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**Chairman Ken Calvert**  
**Interior and Environment Subcommittee**  
**House Committee on Appropriations**  
**FY 2015 Budget Hearing**  
**US Environmental Protection Agency**  
**March 27, 2014 (9:30am)**  
**Opening Statement As Prepared**

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The Committee will come to order.

Good morning, and welcome to the fiscal year 2015 budget hearing for the Environmental Protection Agency. Today we are joined by Administrator Gina McCarthy and Acting Chief Financial Officer, Maryann Froelich to discuss the President's proposal for EPA's FY2015 budget.

Ms. McCarthy, I believe this is your first formal budget hearing before this subcommittee – thank you for being here today. I know our Members on both sides are interested in what your budget proposes and look forward to discussing some of your ongoing work.

Overall, EPA's fiscal year 2015 budget proposes a level of \$7.89 billion, which is \$310 million or 3.8 percent below the enacted level. At this level EPA's budget would be reduced for the fifth consecutive year following the historic increase in fiscal year 2010. I see this proposed reduction as a good first step for this year's budget cycle as it brings the Agency's budget in line with more historic funding levels. It also brings the Agency's budget in line with the levels under sequestration, but does so in a way that avoids employee furloughs and some of the other consequences associated with indiscriminate, across-the-board cuts. I prefer to make targeted and strategic decisions about how we spend our money as we reign in the deficit.

With that said, I appreciate that EPA appears to be identifying strategic efficiencies in its workforce as the Agency's payroll costs have been on an unsustainable path. This has been a priority for this Subcommittee since 2011 and I'm glad to see that we are aligned in this mission. I appreciate that EPA's FY15 budget proposes funding for a workforce of 15,000 employees, reflecting a 2,000 FTE reduction compared to 2011, and a level not seen since the late 1980s. Previous budgets often proposed payroll levels well above the Agency's on-board personnel, leaving us to wonder how EPA would actually use those funds.

As we move forward I have concerns about the state of the nation's aging water infrastructure particularly as it relates to the California drought. Last year our subcommittee held a hearing to discuss alternate ways of financing our water infrastructure needs. So there are some options out there to help complement the Clean Water and Drinking Water State Revolving funds. It's important from both a security and from an economic standpoint that we have a protective and efficient water infrastructure system. We often tend to discount the value of clean drinking water whenever we need it -- that is until it isn't there.

I understand that the budget is full of tough choices. But one proposal that I'll let you know is unacceptable is the proposed elimination of the Diesel Emissions grants, otherwise known as DERA

grants, which support the retrofit of older diesel engines. This is one of the few EPA programs that has been reauthorized in recent years, which is a testament to the bi-partisan support for the program. And the DERA program is important as diesel engines power over 95% of our commercial trucks. According to EPA's own estimates, every \$1 spent on DERA upgrades has resulted in \$13 worth of health and environmental benefits. So I don't understand why the Administration would propose to eliminate this program with such a high return on investment, particularly when it aligns with the concept of realizing environmental benefits while creating jobs.

The budget also eliminates funding for rural water technical assistance grants, for national water research grants, and for state radon grants while more than 21,000 people per year die from radon-related lung cancer. It seems to me that the Administration is cutting successful, bi-partisan programs knowing that Congress will restore the funding. In doing so, this allows the Administration to propose other new programs that we just don't have the funding to pay for in a constrained budget environment. These are the wrong priorities to cut. These are successful programs that achieve real results without the heavy hand of top-down regulations.

Meanwhile the budget proposes increased funding for the Administration's overzealous regulatory and enforcement agenda. The Administration's "go-it-alone" approach is not one that lends itself to building partnerships or to developing sensible policies that lead to economic growth. Unfortunately, EPA continues to serve as a primary conduit to carry out that agenda.

When the President issues a directive stating that EPA must propose a rule to regulate greenhouse gases from existing power plants by June 1<sup>st</sup> 2014, then it's clear that the White House does not care what that rule says, or about the impacts to American jobs. When the White House directs you to veto a mining permit before a company has had an opportunity to apply, then it's clear that that the Administration is not serious about creating jobs.

And the latest example was revealed on Tuesday when EPA proposed the greatest expansion of federal control over land and water resources in the 42-year history of the Clean Water Act. Now every small business and farmer could be subject to EPA fines if they disturb a puddle on their land. Meanwhile EPA had previously stated that science would inform Tuesday's rule, yet the associated scientific study on "Connectivity of Streams and Wetlands to Downstream Waters" has yet to clear the scientific peer-review boards. So it's clear that this Administration prefers to "go-it-alone" without consideration for the cost of rules, impact on jobs, and without care for what the scientific community has to say.

Let me be clear -- this Subcommittee will continue to take whatever actions are necessary to inject some common sense into EPA's rulemaking process and provide certainty to farmers and small businesses that they won't have to look over their shoulder fearing the EPA.

So while some of the overall trends point in the right direction, the devil is in the details, and Administrator McCarthy, I look forward to working with you on those details. I also look forward to keeping the lines of communication open.

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