Order Code RL32441

Environmental Protection Agency: Appropriations for FY2005

Updated December 29, 2004

David Bearden and name redacted
Resources, Science, and Industry Division

Environmental Protection Agency: Appropriations for FY2005

Summary

The President signed the Consolidated Appropriations Act for FY2005 (P.L. 108-447, H.R. 4818) on December 8, 2004. The law provides funding for numerous federal agencies, including $8.09 billion for EPA, subject to an across-the-board rescission of 0.8%. The final appropriation is more than the Administration's request of $7.79 billion, but is less than the FY2004 appropriation of $8.37 billion. The adequacy of funding for scientific research, the cleanup of hazardous waste sites under the Superfund program, and water infrastructure were prominent issues in the FY2005 appropriations debate. Funding for numerous other activities also received attention, such as grants for environmental education, clean school buses, and redevelopment of brownfields, as well as funding for EPA enforcement of environmental laws. Amounts indicated below for specific activities are line-items in the act and the accompanying conference report on H.R. 4818 (H.Rept. 108-792), and do not reflect the across-the-board rescission.

The act provides $750 million (prior to transfers from the Superfund account) for EPA's scientific research activities, more than the Administration's request of $689 million but less than the FY2004 appropriation of $782 million. Some scientists had opposed a decrease in funding for scientific research, arguing that critical areas of knowledge needed for public policy decisions on controlling pollution would be compromised. The Administration had countered that its requested decrease was due to cost savings from consolidating and realigning certain research areas, and that it would maintain research in key areas needed for the development of pollution control regulations.

The act provides $1.26 billion for the cleanup of hazardous waste sites under the Superfund program (prior to transfers to the Science and Technology and Office of Inspector General accounts). The appropriation is the same as in FY2004, but is less than the Administration's request of $1.38 billion. The level of funding needed to ensure an adequate pace of cleanup, and the source of such funding, were key issues. The taxing authority for the Superfund Trust Fund expired at the end of 1995, and the balance has essentially been expended since then. The act authorizes the use of general Treasury revenues to entirely support the FY2005 funding level, if sufficient funds are not available in the trust fund.

The act provides $1.10 billion for the clean water State Revolving Fund (SRF), more than the Administration's request of $850 million, but less than the FY2004 appropriation of $1.34 billion. The law also provides $850 million for the drinking water SRF, the same as the Administration's request and nearly the same as the FY2004 appropriation of $845 million. These SRFs provide seed monies for state loans to communities for wastewater and drinking water infrastructure projects. The amounts for the SRFs have been contentious, as there is disagreement over the adequacy of funding to meet these needs. The law also provides $310 million in earmarked funding for grants to specific communities for drinking water, wastewater, and storm water infrastructure projects. As this report discusses final action on FY2005 appropriations for EPA, it will not be updated.

Contents

List of Figures

List of Tables

Environmental Protection Agency: Appropriations for FY2005

Introduction

On December 8, 2004, the President signed the Consolidated Appropriations Act for FY2005 (P.L. 108-447, H.R. 4818), which includes 9 of the 13 annual appropriations bills that fund the federal government.[1] Division I of the law includes funding for Veterans Affairs, Housing and Urban Development (VA-HUD), and Independent Agencies, the appropriations bill that funds the Environmental Protection Agency (EPA). Title III of Division I provides $8.09 billion for EPA in FY2005, subject to an across-the-board rescission of 0.8% that applies to all agencies funded by the law. Other divisions of the law impose additional rescissions on certain agencies, but these rescissions do not apply to EPA. (For further discussion, see CRS Report RS21983, *FY2005 Consolidated Appropriations Act: Reference Guide*, by (name redacted)).

The FY2005 appropriation of $8.09 billion for EPA is more than the Administration's request of $7.79 billion, but is less than the FY2004 appropriation of $8.37 billion. Both the House and the Senate Appropriations Committees reported out bills that included FY2005 funding recommendations for EPA. Although there was no further action on either bill, the two bills formed the basis for EPA's funding in the consolidated appropriations bill. As reported, H.R. 5041 (H.Rept. 108-674) would have provided $7.75 billion for EPA, less than the requested. S. 2825 as reported (S.Rept. 108-353) would have provided more than requested, $8.50 billion, and included a provision that would have required EPA to submit a more detailed budget justification for FY2006 which would identify funding for all agency activities no matter how small.[2] This provision was not included in the conference agreement on H.R. 4818. Rather, the conferees urged EPA to continue its ongoing efforts to reformat its annual budget justification, allowing the agency the discretion to determine how and to what extent it would be modified.

---

[1] The nine appropriations bills incorporated into P.L. 108-447 include Agriculture, Commerce, Energy and Water, Foreign Operations, Interior, Labor-HHS-Education, Legislative Branch, Transportation-Treasury, and VA-HUD. The four previously enacted appropriations bills include Defense (P.L. 108-287), Military Construction (P.L. 108-324), Homeland Security (P.L. 108-334), and District of Columbia (P.L. 108-335).

[2] In recent years, EPA has identified its request and prior-year funding by several line-item accounts and by key programs. However, some of the key programs reflect a combination of multiple programs and activities, for which a breakout of the request and prior-year funding for each separate program or activity is not provided. S. 2825 would have required a breakout for *all* of the individual programs and activities of the agency for FY2006.

The debate leading up to the enactment of P.L. 108-447, reflected varying levels of interest in funding for specific activities that EPA administers. Prominent issues in the appropriations debate included the adequacy of funding for: 1) scientific research upon which pollution control standards are based, 2) the cleanup of hazardous waste sites under the Superfund program, and 3) federal assistance to states for wastewater and drinking water infrastructure projects. The FY2005 appropriation for EPA includes a reduction in funding relative to FY2004 for scientific research and wastewater infrastructure projects, but provides steady funding for the Superfund program. Although the FY2005 appropriation is less overall than in FY2004, an increase in funding is provided for certain activities, such as the Clean School Bus Program and others discussed later in this report.

The following sections of this report provide background information on the history and mission of EPA, including past funding levels, explain the process through which appropriations were considered for FY2005, discuss EPA's FY2005 budget request by performance goal, examine funding enacted for EPA by appropriations account, and analyze key funding issues that received considerable attention in the congressional debate on appropriations.

Amounts in this report for FY2005 are line-items in P.L. 108-447 and in the accompanying conference report on H.R. 4818 (H.Rept. 108-792). They do not reflect the across-the-board rescission of 0.8%. Pursuant to Section 122 of P.L. 108-447, rescissions made under the 0.8% cut apply proportionately across each account, program, project, and activity that is specified in the act and conference report, and well as to items not specified in the act or report, but which are otherwise identified in the President's request. The Office of Management and Budget (OMB) will distribute the cut across agencies funded in the law.

The conference report states that EPA should comply with the language and allocations of funding in H.Rept. 108–674 and S.Rept. 108–353, "unless specifically addressed to the contrary" in the conference report.[3] It further states that House report language unchanged by the Senate or conference report, and Senate report language unchanged by the conference report, is approved. Accordingly, approved House or Senate report language relevant to specific activities discussed in this CRS report is noted in the following sections where appropriate.

History and Mission of EPA

The Nixon Administration established the Environmental Protection Agency (EPA) in 1970 to consolidate federal pollution control responsibilities that had been divided among several agencies. EPA's responsibilities have grown as Congress has enacted an increasing number of environmental laws, as well as major amendments to these statutes, over three decades. Annual appropriations provide the funds necessary for EPA to carry out its responsibilities under these laws, such as the regulation of air quality 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

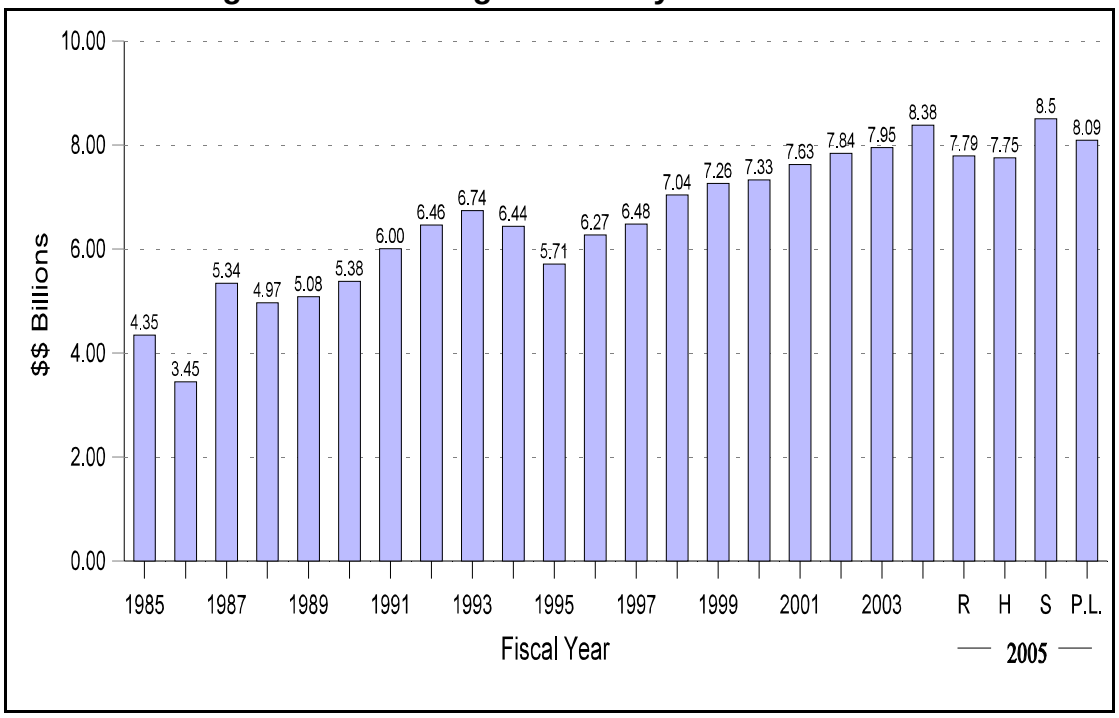
[3] H.Rept. 108-792, p. 1465.

governments in implementing and complying with environmental laws. (For further discussion, see CRS Report RL30798, *Environmental Laws: Summaries of Statutes Administered by the Environmental Protection Agency*).

EPA's funding trends over the history of the agency generally reflect the evolution of statutory responsibilities and authorities enacted by Congress in response to a wide range of environmental concerns. In terms of the overall federal budget, EPA's annual appropriation has represented a relatively small portion of total federal funding (about 0.3% in recent years). Historically, without adjusting for inflation, EPA's funding has grown from $1 billion when EPA was established in FY1970 to $8.09 billion in FY2005.

Figure 1 provides a 20-year funding history (not adjusted for inflation) for EPA from FY1985 through FY2005. It also indicates the FY2005 request and the amounts recommended by the House and Senate appropriation committees in H.R. 5041 and S. 2825, as reported.

Figure 1. EPA Budget Authority: FY1995-FY2005



Note: The bars for FY2005 represent: the Administration's request (R), funding proposed by the House Appropriations Committee in H.R. 5041 (H), by the Senate Appropriations Committee in S. 2825 (S), and the final amount in P.L. 108-447 (P.L.) which does not reflect the 0.8% across-the-board rescission.

Source: Prepared by the Congressional Research Service with data from the Office of Management and Budget, *Budget of the U.S. Government FY2005:Historical Tables*, Table 5.2, Budget Authority by Agency 1976-2009, pp. 95-96, and reports on H.R. 5041 (H.Rept. 108-674), S. 2825 (S.Rept. 108-353), and P.L. 108-447 (H.R. 4818, H.Rept. 108-792).

Federal Budget and Appropriations Process

As in past years, consideration of FY2005 appropriations for EPA and other federal agencies involved numerous steps. The President submitted his budget request to Congress in February 2004. The House and Senate then developed their respective budgets in the form of a concurrent resolution. This budget resolution outlines overall budget policies and assumptions for spending and revenue, and specifies the level of budget authority and outlays for the 20 budget functions of the federal government. EPA's activities are placed under Function 300 for Natural Resources and Environment for purposes of overall fiscal planning. Funding is allocated to the House and Senate Appropriations Committees based on the functional amounts in the budget resolution. These committees then allocate this funding to the subcommittees that mark up the 13 appropriations bills that fund the federal government.

The House passed the conference agreement on the FY2005 budget resolution (S.Con.Res. 95, H.Rept. 108-498) on May 19, 2004. The Senate had agreed to its version of the resolution on March 12, 2004, but did not vote on the conference agreement. In the absence of final action on the budget resolution, the House and Senate separately adopted a "deeming resolution" for budget enforcement purposes. Consideration of appropriations for FY2005 proceeded under these measures, guiding the allocation of funding to individual federal agencies. Congress determined the level of funding for EPA out of the suballocation for VA-HUD and Independent Agencies, for which the final amount was provided in Division I of P.L. 108-447, as discussed above. (For further discussion of how consideration of appropriations for FY2005 proceeded, see CRS Report RL32246, *Congressional Budget Actions in 2004*, by Bill Heniff.)

EPA's Budget Request for FY2005 by Performance Goal

Annual appropriations for EPA are requested, considered, and enacted according to several line-item accounts, as discussed in the following section. However, EPA justifies its budget request for these accounts by performance goals, in accordance with the Government Performance and Results Act of 1993 (GPRA, P.L. 103-62). The FY2005 budget request and supporting documents were the seventh presented under GPRA, which directs that a performance plan accompany the budget.[4] EPA significantly revised the planning, budgeting, and performance structure of its FY2005 budget request to match its new Strategic Plan,[5] reducing the number of performance goals from 10 to 5. EPA uses these goals to plan, budget, and execute resources, and to review the relationship of resources to performance. **Table 1** compares the new goals for FY2005 with the goals used in congressional budget justifications for FY2004 and recent years.

---

[4] Supporting documents for EPA's FY2005 budget and previous fiscal years' budgets, including *Budget Summaries of the EPA Budget*, *Annual Performance Plans*, and *Congressional (Budget) Justifications*, are available on the agency's Office of Chief Financial Officer website at [http://www.epa.gov/ocfo/budget/budget/htm].

[5] EPA, *2003-2008 EPA Strategic Plan — Direction for the Future*, September 30, 2003, available at the agency's website at [http://www.epa.gov/ocfo/plan/plan.htm].

Table 1. EPA Budget Goals for FY2004 Compared to FY2005

FY2004 Budget Goals	
Goal 1:	Clean Air
Goal 2:	Clean and Safe Water
Goal 3:	Safe Food
Goal 4:	Preventing Pollution and Reducing Risk in Communities, Homes, Workplaces and Ecosystems
Goal 5:	Better Waste Management, Restoration of Contaminated Waste Sites, and Emergency Response
Goal 6:	Reduction of Global and Cross-border Environmental Risks
Goal 7:	Quality Environmental Information
Goal 8:	Sound Science, Improved Understanding of Environmental Risk, and Greater Innovation to Address Environmental Problems
Goal 9:	A Credible Deterrent to Pollution and Greater Compliance with Law (Enforcement)
Goal 10:	Effective Management

FY2005 Budget Goals	
Goal 1:	Clean Air and Global Climate Change
Goal 2:	Clean and Safe Water
Goal 3:	Land Preservation and Restoration
Goal 4:	Healthy Communities and Ecosystems
Goal 5:	Compliance and Environmental Stewardship

Source: Prepared by the Congressional Research Service based on information from EPA's FY2005 Congressional Budget Justification.

EPA's Appropriation for FY2005 by Account

Currently, eight line-item appropriations accounts fund EPA's efforts to achieve its performance goals. Congress established these accounts in the FY1996 appropriations process to reflect recommendations made by the National Academy of Public Administration (NAPA) to change EPA's management and structure to focus federal spending on activities "of greater environmental benefit."[6] Appropriations for the programs that EPA administers are distributed among eight line-item accounts identified in **Table 2**. A discussion of the activities funded under each account and key funding issues that received particular attention in the appropriations debate follows.

---

[6] National Academy of Public Administration report to the Senate VA-HUD and Independent Agencies Appropriations Subcommittee, *Setting Priorities, Getting Results: A New Direction for EPA*, released April 1995. See also testimony at a hearing before the committee on May 17, 1995. S.Hrg. 104-258, Part 2.

Table 2. EPA Appropriations Accounts: FY2004 Enacted, FY2005 Request, and Action on FY2005 Appropriations

(in millions of dollars)

Appropriations Account [a]	FY2004 Enacted	FY2005 Request	H.R. 5041, as reported	S. 2825, as reported	P.L. 108-447 (H.R. 4818)
Science and Technology	$781.7	$689.2	$729.0	$758.2	$750.1
+ transfer from Superfund account	$44.4	$36.1	$36.1	$36.1	$36.1
Science and Technology Total	$826.1	$725.3	$765.1	$794.3	$786.2
Environmental Programs and Management	$2,280.1	$2,317.0	$2,241.5	$2,310.3	$2,313.4
Office of Inspector General	$37.3	$38.0	$37.0	$38.0	$38.0
+ transfer from Superfund account	$13.2	$13.2	$13.0	$13.1	$13.0
Office of Inspector General Total	$50.5	$51.2	$50.0	$51.1	$51.0
Buildings and Facilities	$39.8	$42.9	$39.0	$40.0	$39.0
Hazardous Substance Superfund	$1,257.5	$1,381.4	$1,257.5	$1,381.4	$1,257.5
— transfer to Office of Inspector General	$13.2	$13.2	$13.0	$13.1	$13.0
— transfer to Science and Technology	$44.4	$36.1	$36.1	$36.1	$36.1
Hazardous Substance Superfund (Net)	$1,199.9	$1,332.1	$1,208.4	$1,332.2	$1,208.4
Leaking Underground Storage Tank Program	$75.6	$72.5	$74.0	$70.0	$70.0
Oil Spill Response	$16.1	$16.4	$16.0	$16.0	$16.0
Pesticide Registration Fund [b]	n/a	$19.4	$19.4	$19.4	$19.4
Pesticide Registration Fees (offset)	n/a	($19.4)	($19.4)	($19.4)	($19.4)
State and Tribal Assistance Grants	$3,877.8	$3,231.8	$3,359.0	$3,886.6	$3,604.2
Total EPA Accounts	**$8,366.0**	**[c]$7,789.2**	**$7,753.1**	**$8,500.4**	**$8,088.2**

Source: Prepared by the Congressional Research Service.

[a] Enacted amounts for FY2004 and requested for FY2005 are from the House Appropriations Committee report on H.R. 5041 (H.Rept. 108-674). Amounts requested for FY2005 differ somewhat from those in EPA's budget justification documents due to different accounting adjustments made by the committee. Enacted amounts for FY2004 reflect an across-the-board rescission of 0.59% required by the Consolidated Appropriations Act for FY2004 (P.L. 108-199). Amounts indicated for P.L. 108-447 are line-items specified in the law, which do not reflect the 0.8% across-the-board rescission. Totals in the table may not add due to rounding.

[b] The FY2005 request reflects EPA's estimate of anticipated collection of pesticide registration service fees under a Pesticide Registration Fund, as authorized in FY2004 appropriations (P.L. 108-199, Title IV of Division G). This Fund functions as an offset, as it is a revenue fund rather than an appropriations account. The committee budget tables did not make a reference to other EPA estimates for existing or proposed FY2005 "user-fee" revenues, including expected $27 million in revenues from related "pesticide maintenance fees" also authorized in FY2004 appropriations.

[c] In EPA's FY2005 budget justification, the Administration included a $30 million offset based on anticipated revenues from two "user-fee" proposals, resulting in the total of $7.76 billion reflected in the FY2005 request. The two fee proposals include $4 million from an increase to existing fee levels for Premanufacture Notices (PMNs) under the Toxic Substances Control Act, and $26 million from pesticide fee requirements promulgated in 1988 but suspended by Congress since 1988. These fees would be deposited into a special fund in the U.S. Treasury, available to EPA but subject to appropriation. The Administration's total for EPA does not appear to reflect an offset for other proposed, or existing, user-fee revenue estimates. (See EPA's website: at [http://www.epa.gov/ocfo/budget/budget]).

Science and Technology. Prior to the 0.8% across-the-board rescission, P.L. 108-447 provides $750 million for the Science and Technology (S&T) account in FY2005. Congress appropriated $782 million for FY2004, and the Administration had requested $689 million for FY2005. As discussed later, P.L. 108-447 also includes a transfer of $36 million from the Hazardous Substance Superfund account to the S&T account for research and development related to environmental cleanup. Similar transfers have been made in prior year appropriations. After this transfer of funds, $786 million is available for the S&T account in FY2005. However, P.L. 108-447 also transfers $1 million of this amount to the "Office of Environmental Quality Management fund." The conference report indicates that the transferred funds are for an "environmental study" by the Council on Environmental Quality, but does not specify what this study would entail.

Table 3. Science and Technology Account: FY2004 Enacted, FY2005 Request and Action on Appropriations

(millions of dollars)

FY2004 Enacted	FY2005 Request	H.R. 5041, as reported	S. 2825, as reported	P.L. 108-447 (H.R. 4818)
$826.1	$725.3	$765.1	$794.3	$786.2

Note: Amounts for each fiscal year include transfers from the Hazardous Substance Superfund account. The amount in P.L. 108-447 does not reflect the 0.8% across-the-board rescission.

Incorporating elements of the former research and development account in place until FY1996, the S&T account provides funding for developing the scientific knowledge and tools necessary to support decisions on preventing, regulating, and abating environmental pollution. It also supports efforts to advance the base of understanding for environmental sciences. These activities are conducted through contracts, grants, and cooperative agreements with universities, industries, other private commercial firms, nonprofit organizations, state and local government, and federal agencies, as well as through work performed at EPA's laboratories and various field stations and offices.

The congressional debate over the adequacy of funding for EPA's scientific research activities has centered around the question of whether these activities are based on "sound science" and how scientific research is applied in developing federal government policy. Much attention has surrounded a report raising concerns regarding the lack of support for, and misuse of, scientific data in formulating policies across the federal government. The report was originally released in March 2004 by the Union of Concerned Scientists (UCS). At the time the report was released, it was accompanied by a statement signed by prominent members of the scientific community, including Nobel laureates. The report has been updated, and according to the UCS, the list of signatories has grown to more than 6,000.[7]

---

[7] The Union of Concerned Scientists (UCS) describes itself as an "independent nonprofit alliance of more than 100,000 concerned citizens and scientists." The report, entitled *Scientific Integrity in Policymaking*, the statement, and the list of signatories can be found on the UCS website at [http://www.ucsusa.org/global_environment/rsi/index.cfm]; visited

(continued...)

The White House Office of Science and Technology Policy (OSTP) has responded to the UCS report, refuting the UCS's claims and confirming the Administration's commitment to scientific research.[8] In addition, in July 2004, the National Science and Technology Council (NSTC), a cabinet-level council that coordinates science and technology policies across the federal government, released the report *Science for the 21st Century*. A press release from the OSTP states that the report, produced under the direction of the NSTC's Committee on Science, provides a "Federal agency perspective on the science policies and accomplishments of the Administration and illustrates how today's science sets the stage for benefits to the economy and national quality of life."[9]

The Administration's requested decrease for EPA's scientific research activities sparked debate in light of the UCS's claims about the quality and use of scientific data. Although the Administration proposed an overall $101 million decrease in funding (including transfers), it asserted that key research areas would continue to be supported and that its proposed decrease, therefore, would not diminish the quality of science upon which policy decisions are based. In some cases, reductions were characterized as efficiencies gained as a result of combining individual research projects into broader funding categories. EPA's FY2005 budget justification asserted that the requested funding for agency activities would continue to place a high priority on researching the effects of pollution on human health.

Numerous scientific organizations, such as the American Association for the Advancement of Science, opposed the Administration's request to reduce funding for scientific research at EPA (and other federal agencies), arguing that critical areas of knowledge needed for public policy decisions would be compromised. Such critics argued that reducing funding for EPA's scientific research activities could result in a poorer understanding of the effects of potentially hazardous substances and other sources of pollution on human health, and make it more difficult to assess the level of protection provided by existing regulatory standards or intended for future ones.

In response to concerns about the adequacy of the Administration's request, both the House and Senate Appropriations Committees recommended more funding for the S&T account in reporting H.R. 5041 and S. 2825, respectively. The conferees on H.R. 4818 provided a final funding level in between the amounts recommended in the two reports. However, with certain exceptions, the increase above the FY2005 request for the S&T account is allocated in the form of earmarks for 78 special projects, rather than for ongoing programs or activities that EPA administers. The conference report earmarks more than $60 million of the appropriation for the S&T account for grants to specific universities and organizations to perform scientific research. These grants are awarded noncompetitively, and in some cases may require

---

[7] (...continued)
December 21, 2004.

[8] Statement of John H. Marburger III, Director of the White House Office of Science and Technology Policy (OSTP), issued April 2, 2004, in response to the Union of Concerned Scientists (UCS) report, at [http://www.ostp.gov/html/ucs.html].

[9] The report, *Science for the 21st Century*, July 20, 2004, can be found on the White House Office of Science and Policy website at [http://www.ostp.gov/nstc/21stCentury].

matching funds. As in past years, the Administration did not request earmarked funding for specific projects, but instead proposed funding for ongoing research programs that award grants on a competitive basis.

Although more funding is provided than requested when earmarked projects are taken into account, funding for many S&T program activities is reduced. The conference report specifies reductions below the FY2005 requested levels for 10 of 18 programs. For these 10 programs combined, the conferees provided $271 million in funding, while the Administration had requested $288 million.[10]

The following sections discuss funding levels for specific scientific research activities administered by EPA that received considerable attention in the FY2005 appropriations debate. The amounts indicated for these activities for FY2005 are line-items specified in P.L. 108-447 and in the conference report on H.R. 4818 (H.Rept. 108-792), which do not reflect the 0.8% across-the-board rescission.

Science to Achieve Results (STAR) Program. EPA awards grants under its STAR program for two purposes: scientific research and fellowships for university students. The conference report did not specify a funding level for STAR research grants. However, it did include language directing EPA to fund STAR fellowships (and other fellowships awarded by the agency) at as close as possible to the FY2004 funding level, which was $9.7 million. The Administration had requested $6.2 million. Funding for STAR fellowships also had been a point of contention in the FY2003 debate. The Administration did not request any funding that year, but Congress restored it to $9.7 million, the same as appropriated again for FY2004.

Although the conference report did not specify funding for STAR research projects, the House Appropriations Committee specified a $16.2 million increase above the FY2005 request for the research *and* fellowships components of the STAR program in its report on H.R. 5041. The report indicated that the increase would fully restore these activities to FY2004 levels. In proposing an increase for the STAR program, the House Appropriations Committee did not specify the breakdown of funding for each activity. Therefore, it is unclear how the increase above the request would be allocated among individual activities within the program. The Senate Appropriations Committee did not specifically discuss the STAR program.

The FY2005 budget request had included $35 million in reductions and transfers within the S&T account for STAR research projects. The proposed reductions included the elimination of funding for grants in four research areas: ecosystems research grants (approximately 50 grants); research on endocrine disrupting chemicals (EDCs); grants for researching the health effects of exposure to mercury; and pollution prevention research supported through the STAR program. Congress did not specify funding amounts for these or other STAR research grants.

---

[10] H.Rept. 108-792, p. 1551. The table at this page in the conference report provides a comparison to amounts proposed in H.R. 5041 and S. 2825. The table also indicates the funding levels for 8 other program activities that are the same as, or an increase above, the request (including funding for arsenic removal research discussed below).

Air Quality Research. EPA's implementation of and proposed changes to several Clean Air Act provisions, as well as efforts to address climate change, have elevated interest in the level of funding for research on air quality standards and the effectiveness of pollution controls.[11] Prominent air quality issues include the adequacy of new ambient air quality standards for ozone and particulate matter, whether a mercury standard is needed, and proposed regulations and legislation regarding the control of emissions from power plants, vehicles, and other sources.

The conference report modifies the Administration's request for several of EPA's air quality and climate change research activities. The changes parallel those proposed in the reports on H.R. 5041 and S. 2825. **Table 4** indicates the funding level for each of the air program activities specified in the conference report.

Table 4. Funding for Selected EPA Air Quality Activities: FY2004 Enacted, FY2005 Request and Action on Appropriations
(millions of dollars)

Program Activity	FY2004 Enacted	FY2005 Request	H.R. 5041, as reported	S. 2825, as reported	P.L. 108-447 (H.R. 4818)
Federal Vehicle and Fuels Standards and Certification	$57.9	$64.5	$58.0	$63.0	$58.0
Research: Air Toxics	$16.9	$17.6	$17.6	$17.0	$17.0
Research: Global Change	N/A	$20.7	$20.7	$20.0	$20.0
Research: Particulate Matter	$58.6	$63.7	$59.0	$62.0	$61.0
Research: Troposphere Ozone	N/A	$4.9	$4.9	$4.0	$4.0
Clean Air Allowance Trading	$4.6	$9.4	$4.8	$9.0	$9.0
Total	**$138.0**	**$180.8**	**$165.0**	**$175.0**	**$169.0**

Note: The amounts in P.L. 108-447 do not reflect the 0.8% across-the-board rescission.

Source: Prepared by the Congressional Research Service with data from EPA's FY2005 Annual Performance Plan and Congressional Budget Justification, H.R. 5041 (H.Rept. 108-674), S. 2825 (S.Rept. 108-353), and P.L. 108-447 (H.R. 4818, H.Rept. 108-792).

Research on Removing Arsenic from Drinking Water. Congress remains concerned that compliance with the new arsenic standard will impose a substantial financial hardship on many rural communities. In an effort to reduce compliance costs, the conferees included $8.3 million for "Arsenic Removal Research." The Senate Appropriations Committee had included $10 million above the FY2005 request for this activity. The House Appropriations Committee report did not specify funding. Although $46 million is specified within EPA's FY2005

[11] For a discussion of air quality issues, see CRS Issue Brief IB10107, *Clean Air Act Issues in the 108th Congress*, by James McCarthy; and CRS Report RL37719, *Air Quality: Multi-Pollutant Legislation in the 108th Congress*, by (name redacted) and (name redacted).

budget justification for drinking water research, the agency did not identify how much was requested for arsenic removal research.

Other Items of Congressional Interest. Similar to the reports on H.R. 5041 and S. 2825, the conference report noted several other research activities within its allocation of funding to the S&T account. The conference report provides $10 million for endocrine disruptor research, as recommended by the Senate Appropriations Committee. The House Appropriations Committee recommended $10.9 million for this research activity, the same as the FY2004 appropriation. The Administration had requested $8 million for FY2005.

The conference report did not provide funding for the continuation of researching methods to decontaminate buildings exposed to biological and chemical agents. The FY2005 request did not include any funding for this activity. This research was originally scheduled to be complete in FY2004. The House Appropriations Committee recommended $4 million for completing this research. Congress appropriated $8 million for this activity for FY2004 within the Hazardous Substance Superfund account, rather than in S&T. Congress made no reference to this activity in the Superfund account for FY2005.

Environmental Programs and Management. Prior to the 0.8% across-the-board rescission, P.L. 108-447 provides $2.31 billion for the Environmental Programs and Management (EPM) account. Congress appropriated $2.28 billion for FY2004, and the Administration had requested $2.32 billion for FY2005.

Table 5. Environmental Programs and Management Account: FY2004 Enacted, FY2005 Request and Action on Appropriations

(millions of dollars)

FY2004 Enacted	FY2005 Request	H.R. 5041, as reported	S. 2825, as reported	P.L. 108-447 (H.R. 4818)
$2,280.1	$2,317.0	$2,241.5	$2,310.3	$2,313.4

Note: The amount in P.L. 108-447 does not reflect the 0.8% across-the-board rescission.

The EPM account — representing roughly one-third of EPA's budget in recent years — reflects the heart of the agency's regulatory, standard-setting, and enforcement efforts for various media programs such as water quality, air quality, and hazardous waste management. This account funds the development of environmental standards, monitoring and surveillance of pollution conditions, federal pollution control planning, technical assistance to pollution control agencies and organizations, preparation of environmental impact statements, and compliance assurance and assistance. Many complex or contentious regulatory/standard-setting issues can be associated with this account. (CRS Issue Brief IB10115, *Environmental Protection Issues in the 108th Congress*, coordinated by Susan Fletcher and Margaret Isler, discusses many of them.)

The conference report includes a table specifying funding levels for specific EPM program activities that were identified in the FY2005 request, and compares the funding with amounts proposed for these activities in the reports on H.R. 5041 and

S. 2825.[12] The conference report includes reductions below the FY2005 request for 45 of the 59 activities identified in the table. The total funding level for these 45 activities is $1.51 billion. The Administration had requested $1.74 billion for these activities for FY2005.

For the remaining program activities identified in the table, the conference report specifies funding levels that are the same as, or increases above, the FY2005 request. The discussion in the conference report following the table includes additional increases for program activities above the FY2005 request, as well as funding earmarked for geographic-specific projects that the Administration did not request.

Funding for selected activities within the EPM account that received considerable attention in the FY2005 appropriations debate are discussed below. The amounts indicated for these activities for FY2005 are line-items specified in P.L. 108-447 and in the conference report on H.R. 4818 (H.Rept. 108-792), which do not reflect the 0.8% across-the-board rescission.

Brownfields Administration. The conference report provides $25 million for administrative expenses of the Brownfields program in FY2005, the same as the FY2004 appropriation. The Administration had requested $28 million for FY2005. This program provides assistance to states and tribes for the cleanup and redevelopment of abandoned, idled, or underutilized commercial and industrial sites where hazardous contamination may be present. There has been strong interest among communities in the adequacy of federal funding for these efforts. The EPM account only funds the administrative expenses of the Brownfields program. Grants for cleanup and property redevelopment are funded out of the STAG account, discussed later in this report.

Environmental Education. The conference report provides $9 million for EPA's Environmental Education Program in FY2005, nearly the same as the FY2004 appropriation. As for FY2003 and FY2004, the Administration did not request any funding for this program for FY2005. The Administration used the Office of Management and Budget's measurement of the program's effectiveness to justify its proposal to eliminate funding, asserting that the program has not demonstrated results. Advocates of the program countered that it has had a positive impact on a national level, awarding grants to elementary and secondary schools in each of the 50 states for training teachers, purchasing textbooks, developing curricula, and supporting other educational activities. In response to widespread state and local support for these grants, Congress reinstated the funding for this program for FY2003 and FY2004, and has again provided funding for FY2005. (For further discussion, see CRS Report 97-97, *National Environmental Education Act of 1990: Background, Implementation, and Reauthorization Issues*, by David Bearden.)

Enforcement of Environmental Laws. There has been ongoing congressional interest in the effectiveness of EPA's efforts to enforce federal pollution control laws to protect human health and the environment. EPA's

---

[12] H.Rept. 108-792, p. 1556.

enforcement activities are funded out of several accounts and multiple program areas. The majority of the agency's budget for civil and criminal enforcement, and compliance assistance, is provided within the EPM account.

The conference report provides $39 million within the EPM account for criminal enforcement. The Administration had requested $31 million for FY2005, the same as the FY2004 appropriation. The Senate Appropriations Committee recommended $54 million for criminal enforcement in its report on S. 2825. The House Appropriations Committee did not specify a dollar amount in its report on H.R. 5041. The conference report also includes language similar to the Senate Appropriations Committee expressing concern that "EPA does not devote adequate resources to the [criminal enforcement] program, which has led to staffing declines and case backlogs."[13] Consequently, the conference report directs EPA to submit a plan by March 15, 2005 to reduce case backlogs and ensure adequate resource and staffing levels. Although a dollar amount for civil enforcement is not specified, the conference report notes that sufficient funds are included to maintain the level of staffing of other enforcement activities throughout the agency at not less than the FY2004 funding level.

The conference report also provides $28 million within the EPM account for Compliance Assistance and Centers, and $3 million for enforcement training, both of which are the same as the FY2005 request. The Senate Appropriations Committee recommended $37 million for Compliance Assistance and Centers and $6 million for enforcement training. The House Appropriations Committee did not specify a dollar amount for these activities.

The conference report did not specify funding for "enforcement targeting." Such targeting is aimed at expanding EPA's ability to track environmental violations and focus its enforcement efforts on the greatest problems with compliance. The Senate Appropriations Committee had recommended $5 million for this activity.

Pesticide Registration Fees. Funding for registering new and existing pesticides is provided within the EPM account. EPA's authority to collect registration fees has been a topic of debate in recent appropriations. The conference report indicates that funding for activities and programs of the Office of Pesticide Programs is provided at the same level as appropriated for FY2004. This funding supports EPA's collection of fees for registering and re-registering pesticides, as authorized in the final consolidated appropriations bill for FY2004.

In the Consolidated Appropriations Act for FY2004 (P.L. 108-199), Congress reauthorized the collection of "maintenance fees" (primarily for re-registration), and authorized new annual "registration service" fees intended to cover a portion of the cost of activities associated with the registration of new pesticides, and for expediting the overall registration process under the Food Quality Protection Act (FQPA; P.L.

---

[13] H.Rept. 108-792, p. 1563.

107-170).[14] In P.L. 108-199, Congress also rescinded EPA's authority to collect additional registration fees.[15]

The conferees rejected the President's proposal to reinstate pesticide fees prohibited in the above provisions, and expressed its concern that "EPA is needlessly spending time proposing fees and promulgating rules when other more productive pesticide work could be completed."[16]

EPA and the Department of Homeland Security. Although the conference report did not specify funding for homeland security activities within the EPM account, it did provide direction to EPA regarding the coordination of its activities with the Department of Homeland Security (DHS). The conference report stated that "the Conferees consider that a strong relationship between EPA and [DHS] is critical if the Nation is going to have a comprehensive and effective plan for protecting our homeland."[17] Concerned that EPA's responsibilities with respect to homeland security are not well articulated in current Memoranda of Understanding (MOUs), the conferees directed EPA to enter into a comprehensive MOU with DHS no later than August 1, 2005, which defines their relationship and responsibilities.

Other Items of Congressional Interest. Funding levels identified in the conference report for numerous other activities within the EPM account differ significantly from the Administration's request. For example, funding was increased relative to the request for the following water quality programs and activities:

- $25 million for the National Estuary Program, the same as the House Appropriations Committee recommended, and close to the FY2004 appropriation. The Senate Appropriations Committee recommended $20 million, and the Administration had requested $19 million.

- $22.5 million for the cleanup of contaminated sediments in the Great Lakes. The Senate Appropriations Committee recommended $25 million. The House Appropriations Committee recommended $10 million, the same as the FY2004 appropriation. The Administration had requested $45 million, close to the full authorization of $50 million included in the Great Lakes Legacy Act of 2002.[18]

---

[14] P.L. 108-199, Title IV of Division G. Maintenance fees were initially authorized in the 1988 amendments to the Federal Insecticide, Rodenticide and Fungicide Act (FIFRA; P.L. 100-532). For further discussion, see CRS Report RL32218, *Pesticide Registration and Tolerance Fees: Overview*, by (name redacted).

[15] In P.L. 108-199, Congress also suspended authority for the collection of fees for establishing tolerances (maximum allowable limits of pesticides in food; "tolerance fees"), and continued the prohibition of collecting registration fees using other pre-existing authority (40 C.F.R. 152(u) and 172).

[16] H.Rept. 108-792, Administrative Provisions, p. 1597.

[17] H.Rept. 108-792, p. 1563.

[18] P.L. 107-303, Title I.

- $2.3 million for the Long Island Sound program, the same as the House and Senate Appropriations Committees recommended, and nearly the same as the FY2004 appropriation. Similar to recent years, the Administration had requested almost $500,000.

Office of Inspector General. Prior to the 0.8% across-the-board rescission, P.L. 108-447 provides $38 million for EPA's Office of Inspector General, the same as the FY2005 request. Congress appropriated $37 million for FY2004. In addition to the direct funding of this account, P.L. 108-447 includes a transfer of $13 million from the Hazardous Substance Superfund account for audit of cleanup activities. After this transfer of funds, the total appropriation for the Office of Inspector General account for FY2005 is $51 million.

The Office of Inspector General performs EPA audit and investigative functions to identify and recommend corrective actions of management, program, and administrative deficiencies, which may create conditions for instances of fraud, waste, and mismanagement of funds. As Congress specified for the FY2004 appropriation, $750,000 of the total funding for the office is to be used to carry out the Inspector General's duties for the Chemical Safety and Hazard Investigation Board. The Administration did not request funding for this purpose for FY2004 or FY2005.

Table 6. Office of Inspector General Account: FY2004 Enacted, FY2005 Request and Action on Appropriations

(millions of dollars)

FY2004 Enacted	FY2005 Request	H.R. 5041, as reported	S. 2825, as reported	P.L. 108-447 (H.R. 4818)
$50.5	$51.2	$50.0	$51.1	$51.0

Note: Amounts include transfers from the Hazardous Substance Superfund account. The amount in P.L. 108-447 does not reflect the 0.8% across-the-board rescission.

Buildings and Facilities. Prior to the 0.8% across-the-board rescission, P.L.108-447 provides $39 million for the Buildings and Facilities account. Congress appropriated nearly $40 million for FY2004, and the Administration had requested $43 million for FY2005. This account funds repairs, improvements, extensions, or alterations of buildings, facilities, or fixed equipment. It also funds new construction projects for EPA laboratories and other facilities.

Table 7. Buildings and Facilities Account: FY2004 Enacted, FY2005 Request and Action on Appropriations

(millions of dollars)

FY2004 Enacted	FY2005 Request	H.R. 5041, as reported	S. 2825, as reported	P.L. 108-447 (H.R. 4818)
$39.8	$42.9	$39.0	$40.0	$39.0

Note: The amount in P.L. 108-447 does not reflect the 0.8% across-the-board rescission.

Hazardous Substance Superfund. Prior to the 0.8% across-the-board rescission and transfers to other accounts, P.L. 108-447 provides $1.26 billion for the Superfund account, the same as the FY2004 appropriation. The Administration had requested $1.38 billion. Of the FY2005 appropriation, $36 million is transferred to the Science and Technology account for research and development, and $13 million is transferred to the Office of Inspector General for audit of program activities. Similar transfers have been made in prior year appropriations. After these transfers of funds, a net appropriation of $1.21 billion is available for the Superfund program in FY2005. Of this amount, the conference report on H.R. 4818 allocates:

- $879 million for hazardous waste response and cleanup activities;
- $147 million for enforcement,
- $145 million for management and support; and
- $38 million for reimbursement for related activities performed by other federal agencies.

Table 8. Hazardous Substance Superfund Account: FY2004 Enacted, FY2005 Request and Action on Appropriations

(millions of dollars)

FY2004 Enacted	FY2005 Request	H.R. 5041, as reported	S. 2825, as reported	P.L. 108-447 (H.R. 4818)
$1,199.9	$1,332.1	$1,208.4	$1,332.2	$1,208.4

Note: Amounts indicate net Superfund funding levels, after the transfer of funds to the accounts for Science and Technology and the Office of the Inspector General. The amount in P.L. 108-447 does not reflect the 0.8% across-the-board rescission.

The Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA, 42 U.S.C. 9601 et seq.) created the Superfund program to clean up the nation's worst hazardous waste sites, and mandated the National Priorities List (NPL) to identify sites that present the greatest risk to the public and the environment. The Superfund account in EPA's budget funds the agency's efforts to remove contamination that presents an immediate threat to human health and the environment, and to remediate contamination for which there is a potential pathway of exposure. This account also funds EPA's efforts to enforce CERCLA and to require potentially responsible parties (PRPs), including federal facilities, to remediate contamination. The Superfund account pays for the cleanup when there is no financially viable party at the private sector sites. The costs of remediation at federal facilities are paid by the federal agency that caused the contamination, rather than out of the Superfund account.

Among the major concerns associated with the Superfund account is whether the funding level is adequate to clean up contamination at a pace that sufficiently protects human health and the environment. The most recent estimate of funding needs for the Superfund program was released in 2001 in a study by Resources for the Future (RFF), a private organization. Congress had directed EPA to fund this study, titled *Superfund's Future: What Will It Cost?* RFF estimated that a total of $14 billion to $16 billion in funding would be necessary from FY2000 through FY2009 to meet cleanup needs. At a minimum, RFF projected that annual

expenditures of $1.5 billion would be necessary through FY2006 to maintain an adequate pace of cleanup. Annual appropriations in recent years have been around $1.25 billion (prior to transfers). (For further discussion of the Superfund program, see CRS Issue Brief IB10114, *Brownfields and Superfund Issues in the 108th Congress*, by (name redacted).)

Some Members of Congress have maintained that steady funding for the Superfund program is sufficient to meet cleanup needs. Other Members, states, environmental organizations, and communities have argued that steady funding is not enough, and that the Administration's requested increase for FY2005 was not sufficient to adequately protect human health and the environment. They advocated higher funding, noting that the total of 40 construction completions that the Administration proposed for FY2005 was lower than the annual average of about 67 over the previous five years. As indicated above,P.L. 108-447 maintains funding in FY2005 at the same level as enacted for FY2004, prior to the 0.8% across-the-board rescission.

In addition to the adequacy of funding for cleanup, the source of such funds has been an ongoing issue. Three dedicated taxes (on petroleum, chemical feedstocks, and corporate income) historically provided the majority of funding for the Superfund program. However, the taxes expired at the end of 1995, and the remaining revenues were essentially obligated for cleanup by the end of FY2003. Consequently, Congress funded the program entirely with general Treasury revenues for the first time in FY2004.

Some Members advocate reinstating the Superfund taxes, and argue that the use of general Treasury revenues undermines the "polluter pays" principle, spreading cleanup costs across the economy. Other Members and the Administration counter that financially viable parties still pay for the cleanup at sites where they can be identified as responsible parties, and that polluters are therefore not escaping their responsibility. In recent years, EPA has stated that approximately 70% of sites on the National Priorities List are cleaned up by responsible parties. Although taxing authority for the Superfund Trust Fund has expired, cost recoveries from responsible parties continue to contribute some revenue to the fund. (For further discussion of the trust fund, see CRS Report RL31410, *Superfund Taxes or General Revenues: Future Funding Options for the Superfund Program*, by James McCarthy.)

Superfund taxes received some attention in the Senate debate of the FY2005 budget resolution (S.Con.Res. 95). A floor amendment proposed to reinstate the Superfund taxes, but it was not agreed to. P.L. 108-447 authorizes the use of general Treasury revenues to support the Superfund program entirely in FY2005, if sufficient funds are not available in the Trust Fund.

In addition, the conferees noted their concern regarding "the effective implementation of the Superfund program."[19] They noted that "there is little coordination of best practices at Superfund sites" and urged EPA to "develop a best practices approach which will ensure that there will be better coordination in

---

[19] H.Rept. 108-792, p. 1565.

managing sites and that those Superfund procedures that work best for the least cost will be implemented."[20] The Senate Appropriations Committee also expressed concern regarding EPA's implementation of the Superfund program in S.Rept. 108-353. The committee asserted that EPA "has not done enough to ensure that funds are used efficiently with regard to its Superfund response and cleanup activities," and urged EPA "to implement consistent standards and requirements at all Superfund sites."[21]

The conferees on H.R. 4818 also commented on the remediation of naturally occurring asbestos by EPA. There has been some interest in using Superfund monies to clean up naturally occurring asbestos released from disturbance of the soil as a result of human activities, such as construction and mining. Questions have been raised regarding the extent of the health risk posed by such releases, and the expenditure of Superfund monies to address risks that appear uncertain. In their report, the conferees directed EPA to develop a standardized and reliable method of testing the level of naturally occurring asbestos and to develop a method of assessing the human health risks using the agency's existing "Airborne Asbestos Health Assessment Update." The House Appropriations Committee included similar language in its report on H.R. 5041 and noted that EPA "may be premature in seeking remediation" of naturally occurring asbestos, directing EPA to further examine the risk of this substance.[22]

The House Appropriations Committee also included language in its report on H.R. 5041 that directed EPA to continue funding a pilot program that recruits individuals who live near hazardous waste sites for training to work in the environmental field. The committee also encouraged EPA to review certain innovative technologies for the cleanup of pesticides and polychlorinated biphenyls (PCBs) for application in the field.

Leaking Underground Storage Tank Program. Prior to the 0.8% across-the-board rescission, P.L. 108-447 provides $70 million for the Leaking Underground Storage Tank (LUST) Program account. Congress appropriated nearly $76 million for FY2004, and the Administration had requested almost $73 million for FY2005. The Superfund Amendments and Reauthorization Act of 1986 (SARA, Title V of P.L. 99-499) established the LUST Trust Fund to help EPA and states cover the costs of responding to releases from leaking underground storage tanks containing petroleum. The Trust Fund is used to implement the LUST program through state cooperative agreement grants, oversee and enforce corrective actions by responsible parties, and recover expended funds used to clean up abandoned tanks.

---

[20] Ibid.

[21] S.Rept. 108-353, p. 97-98.

[22] H.Rept. 108-674, p. 103.

Table 9. Leaking Underground Storage Tank Program Account: FY2004 Enacted, FY2005 Request and Action on Appropriations

(millions of dollars)

FY2004 Enacted	FY2005 Request	H.R. 5041, as reported	S. 2825, as reported	P.L. 108-447 (H.R. 4818)
$75.6	$72.5	$74.0	$70.0	$70.0

Note: The amount in P.L. 108-447 does not reflect the 0.8% across-the-board rescission.

The status of state LUST programs is a significant issue, as many states are finding it difficult to finance their programs. At the same time, the fact that the balance of the LUST Trust Fund has passed the $2 billion threshold, and the likelihood it will grow even larger if not drawn upon significantly, has led some to call for allowing greater use of the fund balance by states. (See CRS Report RS21201, *Leaking Underground Storage Tanks: Program Status and Issues*, by (name redacted).)

Oil Spill Response. Prior to the 0.8% across-the-board rescission, P.L. 108-447 provides $16 million for EPA's Oil Spill Response account, nearly the same as the FY2004 appropriation and the FY2005 request. Although the U.S. Coast Guard is responsible for responding to oil spills in coastal and inland navigable waterways, EPA is responsible for responding to spills that occur on the land, as a result of leaking pipelines, accidents in transport, or other events. Appropriations in this account only fund EPA's oil spill response activities. EPA reports that it responds to approximately 300 oil spills each year. EPA is reimbursed for site-specific response expenses from the Oil Spill Liability Trust Fund, which is administered by the U.S. Coast Guard. The Administration had indicated that its requested increase for FY2005 would have been devoted to improving EPA's capabilities to respond to emergency threats posed by oil spills.

Table 10. Oil Spill Response Account: FY2004 Enacted, FY2005 Request and Action on Appropriations

(millions of dollars)

FY2004 Enacted	FY2005 Request	H.R. 5041, as reported	S. 2825, as reported	P.L. 108-447 (H.R. 4818)
$16.1	$16.4	$16.0	$16.0	$16.0

Note: The amount in P.L. 108-447 does not reflect the 0.8% across-the-board rescission.

State and Tribal Assistance Grants. Prior to the 0.8% across-the-board rescission, P.L. 108-447 provides $3.60 billion for the State and Tribal Assistance Grants (STAG) account. Congress appropriated $3.88 billion for FY2004, and the Administration had requested $3.23 billion for FY2005. Historically, this account has represented the largest portion of EPA's annual appropriation, comprising about 40% of the agency's budget in recent years. The majority of the account provides seed monies in the form of grants for State Revolving Funds (SRFs) for water infrastructure projects. From these funds, states primarily issue loans to communities for constructing and upgrading water infrastructure in order to meet federal water

quality requirements. There are separate SRFs for clean water and drinking water projects. The clean water SRF provides funds for wastewater infrastructure, such as municipal sewage treatment plants. The drinking water SRF provides funds for drinking water treatment facilities and other projects needed to comply with federal drinking water requirements.

In addition to the SRFs, the STAG account funds categorical grants to states and tribes for numerous pollution control activities, grants for water infrastructure in geographic-specific areas such as the U.S./Mexico Border and in Alaska Native Villages, Brownfields grants, and grants for clean school buses. The FY2005 appropriation for the SRFs, and other grants funded within the STAG account, are discussed below. The amounts indicated for these activities for FY2005 are line-items specified in P.L. 108-447 and in the conference report on H.R. 4818 (H.Rept. 108-792), which do not reflect the 0.8% across-the-board rescission.

Table 11. State and Tribal Assistance Grants Account: FY2004 Enacted, FY2005 Request and Action on Appropriations

(millions of dollars)

FY2004 Enacted	FY2005 Request	H.R. 5041, as reported	S. 2825, as reported	P.L. 108-447 (H.R. 4818)
$3,877.9	$3,231.8	$3,359.0	$3,886.6	$3,604.2

Note: The amount in P.L. 108-447 does not reflect the 0.8% across-the-board rescission.

State Revolving Funds. P.L. 108-447 provides $1.10 billion for the clean water State Revolving Fund (SRF). Congress appropriated $1.34 billion for FY2004, and the Administration had requested $850 million for FY2005. The law also provides $850 million for the safe drinking water SRF. The Administration had requested this amount for FY2005, and Congress appropriated $845 million for FY2004. Funding for both SRFs was contentious, especially the decrease for the clean water SRF relative to FY2004, as there is disagreement about what level of federal support is adequate to meet local needs. Debate also continues regarding the appropriate federal role in assisting communities in financing infrastructure projects.

The adequacy of funding for the SRFs was addressed in floor debate on the Senate FY2005 budget resolution (S.Con.Res. 95). The Senate agreed to an amendment to increase budget authority for the Natural Resource and Environment Function by $3 billion, devoted to increasing support for both SRFs. However, this funding assumption was not adopted in conference (H.Rept. 108-498). P.L. 108-447 provides a total of $1.95 billion for both SRFs, as noted in the table below.

Table 12. Clean Water and Drinking Water SRFs: FY2004 Enacted, FY2005 Request and Action on Appropriations

(millions of dollars)

SRF	FY2004 Enacted	FY2005 Request	H.R. 5041, as reported	S. 2825, as reported	P.L. 108-447 (H.R. 4818)
Clean Water	$1,340	$850	$850	$1,350	$1,100
Drinking Water	$845	$850	$845	$850	$850
Total	**$2,185**	**$1,700**	**$1,695**	**$2,200**	**$1,950**

Note: The amounts in P.L. 108-447 do not reflect the 0.8% across-the-board rescission.

Numerous studies have estimated the future capital needs for water infrastructure. EPA issued its most recent needs survey for the construction of wastewater treatment facilities in August 2003, estimating remaining needs at $181 billion nationwide.[23] EPA's most recent drinking water needs survey projected that public drinking water systems need to invest $151 billion over 20 years. These surveys focus on needs for projects eligible for assistance under SRF programs.

Some stakeholder groups have projected higher funding needs than those estimated by EPA. In 2000, the Water Infrastructure Network (WIN) issued the following report, *Clean and Safe Water for the 21st Century*, estimating total wastewater and drinking water capital needs to be $940 billion over the next 20 years, even more if operation and maintenance needs are included (which currently are not eligible for federal assistance). Of the $940 billion amount, WIN estimates that 20-year capital funding needs for wastewater are about $460 billion and for drinking water are about $480 billion. WIN foresees a $23 billion per year funding gap: $12 billion for wastewater and $11 billion for drinking water capital needs.

While much attention is devoted to the role of federal appropriations in water infrastructure financing, some advocate that statutory changes are needed to meet state and local needs more effectively. Legislation to reauthorize funding for the clean water and drinking water SRFs was reported in the 108th Congress (see CRS Report RL32503, *Water Infrastructure Financing Legislation: Comparison of S. 2550 and H.R. 1560*, by (name redacted) and (name redacted)).

Another related issue in the FY2005 appropriations debate was the extent to which funding should be earmarked for water infrastructure projects in specific communities, rather than provided competitively through the SRFs. Whereas communities compete for loan funds provided through the SRFs which must be repaid, earmarked funding is awarded noncompetitively as grants that require matching funds, but not repayment. As the overall amount of funding earmarked for water infrastructure projects has risen in recent years, whether these needs should be

---

[23] The survey did not provide a uniform planning horizon because of variability in community planning horizons across the country. The reported aggregate "needs" estimate represents a summary of capital expenditures that might be made at different points in time over a multi-year time frame. EPA, *Clean Watersheds Needs Survey 2000: Report to Congress*, August 2003, EPA-832-R-03-001; see [http://www.epa.gov/owm/mtb/cwns/index.htm].

met with SRF loan monies or grant assistance has become controversial. (For further discussion, see CRS Report RL32201, *Water Infrastructure Project Earmarks in EPA Appropriations: Trends and Policy Implications*, by (name redacted).)

For FY2005, conferees provide a total of $310 million in earmarked funding within the STAG account for 667 special project grants to specific communities for drinking water, wastewater, and storm water infrastructure projects. As in recent years, the amount of these grants is limited to 55% of a project's total cost, requiring the recipient to provide a 45% match. However, EPA is authorized to waive the matching funds requirement in certain cases, if providing the match would place financial burden on the recipient. The House Appropriations Committee recommended $323 million in earmarked funding for similar projects, the same as the FY2004 appropriation. The Senate Appropriations Committee recommended a lower amount of $117 million for various water infrastructure projects. As in past years, the Administration did not request any earmarked funding in FY2005 for water infrastructure projects in geographic-specific areas, aside from those identified below.

Other Water Infrastructure Grants. P.L. 108-447 also provides funding within the STAG account for three water infrastructure grants for geographic-specific areas identified in the Administration's FY2005 budget request. This funding includes:

- $50 million for wastewater infrastructure projects along the U.S./Mexico border, the same as the FY2004 appropriation and as the Administration requested;

- $45 million for the construction of wastewater and drinking water facilities in Alaska Native Villages, an increase relative to the FY2004 appropriation of $43 million and the Administration's request of $40 million; and

- $4 million for drinking water infrastructure improvements to the Metropolitano community water system in San Juan, Puerto Rico, the same as the Administration requested. No funding was provided for this project for FY2004.

Categorical Grants. P.L. 108-447 provides $1.15 billion for "categorical" grants to states and tribes within the STAG account. Congress appropriated $1.17 billion for such grants for FY2004, and the Administration had requested $1.25 billion for FY2005.

In general, categorical grants have a narrow range of eligible activities relative to other types of grants. EPA categorical funds are traditionally distributed through multiple grants to support various activities within a particular media program (air, water, hazardous waste, etc.). These grants are used by states to support the day-to-day implementation of environmental laws, including a range of activities such as monitoring, permitting and standard setting, training, and other pollution control and prevention activities. Grant funding is also used for multimedia projects such as

pollution prevention incentive grants, pesticides and toxic substances enforcement, the tribal general assistance program, and environmental information.

The conferees on H.R. 4818 variably adopted recommendations from both the House and Senate Appropriations Committees, generally funding EPA's categorical grants at levels similar to, and sometimes below, the FY2004 appropriation. Congress provided the FY2005 requested amount for some of the grant categories, but decreased categorical grants to control water pollution from nonpoint sources received attention. The conference report includes $209 million for such grants. The Senate Appropriations Committee recommended $215 million, the same as the Administration requested. The House Appropriations Committee recommend $235 million, closer to the FY2004 appropriation of $237 million.

EPA's FY2005 Annual Performance Plan and Congressional Budget Justification presents 25 individual categorical program grants in six categories: air and radiation, water quality, drinking water, hazardous waste, pesticide and toxic substances, and multimedia. Examples of grants within these categories include air quality grants for monitoring fine particulate matter ($PM_{2.5}$), water quality grants for non-point source management programs, grant assistance for development and implementation of hazardous waste programs, pesticide program implementation and pesticide enforcement, and pollution prevention incentive grants. **Table 13** presents a comparison of the amounts included in the conference report on H.R. 4818, the reports on H.R. 5041 and S. 2825, the FY2005 budget request, and the FY2004 appropriation for each of these six categories. EPA's FY2005 budget justification also provides detailed descriptions for the individual grant programs.

Table 13. Funding for EPA State and Tribal Categorical Grants: FY2004 Enacted, FY2005 Request and Action on Appropriations

(millions of dollars)

National Program Category	FY2004 Enacted	FY2005 Request	H.R. 5041, as reported	S. 2825, as reported	P.L. 108-447 (H.R. 4818)
Air & Radiation	$246.3	$247.8	$243.8	$246.6	$242.8
Water Quality	$495.0	$508.5	$494.4	$488.5	$480.5
Drinking Water	$117.9	$121.1	$116.3	$116.0	$116.3
Hazardous Waste	$167.4	$204.4	$166.3	$169.0	$166.3
Pesticides & Toxics	$ 51.5	$ 51.9	$ 51.0	$ 51.9	$ 51.0
Multimedia	$ 90.2	$118.8	$ 89.8	$ 89.8	$ 88.8
Total	$1,168.3	$1,252.3	$1,161.6	$1,161.8	$1,145.7

Source: Prepared by the Congressional Research Service with data from EPA's FY2005 Annual Performance Plan and Congressional Budget Justification, H.R. 5041 (H.Rept. 108-674), S. 2825 (S.Rept. 108-353), and P.L. 108-447 (H.R. 4818, H.Rept. 108-792). The amounts in P.L. 108-447 do not reflect the 0.8% across-the-board rescission.

Brownfields Grants. As discussed earlier, the Brownfields Program provides assistance to states and tribes for the cleanup and redevelopment of abandoned, idled, or underutilized commercial and industrial sites where hazardous contamination may be present. EPA funded the Brownfields Program out of the Superfund account until FY2003. Funding for grants under this program is now provided within the STAG account, and funding for its administrative expenses is provided within the Environmental Programs and Management account.

Table 14. Brownfields Funding by Account and Activity: FY2004 Enacted, FY2005 Request and Action on Appropriations

(millions of dollars)

Account/ Activity	FY2004 Enacted	FY2005 Request	H.R. 5041, as reported	S. 2825, as reported	P.L. 108-447 (H.R. 4818)
STAG: Infrastructure	$93.5	$120.5	$95.0	$90.0	$90.0
STAG: Categorical	$50.0	$60.0	$50.0	$50.0	$50.0
EPM: Administrative	$25.0	$28.0	$23.0	$25.0	$25.0
Total	**$168.5**	**$208.5**	**$168.0**	**$165.0**	**$165.0**

Note: The amounts in P.L. 108-447 do not reflect the 0.8% across-the-board rescission.

P.L. 108-447 provides $140 million within the STAG account for Brownfields grants in FY2005. Of this amount, $90 million is allocated for infrastructure grants to perform brownfield assessments, establish revolving loan funds, clean up sites, and create job training programs. Assessment and cleanup of petroleum-contaminated sites is also authorized out of this $90 million.

The remaining $50 million in the STAG account for Brownfields grants is allocated for categorical grants to states and Indian tribes to establish or enhance their voluntary response (cleanup) programs, noted above. States and tribes may also use these monies to capitalize revolving loan funds, purchase insurance, or develop risk sharing pools or insurance mechanisms to provide financing for response actions.

As explained earlier,P.L. 108-447 provides an additional $25 million under the Environmental Programs and Management account for the administrative expenses of the Brownfields Program. The amounts for the Brownfields program under the two accounts combined yield a total of $165 million in FY2005. Congress appropriated nearly $169 million for FY2004, and the Administration had requested almost $209 million for FY2005.

In addition to appropriation of funding, P.L. 108-447 includes an administrative provision that affects eligibility for Brownfields redevelopment grants. It provides authority in FY2005 for EPA to award grants for the redevelopment of Brownfields sites purchased prior to the enactment of the Small Business Liability Relief and Brownfields Revitalization Act (P.L. 107-118) on January 11, 2002. Congress also approved such authority for FY2004. The House Appropriations Committee

included a similar administrative provision in H.R. 5041. The Senate Appropriations Committee did as well, but included language that would have made the authority for this purpose permanent, rather than for FY2005 alone.

Under P.L. 107-118, EPA is authorized to award grants for the redevelopment of Brownfields only if these properties were purchased after the enactment of this statute. Communities have advocated amending the law to allow grants to be awarded for the redevelopment of Brownfields, regardless of when the property was purchased. EPA has indicated its support for such an amendment.

The Senate Appropriations Committee also included bill language in the administrative provisions of S. 2825 that would have allowed the use of Brownfields grants for "reasonable" administrative costs, as determined by the Administrator of EPA. This language was not included in P.L. 108-447. Under current law, Brownfields grants cannot be used to pay a recipient's administrative costs. Smaller communities with fewer resources have advocated the use of grant funds for administrative costs that they otherwise would not be able to pay. However, others assert that the use of Brownfields grants should focus on actual cleanup and redevelopment of blighted properties.

Clean School Bus Initiative. P.L. 108-447 provides $7.5 million to fund cost-share grants for clean school buses. Congress appropriated $5 million for FY2004.[24] The Administration had requested $65 million for FY2005, based on interest of grant applicants in previous years seeking a total of $60 million in funds. These grants are mainly used to retrofit older diesel-powered school buses to reduce emissions of particulate matter, and to raise awareness of the health risks posed to schoolchildren from exposure to diesel emissions. EPA reports that 24 million children travel by bus to school each day, exposing those who ride on older buses to potentially harmful emissions.

The program has been popular at the local level, and the Administration had requested a substantially larger amount for FY2005 to award grants in a greater number of school districts. Although P.L. 108-447 increases funding for this program relative to FY2004, some have noted concern that local interest in these grants would greatly exceed the FY2005 appropriation of $7.5 million.

EPA began the Clean School Bus Initiative in April 2003 as a pilot program. It was an extension of the Voluntary Diesel Retrofit Program[25] to upgrade/retrofit

---

[24] Congress provided the FY2004 appropriation for this activity within the Environmental Programs and Management account, rather than in the STAG account. EPA had requested $1.5 million for FY2004. The conference report on the Consolidated Appropriations Act for FY2004 (H.R. 2673, H.Rept. 108-401) did not specify a reduction in the $1.5 million request for diesel engine retrofitting activities proposed in the FY2004 budget request. Therefore, it is presumed that the $5.0 million added by Congress for school bus retrofitting is supplemental to the requested amount.

[25] EPA initiated this program in anticipation of new diesel engine emission standards. The program promotes innovative technology to comply with the standards, implements (continued...)

diesel engines, which began in 2000. The goals of this program are to reduce diesel emissions by developing strategies to eliminate unnecessary idling, and by replacing older (pre-1991) school buses with buses that have more effective emissions controls, and retrofitting newer (post-1991) buses with similar updated controls by 2010.

EPA's initial grant solicitation in FY2003 sought demonstration projects to assist school districts in reducing pollution from diesel-powered buses. EPA received more than 120 grant proposals from school districts, state and local agencies, and nonprofit organizations, seeking a total of $60 million in funds. With the $5 million appropriated for FY2003, EPA awarded grants for 16 demonstration projects in 14 states. EPA awarded grants for 20 demonstration projects in 18 states with the additional $5 million provided for FY2004, as well as a $100,000 grant for a school bus retrofit project funded through another EPA program that awards grants for retrofitting many different types of buses used for public transit.[26]

Conclusion

The FY2005 appropriation of $8.09 billion for EPA is a reduction relative to the $8.37 billion that Congress appropriated for FY2004. This reduction is greater when the 0.8% across-the-board rescission is applied. However, the FY2005 appropriation is more than the Administration's request of $7.79 billion. Funding for specific activities administered by EPA received varying levels of attention in the FY2005 appropriations debate. The main points of contention focused on the adequacy of funding for scientific research upon which pollution control standards are based, the cleanup of hazardous waste sites under the Superfund program, and federal assistance to states for wastewater and drinking water infrastructure.

In the final bill, the largest reductions relative to FY2004 were for wastewater infrastructure projects and scientific research. Conversely, the largest increases relative to the FY2005 request were devoted to these same activities. Funding for the Superfund program remains steady at the FY2004 funding level (prior to the across-the-board rescission), but is below what the Administration proposed. Although there is disagreement among various stakeholders as to whether the FY2005 appropriation is sufficient to support these and other activities, the final amounts reflect the priorities of Congress in allocating limited funding to numerous federal agencies within the Consolidated Appropriations Act for FY2005.

---

[25] (...continued)
demonstration projects to encourage more fleet retrofits, and evaluates emission control technologies. For more information, see the EPA website at [http://www.epa.gov/otaq/retrofit/index.htm].

[26] For more information, see [http://www.epa.gov/otaq/schoolbus/demo_projects.htm].