



EPA Budget: Context, History, and Perspectives

Presidential Transition Briefing
November 2024

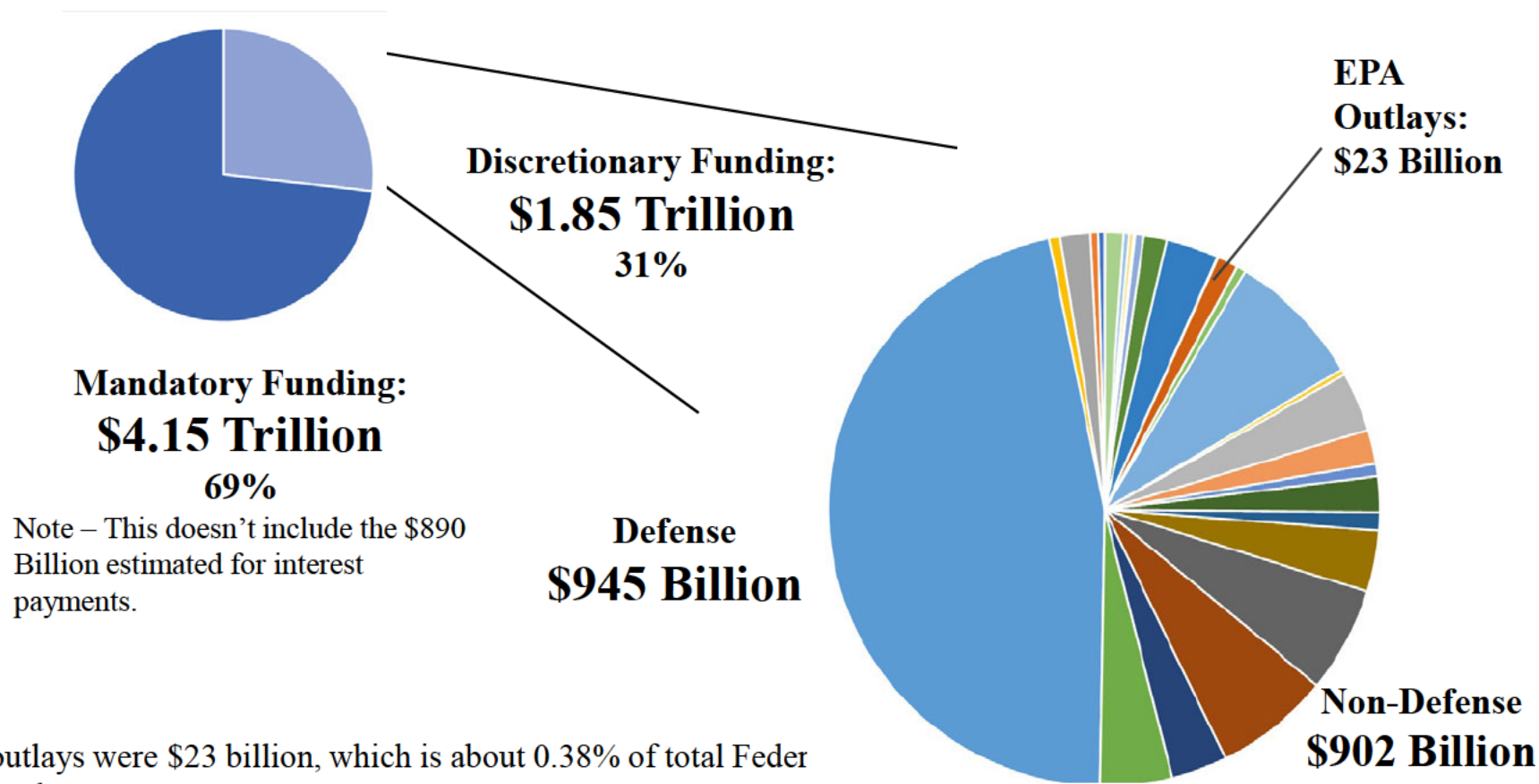
Introduction & Outline

This presentation aims to put EPA's budget in context and highlight some main points, including:

- The Overall Federal Budget Picture
- Historical EPA Annual Budgets (adjusted for inflation)
- Recent EPA Supplemental Budgets (IIJA and IRA)
- The Complexity of EPA's Budget Structure
- Contextual EPA Budget Statistics
- State and Tribal Funding

EPA in the Total Federal Budget

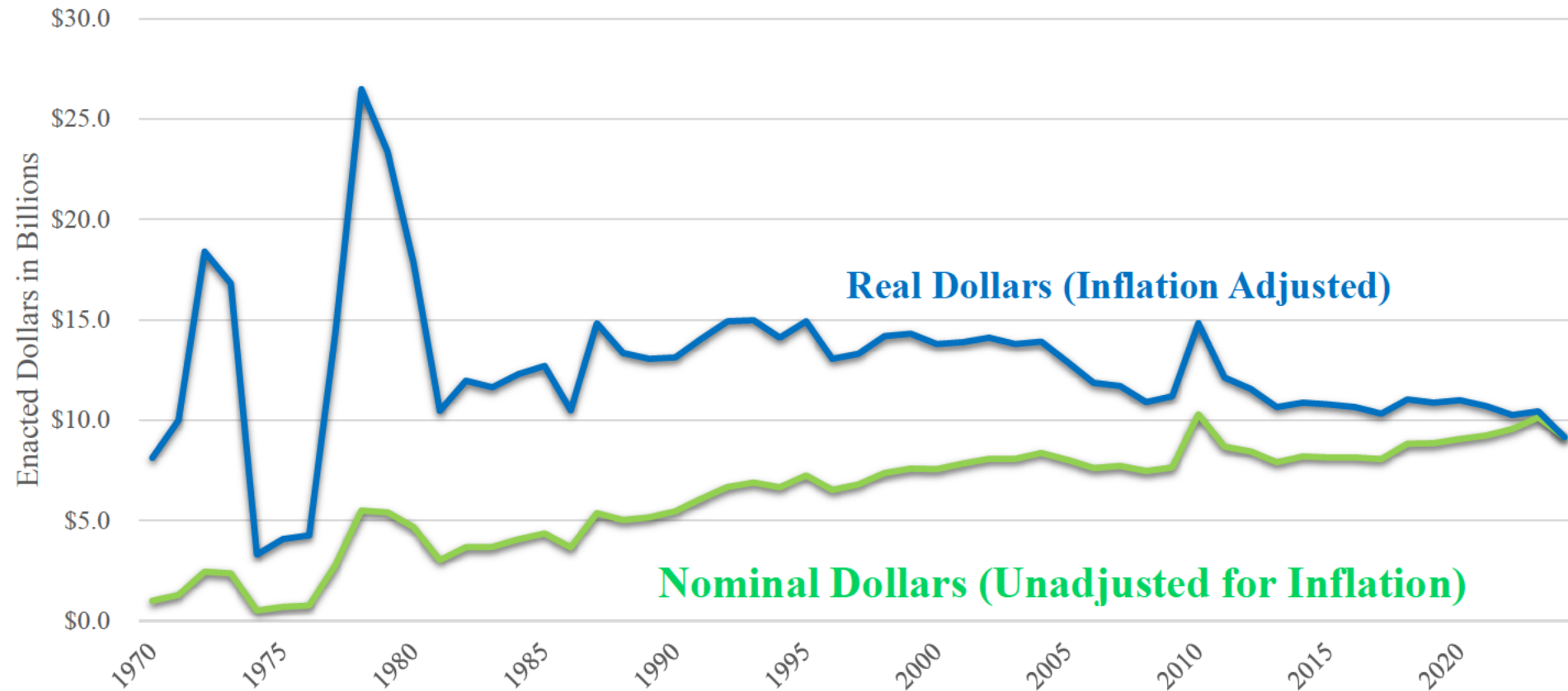
Estimated Total U.S. Federal FY 2024 Outlays: \$6 Trillion



EPA's estimated FY 2024 outlays were \$23 billion, which is about 0.38% of total Federal and 1.2% of discretionary outlays.

EPA Annual Budgets since 1970

Real Dollars (Inflation Adjusted) 1970 to 2024



Note: Values do not include supplemental resources (e.g., IJJA and IRA)

- In the 1970s, EPA funded water infrastructure. This is done through supplemental appropriations now
- Since the 1990s, EPA's annual enacted budgets adjusted for inflation declined from over \$12 billion to a bit more than \$9 billion.

EPA Supplemental Budgets

Since 2021, EPA has received more funds through Supplemental than Annual Appropriations. Through the Infrastructure Investment and Jobs Act (IIJA) and Inflation Reduction Act (IRA) the EPA received over \$100 billion, including:

- **IIJA / Bipartisan Infrastructure Law** – FY 2022 through 2026 – provided over \$60 billion in five annual increments.
 - BIL funds largest investments were for water programs’ State Revolving Fund and Geographic Programs.
- **Inflation Reduction Act (IRA)** – FY 2022 – included over \$41 billion for a wide range of air and climate related programs, most prominently the Greenhouse Gas Reduction Grants (GGRF), Environmental Justice Block Grants, and Climate Pollution Reduction Grants (CPRG)
- **Disaster Supplementals** – FY 2021 through FY 2024 – Over \$1.6 billion provided for Jackson Mississippi water issues and for strengthening resilience in disaster recovery.
- **American Rescue Plan Act (ARP)** – FY 2021 – ARP included \$100 million for air monitoring and environmental justice initiatives.

Over 90% of the supplemental programs are for grants (also called assistance agreements) to states, tribes and other entities.

Superfund Taxes

Since FY 2023, the EPA has received Superfund Taxes without further congressional appropriation.

- **IJA / Bipartisan Infrastructure Law** – FY 2022 - reinstated and modified the excise taxes on certain listed chemicals and imported substances that use, as materials in their manufacture or production, one or more of those listed chemicals.
 - The Superfund chemical taxes went into effect beginning July 1, 2022, and expire on December 31, 2031.
- **Inflation Reduction Act (IRA)** – FY 2022 – reinstated and modified the taxes on oil and petroleum products. The rates for petroleum increased from 9.7 cents to 16.4 cents per barrel, an increase of 69%.
 - The oil and petroleum taxes went into effect on January 1, 2023, and do not expire.

In FY 2023, the EPA received and distributed \$157.8M in Superfund Taxes to implement CERCLA. In FY 2024, EPA received and distributed \$1.44 billion in Superfund Taxes to implement CERCLA.

Major EPA Authorizing Legislation



- **National Environmental Policy Act (NEPA)**, 1969
- **Clean Air Act (CAA)**, 1970, amended 1977, 1990
- **Clean Water Act (CWA)**, 1972, amended 1977, 1987
- **Safe Drinking Water Act (SDWA)**, 1974, amended 1996
- **Resource Conservation and Recovery Act (RCRA)**, 1976, amended 1984, 1986
- **Toxic Substances Control Act (TSCA)**, 1976, 2016 (TSCA 21, Frank R Lautenberg Chemical Safety for the 21st Century)
- **Superfund (Comprehensive Environmental Response, Compensation and Liability Act, CERCLA)**, 1980, amended 1986
- **Pollution Prevention Act**, 1990
- **Federal Insecticide, Fungicide and Rodenticide Act (FIFRA)**, 1996

Annual and Supplemental Appropriations also may contain legal authorities

EPA's Complex Budget Structure

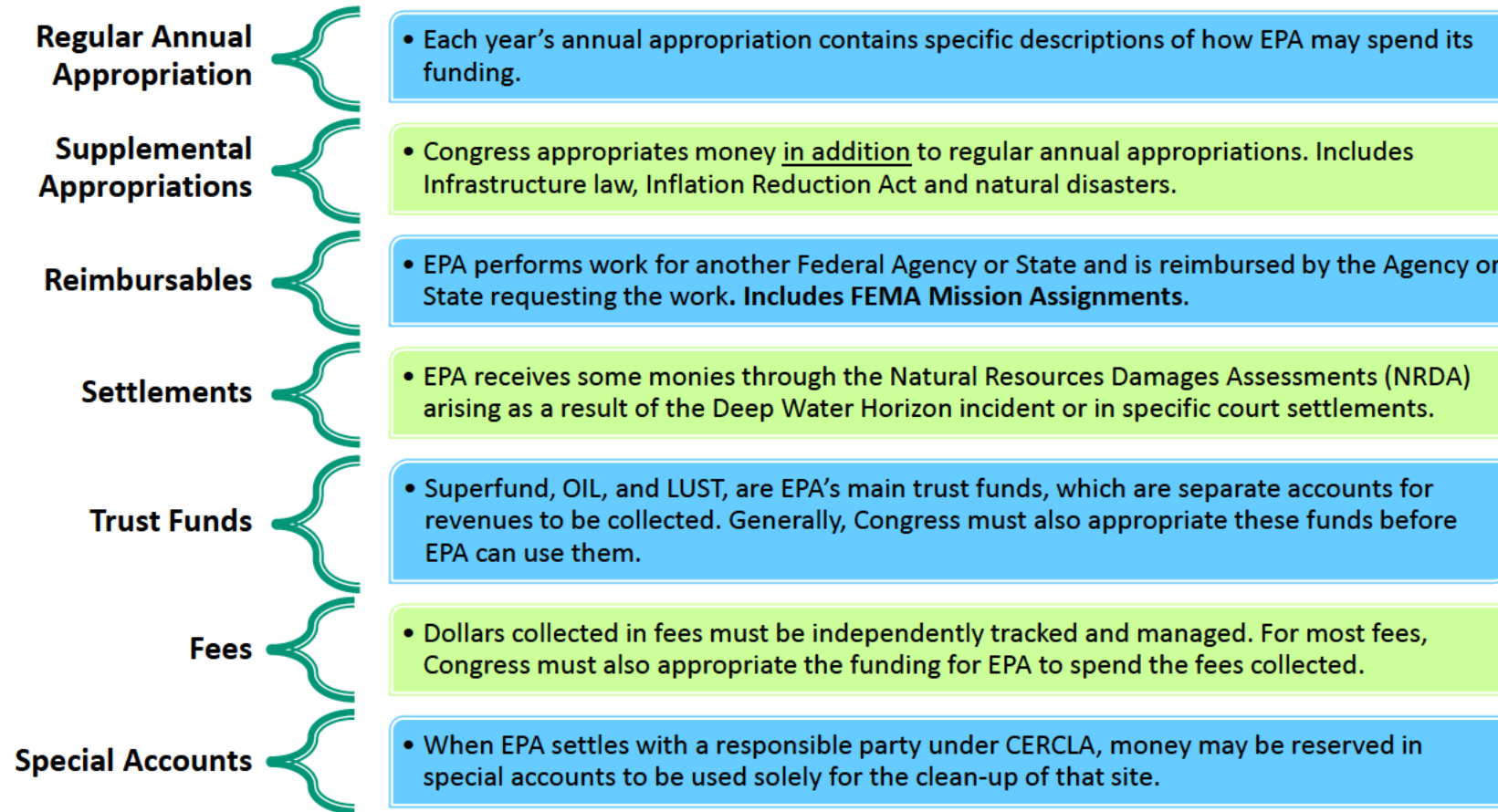


EPA's budget structure is complicated compared to most other agencies for several reasons:

- **Many funding sources** - In addition to annual and supplemental budgets EPA funds programs from several other sources.
- **Many detailed authorizing statutes** - EPA has many varied environmental laws covering air, land, water, waste and other areas. Many with specific provisions.
- **Nine separate “appropriations” or types of funding**
- **A matrix program and regional structure** – Many of EPA's programs rely on regional structures since almost all of EPA's programs require close work with states, tribes, and localities and particular organizations focused on regional issues.
- **Many requirements** – Congress puts many limits and requirements in appropriations statutes to provide reports, limit certain types of spending, and track budgets by line items.
- **Superfund** – Partly funded both by taxes and an annual appropriation, the Superfund finances are also complicated because after settlements, financials charges can be changed years after they were executed.
- **Centralized payroll** – As a scientific, regulatory and enforcement agency, EPA manages many different types of jobs, funded by many different sources. To ensure EPA maintains staffing needed and complies with all requirements, the Agency has historically centralized managing payroll.
- **No Bureaus** – Many Departments have sub-components with specific amounts appropriated to the organization (e.g. Bureau of Land Management in DOI, or Customs and Border Patrol in DHS) – EPA's appropriation does not tie to organizational structure – funds are spread out across organizations.

EPA's Many Funding Sources

In addition to the Annual Budgets, EPA receives funds from many different sources, with different rules and requirements. Majority of funds generally come from Annual Appropriations.



EPA's Organization



The EPA has 13 National Program Managers (NPMs) and 10 Regions

- These 23 organizations take the primary responsibility for managing funds
- Most NPMs have operations in the Washington DC area and in the Regions
- Some NPMs also directly manage field offices around the country, such as research laboratories or Research Triangle Park (RTP) in North Carolina.
- Roughly half of the EPA's employees work in the Regions, one-third work in the DC metro area reporting to the NPMs directly, and about one-sixth work in laboratories and field offices around the country but report directly to the NPM.

The NPMs are called the Offices of:

- Administrator (OA or AO)
- Air & Radiation (OAR)
- Chief Financial Officer (OCFO)
- Chemical Safety and Pollution Prevention (OCSPP)
- Enforcement and Compliance Assistance (OECA)
- Environmental Justice & External Civil Rights (OEJECR)
- General Counsel (OGC)
- Inspector General (OIG)
- International and Tribal Affairs (OITA)
- Land and Emergency Response (OLEM)
- Mission Support (OMS)
- Research And Development (ORD)
- Water (OW)

The EPA regional offices are in ten cities across the country. Regional offices manage operations and relationships with the surrounding states (listed for each).

1. Boston, MA (CT, ME, MA, NH, RI, VT)
2. New York, NY (NJ, NY, PR, USVI)
3. Philadelphia, PA (DE, DC, MD, PA, VA, WV)
4. Atlanta, GA (AL, FL, GA, KY, MS, NC, SC, TN)
5. Chicago, IL (IN, MI, MN, OH, WI, IL)
6. Dallas, TX (AR, LA, NM, OK, TX)
7. Kansas City, KS (IA, KS, MO, NE)
8. Denver, CO (CO, MT, ND, SD, UT, WY)
9. San Francisco, CA (AZ, CA, HI, NV, Pacific Islands)
10. Seattle, WA (AK, ID, OR, WA)

EPA's Major Appropriations (or Funds)



1. State and Tribal Assistance Grants (STAG)
2. Environmental Programs & Management (EPM)
3. Hazardous Substance Response Trust Fund (Superfund, SF)
4. Science & Technology (S&T)
5. Leaking Underground Storage Tanks Trust Fund (LUST)
6. Buildings and Facilities (B&F)
7. Inland Oil Spill Programs (Oil)
8. Inspector General (IG)
9. Water Infrastructure Finance and Innovation Act (WIFIA)

→ **EPA may NOT move dollars across appropriations**

- SF transfer to S&T and IG only exception and is directed in the Appropriation

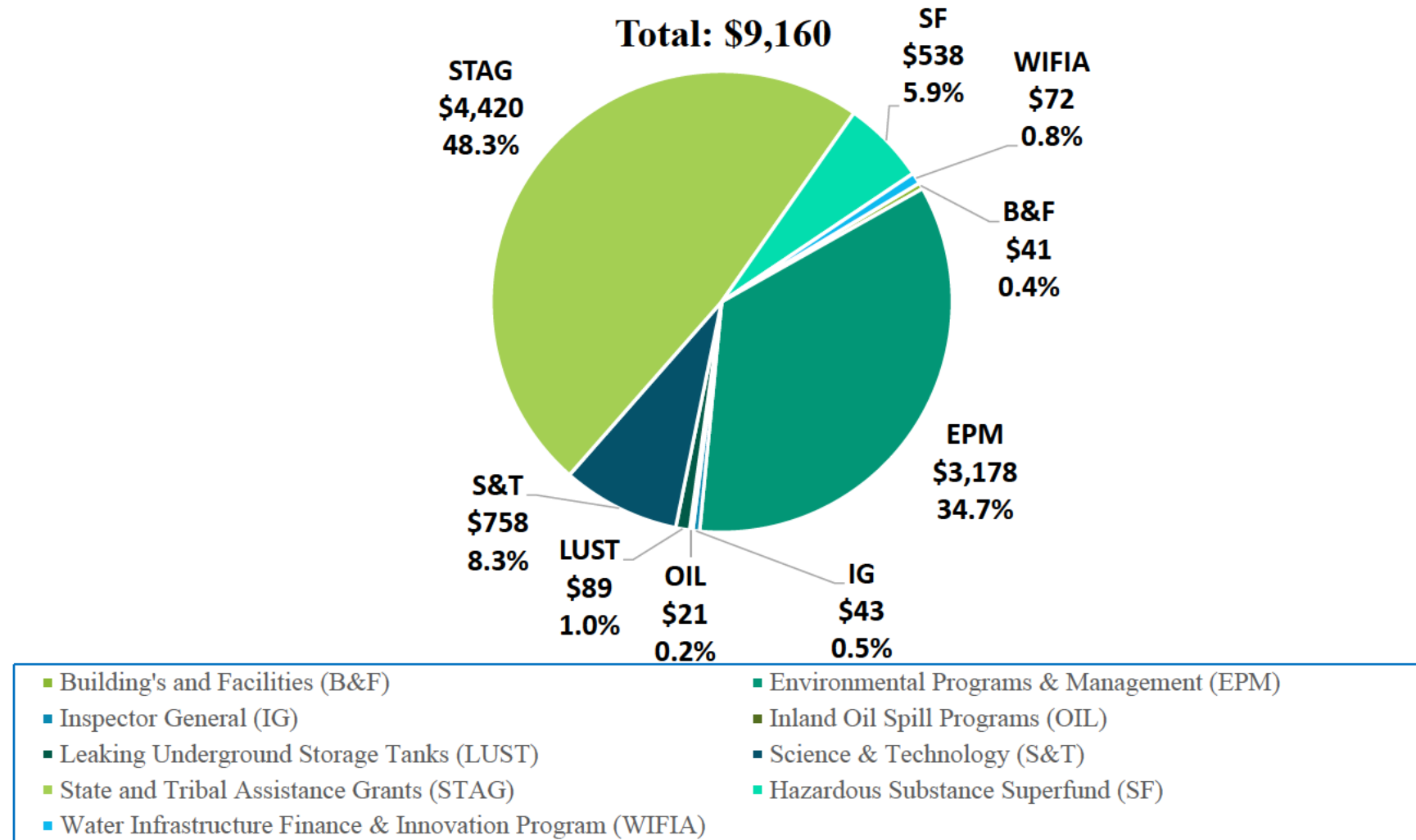
EPA's Budget Structure Must Capture & Track That Detail



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|--|---|
| Appropriation (fund) | EPA has nine major appropriations – No funds may move between appropriations. |
| National Program Manager (NPM) | All of EPA's dollars are tracked according to their national program (e.g. water, enforcement, land, pesticides, or air). |
| Organization | The NPM or Region that manages the funds (called Resource Planning Implementation Operation (RPIO) in EPA's systems). Most national programs designate "allowance holders" within their organization, which act as separate budgets for major portions of the program. |
| Program Areas Project Projects & Activity Codes | <p>Congress asked that EPA track and report spending in major categories called "Program Areas", specific programs called "Program Projects", and activities fulfilling specific statutory line items using Activity Codes within Program Projects. EPA's budget proposals and financial reports provide details at all of these levels.</p> <p>The EPA currently is controlled through nine appropriations, 146 program projects organized into 31 program areas, and 63 activity codes.</p> |
| Budget Object Class (BOC) | <p>Federal dollars must be tracked according to how they were used.</p> <p>EPA's BOCs are: 10 - Personnel Compensation & Benefits (PC&B) / 17 – FTE / 21 – Travel / 28 - Site Travel / 36 - Expenses / 37 – Contracts / 38 - Working Capital Fund / 41 - Grants</p> |

EPA's Annual Budget by Appropriation

FY 2024 Enacted Appropriations, Dollars in Millions

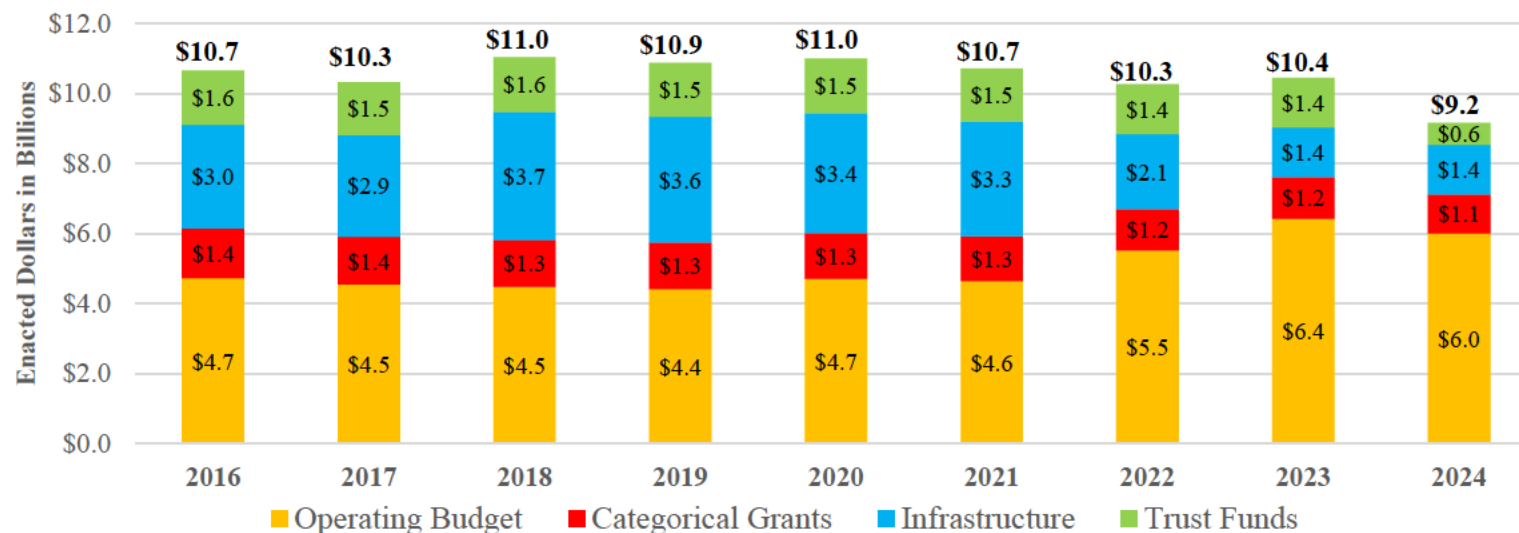


EPA Budget by Type of Spending

Adjusted Inflation – Adjusted Dollars in Billions by Fiscal Year

The EPA's Budget has 4 major types of funding (color coded below):

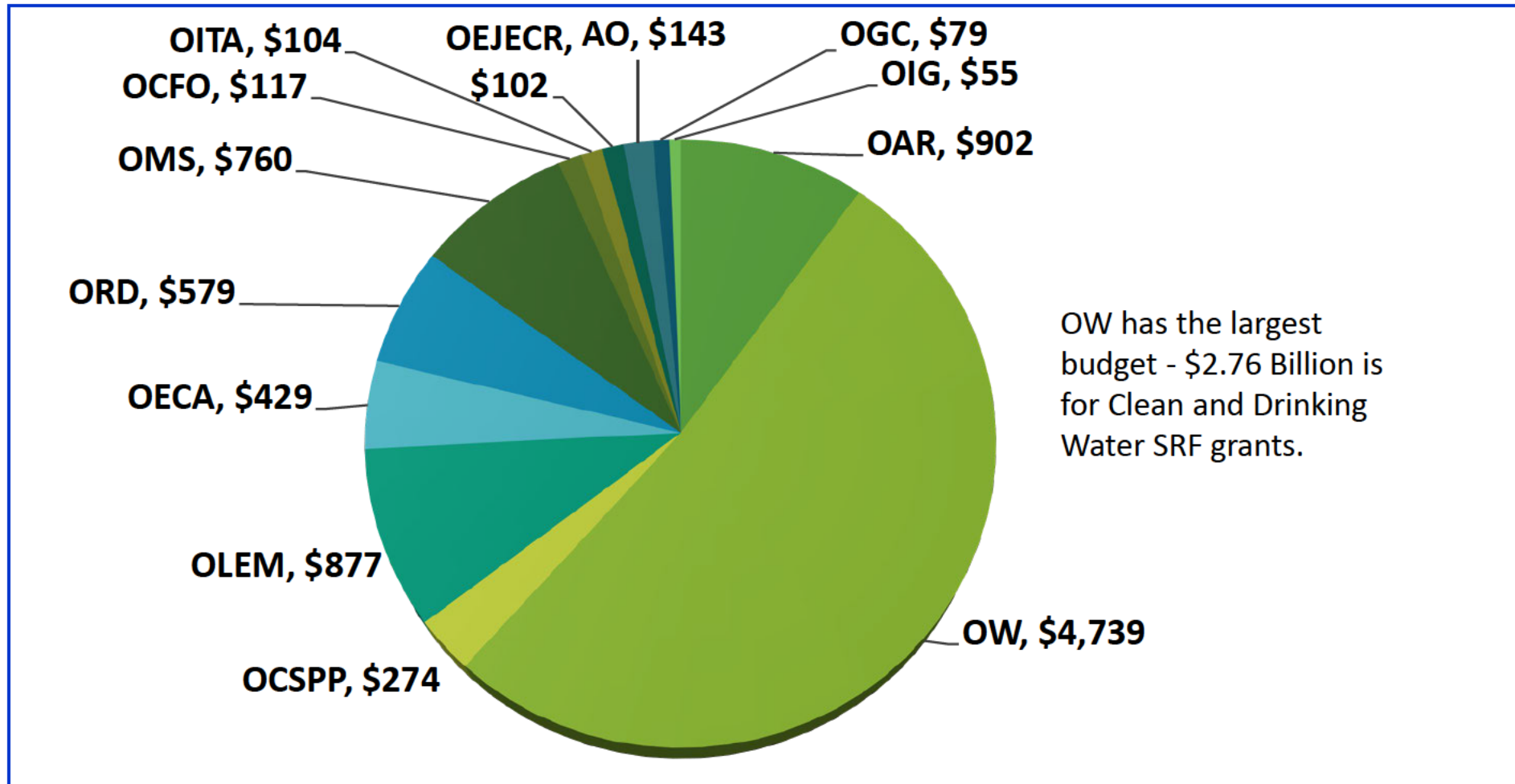
- 1) **Trust Funds** – The Superfund, LUST, and OIL trust funds pay for immediate response and long term clean up for Superfund, storage tank, and oil spill sites respectively (must be appropriated)
- 2) **Infrastructure Funding** – Majority is the Clean and Drinking Water State Revolving Funds (SRFs) that provide low interest loans and/or loan subsidies for water projects (within STAG)
- 3) **Categorical Grants** – Funds state, local, and tribal air, water, waste and other environmental programs (within STAG appropriation)
- 4) **Operating Budgets** – Funds payroll, support costs, contracts and some grants for EPA's regulatory, monitoring, enforcement and other core programs (EPM, S&T and B&F)



Adjusting for inflation, EPA's annual appropriation decreased by 14%.

EPA Annual Budget by National Program Manager

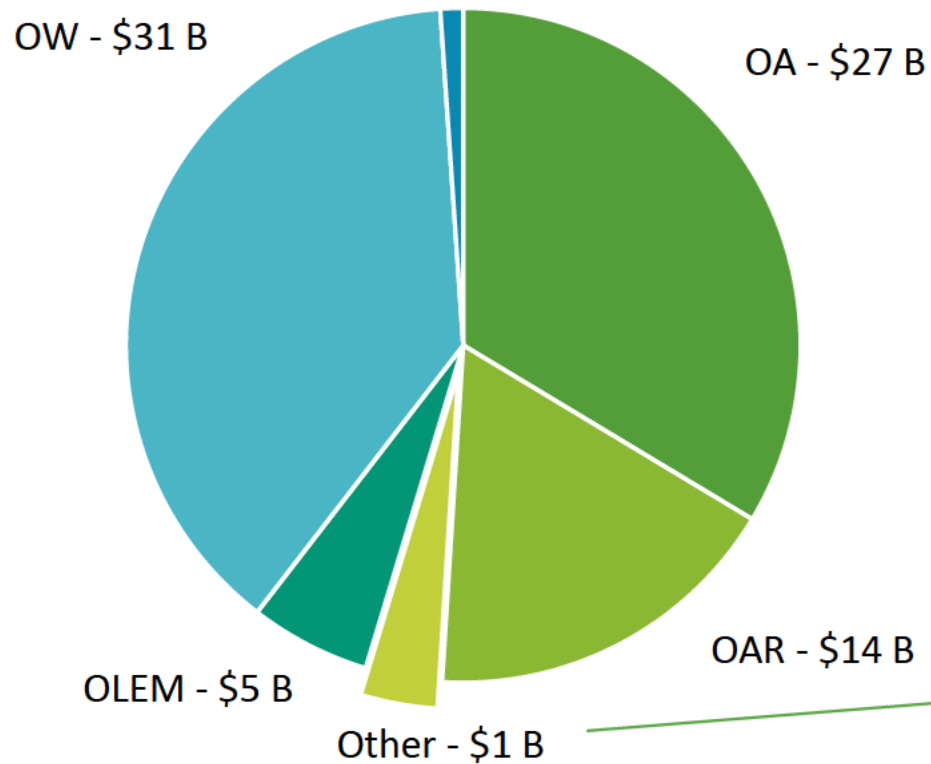
FY 2024 Enacted, Dollars in Millions



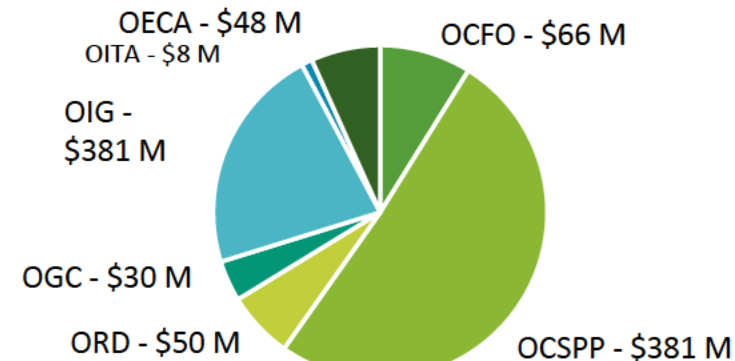
EPA Supplemental Budget by National Program Manager



Major Offices Supplemental Budgets -
Dollars in Billions

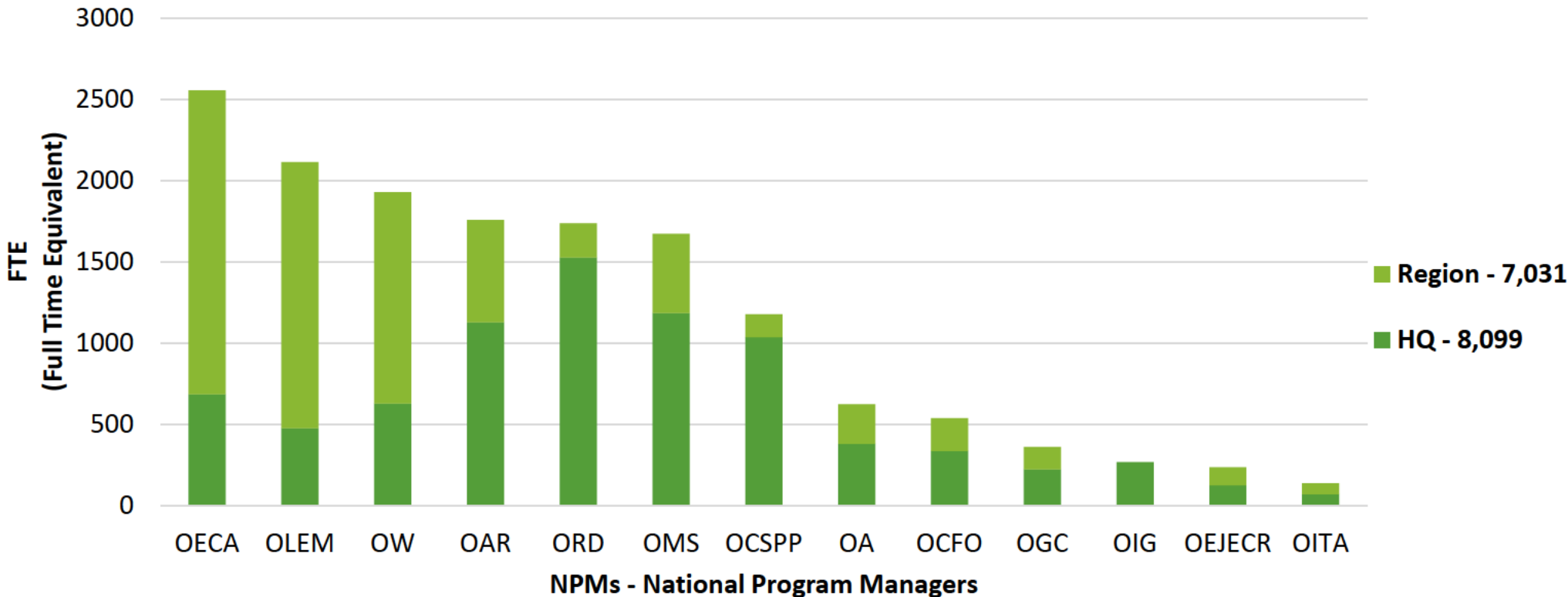


Other & Support Offices
Supplemental Budgets -
Dollars in Millions



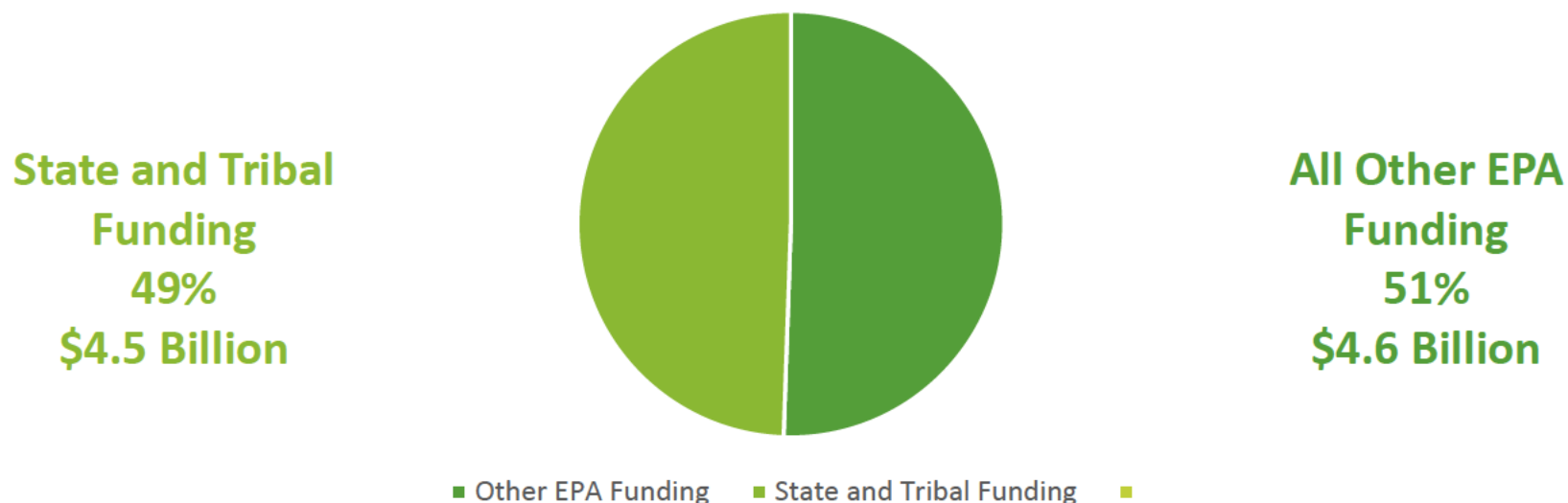
Staffing by EPA National Program

Full Time Equivalents (FTE) in FY 2024 Enacted
HQ / Regional Split



States & Tribes Direct Funding as Portion of the EPA Annual Budget

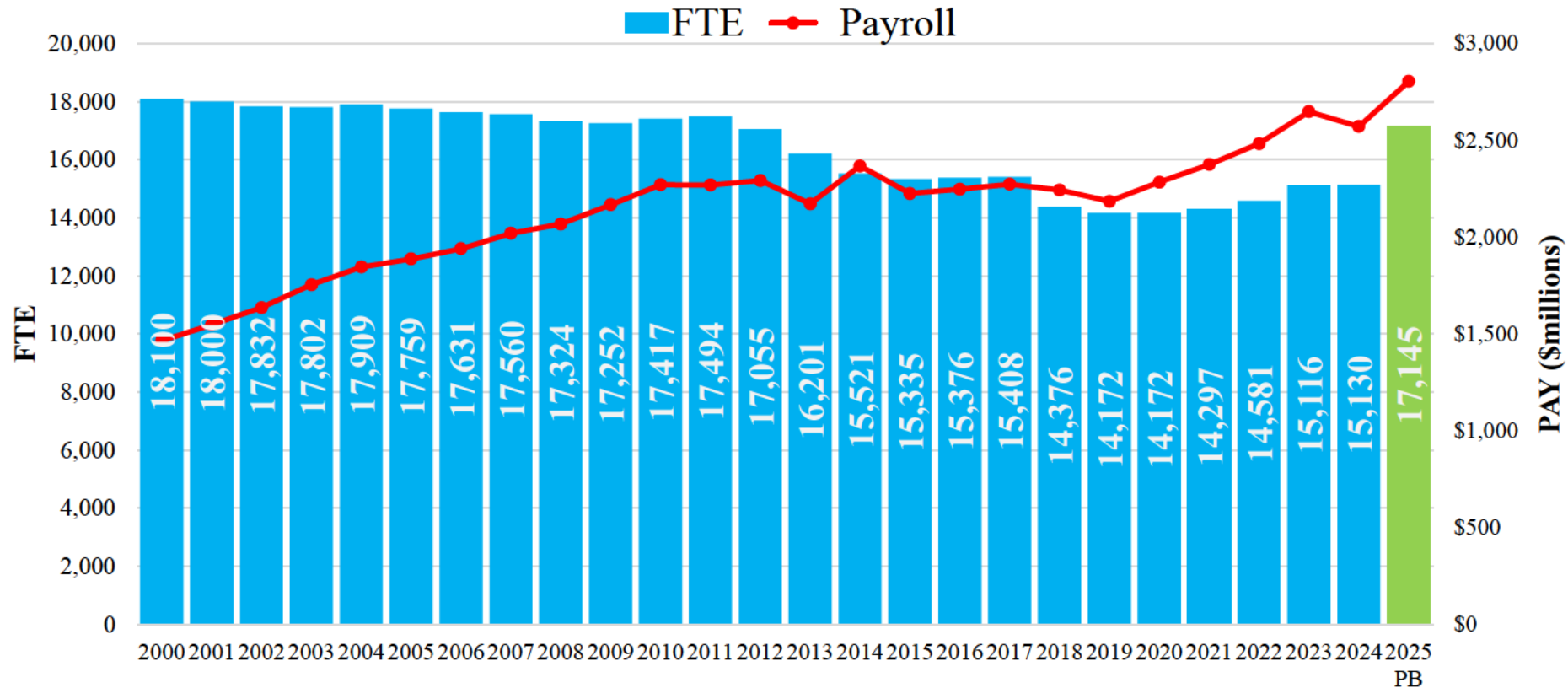
FY 2024 Enacted



- **~ 49% of the EPA's FY 2024 Enacted Budget goes to States & Tribes as grants.** This includes State and Tribal Assistance Grants, which fund ongoing state and tribal environmental programs (including staff); and Clean Water and Drinking Water State Revolving Funds, which provide loans for water infrastructure; as well as some other grant programs.
 - Over 90% of EPA's grants go directly to states and tribes through formula grants. The remaining are competitive grants that may go to states, tribes or may be given to other entities.

FTE & PAYROLL

FY 2000-2024 ANNUAL OPERATING PLAN
FY 2025 PRESIDENT'S BUDGET

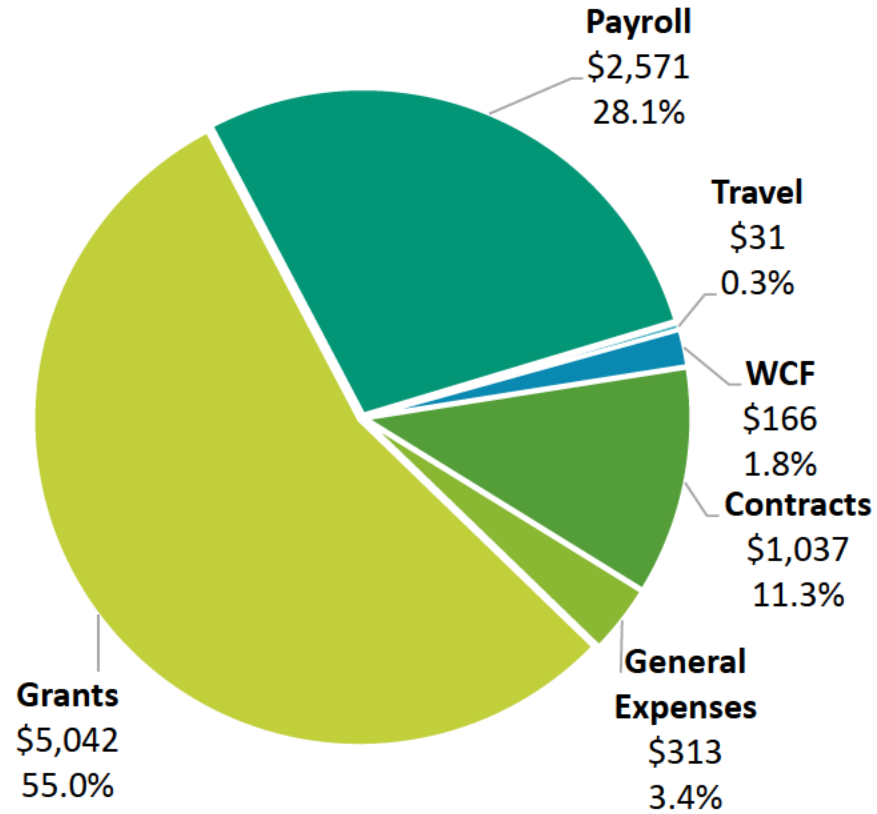


- Payroll Costs keep rising due to Cost-of-Living (COLA) pay increases, increased benefits costs (particularly health care), and employee step increases.
- From FY 2000 to 2024, despite 3,000 fewer FTE, payroll is up by \$1.1 billion.
- FTE increase in FY 2025 President's Budget supports rebuilding the Agency's core capacity to carry out its mission.

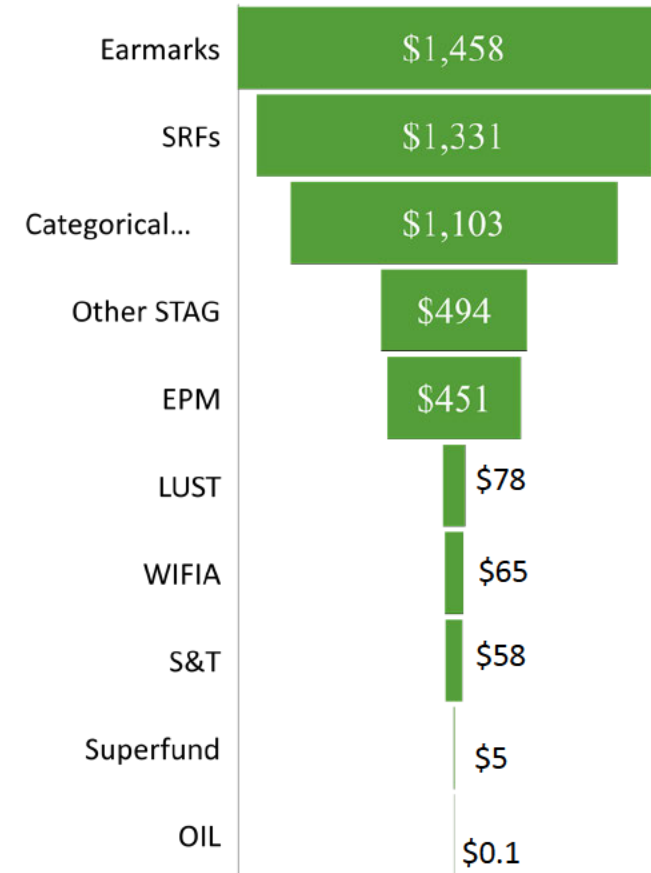
How EPA Spends its Dollars (by Object Class)

EPA FY 2024 Annual Appropriation

Dollars in Millions

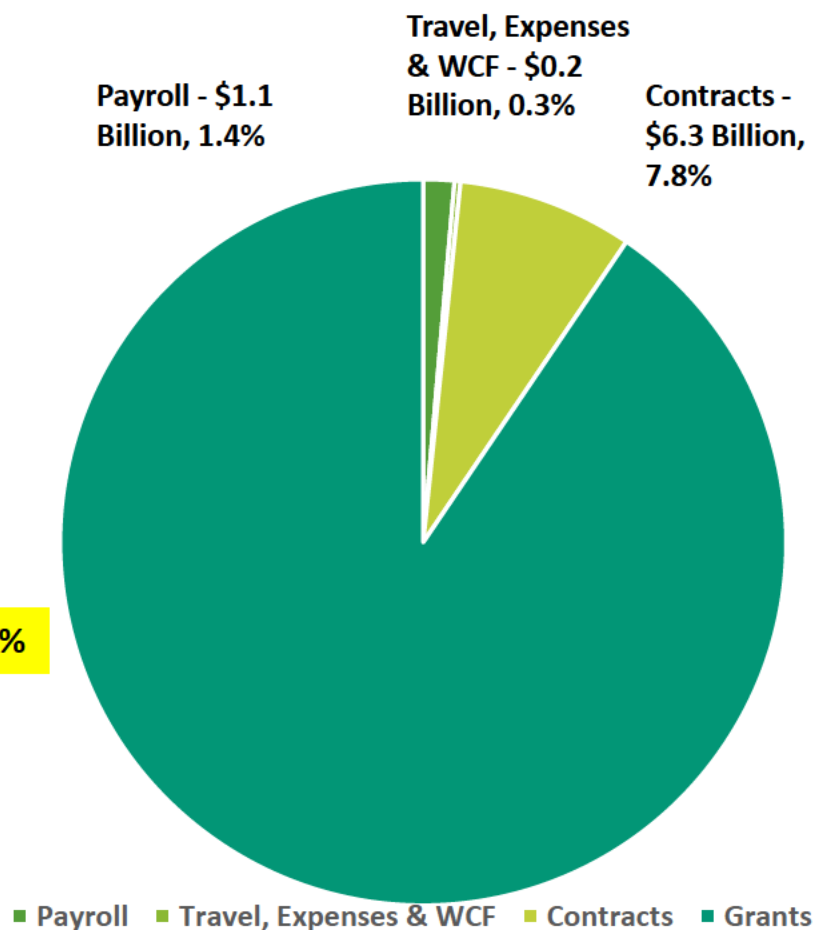


EPA Grants by Grant Category



How EPA Spends its Dollars (by Object Class) Supplementals Since 2020

(Dollars in Billions)



Supplemental Grants by Grant Category

