



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

MAY - 4 2017

OFFICE OF THE
CHIEF FINANCIAL OFFICER

MEMORANDUM

SUBJECT: Passage of FY 2017 Omnibus Appropriations Bill

FROM: David A. Bloom
Acting Chief Financial Officer

TO: Scott Pruitt
Administrator

Mike Flynn
Acting Deputy Administrator

On Wednesday, May 3, 2017, the House of Representatives passed H.R. 244 the Consolidated Appropriations Act, 2017, by a vote of 309-118. On Thursday, May 4, 2017, the Senate passed the bill by a vote of 79-18. The bill funds the EPA at \$8.058 billion which is a reduction of \$81.4 million below FY 2016 Enacted budget and \$209 million below the President's budget request. This funding level represents a 1 percent reduction from the FY 2016 Enacted budget.

Within this amount, the EPA operating programs are funded at \$3.433 billion which is \$43 million below the FY 2016 Enacted budget and \$315.5 million below the FY 2017 President's request. This funding level will necessitate operating plan decisions to address those program offices that have a high ratio of payroll to non-payroll resources.

The Environmental Programs Management appropriations account is funded at \$2.619 billion which is \$6 million above the FY 2016 Enacted budget and \$233 million below the FY 2017 President's request. Geographic Programs are funded at \$435.8 million, which is an \$8 million increase over the FY 2016 Enacted budget and \$65.2 million above the FY 2017 President's request. Highlights include the Great Lakes Restoration Initiative funded at \$300 million; Chesapeake Bay funded at \$73 million; Puget Sound funded at \$28 million; Lake Champlain funded at \$4.3 million and Southern New England funded at \$1.4 million.

The State and Tribal Assistance Grant account is funded at \$3.527 billion which is \$9 million above the FY 2016 Enacted budget and \$247 million above the FY 2017 President's request. Within the account, the Clean Water and Drinking Water State Revolving Loan Funds are funded at the FY 2016 Enacted budget of \$2.3 billion. The Categorical grants are funded at \$1.066 billion which is a \$15 million decrease below the FY 2016 Enacted budget and \$92 million below the FY 2017 President's request. The multipurpose grant program was eliminated, and the Diesel Emission Grant program was increased by \$10 million over FY 2016 Enacted budget for a total of \$60 million.

The Hazardous Substance Superfund account is funded at the FY 2016 Enacted budget level of \$1.088 billion. Within Superfund, there is an internal transfer of \$7.5 million from the Offices of Inspector General, Research and Development (sustainable communities and homeland security) and Water (critical infrastructure protection) to cleanup efforts.

The legislation also builds upon funding provided in the previous Continuing Resolution (Public Law 114-223). The Water Infrastructure Finance and Innovation Program is funded in both legislations for a total level of \$30 million. The \$100 million for Flint, MI, is sustained and the Toxic Substances Control Act is provided the additional \$3 million fee authority.

The legislation contains a \$90 million rescission spread across three appropriations accounts. The Science and Technology account is reduced by \$7.4 million, the EPM account is reduced by \$21.8 million, and the STAG account is reduced by \$61.2 million. There are, however, several programs that are exempt from the rescission including the Geographic Programs and National Estuary Program. The legislation also directs the agency to look to savings in payroll due to attrition.

There are riders attached to this legislation which includes a directive to the EPA, United States Department of Agriculture and Department of Energy on carbon neutrality of biomass. Also, there is a prohibition on the Agency from making changes to agricultural exemptions under the Clean Water Act.

Similar to previous years, full-time equivalents are addressed in the House Appropriations Committee accompanying press release of the omnibus which states:

“The legislation rejects the previous Administration’s proposed increase in staffing, holding the EPA to the current capacity of 15,000 positions, the lowest since 1989. It supports recent Executive Orders to encourage economic growth by providing flexibility for the Administration to review and rewrite the “Waters of the United States” rule, the “Clean Power Plan,” and “other environmental regulations.”

Attached are tables showing Agency funding by appropriations account, and more detailed information regarding funding for the State and Tribal Assistance Grants account. In addition to these funding tables, I also have attached the Bill and Report language pertinent to the EPA along with a summary of legislative riders included in the Bill. Please note that language contained in House Report 114-632 and Senate Report 114-281 providing specific guidance to agencies and reporting requirements has standing, unless specifically revised in the Omnibus statement of managers.

The President is expected to sign this Bill. I will continue to monitor Congressional action and would be pleased to answer any questions you may have.

Attachments (4)

cc: Acting Assistant Administrators
Acting General Counsel
Inspector General
Chief of Staff
Byron Brown
Holly Greaves
Troy Lyons

Associate Administrators
Deputy Chief of Staff
Acting Regional Administrators
Acting Deputy Assistant Administrators
Acting Deputy Regional Administrators
Acting Deputy Associate Administrators

FY 2017 Omnibus Appropriations Summary

(Dollars in Thousands)

Appropriation	FY 2016 Enacted	FY 2017 House Floor	FY 2017 Senate Mark	FY 2017 Omnibus	Delta FY 17 Omnibus vs FY 16 Enacted	% Change
Science & Technology (S&T)	\$734,648	\$723,072	\$695,910	\$713,823	(\$20,825)	-2.8%
Environmental Program & Management (EPM)	\$2,613,679	\$2,406,425	\$2,538,545	\$2,619,799	\$6,120	0.2%
Inspector General (IG)	\$41,489	\$51,527	\$41,489	\$41,489	\$0	0.0%
Building and Facilities (B&F)	\$42,317	\$34,467	\$38,660	\$34,467	(\$7,850)	-18.6%
Inland Oil Spill Programs (Oil)	\$18,209	\$18,079	\$18,079	\$18,209	\$0	0.0%
Hazardous Substance Superfund (SF)						
- Superfund Program	\$1,059,980	\$1,091,715	\$1,053,510	\$1,064,495	\$4,515	0.4%
- Inspector General Transfer	\$9,939	\$8,778	\$8,778	\$8,778	(\$1,161)	-11.7%
- Science & Technology Transfer	\$18,850	\$15,496	\$15,496	\$15,496	(\$3,354)	-17.8%
SF Total	\$1,088,769	\$1,115,989	\$1,077,784	\$1,088,769	\$0	0.0%
Leaking Underground Storage Tanks (LUST)	\$91,941	\$94,605	\$91,296	\$91,941	\$0	0.0%
State and Tribal Assistance Grants (STAG)						
- Categorical Grants	\$1,081,041	\$1,058,229	\$1,087,778	\$1,066,041	(\$15,000)	-1.4%
- State Revolving Loan Funds	\$2,257,120	\$2,070,500	\$2,370,500	\$2,257,120	\$0	0.0%
- All Other STAG	\$180,000	\$242,000	\$155,000	\$204,000	\$24,000	13.3%
STAG Total	\$3,518,161	\$3,370,729	\$3,613,278	\$3,527,161	\$9,000	0.3%
Water Infrastructure Finance and Innovation Fund	\$0	\$50,000	\$30,000	\$10,000	\$10,000	0.0%
E-Manifest	\$3,674	\$3,178	\$3,674	\$3,178	(\$496)	-13.5%
Cybersecurity	\$27,000	\$0	\$0	\$0	(\$27,000)	-100.0%
Rescission						
- Rescission ST	\$0	\$0	\$0	(\$7,350)	(\$7,350)	0.0%
- Rescission EPM	\$0	\$0	\$0	(\$21,800)	(\$21,800)	0.0%
- Rescission STAG	(\$40,000)	\$0	(\$40,000)	(\$61,198)	(\$21,198)	53.0%
Rescission Total	(\$40,000)	\$0	(\$40,000)	(\$90,348)	(\$50,348)	125.9%
Agency Total	\$8,139,887	\$7,868,071	\$8,108,715	\$8,058,488	(\$81,399)	-1.0%
FY 2017 Resources in Public Law 114-223 1/	\$0	\$0	\$0	\$120,000	\$120,000	0.0%
Agency Grand Total	\$8,139,887	\$7,868,071	\$8,108,715	\$8,178,488	\$38,601	0.5%

FY 2017 Omnibus STAG Infrastructure Financing

(Dollars in Thousands)

Type / Grant	FY 2016 Enacted	FY 2017 House Mark	FY 2017 Senate Mark	FY 2017 Omnibus	Delta FY 17 Omnibus vs FY 16 Enacted	% Change
State / Tribal Categorical Grant Assistance	\$1,081,041	\$1,058,229	\$1,087,778	\$1,066,041	(\$15,000)	-1.4%
Infrastructure Assistance Total	\$2,437,120	\$2,312,500	\$2,525,500	\$2,461,120	\$24,000	1.0%
State Revolving Funds	\$2,257,120	\$2,070,500	\$2,370,500	\$2,257,120	\$0	0.0%
Clean Water State Revolving Fund	\$1,393,887	\$1,000,000	\$1,350,000	\$1,393,887	\$0	0.0%
Drinking Water State Revolving Fund	\$863,233	\$1,070,500	\$1,020,500	\$863,233	\$0	0.0%
Special Needs Projects	\$30,000	\$22,000	\$30,000	\$30,000	\$0	0.0%
Mexico Border	\$10,000	\$5,000	\$10,000	\$10,000	\$0	0.0%
Alaska Native Villages	\$20,000	\$17,000	\$20,000	\$20,000	\$0	0.0%
Diesel Emissions Reduction Grant Program	\$50,000	\$100,000	\$25,000	\$60,000	\$10,000	20.0%
Brownfields Projects	\$80,000	\$80,000	\$80,000	\$80,000	\$0	0.0%
Targeted Airshed Grants	\$20,000	\$40,000	\$20,000	\$30,000	\$10,000	50.0%
Water Quality Monitoring	\$0	\$0	\$0	\$4,000	\$4,000	0.0%
Total STAG Funding	\$3,518,161	\$3,370,729	\$3,613,278	\$3,527,161	\$9,000	0.3%
FY 2017 Resources in Public Law 114-223 1/	\$0	\$0	\$0	\$120,000	\$120,000	0.0%
Grand Total STAG Funding	\$3,518,161	\$3,370,729	\$3,613,278	\$3,647,161	\$129,000	3.7%
1/ Public Law 114-223 includes \$20 Million for WIFIA and \$100 Million for Flint MI						

FY 2017 Omnibus Legislative Riders

REPORT ON USE OF CLIMATE CHANGE FUNDS	SEC. 416. Not later than 120 days after the date on which the President's fiscal year 2017 budget request is submitted to the Congress, the President shall submit a comprehensive report to the Committees on Appropriations of the House of Representatives and the Senate describing in detail all Federal agency funding, domestic and international, for climate change programs, projects, and activities in fiscal years 2015 and 2016, including an accounting of funding by agency with each agency identifying climate change programs, projects, and activities and associated costs by line item as presented in the President's Budget Appendix, and including citations and linkages where practicable to each strategic plan that is driving funding within each climate change program, project, and activity listed in the report.
GREENHOUSE GAS METHANE RESTRICTIONS	SEC. 417. Notwithstanding any other provision of law, none of the funds made available in this Act or any other Act may be used to promulgate or implement any regulation requiring the issuance of permits under title V of the Clean Air Act (42 U.S.C. 7661 et seq.) for carbon dioxide, nitrous oxide, water vapor, or methane emissions resulting from biological processes associated with livestock production.
GREENHOUSE GAS REPORTING RESTRICTIONS	SEC. 418. Notwithstanding any other provision of law, none of the funds made available in this or any other Act may be used to implement any provision in a rule, if that provision requires mandatory reporting of greenhouse gas emissions from manure management systems.
LEAD AMMUNITION AND TACKLE	Sec 420. None of the funds made available by this or any other Act may be used to regulate the lead content of ammunition, ammunition components, or fishing tackle under the Toxic Substance Control Act (15 U.S.C. 2601 et. seq.) or any other law.
CLARIFICATION OF EXEMPTIONS	SEC. 424. None of the funds made available in this Act may be used to require a permit for the discharge of dredged or fill material under the Federal Water Pollution Control Act (33 U.S.C. 1251, et seq.) for the activities identified in subparagraphs (A) and (C) of section 404(f)(1) of the Act (33 U.S.C. 1344(f)(1)(A), (C)).
USE OF AMERICAN IRON AND STEEL	SEC. 425. (a) (1) None of the funds made available by a State water pollution control revolving fund as authorized by section 1452 of the Safe Drinking Water

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	<p>Act (42 U.S.C. 300j-12) shall be used for a project for the construction, alteration, maintenance, or repair of a public water system or treatment works unless all of the iron and steel products used in the project are produced in the United States.</p> <p>(2) In this section, the term “iron and steel” products means the following products made primarily of iron or steel: lined or unlined pipes and fittings, manhole covers and other municipal castings, hydrants, tanks, flanges, pipe clamps and restraints, valves, structural steel, reinforced precast concrete, and construction materials.</p> <p>(b) Subsection (a) shall not apply in any case or category of cases in which the Administrator of the Environmental Protection Agency (in this section referred to as the “Administrator”) finds that –</p> <ul style="list-style-type: none"> (1) Applying subsection (a) would be inconsistent with the public interest; (2) Iron and steel products are not produced in the United States in sufficient and reasonably available quantities and of a satisfactory quality; or (3) Inclusion of iron and steel products produced in the United States will increase the cost of the overall project by more than 25 percent. <p>(c) If the Administrator receives a request for a waiver under this section, the Administrator shall make available to the public on an informal basis a copy of the request and information available to the Administrator concerning the request, and shall allow for the informal public input on the request for at least 15 days prior to making a finding based on the request. The Administrator shall make the request and accompanying information available by electronic means, including on the official public Internet Web site of the Environmental Protection Agency.</p> <p>(d) This section shall be applied in a manner consistent with the United States obligations under international agreements.</p> <p>(e) The Administrator may retain up to 0.25 percent of the funds appropriated in this Act for the Clean and</p>
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	<p>Drinking Water State Revolving Funds for carrying out the provisions described in subsection (a) (1) for management and oversight of the requirements of this section.</p>
<p>POLICIES RELATING TO BIOMASS ENERGY</p>	<p>SEC. 428. To support the key role that forests in the United States can play in addressing the energy needs of the United States, the Secretary of Energy, the Secretary of Agriculture, and the Administrator of the Environmental Protection Agency shall, consistent with their missions, jointly—</p> <p>(1) ensure that Federal policy relating to forest bioenergy—</p> <p style="padding-left: 40px;">(A) is consistent across all Federal departments and agencies; and</p> <p style="padding-left: 40px;">(B) recognizes the full benefits of the use of forest biomass for energy, conservation, and responsible forest management; and</p> <p>(2) establish clear and simple policies for the use of forest biomass as an energy solution, including policies that—</p> <p style="padding-left: 40px;">(A) reflect the carbon-neutrality of forest bioenergy and recognize biomass as a renewable energy source, provided the use of forest biomass for energy production does not cause conversion of forests to non-forest use.</p> <p style="padding-left: 40px;">(B) encourage private investment throughout the forest biomass supply chain, including in—</p> <p style="padding-left: 80px;">(i) working forests;</p> <p style="padding-left: 80px;">(ii) harvesting operations;</p> <p style="padding-left: 80px;">(iii) forest improvement operations;</p> <p style="padding-left: 80px;">(iv) forest bioenergy production;</p> <p style="padding-left: 80px;">(v) wood products manufacturing; or</p> <p style="padding-left: 80px;">(vi) paper manufacturing;</p> <p style="padding-left: 40px;">(C) encourage forest management to improve forest health; and</p>

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	<p>(D) recognize State initiatives to produce and use forest biomass.</p>
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