

Chairman Mike Simpson
Subcommittee on Interior, Environment and Related Agencies
House Committee on Appropriations
FY 2014 Budget Hearing
US Environmental Protection Agency
May 8, 2013
Opening Statement As Prepared

The Committee will come to order.

Good afternoon, and welcome to the fiscal year 2014 budget hearing for the Environmental Protection Agency. Today we are joined by Acting Administrator, Bob Perciasepe and Acting Chief Financial Officer, Maryann Froelich to discuss the President's proposal for EPA's FY2014 budget. Thank you for being here today.

When this Committee last met with EPA to discuss the budget, I told Administrator Jackson that we appeared to be on the same page with regard to reducing overall spending as the 2013 budget proposed a 1.3 percent decrease to EPA's top line. Nevertheless, that budget was not the one I would write for the EPA as it proposed to shift funding away from State SRF programs, the Superfund cleanup program and diesel emissions grants in order to increase EPA Operating programs for enforcement and regulatory purposes. Ultimately we passed a full-year CR that included some of these reductions and reduced EPA's top line for the third year in a row.

Now for fiscal year 2014, a similar sentiment seems to apply. Mr. Perciasepe, it appears we agree on the continued need to reduce spending. Nevertheless, this is not the budget I would write for EPA.

Overall the fiscal year 2014 budget proposes to reduce EPA's funding to \$8.15 billion, which is \$190 million or 2.3 percent below the FY13 CR level. If enacted, the FY14 budget would reduce EPA's top line for the fourth consecutive year. However, it matters what baseline we use for the sake of comparison, and I don't want us to lose sight of the bigger picture. Too often Washington tends to focus on how much a program received last year, and annual budgets then operate on the margins from one year to the next. Between 2009 and 2010 the Interior bill increased by \$4.6 billion and EPA's budget increased by \$2.65 billion. This was an unprecedented 35 percent increase in EPA's budget in one year alone. So while EPA has not historically faced a declining budget for four consecutive years, the Agency similarly had not received a historic \$2.6 billion increase in one year alone. With that in mind, the FY14 budget would still provide EPA with \$509 million above its fiscal year 2009 level – meaning this proposed budget would still provide EPA with a half a billion dollar cushion.

I highlight this point to provide context for the ongoing discussion about the continued need to reduce Federal spending. It also exemplifies the degree to which unchecked spending was the norm in Washington just a few short years ago. And even with the targeted reductions to the Agency's budget over the past three years, we still have yet to break even.

In addition, the FY14 budget recycles many of the same proposals as it offers large increases in spending for regulatory and enforcement activities. These are offset by more cuts proposed for the State Revolving funds and other State grants. I am not surprised to see many of the same proposals included in the FY14 request given that we passed a CR rather than a final bill. However, it means that I have to again start this hearing by highlighting that this is not the budget I would write for EPA.

The FY14 President's request reduces the SRFs by \$449 million below the FY13 CR level in order to increase operating programs within the Environmental Programs and Management account by \$161 million, and Categorical Grants for State environmental programs by \$47 million. Many of these increases are targeted to: (1) regulate greenhouse gas emissions; and (2) increase compliance monitoring and enforcement activities.

Further the 2014 budget proposes to reduce the Diesel Emissions grants, otherwise known as DERA grants, by \$14 million. This is one of the few EPA programs that have been reauthorized in recent years. In addition, the budget also eliminates funding for the rural water technical assistance grants. It seems to me that the Administration is cutting successful, bi-partisan programs knowing that Congress will restore the funding. In doing so, this allows the Administration to propose other new programs that we just don't have the funding to pay for in a constrained budget environment. These are the wrong priorities to cut. These are successful programs that achieve real results without the heavy hand of top-down regulations. Meanwhile the budget proposes a new \$60 information technology initiative to increase the electronic sharing of information between States and reduce reporting burdens. On the surface that sounds like a noble effort however please forgive my skepticism with respect to new IT projects. Last year our Committee was unable to receive routine reports on unobligated balances following the migration to the new COMPASS system.

With respect to adequate funding for base programs, I remain concerned about the proposed levels for the Superfund program. Last year's budget indicated that the requested level would not allow the program to fund new sites ready for cleanup, and the program would only be able to maintain funding at ongoing sites. This year's proposal indicates that EPA may begin construction at new sites with the requested funding. But, that doesn't sound very compelling given that the budget does not propose an increase for the Remedial cleanup program.

At some point we need to ask ourselves whether we prefer to cut everything just a little bit in order to get the deficit under control -- and in doing so we fund all programs at a reduced rate which may help no one -- or do we decide to eliminate a few programs that have run their course. To that end I appreciate that you have targeted several programs for termination, including the Environmental Education program and the Promoting a Greener Economy program. The House bill for the past two years has similarly proposed to eliminate these programs. I hope we can work together to see those proposals across the finish line.

Acting Administrator Perciasepe, I look forward to working with you on the details and I look forward to keeping the lines of communication open. I also look forward to working with Gina McCarthy on these issues if confirmed. Thank you again, Acting Administrator Perciasepe, for being here to testify today. Please share your thoughts regarding EPA's budget proposal for fiscal year 2014.