



## UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

WASHINGTON, D.C. 20460

March 18, 2023

OFFICE OF THE  
CHIEF FINANCIAL OFFICER

The Honorable Rosa DeLauro  
Ranking Member  
Committee on Appropriations  
House of Representatives  
Washington, D.C. 20515

Dear Ranking Member DeLauro:

I am writing in response to your letter of January 19, 2023, concerning the potential impacts of a plan to cap Fiscal Year 2024 discretionary spending at the FY 2022 enacted level. As he described in his State of the Union address, President Biden's FY 2024 Budget lays out a detailed plan to invest in America, continue to lower costs for families, protect and strengthen Social Security and Medicare, and reduce the deficit. Capping FY 2024 discretionary spending at the FY 2022 enacted level would impact services and programs that Americans count on to support education, public health and public safety, research, and nutrition, as well as our focus here at the U.S. Environmental Protection Agency on protecting human health and the environment. I will also discuss the impacts of a potential 22 percent across-the-board reduction below the individual incremental examples that form the main body of this response.

Congress appropriated \$9.56 billion to the EPA in FY 2022 and \$10.13 billion in FY 2023, an increase of \$576 million. Before describing some of the impacts to communities that the reductions under discussion would mean, I would like to level-set the baseline. The EPA must fund increases to rent, utilities, and payroll. Typically, the agency must find about \$100 million each year to fund payroll growth alone. If the EPA's budget returned to FY 2022 levels, the resulting difference would be closer to \$800 million to cover necessary baseline costs such as payroll in FY 2024 compared to FY 2022. Additionally, static funding levels do not account for rising costs that will affect the staffing and operations of the environmental programs of states and Tribes. Cuts on this scale could have very real and damaging impacts on our nation's families, our communities, and our environment.

In addition, any analysis of scenarios that would reduce our budget would need to consider the fact that the EPA is charged with administering and implementing statutory frameworks addressing the environment. We do not usually decide which programs will be discontinued or which will be prioritized independently, but incorporate the views of Congress, Administration priorities, and our stakeholders in making those decisions. Additionally, the EPA implements its budget as directed by appropriations. Absent knowledge of specific reductions to our complex budget structure, the impacts we describe here are, of necessity, general in scope.

A preliminary examination of the effects of the plan to cap discretionary spending at FY 2022 levels indicates this proposal could hinder our progress protecting and cleaning up the environment in communities across the country and would undermine critical improvements to drinking water and clean water infrastructure that are currently underway. In FY 2023, the EPA was able to add over 500 full time

equivalent positions to support critical tasks in protecting communities and ensuring the agency has the human power to get its work done. If the EPA's budget were rolled back to FY 2022 levels, the payroll funds for these new FTE would be wiped out, forcing the Agency to make very difficult tradeoffs. This could include stopping the hiring of these additional FTE and taking steep reductions in non-pay resources just to pay current EPA employees. Some examples of the FTE added in FY 2023 include 65 additional toxicologists to screen chemicals to ensure they are safe before being sold to consumers, 50 additional air analysts to model pollution and monitor emissions in communities, 50 water regulators to provide oversight to ensure the water being distributed in municipalities and counties is safe to drink or to prevent toxic runoff into lakes and streams, 100 inspectors to conduct on-site visits of industrial sites to verify they are actually complying with safety planning and requirements, and 15 Superfund site managers to make sure contaminated land is being properly remediated, among many others. A roll back in funding to FY 2022 is a roll back on EPA staffing capacity across nearly the entirety of our critical mission. Cuts of this magnitude could result in:

#### *Program Eliminations*

Six programs that started in FY 2023 could be eliminated. These include four new grant programs under the Drinking Water and Wastewater Infrastructure Act of 2021 and \$12 million to support the implementation of drinking water and clean water projects directed by Congress in the FY 2022 and FY 2023 appropriations. Of significant concern is the loss of \$20 million for the Alaska Contaminated Lands program. These funds would not be available to support the inhabitants of lands held by Alaska Native corporations as part of the Alaska Native Claims Settlement Act and we will see further delays in addressing environmental concerns. Many of these lands were contaminated while not under Alaska Native ownership, and the contaminants on some of these lands – arsenic, asbestos, lead, mercury, pesticides, polychlorinated biphenyls (PCBs), and other petroleum products – pose health concerns to Alaska Native communities, negatively impact subsistence resources, and hamper economic activity.

#### *Delaying Critical Improvements to Aging Water Infrastructure*

The bipartisan DWWIA was enacted to help address numerous drinking water and wastewater issues across the country and was funded at \$16 million in FY 2023. DWWIA strengthens many existing programs within the EPA while creating new programs to upgrade aging infrastructure, address the threat of climate change, invest in new technologies, and provide assistance to underserved communities. Eliminating this funding by returning to FY 2022 levels affects four programs that support such activities as resilience and sustainability of public water systems serving more than 10,000 people, new water systems on Tribal reservations, centers of excellence for stormwater control infrastructure technologies that can assist in flood control, and groundwater research on enhanced aquifer use that can increase resilience to impacts of drought. In addition, the reductions you describe would extend to programs under the America's Water Infrastructure Act and the Water Infrastructure Improvements for the Nation Act programs, which provide important water infrastructure assistance by addressing lead in drinking water, safe drinking water for small and disadvantaged communities, and sewer runoff control that can protect beaches and waterways from bacterial contamination. Finally, progress being made towards addressing "forever chemicals" in the environment such as PFAS may be reduced. Resources currently allocated under the Agency's PFAS Strategic Roadmap that improve methods to detect PFAS in water, reduce PFAS discharges into our nation's waters, and protect fish and aquatic ecosystems from PFAS all may be curtailed upon returning to FY 2022 levels.

One example of how this proposal may affect a community is presented in Benton Harbor, Michigan, where residents were exposed to elevated levels of lead in their water. The agency's involvement has been instrumental in driving recent actions to ensure people are safe and healthy. This includes working

closely with the state and providing oversight and support of its efforts to address the immediate needs of the community. The EPA recently awarded \$5.6 million to Benton Harbor under a WIIN Act grant for lead service line replacement and is working with the State of Michigan, the City of Benton Harbor, and the drinking water system on medium- and long-term solutions essential to ensuring the health and well-being of residents in the community. Through its oversight role, the agency also is offering the city the services of a compliance advisor to provide direct, one-on-one technical assistance to the system operator. All phases of this response have been funded through the discretionary part of the EPA's budget, and all future activities at the site may be affected by a planned across-the-board reduction of this size. And constraints on staffing levels that may result from reductions down to FY 2022 levels in these areas would be especially harmful, given that we were working over the last two years on restoring capacity and addressing lags in critical work.

#### *Rolling Back Progress on Environmental Justice*

The proposed reduction would hinder the agency's ability to make progress on environmental justice, which seeks to ensure the same environmental protections are in place for underserved and overburdened communities as for the general public. The challenge is the very local nature of the work that is needed, coupled with strong staff support to build community capacity to sustain the efforts. Returning to FY 2022 levels would severely undermine the progress being made and erode trust that has been carefully built, particularly if staffing reductions are necessary. Potentially 80 EJ small grants up to \$100,000 each would not be awarded to federally recognized Tribal governments or organizations doing work in communities disproportionately affected by pollutants, or 16 EJ Collaborative Problem-Solving Grants up to \$500,000 would not go to community-based organizations in FY 2024. For example, in FY 2021, the EPA awarded an EJ small grant to the Towers Foundation to revitalize a 13,300 square foot area on its residential campus in downtown New Haven, Connecticut by building a functioning community garden for low-income seniors, neighbors, and community partners. The proposed outcomes of this project were improved air quality and green space from added trees, plants, and shade; reduced food insecurity; increased nutritional health from consuming fresh fruits and vegetables; and expanded socialization opportunities through activities with other residents, families, friends, and neighbors.

#### *Hampering Efforts to Restore and Protect Water Bodies of National Significance*

Likewise, if Geographic programs are reduced to FY 2022 levels, an overall cut of \$94.5 million, fewer projects in those areas will occur. This could affect the Great Lakes Restoration Initiative, and Geographic programs like those focused on the Gulf of Mexico, San Francisco Bay, Chesapeake Bay, Lake Pontchartrain, and South Florida, to name a few. Planned projects to accelerate and manage the restoration of the ecological health of these water bodies may be delayed or stopped altogether. Progress being made on these water bodies of national significance would slow and there would be an adverse impact on regional economies and tourism.

#### *Endangering Efforts to Address the Climate Crisis*

The FY 2023 increase of \$10.2 million in the Clean Air and Climate program area within the Science and Technology account and the \$14 million in Buildings and Facilities, support program activities that address the climate crisis and work toward the Administration's climate sustainability goals. This includes the development of analytical methods, regulations, and analyses to support climate protection by controlling greenhouse gas emissions from light duty, medium-duty, and heavy-duty vehicles under Federal Vehicles and Fuel Standards Certification. It also includes mission critical construction, repairs, and improvements to the EPA's aging facilities, laboratories, and equipment, including cost-saving investments in energy efficiency and space optimization projects. Constraints on staffing levels supporting this work would be especially harmful, given that we were working over the last two years

on restoring capacity and addressing lags in core climate work. Returning to FY 2022 levels could jeopardize the substantial progress being made on this work, slowing the development of more fuel-efficient vehicles needed to lower greenhouse gas emissions, interfering with the EPA's ability to provide critical laboratory services to communities around the country, and limiting long-term cost-avoidance and savings at the agency's facilities. In addition, as a regulatory agency, the EPA needs to bring certainty to the regulated community and align regulatory requirements with the substantial investments in, and support for, clean energy technologies in the Inflation Reduction Act. Reductions of this magnitude would impede such alignment.

#### *Jeopardizing Work to Ensure Compliance with Environmental Laws and Regulations*

Enforcement is essential to ensuring that everyone is protected by the Nation's environmental laws and regulations. For example, the EPA's enforcement and compliance work was instrumental in discovering a conspiracy to cheat U.S. emissions tests, resulting in Volkswagen AG agreeing to plead guilty and pay \$4.3 billion in criminal and civil penalties. The EPA's enforcement and compliance programs have been constrained by resources for over a decade leading to a loss of agency expertise and a decline in the numbers of inspections. FY 2023 provided the first significant increase in many years, nearly \$70 million, to rebuild the inspector cadre, particularly in areas related to environmental justice, per- and polyfluoroalkyl substances, coal combustion residuals, and implementation of the American Innovation and Manufacturing Act. Operating the enforcement and compliance programs at FY 2022 levels will further erode the EPA's ability to investigate, pursue, and compel timely and appropriate actions in these priority areas: returning facilities to compliance so they are operating safely and not impacting the health of adjacent communities; cleaning up sites; protecting communities; ensuring fairness and a level playing field for well-run companies; and advancing the promise of clean air, land, and water. With diminished resources, the inspector cadre could be reduced by more than 140 FTE. This could reduce the number of federal on-site compliance monitoring inspections and evaluations and off-site compliance monitoring activities from 10,000 to 7,800 annually, potentially leaving many communities across the country unnecessarily exposed to environmental pollution impacting their air, land, and water for longer periods of time. The EPA's enforcement FTE levels have not been this low since the 1980s. The agency's enforcement and compliance programs are especially vulnerable to reductions in overall levels of funding because their resources are approximately 80 percent payroll, compensation, and benefits. The agency's Compliance Advisor program also will be unable to provide critical technical assistance to up to 100 small drinking water and wastewater systems to achieve and maintain compliance in overburdened, underserved, or vulnerable communities.

#### *Limiting Support for State and Tribal Partners*

Essential resources available to states, Tribes, and territories also could be reduced. For example, the \$61 million increase from the FY 2022 Enacted to FY 2023 Enacted levels for State and Tribal Assistance Categorical Grants supports states, territories, and Tribes in a number of important initiatives, including but not limited to: minimizing waste generation and preventing its release; complying with drinking water regulations; building brownfields response programs; reducing risks from toxic substances; expanding efforts of air pollution control agencies to implement their programs and accelerate immediate on-the-ground efforts to reduce greenhouse gases; and maintaining programs for the prevention and control of surface and groundwater pollution from point and nonpoint sources. Initiatives in all these areas may need to be significantly scaled back. Newer State and Tribal Assistance Grants programs that address wildfires and recycling infrastructure would see planned work disrupted and delayed. And, perhaps most importantly, at a time when dedicated state and Tribal resources to address environmental problems have been static, or even reduced, significant cuts in resources within the State and Tribal Assistance Grants Account will be greatly magnified. States fund staff from much

of the assistance provided under this account and they have not had incremental increases in several years.

#### *Undermining Core Agency Capacity*

There also is a potential significant impact to the agency's workforce from this proposed funding reduction. Approximately 28 percent of the budget provides pay and essential workforce support to the EPA's employees. Just maintaining the usual payroll and fixed costs increases that occur over time will magnify the real impacts of reduced funding and impede the agency's ability to continue making progress on mission critical work. Difficult choices between hiring staff and funding grants and contracts would be required and could adversely impact areas where we have worked very hard to build up expertise and capacity since the beginning of the Biden Administration.

#### *Possible Across-the-Board 22 Percent Reductions*

I also understand that there is a proposal that would reduce the EPA's appropriations by 22 percent relative to the currently enacted levels. This is the percentage cut that would be required to bring overall discretionary funding back to FY 2022 levels assuming defense funding would not have to absorb any cuts. If applied to our FY 2023 appropriated level of \$10.13 billion, a 22 percent reduction will bring the EPA back to a level of \$7.90 Billion, which would be our lowest funding level since FY 2013.

In addition, the Brownfields Environmental Workforce Development and Job Training and Public Water System Supervision grant programs create jobs to lower health risks. The annual EWDJT awards lead to approximately 980 people trained and 680 placed in jobs; a 22 percent reduction could result in 216 fewer people trained and 150 fewer placed in jobs. As of January 1, 2023, EWDJT grants awarded by the Brownfields Program have led to more than 197,000 jobs. These grant programs to states may be terminated, which would increase negative health risk significantly.

As described, cuts of this magnitude will lead to drastic cuts to core EPA functions such as enforcement, scientific research, and regulation writing and implementation, and will cap agency FTE levels at around 13,000 FTE, 1,200 fewer than current levels. Of necessity, grant programs that go directly to state, local and Tribal communities will be even more severely scaled back under this proposal than under the reduction to specific line items that received FY 2023 increases, as discussed above.

Because of the size and scope of the cuts, popular, oversubscribed programs such as Brownfields and the Diesel Emissions Reduction Grants programs would be curtailed. Newly developed and essential environmental justice programs and initiatives, such as those affecting our most vulnerable communities, may be forced to delay or eliminate planned activities. This would go well beyond the impacts described if specific line items that saw FY 2023 increases were targeted. Within a half mile of a brownfields site receiving EPA funding, 21 percent of people live below the national poverty level, 17 percent have less than a high school education, 56 percent are people of color, and 7 percent are linguistically isolated. This idle land drags down property values and can slow a local economy. The annual Brownfields grants lead to an estimated 1,400 brownfields properties assessed, 600 sites made ready for anticipated use, and 130 properties cleaned up; a 22 percent reduction could result in 308 fewer brownfields properties assessed, 132 fewer sites made ready for anticipated use, and 29 fewer brownfields properties cleaned up. As of January 1, 2023, grants awarded by the Brownfields Program have led to over 150,000 acres of idle land being made ready for productive use and over \$37.2 billion in private/non-federal funding leveraged.

These are only some of the significant impacts that would occur if the agency's FY 2024 discretionary spending was capped at FY 2022 enacted levels or reduced even further. I thank you for this opportunity to contribute to this analysis of what top line reductions at the scale under discussion may do to the EPA. Please do not hesitate to contact me, or Ed Walsh at [Walsh.Ed@epa.gov](mailto:Walsh.Ed@epa.gov) or (202) 564-4594, should you have further questions or would like to discuss the agency's budget.

Sincerely,

Faisal Amin  
Chief Financial Officer