

Trump's Skinny EPA Budget Could Have Far-Reaching Impacts

President Trump's proposed fiscal year 2018 "skinny" budget, if enacted, would severely impact the U.S. Environmental Protection Agency, reducing its budget by nearly a third and cutting 20 percent of its staff. Indeed, the EPA faces the steepest cuts among all federal agencies.

The stated justifications for this dramatic decrease are to focus the EPA on "core legal requirements," give primacy to state implementation of environmental laws, and "ease the burden of unnecessary federal regulation" where costs do not justify benefits. But a review of the budget specifics suggests that none of these goals would be well-served by the proposal. In fact, the EPA, states, tribes and other federal agencies would all face serious issues in protecting human health and the environment. In the end, it would likely be the public and business interests which are harmed.

Specific Proposals in the Budget

1. Drinking and Wastewater Infrastructure

The proposal's only increase in funding from the 2017 annualized level is for state revolving funds, which are provided a modest 1.8 percent growth. These funds, used for local water quality infrastructure projects, are very popular in Congress and consistent with the president's goals of infrastructure development. It is also an area which EPA Administrator Scott Pruitt declared a priority. Thus, the increase is significantly below what many in both aisles of Congress and in the local communities were expecting.

2. Categorical Grants

The EPA is a major source of funding for state environmental agencies, supplying an estimated 27 percent of state environmental agency budgets, according to the

Related Capabilities

- Environmental
- Energy & Natural Resources
- Sustainability
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Environmental Council of States. While the proposal claims to focus the EPA on supporting states and tribes as the primary protectors of public health and the environment, the proposal calls for a nearly 45 percent cut in funding of categorical grants.

These grants are provided by the EPA to the states to help in their day-to-day implementation of a broad range of federally delegated and state environmental laws, including the permitting programs upon which businesses rely.

Numerous states have already raised alarms over how the negative impacts of such a severe reduction in grant monies, especially at a time when state legislatures are cutting back on funding. This decrease in grants appears to undermine the stated purpose of the proposal to give states primacy in the environmental field.

3. Superfund Reductions

The proposal reduces funding of the Superfund account by over 30 percent, and calls for the EPA to prioritize the use of existing settlement monies to clean up hazardous waste sites while looking for ways to “remove barriers” that have delayed cleanup. This is a tall order for the EPA, particularly because it would also lose staff and funding for the enforcement activities which generate those settlement funds.

Moreover, states, which have their own budget problems, depend on the EPA to fund cleanup of sites, so would be hurt by the reduction. The decrease would even harm other agencies. Superfund monies are provided to other federal agencies to assist in enforcement and cleanup, including providing funding for staff and resources at the U.S. Department of Justice, U.S. Coast Guard and the National Oceanic and Atmospheric Administration. A big hit to the Superfund would have repercussions far beyond the EPA and do nothing to remove barriers.

4. Enforcement

The proposal reduces funding for the EPA’s Office of Enforcement and Compliance Assurance (OECA) by 24 percent. The reduction is to “avoid duplication” of state enforcement of federally delegated laws while allowing the EPA to focus on laws not delegated to states. Here, too, states rely on the EPA to help fund their programs to ensure compliance. A reduction in funding reduces a state’s ability to effectively enforce its laws.

Moreover, states may lack the resources and capacity to handle large-scale emergencies like the Macondo Spill, so they rely on federal enforcement. The EPA settlements, including the Macondo case, can provide significant funding for state coffers. The coverage of federally delegated laws is broad, including the Clean Air Act, Clean Water Act, Resource Conservation and Recovery Act, Comprehensive Environmental Response Compensation and Liability Act, and the Safe Drinking Water

Act. Reducing federal oversight of these laws would severely undercut their consistent enforcement across the states. And like Superfund, reduction in EPA enforcement staff and resources will impact agencies such as the Department of Justice, which depend on referrals of civil and criminal matters from EPA investigators.

5. Other Programs

The proposal targets for reduction or complete elimination a number of other important programs including domestic climate change regulations, international climate change programs and research, the Office of Research Development, specific regional programs, and more than 50 other programs identified as “lower priority and poorly performing.” Reductions or elimination of these programs would also create problems beyond the EPA. For example, states and municipalities looking to mitigate climate impacts rely on EPA leadership through regulations and research. States cannot address such a cumulative problem alone. Federal withdrawal from the climate field will hamper states which see the issue as important for their citizens.

The regional programs targeted for elimination include the Great Lakes Restoration Initiative and the Chesapeake Bay cleanup, which provide engines for local economic redevelopment. The EPA leads these types of regional programs because it can bridge state differences in resources, and sometimes, political will. Although not all the 50 programs are named, those identified include programs aimed at helping rural communities in Alaska, targeted air shed grants, the industry-supported Endocrine Disruptor Screening program, the popular Energy Star program, and infrastructure assistance on the Mexican border to prevent sewage from fouling U.S. beaches.

Broader Impacts to the Public

The impacts described above go beyond even the states and other agencies. By reducing federal and state implementation and enforcement of environmental laws, the proposal threatens public health and safety. They also harm businesses which depend on even and consistent enforcement of laws to create a stable business environment. Companies which comply with law have an interest in preventing their competitors from benefiting from noncompliance. Businesses with operations in multiple states prefer a consistent approach rather than navigating among uneven state practices. And companies depend on states and the EPA to provide permits, licenses and regulations to conduct their business.

The budget proposal should also be seen in the context of the Trump administration’s effort to cut down on regulations. Through executive orders, the administration has imposed considerable obligations on agencies like the EPA to combine and consolidate functions, maintain set regulatory budgets, and ensure that any new regulation is offset with cost savings from two existing regulations. These requirements all require considerable resources and shifting of priorities to cost analysis. These tasks would be daunting enough, but a 30 percent cut in resources and elimination of staff may make it impossible for the EPA to perform its new obligations. In turn, this could result in

regulatory paralysis, which could put the EPA in violation of statutory mandates. This would also not serve companies which depend on agency rulemaking to create an orderly business environment.

Congress to the Rescue?

Ultimately, the proposed Trump budget may never be enacted. Congress makes the final decision on agency budgets and is free to ignore or modify the President's proposal. But in setting such a low bar, the administration shifts the negotiating floor closer to zero, and makes it harder — and less likely — for a conservative Congress to significantly raise it.

Congressional leaders have already decried parts of the budget and are likely to increase funding, especially for projects in their districts or popular with their constituencies. But the EPA's funding, which has been relatively flat during the Obama administration, is certainly not expected to increase in the current political atmosphere. The Trump proposal makes even a flat budget less likely, and the real questions are just how much it will decrease — and at what cost to the agency's mission. This raises the issue of whether the protection of public health and the environment is really a significant priority.