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United States Government Accountability Office
Washington, DC 20548

May 6, 2013

The Honorable Tim Bishop
Ranking Member
Subcommittee on Water Resources and Environment
Committee on Transportation and Infrastructure
House of Representatives

Subject: *Funding for 10 States' Programs Supported by Four Environmental Protection Agency Categorical Grants*

Dear Mr. Bishop:

State environmental agencies use federal grants, in addition to their own funds, to help implement and enforce the nation's environmental laws, including the Clean Water Act, the Clean Air Act, and the Safe Drinking Water Act. As the nation slowly recovers from the economic downturn that began in 2007, the importance of federal grants has increased, as some states have reduced their funding for certain environmental programs to address decreased state revenues and significant deficits in funding. The Environmental Council of the States, an association of state environmental agencies, reported that environmental agencies in 24 states had budget reductions from fiscal year 2011 to fiscal year 2012, while the remaining environmental agency budgets in the states the Council reviewed had increased or remained level.

The Environmental Protection Agency (EPA) provides grants, known as categorical grants, to states to assist in implementing various water, air, waste, pesticide, and hazardous substance programs that carry out federal environmental requirements. Annual appropriations for these grants have decreased by approximately $85 million between fiscal year 2004 and fiscal year 2012.[1] Members of Congress and state stakeholders have raised questions about the adequacy

of EPA categorical grant funding in light of recent economic conditions and the effects on state budgets. To better understand the effects of changes in federal funds on state programs supported by EPA categorical grants, this report examines (1) funding patterns from both federal and state sources for state programs supported by selected EPA grants over the last 10 years, and (2) views of state officials on any adjustments made to state programs in response to changes in federal and state funding.

To address the first objective, we chose four categorical grants for which we obtained state data: (1) the Water Pollution Control grant, (2) the Nonpoint Source grant,[2] (3) the State and Local Air Quality Management grant, and (4) the Underground Injection Control grant.[3] We chose the first three grants because, in total, they are the largest categorical grants provided to states. We selected the fourth grant because the funding has remained level over many years. To analyze funding patterns and sources for state programs supported by these four grants, we requested funding data from 10 selected states for each of the state programs supported by the four EPA grants over the last 10 years.[4] We asked for the data by source: federal funds, state General Funds, and fees and other funds. States provided either funding or expenditure data, depending on the type of data collected in their information systems; 2 states provided funding data and 8 states provided expenditure data. For those states that provided expenditure data, we confirmed that the data approximated state funding data.

We selected a nonprobability sample of 10 states—Hawaii, Idaho, Michigan, Mississippi, Nebraska, New Jersey, North Dakota, Oklahoma, Vermont, and West Virginia—on the basis of environmental funding data supplied by the Environmental Council of the States[5] (Council) and

[1]Throughout this report, federal and state data are presented in current dollars unless otherwise noted. Where noted, data have been adjusted to constant 2012 dollars based on the federal fiscal year, which is from October through September, or state fiscal year, which is generally from July through June, where appropriate. Some states have different fiscal years, such as Michigan, which has a fiscal year starting in October and ending in September, and their data have been adjusted accordingly.

[2]Nonpoint source pollution refers to water pollution from diffuse, or nonpoint, sources—such as runoff from farms or construction sites—that runs into water bodies.

[3]State and federal underground injection control programs are responsible for regulating the construction, operation, permitting, and closure of injection wells that place fluids underground for storage or disposal.

[4]Of the 10 states, 6 provided data for 9 years; 1 provided data for 8 years; and 3 provided data for 5 years.

[5]The Environmental Council of the States is a national nonprofit, nonpartisan association of state and territorial environmental agency leaders. The purpose of the Council is to improve the capability of state environmental agencies and their leaders to protect and improve human health and the environment of the United States of America.

EPA regions.[6] Specifically, for each EPA region, we selected the state for which the proportion of federal funds to the state's environmental funds was the highest. To assess the reliability of the Council's environmental funding data, we interviewed Council officials about the data they obtained and reviewed the methodology they used to collect the data; we determined Council data were sufficiently reliable for our purpose of selecting states. To assess the reliability of the state-provided data, we interviewed state officials about the systems they used to collect and provide the data. We determined that the data were reliable for our reporting purposes.

To address the second objective, we spoke with program officials from each of the 10 states to determine their views on adjustments made to state programs, if any, in response to changes in federal and state funding. We also asked state officials to describe what factors may have accounted for changes in funding data over time and effects of the changes in funding. For the purposes of this report, we focused on changes to the 10 individual states' program data over time. Because the environmental programs to which states allocate grant money may differ in terms of scope, budgets, expenditures, and funding, the programs cannot be directly compared with one another, and our results cannot be generalized to all states and programs.

We conducted this performance audit from January to April 2013 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence provided provides a reasonable basis for our findings based on our audit objectives. A more detailed description of our objectives, scope, and methodology is presented in enclosure I.

Results in Brief

As EPA grant funding has decreased, the patterns and sources of funding for the 10 states' programs supported by the four EPA grants varied over the past 5 to 9 years, in constant fiscal year 2012 dollars. For example, Hawaii's expenditures from federal sources for its Air Quality program decreased from more than $1 million in fiscal year 2004 to less than $780,000 in fiscal year 2012 (in constant fiscal year 2012 dollars). Conversely, Oklahoma's expenditures from its General Fund for its Water Quality program fluctuated but increased from fiscal year 2004 through fiscal year 2012 (in constant fiscal year 2012 dollars), and Idaho's expenditures for its

[6]Because this was a nonprobability sample of states, the information we collected from these states cannot be generalized to all states but can provide some illustrative examples.

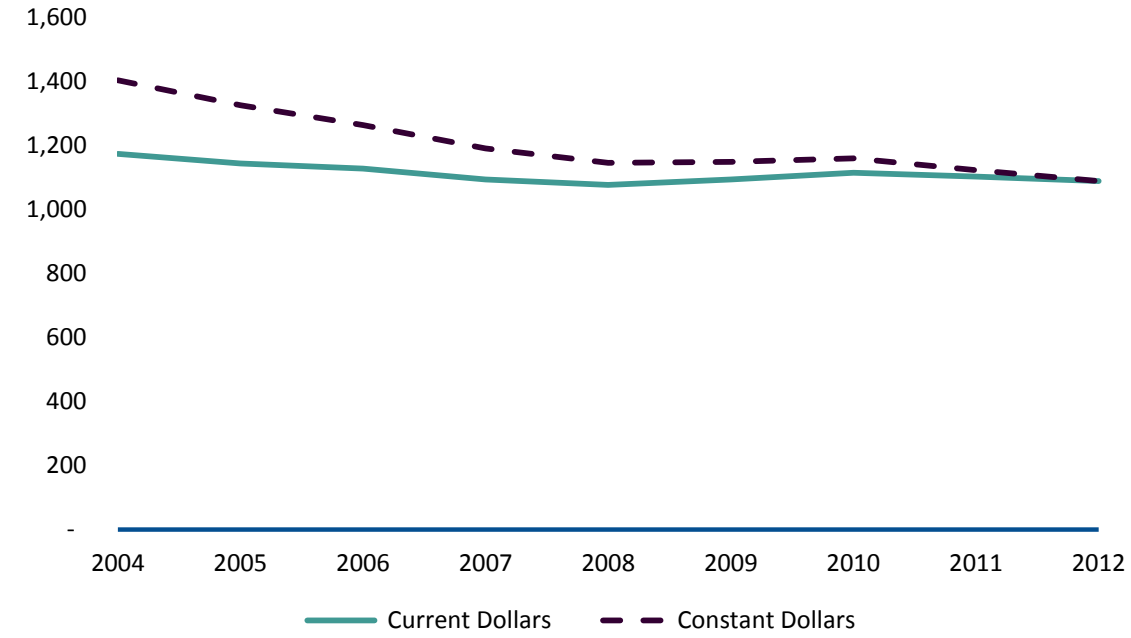
Air Quality program from its state General Fund remained relatively level over the same time period. State officials reported making different adjustments to programs in response to changes in funding. For example, several state officials reported reorganizing staff in some programs and implementing efforts to be more efficient, such as training staff to conduct work across multiple programs. At the same time, officials in several states reported reducing staff in some programs, cutting less critical programs, and increasing fees. These officials said the effects from these cuts include permitting backlogs, decreased capacity to conduct permitting and monitoring activities, and loss of outreach and technical assistance activities. In addition, officials from several states noted that further cuts would make it difficult to meet the requirements of their EPA grants for their environmental programs.

Background

EPA provides grant funds for programs conducted primarily by state, local, tribal, and other governmental partners, which we refer to collectively as "states" for the purpose of this report. Categorical grants provide federal funding to states to help them implement environmental programs and administer and enforce the nation's environmental laws. Certain major federal environmental statutes, such as the Clean Water Act, the Clean Air Act, and the Safe Drinking Water Act, among others, include provisions that allow EPA to authorize a state to assume responsibility for the day-to-day implementation of particular environmental programs. Under this approach, known as "cooperative federalism," the states have an important role as partners and co-regulators, and, among other things, issue and enforce permits, carry out inspections, and monitor and collect data. Certain of these statutes also authorize EPA to provide categorical grants to states to help fund their program responsibilities. States' uses of EPA's categorical grants are typically limited to defined activities, as the environmental laws authorizing these grants, along with EPA regulations, specify the type of activities that can be funded through the grant.

In the last 9 years, appropriations for EPA's categorical grants have generally decreased from a high of $1.17 billion in fiscal year 2004 to $1.09 billion in fiscal year 2012 (see fig. 1).

Figure 1: EPA's Categorical Grant Program Funds in Current and Constant Dollars, Fiscal Year 2004 to Fiscal Year 2012



Source: GAO analysis of Congressional Research Service data.

Note: Constant dollars have been adjusted to fiscal year 2012 dollars using the federal fiscal year (October to September). Data include the portion of EPA's annual appropriations for State and Tribal Assistance Grants that is directed to categorical grants. EPA received funding from the American Recovery and Reinvestment Act from fiscal year 2009 to fiscal year 2012, but none of the funding was provided for categorical grants.

Once EPA receives its annual appropriation, it allocates funds to individual categorical grants consistent with congressional direction and EPA's budget proposal and justification report, as appropriate. EPA then allocates each categorical grant amount among eligible states according to established formulas and factors. Because, according to EPA, its allocation formulas have generally not changed in the past 10 years, each state's allocation of federal funds under these categorical grants has been proportionally affected when EPA's appropriations for the programs have changed.

We reviewed the following four EPA categorical grants, which comprised approximately 60 percent of EPA's total budget for categorical grants in fiscal year 2012, in this report.

- *Water Pollution Control*: Water Pollution Control grants are intended to provide continuing support for the prevention and abatement of surface and groundwater pollution from point sources, such as manufacturing facilities and wastewater treatment facilities, and nonpoint sources, such as pollutant runoff (e.g., fertilizers, pesticides, and sediment) from farms or construction sites carried by rainfall or snowmelt into water bodies. The grants pay for water quality management program activities including water quality planning and standards, monitoring and assessments, inspections and enforcement, permitting, training, advice and assistance to local agencies, and public information. States are required to expend nonfederal funds at least equal to those from fiscal year 1971, the year prior to the creation of EPA's program. Water Pollution Control grant funding is allocated to states by formula based on the extent of their water pollution problems.[7]

- *Nonpoint Source*: Nonpoint Source grants fund projects to reduce nonpoint source pollution and restore water bodies impaired by nonpoint sources of pollution. Under the program, EPA is authorized to award federal funds to states to implement nonpoint source management programs provided that states meet various minimum conditions, including development of an EPA-approved nonpoint source management program and annual progress reports. States must obtain a determination from EPA that they made satisfactory progress in meeting their goals from the prior year. In addition, states must maintain their funding levels for their nonpoint-source related programs at or above the average level of expenditures in fiscal year 1985 and fiscal year 1986, the 2 years prior to the creation of the program in 1987. In addition, states must expend funds from nonfederal sources equal to or greater than 40 percent of the total grant. Nonpoint Source grant funding is allocated to states using a formula established by EPA incorporating population, cropland, pasture, and forest harvest acreage, and other factors.

- *Air Quality*: Air Quality grants assist states and air pollution control agencies in planning, developing, establishing, improving, and maintaining programs for the prevention and control of air pollution; they also assist in the implementation of National Ambient Air

[7] According to EPA, if appropriated funds for Water Pollution Control grants increase at a level greater than inflation, the additional funds are allocated to states depending on the extent of pollution in the state. The data used for this portion of the grant allocation formula for these grants are updated at least every five years.

Quality Standards that EPA establishes to protect public health and the environment, which states are primarily responsible for attaining.[8] States, or state agencies as appropriate, may receive federal funding for up to 60 percent of their program's cost and are generally required to expend nonfederal funds that are equal to or greater than the amount of recurrent program expenditures from the previous fiscal year. Air Quality grant funding is allocated to states by EPA considering factors, including population, the extent of actual or potential air pollution problems, and financial need, among other factors.

- *Underground Injection Control*: Underground Injection Control grants provide funding to states to conduct programs to protect underground sources of drinking water from contamination by injection wells that place fluid—such as water produced from oil and gas wells during exploration and production that may contain a variety of contaminants, including salts and minerals—underground for storage or disposal. There are six classes of underground injection wells that may be regulated by states, depending on the substances injected into the wells. States use the grant funds to develop and maintain inventories of injection sites; develop and maintain databases containing compliance information on underground injection well activities; and perform underground injection permitting and enforcement activities. Grants can cover up to 75 percent of the state's underground injection control program's funds. Underground Injection Control grant funding is allocated by a formula that takes into consideration state population, state land area, and state injection practices.

State environmental agencies rely on three main sources of funding to support their core environmental programs: federal grant funds, state General Funds, and revenue raised primarily from fees, such as those paid by applicants for environmental permits. According to the Council, during fiscal year 2011 and fiscal year 2012, on average, fees contributed roughly 60 percent of state environmental agency funds; federal grants contributed roughly 30 percent; and state General Funds contributed roughly 10 percent.

[8]EPA has set national ambient air quality standards for carbon monoxide, lead, nitrogen oxides, ozone, particulate matter, and sulfur oxides.

Funding Patterns and Sources for 10 States' Programs Have Varied over the Last 5 to 9 Years

The funding patterns and sources of funds for 10 states' programs supported by the four EPA grants varied over the past 5 to 9 years,[9] in constant fiscal year 2012 dollars. For each of the three major sources of funding, states' funding or expenditures varied as indicated by the following examples (states' data are described in more detail in enclosure II):

- *Federal funding:* The patterns of federal funding for state programs supported by the four EPA grants varied in the 10 states we reviewed. For example, federal funding for North Dakota's Nonpoint Source program has steadily decreased from almost $7 million in fiscal year 2004 to less than $4 million in fiscal year 2012. In addition, Hawaii's expenditures from federal sources have steadily decreased for its Air Quality program, decreasing from more than $1 million in fiscal year 2004 to less than $780,000 in fiscal year 2012. Conversely, funding or expenditures from federal sources have remained relatively level or increased for some states' programs supported by the four EPA grants. For example, expenditures for Idaho's Air Quality program from federal sources fluctuated but remained level from fiscal year 2004 through fiscal year 2012. In addition, expenditures from federal sources for Oklahoma's Nonpoint Source and Water Quality programs fluctuated but increased from fiscal year 2004 to fiscal year 2012.

- *State General Funds:* The patterns of funding from state General Funds for state programs supported by the four EPA grants have also varied. For example, in Mississippi, over the past 5 years, state expenditures for the state's Water Quality and Nonpoint Source programs have decreased. In North Dakota and Idaho, state funding for the Nonpoint Source program has also decreased. Some states' expenditures, however, have increased or remained level for some programs. For example, state expenditures for Oklahoma's Water Quality program have fluctuated but generally increased from fiscal year 2004 through fiscal year 2012, and expenditures for Idaho's Air Quality program have remained level over the same period.

- *State funding from fees:* The patterns and use of state funding from fees, such as permitting fees, and other state sources of revenue for state programs supported by the

[9]The 10 selected states provided 5 to 9 years of data, for their programs supported by the four selected EPA categorical grants.

four EPA grants have varied over the same period. Some states do not use fees to fund some of the programs supported by the four EPA grants. Specifically, Hawaii and Nebraska have not used fees and other state sources of revenue to fund their Water Quality or Nonpoint Source programs. Conversely, some states rely on fees to fund the programs supported by the four EPA grants. For example, the majority of funding for New Jersey's Water Quality, Air Quality, and Underground Injection Control programs comes from fees from permit applications and renewals. In addition, some states have increased funding from fees and other state sources of revenue to make up for decreases in other sources of funding. For example, in recent years, Vermont increased funding from fees to make up for decreases in funding from the state's General Fund.

State Officials Reported Making Different Adjustments to Programs in Response to Changes in Funding and Expenditures

State officials reported making different adjustments to programs in response to funding or expenditure changes. Specifically, several state officials reported reorganizing staff in some programs and implementing efforts to be more efficient, such as training staff to conduct work across multiple programs. For example, officials in West Virginia said they adapted to fluctuating funding in the state's Nonpoint Source program by reorganizing other environmental programs to direct additional funds to the Nonpoint Source program, including other sources of federal funds. In another example, Mississippi officials said that they had trained staff to conduct both air and water quality permit inspections at regulated entities. In addition, some states reported hiring additional staff in certain programs. For example, officials from North Dakota said they had increased staffing levels for the Underground Injection Control program, primarily for the wells associated with the oil and gas industry, and did not experience adverse effects from funding cuts.

At the same time, officials from several states reported reducing staffing levels for some programs, cutting outreach and technical assistance activities in some programs, and increasing revenues from permitting fees, where appropriate. They reported that the effects from these adjustments including permitting backlogs and decreased capacity to conduct some activities, such as permitting and monitoring activities. Officials from some states said that they have instituted hiring freezes and relied on attrition and layoffs. These officials said that as funding and expenditures remained level or decreased, staffing levels decreased, affecting their departmental capacity to conduct regulatory activities such as permitting, inspections, and

monitoring activities. For example, according to Hawaii officials, cuts to personnel in state programs supported by Water Pollution Control grants led to cuts in the number of inspections at construction sites and industrial facilities, as well as coastal water quality monitoring stations. In addition, officials in Vermont reported that funding cuts for state programs supported by Air Quality grants led to staff reductions and reduced ability to conduct air quality permit renewals within the normal 5-year cycle. Vermont faces a backlog of applications for air quality permit renewals, and is operating on a 7- to 8-year permit renewal cycle.

Other actions that states took to adjust to changes in funding included cutting outreach and technical assistance programs and raising fees, where appropriate. Officials in several states reported having cut outreach and technical assistance activities to direct additional support to core environmental regulatory programs in their respective states. For example, officials in Oklahoma reported having cut key technical assistance and outreach activities in their water pollution control programs aimed at helping industry and municipalities comply with water quality permitting requirements. Oklahoma officials said they believe that cuts to these programs have reduced compliance and increased the need for additional enforcement activities in the state. Officials from other states said that their reliance on fees helped absorb federal and state funding cuts. For example, several officials in Nebraska reported that the state's use of fees helped the agency absorb funding cuts without furloughs or staff reductions. Some officials in Oklahoma, Vermont, and West Virginia also reported making requests to their respective state legislatures to increase permitting fees to offset reductions in federal funds or state general funds.

Officials in several states noted that additional reductions in state and federal funding will make it difficult to meet the requirements of EPA's grants to manage their environmental programs in the future. These officials indicated that, should there be further cuts to federal grant funding, the potential exists for returning some of their delegated environmental programs back to EPA. EPA officials told us they have not had any formal discussions with the states we reviewed about returning delegated authority for the environmental programs we reviewed to EPA.

Agency Comments

We provided a draft of this report to EPA for review and comment. On April 30, 2013, EPA provided technical comments via e-mail that we incorporated as appropriate. We also sent relevant portions of this report to the appropriate agencies in the 10 states we reviewed. The states provided technical comments, which we incorporated as appropriate.

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As agreed with your office, unless you publicly announce the contents of this report earlier, we plan no further distribution until 30 days from the report date. At that time, we will send copies to the Acting Administrator of the Environmental Protection Agency, the appropriate congressional committees, and other interested parties. In addition, the report will be available at no charge on the GAO website at http://www.gao.gov.

If you or your staff members have any questions regarding this report, please contact me at (202) 512-3841 or gomezj@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. Key contributors to this report are listed in enclosure III.

Sincerely yours,

J. Alfredo Gómez
Director, Natural Resources and Environment

Enclosures—3

Enclosure I: Objectives, Scope, and Methodology

The objectives of this report were to examine (1) funding patterns and sources for state programs supported by selected Environmental Protection Agency (EPA) grants over the last 10 years, and (2) views of state officials on the adjustments made to state programs, if any, in response to changes in federal and state funding.

To address the first objective, we focused our analysis on 10 states—Hawaii, Idaho, Michigan, Mississippi, Nebraska, New Jersey, North Dakota, Oklahoma, Vermont, and West Virginia—selected on the basis of state environmental funding data and EPA regions. Specifically, for each of the 10 EPA regions, we selected the state with the highest proportion of federal funds contributing to state environmental funding. We used environmental funding figures for fiscal year 2012 provided by the Environmental Council of the States (Council).[10] To assess the reliability of the data for our purpose of selecting states, we interviewed Council officials about their published data, and reviewed the methodology in the reports describing the methods they used to obtain and analyze the data, and we determined that they were reliable for our purpose. Because this was a nonprobability sample of states, the information we collected from these states cannot be generalized to all states but can provide some illustrative examples. We also focused our analysis on 4 of EPA's 24 categorical grants: (1) the Water Pollution Control grant provided under section 106 of the Clean Water Act, (2) the Nonpoint Source grant provided under section 319 of the Clean Water Act, (3) the State and Local Air Quality Management grant provided under section 105 of the Clean Air Act, and (4) the Underground Injection Control grant provided under the Safe Drinking Water Act. We chose the first three of these grants because, in total, they are the largest EPA categorical grants provided to states. We selected the fourth grant because the funding has remained level over many years. For the purposes of this report, we focused on changes to individual state programs that received EPA grants over time. Because the programs may differ in terms of scope and funding, they cannot be compared with one another and our results cannot be generalized to all programs.

To analyze the funding provided to state programs supported by these four EPA grants, we obtained state-level funding or expenditure data from each of the 10 states. Specifically, we requested that each state provide the (1) state programs that received funds from each of the

[10]The Environmental Council of the States is a national nonprofit, nonpartisan association of state and territorial environmental agency leaders. The purpose of the Council is to improve the capability of state environmental agencies and their leaders to protect and improve human health and the environment of the United States of America.

four selected EPA grants, (2) 10 years of federal funding for each supported program for fiscal years 2003 through 2012, (3) 10 years of state General Funds provided to the corresponding programs, and (4) 10 years of funding for each program from fees or other nonfederal revenue sources. Depending on their state funding and accounting systems, some states could more easily provide funding data, and some states could more easily provide expenditure data. Two states—North Dakota and Vermont—provided funding data and the 8 remaining states provided expenditure data. The states that provided expenditure data said that their expenditures generally reflected their funding patterns. Six states provided data for 9 years, for fiscal year 2004 through fiscal year 2012; 1 state provided data for 8 years, for fiscal year 2005 through fiscal year 2012, and 3 states provided data for 5 years, for fiscal year 2008 through fiscal year 2012. To assess the reliability of the state-provided data, we interviewed officials about the data systems used to report the data and any significant changes to those systems that might have caused anomalies in the data. We also spoke with program officials about any significant fluctuations in the funding data. We determined the data to be reliable for our purposes of reporting general patterns in funding. We adjusted the data—both funding and expenditure data—to fiscal year 2012 figures to report them in current and constant dollars.

In our analysis of federal and state funding or expenditure data provided by the 10 states, we did not conduct a statistical trend analysis, but rather, applied some simple rules to categorize the direction of any changes in funding. If the overall funding or expenditures provided in fiscal year 2012 were less than 95 percent of the initial year's amount (which varied depending on the state), we described this change as a decrease in funding or expenditures. If funding or expenditures provided in fiscal year 2012 were more than 105 percent of that provided in the initial year, we described that as an increase in funding or expenditures. If the funding or expenditures provided in fiscal year 2012 were within 5 percent of that provided in the initial year, we described that as level funding. Because we did not conduct a trend analysis, it is difficult to assess whether changes over time exceed the changes that would be expected from random fluctuation. Nonetheless, we can provide descriptions of the data and patterns in the data according to the rules provided.

To address the second objective, to examine the views of state officials on any adjustments made to state programs in response to changes in federal and state funding, we spoke with officials from each state's environmental agency. We discussed the changes made to the states' water, nonpoint source, air quality, and underground injection control programs over the

period for which data were provided, which varied by state. We also discussed the effects on programs from the adjustments made and any strategies the agencies may have adopted to deal with the effects. In some cases, officials provided numbers to illustrate these effects, such as the numbers of staff available, staff cut, or other actions taken. We did not assess the reliability of these data, as they were provided to illustrate the effects that occurred and were provided by state officials, who were the best sources of such information.

We conducted this performance audit from January to April 2013 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence provides a reasonable basis for our findings based on our audit objectives.

Enclosure II: Ten States' Funding for Programs Supported by Four EPA Categorical Grants

This enclosure includes details on reported state funding for programs that are supported by four EPA categorical grants, including the Water Pollution Control, Nonpoint Source, Air Quality, and Underground Injection Control grants. The 10 states we reviewed are Hawaii, Idaho, Michigan, Mississippi, Nebraska, New Jersey, North Dakota, Oklahoma, Vermont, and West Virginia. Two states—North Dakota and Vermont—provided funding information, while the eight remaining states provided expenditure data for their programs. According to state officials, their expenditures approximate their funding patterns. The 10 states provided data for different periods of time, depending on their individual data systems: 6 states provided data for the 9-year period of fiscal year 2004 through fiscal year 2012, 1 state provided data for the 8-year period from fiscal year 2005 through fiscal year 2012, and 3 states provided data for a 5-year period from fiscal year 2008 through fiscal year 2012.

This enclosure contains funding or expenditure data for the state programs supported by the four EPA grants we reviewed. To evaluate the funding patterns for specific programs, we applied the following rules. If the overall funding or expenditures provided in fiscal year 2012 were less than 95 percent of the initial year's amount (which varied by state), we described this change as a decrease in funding or expenditures. If funding or expenditures provided in fiscal year 2012 were more than 105 percent of that provided in the initial year, we described that as an increase in funding or expenditures. If the funding or expenditures provided in fiscal year 2012 changed less than 5 percent from data provided in the initial year, we described that as level funding. We present this data in both current and constant fiscal year 2012 dollars; we assessed funding patterns using the data adjusted to constant dollars.

Hawaii

Hawaii's Department of Health is responsible for managing the air and water resources, among other programs, within the state. As the state's regulatory agency, this department provides air and water quality permits to limit the discharge of pollutants and their effects on human health and the environment. The Department of Health has several water and air quality programs—Water Quality, Nonpoint Source Management, and Air Quality programs—that are supported by three of the four EPA grants. Hawaii has an Underground Injection Program, but does not manage the program for EPA and does not receive an EPA grant for the program.

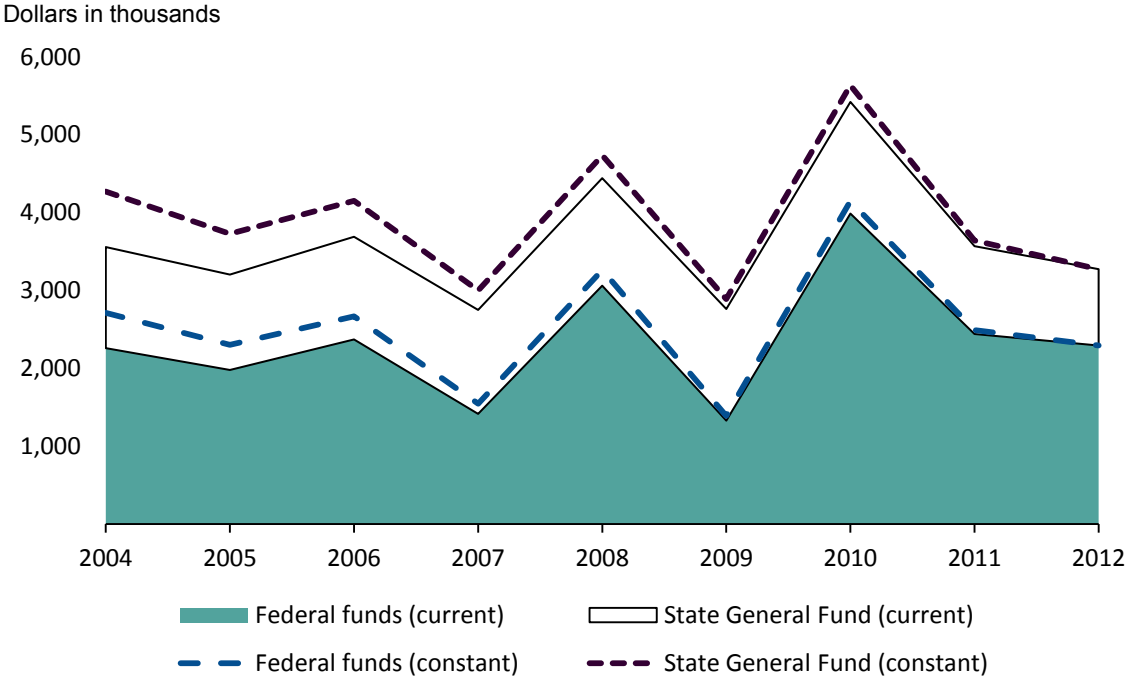
Hawaii's expenditures for the programs supported by the EPA grants we reviewed varied from fiscal year 2004 through fiscal year 2012. A discussion of the state's expenditures of federal and state funds follows.

Federal funds: From fiscal year 2004 through fiscal year 2012, Hawaii's expenditures of federal funds for the Water Quality (see fig. 2), Nonpoint Source (see fig. 3), and Air Quality (see fig. 4) programs have fluctuated and decreased.[11]

State funds: Similarly, Hawaii's expenditures from the state General Fund for the state's Water Quality and Nonpoint Source programs also fluctuated and decreased (see fig. 2 and fig. 3). Expenditures from state funds for the Air Quality program increased over the 9-year period, (see fig. 4). The state expended fees and other funding for the Underground Injection Program, the amount of which remained relatively level from fiscal year 2004 through fiscal year 2012 (see fig. 5).

[11]State dollars are presented in current and constant dollars. Where noted, dollars have been adjusted to constant fiscal year 2012 dollars using Hawaii's fiscal year (July to June).

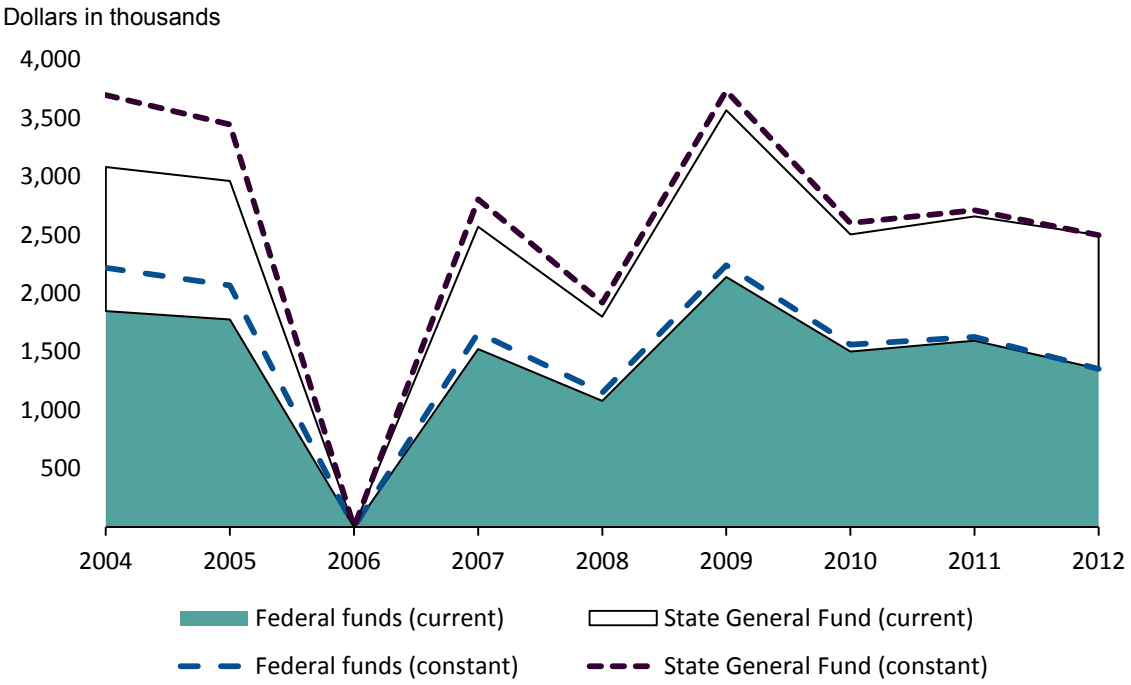
Figure 2: Hawaii's Total Water Quality Program Expenditures by Source in Current and Constant Dollars, Fiscal Year 2004 through Fiscal Year 2012



Source: GAO analysis of Hawaii's data.

Note: Constant dollars have been adjusted to fiscal year 2012 dollars using Hawaii's fiscal year (July to June).

Figure 3: Hawaii's Total Nonpoint Source Program Expenditures by Source in Current and Constant Dollars, Fiscal Year 2004 through Fiscal Year 2012

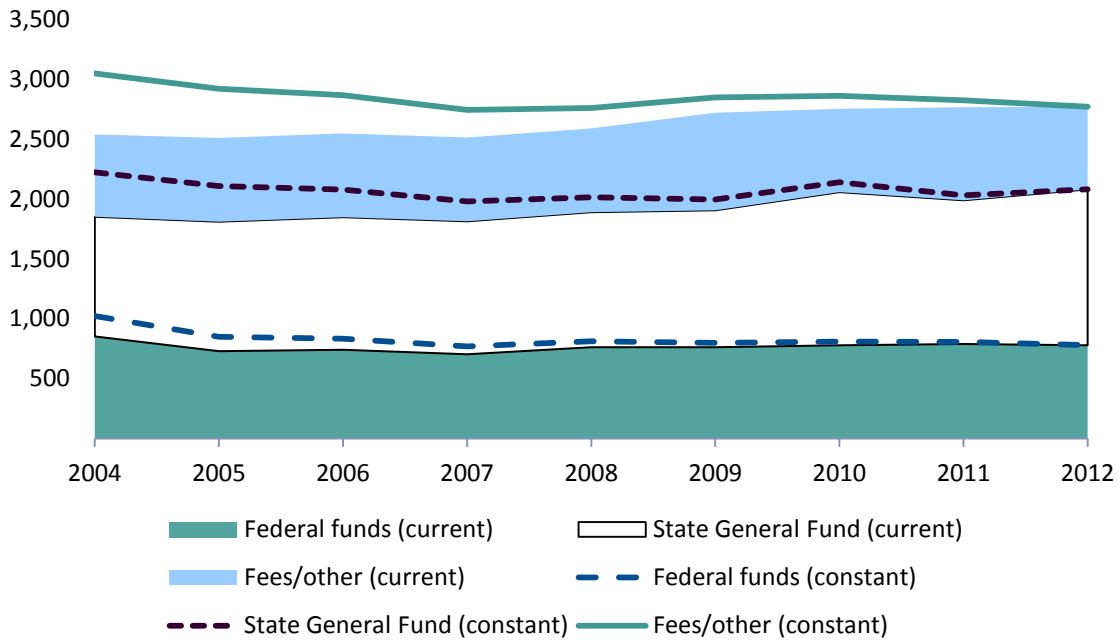


Source: GAO analysis of Hawaii's data.

Note: Constant dollars have been adjusted to fiscal year 2012 dollars using Hawaii's fiscal year (July to June). In 2006, EPA did not award federal funds for Hawaii's Nonpoint Source program because unobligated federal funds from prior years were adequate to fund operations.

Figure 4: Hawaii's Total Air Quality Program Expenditures by Source in Current and Constant Dollars, Fiscal Year 2004 through Fiscal Year 2012

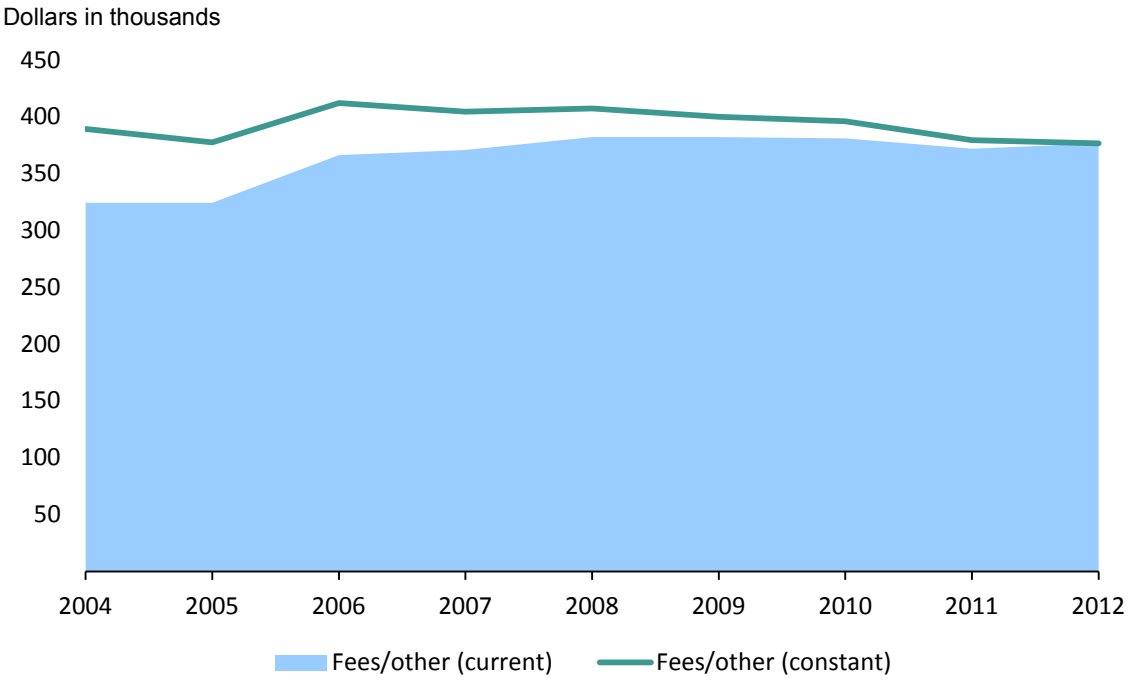
Dollars in thousands



Source: GAO analysis of Hawaii's data.

Note: Constant dollars have been adjusted to fiscal year 2012 dollars using Hawaii's fiscal year (July to June).

Figure 5: Hawaii's Total Underground Injection Control Program Expenditures by Source in Current and Constant Dollars, Fiscal Year 2004 through Fiscal Year 2012



Source: GAO analysis of Hawaii's data.

Note: Constant dollars have been adjusted to fiscal year 2012 dollars using Hawaii's fiscal year (July to June).

According to department officials, state employees have been furloughed in the last 3 years, and staffing has been reduced for some department programs, while staffing for others has remained steady. For fiscal year 2010 and fiscal year 2011, all state employees were furloughed 2 days per month, for a total of 24 days per year and 48 days over the 2-year period, according to department officials. State salaries were also cut 5 percent in fiscal years 2012 and 2013. Within the department, as a result of recent reductions in force, 4 staff positions were cut from the department's safe drinking water branch (staff were reduced from 9 to 5) and 8 staff positions were cut from the clean water branch (staff were reduced from 41 to 33). Within the clean water branch, some inspection resources and monitoring resources were cut and one engineering position was cut. In contrast, the staffing levels for the air quality branch have remained steady, at 30, as have staffing levels for the Nonpoint Source program and the Underground Injection Control program, which have 6 and 4 staff, respectively, through 2012.

Reduced funding over the last decade has affected the department's ability to carry out responsibilities associated with three of the four selected categorical grants, according to department officials. For example, officials said that staff cuts in the clean water branch resulted

in 3 to 5 fewer individual permits being issued per year. With the loss of four monitoring positions, officials estimated that monitoring at beaches and other coastal stations declined from an average of 5,000 individual samples per year to about 1,500. In addition, the branch now conducts about 20 to 30 fewer inspections per year at construction and industrial facilities. Reductions in drinking water branch staff eliminated the program's presence on Maui, Kauai, and half of Hawaii Island. As a result, officials said the responsibility for drinking water sampling has shifted to regional and local boards, which have to make appointments with state labs to get results for the water quality samples. This has required a lot of training, according to the officials. Decreased nonpoint source management funds have largely affected local contractors who are responsible for implementing watershed projects. In contrast, the department's Underground Injection Control program is fully funded from a state revolving fund, known as the Environmental Response Revolving Fund. This fund is capitalized by a tax on each barrel of oil sold by a distributor in the state, as well as other sources of revenue, and according to state officials, as a result, the funding and workload have remained relatively level and steady.

Idaho

Idaho's Department of Environmental Quality is responsible for managing the air, land, and water resources within the state. As the state's regulatory agency, it provides air, water quality, and hazardous waste permits to limit the discharge of pollutants and their effects on human health and the environment. Its key programs responsible for carrying out these tasks include the Water Quality program, Nonpoint Source program and Air Quality program. The Idaho Oil and Gas Commission, not the Department of Environmental Quality, manages the Underground Injection Control program for the state.

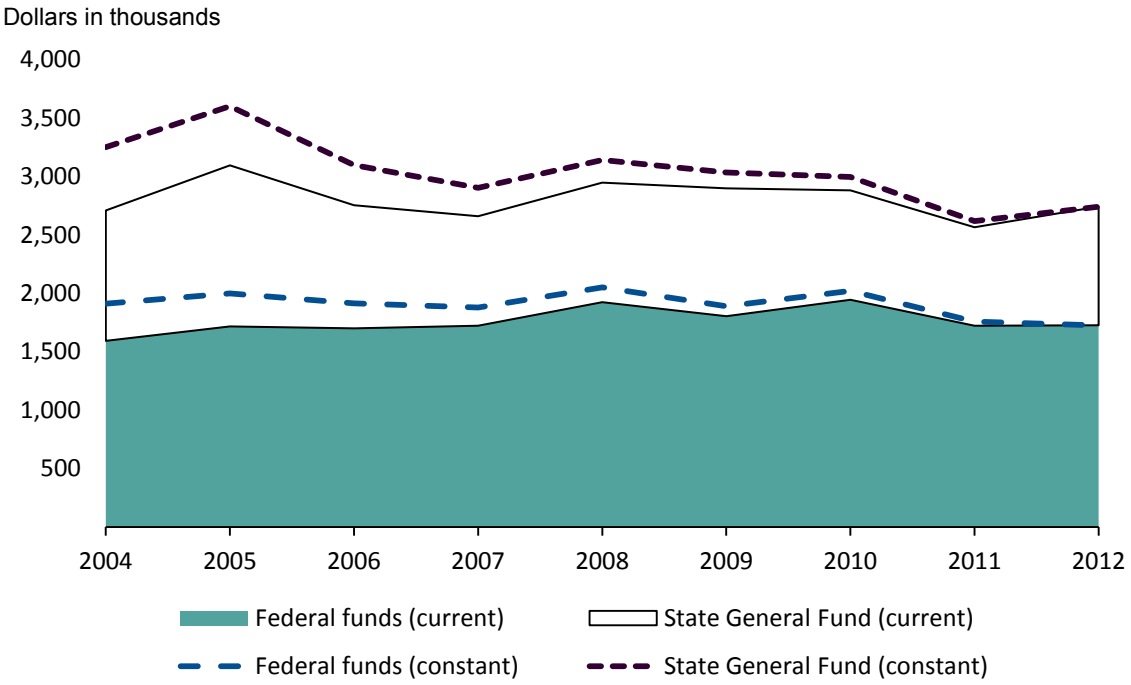
Idaho's expenditures for the programs supported by the four EPA grants we reviewed varied from fiscal year 2004 through fiscal year 2012. A discussion of the state's expenditures of federal and state funds follows.

Federal funds: Expenditures of federal funds for the state's Water Quality program decreased from fiscal year 2004 through fiscal year 2012 (see fig. 6).[12] Expenditures of federal funds for the state's Nonpoint Source program fluctuated and also decreased from fiscal year 2004 through fiscal year 2012 (see fig. 7). The state's expenditures of federal funds for its Air Quality and Underground Injection Control programs fluctuated, but stayed relatively level over the same time (see fig. 8 and fig. 9).

State funds: Idaho's expenditures of state funds for its Water Quality (see fig. 6) and Nonpoint Source (see fig. 7) programs fluctuated and decreased from fiscal year 2004 through fiscal year 2012. The state's expenditures for its Air Quality program fluctuated, but remained relatively level over the 9 years, in part because the program is a high departmental priority, according to the officials (see fig. 8). State expenditures for the Underground Injection Control program, which is managed by the state's Oil and Gas Commission, fluctuated from fiscal year 2004 through fiscal year 2010 and then were zeroed out in fiscal year 2011 and fiscal year 2012 (see fig. 9).

[12]State dollars are presented in current and constant dollars. Where noted, dollars have been adjusted to constant fiscal year 2012 dollars using the state's fiscal year (July to June).

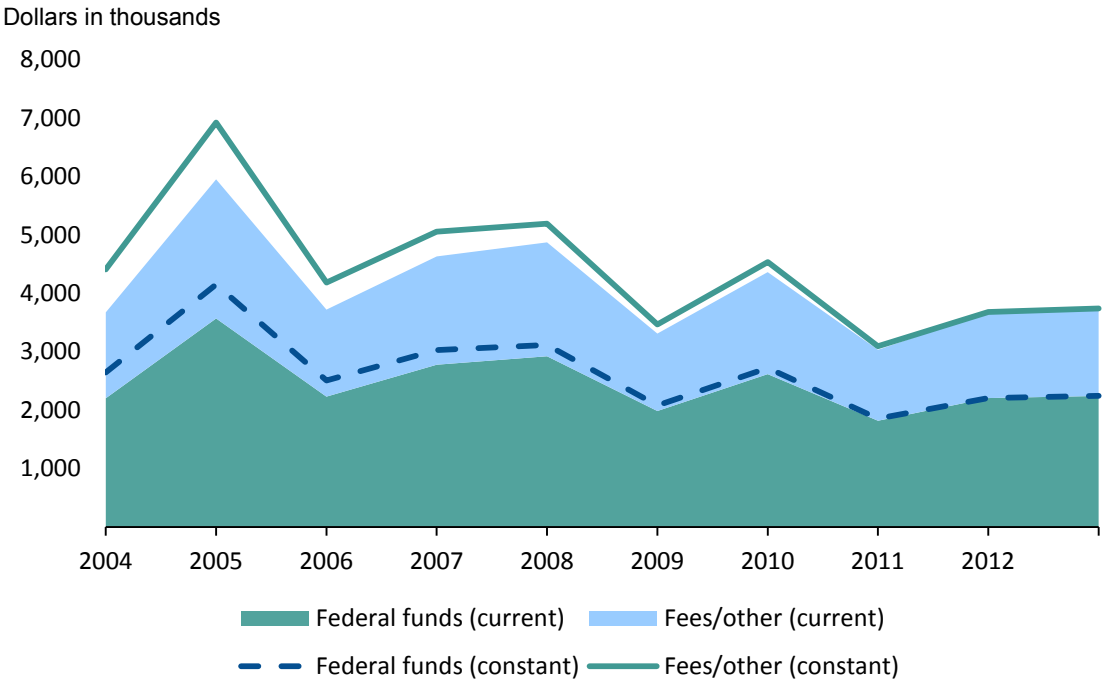
Figure 6: Idaho's Total Water Quality Program Expenditures by Source in Current and Constant Dollars, Fiscal Year 2004 through Fiscal Year 2012



Source: GAO analysis of Idaho's data.

Note: Constant dollars have been adjusted to fiscal year 2012 dollars using Idaho's fiscal year (July to June).

Figure 7: Idaho's Total Nonpoint Source Program Expenditures by Source in Current and Constant Dollars, Fiscal Year 2004 through Fiscal Year 2012

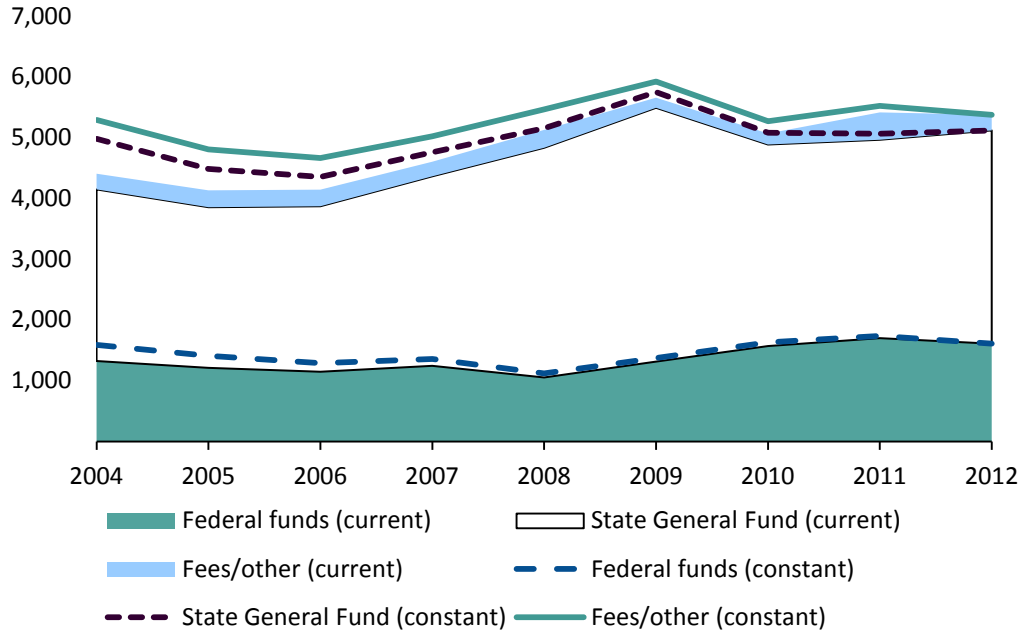


Source: GAO analysis of Idaho's data.

Note: Constant dollars have been adjusted to fiscal year 2012 dollars using Idaho's fiscal year (July to June). EPA's Nonpoint Source grant terms require states to combine federal EPA funds with a 40 percent nonfederal match. The fees/other in the above figure represent the nonfederal portion, which may include state General Funds in some cases.

Figure 8: Idaho's Total Air Quality Program Expenditures by Source in Current and Constant Dollars, Fiscal Year 2004 through Fiscal Year 2012

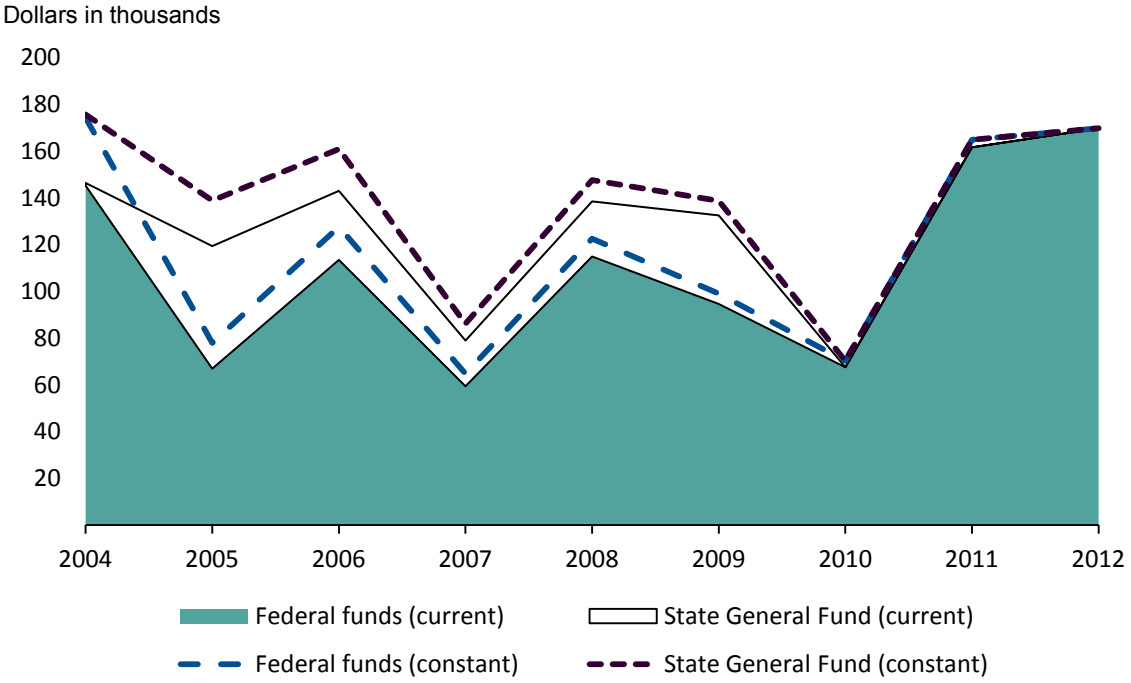
Dollars in thousands



Source: GAO analysis of Idaho's data.

Note: Constant dollars have been adjusted to fiscal year 2012 dollars using Idaho's fiscal year (July to June).

Figure 9: Idaho's Total Underground Injection Control Program Expenditures by Source in Current and Constant Dollars, Fiscal Year 2004 through Fiscal Year 2012



Source: GAO analysis of Idaho's data.

Note: Constant dollars have been adjusted to fiscal year 2012 dollars using the calendar year, the years in which the state provided the data.

According to officials, the department has responded to overall budget reductions by retaining staff in key programs, eliminating some positions, and when necessary, furloughing employees. For example, the department eliminated 22 positions over the last 10 years. In addition, the department had six mandatory furloughs in a year and two in another. To manage with fewer staff, the Idaho Department of Environmental Quality has reduced or eliminated other programs to maintain the core water and air quality programs, according to the department's Chief Financial Officer. For example, department officials told us that because several key programs supported by EPA grants are top agency priorities, other program funds have been redirected to these programs as overall department funding has decreased. As a result, the department has left positions unfilled, allowed attrition, shifted people into other positions, and furloughed some employees in other programs. Staffing levels in the water quality programs were unchanged until fiscal year 2010, when department officials said staffing levels decreased because of state budget cuts. Similarly, air quality program staff levels decreased in previous years, according to department officials, because of state budget cuts. Staffing levels for the state's Nonpoint Source program have remained relatively steady at four or five staff, but because nearly 80

percent of Idaho's nonpoint source grant funds are passed through for projects at the local level, reduced funding levels have affected the number and scope of projects that are funded.

As budgets remained level or decreased, department officials said the department has eliminated programs and reduced its responsibilities under EPA grants. For example, the department suspended its beneficial use reconnaissance program—a water quality monitoring program—for more than 2 years because of funding shortfalls. In addition, in 2010, the department had to ask EPA for an exemption to certain requirements on its air quality grant to match funding and maintain spending at a specific level because state funding for the program was about $500,000 less than the amount EPA requires the state to provide to qualify for the grant. According to the department's Chief Financial Officer, EPA air quality grant funds are matched with resources from the state's General Fund, and at this point, there is no additional funding available from the General Fund to meet the matching requirements for federal grants. According to the Chief Financial Officer, if EPA air quality grants are reduced, the department will need to have a corresponding reduction in program commitments.

Michigan

Michigan's Department of Environmental Quality is responsible for managing the air, land, and water resources within the state, including managing programs to improve the quality of the Great Lakes. As the state's regulatory agency, it provides air and water quality permits to limit the discharge of pollutants and their effects on human health and the environment. The department has two programs that receive three EPA grants, the Surface Water Quality program and the Air Quality program. The state does not have authority from EPA to manage the Underground Injection Control program; EPA Region 5 manages that program for the state.

Michigan's expenditures for the environmental programs supported by the EPA grants we reviewed varied from fiscal year 2008 through fiscal year 2012. A discussion of the state's expenditures of federal and state funds follows.

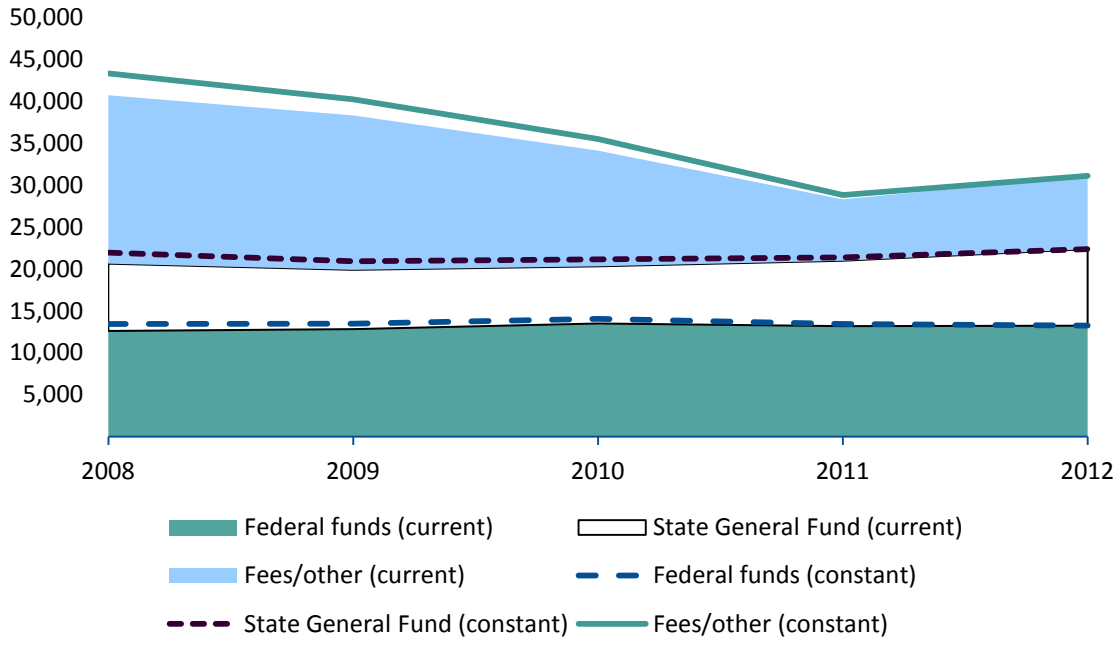
Federal funds: The state's expenditures from federal funds for its Surface Water Quality program stayed relatively level for fiscal year 2008 through fiscal year 2012 (see fig. 9).[13] Figure 10 shows the state's expenditures from federal funds for its Air Quality program increased slightly for fiscal year 2008 through fiscal year 2012.

State funds: Michigan's expenditures from state funds for the Surface Water Quality and Air Quality decreased overall from fiscal year 2008 through fiscal year 2012. The state's Surface Water Quality program, which uses both Water Pollution Control grant funds and Nonpoint Source grant funds, experienced somewhat increased funding from the state's General Fund, although its fee funding decreased from fiscal years 2008 through 2012 (see fig. 10). The department has the ability to charge fees for permits that it provides to permit holders and also charges fees on petroleum products that go into a dedicated clean-up fund. The state's Air Quality program received less funding from the state's General Fund since fiscal year 2008, although funding from fees and other temporary sources such as the refined petroleum funds were used in that time (see fig. 11).

[13]State dollars are presented in both current and constant dollars. Where noted, dollars have been adjusted to constant fiscal year 2012 dollars using Michigan's fiscal year (October to September).

Figure 10: Michigan's Total Surface Water Quality Program Expenditures by Source in Current and Constant Dollars, Fiscal Year 2008 through Fiscal Year 2012

Dollars in thousands

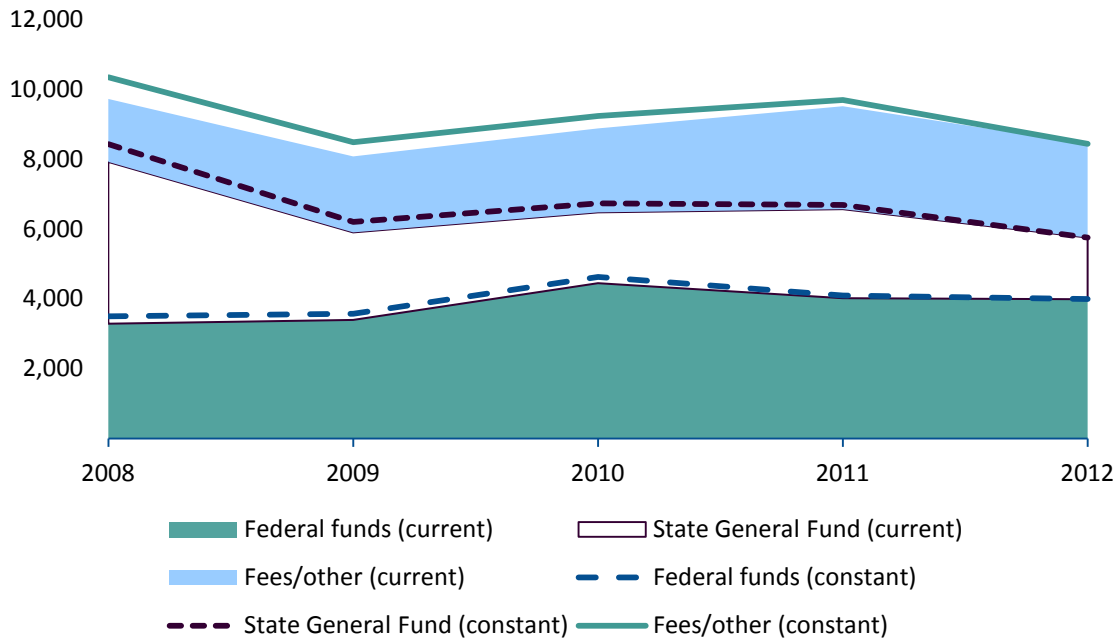


Source: GAO analysis of Michigan's data.

Note: Constant dollars have been adjusted to fiscal year 2012 dollars using Michigan's fiscal year (October to September). Michigan has reorganized its department several times and for this reason could only provide 5 years of data. Michigan funds its Surface Water Quality Program with both Water Pollution Control funding and Nonpoint Source funding. It does not account for these funds separately, however, and thus could not provide separate expenditures associated with the grants.

Figure 11: Michigan's Total Air Quality Program Expenditures by Source in Current and Constant Dollars, Fiscal Year 2008 through Fiscal Year 2012

Dollars in thousands



Source: GAO analysis of Michigan's data.

Note: Constant dollars have been adjusted to fiscal year 2012 dollars using Michigan's fiscal year (October to September). Michigan has reorganized its department several times and for this reason could only provide 5 years of data.

According to officials from Michigan's Department of Environmental Quality, the department has adapted to decreasing budgets by retaining staff in key programs, reducing staff in some programs, and reorganizing programs. For example, the state has used early retirements to reduce staff, and as a result, the Surface Water Quality program declined from more than 190 to about 165 staff. In contrast, staffing for the Air Quality program has remained stable over the last 5 years, even as overall staffing levels for the division in which the program resides have declined from 216 to 178 staff. In addition, the department has implemented furloughs and a process called "banked leave time" that defers hours worked for the future.

According to department officials, the programs have eliminated or reduced some functions to adapt to reduced staffing levels. For example, the department has reduced the outreach and education programs that help small communities and businesses meet state and federal requirements. Officials said the department has taken these actions to focus resources on

required programs; however, even with these changes, officials said that the Surface Water Quality program is taking longer to issue permits and has reduced site inspections and follow-up on enforcement actions. Furthermore, the Air Quality program was restructured to make its processes more efficient, but department officials said that they are concerned about developing a future backlog as the program issues more than 440 permits annually. In addition, the program will not be able to hold meetings with permit holders that help them prepare their permit applications. The department requested fee increases in the last 4-year fee cycle to make up for funding cuts; according to officials, these fees sunset and the department must renew requests for fees after each cycle. However, according to the department's officials, if further budget cuts at the federal and state level occur, the department may have difficulty performing some critical activities—such as meeting deadlines for issuing the State Implementation Plan, inspection and monitoring minor air quality sources, and inspection and monitoring of water quality—and may need to discuss returning some functions to EPA.

Mississippi

Mississippi's Department of Environmental Quality is responsible for protecting the health, safety, and welfare of its citizens through conserving the state's natural resources and responsible regulation of the environment. The agency has four programs that receive the EPA grants we reviewed, the Water Quality program, the Nonpoint Source program, the Air Quality program, and the Underground Injection Control program. The department also has separate Permitting and Compliance divisions that use EPA grant funds to help administer the work of issuing permits to municipalities, industries, and other entities in the state, as well as inspecting these entities and working to ensure compliance with federal and state permits.[14] In addition to the department's programs, the Mississippi State Oil & Gas Board receives funds from the Underground Injection Control grant to manage the state's injection wells associated with the oil and gas industry.

Mississippi's expenditures for the environmental programs supported by the EPA grants we reviewed varied from fiscal year 2008 through fiscal year 2012. A discussion of the state's expenditures of federal and state funds follows.

Federal funds: Mississippi's expenditures of federal funds for its Water Quality, Nonpoint Source, and Air Quality programs decreased from fiscal year 2008 through fiscal year 2012 (see fig. 12 through fig. 14).[15] Over the same period, the state's expenditures of federal funds remained level for the Underground Injection Control program (see fig. 15).

State funds: State expenditures of state funds for the Water Quality, Nonpoint Source, Air Quality, and Underground Injection Control programs have decreased from fiscal year 2008 through fiscal year 2012, according to state officials, as the state has provided less funding from the state's General Fund.[16] Further, Mississippi's Department of Environmental Quality does not

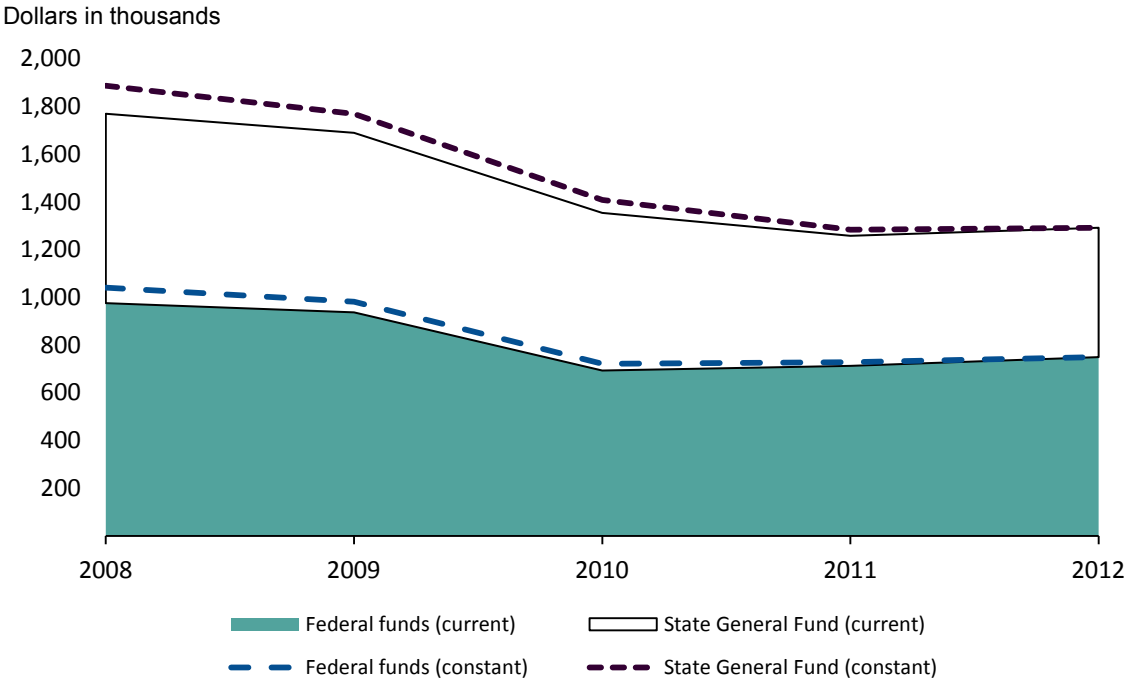
[14]Mississippi receives much of its Water Pollution Control, Air Quality, and Underground Injection Control grant funding in the form of a Performance Partnership Grant, which identifies a number of activities to be accomplished by the state and allows the state to move the funding where it is needed among those activities. Mississippi puts some of its grant funding into its Permitting and Compliance divisions, according to state officials, and expenditures are not tracked by source of funding. As a result, the state's federal expenditures in this report do not include expenditures for these activities.

[15]State dollars are presented in current and constant dollars. Where noted, dollars have been adjusted to constant fiscal year 2012 dollars using Mississippi's fiscal year (July to June).

[16]Mississippi puts some of its grant funding into its Permitting and Compliance divisions, according to state officials, and expenditures are not tracked by source of funding. As a result, the state's expenditures from state funds in this report do not include expenditures for these activities.

have the authority to charge fees for its permits, according to department officials. Figures 12 through 15 show the state's expenditures for fiscal year 2008 through fiscal year 2012.

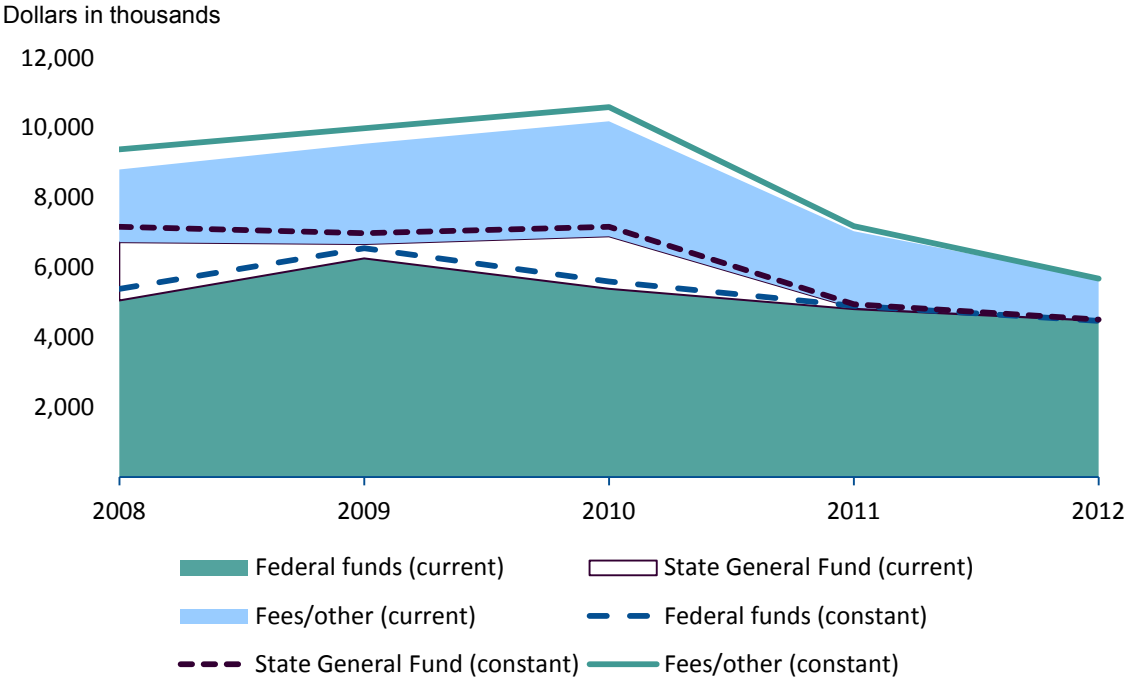
Figure 12: Mississippi's Total Water Quality Program Expenditures by Source in Current and Constant Dollars, Fiscal Year 2008 through Fiscal Year 2012



Source: GAO analysis of Mississippi's data.

Note: Funds have been adjusted to constant fiscal year 2012 dollars using Mississippi's fiscal year (July to June). Mississippi provided 5 years of data. Mississippi's data do not include funding provided to its Permitting and Compliance divisions because the department does not separately track permitting and compliance activities to air, water, and other functions.

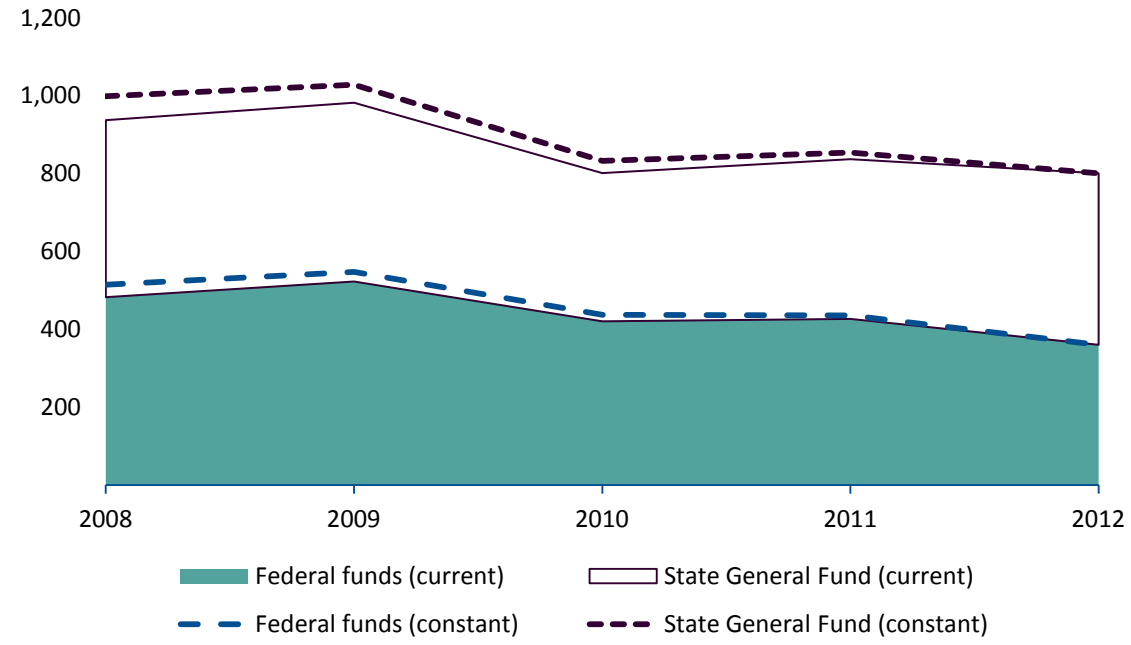
Figure 13: Mississippi's Total Nonpoint Source Program Expenditures by Source in Current and Constant Dollars, Fiscal Year 2008 through Fiscal Year 2012



Source: GAO analysis of Mississippi's data.

Note: Funds have been adjusted to constant fiscal year 2012 dollars using Mississippi's fiscal year (July to June). Mississippi provided 5 years of data.

Figure 14: Mississippi's Total Air Quality Program Expenditures by Source in Current and Constant Dollars, Fiscal Year 2008 through Fiscal Year 2012

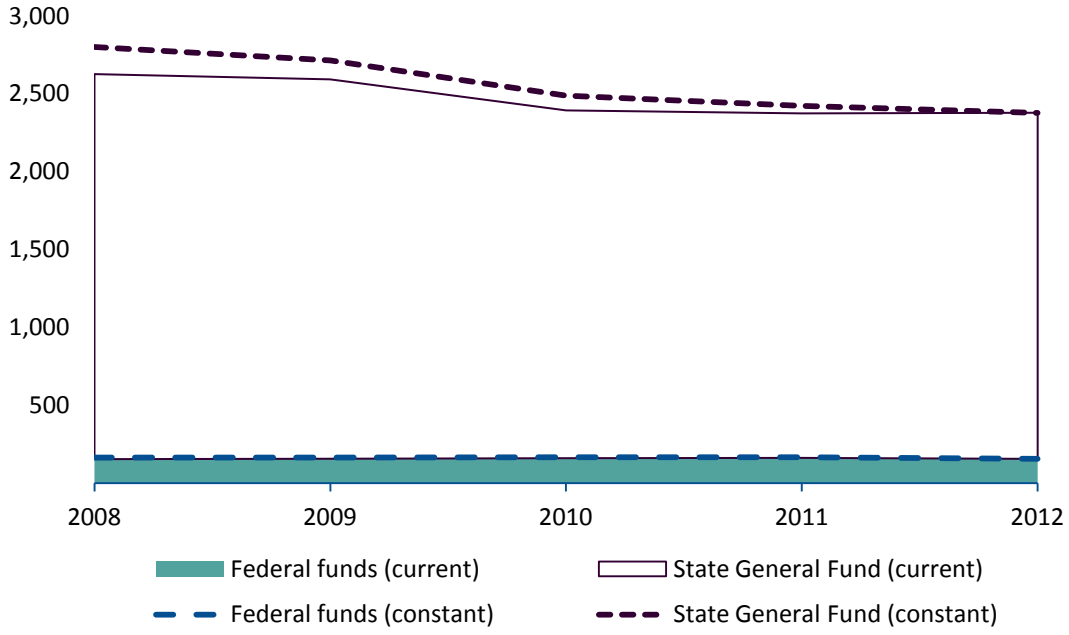


Source: GAO analysis of Mississippi's data.

Note: Funds have been adjusted to constant fiscal year 2012 dollars using Mississippi's fiscal year (July to June). Mississippi provided 5 years of data. Mississippi's data do not include funding provided to its Permitting and Compliance divisions because the department does not separately track permitting and compliance activities to air, water, and other functions.

Figure 15: Mississippi's Total Underground Injection Control Program Expenditures by Source in Current and Constant Dollars, Fiscal Year 2008 through Fiscal Year 2012

Dollars in thousands



Source: GAO analysis of Mississippi's data.

Note: Funds have been adjusted to constant fiscal year 2012 dollars using Mississippi's fiscal year (July to June). Mississippi provided 5 years of data. Mississippi's data does not include funding provided to its Permitting Division because the department does not separately track permitting activities to air, water, and other functions.

According to department officials, the department has adjusted to level or decreasing budgets for the 5-year period from fiscal year 2008 through fiscal year 2012 by limited hiring of new staff, limited purchases of new equipment, and increasing staff efficiency. At the same time, the state's workload has been increased by responding to Hurricane Katrina and the BP oil spill. For the four programs that receive EPA grants, department officials said that they have implemented cross-training to allow staff to work in multiple programs and thereby help support program work with the same or reduced staff levels. In addition, some programs, such as the department's Underground Injection Control program, have increased their workloads without increasing staff, according to officials. Over the same period, the Mississippi State Oil & Gas Board has not increased staff and, according to officials, the board's federal funding has increased or remained level.

Department officials said that they have been able, generally, to complete the work required in their EPA grant agreements. For example, the state's Air Quality program has continued to meet its grant requirements, which include issuing permits and conducting inspections, although it has had a slight decrease in staff. According to officials, a new database increased the program's productivity. In addition, with cross-training, air quality and water quality permits have been performed by the same individual in the field for a regulated entity. However, the officials said that they expect no increases in state General Funds in upcoming years. This, in addition to federal budget cuts over the next several years, will likely cause reduced funding to these programs. Should this happen, according to Mississippi officials, program requirements may be more challenging to meet.

Nebraska

Nebraska's Department of Environmental Quality is responsible for protecting the quality of Nebraska's air, land, and water resources. The agency houses the key environmental permitting programs that receive EPA grants including the Water Quality, Nonpoint Source, Air Quality, and part of the Underground Injection Control programs. The Department of Environmental Quality regulates most classes of underground injection wells under Nebraska's Underground Injection Control program, while Nebraska's Oil and Gas Conservation Commission is responsible for managing wells associated with the oil and gas industry.

Nebraska's expenditures for the programs supported by the EPA grants we reviewed varied from fiscal year 2004 through fiscal year 2012. A discussion of the state's expenditures of federal and state funds follows:

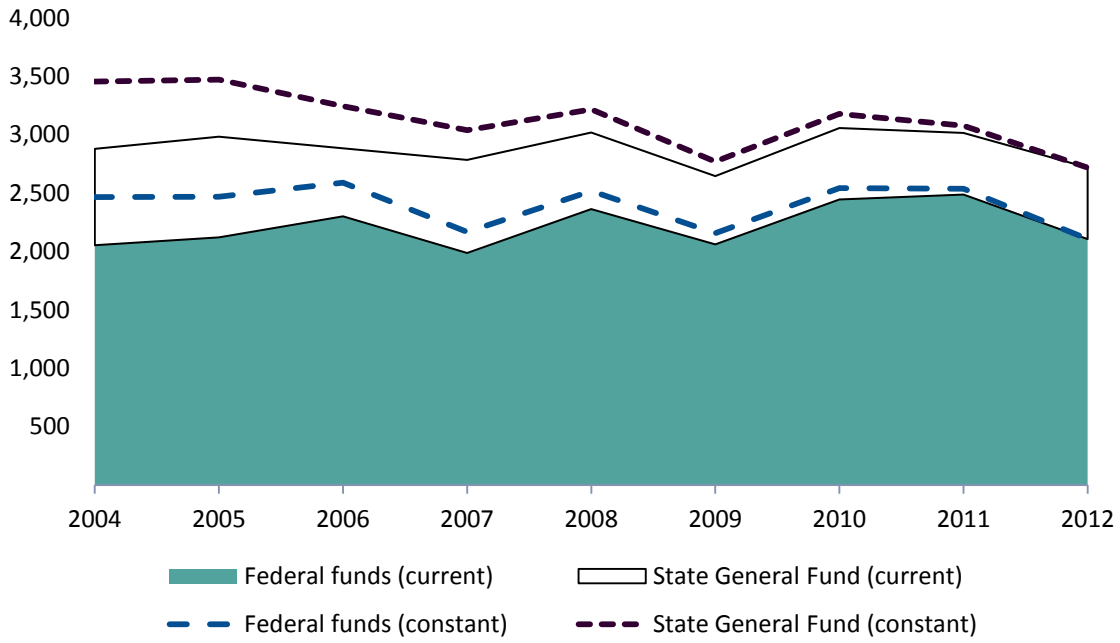
Federal funds: State expenditures of federal funds for Water Quality (see fig. 16) and Underground Injection Control (see fig. 19) programs funding fluctuated but decreased from fiscal year 2004 through fiscal year 2012.[17] State expenditures of federal funds for the Nonpoint Source programs fluctuated from fiscal year 2004 through fiscal year 2012, increasing in fiscal year 2009 and fiscal year 2010 and then decreasing through fiscal year 2012 (see fig. 17). State expenditures of federal funds for the Air Quality program also fluctuated, but remained relatively level over the same period of time (see fig. 18).

State funds: State expenditures of state funds for the state's Water Quality and Underground Injection Control programs fluctuated but decreased from fiscal year 2004 through fiscal year 2012 (see fig. 16 and fig. 19). State expenditures for the Nonpoint Source program fluctuated from fiscal year 2004 through fiscal year 2012, increasing in fiscal year 2009 and fiscal year 2010 and then decreasing through fiscal year 2012 (see fig. 17). State expenditures of state funds for the Air Quality program also fluctuated, but increased over the same period of time (see fig. 18).

[17] All state dollars are presented in current and constant dollars. Where noted, dollars have been adjusted to constant fiscal year 2012 dollars using Nebraska's fiscal year (July to June).

Figure 16: Nebraska's Total Water Quality Program Expenditures by Source in Current and Constant Dollars, Fiscal Year 2004 through Fiscal Year 2012

Dollars in thousands

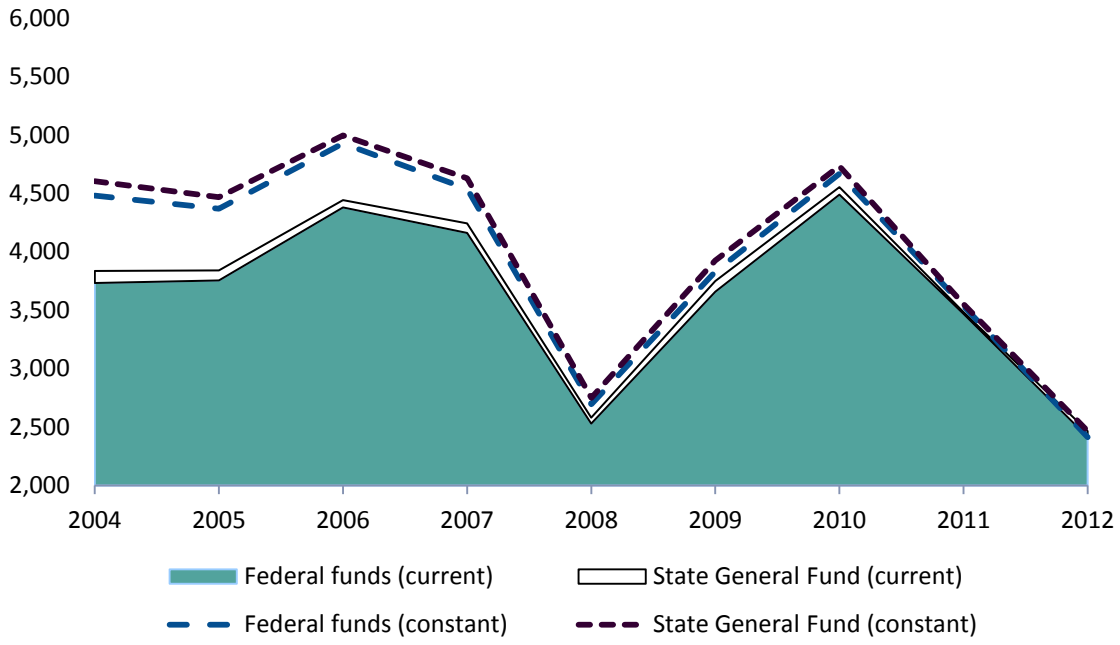


Source: GAO analysis of Nebraska's data.

Note: Constant dollars have been adjusted to fiscal year 2012 dollars using Nebraska's fiscal year (July to June).

Figure 17: Nebraska's Total Nonpoint Source Program Expenditures By Source in Current and Constant Dollars, Fiscal Year 2004 through Fiscal Year 2012

Dollars in thousands

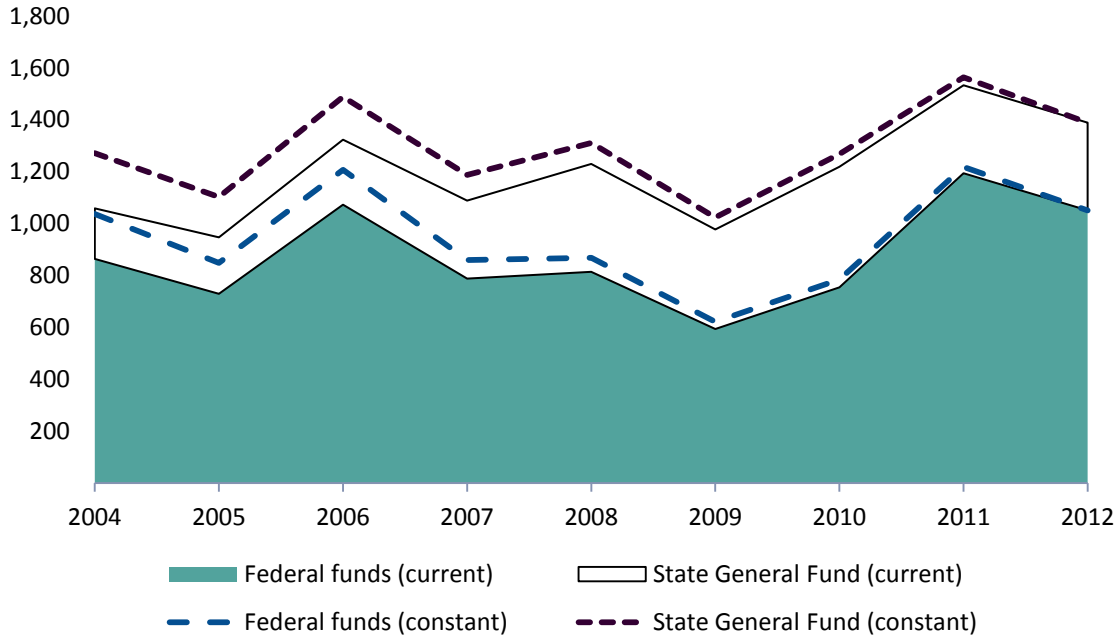


Source: GAO analysis of Nebraska's data.

Note: Constant dollars have been adjusted to fiscal year 2012 dollars using Nebraska's fiscal year (July to June). According to Department officials, reimbursements from Nonpoint Source project activities decreased in 2008, resulting in decreased overall expenditures for the Nonpoint Source program.

Figure 18: Nebraska's Total Air Quality Program Expenditures by Source in Current and Constant Dollars, Fiscal Year 2004 through Fiscal Year 2012

Dollars in thousands

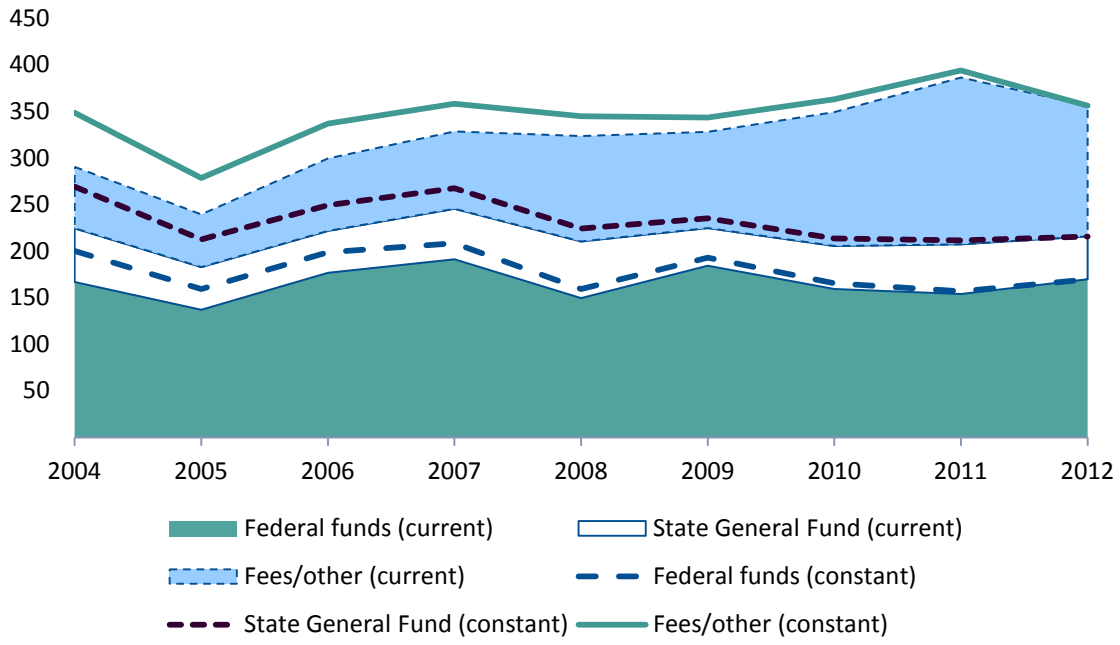


Source: GAO analysis of Nebraska's data.

Note: Constant dollars have been adjusted to fiscal year 2012 dollars using Nebraska's fiscal year (July to June).

Figure 19: Nebraska's Total Underground Injection Control Program Expenditures by Source in Current and Constant Dollars, Fiscal Year 2004 through Fiscal Year 2012

Dollars in thousands



Source: GAO analysis of Nebraska's data.

Note: Constant dollars have been adjusted to fiscal year 2012 dollars using Nebraska's fiscal year (July to June). Nebraska's data includes funding to both the Nebraska Department of Environmental Quality and the Nebraska Oil and Gas Commission. The Nebraska Oil and Gas Conservation Commission provided data by federal fiscal year.

According to department officials, the department's flexible budget structure and reliance on fees to support key programs has helped the agency plan to absorb funding cuts without furloughs or reductions-in-force. Specifically, only about 10 percent of the department's funding comes from the state's General Fund and approximately 45 percent comes from permitting fees. According to officials, staffing levels have remained relatively steady within the department and in the programs that receive funding from the four EPA grants we reviewed.

However, department officials also identified several effects on its environmental programs as funding has decreased. For example, department officials said the state legislature reduced funding for some outreach programs, including a recycling program and storm water management program for municipalities, to provide continued support for required programs, and department officials focused their funding on efforts to meet the conditions of EPA grants. In addition, officials from the Water Quality Division reported increasing the amount of time it takes to conduct the full cycle of required sampling activities for their surface water quality program from 5 to 6 years. As a result, due to the increased time period between sampling, officials

expressed concern that the department may be forced to make water quality permitting decisions using old or obsolete sampling data. Underground Injection Control officials in both the Department of Environmental Quality and the Nebraska Oil and Gas Commission said that the Underground Injection Control program's responsibilities are increasing, and both agencies are facing challenges keeping their respective programs staffed at sufficient levels.

New Jersey

The New Jersey Department of Environmental Protection's core mission is to protect the air, waters, land, and natural and historic resources of the state to ensure continued public benefit. The department manages, among other areas, Water Quality, Nonpoint Source, Air Quality, and Underground Injection Control programs that receive funding from the four EPA grants.

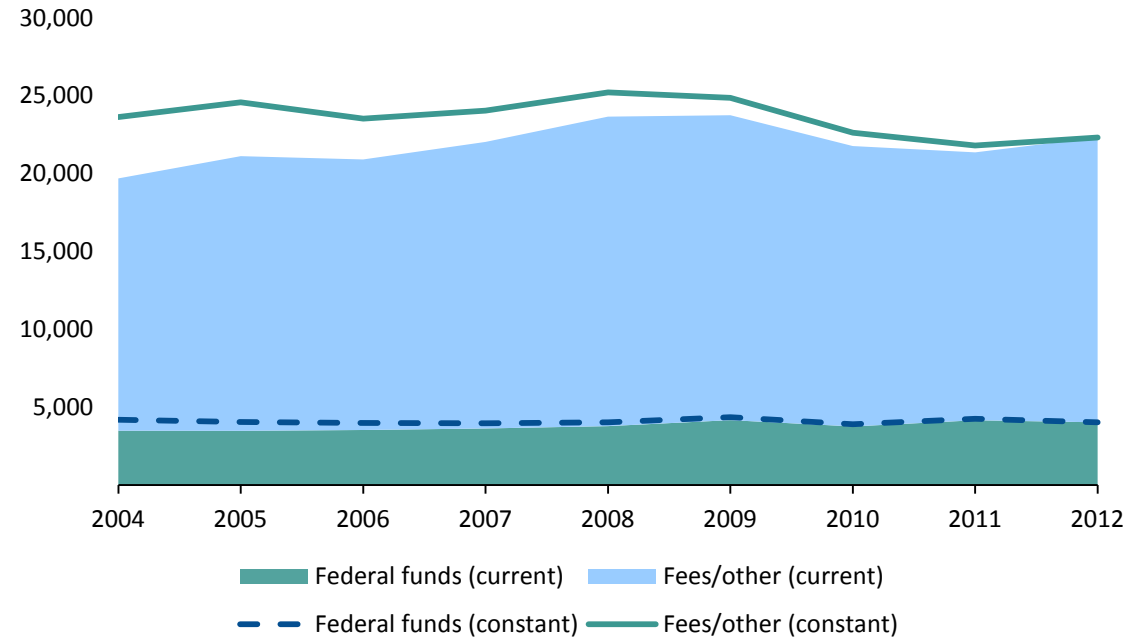
New Jersey's expenditures for the programs supported by the EPA grants we reviewed varied from fiscal year 2004 through fiscal year 2012. A discussion of the state's expenditures of federal and state funds follows.

Federal funds: State expenditures of federal funding for New Jersey's Water Quality program remained level from fiscal year 2004 through fiscal year 2012 (see fig. 20).[18] Figure 21 shows that the state's expenditures of federal funds for the Nonpoint Source program generally decreased over this time. State expenditures of federal funding for the state's Air Quality program fluctuated and increased over the same period (see fig. 22). Expenditures of federal funding for the state's Underground Injection Control Program generally decreased from fiscal year 2004 through fiscal year 2012 (see fig. 23).

State funds: Expenditures of state funding for the Water Quality, Nonpoint Source, and Air Quality programs have fluctuated, and generally decreased between fiscal year 2004 through fiscal year 2012 (see fig. 20, fig. 21, and fig. 22). Expenditures of state funding for the Underground Injection Control program fluctuated but increased from fiscal year 2009 through fiscal year 2011 and decreased in fiscal year 2012 (see fig. 23).

[18]All state dollars are presented in current and constant dollars. Where noted, dollars have been adjusted to constant fiscal year 2012 dollars using New Jersey's fiscal year (July to June).

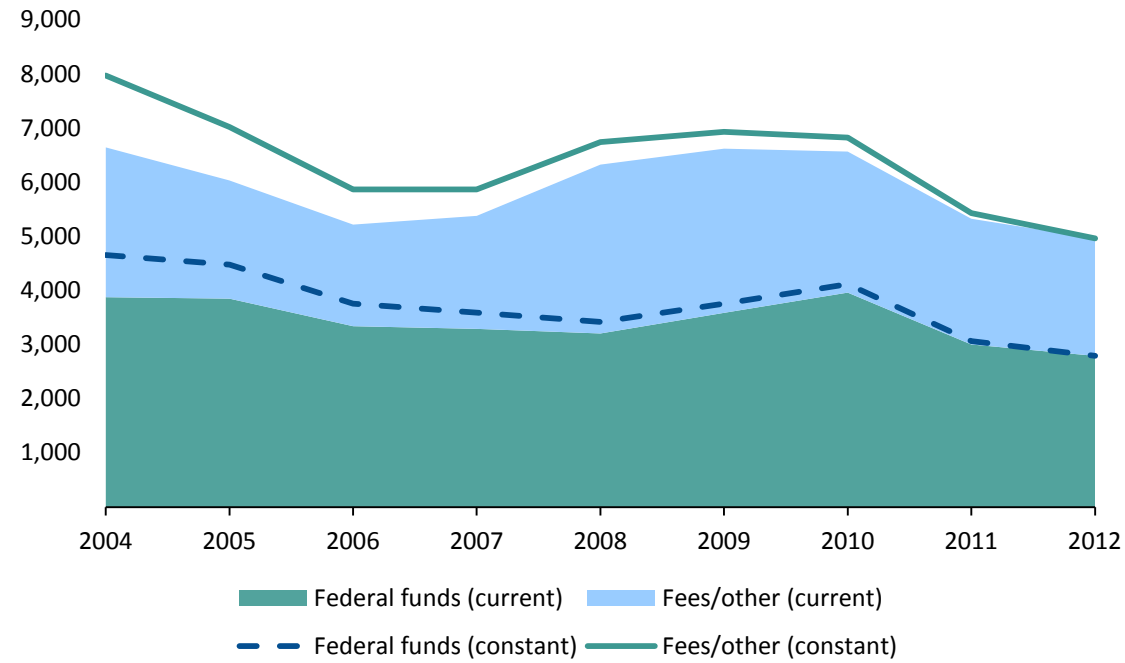
Figure 20: New Jersey's Total Water Quality Program Expenditures by Source in Current and Constant Dollars, Fiscal Year 2004 through Fiscal Year 2012



Source: GAO analysis of New Jersey's data.

Note: Constant dollars have been adjusted to fiscal year 2012 dollars using New Jersey's fiscal year (July through June).

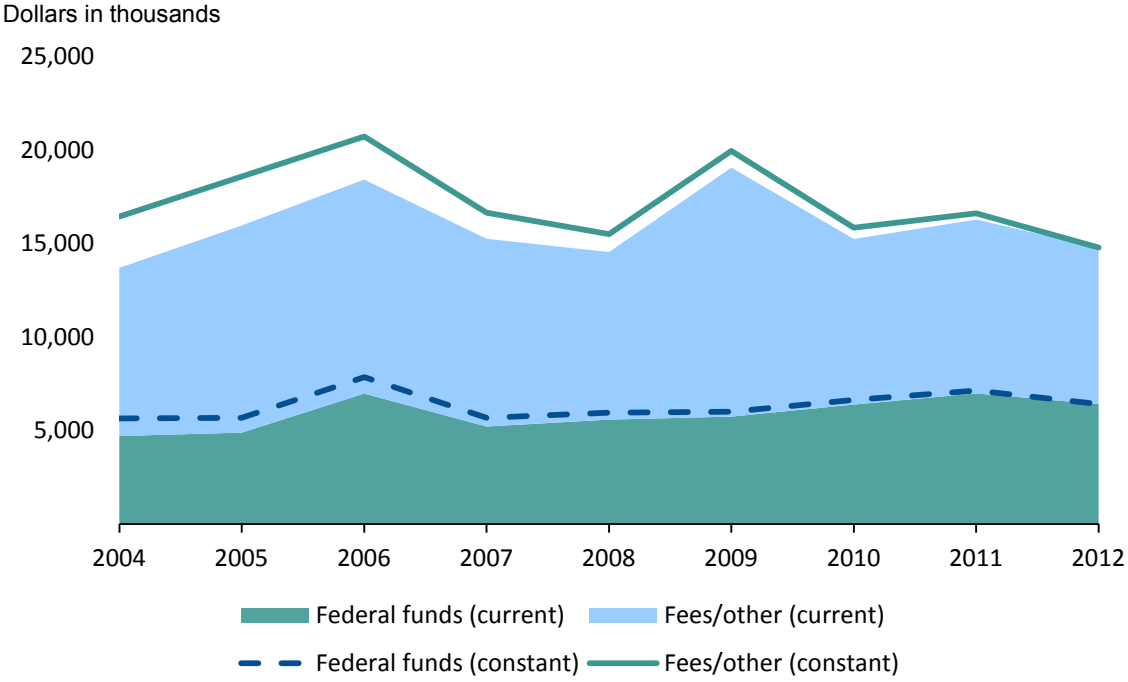
Figure 21: New Jersey's Total Nonpoint Source Program Expenditures by Source in Current and Constant Dollars, Fiscal Years 2004 through 2012



Source: GAO analysis of New Jersey's data.

Note: Constant dollars have been adjusted to fiscal year 2012 dollars using New Jersey's fiscal year (July through June).

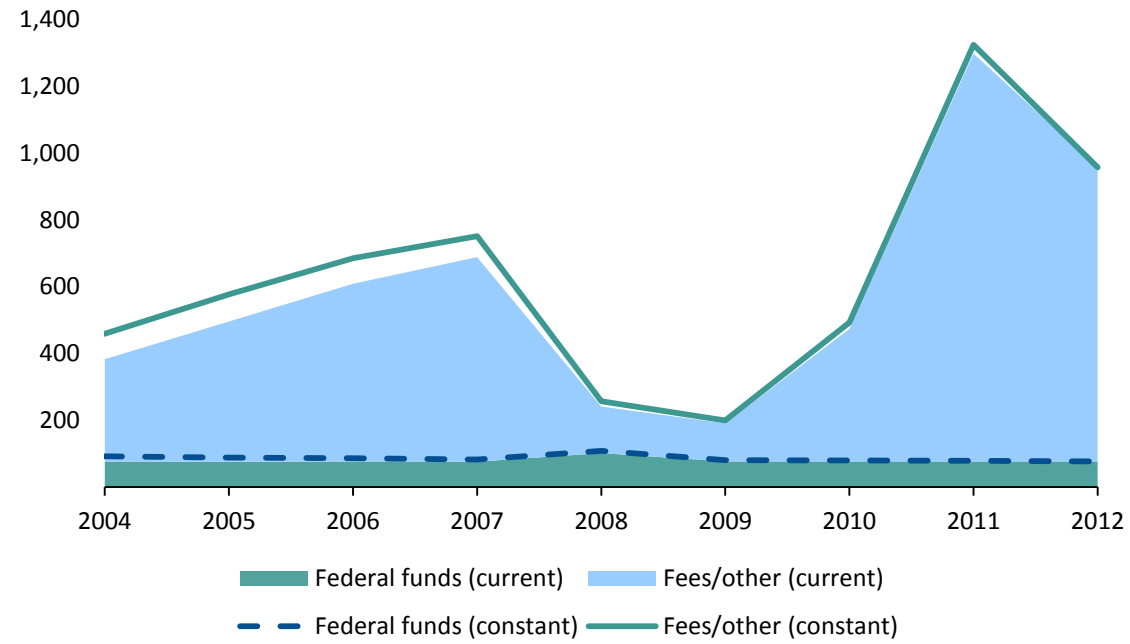
Figure 22: New Jersey's Total Air Quality Program Expenditures by Source in Current and Constant Dollars, Fiscal Years 2004 through 2012



Source: GAO analysis of New Jersey's data.

Note: Constant dollars have been adjusted to fiscal year 2012 dollars using New Jersey's fiscal year (July through June).

Figure 23: New Jersey's Total Underground Injection Control Program Expenditures by Source in Current and Constant Dollars, Fiscal Years 2004 through 2012



Source: GAO analysis of New Jersey data.

Note: Constant dollars have been adjusted to fiscal year 2012 dollars using New Jersey's fiscal year (July through June).

As expenditures decreased, according to officials, the Department of Environmental Protection has experienced a large decline in personnel. Officials noted that this was due to attrition over time, early retirement incentives, and statewide hiring freezes. Officials also noted that the department has not experienced reductions in force, but has been held to a strict freeze on hiring for the last 6 to 7 years, and staff for Water Quality, Nonpoint Source, and Air Quality programs have experienced declines. For example, according to data provided by the department, the number of staff has dropped from 24 to 13 in programs partially supported by Nonpoint Source grants and from 133 to 112 in programs supported by Water Quality grants between fiscal year 2004 and fiscal year 2012. To adapt to level or decreasing funding, according to officials, the department has realigned its water programs to concentrate on a comprehensive water resources model that addresses water quality issues by watershed.

New Jersey's water programs are experiencing longer processing times to complete permit renewals, according to department officials. For example, according to department officials, in the past, review and approval of new Underground Injection Control program permits required 4 to 5 months of turnaround time, whereas now they require 6 to 7 months. Department officials said the realignment of its water programs is intended to make more efficient use of staff and to allow greater flexibility to prioritize the most impaired water sources. For example, the program will now monitor water quality using a probability-based sample of water bodies in the state, rather than monitoring every body of water. Program staff within the department noted that this approach makes more efficient use of resources, however, they said the department has realized all the efficiencies possible through reorganization, and the department will need to find new ways of maintaining programs if budgets decrease further.

North Dakota

North Dakota's Environmental Health Section is one of seven sections in the North Dakota Department of Health and is responsible for safeguarding the quality of the state's air, land, and water resources. As the state's regulatory agency, the Environmental Health Section's primary functions include monitoring and enforcing compliance with state and federal environmental laws and coordinating with the EPA regarding state programs and related environmental issues. The Environmental Health Section manages injection wells used to discharge water and wastewater under the Underground Injection Control program, with the exception of wells associated with the oil and gas industry and mining. Underground injection wells related to the oil and gas industry and mining are regulated by the North Dakota Oil and Gas Division and the North Dakota Geologic Survey respectively.

North Dakota's funding for the programs supported by the EPA grants we reviewed varied from fiscal year 2008 through fiscal year 2012. A discussion of the state's federal and state funding follows:

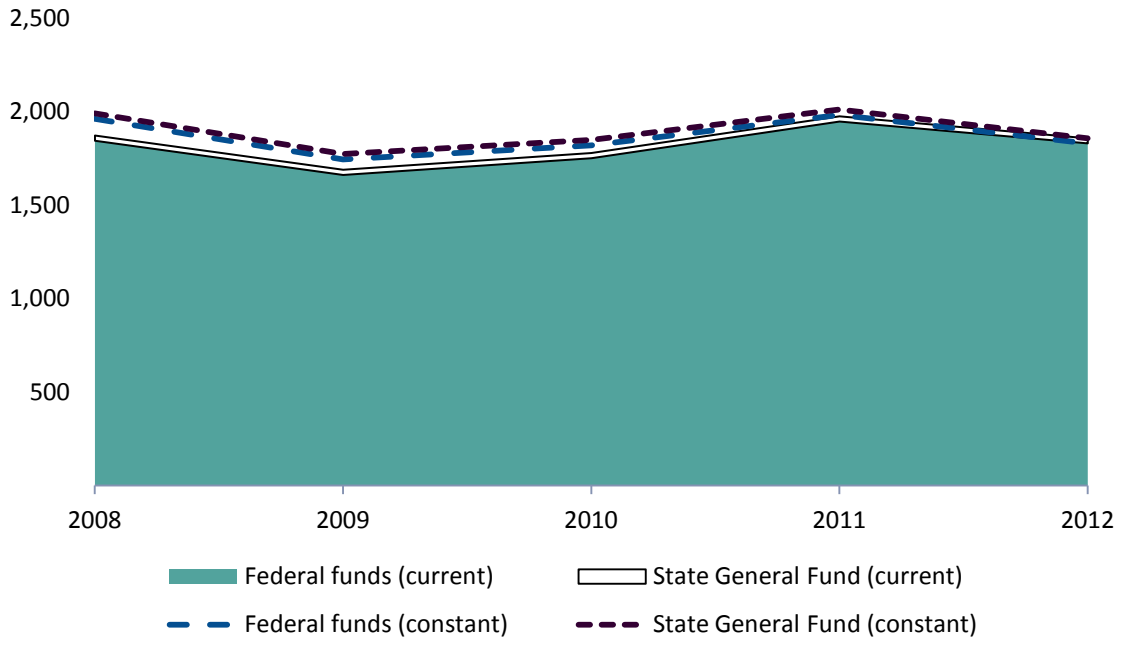
Federal funds: North Dakota's funding from federal sources for the state Water Quality, Nonpoint Source, Air Quality, and Underground Injection Control programs fluctuated but decreased from fiscal year 2008 to fiscal year 2012 (see fig. 24 through 27).[19]

State funds: State funding for Environmental Health Section programs supported with Water Quality, Nonpoint Source, and Air Quality grant funds has decreased over the last 5 fiscal years (see fig. 24 through fig. 26). Over the same period, state funding for the Underground Injection Control program has fluctuated but remained relatively level (see fig. 27).

[19] All state dollars are presented in current and constant dollars. While North Dakota's fiscal year is July to June, state officials provided federal fiscal year data. Where noted, dollars have been adjusted to constant fiscal year 2012 dollars using the federal fiscal year (October to September).

Figure 24: North Dakota's Total Water Quality Program Funding by Source in Current and Constant Dollars Fiscal Year 2008 through Fiscal Year 2012

Dollars in thousands

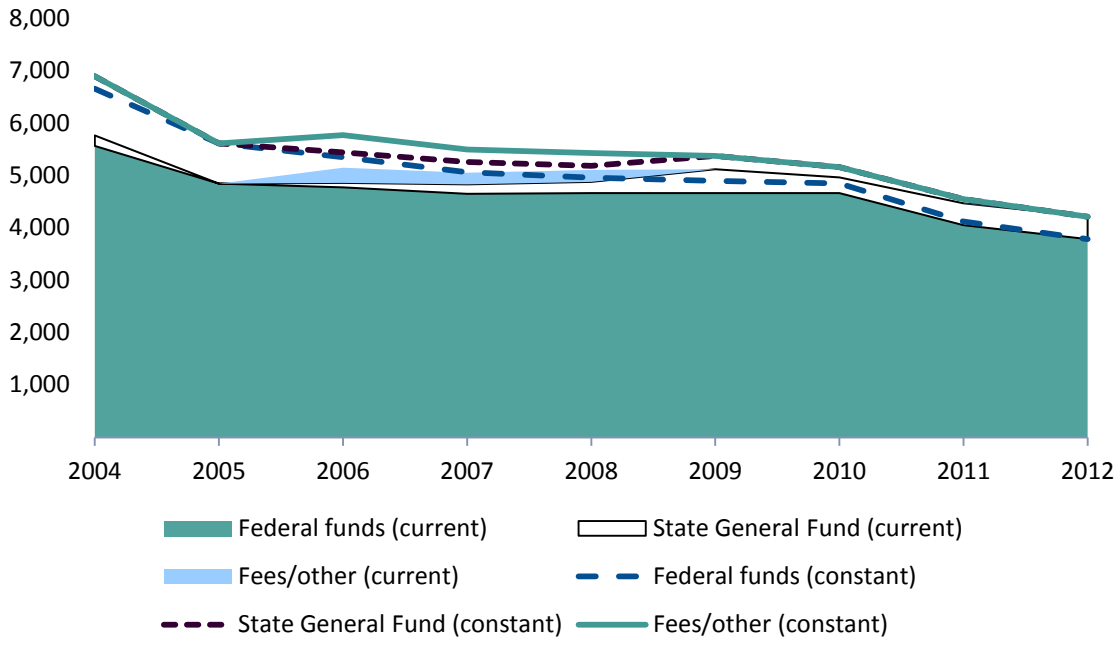


Source: GAO analysis of North Dakota's data.

Note: While North Dakota's fiscal year is July to June, state officials provided federal fiscal year data. Constant dollars have been adjusted to fiscal year 2012 dollars using the federal fiscal year (October through September). North Dakota could only provide 5 years of data due to record-keeping limitations.

Figure 25: North Dakota's Total Nonpoint Source Program Funding by Source in Current and Constant Dollars, Fiscal Year 2004 through Fiscal Year 2012

Dollars in thousands

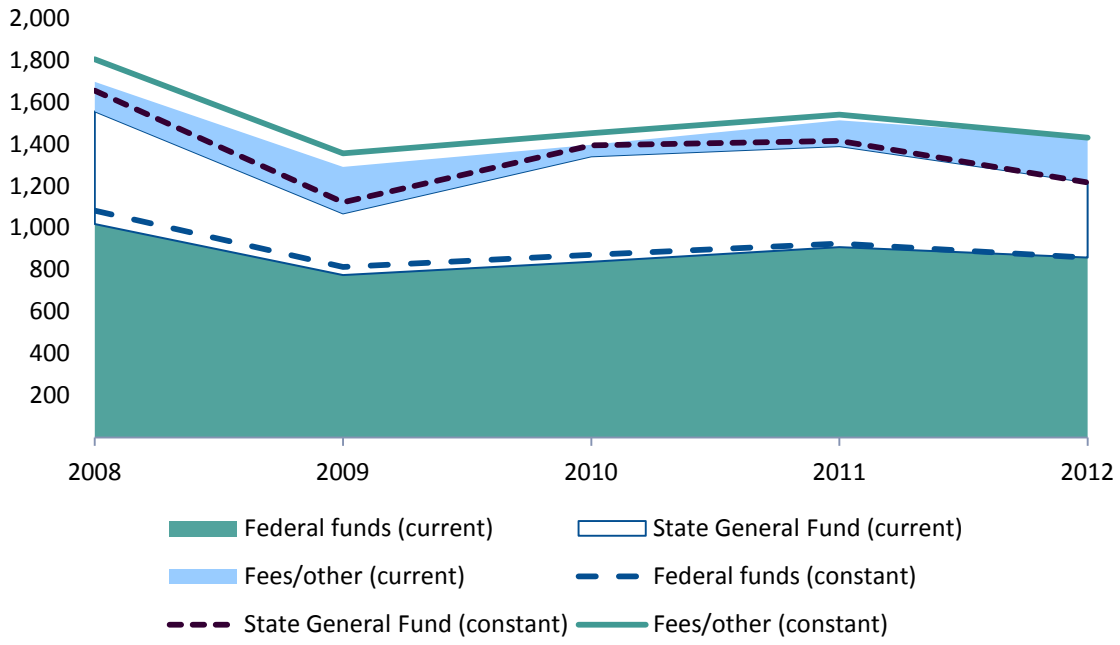


Source: GAO analysis of North Dakota's data.

Note: While North Dakota's fiscal year is July to June, state officials provided federal fiscal year data. Constant dollars have been adjusted to fiscal year 2012 dollars using the federal fiscal year (October through September).

Figure 26: North Dakota's Total Air Quality Program Funding by Source in Current and Constant Dollars, Fiscal Year 2008 through Fiscal Year 2012

Dollars in thousands

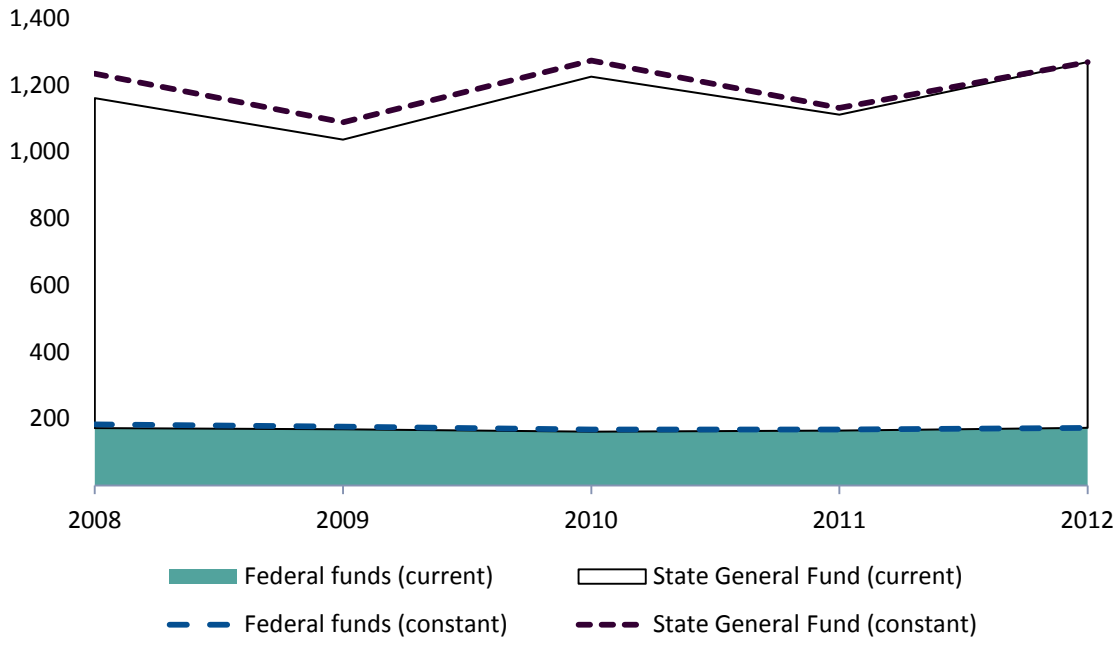


Source: GAO analysis of North Dakota's data

Note: While North Dakota's fiscal year is July to June, state officials provided federal fiscal year data. Constant dollars have been adjusted to fiscal year 2012 dollars using the federal fiscal year (October through September). North Dakota could only provide 5 years of data due to record-keeping limitations.

Figure 27: North Dakota's Total Underground Injection Control Program Funding by Source in Current and Constant Dollars, Fiscal Year 2008 through Fiscal Year 2012

Dollars in thousands



Source: GAO analysis of North Dakota's data

Note: While North Dakota's fiscal year is July to June, state officials provided federal fiscal year data. Constant dollars have been adjusted to fiscal year 2012 dollars using the federal fiscal year (October through September). North Dakota could only provide 5 years of data due to record-keeping limitations. North Dakota's data includes funding to both the North Dakota Environmental Health Section and the North Dakota Oil and Gas Division.

According to North Dakota officials, in recent years, the Environmental Health Section has been asked to reduce its General Fund requests during each biennial state budget cycle; however, the Environmental Health Section has thus far been able to avoid staff reductions. Officials told us that flexibility in how the state allocates funding to the Environmental Health Section, as well as the flexibility of the grant agreement with EPA, has allowed the state to shift funds and resources to avoid cutting programs and staff. For example, the Environmental Health Section was able to reduce the size of its laboratory staff and shift the positions to scientific and engineering positions within core state environmental programs. In addition, the relatively small size of the Environmental Health Section allows for multitasking and cross-training of personnel. For example, to improve efficiency, qualified staff may conduct both air quality and water quality permitting and monitoring activities in certain regions of the state.

According to Environmental Health Section officials, the state legislature is unlikely to increase state funds for the programs, even if federal funds decreased. As a result, state officials said the state may no longer be able to meet the conditions of its EPA grant agreements and may need to return some programs to EPA. North Dakota Environmental Health Section officials told us they have not entered into formal discussions regarding which programs could be given back to EPA for implementation, but there have been some informal discussions at the state level.

Oklahoma

The Oklahoma Department of Environmental Quality's mission is to enhance the quality of life in Oklahoma and protect the health of its citizens by protecting, preserving and restoring the water, land and air of the state, to foster a clean, attractive, healthy, prosperous and sustainable environment. The agency houses the key environmental permitting programs that receive EPA grants: air quality, water quality, and others. Water Quality program management is shared by the Oklahoma Office of the Secretary of the Environment; Oklahoma Department of Environmental Quality, Oklahoma Water Resources Board; and Oklahoma Department of Agriculture, Food, and Forestry. The Oklahoma Office of the Secretary of the Environment partners with the Oklahoma Conservation Commission to administer Oklahoma's Nonpoint Source program. While the Department of Environmental Quality regulates most underground injection wells under Oklahoma's Underground Injection Control program, Oklahoma's Corporation Commission is responsible for managing wells associated with oil and gas production, which compose the majority of injection wells in the state.

Oklahoma's expenditures for the programs supported by the EPA grants we reviewed varied from fiscal year 2004 through fiscal year 2012. A discussion of the state's federal and state funding follows:

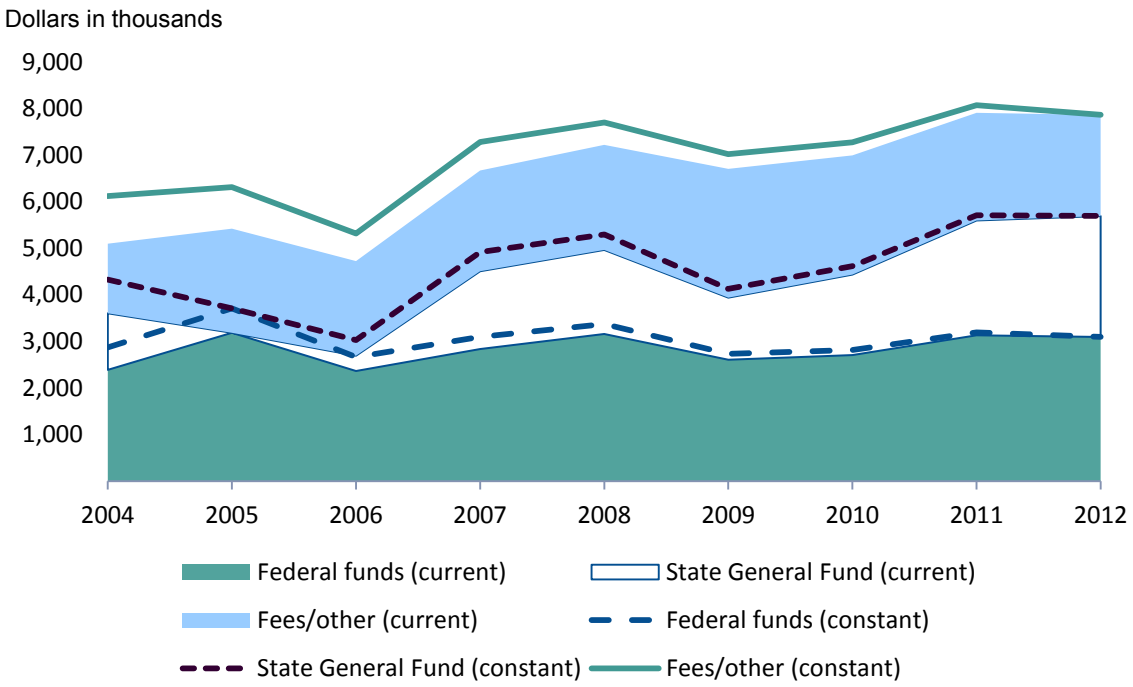
Federal funds: Oklahoma's expenditures of federal funds for its Water Quality and Nonpoint Source programs have fluctuated but increased from fiscal year 2004 through fiscal year 2012 (see fig. 28 and fig. 29). [20] Over the same time period, state expenditures of federal funds for the Air Quality program decreased (see fig. 30). State expenditures of federal funds for the Underground Injection Control programs fluctuated but remained relatively level from fiscal year 2004 through fiscal year 2012 (see fig. 31).

State funds: Expenditures of state funds for the Water Quality program have increased since fiscal year 2004 (see fig. 28). Expenditures of state funds for the Nonpoint Source program fluctuated, but decreased between fiscal year 2004 and fiscal year 2012 (see fig. 29). Expenditures of state funds for the Air Quality program increased from fiscal year 2004 to fiscal year 2009 before decreasing in fiscal year 2010 (see fig. 30). State expenditures for the

[20] All state dollars are presented in current and constant dollars. Where noted, dollars have been adjusted to constant fiscal year 2012 dollars using Oklahoma's fiscal year (July to June).

Underground Injection Control program have decreased slightly over the 9-year period (see fig. 31).

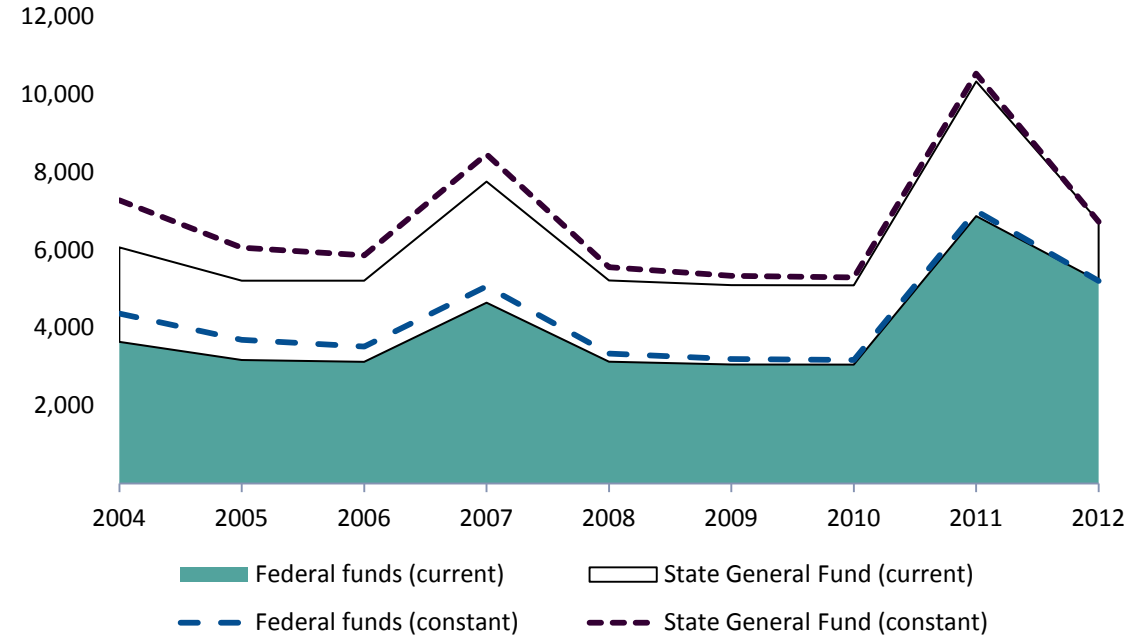
Figure 28: Oklahoma's Total Water Quality Program Expenditures by Source in Current and Constant Dollars, Fiscal Year 2004 through Fiscal Year 2012



Source: GAO analysis of Oklahoma's data.

Note: Constant dollars have been adjusted to fiscal year 2012 dollars using Oklahoma's fiscal year (July through June). Water quality management funds are distributed to the Oklahoma Office of the Secretary of the Environment; Oklahoma Department of Environmental Quality, Oklahoma Water Resources Board; and Oklahoma Department of Agriculture, Food, and Forestry.

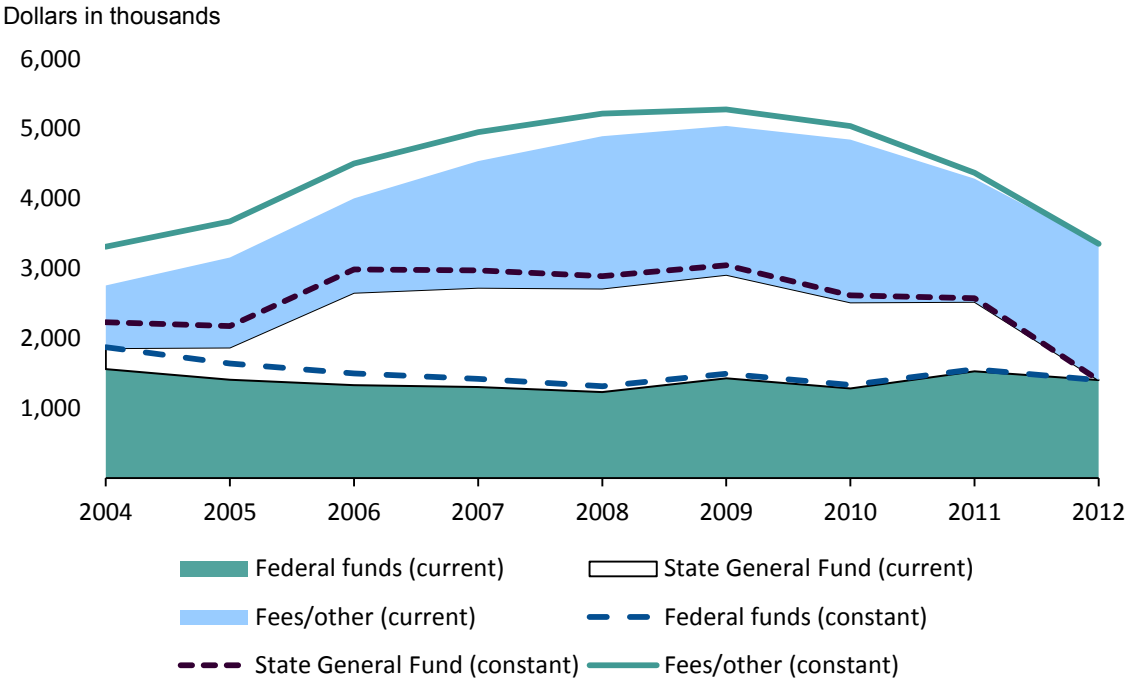
Figure 29: Oklahoma's Total Nonpoint Source Management Program Expenditures by Source in Current and Constant Dollars, Fiscal Year 2004 through Fiscal Year 2012



Source: GAO analysis of Oklahoma's data.

Note: Constant dollars have been adjusted to fiscal year 2012 dollars using Oklahoma's fiscal year (July through June). Nonpoint Source Management program funds are distributed to the Oklahoma Office of the Secretary of the Environment and the Oklahoma Conservation Commission. According to state officials, in recent years, Oklahoma received additional Nonpoint Source grant funding from EPA that had been deobligated from other states' nonpoint source programs and then reallocated to Oklahoma. However, according to state officials, the reallocated funding is not consistent on a year to year basis, and core funding for Oklahoma's Nonpoint Source program has decreased over the same time period.

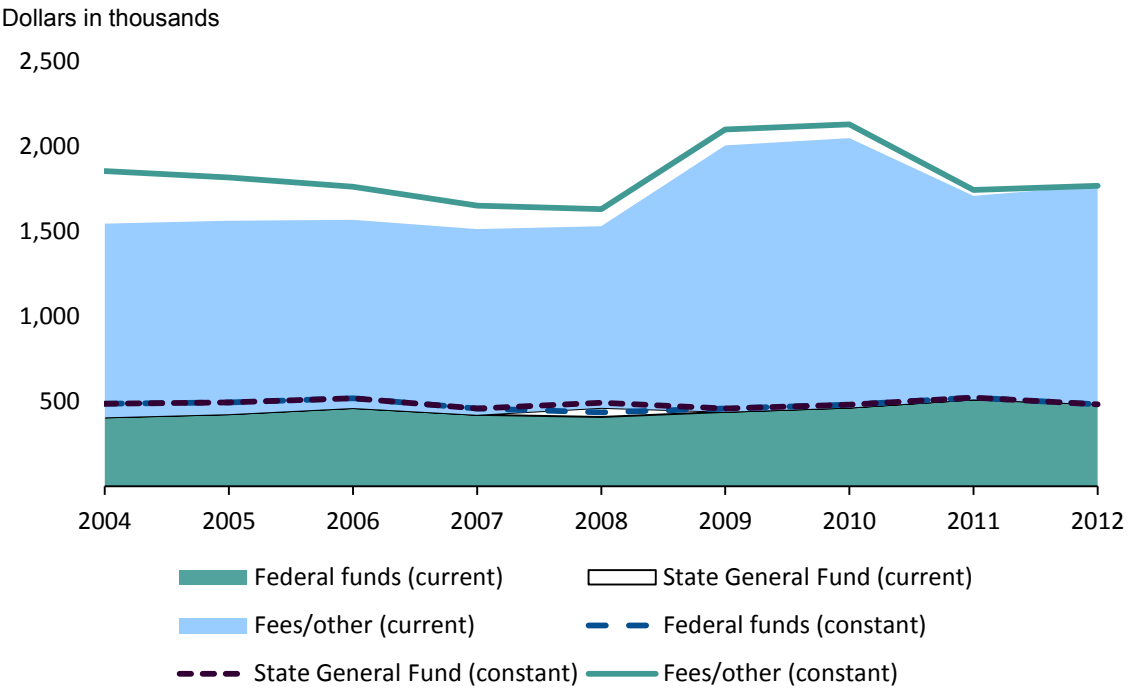
Figure 30: Oklahoma's Total Air Quality Program Expenditures by Source in Current and Constant Dollars, Fiscal Year 2004 through Fiscal Year 2012



Source: GAO analysis of Oklahoma's data.

Note: Constant dollars have been adjusted to fiscal year 2012 dollars using Oklahoma's fiscal year (July through June).

Figure 31: Oklahoma's Total Underground Injection Control Program Expenditures by Source in Current and Constant Dollars, Fiscal Year 2004 through Fiscal Year 2012



Source: GAO analysis of Oklahoma's data.

Note: Constant dollars have been adjusted to fiscal year 2012 dollars using Oklahoma's fiscal year (July through June). Oklahoma's data includes funding to both the Oklahoma Department of Environmental Quality and the Oklahoma Corporation Commission. Funding for the Oklahoma Corporation Commission's Underground Injection Well Program was estimated from grant application data.

According to department officials, budget cuts have negatively affected several environmental programs in Oklahoma. For example, officials told us several air quality program positions were cut in fiscal year 2006 and, due to budget concerns, they still remain vacant. According to officials, the air quality program continues to operate at a 10 to 12 percent vacancy rate. In addition, according to officials, the Nonpoint Source program has lost more than 20 percent of its staff due to funding decreases. Officials also told us education and outreach programs aimed at helping industry and municipalities comply with water quality permitting requirements have been cut from the Water Quality programs because of decreased funding.

As staffing levels have been reduced, department officials said that the department has experienced some delays due to workload increases. For example, the state's Air Quality program has had to reprioritize compliance and enforcement activities to emphasize the major industrial sources of pollutant emissions. Officials in the Water Quality program reported an increase in permit noncompliance with federal regulations and an increased enforcement

workload as a result. In addition, the Water Quality program has also fallen behind on permit renewal activities, and department officials estimate that 15 to 20 percent of the department's major water quality permits have been expired at least 2 years.[21] Finally, department officials said that new federal requirements have placed an additional burden on already understaffed and underfunded programs. As a result, department officials said that Oklahoma may be required to relinquish some of its programs to EPA. Specifically, officials told us the department has a deadline of June 1, 2013 to secure adequate funding for its drinking water program, and said they are concerned that without adequate funding, Oklahoma may lose the authority to administer the program.

[21]Generally, if the permittee has properly filed a timely application for permit renewal, these expired permits continue to be in effect and enforceable until the permitting authority has issued a new permit

Vermont

The Vermont Department of Environmental Conservation's mission is to preserve, enhance, restore, and conserve Vermont's natural resources and protect human health for the benefit of current and future generations. The department manages the programs receiving support from the four EPA environmental grants we reviewed. The department also has responsibility for issuing most of the state's environmental permits.

Vermont's funding for the programs supported by the EPA grants we reviewed varied from fiscal year 2005 through fiscal year 2012. A discussion of the state's funding from federal and state sources follows.

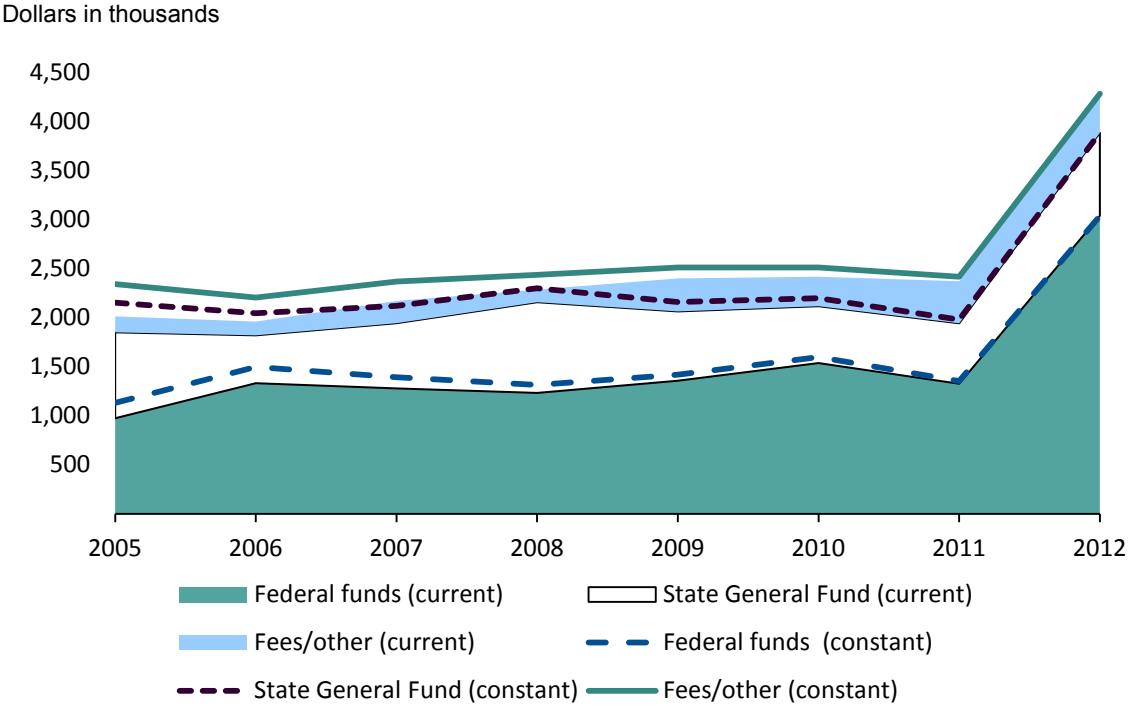
Federal funds: From fiscal year 2005 through fiscal year 2012, federal funding for the state's Water Quality program increased, with a large increase in fiscal year 2012 (see fig. 32).[22] Officials noted that the fiscal year 2012 funding increase in the state Water Quality program was due, in part, to extra grant funds that EPA provided in a 2-year supplemental grant that the state accounted for in its fiscal year 2012 budget. Federal funding for the state's Nonpoint Source program remained generally level, and federal funding for the Air Quality program increased, but more gradually than for the Water Quality programs (see fig. 33 and fig. 34). Federal funding for the state's Underground Injection Control program was zeroed out in fiscal year 2010, but increased in fiscal year 2011, and decreased in fiscal year 2012 (see fig. 35). According to Vermont officials, EPA initially planned to zero out the state's Underground Injection Control grant funding for fiscal year 2010, and Vermont considered eliminating the program; however, EPA ultimately provided funding that is not reflected in the state's fiscal year 2010 budget.

State funds: Vermont's funding for its Water Quality program fluctuated over the 8-year period, and remained generally level (see fig. 32). State funding for its Nonpoint Source program fluctuated from fiscal year 2008 through fiscal year 2012, and generally increased (see fig. 33). State funding for Vermont's Air Quality program fluctuated from fiscal year 2005 through fiscal year 2010, and remained relatively level at that reduced level through fiscal year 2012 (see fig. 34). State funding for the state's Underground Injection Control program fluctuated, receiving no state funding between fiscal year 2008 and fiscal year 2010 (see fig. 35). The state then

[22]All state dollars are presented in current and constant dollars. Where noted, dollars have been adjusted to constant fiscal year 2012 dollars using Vermont's fiscal year (July to June).

provided increased funding from the General Fund for the program in fiscal year 2011 and fiscal year 2012, and the program also received state funding from fees during those 2 years.

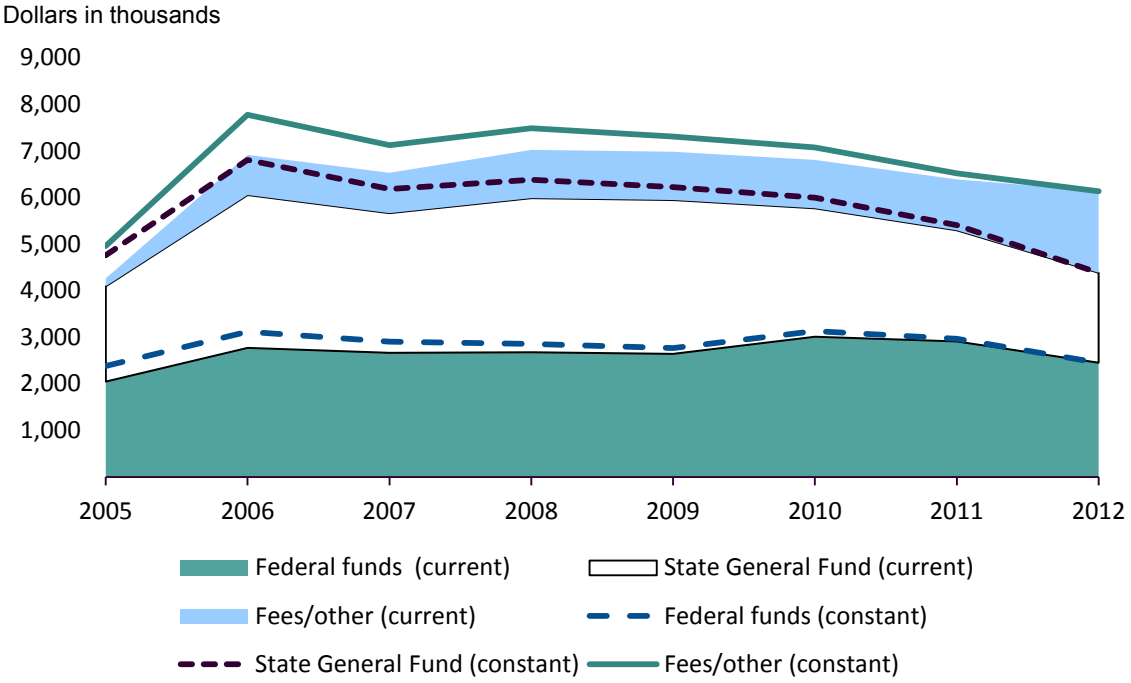
Figure 32: Vermont's Total Water Quality Program Funding by Source in Current and Constant Dollars, Fiscal Year 2005 through Fiscal Year 2012



Source: GAO analysis of Vermont's data.

Note: Constant dollars have been adjusted to fiscal year 2012 dollars using Vermont's fiscal year (July through June). Vermont was able to report 8 years of data from fiscal year 2005 through fiscal year 2012. Records for years prior to 2005 are unavailable because they were damaged in flooding from Hurricane Irene. State agency officials noted that the 2012 funding increase in state Water Quality program supported by EPA's Water Pollution Control grant was due, in part, to extra grant funds within EPA region one that allowed EPA to provide the state with a two-year supplemental grant, which was accounted for in the 2012 budget. It may also be due, in part, to reorganization and consolidation of programs that may have resulted in some funding shifts between programs.

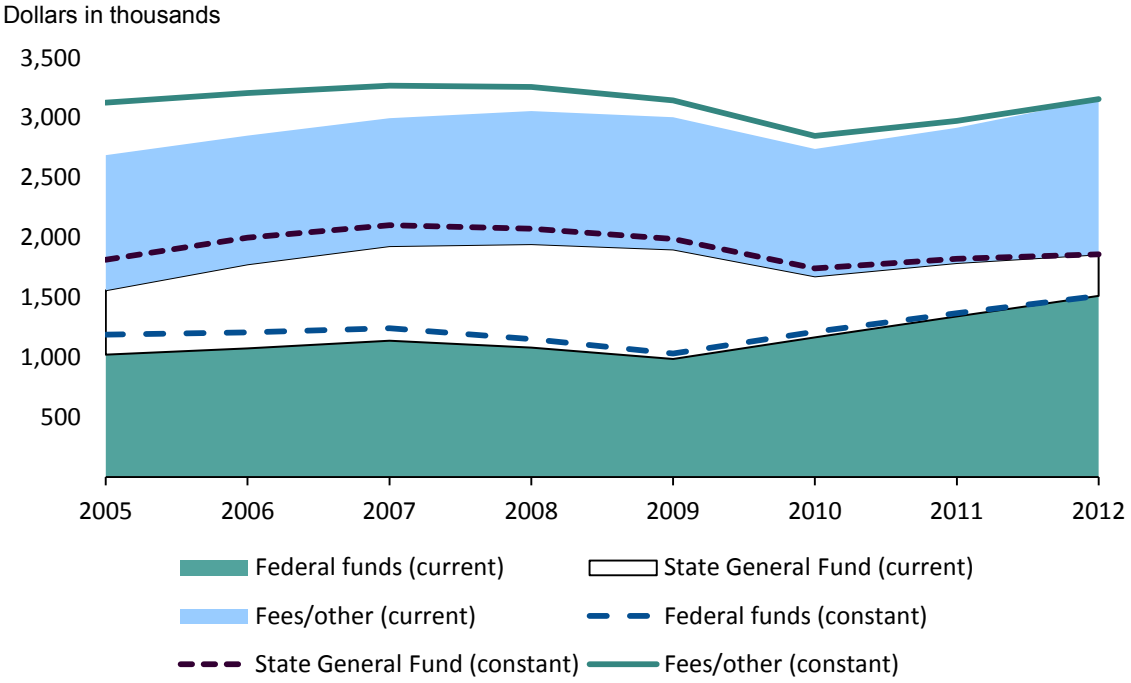
Figure 33: Vermont's Total Nonpoint Source Program Funding by Source in Current and Constant Dollars, Fiscal Year 2005 through Fiscal Year 2012



Source: GAO analysis of Vermont's data.

Note: Constant dollars have been adjusted to fiscal year 2012 dollars using Vermont's fiscal year (July through June). Vermont was able to report 8 years of data from fiscal year 2005 through fiscal year 2012. Records for years prior to 2005 are unavailable because they were damaged in flooding from Hurricane Irene.

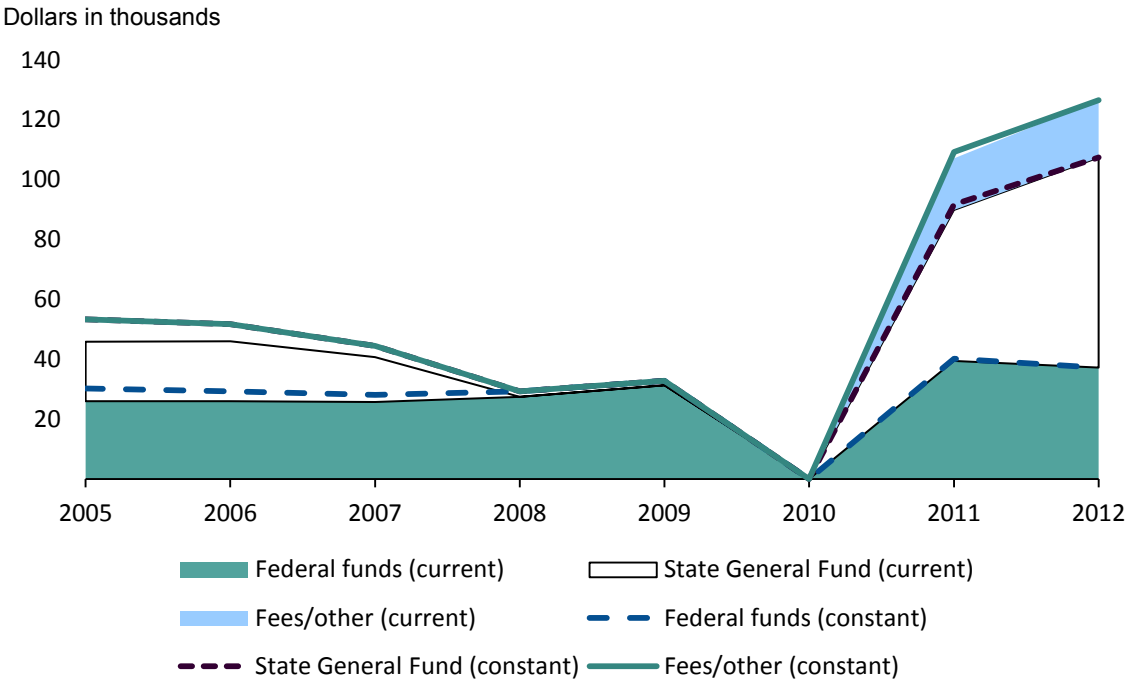
Figure 34: Vermont's Total Air Quality Program Funding by Source in Current and Constant Dollars, Fiscal Year 2005 through Fiscal Year 2012



Source: GAO analysis of Vermont's data.

Note: Constant dollars have been adjusted to fiscal year 2012 dollars using Vermont's fiscal year (July through June) Vermont was able to report 8 years of data from fiscal year 2005 through fiscal year 2012. Records for years prior to 2005 are unavailable because they were damaged in flooding from Hurricane Irene.

Figure 35: Vermont's Total Underground Injection Control Program Funding by Source in Current and Constant Dollars, Fiscal Year 2005 through Fiscal Year 2012



Source: GAO analysis of Vermont's data.

Note: Constant dollars have been adjusted to fiscal year 2012 dollars using Vermont's fiscal year (July through June). Vermont was able to report 8 years of data from fiscal year 2005 through fiscal year 2012. Records for years prior to 2005 are unavailable because they were damaged in flooding from Hurricane Irene. According to Vermont officials, federal funding for Vermont's Underground Injection Control program was zeroed out in fiscal year 2010.

As the Vermont Department of Environmental Conservation's budget has changed, department officials said that staffing levels have been reduced by about 17 percent in recent years. The reductions in staffing have generally been achieved through attrition, but the department has also implemented furloughs, salary cuts, and hiring freezes. The department is working to institute a business transformation process aimed at streamlining programs, and making operations more efficient. As a result of reduced funding and fewer staff, the water quality, air, and other programs supported by the four EPA grants have revised their approach to their workload. Department officials reported that the programs have focused on meeting regulatory requirements, while nonregulatory programs, such as education and outreach, have been reduced or eliminated completely.

With reduced staff and funding, the department has developed backlogs in permit renewals and is facing difficulties meeting federal requirements for EPA grants, according to officials. For example, according to Air Pollution Control Division officials, due to reduced staffing levels, the program has had to put an emphasis on granting air quality permits for construction of new facilities at the expense of renewals of existing air quality permits. Specifically, officials told us there is a 60 percent backlog in permit renewals, and program officials project that the average period to renew air quality permits is 7 to 8 years instead of the normal 5 years. Air Pollution Division officials are considering self-certification for some of their permits to reduce the workload of inspection and enforcement staff. In addition, department officials stated that regulatory requirements continue to increase, resulting in increased workloads. For example, Air Pollution Control Division officials told us decreases in funding and staffing have been especially difficult to absorb due to increased federal requirements, such as those related to reducing mobile source diesel emissions, without a commensurate increase in federal grant funding. Officials in the Water Quality and Air Pollution Control Divisions told us they had to appeal to EPA regional officials to get a waiver to extend the fulfillment of some EPA grant requirements to the next grant cycle.

West Virginia

The West Virginia Department of Environmental Protection's mission is to protect the environment while leaving room for a sustainable industry base. The department houses a number of divisions, including divisions managing air, land, water, and waste, as well as an oil and gas drilling regulatory division.

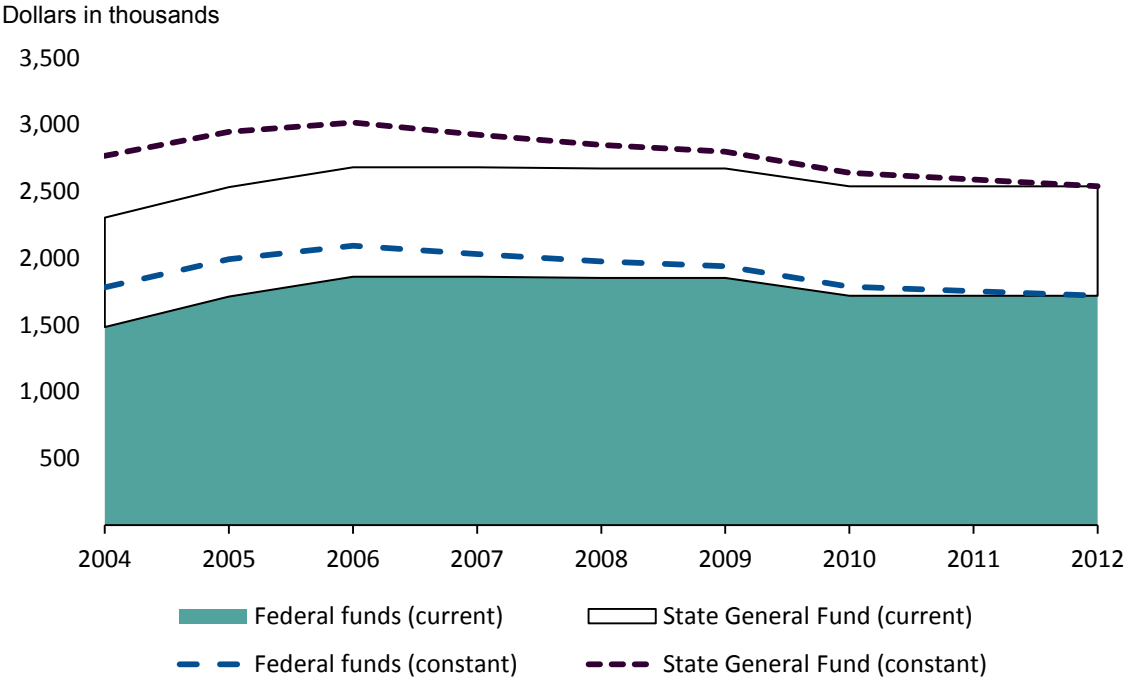
West Virginia's expenditures for the programs supported by the EPA grants we reviewed varied from fiscal year 2004 through fiscal year 2012. A discussion of the state's expenditures of federal and state funds follows.

Federal funds: From fiscal year 2004 through fiscal year 2012, state expenditures from federal funds for the state's Water Quality, Nonpoint Source, and Air Quality programs have fluctuated and decreased (see fig. 36, fig. 37 and fig. 38).[23] State expenditures from federal funding for the Underground Injection Control program decreased from fiscal year 2004 through fiscal year 2006 and then decreased more gradually through fiscal year 2012 (see fig. 39).

State funds: From fiscal year 2004 through fiscal year 2012, West Virginia's expenditures for the state's Air Quality, Water Quality, and Nonpoint Source programs have fluctuated and decreased over the 9–year period (see fig. 36, fig. 37, and fig. 38). State expenditures for the Underground Injection Control program gradually decreased and leveled off from fiscal year 2004 through fiscal year 2012 (see fig. 39). The state uses a mix of approaches to fund its programs. The state's Nonpoint Source and Air Quality programs are funded primarily through fees, while the state's Water Quality program and Underground Injection Control program are funded at the state level primarily through the General Fund.

[23]All state dollars are presented in current and constant dollars. Where noted, dollars have been adjusted to constant fiscal year 2012 dollars using West Virginia's fiscal year (July to June).

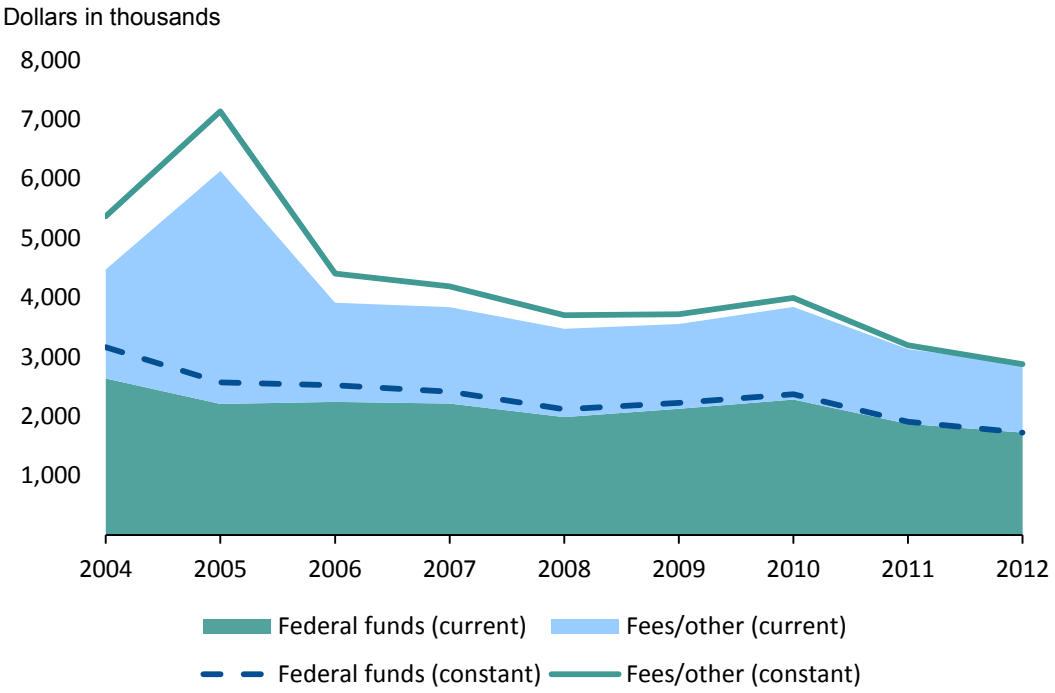
Figure 36: West Virginia's Total Water Quality Program Expenditures by Source in Current and Constant Dollars, Fiscal Year 2004 through Fiscal Year 2012



Source: GAO analysis of West Virginia's data.

Note: Constant dollars have been adjusted to fiscal year 2012 dollars using West Virginia's grant year (October to September). West Virginia was able to report 9 years of data from fiscal year 2004 to fiscal year 2012.

Figure 37: West Virginia's Total Nonpoint Source Program Expenditures by Source in Current and Constant Dollars, Fiscal Year 2004 through Fiscal Year 2012

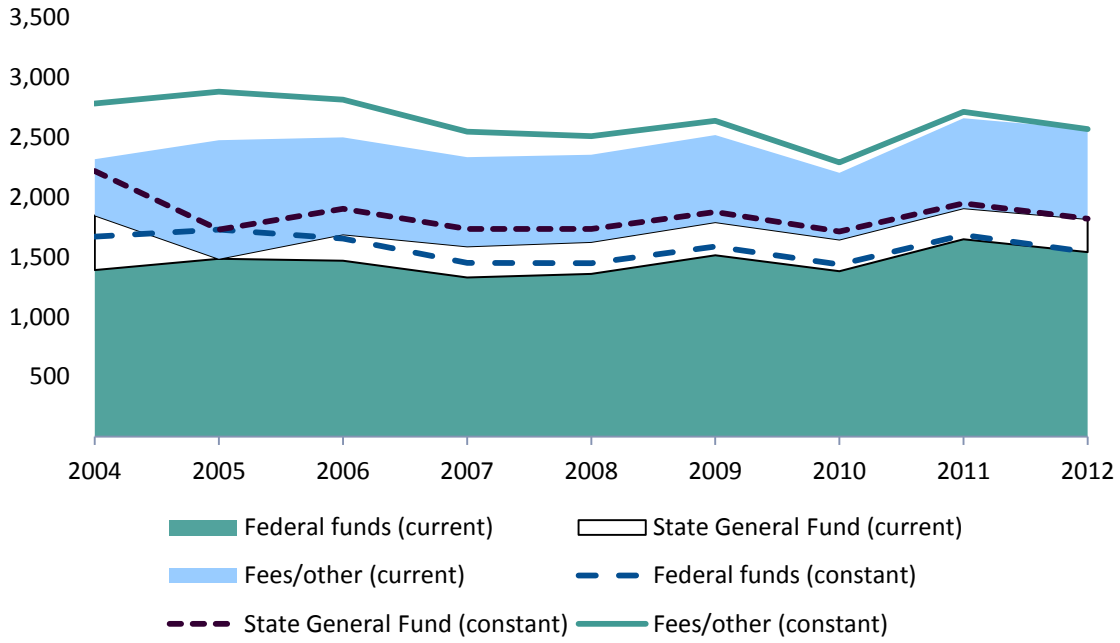


Source: GAO analysis of West Virginia's data.

Note: Constant dollars have been adjusted to fiscal year 2012 dollars using West Virginia's grant year (October to September). West Virginia was able to report 9 years of data from fiscal year 2004 to fiscal year 2012. According to officials, increases in fiscal year 2005 and fiscal year 2011 were due in part to shifting of resources within the department.

Figure 38: West Virginia's Total Air Quality Program Expenditures by Source in Current and Constant Dollars, Fiscal Year 2004 through Fiscal Year 2012

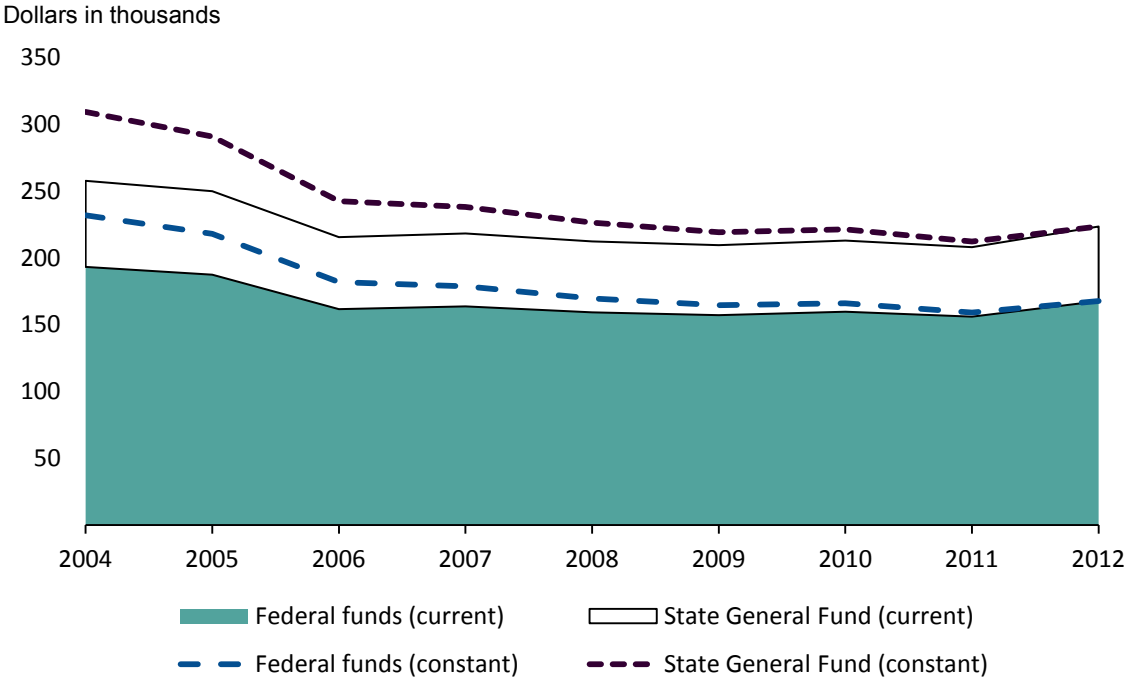
Dollars in thousands



Source: GAO analysis of West Virginia's data.

Note: Constant dollars have been adjusted to fiscal year 2012 dollars using West Virginia's grant year (October to September). West Virginia was able to report 9 years of data from fiscal year 2004 to fiscal year 2012.

Figure 39: West Virginia's Total Underground Injection Control Program Expenditures by Source in Current and Constant Dollars, Fiscal Year 2004 through Fiscal Year 2012



Source: GAO analysis of West Virginia's data.

Note: Constant dollars have been adjusted to fiscal year 2012 dollars using West Virginia's grant year (October to September). West Virginia was able to report 9 years of data from fiscal year 2004 to fiscal year 2012.

Officials said there have been relatively few effects on programs as budgets remained level or decreased. Officials from the state's Nonpoint Source program said that due to decreasing budgets, fewer program partners, and the overall condition of the economy, the program had a diminished ability to implement programs. At the same time, however, the officials also said they have reorganized to provide additional support for the program through a variety of funding sources, including other federal funds. Additionally, officials reported that some cutbacks were made to continue programs with reduced funding, including operating with staff vacancies and assigning additional duties to existing staff, limiting employee overtime and merit pay increases, and cooperating with other states to share planning resources. One official noted that while the department has been able to adjust to decreasing budgets, further decreases in federal funding would make it difficult for the department to carry out the responsibilities of the Air Quality grant.

Enclosure III: GAO Contact and Staff Acknowledgments

GAO Contact

J. Alfredo Gómez, (202) 512-3841 or gomezj@gao.gov.

Staff Acknowledgments

Key contributors to this report were Susan Iott, Assistant Director; Nathan Anderson; Cheryl Arvidson; Elizabeth Beardsley; Mark Braza; Jonathan Delicath; Joyce Evans; Micah McMillan; Mehrzad Nadji; Emily Norman; and Dan Royer.

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