



U.S. ENVIRONMENTAL PROTECTION AGENCY  
OFFICE OF INSPECTOR GENERAL

*Catalyst for Improving the Environment*

## Special Report

# National Environmental Policy and Quadrennial Review Needed

Report No. 10-P-0140

June 8, 2010



**Report Contributors:**

Patrick Gilbride  
Erin Barnes-Weaver  
Alicia Mariscal

**Abbreviations**

CEQ	Council on Environmental Quality
EPA	U.S. Environmental Protection Agency
FY	Fiscal Year
NAPA	National Academy of Public Administration
NEPA	National Environmental Policy Act
OIG	Office of Inspector General
OPEI	Office of Policy, Economics, and Innovation

**Cover Photos:** Diverse settings that may be affected by a national environmental policy.  
(EPA photos)



# At a Glance

*Catalyst for Improving the Environment*

## Why We Did This Review

This report updates our Fiscal Year 2009 management challenge on how the U.S. Environmental Protection Agency (EPA) uses threat and risk information in decisionmaking. We researched the need for a national environmental policy to leverage resources for environmental protection across government and stakeholder groups.

## Background

Congress passed the National Environmental Policy Act and created EPA in 1970 to carry out national policy. EPA's success in protecting the environment depends on the efforts of other federal agencies and States. In some cases, EPA partners with other entities to accomplish environmental goals and, in other cases, stakeholders have more authority than EPA over activities that impact environmental quality.

**For further information, contact our Office of Congressional, Public Affairs and Management at (202) 566-2391.**

**To view the full report, click on the following link:**  
[www.epa.gov/oig/reports/2010/20100608-10-P-0140.pdf](http://www.epa.gov/oig/reports/2010/20100608-10-P-0140.pdf)

## ***National Environmental Policy and Quadrennial Review Needed***

### **What We Found**

The environmental protection structure created by the National Environmental Policy Act 40 years ago has not resulted in a comprehensive approach. In addition, new, complex environmental problems such as global climate change, regional water scarcity, and long-range transport of pollutants in air or water require more concerted, coordinated efforts.

EPA shares responsibility for environmental protection with States and 25 federal agencies, resulting in a fragmented approach to environmental protection. For example, EPA and the U.S. Department of Energy both issued ENERGY STAR criteria documents for the same products, which could cause confusion in the marketplace.

EPA lacks authority over many activities that impact the nation's environment. For example, housing financed, controlled, underwritten, or owned by four other federal government entities represents a significant number of homes that could be built radon resistant. The U.S. Department of Agriculture could use its extensive field experience with local farming communities to further contribute to EPA's Chesapeake Bay clean-up efforts.

Past and current Agency efforts, such as the *Proposed Environmental Goals for America with Milestones for 2005* (1995), did not set national policy or clearly align the environmental protection efforts of all federal and State stakeholders. The *National Strategy for Homeland Security* and the U.S. Department of Homeland Security Quadrennial Homeland Security Review are an example of a nationwide framework to solve a large, complex problem. Australia and Japan offer international examples of how to incorporate a national policy approach into environmental protection legislation and activities.

EPA should work with Congress and the Administration to examine ways to leverage resources expended to various, insular environmental protection efforts. The Administration should propose to Congress that it create expert panels to consider formulating a national environmental policy and subsequent quadrennial review. Congress could also consider passing legislation recommended by these panels to harmonize various efforts and, where appropriate, to maintain existing requirements in environmental statutes. These efforts could help address the Administrator's priority to expand the conversation on environmentalism and build strong State and tribal partnerships.



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

OFFICE OF  
INSPECTOR GENERAL

June 8, 2010

**MEMORANDUM**

**SUBJECT:** National Environmental Policy and Quadrennial Review Needed  
Report No. 10-P-0140

**FROM:** Bill A. Roderick   
Acting Inspector General

**TO:** Lisa P. Jackson  
Administrator

This is our report on the subject research conducted by the Office of Inspector General of the U.S. Environmental Protection Agency (EPA). While we commend EPA for its many successes, this special report contains observations related to your priorities to expand the conversation on environmentalism and build strong State and tribal partnerships. Specifically, this report suggests that EPA work with Congress and the Administration to create expert panels that consider formulating a national environmental policy and quadrennial review. This report represents our opinion and not necessarily the final EPA position. EPA managers will make final determinations on matters in this report in accordance with established audit resolution procedures.

The estimated cost of this report – calculated by multiplying the project’s staff days by the applicable daily full cost billing rates in effect at the time – is \$205,000.

**Action Required**

Though comments are not necessary, if you decide to provide us with an action plan in response to the observations in this report, please do so within 90 calendar days. We have no objections to the further release of this report to the public. This report will be available at <http://www.epa.gov/oig>.

If you or your staff have any questions regarding this report, please contact me at (202) 566-0847 or [roderick.bill@epa.gov](mailto:roderick.bill@epa.gov); or Patrick Gilbride, Director for Audit, Risk and Program Performance Issues, at (303) 312-6969 or [gilbride.patrick@epa.gov](mailto:gilbride.patrick@epa.gov).

# Table of Contents

---

## Chapters

<b>1</b>	<b>Introduction .....</b>	<b>1</b>
	Purpose .....	1
	Background .....	1
	Scope and Methodology .....	6
<b>2</b>	<b>National Environmental Policy Needed.....</b>	<b>7</b>
	New Environmental Challenges .....	7
	Fragmented Efforts.....	8
	Past EPA Efforts Did Not Include Setting National Policy .....	10
	The Need to Coordinate Across Different Levels of Government .....	12
	Others Have Utilized National Policy Approaches.....	18
	Challenges to Implementing a National Policy .....	22
	Conclusion.....	23
	Agency Comments and OIG Evaluation.....	23
	<b>Status of Recommendations and Potential Monetary Benefits .....</b>	<b>25</b>

## Appendices

<b>A</b>	<b>EPA Organizational Phases .....</b>	<b>26</b>
<b>B</b>	<b>References .....</b>	<b>28</b>
<b>C</b>	<b>Agency Response to Draft Report.....</b>	<b>31</b>
<b>D</b>	<b>Distribution .....</b>	<b>35</b>

# Chapter 1

## Introduction

### Purpose

The Reports Consolidation Act of 2000 requires that the Office of Inspector General (OIG) annually identify Agency management challenges. On April 28, 2009, we issued a memorandum listing Fiscal Year (FY) 2009 management challenges for the U.S. Environmental Protection Agency (EPA).<sup>1</sup> One challenge urged EPA to apply threat and risk assessment methodologies in Agency priority setting and decisionmaking. In August 2009, we met with EPA officials to discuss updating the threat and risk assessments challenge for FY 2010. Based on that discussion, we reviewed and revised the FY 2009 challenge and conducted additional research on the need for a national environmental policy and a quadrennial review.

### Background

#### ***National Environmental Policy Act***

Four decades ago, Congress passed the National Environmental Policy Act (NEPA):<sup>2</sup>

*To declare a national policy which will encourage productive and enjoyable harmony between man and his environment; to promote efforts which will prevent or eliminate damage to the environment and biosphere and stimulate the health and welfare of man; to enrich the understanding of the ecological systems and natural resources important to the Nation; and to establish a Council on Environmental Quality.*

The Act declared the “continuing policy of the Federal Government, in cooperation with State and local governments, and other concerned public and private organizations, to use all practicable means and measures . . . to create and maintain conditions under which man and nature can exist in productive harmony.” The Act further required federal agencies to develop environmental impact statements for major federal actions significantly affecting the quality of the human environment. The Act “makes available to States, counties, municipalities, institutions, and individuals, advice and information useful in restoring, maintaining, and enhancing the quality of the environment.” The Act created in the Executive Office of the President a Council on Environmental

<sup>1</sup> The memorandum is at <http://www.epa.gov/oig/reports/2009/FiscalYear2009MgmtChallenges.pdf>.

<sup>2</sup> The President signed NEPA into law on January 1, 1970.

Quality (CEQ), charged with formulating and recommending national policies to promote improved environmental quality.

### ***EPA from 1970 to 1990***

The President's Advisory Council on Executive Organization, chaired by Roy L. Ash (the Ash Council),<sup>3</sup> addressed how to implement NEPA's vision. Before EPA was created in 1970, more than a dozen federal agencies had environmental responsibilities, resulting in the lack of an organized, concerted focus to address pollution and degradation caused by prior years of neglect. The Ash Council recognized that setting and enforcing environmental standards must be performed outside the affected agencies. Although reluctant to establish another government agency, President Nixon accepted the Ash Council proposal and outlined the structure of a new administrative agency that would carry out national environmental policy.

Reorganization Plan No. 3 of 1970 created EPA and transferred to it programs housed in 15 units of several existing federal departments and independent agencies. EPA assumed programs related to air quality, water quality, solid waste, pesticides, and radiation formerly based at the U.S. Department of Health, Education, and Welfare; U.S. Department of the Interior; Atomic Energy Commission; U.S. Department of Agriculture; and Federal Radiation Council.<sup>4</sup> The creation of EPA consolidated separate federal efforts and served as the first step in addressing national environmental policy.

William Ruckelshaus, EPA's first Administrator, designed the organizational structure of the Agency in three phases with the ultimate goal of organizing along functional lines.<sup>5</sup> Phase 1 created five program offices along the environmental media lines of water, air, pesticides, radiation, and solid waste. By April 1971, phase 2 consolidated these offices into two new entities led by assistant administrators. The Office of Media Programs incorporated the water and air programs. The Office of Categorical Programs subsumed the pesticides, radiation, and solid waste management offices. At the time, 10 regional offices mirrored the organization of EPA Headquarters. The Agency never implemented the third phase, which would have eliminated the media-oriented program offices

---

<sup>3</sup> Appointed on April 5, 1969, the Ash Council undertook "a thorough review of the organization of the Executive Branch of Government" and included federal organization for environmental protection as one of its target areas.

<sup>4</sup> The initial functions transferred to EPA 40 years ago no longer exist at other departments, but, as we describe elsewhere in this report, other federal agencies currently do coordinate with EPA on certain activities.

<sup>5</sup> Among the several different possible organizational approaches, Ruckelshaus considered the ideas of Alain Enthoven, a Defense Department organization analyst. Enthoven suggested a mission-based approach that would have been a radical departure from traditional, media-oriented pollution control. Enthoven believed that by structuring EPA around functional objectives such as criteria setting, research and development, and enforcement, the Agency could best achieve its mission with centralized efficiency. Douglas Costle, who worked with the Ash Council and was EPA Administrator from 1977 to 1981, recognized the merits of Enthoven's approach but also understood that existing statutes imposed complex restrictions to integration and centralization. Ruckelshaus drew heavily on Costle's advice and settled on a tripartite reorganization strategy designed to make EPA more efficient by consolidating and streamlining functions.

and restructured EPA along completely functional, mission-based lines, such as criteria setting and enforcement. (See Appendix A for flowcharts of EPA's different organizational phases.) Ruckelshaus did not implement the third phase because the changes required to implement a purely mission-based approach would have impeded the quick and effective performance of the Agency's broad public mandate.

The Ash Council rejected the idea of organizing EPA along media lines due to concerns that program offices would consider environmental problems as individual, self-contained issues rather than in the integrated manner in which they occur (for example, thinking of land pollution as separate or isolated from water pollution, instead of considering pollution as having an affect on both land and water). Instead, the Ash Council believed that EPA should be designed around its major functions – monitoring, research, standards-setting, enforcement, and assistance.

Dennis C. Williams, author of *The Guardian: EPA's Formative Years, 1970-1973*, explains that due to the “heat of the pollution enforcement battle, neither Ruckelshaus nor his successors had the time, resources, or even the inclination to restructure the agency along completely functional lines.” As the years passed and new environmental legislation or changing national priorities modified the Agency's focus, EPA's organizational structure continued to evolve, but never beyond the confines of phase 2. Williams pointed out that, in hindsight, never implementing the third phase “doomed the Agency to periodically rehashing the unsolvable” mission-based versus media-specific “organizational question in its efforts to accomplish its broad mission effectively and efficiently.”

A 2002 National Academy of Public Administration (NAPA) case study on the Ash Council noted that establishing EPA proved difficult because its Administrator had no clear authority, or an ‘organic’ act, with which to integrate various statutorily separate programs. When environmental issues first engaged the public interest, the national approach was geared toward remediating specific, identified problems. When the public perceived an environmental or public health threat as posing a serious risk, widespread concern led to the passage of legislation designed to reduce the threat. In EPA's first decade, Congress passed the following legislation:

- Clean Air Act – 1970
- Federal Water Pollution Control Act (Clean Water Act) – 1972
- Endangered Species Act – 1973
- Safe Drinking Water Act – 1974
- Resource Conservation and Recovery Act – 1976
- Toxic Substances Control Act – 1976
- Comprehensive Environmental Response, Compensation, and Liability Act – 1980



In his book *The New Environmental Regulation*, Daniel J. Fiorino noted, “In the space of just over ten years, Congress had enacted a comprehensive, if fragmented, statutory framework for pollution control.” He also noted:

*The accomplishments of 1970-1981 make it one of the more productive decades for any single area of domestic policy in recent U.S. history. Within this period the United States built the legal and institutional infrastructure for environmental regulation. It enacted a formidable array of laws, established a national regulatory agency, created a comprehensive system of regulation, and put major sectors of U.S. industry to the task of reducing and cleaning up pollution.*

However, Fiorino also noted that while “environmental legislation flowed from Congress in a steady stream,” each statute dealt with a small piece of the overall picture. The United States lacked an approach that addressed environmental problems comprehensively.

Ruckelshaus returned as EPA Administrator in 1983 and sparked a decade of innovative efforts. Ruckelshaus and his successors sought to not just innovate within the terms of “old” regulation, but to plant the seeds of innovative approaches in four areas:

1. Defining the environmental problem as more than just pollution control.
2. Expanding the use of consensus-based processes, such as regulatory negotiation.
3. Developing new policy tools to complement regulation.
4. Working to integrate across environmental media and policy sectors, such as agriculture and energy.

### ***EPA from 1990 to Present***

By the 1990s, the pollution prevention movement was in full bloom and EPA began examining ways to integrate analyses and strategies by contaminant (such as lead), geographic area or affected resource (such as groundwater), and industry (such as auto manufacturing). Protecting the environment was no longer seen as a narrow matter of instituting technical controls on pollution or reconciling tradeoffs among economic and environmental goals; it was viewed as a fundamental aspect of social, human, and economic development.

Despite this awareness, environmental regulation changed only at the margins from 1993 to 2001. Notable proposals for second-generation environmental legislation that would have authorized the Agency to try innovative approaches were not enacted. As a result, separate laws for each environmental medium continue to define EPA’s responsibilities, and EPA’s internal design, with separate offices for each medium, reflects this fragmentation. EPA has created some cross-media functional offices, including the Office of Enforcement and Compliance Assurance

and Office of Research and Development (see Appendix A for EPA's current structure). Regional offices are not organized alike and do not necessarily mirror Headquarters mostly media-structured organization.

Since its creation, EPA has established and enforced environmental standards through its part functional, part media-specific organizational structure. In 1997, NAPA reported in *Resolving the Paradox of Environmental Protection: An Agenda for Congress, EPA & the States* that EPA has suffered since its inception from its structure and conflicting goals:

*EPA's authorizing statutes have encouraged the Agency and its partners to manage complex problems as if they were neatly partitioned into discrete air, water, and waste-management problems. There is no statutory definition of a general mission for the Agency and no established criteria to set priorities that cut across statutory lines. EPA also lacks formal mechanisms to enable it to choose among different statutory requirements. Moreover, the program offices that implement them function with considerable autonomy and sometimes dramatic indifference to each other.*

NAPA's 1997 report also noted that "EPA has tried numerous strategies in the last few years to overcome some of the challenges of fragmentation created by its patchwork of authorizing statutes." NAPA recommended that EPA create a "reorganization plan that would break down the walls between the Agency's major 'media' program offices for air, water, waste, and toxic substances."

Fiorino noted in 2006 that the division of environmental laws, programs, and agencies along media-specific lines tends to fragment regulatory strategies, leading to missed opportunities. In a recent interview, Ruckelshaus commented on how, in hindsight, he would have structured the Agency differently: "I would have paid more attention to the integrating issues and not organized along strictly media lines. I would have preferred to not be forced to manage the environment under the pillars of air, water, etc."

Ruckelshaus's original mission – to clean up America – seemed clear. However, according to Ruckelshaus, ". . . most Americans did not foresee that actions designed to clean the natural environment and protect public health would alter the economy, foreign policy, race relations, personal freedom, and many other areas of public life." He continued, "Each of us must begin to realize our own relationship to the environment. Each of us must begin to measure the impact of our own decisions and actions on the quality of air, water, and soil of this nation." Many of these same challenges still face us almost 40 years later.

## Scope and Methodology

We performed our research from August 31, 2009, through February 24, 2010, in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the review to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our review objectives.<sup>6</sup> We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our review objectives.

To learn about the development of EPA's organizational structure, we interviewed former EPA Administrator William Ruckelshaus and reviewed EPA history, articles, and oral histories from previous EPA Administrators. To obtain an understanding of EPA's strategic thinking in the areas of ecology, sustainability, and future planning, and to discuss the need for and feasibility of a national policy and quadrennial review, we interviewed former EPA Deputy Administrator Marcus Peacock and EPA staff and managers from the Office of Research and Development and Office of the Chief Financial Officer (responsible for strategic planning). We interviewed the project lead for the U.S. Department of Homeland Security's Quadrennial Homeland Security Review to obtain information about the department's review process and the *National Strategy for Homeland Security*. We also interviewed a New York Law School project leader who helped organize an effort that enlisted over 40 environmental law experts to address the legal and institutional question of how government should organize itself to protect the environment.

To determine whether EPA had developed a national policy, we reviewed and analyzed past EPA efforts to identify and address national goals, including EPA strategic planning and environmental indicator documents. We reviewed external reports from environmental law scholars, NAPA, and the National Research Council that discussed EPA's organizational structure, goals, and the need for a national policy. We also reviewed relevant prior reports issued by our office (including a past effort by our office to identify environmental goals shared by federal agencies) and the U.S. Government Accountability Office. A reference list is provided in Appendix B.

We sought to determine what challenges exist in implementing a national strategy and subsequent review. We also considered which agencies, groups, and stakeholders would play key roles in a national strategy and subsequent reviews.

---

<sup>6</sup> We used our review objectives as questions to guide our research. Those questions were (1) is there a need for a national environmental strategy (similar to the national homeland security strategy prepared by the U.S. Department of Homeland Security) and subsequent periodic review of such a strategy (similar to the Quadrennial Homeland Security Review); (2) what management challenges exist in implementing a national strategy and subsequent review; and (3) what agencies/groups/stakeholders would play key roles in a national strategy and subsequent review.

## Chapter 2

### National Environmental Policy Needed

The environmental protection structure created by NEPA 40 years ago has not resulted in a comprehensive approach. Rigid environmental laws make it difficult for the Agency to adequately address new, complex environmental challenges. The approach to environmental protection is fragmented: environmental laws often focus on a single media or threat, and EPA goals and offices implement separate legislative mandates. EPA also lacks complete authority or control over many activities that impact our nation's environment. Past EPA efforts have not set national policy that integrates activities of other stakeholders. EPA's Strategic Plan identifies 25 federal agencies that contribute to EPA's goals and notes that States conduct much of the day-to-day work in air and water programs. Other federal agencies and countries offer examples of how to integrate efforts across all levels of government to solve large, complex problems. EPA should work with stakeholders to develop and implement a nationwide policy and quadrennial review for environmental protection to better leverage resources and achieve comprehensive environmental protection.

#### New Environmental Challenges

Since 1990, EPA shifted from controlling pollution to preventing it.<sup>7</sup> However, the Agency has never had complete regulatory authority or control over many activities that impact the condition of our nation's environment, such as land use and transportation planning. In 1990, the year of EPA's 20th anniversary, EPA Administrator William Reilly noted that contemporary environmental problems "are the result of diffuse, difficult-to-control sources of pollution. They are not obvious or visible or corrected by simple enforcement actions against a spewing smokestack or a recalcitrant industry."

Indeed, the nature of environmental problems is changing. In 1997, the National Research Council recognized that problems such as global climate change, stratospheric ozone depletion, the loss of biological diversity, long-range transport of pollutants in air or water, global pressures on ocean resources, and regional water scarcity are broader, more complex environmental problems than those that received major attention several decades ago. For example, EPA has recently made attempts to solve complex environmental challenges in large coastal

---

<sup>7</sup> According to Alan Hecht, EPA's Director for Sustainable Development, "The Pollution Prevention Act of 1990 established the policy that pollution should be prevented or reduced at the source, that pollution which cannot be prevented should be recycled, and that disposal or other releases of pollutants into the environment should be only a last resort. EPA has also encouraged additional pollution prevention practices, such as protecting resource bases through conservation, reducing waste generation, and increasing efficiency in using energy, water, and other natural resources." Hecht, "Sustainability at the U.S. Environmental Protection Agency: 1970–2020."

freshwater and marine ecosystems, including addressing hypoxia in the Gulf of Mexico, nutrient pollution in the Chesapeake Bay, and contaminated sediments in the Great Lakes.<sup>8</sup> Nevertheless, environmental law scholars have noted that rigid environmental laws do not allow EPA to confront emerging, cross-media, and cross-boundary challenges.



Great Lakes National Program Office's R/V Mudpuppy sampling in the Buffalo River near the Smith Street habitat restoration site, Buffalo, New York, August 2005. (EPA photo)

While addressing these complex environmental issues, EPA continually works to improve internal coordination among its program offices and external coordination with federal and State agencies with which it shares environmental protection responsibilities. However, as noted in the *Environmental Law Reporter*, "Interagency coordination concerning the environment is uneven at best." The National Resource Council noted that:

*With its limited budget and staff, and broad mandate, it is not possible or reasonable for EPA to act alone in understanding and addressing all environmental problems. . . . EPA cannot (and should not) by itself develop and apply all the knowledge needed to discharge its mandate, because its resources are not sufficient and because others are also engaged in information gathering and analysis. . . . Many other federal agencies, state agencies, academic institutions, and private companies have played and will continue to play important roles.*

A coordinated national policy would help address complex and emerging environmental problems by unifying efforts around common solutions.

## Fragmented Efforts

The current, fragmented approach to environmental protection stems from environmental laws that often focus on a single medium or threat, and EPA goals and offices that implement separate legislative mandates. EPA's media-specific program offices, as well as the statutes they implement, inhibit the process of comparing risks, setting priorities, and considering ways to integrate the program

<sup>8</sup> We evaluated EPA's attempts to resolve the environmental challenges in these water bodies in several reports, including: *EPA Needs to Accelerate Adoption of Numeric Nutrient Water Quality Standards*, Report No. 09-P-0223, August 26, 2009; *EPA Needs a Cohesive Plan to Clean Up the Great Lakes Areas of Concern*, Report No. 09-P-0231, September 14, 2009; and several reports on the Chesapeake Bay that can be found at <http://www.epa.gov/oig/reports/chesapeake.htm>.

activities. Prior OIG reports describe situations – for example, risk management and climate change – in which EPA offices could better coordinate their efforts. During congressional hearings on elevating EPA to cabinet status in 2001 and 2002, witnesses testified that “EPA’s ‘stovepipe’ organizational structure hinders the dissemination of scientific data, innovative programs, and cross-media analysis.”<sup>9</sup>

Fragmentation also results from the diffuse roles of other stakeholders. For example, a 2005 NAPA report noted that the piecemeal evolution of environmental programs affects the Agency’s collection of facility data held by it and the States. NAPA noted, “For many years, EPA has recognized the need for an integrated data system that could pull together and link all of the fragmented pieces of environmental information about regulated facilities contained in all of its media programs’ databases.” NAPA further said, “The fragmented nature of environmental statutes, rules, and programs has made it difficult, if not impossible, for EPA to integrate environmental data across media programs.”

Efforts by EPA and State environmental agencies to adopt data standards and share information have begun to successfully demonstrate the potential for more effective data integration. But these efforts do not address the root of the problem – the fragmented interactions among media programs and regulated facilities that, in turn, deprive the public, State and EPA regulators, and businesses of access to multimedia information about environmental impacts. An earlier NAPA report written in 1995 noted:

*The fragmentation of the federal effort, tensions between the states and federal agencies, and the tension between “top-down” environmental policy and “bottom-up” land use regulation ensure that environmental governance in the U.S. is characterized by conflict, confusion, and frustration. Once Congress made the decision that it would create a national system for environmental governance, it was probably inevitable that the result would be a complex and fragmented system. Congress works through an elaborate structure of committees, each protective of its jurisdiction. As the public became aware of new environmental issues, individual committees and congressional leaders responded by creating new statutes and programs, usually with minimal attention to how they would fit into existing policies and activities. There is little authority at any level of government for overall coordination.*

The Resources for the Future’s Center for Risk Management has examined efforts to reduce fragmentation in the U.S. pollution control system, including the idea of replacing the current welter of environmental laws with a single, integrated environmental statute. A national policy to coalesce efforts among all

---

<sup>9</sup> Briefing Memorandum for June 6, 2003 Hearing, “Elevation of the Environmental Protection Agency to Departmental Level Status: H.R. 37 and H.R. 2138,” prepared by staff for then Congressman Ose (R-CA) for the U.S. House of Representatives Committee on Government Reform (May 30, 2003).

stakeholders would correct fragmentation by organizing various approaches toward common goals.

## **Past EPA Efforts Did Not Include Setting National Policy**

It has been 40 years since the passage of NEPA, which established a broad environmental policy for the United States, and the formation of EPA. However, NEPA does not outline a national strategy, set national priorities, or unify all environmental protection stakeholders. Though NEPA led to EPA's creation, past Agency efforts have not set national environmental policy. In 1992, EPA launched the National Environmental Goals Project, which culminated in EPA's main effort to identify and address national goals, the *Proposed Environmental Goals for America with Milestones for 2005* (1995). This report proposed 15 long-range environmental goals for the nation and quantitative milestones for each goal.

This effort fell short of being a national policy. The National Research Council said this effort did not prioritize individual goals or acknowledge tradeoffs between desired outcomes and/or goal choices. EPA officials we interviewed said the 1995 report was a creative effort that lacked follow through. Others said that those who read it during interagency review either did not comment or were overly critical, and that other agencies did not buy off on the concept or want to relinquish authority to EPA.

In a November 2009 letter to our office, EPA's Office of Policy, Economics, and Innovation's (OPEI's) Associate Administrator agreed that "coordination of environmental policy across agencies and with states can and should be improved."<sup>10</sup> However, OPEI's Associate Administrator does not believe that creating a national environmental policy is warranted or a wise use of resources. OPEI believes a national policy may detract from, rather than enhance, efforts to address important environmental issues. OPEI pointed to initiatives underway that it believes have increased coordination and addressed deficiencies (Table 2-1). However, none of them constitute national policies on environmental protection.

---

<sup>10</sup> Letter from OPEI Associate Administrator to OIG's Acting Inspector General on *OIG Proposed Management Challenge for a National Environmental Strategy*, November 5, 2009.

**Table 2-1: EPA Coordination Initiatives Highlighted by OPEI**

<i>EPA's Strategic Plan includes cross-media initiatives on human health, ecosystems, communities, compliance, and environmental stewardship.</i>	
<b>OIG Comment</b>	While goal-specific chapters describe cross-media and interagency activities, the Strategic Plan does not integrate these efforts or describe national goals that go beyond EPA's current mission and goal structure. An appendix in EPA's 2006-2011 Strategic Plan identifies 25 agencies that contribute to EPA's goals. One EPA official noted that although the EPA Strategic Plan is stovepiped, it could offer a significant contribution to formulating a national strategy.
<i>Department of Transportation, Housing and Urban Development, and EPA entered into an interagency partnership creating a framework for coordinating policy and activities related to fostering sustainable communities.</i>	
<b>OIG Comment</b>	This effort addresses transportation and housing – two important elements related to sustainability – but does not include other key players related to agriculture/land use, energy policy, States, and business/industry. EPA's Director for Sustainable Development in the Office of Research and Development characterized EPA's effort as a "coordinated framework" as opposed to a strategy with timeframes and goals. In published work on sustainability, this EPA official also said, "EPA's first step must be a clear strategic plan that coherently connects the dots among existing policies and programs that affect sustainability."
<i>EPA has taken steps to prioritize risks across and within media.</i>	
<b>OIG Comment</b>	EPA officials noted that there are opportunity costs associated with coordinated activities, and that high-level priorities to justify the transfer of resources from one program office to another should be identified.
<i>EPA has developed two reports on the environment that provide data on cross-program issues.</i>	
<b>OIG Comment</b>	In 2001, EPA sought to assemble, for the first time, an extensive set of environmental indicators important to its mission. EPA presented these indicators in its <i>Draft Report on the Environment Technical Document</i> , released in 2003, and revised, updated, and refined the effort in the Agency's <i>2008 Report on the Environment</i> . These reports provided cross-program data to assess status and trends of environmental conditions at the time of each report. These reports did not integrate cross-agency strategies to address national environmental goals. EPA officials said these reports emphasized EPA's mission, not national environmental policy. Indicator information within these reports did not appear to affect EPA's priority setting in program offices, nor did it drive EPA's strategic trends. An EPA official said the Agency's Office of the Chief Financial Officer – responsible for publishing the 2008 report – did not think it feasible to use the report as it developed EPA's Strategic Plan. Moreover, though monitoring data for many indicators came from other federal agencies, EPA officials are not sure how other agencies used the 2008 report, if at all.

Source: OIG analysis of OPEI's November 5, 2009, memorandum; OIG interviews with EPA officials.

Although OPEI disagrees on the need for a national environmental policy, we believe that it is the lack of a clear policy that prevents the integration of the initiatives OPEI highlights. OPEI also said that the White House's CEQ has efforts underway to coordinate policy on climate change, urban policy, ocean policy, and home energy efficiency retrofitting. However, EPA officials have noted that the robustness of CEQ's role ebbs and flows with changes in administration.



Observers have also argued that it is imperative to revisit the goals of NEPA, noting:

*[I]n the decades that followed [NEPA's enactment and EPA's creation], a lack of coherence in environmental legislation made it increasingly difficult to pursue an integrated approach to environmental management. Unlike NEPA . . . the media- or subject-specific environmental laws have been described as so "fragmented and unrelated as to defy overall description."<sup>11</sup>*

CEQ also recently acknowledged the need to “modernize and reinvigorate NEPA.” CEQ has released draft guidance concerning greenhouse gases, environmental mitigation commitments, and reporting NEPA activities, but has not issued a comprehensive national environmental policy.

In his 1995 testimony before the Senate Committee on Government Affairs, the Comptroller General of the United States said, “the lack of an integrated approach to government leads to redundancy and waste. . . . government can make huge efforts to provide services to the public, yet still fall far short of its intentions because of faulty coordination of its efforts within and across agency lines.”

Observations from a 1996 National Research Council report still resonate today: “Although substantial progress has been made in improving environmental quality, the country still lacks a unified national strategy. We have been making environmental laws, not establishing environmental goals.” Thus, though EPA has undertaken worthwhile efforts in the past, the Agency falls short of comprehensive environmental protection if it does not include efforts of other stakeholders.

## **The Need to Coordinate Across Different Levels of Government**

EPA's success in protecting the environment depends on the efforts of other federal agencies and States. In some cases, EPA partners with other entities to accomplish environmental goals and, in other cases, stakeholders have more authority than EPA over activities that impact environmental quality. The lack of a nationally coordinated approach to environmental protection means federal and State efforts function separately. EPA could more effectively protect the environment through a more unified approach.

### ***Other Federal Agencies***

An appendix to EPA's 2006-2011 Strategic Plan identifies 25 agencies that contribute to EPA's goals (Table 2-2). Chapters within the Strategic Plan

---

<sup>11</sup> Environmental Science and Technology draft article, *EPA at 40: Bringing Environmental Protection into the 21st Century*, September 23, 2009 (citing Davies, J. C. and Mazurek, J., *Pollution Control in the United States: Evaluating the System*, Washington, DC: Resources for the Future, 1999).

describe EPA's individual, discrete activities with other federal agencies but do not mention a national policy connecting each effort.

**Table 2-2: Areas of Coordination between EPA and Other Federal Agencies**

DEPARTMENT / AGENCY	Goal 1: Clean Air and Global Climate Change	Goal 2: Clean and Safe Water	Goal 3: Land Preserva- tion and Restoration	Goal 4: Healthy Communi- ties and Ecosystems	Goal 5: Compli- ance and Environ- mental Stewardship
Agriculture	X	X	X	X	X
Army Corps of Engineers	X	X	X	X	X
Commerce	X			X	
Consumer Product Safety Commission	X	X	X	X	X
Defense	X	X	X	X	X
Education	X	X	X	X	X
Energy	X	X	X	X	X
Federal Emergency Management Agency		X	X	X	
General Services Administration			X		X
Health and Human Services	X	X	X	X	X
Homeland Security	X	X	X	X	X
Housing and Urban Development	X	X		X	X
Interior	X	X	X	X	X
Justice	X	X	X	X	X
Labor		X		X	X
National Aeronautics & Space Administration	X	X	X	X	X
National Science Foundation				X	X
Nuclear Regulatory Commission	X	X			
Small Business Administration	X	X	X		X
State	X	X		X	
Transportation	X	X	X	X	X
Treasury	X				X
Tennessee Valley Authority		X		X	
U.S. Agency for International Development	X	X		X	
U.S. Trade Representative				X	

Source: 2006-2011 EPA Strategic Plan: Charting Our Course, Appendix D (September 30, 2006).

In 2005, the OIG developed the Compendium of Environmental Programs to identify specific programs and activities at other federal agencies that contribute to EPA's strategic goals. We found the following numbers of environmental programs and activities at cabinet-level departments:

- U.S. Department of Agriculture = 65
- U.S. Department of the Interior = 62
- U.S. Department of Transportation = 46
- U.S. Department of Health and Human Services = 41
- U.S. Department of Energy = 40

Examples of these environment-related programs include:

- Two of the U.S. Department of Energy’s five strategic themes address work also done by EPA (“Scientific Discovery and Innovation” and “Environmental Responsibility”). Example programs that are administered by Energy but are similar to EPA programs include alternative fuels, biological and environmental research, nanoscience, and renewable energy. Six of the 15 projects listed on Energy’s “joint initiatives” Website include EPA (Table 2-3).

**Table 2-3: U.S. Department of Energy Joint Initiatives with EPA**

Program	Description
<b>Climate VISION: Voluntary Innovative Sector Initiatives: Opportunities Now</b>	A public-private partnership initiative launched by Energy on February 12, 2003, to contribute to the goal of reducing greenhouse gas intensity.
<b>EnergySavers.gov: Partnerships for Home Energy Efficiency</b>	An effort to improve energy efficiency in American homes by building awareness, delivering savings to those in low-income and subsidized housing, and investing in innovative research in building science technologies, practices, and policies.
<b>ENERGY STAR</b>	The government's seal of energy efficiency. The ENERGY STAR label can be found on everything from home appliances to electronics to windows. Consumers have purchased more than 1.5 billion products with the ENERGY STAR® label. From 2007 through 2008, Energy and EPA issued criteria documents for lighting with different requirements, which created confusion in that industry. Energy issued its ENERGY STAR Solid-State Lighting document in September 2007, and EPA issued a criteria document on residential light fixtures in 2008. Industry sources said the documents created two sets of criteria covering the same products, which could cause confusion in the marketplace. Energy and EPA issued a joint statement in September 2009 outlining their distinct roles and responsibilities in the ENERGY STAR program.
<b>Fueleconomy.gov</b>	Website that provides consumers with practical information on achieving the best possible fuel economy in their vehicles and saving money at the pump. Fueleconomy.gov also contains information on some of the most fuel-efficient alternative vehicles on the market.
<b>National Action Plan for Energy Efficiency</b>	A plan that recommends investment by utility companies in cost-effective, energy-efficient technologies to meet consumer demand for clean energy.
<b>Science.gov</b>	An initiative that searches over 40 scientific databases and 200 million pages of scientific information with just one query (a gateway to 1,950+ scientific Websites). EPA is an alliance partner in this initiative.

Source: OIG analysis of the U.S. Department of Energy’s “Joint Initiatives” Website.

- The U.S. Department of Transportation has policy goals in five strategic areas, one of which is “Environmental Stewardship”: to promote transportation solutions that enhance communities and protect the natural and built environment. Transportation’s Office for Transportation Policy has an Office for Safety, Energy, and the Environment that initiates and

coordinates policies on environmental issues affecting all aspects of transportation. The office has an Energy and Environment Team responsible for developing and reviewing transportation legislation and regulations, and coordinating national transportation policy initiatives relating to environmental matters. Major policy areas addressed by this team include alternative fuels, sustainability, environmental justice, climate change, and environmental stewardship.

- The State Department has two environmental offices – the Office of Environmental Policy and the Office of Ecology and Natural Resource Conservation. One of State’s four strategic objectives is “Social and Environmental Issues,” and the department lists environmental protection as a performance goal.

Some agencies have greater authority than EPA over other program areas. For example, opportunities exist to substantially increase the number of homes tested and mitigated for radon. Housing financed, underwritten, controlled, or owned by four federal departments represents a significant number of homes that could be



Wastewater and rainwater from an area where dairy cows are housed flow to the drain (center of photo), which is directed to a storage tank. (EPA OIG photo)

tested, mitigated, or built radon resistant. These agencies include the U.S. Departments of Housing and Urban Development, Defense, Veterans Affairs, and Agriculture.

Additionally, a joint 2006 report by our office and USDA-OIG on the Chesapeake Bay noted that while local farming associations support clean-up efforts, they oppose granting EPA authority to control nonpoint source pollution entering the watershed. This creates an opportunity for the U.S. Department of Agriculture to assist EPA in working with local farming communities surrounding the Chesapeake Bay. Our report noted:

*USDA, a Bay partner at the Federal level, could significantly assist EPA in implementing the needed conservation practices within the agricultural community. Given its many conservation programs, extensive field organization, and long experience working with the agricultural community, USDA’s commitment and collaboration would significantly contribute to the EPA Chesapeake Bay Program Office’s plan for long-term improvement to the Bay’s water quality. . . . Through its technical services, research, outreach, and cost-share programs, USDA can significantly affect producers’ agricultural practices . . . . The ultimate success of the Chesapeake Bay Program depends upon encouraging landowners to adopt farming and natural resources conservation practices consonant with the Bay’s long-term environmental health. Of all the agencies in the Federal Government, USDA may be best positioned to persuade farming producers to adopt progressive agricultural practices*

*and to help communities and private landowners conserve natural resources.*

The American Recovery and Reinvestment Act of 2009 illustrates the degree to which other agencies have a role in protecting the environment. Almost 20 percent (\$147 billion) of the total Recovery Act funding of \$787 billion has gone to federal agencies other than EPA that have environmental mandates in areas such as energy usage, air quality, climate change, water quality, solid and hazardous waste, materials management, or land conservation. EPA received \$7.2 billion (0.9 percent of total Recovery Act funding), or 5 percent of Recovery Act funds with potential environmental implications.



Vegetated curb extensions used to decrease stormwater runoff as part of a “green reserve” project. (EPA photo)

The Recovery Act is also an example of the importance of a national policy to connect federal environmental efforts. Recovery Act efforts lack cross-agency metrics to measure success in accomplishing environmental goals. For example, no standards exist among stakeholders on which to base measures of environmental risk and outcomes at a national level.

The FY 2011 President’s Budget shows that EPA is 1 of 14 federal agencies with research and development programs, and 1 of 11 agencies that contributes research to the Global Change Research Program. EPA also participates in the Interagency Task Force to develop and implement the Great Lakes Restoration Initiative. In FY 2011, EPA will lead the Initiative’s implementation, allocating \$300 million for programs to target the most significant environmental problems in the Great Lakes ecosystem. In its leadership role, EPA will distribute funding directly or transfer funds to other federal agencies for subsequent use and distribution. Using this example, a national policy could provide agencies like EPA that lead cross-agency efforts additional direction on utilization of resources to achieve environmental goals.

Budget data also identify potential areas of duplication and the need for coordinating and streamlining cross-agency efforts to more efficiently achieve environmental goals. For example, the FY 2011 President’s Budget identifies budget reductions of \$129 million for water and wastewater infrastructure projects<sup>12</sup> at the U.S. Army Corps of Engineers that duplicated programs in other agencies or that could be better addressed through other federal programs. The

<sup>12</sup> Our report identifying FY 2010 management challenges for EPA noted, “The federal government does not have a national approach to bridging the water and wastewater infrastructure gap. A comprehensive approach . . . would realistically assess the investment requirements, alert the public and Congress of unfunded liabilities and risks, and work with States and local governments to organize resources to meet needs. While EPA is responsible for administering the Clean Water Act and Safe Drinking Water Act, it does not have resources or authority to address the funding gap. In its role administering the Clean Water Act and Safe Drinking Water Act, EPA should ensure there is a comprehensive federal understanding of the risks to public health, the environment, and the economy if this critical resource gap remains unresolved. . . . EPA should take the lead in organizing a coherent federal strategy within the limits of its statutory authorities and responsibilities.”

Budget identifies funds for the Rural Community Facilities program run by the U.S. Department of Health and Human Services, Administration for Children and Families, which duplicates other wastewater treatment programs in the U.S. Department of Agriculture and EPA. The FY 2011 President's Budget also identifies funding for elimination in a competitive grant program for local communities to reduce greenhouse gas emissions because the program lacks focus, applies to disparate sectors, and duplicates more substantial greenhouse gas emission reduction programs across the Federal Government. The President's Budget noted that emissions reductions will be better realized through existing EPA capacity building and recognition programs such as ENERGY STAR, Smart Growth, AgSTAR, and eventually, through the Administration's comprehensive greenhouse gas reduction effort.

As these examples show, environmental quality depends on policies related to farming, energy, water, transportation, and federal land management, but neither Congress nor the Executive Branch has fully engaged the task of harmonizing these issues.

### **States**

EPA's success in accomplishing its goals largely depends on State efforts. The Environmental Council of the States<sup>13</sup> asserts that State government agencies are the key to delivering environmental protection afforded by both federal and State law. Although EPA has oversight of State agencies, the absence of a national policy to coordinate all levels of government has resulted in the inconsistent implementation of environmental programs by States. A comprehensive, national approach could improve the capability of State environmental agencies to protect and improve human health and the environment.

EPA's Strategic Plan notes that delegated State programs conduct much of the day-to-day work involved in many air and water programs. As of 2007, States operated 96 percent of the delegable federal environmental programs. Delegation includes permitting, inspections, monitoring, and enforcement, and often includes standards setting. States collect 94 percent of the environmental data found in EPA's databases and conduct about 90 percent of all enforcement actions.

While States play a critical role in environmental protection, EPA maintains an equally important oversight role that would be bolstered by a comprehensive national policy. EPA must resolve interstate disputes in the absence of uniform,

---

<sup>13</sup> The Environmental Council of the States is a national, nonprofit, nonpartisan association of State and territorial environmental agency leaders. The council seeks 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.

consistent environmental goals between States.<sup>14</sup> Additionally, our work has shown that inconsistent oversight of State programs can lead to:

- Inconsistent enforcement guidance interpretation
- States and regions not meeting minimum reporting requirements
- Differing standards for State delegation agreements among the regions
- Inaccurate data systems
- Internal control deficiencies

EPA's coordination with State and local groups on large water bodies illustrates these important issues. A U.S. Government Accountability Office report noted that after decades of EPA and its partners' spearheading restoration efforts in areas such as the Great Lakes and the Chesapeake Bay, improvements to these waterbodies remain elusive. The longstanding issues impeding such efforts include a lack of (1) targeted strategies; (2) coordination among federal, State, and local stakeholders; and (3) realistic goals to ensure that limited restoration resources are being used for the most effective restoration activities.

Cooperative efforts between EPA, States, and other organizations under a national environmental policy could lead to more effective solutions and policies to address environmental problems. As the National Research Council found in its 1997 publication *Building a Foundation for Sound Environmental Decisions*, "a collective effort can yield results far greater than the sum of individual, isolated endeavors." Additionally, cooperative efforts could help address the Administrator's priorities to expand the conversation on environmentalism<sup>15</sup> and build strong State and tribal partnerships.

## Others Have Utilized National Policy Approaches

### *Other Federal Departments*

EPA is not the only federal entity whose activities depend on other federal and State/local efforts. Federal departments that address other, critical public services – such as homeland security and national defense – recognized the need to

---

<sup>14</sup> For example, EPA has begun developing a watershed model to create a nutrient clean-up plan for the Oklahoma and Arkansas portions of the Illinois River because the States failed to reach an agreement. Previous EPA efforts – including a "Statement of Joint Principles and Actions" that the Agency developed with the States in 2003 – did not yield desired results. The dispute centers on the disparity between discharge limits for point sources in Arkansas and Oklahoma. Because Arkansas' limit is less stringent, Oklahoma, as the downstream State, has a limited ability to improve the water quality. EPA acted because the two States have been unable to develop a water quality standard.

<sup>15</sup> On January 12, 2010, EPA Administrator Jackson issued a memorandum listing seven priorities for EPA's future, one of which included "expanding the conversation on environmentalism." Though the priority pertained to environmental justice and protecting historically underrepresented communities, its tenets to conduct outreach and build strong working relationships with external stakeholders applies in this context as well.

formulate national approaches to guide, integrate, organize, and unify efforts across all levels of government.<sup>16</sup>

After the terrorist attacks on September 11, 2001, the White House and Congress created the U.S. Department of Homeland Security to organize activities spread across more than 40 federal agencies and an estimated 2,000 separate congressional appropriations accounts. Shortly thereafter, the White House issued the first *National Strategy for Homeland Security*. The new department noted, “More than 87,000 different governmental jurisdictions at the federal, state, and local level have homeland security responsibilities. The comprehensive national strategy seeks to develop a complementary system connecting all levels of government without duplicating effort. Homeland Security is truly a ‘national mission’.” In addition to providing direction to federal departments and agencies that have a role in homeland security, the strategy also includes roles and responsibilities for State and local governments and private companies and organizations. As such, the President noted that it amounted to “a national strategy, not a federal strategy” to “guide, organize, and unify our Nation’s homeland security efforts.”

The White House revised the *National Strategy for Homeland Security* in 2007. The revised *Strategy* noted, “Homeland security requires a truly national effort, with shared goals and responsibilities for protecting and defending the Homeland. Our *Strategy* leverages the unique strengths and capabilities of all levels of government, the private and non-profit sectors, communities, and individual citizens.”

In 2007, Congress passed legislation mandating a Quadrennial Homeland Security Review of the Strategy beginning in FY 2009.<sup>17</sup> Through the Quadrennial Homeland Security Review, the Secretary for Homeland Security recognized that the department’s capacity for mission-focused innovation depends on its ability to reach out to partners and draw on their insights and expertise. This comprehensive review includes recommendations regarding long-term strategy and priorities for homeland security. The review will result in guidance on the department’s programs, assets, capabilities, policies, and authorities.

Similarly, the legislatively mandated 2010 Quadrennial Defense Review of the *National Defense Strategy* assesses the U.S. Department of Defense’s capabilities

---

<sup>16</sup> Other national strategies we identified include the *National Security Strategy*, *National Strategy for Combating Terrorism*, and *National Health Security Strategy*. In addition, a recent U.S. Government Accountability Office report recommended developing a national strategy for climate change and specified the actions Congress and the Federal Government could take to lessen related challenges.

<sup>17</sup> “The Implementing Recommendations of the 9/11 Commission Act of 2007,” which became law on August 3, 2007, requires that every 4 years, beginning in FY 2009, the Secretary of Homeland Security conducts a Quadrennial Homeland Security Review of the United States. The Secretary planned to provide conclusions of the first review to Congress in a final report by December 31, 2009, but issued the report in February 2010.



and priorities.<sup>18</sup> The main difference between the Defense and Homeland Security reviews is that the Quadrennial Defense Review occurs internally and focuses solely on the activities of the U.S. Department of Defense, while the Quadrennial Homeland Security Review provides an enterprise-wide focus on responsibilities across government supporting “the homeland security strategy of the Nation.”

In congressional testimony on the Quadrennial Homeland Security Review process, one witness described common challenges to national defense and homeland security that underscore the need for and importance of priority setting and strategic planning. The witness noted that both departments are:

- Charged with missions vital to the health and welfare of the nation.
- Large, complex bureaucracies comprising a number of diverse and (in some cases, previously independent) organizations, each with its own cultures, traditions, and ways of doing business.
- Responsible for spending billions of taxpayer dollars as efficiently and effectively as possible.
- Perennially in the position of having more programs to pay for than their budgets can cover.
- Trying to balance near-term demands against long-term investments.

EPA faces similar challenges in accomplishing its goals. As such, these homeland security and national defense approaches could serve as useful examples for EPA to develop and implement a national policy and quadrennial review for environmental protection.

### ***Other Countries***

Australia and Japan have a national policy approach to their environmental protection legislation and activities. Both countries recognize the value of establishing national environmental goals and setting national policy, and their approaches most closely resemble what we advocate in this report.

The Australian government enacted its primary environmental legislation – the Environment Protection and Biodiversity Conservation Act 1999 – in July 2000. The Act specifies how the Australian government will protect “flora, fauna, ecological communities and heritage places” of both national and international importance, and describes these elements as “matters of national environmental significance.” The Act empowers the Australian government to enlist both the states and territories to achieve a “truly national scheme of environment and heritage protection and biodiversity conservation.” The Australian government, in cooperation with multiple partners, lists in the Act seven items of “national

---

<sup>18</sup> The U.S. Department of Defense conducted previous Quadrennial Defense Reviews in 1997, 2001, and 2006, and issued its most recent review to Congress in February 2010.

environmental significance” to protect. The Australian government plans to achieve this partnership approach through establishing bilateral agreements with states and territories and agreements with landholders, and by involving indigenous people in conservation and communities in management planning.

The Australian government established the Department of the Environment, Water, Heritage and the Arts to develop and implement national policy, programs, and legislation to protect and conserve Australia’s environment and heritage. In keeping with the national emphasis of environmental protection, annual reports prepared by Commonwealth departments, parliamentary departments, commonwealth authorities, commonwealth companies, and other commonwealth agencies must include a report on environmental matters. Per orders of the department’s minister, the department must prepare a “state of the environment” report on Australia, which the minister presents to Parliament. The minister must also establish an independent review, at least every 10 years, of the Act’s operation and how well it has met its objectives.

Similarly, in 1993, the Japanese government established a “Basic Environmental Law” to chart the direction of the nation’s environmental policies. Before the enactment of the Basic Environment Law, Japanese environmental policies had been based on two fundamental laws – the Basic Law for Environmental Pollution Control, enacted in 1967, and the Nature Conservation Law, enacted in 1972. These laws, which were drafted to address serious industrial pollution and to preserve the natural environment, worked quite successfully. However, as Japan’s social/economic system and consumer lifestyles promoted mass production, mass consumption, and mass disposal, this legal framework (which consisted mainly of restrictions) could no longer deal adequately with some of the newer and more complex environmental problems that emerged, such as those relating to urban and household-generated pollution and the global environment.

The Japanese government’s approach acknowledged that environmental issues cannot be divided into categories, like human health, mankind’s living environment, or the natural environment. Rather, the government adopted a comprehensive approach that considers causes and effects throughout the entire system. Additionally, the Japanese government understood that many current environmental problems arise from the routine, daily activities of companies and individual citizens; therefore, all members of society must actively and voluntarily conserve the environment.

The first chapter of Japan’s Basic Environmental Law sets out three basic principles for environmental conservation and the responsibilities of each sector of society – national and local governments, corporations, and citizens – in realizing these principles. The second chapter gives a list of basic environmental conservation policies, including the formulation of the Basic Environment Plan, the promotion of environmental conservation practices, and measures to deal with global environmental problems. The Basic Environmental Plan, which is based

on the Basic Environment Law, outlines comprehensive and long-term measures relating to environmental conservation for the entire government. To ensure effective implementation, the plan calls for the government to enhance its systems for monitoring progress. For example, the Central Environment Council annually monitors the progress of the Basic Environment Plan. The council holds public hearings at various locations in Japan so that the views and opinions of citizens can be reflected in its reports to the national government. The council also presents performance reviews on the plan's progress and implementation.

## Challenges to Implementing a National Policy

We recognize that developing and implementing a national policy poses a number of challenges, including:

- Determining and agreeing on the contents and goals of a national policy (i.e., national environmental goals).
- Agreeing on the approach a national policy should take (e.g., precautionary principle, economic incentives).
- Addressing opportunity costs that would result from focusing on some national goals and priorities over others.
- Determining whether and how to increase the national perception and importance of ecosystem services.

Other challenges include identifying participants; achieving buy-in;<sup>19</sup> and coordinating across government, States, and other stakeholders nationwide.

In addition to other federal agencies, States, and the White House CEQ, our interviewees suggested the following stakeholders as a sample of those with whom EPA should work on national environmental policy:

- White House
- Key members of Congress and relevant congressional committees
- Environmental Council of the States
- National Academies
- National Science Foundation
- Environmental Law Institute and other environmental law scholars
- Groups such as the Woodrow Wilson Center's governance section, the World Wildlife Fund, the World Resources Institute, and the World Environment Center

---

<sup>19</sup> Although EPA officials and staff said that staff-level Agency employees display great interest and enthusiasm in cross-program strategies and innovative approaches, senior EPA managers seem reluctant to embrace these efforts. Staff briefings on the *Report on the Environment*, for example, did not garner much reaction from senior executives. Others noted that no progress can be made without the commitment from senior leadership.

These challenges are not insurmountable. In fact, all of our interviewees agreed on the value in a national policy approach toward environmental protection. For example, the project lead for the Quadrennial Homeland Security Review said environmental protection could benefit from a national strategy that recognizes EPA's regulatory role and the responsibilities of other players (i.e., enterprise-wide approach).

EPA's Director for Sustainable Development, who is one of several scholars urging EPA to consider new approaches to 21st century problems as it heads into its 40th anniversary, agrees that a national approach is worthwhile. He believes that EPA needs a strategy to move the Agency from its important history toward thinking about environmental problems in a more systematic way.

Former Deputy Administrator Marcus Peacock also found a national policy an intriguing idea worth pursuing. NAPA also believes that EPA should play a leadership role in harmonizing national efforts. Former EPA Administrator Ruckelshaus described the development of a national policy as an improvement on the way we manage the environment by working toward a common set of solutions. Ruckelshaus agrees that this is a massive undertaking that is well worth the effort.

## **Conclusion**

Environmental protection – like homeland security and national defense – is a public good and as such requires a nationally coordinated policy approach. EPA's efforts to set regulatory standards, particularly for problems that cross State or national borders or pose risks to future generations, would benefit from setting national environmental goals. Congress should provide EPA and other federal agencies the capacity to identify and manage environmental problems of national significance. Congress and the Administration should examine ways to leverage resources currently allotted to insular environmental protection efforts. The Administration should propose to Congress that it create expert panels that consider formulating a national environmental policy and subsequent quadrennial review. Congress could also consider passing legislation recommended by these panels that harmonizes various efforts and, where appropriate, maintains existing requirements in environmental statutes. Through these efforts, EPA and its partners could move away from isolated, media- and interest-specific initiatives toward a more cohesive, unified, and future-thinking approach to environmental protection. While EPA at 40 has much to celebrate, by 50 the Agency should have taken the critical – albeit challenging – steps necessary to integrate efforts through its role as the Nation's environmental leader.

## **Agency Comments and OIG Evaluation**

EPA's Deputy Administrator responded to our draft report on April 30, 2010. Overall, the Agency disagreed with our draft report suggestion to develop a

national environmental policy and quadrennial review. The Agency noted, and we agree, that the passage of NEPA 40 years ago established a broad environmental policy for the United States. However, we believe the structure created by NEPA has not resulted in a comprehensive approach to environmental protection. NEPA does not outline a national strategy, set national priorities, or unify all environmental protection stakeholders. The Agency has never had complete regulatory authority or control over many activities that impact the condition of our Nation's environment, such as land use and transportation planning. Therefore, the Agency has never been in the position to meet NEPA's challenge to carry out national environmental policy on its own. We have made changes to the report, as appropriate, to include a broader discussion about NEPA.

The Agency also noted that various media-specific authorities govern the way in which EPA and other agencies operate and that, taken together, specify national policy. Our report acknowledges media-specific authorities such as the Clean Water Act and Clean Air Act, but also notes how these approaches resulted in fragmented statutory frameworks. We continue to maintain that rigid environmental laws, regardless of general national policy statements and goals individual statutes may include, make it difficult for the Agency to adequately address new, complex environmental challenges. A comprehensive national policy would provide stakeholders with a clear, unified goal structure to address existing and new environmental challenges.

The Agency's response indicated that our draft report suggested that EPA reorganize based on functional areas. We agree with what the Agency describes as its organizational needs and complexities and do not recommend that EPA reorganize internally at this time.

We agree with the Deputy Administrator's comment that this approach would take an "enormous effort" and could "require a large investment of time and resources." However, by developing a national environmental policy, the Administration and Congress could provide EPA and other federal agencies the capacity to identify and manage environmental problems of national significance. This approach could give EPA the force of national environmental goals to set regulatory standards, particularly for problems that cross State or national borders or pose risks to future generations.

The Agency's full response is in Appendix C.

## **Status of Recommendations and Potential Monetary Benefits**

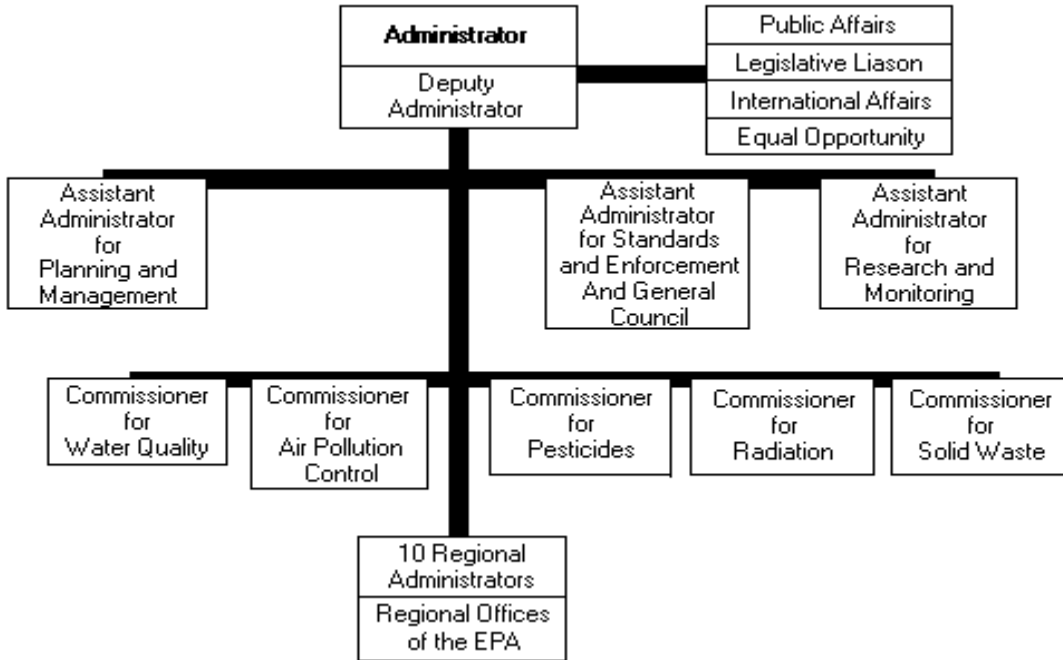
RECOMMENDATIONS						POTENTIAL MONETARY BENEFITS (in \$000s)	
Rec. No.	Page No.	Subject	Status <sup>1</sup>	Action Official	Planned Completion Date	Claimed Amount	Agreed To Amount
No recommendations							

<sup>1</sup> O = recommendation is open with agreed-to corrective actions pending  
 C = recommendation is closed with all agreed-to actions completed  
 U = recommendation is undecided with resolution efforts in progress

Appendix A

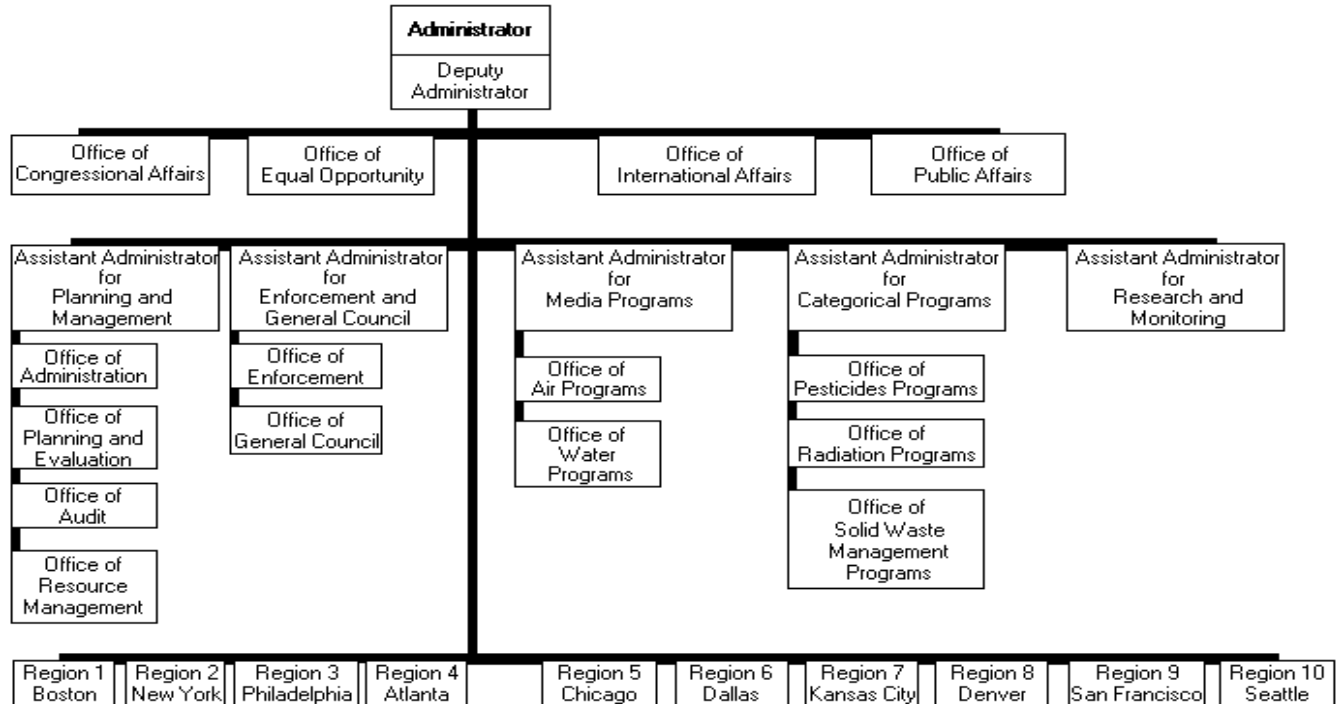
## EPA Organizational Phases

### Phase 1: EPA Organization as of December 15, 1970:



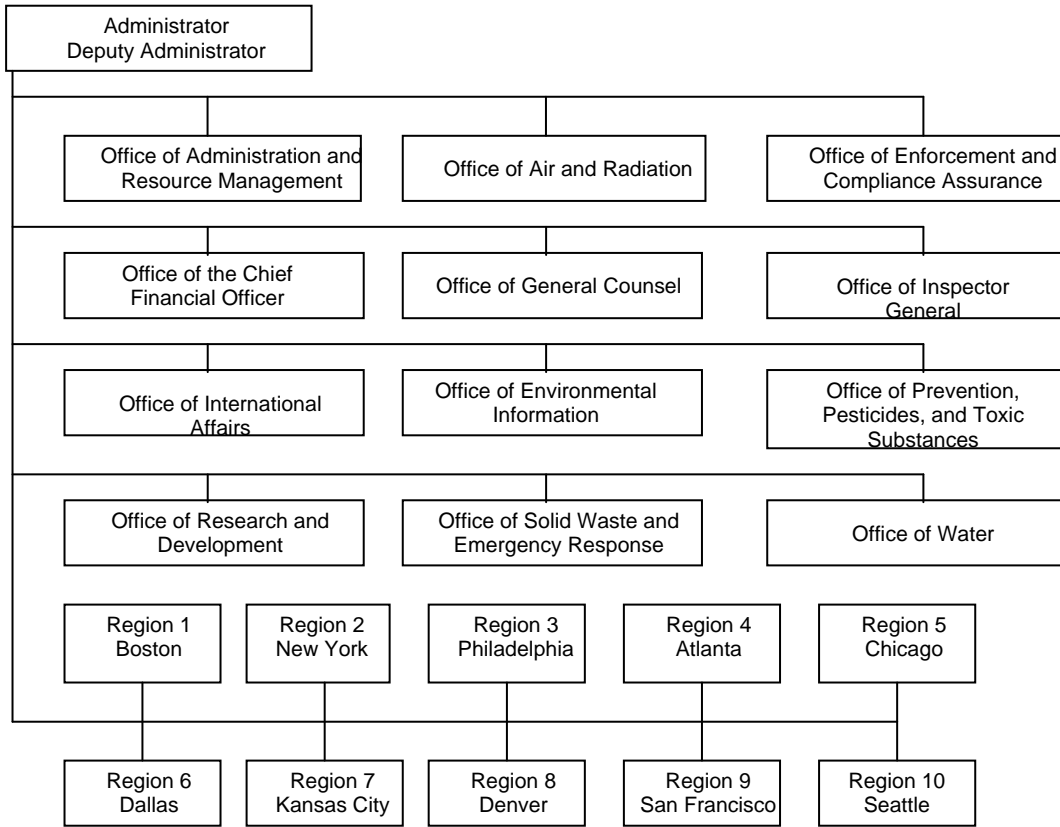
Source: Williams, *The Guardian: EPA's Formative Years, 1970-1973*, 1993.

### Phase 2: EPA Organization as of April 30, 1971:



Source: Williams, *The Guardian: EPA's Formative Years, 1970-1973*, 1993.

**Current EPA Organizational Structure:**



Source: EPA Website, <http://www.epa.gov/aboutepa/organization.html>.



## Appendix B

## References

- Dernbach, John C. “National Governance: Still Stumbling Toward Sustainability.” *Environmental Law Reporter – Special Issue: Agenda for a Sustainable America*, April 2009.
- DeWitt, John. Center for the Economy and the Environment. *The Place of Regions in Governance of the Environment and Natural Resources in the United States*. Prepared for the Joint U.S.-German Conference on Regionalism Below the State-Level in Germany and the United States, Speyer, Germany March 31-April 2, 1998.  
[http://www.napawash.org/aa\\_federal\\_system/98\\_region\\_place.html](http://www.napawash.org/aa_federal_system/98_region_place.html).
- Environmental Council of the States Website. [http://www.ecos.org/section/states/enviro\\_actlist](http://www.ecos.org/section/states/enviro_actlist).
- Fiorino, Daniel J. *The New Environmental Regulation*, 2006.
- . “Toward a New System of Environmental Regulation: The Case for an Industry Sector Approach.” *Environmental Law* 26: June 22, 1996.
- Flournoy, Michele A. Center for a New American Security. “The Quadrennial Defense Review: A Model for the Quadrennial Homeland Security Review.” Testimony before the House Committee on Homeland Security, March 20, 2007.
- Hecht, Alan D. “The Next Level of Environmental Protection: Business Strategies and Government Policies Converging on Sustainability.” *Sustainable Development Law & Policy* 8, Issue 1: Fall 2007.
- . “Sustainability at the U.S. Environmental Protection Agency: 1970–2020.” *Ecological Engineering*, 2007.
- National Academy of Public Administration. *Ash Council Case Study*. Developed for the Standing Panel on Executive Organization and Management by Dwight Ink, March 12, 2002.
- . *Environment.gov: Transforming Environmental Protection for the 21st Century*, November 2000.
- . *A Report of the Environmental Information Consortium: For the Office of Environmental Information, U.S. Environmental Protection Agency*, 2005.
- . *Resolving the Paradox of Environmental Protection: An Agenda for Congress, EPA & the States*, September 1997.
- . *Setting Priorities, Getting Results: A New Direction for EPA*, 1995.

- National Research Council. Committee on Research Opportunities and Priorities for EPA. *Building a Foundation for Sound Environmental Decisions*, 1997.
- . Policy Division. *Linking Science and Technology to Society's Environmental Goals*, 1996.
- Resources for the Future. *Resources*. Issue 124, Summer 1996.  
<http://www.rff.org/Documents/Resources/Resources-124.pdf>.
- Schoenbrod, Richard B., Richard Stewart, and Katrina M. Wyman. *Breaking the Logjam: Environmental Reform for the New Congress and Administration*. Project Report, February 2009. <http://www.breakingthelogjam.org/>.
- U.S. Department of Defense. *2010 QDR Terms of Reference Fact Sheet*, April 27, 2009.
- U.S. Department of Homeland Security. History Office. *Brief Documentary History of the Department of Homeland Security: 2001-2008*.
- U.S. Department of Homeland Security Website. "Department Subcomponents and Agencies." <http://www.dhs.gov/xabout/structure/>.
- U.S. Environmental Protection Agency. "Appendix D: Areas of Coordination Between EPA and Other Federal Agencies." *2006-2011 EPA Strategic Plan: Charting Our Course*, September 30, 2006.
- . "A Vision for EPA's Future: An Interview with William K. Reilly." *EPA Journal*, September/October 1990.
- . Office of Inspector General. "The Clean Water Act after 37 Years: Recommitting to the Protection of the Nation's Waters." Statement of Wade T. Najjum, Assistant Inspector General for Program Evaluation, Before the Committee on Transportation and Infrastructure, U.S. House of Representatives, October 15, 2009.
- . Office of Inspector General. *Compendium of Environmental Programs*.  
<http://yosemite.epa.gov/oig/compendium.nsf/HomePage?OpenForm>.
- . Office of Inspector General. *EPA Does Not Provide Oversight of Radon Testing Accuracy and Reliability*. Report No. 09-P-0151, May 12, 2009.
- . Office of Inspector General. *EPA Has Initiated Strategic Planning for Priority Enforcement Areas, but Key Elements Still Needed*. Report No. 08-P-0278, September 25, 2008.
- . Office of Inspector General. *EPA Needs a Comprehensive Research Plan and Policies to Fulfill Its Emerging Climate Change Role*. Report No. 09-P-0089, February 2, 2009.

- . Office of Inspector General. *EPA Region 8 Needs to Better Manage the Risk Management Program for Airborne Chemical Releases*. Report No. 09-P-0130, March 30, 2009.
- . Office of Inspector General. *EPA's Key Management Challenges 2009*, April 28, 2009.
- . Office of Inspector General. *FY 2010 Annual Plan with Strategic Plan Update*, October 2009.
- . Office of Inspector General. *Saving the Chesapeake Bay Watershed Requires Better Coordination of Environmental and Agricultural Resources*. Report No. 2007-P-00004, November 20, 2006.
- . Office of Policy, Economics, and Innovation. Office of Cross-Media Programs Website. "HUD, DOT, and EPA Partnership: Sustainable Communities," June 16, 2009. <http://www.epa.gov/dced/pdf/dot-hud-epa-partnership-agreement.pdf>.
- . Office of Research and Development. National Center for Environmental Assessment Website. "Report on the Environment home page," <http://cfpub.epa.gov/eroe/> and "Report on the Environment basic information," <http://www.epa.gov/ncea/eroebi/>.
- U.S. Government Accountability Office. *Climate Change Adaptation: Strategic Federal Planning Could Help Government Officials Make More Informed Decisions*. GAO-10-113, October 2009.
- . *Environmental Protection Agency: Major Management Challenges*. GAO-09-434, March 2009.
- . "Government Reorganization: Issues and Principles." Statement of Charles A. Bowsher, Comptroller General of the United States, Before the U.S. Senate Committee on Government Affairs, May 17, 1995.
- U.S. House of Representatives. Committee on Government Reform. Briefing Memorandum for June 6, 2003, Hearing, "Elevation of the Environmental Protection Agency to Departmental Level Status: H.R. 37 and H.R. 2138." Prepared by staff for Congressman Ose, May 30, 2003.
- Williams, Dennis C. *The Guardian: EPA's Formative Years, 1970-1973*, 1993.
- Wisman, Phil. *EPA History 1970-1985*, November 1985.

## Appendix C

***Agency Response to Draft Report***

April 30, 2010

**MEMORANDUM**

**SUBJECT:** Draft Special Report: National Environmental Policy and Quadrennial Review Needed

**TO:** Bill Roderick  
Acting Inspector General

Thank you for the opportunity to comment on the Draft Special Report in which you recommend the development of a National Environmental Policy and Quadrennial Review. My comments and suggestions follow. I also appreciate the several conversations we have had with you and your staff.

**A National Environmental Policy Already Exists**

Your report starts with the assumption that there is no overarching environmental policy or framework governing environmental issues that cut across the federal government. The report concludes that, as a result, the U.S. Environmental Protection Agency lacks authority or control over many activities that impact the condition of our nation's environment and that new, complex environmental problems require more concerted and coordinated efforts with other agencies, states and stakeholders. You suggest that Congress should consider integrating legislation to harmonize various environmental protection activities while maintaining existing requirements.

Our view is that a set of national environmental policy does exist in the form of authorizing statutory goals and mandates embodied in the National Environmental Policy Act and in the various media-specific authorities under which EPA and other agencies operate. For example, NEPA provides as its purpose:

To declare a national policy which will encourage productive and enjoyable harmony between man and his environment; to promote efforts which will prevent or eliminate damage to the environment and biosphere and stimulate the health and welfare of man; to enrich the understanding of the ecological systems and natural resources important to the nation; and to establish a Council on Environmental Quality.

Title 1 of NEPA goes on to specify that it is the continuing responsibility of the federal government to use all practicable means to fulfill the current generation's responsibilities to protect the environment for succeeding generations; to attain the widest range of beneficial uses of the environment without its degradation or risk to human health and safety; and to enhance the quality of renewable resources while maximizing the recycling of depletable resources.

Major media-specific statutes also include national policies and goals. The stated objective of the Clean Water Act is to restore and maintain the chemical, physical and biological integrity of the nation's waters. The Clean Water Act also specifies a number of specific goals and policies. Similarly, one of the stated purposes of the Clean Air Act is to protect and enhance the quality of the nation's air resources to promote the public health and welfare and the productive capacity of its population. The Resource Conservation and Recovery Act lists a number of specific objectives and declares the national policy of the United States to be that the generation of hazardous waste be reduced or eliminated as expeditiously as possible. The Toxic Substances Control Act and the Endangered Species Act also articulate national policies as expressed by Congress. (See Attachment 1)

Taken together, these major environmental statutes already specify national policies and goals governing all agencies of the federal government.

Your report acknowledges that Congress has attempted to pass second generation environmental legislation, but has repeatedly failed to do so. In fact, the report quotes the National Academy of Public Administration as saying:

Once Congress made the decision that it would create a national system for environmental governance, it was probably inevitable that the result would be a complex and fragmented system.

It is unlikely that Congress would proceed along a different path today, considering the complexity of issues and the elaborate structure of existing congressional committees.

Note that EPA has been tremendously successful despite its current organizational framework. For example, EPA has succeeded in reducing by more than 54 percent the emissions of six dangerous air pollutants that cause, among other things, smog, acid rain and lead poisoning. In the vast majority of communities, EPA has met the goals for safe water set in the 1970s. More recently, EPA has aggressively and in a coordinated fashion proceeded to address climate change, possibly the most pressing and complex environmental issue of our time. Any discussion of the need for a new national environmental policy should acknowledge the successes of the current framework.

The draft report includes a lengthy list of stakeholders and challenges with which the government would have to contend if a new national environmental policy were to be developed. The sweeping recommendations of the draft report simply cannot be justified by relying on the opinions of the small number of interviewees. I agree with former Administrator William D. Ruckelshaus that such an effort would be a massive undertaking, and, in light of EPA's continued success in achieving its mission, the report is not persuasive that such an enormous effort would be worthwhile or that theoretical efficiencies would be worth the massive undertaking.

## **Reorganizing EPA Will Not Resolve the Problem of Stovepipes**

The draft report also suggests that EPA operates in a stovepipe manner consistent with its media-specific statutory mandates. The report concludes that this results in a fragmented approach to environmental problems, particularly because today's problems are more complex than those dealt with when EPA was first organized.

I agree that EPA is organized consistent with its congressional statutes, but I believe this is entirely appropriate. Reorganizing the agency in some other manner to create more integration across media would simply create new stovepipes of a different nature. Under any organizational structure, EPA and the federal agencies must use matrix management. For example, if organized by function as suggested in the draft report (e.g., separate offices for standard-setting, monitoring, permitting, enforcement), there would have to be subunits within each of the major programs to deal with specific media (a water subunit within the Enforcement Office). Those subunits would then have to coordinate across the agency (all water subunits within the various offices would have to coordinate standard setting, monitoring, permitting, etc.). It is entirely possible that, if the agency had been structured along functional lines, we would now be bemoaning the fragmented nature of water regulations.

Your report explains that former Administrator Ruckelshaus did not change to a mission-based organization because it would divert too much energy from performing the agency's mandate. I believe this to be even truer today than it was shortly after EPA was formed. It is also still true, as it was during the tenure of Douglas Costle as EPA Administrator, that existing statutes impose complex restrictions to integration and centralization.

## **EPA, Other Federal Agencies, and Stakeholders are Already Coordinating on High-Priority, Complex Issues**

EPA, other agencies, and stakeholders are coordinating on high-priority, complex issues. The National Environmental Policy Act provides the statutory framework and mechanisms for formal coordination on environmental projects undertaken with federal involvement. NEPA also provides far-reaching authority to the Council on Environmental Quality to coordinate environmental issues across the federal government, with states and stakeholders. Consequently, the White House and the Council on Environmental Quality have selected high-priority issues on which to focus coordination efforts. A sampling of these issues include:

1. Climate change and climate adaptation
2. Sustainable communities
3. Children's health
4. Ocean policy
5. Energy efficiency
6. Environmental science
7. Nanotechnology

Efforts are also ongoing to ensure intra-agency coordination across media, such as the frequent green cabinet meetings. EPA uses high-level, cross-agency councils and committees to

address coordination on topics such as science, environmental justice, Indian policy, agriculture, international activities, performance management and information management. EPA has also established operating procedures to guarantee cross-program engagement on rules and policies. In addition, EPA establishes issue-specific initiatives as needed to deal with cross-media concerns. For example, EPA recently launched a cross-program initiative on the regulation of electric utilities. An initiative is also under way to better harmonize EPA's place-based activities.

All of these efforts are necessary to deal with the inevitable fragmentation that occurs in any large organization. A new National Environmental Policy and Quadrennial Review will not change the need for taking these approaches at various levels within EPA.

## **Conclusion**

EPA has had considerable success in achieving its mission, and I am confident that success will continue in the future. The agency's mission is already guided by statements of national policy and specific national objectives, as outlined in major existing environmental statutes. As with any large organization, EPA must coordinate across disparate internal offices. But these coordination issues would not disappear if the agency were reorganized along different lines. Creating a new National Environmental Policy and Quadrennial Review framework would require a large investment of time and resources but is not likely to substantially improve our environmental results. My view is that improving our existing cross-program coordination mechanisms will continue to yield benefits.

Bob Perciasepe

Attachment

cc: Administrator

**Appendix D**

***Distribution***

Office of the Administrator  
Deputy Administrator  
Assistant Administrators  
Regional Administrators  
Agency Follow-up Official (the CFO)  
Agency Follow-up Coordinator  
General Counsel  
Associate Administrator for Congressional and Intergovernmental Relations  
Associate Administrator for Public Affairs  
Acting Inspector General