bill to fund Interior, Environment, and Related Agencies for FY2011 has been introduced to date. As this report is updated, **Table 1** will track developments involving House and Senate Appropriations Committee and floor actions on FY2011 appropriations for EPA within the Interior, Environment, and Related Agencies appropriations bill.

Table 1. Legislative Status of the Interior, Environment, and Related Agencies Appropriations for FY2011

Subcommittee Markup		House Report	House Passage	Senate Report	Senate Passage	Conf. Report	Conference Report Approval		Public Law
House	Senate						House	Senate	

Notes: The House Subcommittee on Interior, Environment, and Related Agencies Appropriations held a hearing on the FY2011 Budget for EPA on February 24, 2010; the Senate Subcommittee on Interior, Environment, and Related Agencies Appropriations held a hearing on the FY2011 Budget for EPA on March 3, 2010.

Budget Resolution

To guide the appropriation process, the House and Senate also typically prepare a concurrent resolution on the federal budget, which identifies budget authority and outlays by functional categories.⁶ The Natural Resource and Environment Function (Budget Function 300) outlines funding for several federal land management agencies and EPA. Although the resolution provides an internal congressional framework for the consideration of appropriations, the resolution is not signed into law, and the funding levels therefore are nonbinding. Rather, funding levels for individual agencies and their programs and activities are set through the appropriations process. The Senate Budget Committee reported S.Con.Res. 60 to the Senate on April 26, 2010. No resolution had been reported by the House Budget Committee at the time this report was updated. This report is intended to track and provide analysis of key funding issues regarding EPA appropriations for FY2011, but not action on the concurrent resolution on the FY2011 federal budget.

⁶ See CRS Report R40113, *Federal Budget Process Reform in the 111th Congress: A Brief Overview*, by Robert Keith; and CRS Report RL30297, *Congressional Budget Resolutions: Historical Information*, by Bill Heniff Jr. and Justin Murray.

Supplemental Appropriations

Congress has relied on supplemental appropriations to provide additional funds for a fiscal year already underway since the second session of the 1st Congress. Supplemental appropriations provide additional funding to an agency during the course of a fiscal year for programs and activities that are considered too urgent to wait until next year's budget.⁷

As passed in the Senate on May 27, 2010, Title I of H.R. 4899, the Supplemental Appropriations Act, 2010, would provide several federal agencies and departments with \$58.8 billion in emergency supplemental appropriations, primarily for ongoing military operations, and natural disaster relief.⁸ Title II of H.R. 4899 would provide \$68.0 million in additional supplemental appropriations for FY2010 for oil spill response and recovery efforts in the Gulf of Mexico associated with the *Deepwater Horizon* incident, and would authorize additional monies from the Oil Spill Liability Trust Fund for U.S. Coast Guard response activities. Of these funds in Title II, the bill as reported includes \$2.0 million for EPA within the Science and Technology (S&T) appropriations account that the Administration had requested for research of the potential long-term "human and environmental risks and impacts from the releases of crude oil, and the application of chemical dispersants and other measures to mitigate these releases." The bill directs EPA to use the \$2.0 million to carry out this research in coordination with the Departments of the Interior, and Commerce. This type of coordination is typically executed through a cooperative agreement among the departments or agencies involved. H.R. 4899 (the Disaster Relief and Summer Jobs Act of 2010) as passed in the House on March 24, 2010,⁹ prior to the events in the Gulf of Mexico, did not include similar provisions regarding these events. The House Appropriations Committee is expected to markup a version of the 2010 supplemental sometime after Congress returns from recess in June.¹⁰

This report will continue to track action on H.R. 4899, as it may impact comparisons between the FY2010 and the FY2011 appropriations.

⁷ See CRS Report RL33134, *Supplemental Appropriations: Trends and Budgetary Impacts Since 1981*, by Thomas L. Hungerford.

⁸ Reported to the Senate May 14, 2010, with an amendment in the nature of a substitute by the Senate Appropriations Committee and placed on the Senate Legislative Calendar, S.Rept. 111-188, *Congressional Record*, pp. S3782, S3783. See CRS Report R41232, *FY2010 Supplemental for Wars, Disaster Assistance, Haiti Relief, and Court Cases*, coordinated by Amy Belasco.

⁹ *Congressional Record*, p. H2311.

¹⁰ House Committee on Appropriations, <http://appropriations.house.gov/>.

President's FY2011 Budget Request

The \$10.02 billion for EPA included in the President's FY2011 budget request is \$270 million (2.6%) less than the FY2010 appropriations of \$10.29 billion provided in P.L. 111-88. The President's request is \$2.38 billion (31%) more than the FY2009 regular fiscal year appropriations of \$7.64 billion provided in P.L. 111-8. However, including the emergency supplemental appropriations of \$7.22 billion provided in ARRA, Congress appropriated a total of \$14.86 billion for EPA in FY2009,¹¹ exceeding both the FY2010 enacted appropriations and the President's FY2011 request.

Since FY1996, EPA's appropriations have been requested by the Administration and appropriated by Congress within eight statutory appropriations accounts (see detailed descriptions of the appropriations accounts in **Appendix A**).¹² **Table 2** identifies the amounts that the President has requested for EPA for FY2011, compared to the appropriations enacted by Congress for FY2010 and FY2009, for the eight appropriations accounts. The table identifies transfers of funds between these accounts, and funding levels for several program areas within certain accounts that have received more prominent attention.

¹¹ ARRA requires EPA to obligate the FY2009 supplemental appropriations by the end of FY2010, whereas regular fiscal year appropriations for EPA are usually available until expended by the agency. For the status of EPA's obligation of ARRA funds, see the agency's website: <http://www.epa.gov/recovery>.

¹² Prior to FY1996, Congress appropriated funding for EPA under a different account structure, making it difficult to equitably compare past funding levels by account over the history of the agency.

**Table 2. Appropriations for the Environmental Protection Agency:
FY2009-FY2010 Enacted and the President's FY2011 Request**

(\$ in millions)

EPA Appropriation Accounts	FY2009 Omnibus P.L. 111-8	FY2009 ARRA P.L. 111-5	FY2009 Total Enacted	FY2010 Enacted P.L. 111-88	FY2011 Request
Science and Technology					
—Base Appropriations	\$790.1	\$0.0	\$790.1	\$846.1	\$846.7
—Transfer in from Superfund	\$26.4	\$0.0	\$26.4	\$26.8	\$24.5
Science and Technology Total	\$816.5	\$0.0	\$816.5	\$872.9	\$871.2
Environmental Programs and Management	\$2,392.1	\$0.0	\$2,392.1	\$2,993.8	\$2,891.0
Office of Inspector General					
—Base Appropriations	\$44.8	\$20.0	\$64.8	\$44.8	\$45.6
—Transfer in from Superfund	\$10.0	\$0.0	\$10.0	\$10.0	\$10.2
Office of Inspector General Total	\$54.8	\$20.0	\$74.8	\$54.8	\$55.8
Buildings & Facilities	\$35.0	\$0.0	\$35.0	\$37.0	\$40.0
Hazardous Substance Superfund (before transfers)	\$1,285.0	\$600.0	\$1,885.0	\$1,306.5	\$1,293.1
—Transfer out to Office of Inspector General	\$10.0	\$0.0	\$10.0	\$10.0	\$10.2
—Transfer out to Science and Technology	\$26.4	\$0.0	\$26.4	\$26.8	\$24.5
Hazardous Substance Superfund (after transfers)	\$1,248.6	\$600.0	\$1,848.6	\$1,269.7	\$1,258.4
Leaking Underground Storage Tank Trust Fund Program	\$112.6	\$200.0	\$312.6	\$113.1	\$113.2
Oil Spill Response	\$17.7	\$0.0	\$17.7	\$18.4	\$18.5
State and Tribal Assistance Grants					
—Clean Water State Revolving Fund	\$689.1	\$4,000.0	\$4,689.1	\$2,100.0	\$2,000.0
—Drinking Water State Revolving Fund	\$829.0	\$2,000.0	\$2,829.0	\$1,387.0	\$1,287.0
—Special Project Grants	\$145.0	\$0.0	\$145.0	\$156.8	\$0.0
—Categorical Grants	\$1,094.9	\$0.0	\$1,094.9	\$1,116.4	\$1,276.6
—Brownfields Section 104(k) Grants	\$97.0	\$100.0	\$197.0	\$100.0	\$138.3
—Diesel Emission Reduction Grants	\$60.0	\$300.0	\$360.0	\$60.0	\$60.0
—Other State and Tribal Assistance Grants	\$53.5	\$0.0	\$53.5	\$50.0	\$20.0
State and Tribal Assistance Grants Total	\$2,968.5	\$6,400.0	\$9,368.5	\$4,970.2	\$4,781.9
Rescissions (various EPA accounts) ^a	-\$10.0	\$0.0	-\$10.0	-\$40.0	-\$10.0
Total EPA Accounts	\$7,635.7	\$7,220.0	\$14,855.7	\$10,289.9	\$10,020.0

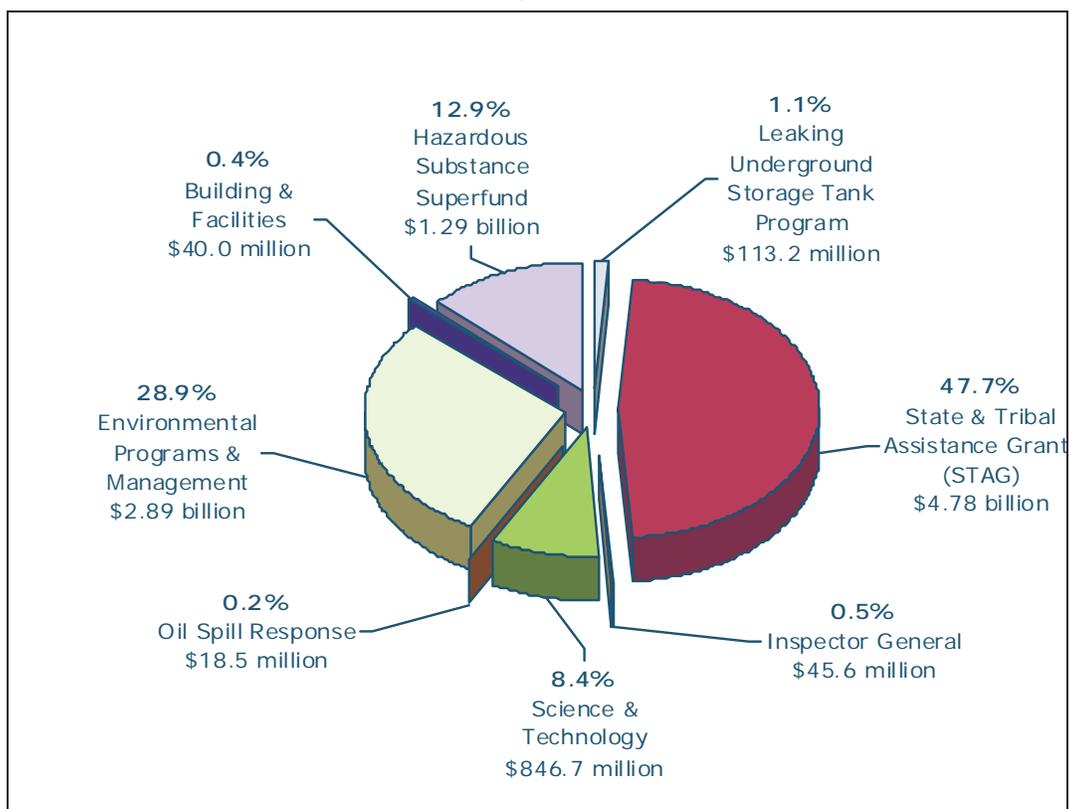
Source: Prepared by the Congressional Research Service. FY2009 and FY2010 enacted appropriations are from the conference report to accompany the Interior, Environment, and Related Agencies Appropriations Act for FY2010 (H.R. 2996, H.Rept. 111-316, pp. 240–244). President's FY2011 request is from EPA's FY2011 Annual Performance Plan and congressional Justification, <http://www.epa.gov/ocfo/budget>. "Omnibus" refers to Omnibus Appropriations Act for FY2009 (P.L. 111-8); "ARRA" refers to American Recovery and Reinvestment Act of 2009 (P.L. 111-5). Numbers may not add due to rounding.

- a. The rescissions are from unobligated balances from funds appropriated in prior years, and made available for expenditure in a later year. In effect, these "rescissions" increase the availability of funds for expenditure by the agency in the years in which they are applied, functioning as an offset to new appropriations by Congress.

Figure 1 presents the percentage allocation of the total President's FY2011 budget request for EPA among the agency's eight appropriations accounts.

Figure 1. EPA FY2011 President's Request by Appropriations Account (Before Transfers Between Accounts)

Total FY2011 Request = \$10.02 billion



Source: Prepared by the Congressional Research Service with data for the President's FY2011 request from EPA's FY2011 Annual Performance Plan and Congressional Justification, <http://www.epa.gov/ocfo/budget>. Numbers may not add due to rounding.

While Congress appropriates funding for EPA within the eight accounts noted above, the agency's budget justification also presents the President's budget request organized by performance goals.¹³ EPA presented its FY2011 budget justification according to five performance goals.

¹³ EPA's presentation by the goals is intended to comply with certain requirements of the Government Performance and Results Act of 1993 (GPRA; P.L. 103-62). EPA reduced its number of performance goals from 10 to 5 beginning with its FY2005 budget justification. Related to these goals, the Administration also uses OMB's Performance Assessment Rating Tool (PART) to measure the performance of federal programs. For further discussion of the PART, see CRS Report RS21416, *The President's Management Agenda: A Brief Introduction*.

Congressional Priorities (Earmarks)

The President's FY2011 budget request does not include funding for individual projects, locations, or institutions (often referred to as "earmarked funding") that Congress designated within EPA's appropriations for FY2010. This is consistent with past administrations' budget requests, which typically do not reflect such congressional priorities. While there is no consensus on a single earmark definition among all practitioners and observers of the appropriations process, the Senate and House both in 2007 adopted a definition for purposes of implementing new earmark transparency requirements in their respective chambers.¹⁴ In the House rule, such a funding item is referred to as a *congressional earmark* (or *earmark*), while, in the Senate rule, it is referred to as a *congressionally-directed spending item* (or *spending item*).¹⁵

P.L. 111-88 provided \$179.4 million in such designated funding within EPA's FY2010 appropriations, compared to \$167.9 million in such designated funding in FY2009. Under the disclosure rules, the conference report on the Interior, Environment, and Related Agencies Appropriations Act for FY2010 (H.R. 2996, H.Rept. 111-316) identified this type of funding for designated recipients within three accounts: \$5.7 million within the Science and Technology (S&T) account, \$16.9 million within the Environmental Programs and Management (EPM) account, and \$156.8 million within the State and Tribal Assistance Grants (STAG) account. (See the "Wastewater and Drinking Water Infrastructure" section of this report for additional discussion regarding STAG amounts.) Unlike much of EPA's grant funding, such congressional designation of funds traditionally has been awarded noncompetitively to the specified recipients.

Key Funding Issues

Much of the attention on EPA's appropriations for FY2011 has initially focused on federal financial assistance for wastewater and drinking water infrastructure projects,¹⁶ environmental cleanup, grants to assist states in implementing air pollution control requirements, and climate change research and related activities. There also has been interest in funding for geographic-specific initiatives, including the Great Lakes Restoration Initiative introduced in the FY2010 Interior Appropriations (P.L. 111-88), efforts to restore the Chesapeake Bay,¹⁷ and new funding for the Mississippi River Basin.

¹⁴ See Senate Rule XLIV and House Rule XXI, clause 9.

¹⁵ In both cases, this refers to: "a provision [in a measure or conference report] or report language included primarily at the request of a [Representative or] Senator providing, authorizing, or recommending a specific amount of discretionary budget authority, credit authority, or other spending authority for a contract, loan, loan guarantee, grant, loan authority, or other expenditure with or to an entity, or targeted to a specific state, locality or Congressional district, other than through a statutory or administrative formula-driven or competitive award process." Senate Rule XLIV and House Rule XXI, clause 9.

¹⁶ See CRS Report 96-647, *Water Infrastructure Financing: History of EPA Appropriations*, by Claudia Copeland.

¹⁷ See Executive Order 13508: *Chesapeake Bay Protection and Restoration*, May 12, 2009, <http://www.gpoaccess.gov/presdocs/2009/DCPD-200900352.pdf>.

Wastewater and Drinking Water Infrastructure¹⁸

The President's FY2011 budget request includes a total of \$3.29 billion for capitalization grants for the Clean Water and the Drinking Water State Revolving Funds (SRFs) within the STAG account.¹⁹ SRF funding is used for local wastewater and drinking water infrastructure projects, such as construction of and modifications to municipal sewage treatment plants and drinking water treatment plants, to facilitate compliance with the Clean Water Act and the Safe Drinking Water Act, respectively.²⁰

The FY2011 request includes \$2.0 billion for Clean Water SRF capitalization grants and \$1.29 billion for Drinking Water SRF capitalization grants. As shown in **Table 3**, these amounts are slightly below levels provided in FY2010 appropriations, but are larger than amounts in the regular FY2009 appropriations.²¹ As shown in the table, the American Recovery and Reinvestment Act of 2009 (the ARRA, or Recovery Act) also provided \$4.0 billion in supplemental funds for Clean Water SRF capitalization grants and \$2.0 billion in supplemental funds for Drinking Water SRF capitalization grants.

EPA allocates annual appropriations for these capitalization grants among the states according to an existing formula detailed in the Clean Water Act. Grants under the Safe Drinking Water Act are allocated to states based on the results of a needs survey conducted by states. Under both SRF programs states must provide 20% matching funds in order to receive the federal funds.²² States combine their matching funds with the federal monies to capitalize their SRFs, which they use to issue low-interest or no interest loans to finance local water infrastructure projects in communities. The recipients must repay the loan to the issuing state. Monies that states collect from the repayment of these loans are deposited back into the SRFs to provide capital for issuing new loans. In this sense, the SRFs are intended to be "revolving" and eventually self-sustaining over the long term.

The extent of federal assistance still needed to help states maintain sufficient capital in their SRFs to finance projects has been an ongoing issue. Some have cited estimates of hundreds of billions of dollars in long-term needs among communities, and the tightening of federal water quality requirements over time, as reasons for maintaining or increasing the level of federal assistance.

¹⁸ This section was written by Claudia Copeland, Specialist in Resources and Environmental Policy, CRS Resources, Science, and Industry Division.

¹⁹ The STAG account also includes funds to support state and tribal "categorical" grant programs. States and tribes use these grants to support the day-to-day implementation of environmental laws, such as monitoring, permitting and standard setting, training, and other pollution control and prevention activities. Categorical grants also assist multimedia projects such as pollution prevention incentive grants, and pesticides and toxic substances enforcement. The President's budget requests \$1.3 billion for these grants, compared with \$1.1 billion in FY2010 appropriations.

²⁰ See CRS Report 96-647, *Water Infrastructure Financing: History of EPA Appropriations*, by Claudia Copeland, and CRS Report RS22037, *Drinking Water State Revolving Fund (DWSRF): Program Overview and Issues*, by Mary Tiemann.

²¹ The FY2011 request is also larger than the level provided in the recent past fiscal years. By comparison, the average annual total funding for the two SRF programs during the 12-year period prior to FY2009 was \$2.0 billion.

²² The stimulus law waived the 20% matching funds requirement, and allowed states to issue negative interest loans, forgive loan principal, and award grants rather than loans. See CRS Report R40216, *Water Infrastructure Funding in the American Recovery and Reinvestment Act of 2009*, by Claudia Copeland et al.

Table 3. Appropriations for Clean Water and Drinking Water State Revolving Fund (SRF) Capitalization Grants: FY2009 and FY2010 Enacted, and President's FY2011 Request

(millions of dollars)

SRF	FY2009 Omnibus P.L. 111-8	FY2009 ARRA P.L. 111-5	FY2009 Total Enacted	FY2010 Enacted P.L. 111-88	FY2011 Request
Clean Water	\$689.1	\$4,000.0	\$4,689.1	\$2,100.0	\$2,000.0
Drinking Water	\$829.0	\$2,000.0	\$2,829.0	\$1,387.0	\$1,287.0
Total SRF Appropriations	\$1,518.1	\$6,000.0	\$7,518.1	\$3,487.0	\$3,287.0

Source: Prepared by the Congressional Research Service. FY2009 and FY2010 Enacted appropriations are from the conference report to accompany the Interior, Environment, and Related Agencies Appropriations Act for FY2010 (H.R. 2996, H.Rept. 111-316, pp. 243–244). President's FY2011 request is from EPA's FY2011 Annual Performance Plan and Congressional Justification, <http://www.epa.gov/ocfo/budget>. Numbers may not add due to rounding.

Notes: "Omnibus" refers to the Omnibus Appropriations Act for FY2009 (P.L. 111-8); "ARRA" refers to the American Recovery and Reinvestment Act of 2009 (P.L. 111-5).

The adequacy of federal funding levels for both SRFs has been contentious. For the Clean Water SRF, prior to FY2010, Congress had appropriated significantly more funding than the Administration requested. There has been less disagreement between Congress and the Administration about the appropriate funding level for the Drinking Water SRF. Some Members have advocated substantial increases for both SRFs in response to local water infrastructure needs generally, and more specifically, to help communities comply with new water quality requirements and new standards for drinking water contaminants (e.g., arsenic and radium).

Capital needs for water infrastructure, as demonstrated in EPA-state surveys, remain high. EPA issued its most recent needs survey for wastewater treatment facilities in 2008, estimating remaining needs at a total of \$203 billion nationwide.²³ EPA's latest drinking water needs survey, released in 2009, estimated that public drinking water systems need to invest \$335 billion over 20 years.²⁴ Some stakeholder groups have projected higher funding needs than those estimated by EPA. For example, in 2000, the Water Infrastructure Network (WIN), a coalition of state, municipal, environmental and labor groups, issued a report entitled, *Clean and Safe Water for the 21st Century*. This report estimated total wastewater and drinking water capital needs to be \$940 billion over the next 20 years, and even more if operation and maintenance needs (which currently are not eligible for federal assistance) are included.

Infrastructure Grants/Congressional Priorities (Earmarks)

Although the SRF grants represent the bulk of EPA funding for water infrastructure, Congress also has supported these needs through congressionally directed funding for "special project grants" in the STAG account. The FY2010 Interior appropriations law included \$156.8 million

²³U.S. Environmental Protection Agency, *Clean Watersheds Needs Survey 2004: Report to Congress*, January 2008, <http://www.epa.gov/cwms/2004rtc/2004rtc.pdf>.

²⁴U.S. Environmental Protection Agency, *Drinking Water Infrastructure Needs Survey and Assessment, Fourth Report to Congress*, February 2009, http://www.epa.gov/safewater/needsurvey/pdfs/2007/report_needsurvey_2007.pdf.

for 317 special project grants distributed to individual communities across the United States.²⁵ The President's FY2011 budget did not include funding for congressionally directed special projects, which is consistent with past administrations' budgets.

Whereas communities compete for loan funds provided through the SRFs, which must be repaid to states, earmarked funding is awarded noncompetitively as grants that require matching funds, but not repayment. Similar to previous fiscal year appropriations, the FY2010 Interior appropriations (P.L. 111-88) limited the amount of grants earmarked for water infrastructure to 55% of a project's total cost, requiring the recipient to provide a 45% match. Whether the needs of these communities should be met with SRF loan monies or grant assistance has become controversial.²⁶

While the President's FY2011 budget requested no funds for congressionally designated special projects, it does include funding for water infrastructure grants in two geographic-specific areas that reflect Administration priorities:

- \$10.0 million for the construction of wastewater and drinking water facilities in Alaska Native Villages, compared to \$13.0 million for FY2010 and the \$18.5 million in FY2009; and
- \$10.0 million for wastewater infrastructure projects along the U.S./Mexico border, compared to \$17.0 million for FY2010, and \$20.0 million for FY2009.

Cleanup of Superfund Sites²⁷

As amended, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA) established EPA's Superfund program to enforce the liability of "potentially responsible parties" who caused contamination at a site, or who have or had a certain connection to that site.²⁸ If the parties cannot be found or cannot pay, the Superfund program may pay for the cleanup of a site under a cost-share agreement with the state in which the site is located. Sites at which there are no viable parties to assume responsibility for the cleanup are referred to as "orphan" sites. EPA's Hazardous Substance Superfund account funds the Superfund program. The President has requested just over \$1.29 billion for the Superfund account in FY2011 (prior to transfers to other EPA accounts). The request is less than the FY2010 appropriation of \$1.31 billion, but more than the FY2009 regular appropriation of nearly \$1.29 billion. Funding levels for the Superfund account have remained fairly similar to these amounts over the past decade (not accounting for inflation), with the exception of a supplemental appropriation of \$600.0 million for FY2009 provided in the Recovery Act.

²⁵ H.Rept. 111-316 on H.R. 2996, pp. 118–127.

²⁶ See CRS Report RL32201, *Water Infrastructure Projects Designated in EPA Appropriations: Trends and Policy Implications*, by Claudia Copeland, and CRS Report RL32201, *Water Infrastructure Projects Designated in EPA Appropriations: Trends and Policy Implications*, by Claudia Copeland.

²⁷ This section was written by David M. Bearden, Specialist in Environmental Policy, CRS Resources, Science, and Industry Division.

²⁸ 42 U.S.C. § 9601 et. seq. For more information on EPA's cleanup and enforcement authorities under this statute, see CRS Report R41039, *Comprehensive Environmental Response, Compensation, and Liability Act: A Summary of Superfund Cleanup Authorities and Related Provisions of the Act*, by David M. Bearden.

Most of the funding within the Superfund account is allocated to the cleanup of sites that EPA has placed on the National Priorities List (NPL).²⁹ Funding for “remedial” and “removal” actions is used to accomplish the physical cleanup of contamination.³⁰ The remainder is used for enforcement against the potentially responsible parties to compel them to perform or pay for cleanup, oversight of the cleanup of federal facilities by other agencies, research of more effective cleanup methods, EPA’s operational expenses, and other support activities. Funding is transferred from the Superfund account to EPA’s Science and Technology account to carry out the agency’s research activities related to cleanup. Funding also is transferred from the Superfund account to EPA’s Office of Inspector General account for independent auditing, investigation, and evaluation of the performance of the Superfund program. Some funding also is provided for related homeland security activities of EPA. **Table 4** compares the President’s FY2011 request for each of these program activities to the appropriations enacted for FY2009 and FY2010.

**Table 4. Appropriations for the Hazardous Substance Superfund Account:
FY2009 and FY2010 Enacted, and the President’s FY2011 Request**
(millions of dollars)

Program Area and Transfers to Other EPA Accounts	FY2009 Omnibus P.L. 111-8	FY2009 ARRA P.L. 111-5	FY2009 Total Enacted	FY2010 Enacted P.L. 111-88	FY2011 Request
Remedial	\$605.0	\$600.0	\$1,205.0	\$605.4	\$605.4
Emergency Response and Removal	\$195.0	\$0.0	\$195.0	\$202.3	\$202.8
Federal Facilities (Oversight)	\$31.3	\$0.0	\$31.3	\$32.1	\$31.5
Enforcement	\$187.8	\$0.0	\$187.8	\$195.4	\$198.9
Operations and Administration	\$134.6	\$0.0	\$134.6	\$139.2	\$138.3
Homeland Security	\$56.6	\$0.0	\$56.6	\$56.5	\$43.5
Other Program Areas	\$74.7	\$0.0	\$74.7	\$75.5	\$72.6
Total Superfund Account	\$1,285.0	\$600.0	\$1,885.0	\$1,306.5	\$1,293.1
Transfer to Science and Technology	-\$26.4	\$0.0	-\$26.4	-\$26.8	-\$24.5
Transfer to Office of Inspector General	-\$10.0	\$0.0	-\$10.0	-\$10.0	-\$10.2
Superfund Account After Transfers	\$1,248.6	\$600.0	\$1,848.6	\$1,269.7	\$1,258.4

Source: Prepared by the Congressional Research Service. FY2009 enacted appropriations are from the conference report to accompany the Interior, Environment, and Related Agencies Appropriations Act for FY2010 (H.R. 2996, H.Rept. 111-316, p. 242). President’s FY2011 request is from EPA’s FY2011 Annual Performance Plan and Congressional Justification, p. 6 and pp. 942–945, <http://www.epa.gov/ocfo/budget>. Numbers may not add due to rounding.

Note: “Omnibus” refers to the Omnibus Appropriations Act for FY2009 (P.L. 111-8); “ARRA” refers to the American Recovery and Reinvestment Act of 2009 (P.L. 111-5).

²⁹ For information on the number of sites that EPA has placed on the NPL over time and their listing status, see the Superfund Program website: <http://www.epa.gov/superfund/sites/npl/index.htm>.

³⁰ CERCLA authorizes two types of response actions: “remedial” actions that are intended to provide a more permanent solution to prevent potentially harmful exposure to contamination, and “removal” actions that are intended to respond to more immediate risks and address emergency situations. In some cases, a preceding removal action may contribute to achieving the objectives of a longer-term remedial action.

Cleanup Progress

Debate over the sufficiency of funding for the Superfund program has centered primarily around the pace and adequacy of cleanup at NPL sites. In its FY2011 budget justification, EPA introduced a new performance measure, “Number of Remedial Action Projects Completed,”³¹ to track cleanup progress on operable units³² of NPL sites on an individual project basis. This new measure is intended to augment the long-standing measure of “Construction Completion,” which tracks cleanup progress on a site-wide basis.³³ Over time, there has been some concern that the number of Construction Completions alone may not necessarily be a complete indicator of progress at sites where the construction of many remedial actions may be finished. Generally, the larger a site and the greater the number of operable units with more complex cleanup challenges, the slower the pace in attaining Construction Completion for the entire site.

The annual number of Construction Completions has been declining for more than a decade, from a high of 88 in FY1998 to 20 in FY2009.³⁴ This overall downward trend has raised questions as to whether funding levels for the Superfund program have been adequate to maintain consistent cleanup progress to ensure protection of human health and the environment. In conjunction with this trend, some have observed that the relatively steady funding levels over the past decade have resulted in fewer resources over time because of inflation. Based on the President’s budget request, EPA has established a target of 25 Construction Completions in FY2011.³⁵ Using its new measure, EPA also has set a target of 103 individual remedial project completions in FY2011 to capture progress at sites that may not be designated as Construction Complete site-wide.³⁶

Superfund Taxes

A desire by some for greater resources to enhance cleanup progress has generated interest in reinstating the dedicated taxes on industry that once helped to finance the Superfund program. The President’s FY2011 budget request includes a proposal to reinstate these taxes through FY2020.³⁷ Dedicated excise taxes on the sale of petroleum and chemical feedstocks, and a special environmental tax on corporate income historically provided the majority of funding for the Hazardous Substance Superfund Trust Fund. This fund finances discretionary appropriations to the Superfund account to carry out the Superfund program. The authority to collect these taxes expired on December 31, 1995. As the remaining revenues were expended over time, Congress has increased the contribution of tax revenues from the General Fund of the U.S. Treasury to the

³¹ EPA, *FY2011 Annual Performance Plan and Congressional Justification*, p. 647, <http://www.epa.gov/ocfo/budget>.

³² Many sites contain multiple discrete areas of differing types of contamination that EPA has divided into operable units to administer the cleanup. One unit may necessitate a different type of remedial action than another unit on the same site, depending on the nature of the contamination and the relative risks to human health and the environment.

³³ A Construction Complete designation means any physical construction that may be necessary to implement all of the remedial actions at an entire site are complete. Sites at which the remedial actions do not involve construction, and deleted sites where the cleanup goals have been achieved, also are designated as Construction Complete.

³⁴ The number of Construction Completions from FY1993 through FY2009, and so far in FY2010, is available on the Superfund program website: <http://www.epa.gov/superfund/sites/query/queryhtm/nplfy.htm>.

³⁵ EPA, *FY2011 Annual Performance Plan and Congressional Justification*, p. 649.

³⁶ *Ibid.*, p. 649.

³⁷ OMB, *Budget of the U.S. Government for FY2011*, “Analytical Perspectives,” p. 175 and p. 185.

Superfund Trust Fund, in an effort to make up for the shortfall in revenues from the expired industry taxes.³⁸

Reinstatement of Superfund taxes would be subject to the enactment of reauthorizing legislation. In the 111th Congress, at least three bills (H.R. 564, H.R. 832, and S. 3164) have been introduced to reauthorize all three Superfund taxes at the same rates that applied at the time of their expiration. A third bill (S. 3125) would reauthorize the Superfund taxes on petroleum and chemical feedstocks at higher rates, but would not reinstate the Superfund tax on corporate income. Whether to reinstate Superfund taxes has been a long-standing controversy for nearly 15 years, involving numerous “fairness” issues. Supporters of the taxes maintain that these revenues to support the Superfund program are necessary to ensure that polluters pay for the cleanup of contamination they have caused or may cause in the future, often referred to as the “polluter pays principle.” In this sense, some have characterized Superfund taxes as an “insurance plan” for the public that is intended to provide resources for cleanup in the event that businesses may become bankrupt and cannot be pursued for their liability. On the other hand, opponents of the taxes have observed that not all of the individual businesses subject to the tax may have been involved in activities that resulted in contamination, and that the actual polluters are paying for the cleanup of most Superfund sites through enforcement actions under the liability provisions of CERCLA.

Brownfields³⁹

EPA also administers a Brownfields program to provide financial assistance for the cleanup of less hazardous sites that are not addressed under the Superfund program, but at which the known or suspected presence of contamination may present an impediment to economic redevelopment. Consistent with liability under CERCLA, potentially responsible parties at these sites are not eligible for this financial assistance, as they are to be held accountable for the cleanup costs. In effect, the Brownfields program is intended to provide financial assistance for “orphan” sites not listed on the NPL, at which the threat of contamination may be an obstacle to redevelopment.⁴⁰ The President has requested a total of \$215.1 million for EPA’s Brownfields program in FY2011. The request is an increase above the FY2010 appropriation of \$173.6 million and the FY2009 Omnibus appropriation of \$169.5 million, but is less than the total FY2009 appropriation of \$269.5 million for the program (including the supplemental appropriation of \$100.0 million provided in the Recovery Act). **Table 5** compares the President’s FY2011 request to the appropriations enacted for FY2009 and FY2010 by EPA account for the two types of grants awarded under EPA’s Brownfields program, and presents a breakout of the administrative expenses of EPA to administer the grant awards.

³⁸ Congress now finances the Superfund Trust Fund mostly with general Treasury revenues, but other sources continue to contribute some revenue, including interest on the balance of the trust fund, fines and penalties collected for violations of cleanup requirements, and recovery of cleanup costs from the potentially responsible parties. Although the dedicated industry taxes have expired, it should be noted that industry has continued to help finance the Superfund Trust Fund through corporate income taxes that contribute to general Treasury revenues, along with individual income taxes and other miscellaneous receipts and collections deposited into the General Fund of the U.S. Treasury.

³⁹ This section was written by David M. Bearden, Specialist in Environmental Policy, CRS Resources, Science, and Industry Division.

⁴⁰ For more information, see CRS Report RS22965, *The Environmental Protection Agency’s Brownfields Program: Scope, Authorities, and Implementation*, by Jonathan L. Ramseur.

**Table 5. Appropriations for EPA's Brownfields Program:
FY2009 and FY2010 Enacted, and the President's FY2011 Request**
(millions of dollars)

Account/ Program Area	FY2009 Omnibus P.L. 111-8	FY2009 ARRA P.L. 111-5	FY2009 Total Enacted	FY2010 Enacted P.L. 111-88	FY2011 Request
State and Tribal Assistance Grants Account					
Section 104(k) Competitive Project Grants ^a	\$97.0	\$100.0	\$197.0	\$100.0	\$138.3
Section 128 Categorical Grants to States and Tribes ^b	\$49.5	\$0.0	\$49.5	\$49.5	\$49.5
Brownfields Grants Total	\$146.5	\$100.0	\$246.5	\$149.5	\$187.7
Environmental Programs and Management Account					
EPA Administrative Expenses	\$23.0	\$0.0	\$23.0	\$24.2	\$27.4
Brownfields Program Total	\$169.5	\$100.0	\$269.5	\$173.6	\$215.1

Source: Prepared by the Congressional Research Service. FY2009 Enacted appropriations are from the conference report to accompany the Interior, Environment, and Related Agencies Appropriations Act for FY2010 (H.R. 2996, H.Rept. 111-316, p. 241 and p. 243). President's FY2011 request is from EPA's FY2011 Annual Performance Plan and Congressional Justification, p. 920, <http://www.epa.gov/ocfo/budget>. Numbers may not add due to rounding.

Note: "Omnibus" refers to the Omnibus Appropriations Act for FY2009 (P.L. 111-8); "ARRA" refers to the American Recovery and Reinvestment Act of 2009 (P.L. 111-5).

- a. Under Section 104(k) of CERCLA, EPA may award competitive grants to eligible entities for the assessment or cleanup of individual brownfields to prepare them for redevelopment.
- b. Under Section 128 of CERCLA, EPA may award grants to states and tribes to establish or enhance their own cleanup programs, which in turn may assist in the assessment or cleanup of individual brownfield.

Leaking Underground Storage Tank (LUST) Program⁴¹

In 1986, Congress established the Leaking Underground Storage Tank (LUST) Trust Fund to provide a source of funds to support the Environmental Protection Agency (EPA) and states in remediating leaks from petroleum USTs.⁴² The trust fund is supported by a 0.1 cent-per-gallon motor fuels tax and had a balance of \$3.0 billion at the start of FY2010. EPA and states (through state cooperative agreement grants) use LUST fund appropriations primarily to oversee and enforce LUST cleanup activities conducted by responsible parties. Funds also are used to take emergency actions, clean up abandoned tank sites, and pursue cost recovery actions.⁴³

The Energy Policy Act of 2005 (EPAct; P.L. 109-58) expanded the leak prevention provisions in the UST regulatory program, imposed new program responsibilities on the states and EPA, and

⁴¹ This section was written by Mary Tiemann, Specialist in Environmental Policy, CRS Resources, Science, and Industry Division.

⁴² The Superfund Amendments and Reauthorization Act of 1986 (SARA; P.L. 99-499), Title V, amended the Solid Waste Disposal Act, Subtitle I, 42 U.S.C. § 6991-6991i).

⁴³ For further discussion, CRS Report RS21201, *Leaking Underground Storage Tanks (USTs): Prevention and Cleanup*, by Mary Tiemann.

also broadened the authorized uses of the LUST Trust Fund to support state implementation of the new leak prevention requirements, in addition to supporting the LUST cleanup program. For the past several years, Congress has appropriated funds from the trust fund to support both the LUST cleanup program and the UST leak prevention and detection program. Previously, the UST program had been supported entirely from general revenues.

Although the balance of the LUST Trust Fund has exceeded \$3.0 billion, appropriations have remained in the \$70.0 million to \$78.0 million range, far less than the fund earns annually from interest and tax revenue. Many state LUST and UST programs report that they are understaffed and underfunded. Meeting the EPCRA requirements (particularly mandatory inspection of all tanks every three years) has been particularly challenging for states. Cleanup resources are also tight. As of the beginning of FY2010, nearly 80% of 488,000 leaking tank sites had been remediated, but a backlog of more than 100,000 contaminated sites remained. Additionally, the presence of methyl tertiary butyl ether (MTBE) at many LUST sites has increased the cost and complexity of cleaning up many sites. That said, the relatively steady funding levels over the past three years, and as requested for FY2010, increase the predictability and stability of state programs.

An emerging issue concerns the impact that alternative fuels may have on storage tank infrastructure. Ethanol, for example, is more corrosive than gasoline, thus increasing the risk of leaks in tank systems. The renewable fuel mandates in EPCRA and the Energy Independence and Security Act of 2007 (EISA; P.L. 110-140) present new technical issues for USTs and for fuel storage and delivery infrastructure, generally. Storage tanks are not designed for higher blends of ethanol. EPA estimates that half the tanks in the ground are 20 years old and have never been tested for compatibility with higher ethanol blends. Tank owners, EPA, states, and industry are concerned that a new wave of leaks could occur as the amount of ethanol blended in gasoline increases to meet EISA renewable fuel requirements. Under this scenario, EPA expects that more leaks will occur; thus, placing more demands on the LUST Trust Fund. Currently, a key area of work for EPA is assessing the compatibility of USTs with alternative fuel and evaluating the transport and degradation characteristics of ethanol and biodiesel blends.⁴⁴

Table 6 compares the President's FY2011 request to the appropriations enacted for FY2009 and FY2010 by EPA account for the LUST Program.

⁴⁴ For further discussion of biofuels issues, see CRS Report R40155, *Selected Issues Related to an Expansion of the Renewable Fuel Standard (RFS)*, by Randy Schnepf and Brent D. Yacobucci.

Table 6. Appropriations for the Leaking Underground Storage Tank Trust Fund Program Account: FY2009-FY2010 Enacted, and the FY2011 President's Request
(millions of dollars)

Account/Program Area	FY2009 Omnibus P.L. 111-8	FY2009 ARRA P.L. 111-5	FY2009 Total Enacted	FY2010 Enacted P.L. 111-88	FY2011 Request
LUST Account	\$112.6	\$200.0	\$312.6	\$113.1	\$113.2
EPA Act Provisions	\$35.5	\$0.0	\$35.5	\$34.4	\$34.4
STAG Account					
Categorical Grant: UST	\$2.5	\$0.0	\$2.5	\$2.5	\$2.5

Source: Prepared by the Congressional Research Service. FY2009 and FY2010 enacted appropriations are from the conference report to accompany the Interior, Environment, and Related Agencies Appropriations Act for FY2010 (H.R. 2996, H.Rept. 111-316, pp. 242–243). President's FY2011 request is from EPA's FY2011 Annual Performance Plan and Congressional Justification, <http://www.epa.gov/ocfo/budget>. Numbers may not add due to rounding.

Note: "Omnibus" refers to the Omnibus Appropriations Act for FY2009 (P.L. 111-8); "ARRA" refers to the American Recovery and Reinvestment Act of 2009 (P.L. 111-5).

Air Quality⁴⁵

Congressional interest in EPA's implementation of several provisions of the Clean Air Act (CAA), and proposed changes to this law and its regulations⁴⁶ have been a major area of concern during debate with respect to funding for the agency's air quality programs. Most of this funding is allocated among EPA's accounts: grants to states and tribes in the STAG, EPM, and Science and Technology (S&T) accounts.⁴⁷ Funding within these accounts supports the implementation of regulatory and grant programs, scientific research, and monitoring activities related to air quality. Additional funding is provided within the Superfund account to support EPA technical assistance for addressing potential radiation risks found at some Superfund sites.

A prominent issue related to air quality is one that has relatively little budgetary impact, but has received a great deal of attention as EPA responds to a 2007 Supreme Court decision. The decision, *Massachusetts v. EPA*, found greenhouse gases (GHGs) to be "air pollutants" within the Clean Air Act's definition of that term,⁴⁸ and required EPA to consider whether GHGs endanger public health or welfare, the first step in promulgating emission standards. In December 2009, EPA formally responded to the Court decision by promulgating a finding that greenhouse gases endanger both public health and welfare; the agency also found that emissions of four specific GHGs from new motor vehicles contribute to that air pollution and must be controlled. Pursuant to these findings, EPA expects to promulgate standards for light duty motor vehicles, including cars and SUVs, by the end of March 2010. The implementation of these standards will, in turn, trigger permitting and Best Available Control Technology requirements for new major stationary sources of GHGs in early 2011.

⁴⁵ This section was written by James E. McCarthy, Specialist in Environmental Policy, CRS Resources, Science, and Industry Division.

⁴⁶ See CRS Report R40145, *Clean Air Issues in the 111th Congress*, by James E. McCarthy.

⁴⁷ The Superfund account also includes a small amount of funding, relative to the above accounts.

⁴⁸ 549 U.S. 497 (2007).

The motor vehicle standards to be promulgated in March have not been particularly controversial: they were negotiated with the auto manufacturers and other interested parties. Besides setting emission standards, the negotiated agreement requires California and 13 other states that had been proceeding to implement motor vehicle GHG standards of their own to instead adopt standards identical to the federal.

It is the triggering of standards for stationary sources (power plants, manufacturing facilities, and others) that has raised the most concern, resulting in efforts by many in Congress to prevent EPA from implementing stationary source GHG emission requirements. These efforts have taken several forms, including the introduction of resolutions of disapproval under the Congressional Review Act in both the House and Senate, and stand-alone legislation in both bodies that would forestall EPA action. The path to enactment of either of these forms of legislation is a steep one. The Obama Administration has made the reduction of GHG emissions one of its most important goals; as a result, many conclude that legislation restricting EPA's authority to act, if passed by Congress, would encounter a presidential veto.

Addressing the issue through an amendment to the EPA appropriations bill—an approach that was discussed at some length in the fall of 2009, with amendments, including several that were filed but not offered on the floor, to the FY2010 appropriations bill⁴⁹—might be an easier lift, since the overall appropriation bill to which it would be attached would presumably contain other elements that would make it more difficult to veto.

In its FY2011 budget submission, EPA requests \$43.0 million for “additional regulatory efforts aimed at taking action on climate change,” \$25.0 million “for state grants focused on developing technical capacity to address greenhouse gas emissions under the Clean Air Act,” and \$13.5 million “for implementing new emission standards that will reduce Greenhouse Gas (GHG) emissions from mobile sources” including “developing potential standards for large transportation sources such as locomotives and aircraft engines, and analyzing the potential need for standards under petitions relating to major stationary sources.”⁵⁰ Whether to modify these amounts or to prevent EPA from developing or implementing GHG emission standards for stationary sources are among the areas of debate.

The core of running the nation's air pollution control programs (i.e., most monitoring, permitting, and enforcement) is done by the states, not EPA. The Clean Air Act authorizes federal grants to the states for up to 60% of the cost of running these programs; for the last decade, however, the grant amounts have stagnated, with the federal contribution falling to as little as 23% of the total cost of state air pollution programs. In the current recession, state revenues have taken a major hit, and air programs, like other state spending, have been under severe budgetary pressures. In response, EPA's FY2011 budget request envisions a sharp increase in grants to the states for implementation of Clean Air Act programs, from \$226.6 million in FY2010 to \$309.1 million in FY2011, a 36% increase. The increase is in response to an anticipated rise in state workloads. EPA is in the process of reviewing air quality standards for the six most widespread (“criteria”) air pollutants, and has either promulgated or proposed strengthening four of the six.⁵¹ As these

⁴⁹ See CRS Report R40685, *Interior, Environment, and Related Agencies: FY2010 Appropriations*, coordinated by Carol Hardy Vincent, discussion under the heading “Climate Change/Greenhouse Gas Reduction,” (beginning on pg.41-42 of the PDF print version).

⁵⁰ Testimony of Lisa P. Jackson, Administrator, U.S. Environmental Protection Agency, “Hearing on the President's Proposed EPA Budget for FY2011,” Senate Environment and Public Works Committee, February 23, 2010, pp. 2–3.

⁵¹ For a further discussion, see CRS Report R40145, *Clean Air Issues in the 111th Congress*, by James E. McCarthy.

standards are finalized, the states will need to expand their monitoring networks, identify nonattainment areas, and develop and implement plans for bringing nonattainment areas into attainment.

EPA's diesel emission reduction grants program has also generated interest in recent fiscal year appropriations. The Energy Policy Act of 2005⁵² authorized \$200.0 million annually for these grants from FY2007 through FY2011. EPA was authorized to award grants on a competitive basis to assist regional, state, and local governments, tribes, and non-profit organizations in funding projects that would reduce emissions from diesel-powered vehicles, engines, and equipment. Port authorities and school districts have been among the major grant recipients, and EPA says that spending on diesel emission reductions generates up to \$13.00 in health benefits for every dollar spent. The President's FY2011 request includes \$60.0 million for this program, the same as the FY2010 appropriation. The stimulus law provided an additional \$300.0 million in supplemental funds for these grants in FY2009 for a total of \$360.0 million in FY2009, much of which is only now being awarded.

Table 7 presents a comparison of FY2009 and FY2010 appropriations and the President's FY2011 request for selected air quality activities within various EPA appropriations accounts.

⁵² In Subtitle G of Title VII of the act, P.L. 109-58.

Table 7. Appropriations for Selected EPA Air Quality Research and Implementation Activities by Account: FY2009 and FY2010 Enacted, and the President's FY2011 Request

(millions of dollars)

Account/Program Area	FY2009 Omnibus P.L. 111-8	FY2009 ARRA P.L. 111-5	FY2009 Total Enacted	FY2010 Enacted P.L. 111-88	FY2011 Request
Science and Technology Account					
Air Toxics and Quality	\$105.1	\$0.0	\$105.1	\$121.9	124.8
Indoor Air	\$1.1	\$0.0	\$1.1	\$1.2	\$1.2
Research: Clean Air (Incl. Global Change)	\$98.4	\$0.0	\$98.4	\$102.7	\$107.3
Environmental Programs and Management Account					
Air Toxics and Quality	\$195.2	\$0.0	\$195.2	\$202.2	\$220.9
Indoor Air	\$25.9	\$0.0	\$25.9	\$26.6	\$27.8
Hazardous Substances Superfund					
Air Toxics and Quality	\$2.3	\$0.0	\$2.3	\$2.5	\$2.6
State and Tribal Assistance Grants Account					
Diesel Emission Grants (Energy Pol. Act)	\$60.0	\$300.0	\$360.0	\$60.0	\$60.0
Targeted Airshed Grants	\$15.0	\$0.0	\$15.0	\$20.0	\$0.0
Radon	\$8.1	\$0.0	\$8.1	\$8.1	\$8.1
State & Local Air Quality Management Grants	\$224.1	\$0.0	\$224.1	\$226.6	\$309.1
Tribal Air Quality Management Grants	13.3	\$0.0	\$13.3	\$13.3	\$13.6

Source: Prepared by the Congressional Research Service. FY2009 enacted amounts are based on information provided by the conference report to accompany the Interior, Environment, and Related Agencies House Committee on Appropriations Act for FY2010 (H.R. 2996, H.Rept. 111-316, pp. 240–243). President's FY2011 request is and from EPA's FY2011 Annual Performance Plan and Congressional Justification, <http://www.epa.gov/ocfo/budget>. Numbers may not add due to rounding.

Note: "Omnibus" refers to the Omnibus Appropriations Act for FY2009 (P.L. 111-8); "ARRA" refers to the American Recovery and Reinvestment Act of 2009 (P.L. 111-5).

Climate Change/Greenhouse Gas Reduction⁵³

Debate in the current appropriations process indicates interest among Members of Congress concerning the federal government's strategies, including EPA's, to address climate change and to reduce greenhouse gas emissions. EPA is one of 17 federal agencies that received appropriations for climate change activities in recent fiscal years. Issues that have emerged within the context of appropriations by Congress include (1) how different agency programs may be complementary or duplicative, (2) how these programs may together constitute an effective strategy to achieve U.S. objectives, and (3) whether there are gaps or opportunities for efficiencies that may be addressed. Most U.S. funding is aimed at energy technology development, and at Earth observations to support the science enterprise.

For EPA climate change programs, the FY2011 request totals \$205.5 million, covering all its climate change research and implementation activities, and increase above the \$163.6 million appropriated for FY2010. However, the FY2011 request reflects increases and decreases from FY2010 levels for various activities (**Table 8**). Funding appropriated to EPA is likely less than 2% of all funding across federal agencies to address climate change and greenhouse gas emissions.⁵⁴ EPA's role among agencies, however, is proportionately larger because of its policy and potential regulatory roles in addressing climate change, discussed further below. Funding for EPA climate change activities has been requested within three EPA accounts: Science and Technology (S&T), EPM, and STAG.

EPA's funding request of \$22.0 million for climate change research, nearly \$1.2 million more than the FY2010 appropriation, would support investigation of potential health or ecosystem impacts of climate change, and options for adaptation. The research also would address whether adaptation to climate change may involve modifications to EPA's air and water pollution control programs and its engagement with state partners and others. One potential issue is the overall role of EPA, as interagency discussion continues over whether to establish a National Climate Service, the scope of which may include but be potentially broader than the climate services being established by the National Oceanic and Atmospheric Administration (NOAA). Appropriations to fund EPA's role may be affected by views on whether and how EPA should engage in providing climate services, including observations (e.g., monitoring); development of forecasts and decision tools; the providing of information to states, localities, and sources; and other similar services.

⁵³ This section was written by Jane A. Leggett, Specialist in Energy and Environmental Policy, CRS Resources, Science, and Industry Division.

⁵⁴ See CRS Report RL33817, *Climate Change: Federal Program Funding and Tax Incentives*, by Jane A. Leggett. As of the writing of this report, the Office of Management and Budget has not yet released its cross-cut budget for climate change activities, so this percentage is a preliminary estimate by CRS.

Another issue central to appropriations deliberations may be EPA's response to the Supreme Court ruling in *Massachusetts v. EPA*, especially proposals to nullify or reconsider the EPA Administrator's "endangerment finding" of December 7, 2009,⁵⁵ that is a first step towards regulating greenhouse gas (GHG) emissions from mobile sources and, potentially, stationary sources, as discussed in the previous section. Additional proposals in Congress would block EPA's authority to regulate GHG under the CAA, or delay regulatory action for one or more years to give Congress time to enact specific climate change legislation.

The FY2011 request includes an increase of \$18.5 million to support regulatory efforts to reduce GHG emissions, plus \$25.0 million proposed as grants to states (via the STAG account) to help them develop the technical capacity to address GHG in their CAA permitting activities. The funding would support development and implementation of new performance standards to reduce GHG emissions from passenger cars, light-duty trucks, and medium duty passenger vehicles, and potentially for other mobile sources in response to legal obligations. The request would also support assessment and potential development of New Source Performance Standards for categories of major stationary sources.

The budget requests also would increase funding to \$20.8 million, up by \$4.1 million from the FY2010 enacted level, to carry out the Mandatory Reporting of GHG Rule.⁵⁶ EPA action to establish mandatory GHG reporting was required by Congress in the FY2008 Consolidated Appropriations Act (P.L. 110-161). Reliable GHG data would be critical to informing the development of efficient policies. Experience in the European Union has demonstrated the adverse consequences of inadequate emissions data as a baseline for setting regulatory requirements in allocating allowances in its Emissions Trading System.⁵⁷ **Table 8** presents a comparison of FY2009 and FY2010 appropriations and the President's FY2011 request for climate change protection and research activities within various EPA appropriations accounts account for selected air quality activities.

⁵⁵ "Endangerment and Cause or Contribute Findings for Greenhouse Gases Under Section 202(a) of the Clean Air Act" under section 202(a) of the Clean Air Act. *Federal Register* 18886, April 24, 2009. For additional information regarding implications of EPA's proposed endangerment finding, see CRS Report R40585, *Climate Change: Potential Regulation of Stationary Greenhouse Gas Sources Under the Clean Air Act*, by Larry Parker and James E. McCarthy, and CRS Report R40506, *Cars, Trucks, and Climate: EPA Regulation of Greenhouse Gases from Mobile Sources*, by James E. McCarthy.

⁵⁶ <http://www.epa.gov/climatechange/emissions/ghgrulemaking.html>.

⁵⁷ See, for example, <http://www.climnet.org/component/content/article/55>.

**Table 8. Appropriations for EPA Climate Change Protection and Research:
FY2009-FY2010 Enacted, and the President's FY2011 Request**

(\$ in millions)

EPA Accounts/Climate Change Activities	FY2009 Omnibus Enacted P.L. 111-8	FY2010 Enacted P.L. 111-88	FY2011 Request
Science and Technology Account			
Climate Protection Program (clean automotive technology)	\$16.8	\$19.8	\$16.9
Research Global Change (mostly impacts)	\$17.9	\$20.8	\$22.0
Environmental Programs and Management Account			
Climate Protection Program	\$94.3	\$113.0	\$123.1
<i>Energy Star</i>	\$49.7	\$52.6	\$55.5
<i>Methane-to-Markets</i>	\$4.5	\$4.6	\$4.6
<i>Greenhouse gas reporting</i>	\$6.4	\$16.7	\$20.8
<i>Other activities</i>	\$33.7	\$39.1	\$42.2
Air Toxics and Quality			
<i>Federal Vehicle & Fuel Standards & Certification</i>	na	na	\$6.0
<i>Federal Stationary Source Regulations</i>	na	na	\$7.6
<i>Federal Support for Air Quality Management</i>	na	na	\$4.9
State and Tribal Assistance Grants Account			
Local government climate change grants	\$10.0	\$10.0	\$0.0
State & Local Air Quality Management	na	na	\$25.0
Total EPA Climate Change	\$139.0	\$163.6	\$205.5

Source: Prepared by the Congressional Research Service. FY2009 enacted appropriations are from the conference report to accompany the Interior, Environment, and Related Agencies Appropriations Act for FY2010 (H.R. 2996, H.Rept. 111-316, pp. 240–243). No funding was specified for these Climate Change activities in the American Recovery and Reinvestment Act of 2009 (Title VII of Division A of P.L. 111-5). The President's FY2011 request amounts are from EPA's FY2011 Annual Performance Plan and Congressional Justification, <http://www.epa.gov/ocfo/budget>. Numbers may not add due to rounding.

Notes: "Omnibus" refers to the Omnibus Appropriations Act for FY2009 P.L. 111-88.

Under the President's FY2011 request, EPA would continue its other, voluntary climate protection programs with an increase of about \$6.0 million requested over the FY2010 enacted levels. These programs include Energy Star and Methane-to-Markets, as well as other analytical (e.g., economic analysis) and other efforts that encourage and assist the private sector, schools, hospitals, and other enterprises to inventory and reduce their GHG emissions at a profit.

For FY2011, the Administration did not submit a request for funding specifically for international efforts to address climate change. For several years, previous requests proposed funding for international capacity building and for the Asia-Pacific Partnership, though funding for the latter was never appropriated for EPA. Congress may consider whether and at what level EPA has resources to engage in assisting governments in other countries to establish effective GHG monitoring and control programs in the context of international cooperation to address climate change. U.S. policy has emphasized the responsibilities of other major emitters also to reduce their GHG emissions, and EPA has been engaged historically in building institutional infrastructure and expertise that may help to realize reductions and to establish peer-to-peer networks that may assist in verifying results.

Geographic/Ecosystem Programs⁵⁸

The Environmental Programs and Management (EPM) account includes funding for several geographic/ecosystem programs to address certain environmental and human health risks in a number of identified areas of the United States. These programs often involve collaboration among EPA, state and local governments, communities, and nonprofit organizations. **Table 9** presents a comparison of FY2009 and FY2010 appropriations and the President's FY2011 request for selected geographic/ecosystem program areas.

⁵⁸ This section was written by Claudia Copeland, Specialist in Resources and Environmental Policy, CRS Resources, Science, and Industry Division.

**Table 9. Appropriations for Selected Geographic/Ecosystem Programs:
FY2009 and FY2010 Enacted, and the President's FY2011 Request**

(millions of dollars)

Geographic/Ecosystem Program	FY2009 Omnibus Enacted P.L. 111-8	FY2010 Enacted P.L. 111-88	FY2011 Request
Water: Ecosystems	\$86.1	\$58.5	\$55.5
National Estuary Program	\$26.6	\$32.6	\$27.3
Great Lakes Legacy Act ^a	\$37.0	\$0.0	\$0.0
Wetlands	\$22.5	\$25.9	\$28.2
Geographic Programs	\$96.0	\$608.4	\$416.1
Great Lakes Restoration Initiative	\$0.0	\$475.0	\$300.0
Great Lakes Program ^a	\$23.0	\$0.0	\$0.0
Chesapeake Bay Program	\$31.0	\$50.0	\$63.0
Mississippi River Basin ^b	\$0	\$0	\$12.4
San Francisco Bay	\$5.0	\$7.0	\$5.0
South Florida	\$2.1	\$2.2	\$2.1
Puget Sound	\$20.0	\$50.0	\$20.0
Long Island Sound Program	\$3.0	\$7.0	\$3.0
Gulf of Mexico Program	\$4.6	\$6.0	\$4.5
Lake Champlain Basin Program	\$3.0	\$4.0	\$1.4
Lake Pontchartrain	\$1.0	\$1.5	\$1.0
Community Action for Renewed Environment (CARE)	\$2.8	\$2.4	\$2.4
Other Geographic Programs and Regional Initiatives	\$1.3	\$3.3	\$1.3
Total Ecosystem/Geographic Programs	\$182.1	\$666.9	\$471.6

Source: Prepared by the Congressional Research Service. FY2009 enacted appropriations are from the conference report to accompany the Interior, Environment, and Related Agencies Appropriations Act for FY2010 (H.R. 2996, H.Rept. 111-316, p. 241). No funding was specified for these Geographic Program activities in the American Recovery and Reinvestment Act of 2009 (Title VII of Division A of P.L. 111-5). President's FY2011 request is from EPA's FY2011 Annual Performance Plan and Congressional Justification, pp. 267-317, and pp. 494-503, <http://www.epa.gov/ocfo/budget>. Numbers may not add due to rounding.

Note: "Omnibus" refers to the Omnibus Appropriations Act for FY2009 (P.L. 111-8).

- a. Funding for the Great Lakes Legacy Act and for EPA's Great Lakes Program was moved to the Great Lakes Restoration Initiative in FY2010.
- b. An additional \$4.6 million is included in the President's FY2011 request within other sub-appropriation account areas for activities related to the Mississippi Basin Program.

Great Lakes Restoration Initiative

In 2004 President Bush established a Great Lakes Interagency Task Force, chaired by EPA,⁵⁹ to develop a strategy (released in 2005) that will guide federal Great Lakes protection and restoration efforts. To better coordinate these efforts, the FY2010 budget requested, and Congress endorsed in P.L. 111-88, a Great Lakes Restoration Initiative involving EPA and eight other federal agencies and commitment of new federal resources. The purpose of the initiative is to target the most significant problems in the ecosystem, such as aquatic invasive species, nonpoint source pollution, and toxics and contaminated sediment.⁶⁰ Projects and programs are to be based on recommendations of the Interagency Task Force, and are to be implemented through the grants and agreements with states, tribes, municipalities, universities, and other organizations. Of the \$475.0 million appropriated in FY2010, EPA was expected to retain \$234.2 million for its programs, and the remainder is to be distributed among other agencies, including the Departments of Homeland Security, Defense, Transportation, Agriculture, Interior, Health and Human Services, and State.⁶¹ The initiative consolidates funding for a number of existing federal Great Lakes programs, including EPA's Great Lakes National Program Office (GLNPO), its implementation of the Great Lakes Legacy Act to clean up contaminated sediments, and other agencies' Great Lakes programs.

The FY2011 request proposes \$300.0 million within EPA's EPM account to continue the Great Lakes Restoration Initiative, \$175.0 million below the FY2010 appropriations. Some stakeholders have expressed concern about the reduced funding level proposed for FY2011. EPA officials note that most of the FY2010 appropriations have not yet been obligated, and that two years' of investment totaling \$775.0 million represents a significant advance in the federal government's commitment to Great Lakes protection.

Chesapeake Bay and Mississippi River Basin

In May 2009, President Obama issued *Executive Order 13508: Chesapeake Bay Protection and Restoration*. The executive order called the Bay a national treasure and directed the federal government to exercise greater leadership and actions to restore the Bay. The federal government, the six states in the Bay watershed, and the District of Columbia agreed that by no later than 2025 they will complete implementing measures necessary to restore water quality in the Bay watershed. Despite restoration efforts of the past 25 years, which have resulted in some successes in specific parts of the ecosystem, the overall health of the Bay remains degraded by excessive levels of nutrients and sediment. The President's FY2011 budget requests \$63 million for EPA to implement the executive order and related activities to accelerate pollution reduction and aquatic habitat restoration efforts in the Bay. The request is \$13 million higher than the FY2010 appropriations (see **Table 9**).

The President's FY2011 budget request for EPA also includes nearly \$17.0 million in new funding to address certain environmental issues in the Mississippi River Basin. Of this amount, the request includes \$12.4 million, within the Geographic/Ecosystem Program Area presented in

⁵⁹ The Great Lakes Interagency Task Force was established by Executive Order in 2004; for information see <http://www.epa.gov/glnpo/iatf/index.html>.

⁶⁰ For information, see the Great Lakes Restoration Initiative website, <http://greatlakesrestoration.us/>.

⁶¹ *FY 2010 Annual Performance Plan and Congressional Justification: EPA's Proposed Budget*, pgs. 293- 301, at http://www.epa.gov/ocfo/budget/2010/tab_04_epm.pdf.

Table 9, to award grants to address pollution runoff from farms.⁶² Controlling such “non-point” source pollution would be intended to reduce the introduction of nutrients into the basin, which are thought to be a contributing cause of the severely oxygen-depleted “dead zone” in the Gulf of Mexico.⁶³ According to EPA, a key emphasis of this overall effort in the Mississippi River Basin would be to encourage partnerships with the U.S. Department of Agriculture and the U.S. Geological Survey to promote sustainable agricultural practices that are aimed at reducing nutrient loadings into the waters of the basin.⁶⁴

⁶² The EPA *FY2011 Annual Performance Plan Congressional Justification* identifies an additional \$600,000 for the compliance monitoring program (see p. 246), and \$3.8 million to support applicable nonpoint source recommendations of the Nutrients Innovations Task Group and Gulf of Mexico Hypoxia Action Plan (see p. 534) in the Upper Mississippi River Basin, <http://www.epa.gov/ocfo/budget>.

⁶³ See the Mississippi River Basin 2008 Action Plan, available at <http://www.epa.gov/msbasin/actionplan.htm>.

⁶⁴ EPA, *FY2011 Annual Performance Plan and Congressional Justification*, p. 303, <http://www.epa.gov/ocfo/budget>.

Appendix A. Descriptions of EPA's Eight Appropriations Accounts

Since FY1996, EPA's funding has been requested by the Administration and appropriated by Congress under eight statutory accounts. **Table A-1** describes the scope of the programs and activities funded within each of these accounts. Prior to FY1996, Congress appropriated funding for EPA under a different account structure, making it difficult to compare funding for the agency historically over time by the individual accounts.

Table A-1. EPA's Eight Appropriations Accounts

Science and Technology (S&T): The S&T account incorporates elements of the former Research and Development account that was in place until FY1996. The S&T account funds the development of the scientific knowledge and tools necessary to inform EPA's formulation of pollution control regulations, standards, and agency guidance. EPA carries out research activities not only at its own laboratories and facilities, but also through contracts, grants, and cooperative agreements with other federal agencies, state and local governments, nonprofit organizations, universities, and private businesses. Congress appropriates funds directly to the S&T account and transfers additional funds from the Hazardous Substances Superfund account to the S&T account specifically to support research related to the cleanup of hazardous substances.

Environmental Programs and Management (EPM): The EPM account funds a broad range of activities involved in EPA's development of pollution control regulations and standards, and enforcement of these requirements across multiple environmental media, such as air quality and water quality. The EPM account also funds technical assistance to pollution control agencies and organizations, and technical assistance on how regulated entities can assure compliance with environmental requirements to avoid violations. Much of EPA's administrative and operational expenses are funded within this account as well.

Office of Inspector General (OIG): As amended, the Inspector General Act of 1978 established Offices of Inspector General in numerous federal agencies, including EPA. These offices are intended to conduct independent auditing, evaluation, and investigation of an agency's programs and activities to identify potential management and administrative deficiencies, which may create conditions for instances of fraud, waste, and mismanagement of funds, and to recommend actions to correct these deficiencies. Congress appropriates funds directly to EPA's OIG account and transfers additional funds from the Hazardous Substances Superfund account to the OIG account specifically to support the office's auditing, evaluation, and investigation of the Superfund program.

Buildings and Facilities: This account funds the construction, repair, improvement, extension, alteration, and purchase of fixed equipment and facilities owned or used by EPA.

Hazardous Substance Superfund: This account is funded by discretionary appropriations from a dedicated trust fund of the same name, the Hazardous Substance Superfund Trust Fund. As amended, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA) established the Superfund program to clean up the nation's most threatening sites and created the Superfund Trust Fund to finance the program. Dedicated taxes on industry originally provided most of the revenues to the Superfund Trust Fund, but the taxing authority expired at the end of 1995. Congress now finances this trust fund mostly with revenues from the General Fund of the U.S. Treasury. EPA may use appropriations from the Superfund Trust Fund to enforce the liability of "potentially responsible parties" for the cleanup of contaminated sites, and if the parties cannot be found or cannot pay at a site, EPA may pay for the cleanup under a cost-share agreement with the state in which the site is located. Although the Superfund account also funds EPA's oversight of the cleanup of federal facilities by other agencies, these agencies fund the actual cleanup with separate funds appropriated directly to them, not with Superfund monies.

Oil Spill Response: As authorized by the Oil Pollution Act of 1990, this account funds EPA's activities to prepare for and prevent releases of oil into inland navigable waterways of the United States within the agency's jurisdiction. The U.S. Coast Guard has jurisdiction over oil spills in coastal waterways of the United States. EPA is reimbursed for its expenses to respond to oil spills at inland sites from the Oil Spill Liability Trust Fund, which is administered by the U.S. Coast Guard.

The Leaking Underground Storage Tank (LUST) Trust Fund Program: Like the Superfund account, this account is funded by discretionary appropriations from a dedicated trust fund of the same name, the LUST Trust Fund. The Superfund Amendments and Reauthorization Act of 1986 established this trust fund. The LUST Trust Fund is financed primarily by a 0.1 cent per gallon tax on motor fuels, which is set to expire after September 30, 2011. EPA may use appropriations from the LUST Trust Fund to pay for the prevention of, and response to, releases from underground storage tanks that contain petroleum. EPA and the states (through cooperative agreements) may use the funds to oversee corrective actions (i.e., cleanup) performed by the responsible parties, to conduct cleanups where a responsible party fails to do so or in case of an emergency, and to recover LUST monies spent on cleanup from the responsible parties. In addition to these activities, the Energy Policy Act of 2005 expanded the authorized uses of appropriated LUST monies to include implementation and enforcement of EPA's Underground Storage Tank leak prevention and detection program.

State and Tribal Assistance Grants (STAG): The majority of the funding within the STAG account is for capitalization grants for the Clean Water and Drinking Water State Revolving Funds (SRFs). SRF funding is used for local wastewater and drinking water infrastructure projects, such as construction of and modifications to municipal sewage treatment plants and drinking water treatment plants, to facilitate compliance with Clean Water Act and Safe Drinking Water Act requirements, respectively. The remainder of the STAG account funds other water infrastructure grants, categorical grants to states and tribes for numerous pollution control activities, grants for the cleanup of brownfields, and diesel emission reduction grants. Although the majority of funding for grants awarded by EPA is funded within the STAG account, other agency accounts also fund various types of grants, such as the S&T and EPM accounts.

Appendix B. Historical Funding Trends

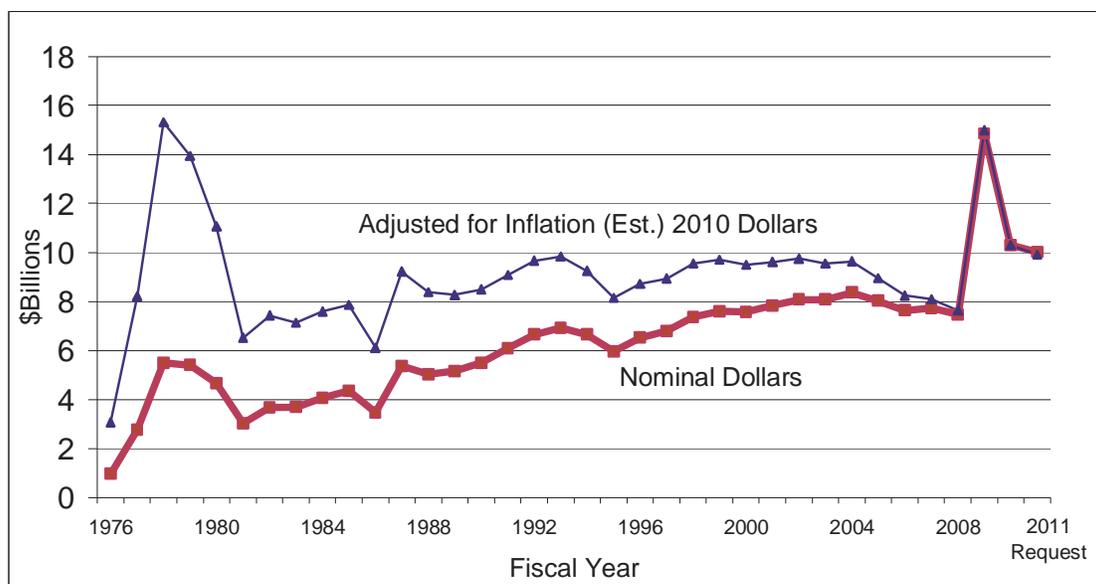
The Nixon Administration established EPA in 1970 in response to growing public concern about environmental pollution, consolidating federal pollution control responsibilities that had been divided among several federal agencies. Congress has enacted an increasing number of environmental laws, as well as major amendments to these statutes, over three decades following EPA's creation.⁶⁵ Annual appropriations provide the funds necessary for EPA to carry out its responsibilities under these laws, such as the regulation of air and water quality, use of pesticides and toxic substances, management and disposal of solid and hazardous wastes, and cleanup of environmental contamination. EPA also awards grants to assist state, tribal, and local governments in controlling pollution in order to comply with federal environmental requirements.

Figure B-1 presents a history of discretionary budget authority for EPA from FY1976 through FY2010, and the President's FY2011 budget request, as reported by the Office of Management and Budget (OMB) in the "Historical Tables" accompanying the President's *Budget of the U.S. Government, Fiscal Year 2011*. Levels of agency budget authority prior to FY1976 were not reported by OMB in the Historical Tables. In **Figure B-1**, the levels of discretionary budget authority are presented in nominal dollars as reported by OMB, and are adjusted for inflation by CRS to reflect the trend in real dollar values over time. EPA's historical funding trends generally reflects the evolution of the agency's responsibilities over time, as Congress has enacted legislation to authorize the agency's programs and activities in response to a range of environmental issues and concerns. In terms of the overall federal budget, EPA's annual appropriations have represented a relatively small portion of the total discretionary federal budget (just under 1% in recent years).

Without adjusting for inflation, EPA's funding has grown from \$1.0 billion when EPA was established in FY1970 to a peak funding level of \$14.86 billion in FY2009. This peak includes regular fiscal year appropriations of \$7.64 billion provided for FY2009 in P.L. 111-8 and the emergency supplemental appropriations of \$7.22 billion provided for FY2009 in P.L. 111-5. However, in real dollar values (adjusted for inflation), EPA's funding in FY1978 was slighter more than the level in FY2009, as presented in **Figure B-1**.

⁶⁵ For discussion of these laws, see CRS Report RL30798, *Environmental Laws: Summaries of Major Statutes Administered by the EPA*.

Figure B-1. EPA Discretionary Budget Authority FY1976-FY2010 and FY2011 President's Request: Adjusted and Not Adjusted for Inflation
(\$ in billions)



Source: Prepared by CRS with information from the Office of Management and Budget, *Budget of the United States Government Fiscal Year 2011*, Historical Table: Table 5-4. CRS converted nominal dollars to 2010 dollars using the GDP Chained Price Index from Table 10.1 *Gross Domestic Product and Deflators Used in the Historical Tables - 1940–2015*.

Notes: FY1976 was the earliest fiscal year for which historical funding information on budget authority was readily available from the Office of Management and Budget.

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