

House Goes Along with Requested Cuts to EPA

AAAS R&D Funding Update on R&D in FY 2005 EPA House Appropriations

Highlights

- **The House has drafted a budget bill that would cut Environmental Protection Agency's (EPA) R&D by 4.3 percent or \$27 million to \$589 million in FY 2005** (see Table).
- **The extramural Science to Achieve Results (STAR) program would see its budget restored to the FY 2004 level of \$100 million instead of the requested cut of one-third.**
- **EPA's total budget would fall 7.3 percent down to \$7.8 billion in the House plan**, with particularly steep cuts to State and Tribal Assistance Grants and the Science and Technology program.

EPA R&D in FY 2005 House Appropriations

On July 22, the House Appropriations Committee drafted its version of an FY 2005 VA/HUD appropriations bill that would cut funding for Environmental Protection Agency (EPA) in FY 2005. The House bill would provide EPA with a total budget of \$7.8 billion in FY 2005, \$613 million or 7.3 percent less than this year. EPA's R&D funding would decline 4.3 percent down to \$589 million, slightly above the 7.1 percent cut requested by EPA in February. (For details of R&D in the FY 2005 request, please see Chapter 13 of *AAAS Report XXIX: R&D FY 2005* or the February 25 AAAS R&D Funding Update.)

The House FY 2005 VA-HUD bill would provide \$93 billion for discretionary programs, almost \$1 billion more than the President's request and \$2 billion more than this year's funding level. The bill funds science agencies including the National Science Foundation (NSF), the National Aeronautics and Space Administration (NASA), EPA, and non-R&D programs for veterans and housing. Although the overall bill total would increase, the House would devote all the additional funds and then some to veterans and housing programs, complaining that the Administration request significantly underfunds these needs. The House is constrained from adding even more funds to the VA-HUD bill because both the House and Senate are working with a total of \$822 billion for all discretionary programs in FY 2005 that is \$1 billion lower than the President's request, necessitating difficult choices in funding priorities.

EPA's R&D, mostly funded in the **Science and Technology** account, would total \$589 million in the FY 2005 House plan, a cut of \$27 million or 4.3 percent (see Table). The FY 2004 omnibus budget bill contained 41 congressional earmarks in the S&T account and another 11 R&D earmarks in normally non-R&D Environmental Programs and Management account, many of them renewed from FY 2003, for a total of \$56 million in R&D earmarks (AAAS estimates). The FY 2005 request would have eliminated these earmarks, for a slight net increase in FY 2005 for EPA's core R&D programs. The House, faced with tight budgetary constraints, would fund only three R&D earmarks totaling \$11 million while boosting R&D funding for core R&D programs.

R&D in the S&T account would fall by 1.6 percent to \$552 million in FY 2005, but would actually increase slightly if earmarks are not counted. The lack of earmarks would free up money for some modest program increases, such as particulate matter research from \$58 million this year to \$59 million next year, and computational toxicology (\$9 million this year to \$13 million next year). Most EPA research areas would see flat or slightly increasing funding, including water quality research (flat at \$45 million) and drinking water research (up slightly to \$45 million).

EPA's funding of competitively awarded extramural research would bounce back from steep requested cuts. EPA's Science to Achieve Results (STAR) program of extramural research grants would receive \$100 million, the same funding level as this year and the previous three years. EPA had requested a one-third cut to \$65 million, which would have required the elimination of STAR grants in four areas. The House would also provide **\$9.7 million for the STAR Fellowship Program**, the same as this year and similar appropriations in previous years, in contrast to a sharp requested cut. This program encourages science and engineering graduate students to study environmental science fields that could be of use to EPA's mission.

EPA's S&T investments are a small part of the overall EPA portfolio, and are designed to support EPA's regulatory and enforcement missions. The House-proposed cut to EPA's R&D mirrors the House's cuts to the overall FY 2005 budget by 7.3 percent down to \$7.8 billion, a loss of \$613 million (see Table). EPA requested only \$3.2 billion for **State and Tribal Assistance Grants (STG)**, perennially a higher priority for Congress than for EPA, but the House would follow tradition by adding to the request, bringing funding to \$3.4 billion. Most of this money goes to state, local, and tribal governments to fund environmental projects, primarily projects to preserve clean drinking water. For **Environmental Programs and Management**, which funds most of EPA's operating expenses, the House would be less generous with an appropriation of \$2.2 billion, below both the request and FY 2004. The House would also trim the Superfund program down to \$1.3 billion in contrast to a requested increase to \$1.4 billion.

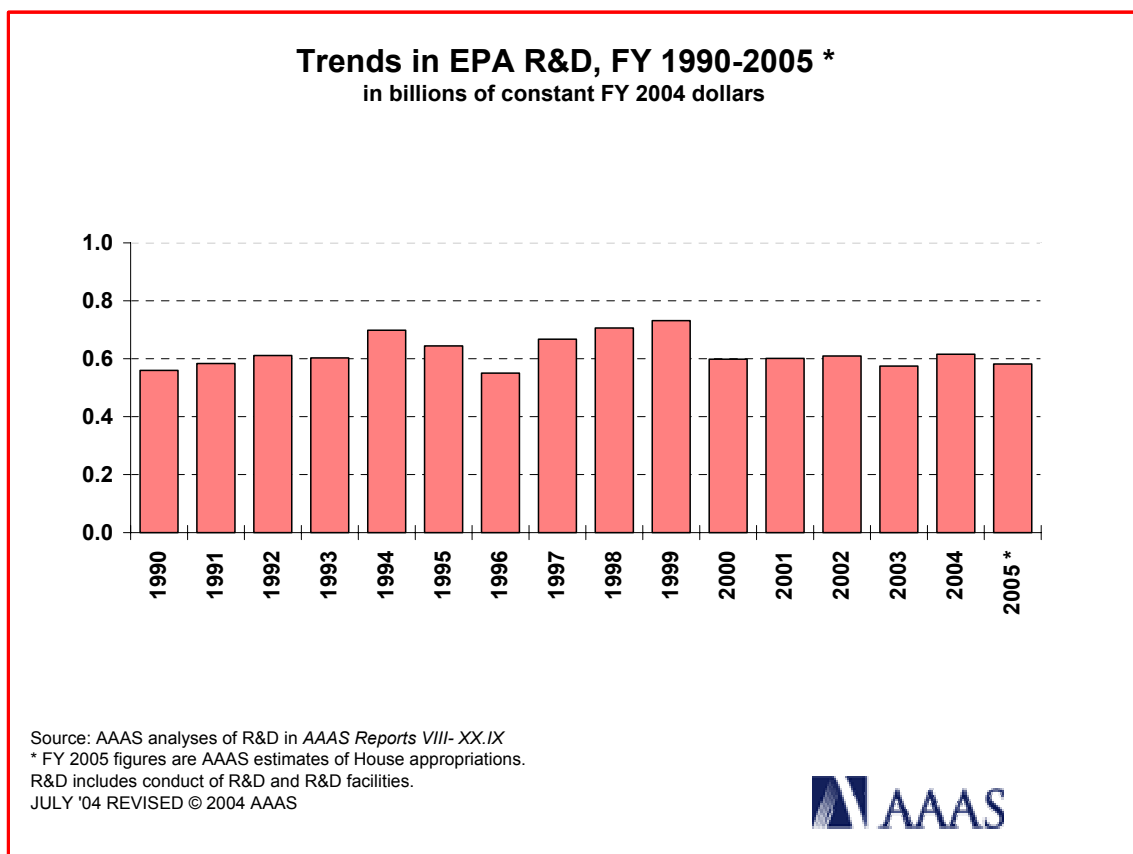


Figure 1. (click on the image to view or download a color, full-page PDF version of the chart)

Outlook for EPA R&D

EPA's R&D support has been declining slowly for the past few years after steady growth in the late 1990s. EPA's R&D budget declined sharply after FY 1994 and bottomed out in FY 1996 (see Figure 1). In

subsequent years, EPA's R&D grew until FY 1999. EPA R&D declined again in FY 2000, and has mostly just kept pace with inflation since then. EPA R&D has essentially stayed at \$600 million in today's dollars for more than a decade, but the FY 2005 House appropriation and request would both represent a steep decline from recent years.

Even the flat funding of recent years may look good compared with what lies in store. With Congress and the President apparently committed to reducing the budget deficit in half within the next five years primarily through holding down domestic spending, the consequences for EPA are becoming clearer. The FY 2005 budget contains preliminary projections for the EPA budget out to FY 2009. **In FY 2006, EPA R&D could fall even further to \$560 million,** and end up well below this year's funding level at \$569 million by FY 2009. **After adjusting for expected inflation, the five-year Bush budget would leave EPA's R&D funding 15 percent below this year's funding level in 2009. The House VA-HUD bill would keep the EPA budget in line with these projections.** (For more on the five-year projections for federal R&D, see the April 22 (revised May 7) AAAS Analysis of the Outyear Projections for R&D in the FY 2005 Budget.)

Next Steps

The House VA-HUD bill's proposed cuts to NSF, NASA, and EPA look so steep, especially in an election year, that the bill may be rejected by the full House. If that looks likely, the House leadership may prevent the bill from reaching the House floor in September. The Senate, facing the same fiscal constraints, may not draft its VA-HUD bill at all. Thus, the bill is almost certain to be included in a year-end omnibus appropriations bill. There is already talk that funding for NSF and NASA (but not EPA) will have to be boosted through the infusion of additional funds in a year-end budget deal. Where the additional funding might come from, however, is uncertain, and it is highly likely that these House-proposed funding levels for EPA could eventually prevail in the final FY 2005 appropriations package.

(This analysis is one of a series of AAAS R&D Funding Updates on the FY 2005 congressional appropriations process. This analysis includes information on R&D in House appropriations for the National Science Foundation. The complete series of AAAS R&D Funding Updates, including continually updated analyses of R&D by agency in FY 2005 appropriations, is available on the AAAS R&D Web Site (<http://www.aaas.org/spp/rd>) in the "FY 2005 R&D" or the "What's New" sections.)

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Table. EPA R&D in FY 2005 House Appropriations

**Table. Environmental Protection Agency
House Appropriations Committee Action on R&D in the FY 2005 Budget
(budget authority in millions of dollars)**

	FY 2004 Estimate	FY 2005 Request	Action by House				
			FY 2005 House	Chg. from Request Amount	Chg. from Request Percent	Chg. from FY 2004 Amount	Chg. from FY 2004 Percent
EPA R&D:							
Science and Technology ¹	561	535	552	17	3.2%	-9	-1.6%
Superfund	45	36	36	0	0.0%	-9	-19.2%
Leaking Underground Storage Tanks	1	1	1	0	0.0%	0	0.0%
Oil Spill Response	1	1	1	0	0.0%	0	0.0%
Other R&D	9	0	0	0	--	-9	-100.0%
Total EPA R&D	616	572	589	17	3.0%	-27	-4.3%
EPA Budget:							
Science and Technology	782	689	729	40	5.8%	-53	-6.7%
Environ. Progs. and Management	2,280	2,317	2,241	-75	-3.3%	-39	-1.7%
Superfund	1,258	1,381	1,258	-124	-9.0%	0	0.0%
State and Tribal Assistance Grants	3,878	3,232	3,359	127	3.9%	-519	-13.4%
Buildings and Facilities	40	43	39	-4	-9.1%	-1	-1.9%
Leaking Underground Storage Tanks	76	73	74	1	2.0%	-2	-2.1%
Oil Spill Response	16	16	16	0	-2.6%	0	-0.7%
Inspector General	37	38	37	-1	-2.6%	0	-0.9%
Total EPA Budget	8,366	7,789	7,753	-36	-0.5%	-613	-7.3%

AAAS estimates based on FY 2005 appropriations bills. Includes conduct of R&D and R&D facilities.

FY 2004 and FY 2005 request figures based on OMB R&D data and supplemental agency budget data.

Figures are rounded to the nearest million. Changes calculated from unrounded figures.

¹ Does not include transfers from Superfund (see Superfund line).

July 26, 2004 - House Appropriations Committee-approved funding levels.

These funding levels may be amended or rejected by the full House.