E N V I R O N M E N T

Trends in State Environmental Spending
By R. Steven Brown

The states have expanded their role in environmental protection over the past three decades and now implement most of the federal environmental statutes. With this heightened responsibility has come an increase in state financial commitments to pay for these programs and the states have met this responsibility for years. During the past few years, however, the fiscal crisis in the states, coupled with many new federal environmental rules and a lack of new federal money, has left the states with at least a $1 billion annual gap in the amounts they need to implement current federal law. These shortfalls have been documented in several studies. This situation, if not corrected, may lead to greater risks to the public from exposure to environmental hazards. The federal government should consider providing funding or other relief to the states for further implementation of federal rules.

Delegations to States and Funding Commitments

The federal system of environmental protection in the United States centers on the delegation of many of the federal regulatory programs to the states. The states have increased their role in environmental protection over the past three decades and now implement most of the federal environmental statutes. States now operate 75 percent of the delegable programs – Clean Water Act, Clean Air Act, Resource Conservation and Recovery Act, Safe Drinking Water Act, etc. As recently as 1993, only 40 percent of the programs had been delegated to the states, so the last 10 years have seen a rapid growth in state assumption of these federal programs.

With this heightened responsibility has come an increase in state commitments to pay for these programs and the states have met this responsibility for years. The federal government, primarily through the United States Environmental Protection Agency (EPA), continues to provide grants to states to assist with these programs, but the states themselves provide a substantial portion of the cost of running these programs. The amount varies from program to program and state to state but is 67 percent of the total expenditures overall. The state environmental agencies get the state share of the funding from several sources: state general funds, trust funds and permit fees.

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In the 10-year period of increased delegations, state environmental and natural resource agency budgets had grown from $13.22 billion to $15.1 billion, with most of the budgetary growth from non-federal sources. State funding shortages first began to appear in fiscal 2001. At that time cuts were minor, but they soon began to grow and by fiscal 2003, state environmental and natural resource (including non-EPA programs such as forestry and fish & wildlife) agency budgets had declined from $15.35 billion to $15.1 billion.

Although state general funds are declining for environmental programs, these programs fare no better or worse than other programs in state government. As state agencies lose general funds, they may take a variety of actions to minimize the loss, including cost-cutting measures, transfer of costs to other cost-centers, and program curtailments. At least one state, Illinois, cut nearly the entire 2004 general fund budget contribution to the state agency to zero. When these sorts of reductions occur, water programs are usually affected most because they have the fewest options for other sources of funds, such as permit fees.

Permit fees (charges the state makes to polluters) may provide a substantial portion of the state share, especially with the recent decline in state general fund revenues. However, permit fees are limited with respect to which programs can charge them, how much can be charged, and where the resulting funds can be spent. Fees are charged for some types of permits, but not others. Fees charged to municipal governments (for sewage treatment plant permits for example) are typically lower than those charged for industrial permits. Fees are usually set by the state legislatures. A legislature may also dictate the manner in which the fees can be spent. For example, permit fees may be limited to the cost and review of the permit itself in some states, while other states may
include the costs of an annual inspection as well. The Environmental Council of the States (ECOS) has had more inquiries about permit fees this year than in all previous years combined, and in response we have collected and will publish a State Permit Fees Database this year. During this time of growth in state environmental responsibilities and budgets, the number of new federal environmental rules also grew. From 1996 through 2002, the EPA issued 160 new rules that it deemed had a “state impact.” During 2003, another 170 rules with a state impact were completed, in progress, or being proposed.

### Funding Gap Studies

Three recent studies have shown there is at least a $1 billion annual funding gap between what the states need to implement the EPA-delegated federal programs and the resources currently on hand. Various national associations of state environmental officials, who polled their members about workload, resources, staffing, and related matters, conducted these three studies. The largest of these was a joint effort of ECOS and the Association of State and Interstate Water Pollution Control Administrators (ASWIPCA). ECOS is the national association of the state environmental agency leaders and ASWIPCA is the national association of state water quality program directors. The study was conducted with the support and participation of the EPA. Following the completion of the study in 2002, the EPA asked the National Academy of Public Administration (NAPA) to review the results.

What NAPA found was that “between $700 million and $1 billion is a sound national estimate of the gap between the resources that states now have and what they would need to fully implement water programs” of the Clean Water Act. This means states currently have about half what they need to implement the Clean Water Act as enacted by Congress. NAPA went on to say “this national estimate is probably low because it does not include the costs of new and expanding water programs and may also underestimate the costs of state employees.” Furthermore, the data for the study was collected before both the September 11, 2001 attacks (and the resultant new security measures) and the cuts in state budgets that began in 2001. ECOS estimates that these two items will result in some additional increase in the shortfall for these programs. Readers should also note that this gap does not include the so-called “infrastructure gap” – the shortage of funds needed to replace aging sewage treatment plants.

What sorts of programs are at risk if the shortfall continues? This will vary from state to state but several areas are likely to be at risk. Watershed planning, including court-ordered studies of Total Maximum Daily Loadings (TMDLs), is endangered because it involves a great deal of monitoring and communication among the industries, farmers, and municipal governments in a watershed. TMDLs are required by the Clean Water Act and are often judicially ordered. Other areas of concern include storm water remedies, combined sewer overflows, and urban sources of water pollution. The Clean Water Act also requires EPA and the states to address these issues.

In 2003 the Association of State Drinking Water Administrators (ASDWA) released a report on the state of the states for the drinking water protection programs delegated to states under the Safe Drinking Water Act. As in other programs, states are required to provide a “match” of non-federal funds to add to the federal funds received through grants used to support local drinking water projects. For drinking water, these funds had been obtained primarily through general fund appropriations, but during the 1990s this source could not meet the demand for the match requirement. Accordingly, many states began to charge permit fees or user fees. Between 1999 and 2001, states increased their combined drinking water contributions from both the general fund and fee programs from $136 million to $151 million. More recently, however, states have begun to see general fund revenues frozen, and have encountered opposi-
tion to increases in fee programs. ASDWA found that 33 states were either unsuccessful in increasing fees or did not attempt to do so.

ASDWA found additional funding challenges. First, states are unable to fully spend all funds that are available to them, because of federal matching requirements, federal restrictions on the funding, or even state restrictions. Second, even if these funds could be spent, states are finding a gap between available funding and that which is needed – the gap for drinking water is expected to reach $254 million by 2006.

In 2002, the State and Territorial Air Pollution Program Administrators (STAPPA), the national association of the state air program directors, completed a study of air program financing with the support and cooperation of the EPA. This study found that “under Section 105 of the Clean Air Act [funding] fell short of our needs by nearly $100 million per year or more on states and local governments (the figure is chosen because it is used in the Unfunded Mandates Act of 1995). In the 2003 report across all of the federal government, seven rules issued over the previous seven years are identified that meet these criteria, and every single one of them is an environmental rule. They include rules on waste combustion, solid waste landfills, drinking water (three of these), and storm water discharges (two of these). There are five other air rules that meet the same criteria as unfunded mandates, but which are exempted by law from the act.

Conclusion
There is no argument made here about whether these programs have benefit to the public – they have already passed this scrutiny, and states accept that they have a benefit. Instead, the argument is over the cost of implementation and who should bear it. The recent state budget problems indicate that states have – after 15 years of continual growth in environmental spending - reached their limit on contributions to federally imposed environmental programs. The federal government should consider providing funding or other relief to states for further implementation of federal rules.
Notes


5 Personal communication with Regulatory Management Division of U.S. EPA, December 5, 2003.


About the Author

R. Steven Brown is the executive director of the Environmental Council of the States. He helped to form ECOS while at The Council of State Governments, where he led efforts on environment, technology and public safety for 11 years. He is the author of numerous books and articles on the environment and technology.
Expenditure Trends in Europe. Salvatore Ercolano. 1. National spending policies for environmental protection might be the result of country-specific circumstances and priorities, but also of a shared vision towards the achievement of environmental goals as member of the European. Environmental preservation is a State responsibility, and the State use public resources. Control and understand how and what impact the environmental spending is important to check the performance and concerns of public managers with the environment. This study aims to determine the influence of the participation of environmental public consortium located in the south of Brazil in environmental expenditures of the municipalities between 2012 and 2016. Environmental issues in the United States include climate change, energy, species conservation, invasive species, deforestation, mining, nuclear accidents, pesticides, pollution, waste and over-population. Despite taking hundreds of measures, the rate of environmental issues is increasing rapidly instead of reducing. The United States is among the most significant emitters of greenhouse gases in the world. In terms of both total and per capita emissions, it is among the largest contributors. The Environmental Performance Index 2020. Global metrics for the environment: Ranking country performance on sustainability issues. epi rankings 1-36 37-72 73-108 109-144 145-180 na. Yale Center for Environmental Law & Policy, Yale University. Center for International Earth Science Information Network, Columbia University. The 2020 Environmental Performance Index (EPI) provides a data-driven summary of the state of sustainability around the world. Using 32 performance indicators across 11 issue categories, the EPI ranks 180 countries on environmental health and ecosystem vitality. These indicators provide a gauge at a national scale of how close countries are to established environmental policy targets. Environmental Trends in Business. By: Joseph DeBenedetti. Reviewed by: Elisa Shoenberger, M.B.A. Environmental Trends: Increased Wealth = Less Income Spent on Energy. Writer Bio. Joseph DeBenedetti is a financial writer with corporate accounting and quality assurance experience. He writes extensively online with an emphasis on current trends in finance. As a Quality Assurance Analyst, he honed his technical writing skills creating standard operating instructions for a consumer finance organization. Related Articles. Environmental. The natural environment is the source of all wealth, and those making the wealth have been badly abusing it for centuries. Vast forests fall for timber, cattle ranching and slash and burn agriculture.