

EPA R&D Gains Slightly in Final Budget

AAAS R&D Funding Update on R&D in FY 2006 EPA Conference Appropriations

Highlights

- **The Environmental Protection Agency's (EPA) R&D budget increases slightly by 1.2 percent or \$7 million to \$579 million in FY 2006** (see Table). Because of a reduction in congressional earmarks, most EPA R&D programs are set to receive increases next year.
- **EPA's overall budget falls 4.1 percent to \$7.7 billion** because of steep cuts to State and Tribal Assistance Grants, and fewer congressional earmarks than in recent years.

EPA R&D in FY 2006 Conference Appropriations

On July 26, a House-Senate conference committee agreed on a final version of the FY 2006 Interior and Environment appropriations bill, the first of the FY 2006 appropriations bills to make it through conference. The bill funds most of the Department of the Interior as well as the Smithsonian Institution, the Forest Service, and for the first time the Environmental Protection Agency (EPA). In previous years, EPA had been funded along with the National Science Foundation, NASA, and the Department of Veterans Affairs in the now-eliminated VA-HUD appropriations bill. Tight budget limits gave negotiators fits as they struggled to wrap up the bill, and in the end they inserted an across-the-board cut of 0.48 percent for all programs to bring the bill's spending total down. Congress is expected to give final approval by the end of the week, and President Bush is expected to sign it into law in early August, giving EPA a final budget before the October 1 start of the new fiscal year for the first time in a decade.

EPA's R&D totals \$579 million in the final Interior/Environment bill, a modest gain of \$7 million or 1.2 percent that falls behind the expected inflation rate of 2.0 percent (see Table), compared to a small cut in the President's February budget proposal. (For details of the President's request for EPA R&D, please see Chapter 13 of *AAAS Report XXX: R&D FY 2006* or the March 2 EPA R&D Funding Update. For details of the House EPA appropriation, see the June 3 R&D Funding Update. For details of the Senate EPA appropriation, see the June 17 R&D Funding Update.)

Most EPA R&D programs gain in the final FY 2006 budget because of a reduction in congressional earmarks. EPA's R&D is mostly funded in the Science and Technology (S&T) account. R&D in the S&T account totals \$547 million in FY 2006, a 2.3 percent increase, but this becomes a larger increase if congressionally designated performer-specific R&D earmarks are not counted. Congress chose to add \$33 million in earmarks to the request, only half the FY 2005 earmarks total, leaving more room for core R&D program funding. Clean air research, including work on global change, particulate matter, and tropospheric ozone, gains \$4 million to reach \$106 million. Clean water research increases to \$97 million, up \$3 million. Human health and ecosystems research, which incorporates computational toxicology, endocrine disruptors, and risk assessment related to human health, gains \$9 million to reach \$244 million. Only sustainability research gets squeezed down to \$29 million from \$40 million.

Homeland security-related activities are a winner in FY 2006, nearly doubling from \$33 million in FY 2005 to \$51 million next year. EPA efforts focus on two areas. Drinking water security research would be one priority, and would involve EPA efforts to develop better surveillance and laboratory networks for drinking water supplies to counter potential terrorist threats. The other priority is decontamination research, to develop better technologies and methods for decontaminating terrorist attack sites such as the Senate office buildings that EPA decontaminated from anthrax in 2001.

In addition to these S&T activities, the Superfund program also finances R&D on environmental restoration, human health effects of pollutants, and pollution prevention. Superfund R&D declines 15 percent to \$36 million (see Table).

EPA's S&T investments are a small part of the overall EPA portfolio (see Table), and are designed to support EPA's regulatory and enforcement missions. R&D fares better than the overall FY 2006 budget of \$7.7 billion, a loss of \$330 million or 4.1 percent. Congress provides only \$3.2 billion for **State and Tribal Assistance Grants (STG)**, down from \$3.6 billion. Most of this money goes to state, local, and tribal governments to fund environmental projects, primarily projects to preserve clean drinking water, but in the final FY 2006 Interior bill Congress restrained its usual penchant for adding dozens of earmarked projects. The Environmental Programs and Management (EPM) account that funds most of EPA's regulatory work sees an increase (up 3.3 percent to \$2.4 billion).

Impacts of the EPA R&D Portfolio

EPA's basic and applied research support (excluding development and R&D facilities) comprises the large majority (80 percent) of EPA's R&D. The largest part of EPA's research is in the life sciences (primarily biology and environmental biology), with significant support for the environmental sciences and engineering as well. Although EPA is the major environmental regulatory agency in the federal government, many other agencies have environmental responsibilities related to research, resource stewardship, and economic management of the environment, so EPA is a relatively small funding source for environmental R&D. In the environmental sciences, EPA accounts for only 4 percent of total federal support, while in the life sciences EPA funds less than 1 percent.

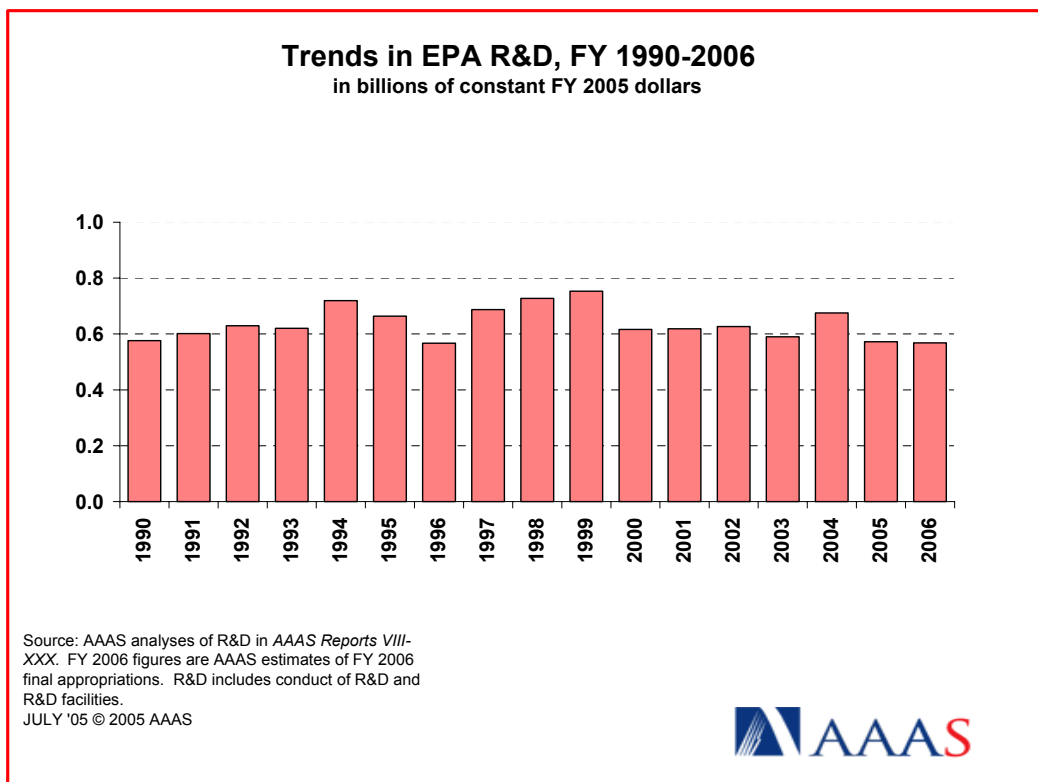


Figure 1. (click on the image for PDF)

Roughly 47 percent of EPA's R&D is performed in the agency's own laboratories, while about 10 percent is performed by industrial firms. Nearly a third of EPA's R&D is performed by colleges and universities, a

share that has been growing in recent years as EPA has attempted to expand its links with academia. The remainder is performed by nonprofit institutions and state and local governments.

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 eroded slowly in inflation-adjusted dollars since then except for a one-time boost in FY 2004 for homeland security-related R&D. EPA R&D has dipped below \$600 million in today's dollars in recent years in a downward trend.

- July 28, 2005

(This analysis is one of a series of AAAS R&D Funding Updates on FY 2006 congressional appropriations. The complete series of AAAS R&D Funding Updates, including continually updated analyses of R&D in FY 2006 appropriations, is available on the AAAS R&D Web Site (<http://www.aaas.org/spp/rd>) in the "FY 2006 R&D" or the "What's New" sections.)

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Table. EPA R&D in FY 2006 House-Senate Conference

**Table. Environmental Protection Agency
House-Senate Conference on R&D in the FY 2006 Budget
(budget authority in millions of dollars)**

	FY 2005 Estimate	FY 2006 Request	House-Senate Conference				
			FY 2006 CONF.	Chg. from Request Amount	Chg. from Request Percent	Chg. from FY 2005 Amount	Chg. from FY 2005 Percent
EPA R&D:							
Science and Technology ¹	535	536	547	11	2.1%	12	2.3%
Superfund	36	31	30	-1	-1.7%	-6	-15.4%
Leaking Underground Storage Tanks	1	1	1	0	7.2%	0	7.2%
Oil Spill Response	1	1	1	0	0.2%	0	0.2%
Other R&D	0	0	0	0	--	0	--
Total EPA R&D	572	568	579	11	1.9%	7	1.2%
EPA Budget:							
Science and Technology ¹	744	761	738	-23	-3.0%	-6	-0.8%
Environ. Progs. and Management	2,294	2,404	2,370	-34	-1.4%	76	3.3%
Superfund	1,248	1,279	1,255	-24	-1.9%	7	0.5%
State and Tribal Assistance Grants	3,575	2,961	3,167	206	6.9%	-408	-11.4%
Buildings and Facilities	42	40	40	0	0.1%	-2	-4.7%
Leaking Underground Storage Tanks	69	73	73	0	-0.4%	4	5.3%
Oil Spill Response	16	16	16	0	-1.3%	0	-1.3%
Inspector General	38	37	37	0	0.7%	-1	-1.9%
Total EPA Budget	8,026	7,571	7,696	125	1.6%	-330	-4.1%

AAAS estimates based on FY 2005 and FY 2006 appropriations bills. Includes conduct of R&D and R&D facilities.

FY 2005 and FY 2006 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.

FY 2006 Conference figures have been adjusted to reflect an across-the-board cut.

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

July 28, 2005 - AAAS estimates of House-Senate conference report.

These figures are final unless the conference report is rejected or vetoed.