

February 8, 2010

Obama Budget Trims EPA Spending, SRF Funds

The White House's proposed FY11 EPA budget recommends trimming \$300 million from the agency's current record-high funding level with most of the reductions coming out of EPA's water and wastewater infrastructure programs.

The reduction would drop EPA's overall FY11 budget by three percent to \$10 billion. Obama Administration officials defended the reduction as necessary due to the federal government's surging budget deficits and noted that the agency's budget increased by more than 33 percent from FY09 to FY10.

Obama's proposal would reduce funding for the Drinking Water State Revolving Fund (DWSRF) from \$1.387 billion this year to \$1.287 billion next year. The Clean Water SRF would see a similar decrease, from \$2.1 billion to \$2 billion.

The Administration said the funding would still pay for 500 drinking water projects and 800 wastewater projects across the country and also pointed out that the reduced SRF figures are far above the programs' funding levels during the Bush Administration. The SRFs also received a total of \$6 billion in additional dollars through last year's economic stimulus legislation.

While Obama proposed trimming water infrastructure programs, several EPA initiatives aimed at global climate change would see funding increases under his plan. The budget includes \$43 million in new funding for EPA and state programs to address climate change. Funding to develop carbon capture and underground sequestration technology increased from \$4 million to \$7 million.

Senators Introduce CFATS Extension Bill, Maintain Water Exemption

Led by Homeland Security Committee Ranking Member Susan Collins (R-Maine), a bipartisan quartet of Senators last week introduced legislation to extend the Department of Homeland Security's Chemical Facility Anti-Terrorism Standards (CFATS) for five years, through October 2015. The bill (S. 2996) would make few changes to the scope of the program and would not require chemical facilities to review

This Week In Congress

Senate Majority Leader Harry Reid (D-Nev.) hopes to begin holding votes on jobs legislation next week. The bill is expected to include a tax credit to spur new hiring, an extension of surface transportation funding and "safety net" measures to extend unemployment benefits and health insurance subsidies for laid-off workers that are set to expire at the end of the month. More substantial infrastructure funding will likely be included in a future jobs package.

In the House, a vote is likely on a scaled-back healthcare reform proposal that would eliminate the antitrust exemption held by health insurance companies.

or adopt so-called “inherently safer technologies” (IST). The bill would also maintain the current CFATS exemption for drinking water and wastewater facilities.

In addition to Sen. Collins and Ohio Republican George Voinovich, S. 2996 is cosponsored by Democratic Senators Mark Pryor of Arkansas and Mary Landrieu of Louisiana. Their support for the proposal indicates that Senate leaders will face an uphill battle in any attempt to move a security bill with IST mandates through the chamber this year. Sen. Frank Lautenberg (D-N.J.) has indicated an interest in formulating a chemical and water security bill that includes some form of IST but has not yet detailed specific plans.

Last fall the House of Representatives approved its own legislation (H.R. 2868) that would overhaul CFATS as it applies to chemical facilities and impose new EPA-based security standards on drinking water and wastewater systems. AMWA successfully persuaded the House to not give EPA power to broadly force water utilities across the country to implement IST, but the chemical sector strongly opposed the bill because it would allow DHS to mandate IST to chemical facilities. The Senate has taken no action on the House-passed bill.

Meanwhile, President Obama’s FY11 DHS budget includes a one-year CFATS extension that would continue the program through October 2011, suggesting that the White House does not believe Congress will pass a final chemical security overhaul before the end of the year. The water and wastewater exemptions from CFATS would also continue under Obama’s proposal.

Interior Budget Shrinks Slightly Under FY11 Proposal

The Interior Department’s budget would shrink to \$12.04 billion next year under the terms of President Obama’s FY11 spending proposal. Interior received \$12.15 billion in funding this year. Specific requests in the Interior Department budget include:

- \$1.11 billion for the Bureau of Reclamation, down from \$1.13 billion last year;
- \$29 million for Title XVI water reclamation and reuse funding;
- \$37.4 million for USGS climate change adaptation programs, including carbon sequestration assessments and NOAA climate research – an \$11 million increase over FY10 funding levels; and
- \$65 million for the National Water Quality Assessment Program (NAWQA), which monitors the quantity and quality of the nation’s waters. The program received \$66.5 million last year.

Also included in the proposal is an extra \$14 million to establish the department’s Climate Science Centers around the country. Through the Centers, the department aims to identify the areas and species in the United States that are most vulnerable to climate change and to begin implementing comprehensive adaptation strategies in those areas.

Budget Hits Army Corps With 10 Percent Cut

The U.S. Army Corps of Engineers would suffer a ten percent funding cut under President Obama’s FY11 budget proposal. Under the White House’s request, the Army Corps would receive \$4.9 billion in 2011, down from the \$5.4 billion appropriated this year. The investigations account, which funds project studies, would be reduced to \$104 million from the \$162 awarded in fiscal 2010. The construction budget would be funded at \$1.7 billion next year, compared with \$2 billion awarded by Congress this year. Meanwhile, the operations and maintenance account would experience a small cut of \$39 million, dropping to \$2.4 billion for FY11.

The Administration responded to early criticism of the cuts by noting that the Army Corps received an infusion of \$4.6 billion in stimulus funding last year, and some funds previously appropriated to the agency have yet to be spent.

Infrastructure Bank Proposal Would Focus On Transportation Projects

An infrastructure bank proposal included in President Obama's FY11 budget request would, if enacted, focus on transportation projects and likely not deliver any new funds for water infrastructure upgrades. However, the transportation bank proposal may once again die in Congress as members seek a more comprehensive infrastructure program.

Obama's proposed infrastructure bank – called the National Infrastructure Innovation and Finance Fund – would be used to expand existing federal transportation investments by providing direct federal funding for large-scale capital project grants that “provide a significant economic benefit to the nation or a region.” The budget asked for \$4 billion to launch the bank, \$2.6 billion of which would be handed out in grants or loans during fiscal 2011.

Earlier this year, AMWA joined other water and infrastructure organizations in calling for a broad-based federal infrastructure bank that could finance a broad range of nationally or regionally important infrastructure projects – including drinking water enhancements. AMWA is also continuing to provide input on proposals to create a water-specific infrastructure bank.

The fate of Obama's transportation infrastructure bank appears murky at best. The President also requested funding to develop the bank in last year's budget, but congressional leaders balked and expressed a preference to create a bank with legislation outside of the budget process. No such proposal has advanced in Congress since last year.

CDC Lead Program Releases Notice About Partial Lead Line Replacements

The Centers for Disease Control and Prevention (CDC) is notifying lead program managers at state and local health departments that a recent study conducted by the Center suggests that children in homes that have had partial lead service line replacements are more likely to have blood lead levels (BLLs) “of greater than or equal to 10 $\mu\text{g}/\text{dL}$, when compared with BLLs of “children living in housing with either undisturbed lead service lines or service lines that are not made of lead.” The text of the letter from CDC is posted on its website at www.cdc.gov/nceh/lead/waterlines.htm.

The study referenced in the letter notes that the results are undergoing peer review for future publication in a scientific journal. The CDC letter also urges lead program managers to provide health education materials for home owners about lead safe water and plumbing practices in homes with lead service lines of lead solder.

EPA Inspector General Report Says Green Infrastructure Guidance Insufficient

An EPA Inspector General (IG) report released last week says that the agency has failed to provide adequate guidance to help states determine which water infrastructure projects qualify for American Recovery and Reinvestment Act funding for green projects. The report notes that without adequate guidance, EPA regions and states cannot determine the extent to which these projects reduce energy and

water use compared with projects traditionally funded under the state revolving fund programs. It also states that EPA cannot determine whether these projects meet congressional objectives to promote energy and water efficiency. The report suggests that definitive guidance is needed, particularly if Congress appropriates future funding specifically for water projects with energy or water conservation requirements. The report and summary are online at www.epa.gov/oig/.

Stoner Named To EPA Water Post

Following speculation reported in the January 25 issue of *Monday Morning Briefing*, Nancy Stoner, former co-director of the Natural Resources Defense Council's (NRDC) Water Program, was announced last week as the new Deputy Assistant Administrator for EPA's Office of Water. Stoner served at EPA from 1997 to 1999 as director of the Office of Planning and Policy Analysis in the Office of Enforcement and Compliance Assurance. Prior to joining NRDC, she served as project director and attorney for the Clean Water Project.

Workshops Planned On Resilient Water Management For Climate Change

EPA announced that it will host two regional workshops, *Resilient Water Management Strategies for a Changing Climate: Developing Decision-Support Tools For Local Communities*, which will be held concurrently on June 8 - 10, 2010 in New York City and San Francisco. The goals of the workshops are to identify leading-edge research and management responses on how climate change affects water quality and quantity; to determine how ongoing research can better support protection and management of water resources; and to foster collaboration between local-state-national practitioners, regulators and researchers. Topics to be addressed include climate change science, water management tools and implementation case studies. Advance registration is required. For information, contact: EPA Region 2 – Marie O'Shea (212-637-3585); EPA Region 3 – Stu Kerzner (215-814-5709); EPA Region 9 – Matt Small (415-972-3366).

Tool Available To Produce Source Water Protection Guide For Decision Makers

A new online tool developed by the Source Water Collaborative enables water systems and other source water protection stakeholders to develop a custom guide aimed at educating local policymakers about source water protection issues. The tool's website, www.yourwateryourdecision.org, urges visitors to "start a local conversation about source water protection," noting that community leaders may not know what they can or should do to protect source water. The guide can be customized to provide appropriate steps that community decision makers can take, based on localized situations. The guide can also be crafted to list websites with community and state resources and include an organization's brand or logo.