

**Testimony of Elizabeth Biser, Secretary,  
North Carolina Department of Environmental Quality,  
and President, Environmental Council of the States,  
to the U.S. House Committee on Appropriations  
Subcommittee on Interior, Environment, & Related Agencies  
Addressing the FY25 Budget Request for the  
U.S. Environmental Protection Agency  
May 10, 2024**

The Environmental Council of the States (ECOS) – the national nonprofit, nonpartisan association of state and territorial environmental agency leaders – appreciates the opportunity to submit written testimony on the Fiscal Year 2025 (FY25) President’s budget request for the U.S. Environmental Protection Agency (EPA). ECOS requests: \$671M for three specific Categorical Grant programs to help counter stagnant funding to the states for carrying out federal delegated programs over the last two decades; \$3.25B each – full appropriations – for the Clean Water (CW) and Drinking Water (DW) State Revolving Funds (SRFs); and robust support for addressing per- and polyfluoroalkyl substances (PFAS) and the circular economy.

**Building State Capacity**

Federal infrastructure funding and regulatory program support for states – the primary implementers and enforcers of the nation’s environmental laws – is critically needed for states to maintain robust, legally defensible programs.

Congress has established in the nation’s three key environmental statutes — the Clean Water Act (CWA), the Clean Air Act (CAA), and the Resource Conservation and Recovery Act (RCRA) Subtitle C — its intent for states to have primary responsibility and rights to prevent, reduce, eliminate, and control water, air, and hazardous waste pollution through the management of permit and enforcement programs. In assuming delegation, primacy, and authorization for federal programs, states have made a commitment to match required federal funding through approaches including seeking fees from the regulated community. However, states have been forced to seek funding to significantly overmatch costs to implement federal programs. Federal support has eroded in the past two decades, whereas inflation has soared. A November 2023 [report](#) of the Association of State and Territorial Solid Waste Management noted, for example, that “STAG [State and Tribal Assistance Grants] funding fell \$63[M] short of the total cost to run the program in FY[22].” The \$63M difference was covered by “overmatch” by states, with states actually matching 48% of the grant funding, well beyond the 25% state match required. In FY24 enacted funding, the STAG grant supporting hazardous waste programs was reduced \$3.5M to \$101.5M, with \$5M directed to support post-consumer materials management or recycling facilities – further reducing funds for authorized state implementation of federal hazardous waste programs to their lowest levels since before 2010 while new state program requirements are being added.

Failure to increase Categorical Grant funding to keep up with growing regulatory and permitting responsibilities has a material impact on a state and territory's ability to deliver permits in an effective and efficient manner. The Infrastructure Investment and Jobs Act (IIJA) provided funding to support communities and economic growth with transportation, water, and other infrastructure projects, yet these projects depend upon state environmental agencies to carry out permitting requirements. State environmental agencies are struggling to keep pace with increased permitting demands with limited staff.

At an April 2024 [National Governors Association-ECOS Congressional Briefing](#) on environmental protection, a state agency environmental director noted, "Finding and keeping knowledgeable staff is a real challenge, and... as long as staff see that the funding isn't necessarily stable, that's going to be a factor for them in terms of whether they stay at a state agency versus looking around to other opportunities.... State and local agencies really are the frontline for implementing the federal clean air programs... it's really a challenge to keep... staff that are very knowledgeable in those areas." Other states have reported pulling staff away from permitting activities to meet deadlines for CAA State Implementation Plans or single projects that require multiple permit writers. Federal funding is critical to consistently support the state capacity required to implement and enforce these federally delegated programs. Many agencies are concerned about becoming a bottleneck in infrastructure and economic development projects because of the difficulties in competing for and retaining a specialized environmental permitting and related workforce.

To ensure states are able to support effective programs that respond to new regulatory requirements, maintain vibrant communities, and act as co-regulators with our federal partners, ECOS asks Congress to:

- Provide **\$271.9M** in combined funding through the STAG account of EPA to support state implementation of CAA Sections 103, 105, and 106 for state and local air quality management;
- Provide **\$275.1M** in funding through the STAG account of EPA to support state implementation of CWA Section 106 actions for water pollution control; and
- Provide **\$124M** in funding through the STAG account of EPA to support state implementation of Section 3011 of RCRA for hazardous waste management, with any funding for implementation of a federal permit program for coal combustion residuals in nonparticipating states, as authorized under section 4005(d)(2)(B) of the Solid Waste Disposal Act (42 U.S.C. 6945(d)(2)(B)), or to provide technical assistance to states establishing their own permitting program under section 4005(d) of the Solid Waste Disposal Act (42 U.S.C. 6945(d)) in addition to the amount for state programs.

### **State Revolving Funds**

States ask the Committee on Appropriations to protect the integrity of the state-run and federally financed CW and DW SRFs, which affects our states' and territories' capacity to

carry out federal drinking water standards – including the recently adopted EPA PFAS standards – along with properly managing SRF programs to make new loans from these perpetual revolving funds. ECOS requests fully authorized FY25 funding of the CW and DW SRFs at \$3.25B each.

According to the Council of Infrastructure Financing Authorities, the subsidized loans offered by SRFs nationwide to build CW and DW infrastructure may result in as much as 75% in interest payment savings for communities. In 2022, the average interest rate was 1.25%, compared to market rates that exceeded 3% and are among the highest interest rates in decades. Lower interest rates result in more affordable water rates, a more favorable platform for business development, and cleaner water.

With the enactment of the 2022 IIJA, investments directed to the CW and DW SRFs were seen as transformative. Beginning in FY22, Congress appropriated funding for Community Project Funding/Congressionally Directed Spending (CPF/CDS) projects from SRF capitalization monies – now approximately half of the SRF appropriations – without a requirement for these projects to be included on a publicly vetted state Intended Use Plan (IUP). CPF/CDS erodes the corpus of the SRFs while designated funding waits for the specified community to apply. Forty-seven states and all five territories saw cuts to net water infrastructure funding in at least one of the last three fiscal years regardless of whether CPF/CDS projects were received.

A July 2023 Congressional Research Service report, The Role of Earmarks in CWSRF and DWSRF Appropriations in the 117<sup>th</sup> Congress, considered the impact of CPF on the SRFs in FY22 and FY23, including IIJA funding. Five states, the District of Columbia, Puerto Rico, and two territories did not receive CPF in these two years, but these and all states and territories saw across-the-board capitalization cuts. CRS found, “The states, territories, and the tribes that received no earmarks for clean water infrastructure projects received approximately 13% less in clean water infrastructure funding *after* (emphasis added) considering the FY[22] IIJA supplemental appropriation for the CWSRF general program. For drinking water infrastructure funding, the states, territories, and tribes that received no earmarks received approximately 19% less in available drinking water infrastructure funding after considering the FY[23] IIJA supplemental appropriations for the DWSRF general program.” IIJA does not cover the gap created by CPF/CDS for all states and territories, makes planning for annual SRF management more challenging, and is fiscally unsound over the long term once IIJA funding reaches its limit. We request that Congress maintain the corpus of the SRFs, and separately fund CPF/CDS projects.

In FY25, state and territorial SRF managers must also meet the increased required IIJA match of 20% (from 10% the first three years) and respond to increased EPA SRF oversight on climate resiliency and equity, increased project costs due to the scarcity of construction contractors, and competition for qualified engineers.

### **Funding and Managing PFAS Responsibilities**

PFAS treatment, disposal, and destruction need continued advancements to enable water systems to fully comply with the National Primary Drinking Water Regulations (NPDWR), and to ensure PFAS is not moved across media, including to air. States encourage funding to EPA to continue to establish science-based recommendations related to treatment technologies, to research and approve methods for total destruction, and to continue to assist states with monitoring – all with a greater sense of urgency and federal resources. States need support from EPA to understand and successfully implement the updated interim guidance on destruction and disposal.

In addition, while the NPDWR rule applies only to public water systems, many Americans are on private wells and also experience challenges with PFAS contamination, but do not receive funding assistance under the SRFs. Congress should consider providing additional financial and technical support for all public water systems and communities before and after reaching the five-year implementation deadline. We also encourage Congress to consider funding to assist state agencies in providing support to Americans who rely on private wells that are contaminated with PFAS. States need significantly more funding for state capacity building and infrastructure, including for assessments and the certification of laboratories, to achieve compliance with PFAS-related regulations.

### **Accelerating the Circular Economy**

States and territories agree that sustainable materials management is a key strategy to help reduce carbon pollution and other environmental stressors, increase equity and community resilience, and grow the circular economy. Funding for solid waste and recycling infrastructure supports market-based and customized solutions in each state to maximize landfill diversion and ensure materials continue to have productive economic use.

### **Advancing Innovation and Productivity**

Finally, states and territories alongside EPA and tribes benefit when we share information and learn from each other and from our colleagues in the public and private sectors. Congressional funding for state capacity building funds these supportive activities, such as through E-Enterprise for the Environment, to modernize the business of environmental protection through permitting efficiencies, improved data exchange, and other advancements.

Thank you for your consideration of these funding requests.