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COMMITTEE ON ENERGY AND COMMERCE
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Good morning Chairman Stearns, Ranking Member DeGette, members of the Sub-Committee. I am pleased to be here to discuss with you the important issue of ensuring the most effective and efficient use of taxpayer dollars. As you mentioned in your letter to Administrator Jackson, President Obama has stated several times his intent that his Administration would review the “federal budget -- page by page, line by line – eliminating those programs we don’t need, and insisting that those we do operate in a sensible and cost-effective way.”

While we have always worked diligently with regard to our budget formulation process at EPA, the President’s directive has given us an opportunity to look even more closely at our budget process to ensure that we are achieving maximum efficiencies. To address how we have in fact been pursuing this close scrutiny of our budget, I would like to take a very brief moment to discuss EPA’s budget over the past decade or so.

Apart from targeted increases to the State Revolving Funds (SRFs) and for programs funded by the Recovery Act in 2009, EPA’s budget has not grown significantly over the last decade. Even including the increase to the SRFs in FY 2010 we have, between the FY 2000 enacted budget and the FY 2012 President’s Budget request of \$9 billion, experienced a compound annual growth rate of just 1.4%. During this 10 year time-frame our responsibilities grew as did our costs for such necessities as rent, utilities, security, and payroll. We have also met the challenge of emerging issues such as the increasing use of nanotechnology and alternative fuels as well as growing responsibilities in areas such as the Gulf Coast Restoration and the Great Lakes Restoration Initiative. As such, for more than a decade we at EPA have needed to reprioritize existing programs, in most years, to find resources to fund emerging priorities.

What does this mean? It means that we have a long-standing history of taking line-by-line looks at our budget and identifying priorities, reductions, eliminations, and efficiencies. Over the years we have identified hundreds of millions of dollars in reductions and eliminations in our budget in order to fund emerging priorities and fixed cost increases. The examples that are discussed here simply touch on the detailed analysis undertaken by the Agency each year.

To get to these decisions we engage in an extensive and detailed planning process that begins nearly a year before submission of the budget to Congress. EPA's formulation process engages senior leadership from across EPA to determine the most effective and efficient way to fulfill our mission and fund our highest priority work within the guidelines provided by OMB.

The work of the agency is reviewed at the appropriation, program/project and, where established, the sub-program/project levels. This is the budget structure developed in concert with OMB and Congress to describe in detail how our resources are allocated and what results are anticipated. Within this framework, the Agency considers the progress made toward its annual and long-term goals and priorities as articulated in our Strategic Plan, and emerging needs. Meeting existing commitments and planning for future needs cannot be done without considering disinvestment opportunities to redirect resources to higher priorities and reduce overall budget levels as required.

Analyzing our work at the program/project and sub-program/project level of detail has enabled us to make the hard choices required in these challenging fiscal times while staying true to the mission of protecting human health and safeguarding the environment. In making these reductions we have carefully considered guidance from the Administration and Congress by looking to less effective, potentially duplicative or overlapping, or unneeded programs or activities first for reductions or eliminations. However, the need to find reductions and fund higher priorities also means that at times worthy programs get cut.

Let me provide you with just a few examples from the last few years of some difficult decisions we have made. We have looked within our programs for places where we can reduce effort, eliminate activities, or do the work differently to yield savings.

Our FY2010 budget request included reductions to programs based on our careful budget review. These proposed reductions included a \$10 million cut to U.S.-Mexico Border funding recognizing issues with fund utilization and the elimination of nearly \$5 million in homeland security grants to states for water and wastewater systems reflecting low state usage and completion of projects.

In our FY 2011 President's Budget request, our proposed reductions included over \$30 million from Homeland Security programs because several Homeland Security programs were completing their stated goals. We also proposed eliminating the \$10 million targeted airshed grants in favor of the nation-wide merit-based clean diesel program. In addition, EPA also proposed the elimination of the \$10 million Local Government Climate Change Grant Program.

Our FY 2012 President's Budget request also included a number of difficult choices and continuing efforts to find efficiencies and work smarter. This request includes a reduction of \$6.3 million from Indoor Air and Radiation programs. This proposed reduction came as a result of our review of non-regulatory programs. In addition, EPA's FY 2012 budget request includes efficiencies in our agency-wide IT systems that addresses redundancy by standardizing our IT help desk ticketing system, consolidating email infrastructure, purchasing IT services in bulk, and other cost saving efforts. Projected saving for this effort is approximately \$10 million.

On a smaller scale, we have looked below our official appropriation, program project budget structure to find reductions and efficiencies at the activity level. In FY 2011 we reduced our travel budget by nearly 40% or \$23 million from FY 2010 operating plan levels. We also found savings of \$2.2 million by streamlining and consolidating enforcement training into the compliance monitoring program.

Over the past several years we've also had great success in finding efficiencies that are enabling us to maximize the resources available to core program activities. Some examples of this cost cutting include efforts to find savings in rent and utilities through space consolidation, IT savings through efficiencies, and other administrative and programmatic support savings. Between FY 2006 and FY 2011, we released approximately 375,000 SF of space at headquarters and facilities nationwide resulting in cumulative annual rent avoidance of over \$12.5 million. In FY 2012, we plan to further reduce energy utilization, or improve efficiency, by about 3%. We anticipate using approximately 21% less energy in FY 2012 than we did in FY 2003. Additionally, the FY 2012 President's Budget proposes a \$3.5 million reduction in funding for IT infrastructure. This cut results from IT efficiencies gained through Agency-wide efforts to reduce infrastructure costs. These efforts have allowed us to consolidate services, achieve more consistent use of applications, consolidate purchasing, and achieve savings related to workforce support services.

These are just a few examples of the hard choices we've made and efficiencies we've achieved as we reviewed all our programs in developing EPA's budgets to ensure wise use of tax payer dollars and as we

seek to do our part to reduce the deficit while maintaining effective protections for human health and the environment.

Mr. Chairman, I would like to thank you again for inviting me to testify about the Agency's efforts to apply close scrutiny to our budget. I hope I have conveyed to you the seriousness with which we at EPA take our responsibility to ensure that tax payer dollars are used prudently so that we can continue to effectively fulfill our mission of protecting human health and the environment especially during these times of tight fiscal constraint.

With that, I look forward to responding to your questions.