Fiscal Year 2004 Annual Report

U.S. Environmental Protection Agency

ENVIRONMENTAL AND FINANCIAL PROGRESS

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

OFFICE OF THE
ADMINISTRATOR

November 15, 2004

The President
The White House
Washington, DC 20500

Dear Mr. President:

I am pleased to present the Environmental Protection Agency's (EPA) *Fiscal Year 2004 Annual Report*, which highlights EPA's programmatic and financial performance over the past fiscal year. This document fulfills requirements set by the Government Performance and Results Act and other management legislation.

EPA made significant progress toward each of the five long-term goals for protecting human health and the environment that we established in our *2003-2008 Strategic Plan*. EPA is increasing the pace of environmental improvement while keeping the nation economically competitive by focusing on results, expanding collaborative partnerships, improving technology, and strengthening market incentives.

This report evidences EPA's commitment to be accountable for results measured against the annual performance goals presented in EPA's FY 2004 *Annual Plan*. Due to the November 15 reporting date, final end-of-year performance data for several key programs are not available for publication in this report, but will be provided in future reports.

You have my personal assurance that the performance and financial data included in this report are complete and reliable, comporting with guidance provided by the Office of Management and Budget. Detailed information on data quality is included in Appendix B of the report. We are proud of the accomplishments that we and our state, tribal, local, and federal government partners have achieved, and we intend to build on these results to fulfill our responsibility for protecting human health and the environment.

Sincerely,

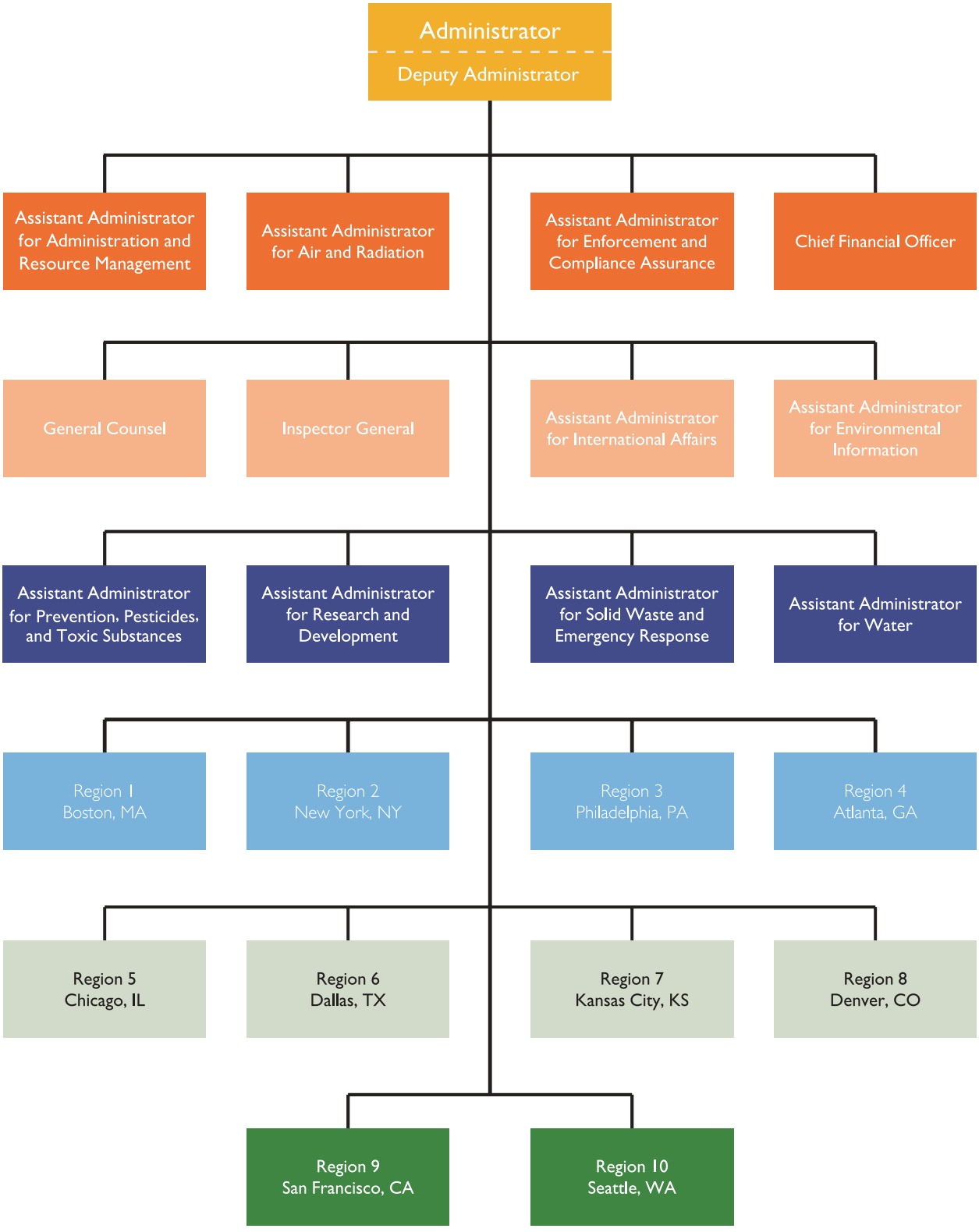
Michael O. Leavitt

Table of Contents

Mission Statement and Organizational Chart

U.S. Environmental Protection Agency

The mission of the Environmental Protection Agency is to protect human health and the environment.



Message from the Administrator

In the three decades since the Environmental Protection Agency was created, our nation has made unprecedented progress in protecting human health and the environment. We have cut air pollution in half, cleaned up lakes and streams, installed drinking water and sewer systems, and begun to heal the land from years of abuse. Each generation of Americans builds upon the environmental accomplishments of its predecessors. In our generational relay for environmental improvement, we aspire not just to run our leg but to pick up the pace.

As this *FY 2004 Annual Report* demonstrates, our efforts to accelerate progress have achieved many impressive and important environmental results. I commend the EPA's dedicated staff for its hard work to improve and protect the environment. By fostering collaboration, harnessing new technology, creating market incentives, and measuring the results of our efforts, we are implementing new approaches to accomplish our environmental goals while remaining economically competitive.

Our nation has developed considerable environmental maturity in the last 30 years. However, many challenges remain. We will meet these challenges with a commitment to new thinking and better approaches—an EPA that is collaborative, innovative, information-rich, and performance-based. Together, we will use these approaches to build upon the successes of the past year and increase the rate of environmental progress.

Michael O. Leavitt
Administrator

Message from the Chief Financial Officer

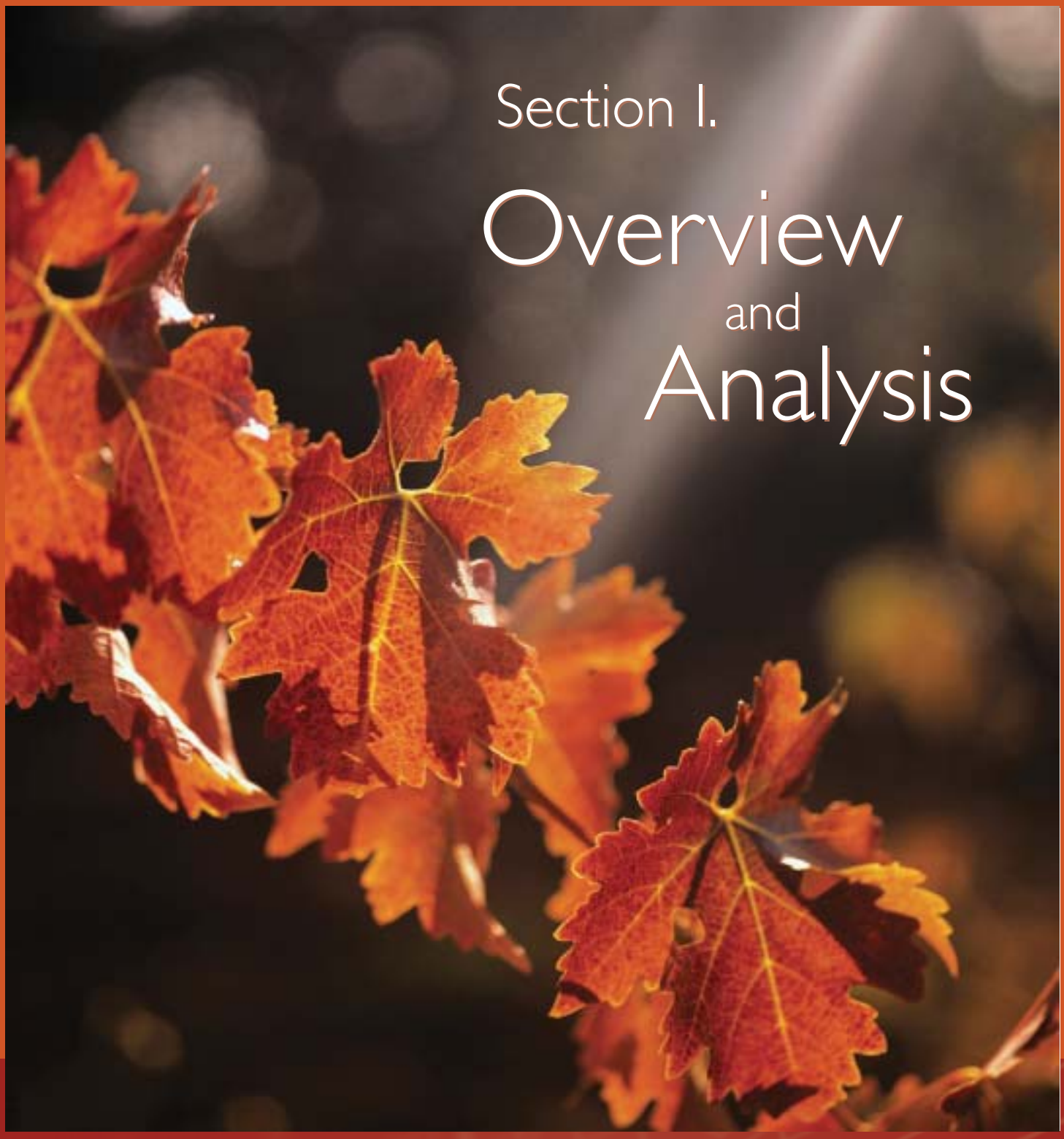
As Chief Financial Officer of the Environmental Protection Agency, I recognize that our Agency must be accountable to our ultimate stakeholders—the American Public. We are obligated to use our resources not only to protect the environment for our citizens today, but also to assure that generations to come will have a better life. We do this by promoting the President's Management Agenda and making EPA part of a government that is citizen-centered, results-oriented, and market-based.

Our Agency's work revolves around five environmental goals. In the pages that follow, we report to you what we planned to accomplish during this past fiscal year, what we have achieved, and what we have ahead of us.

The final section of the report contains our audited financial statements. EPA received the 2003 President's Quality Award for significant improvement in financial performance, and our record remains strong for 2004, with timely financial statements and a clean audit opinion. Every year, EPA is better able to link its performance results and financial information.

I thank our partners—state and local governments, tribes, businesses and other federal agencies—as well as EPA's nearly 18,000 employees for making fiscal year 2004 a successful year.

Charles E. Johnson
Chief Financial Officer



Section I.

Overview and Analysis

CONTENTS

Overview and Analysis

Today's environmental challenges are very complex, and future challenges will likely be even more daunting. To continue to meet these challenges, the U.S. Environmental Protection Agency (EPA) has worked during FY 2004 to increase the pace of improvement and identify new and better ways to protect human health and the environment. By focusing on the results to be achieved and expanding collaboration, improving technology, and increasing market incentives, EPA is working to do more, and to do it faster and more cost efficiently.

In this report, the Agency reviews its FY 2004 progress toward achieving environmental results—improving the quality of air and water and preserving and protecting the land—while keeping the nation economically competitive. This document meets the requirements of the Government Performance and Results Act and other management legislation.[1]

EPA's Long-Term Strategic Goals

1. Clean Air & Global Climate Change
2. Clean & Safe Water
3. Land Preservation & Restoration
4. Healthy Communities & Ecosystems
5. Compliance & Environmental Stewardship

In FY 2004, with resource obligations of $10.16 billion and 17,511 full-time-equivalent employees, EPA achieved significant results under each of the five long-term environmental goals established in its *2003 Strategic Plan*. To help measure EPA's annual progress and assess its success, Agency leaders established 79 critical performance goals at the beginning of FY 2004. EPA's progress toward these goals is reported in the chapters that follow. Because managing taxpayer dollars efficiently and effectively is key to delivering the greatest results to the American people, this report also presents a picture of the Agency's financial activities and achievements during the year.

The *FY 2004 Annual Report* contains three sections. Section I, Overview and Analysis, provides a broad picture of EPA's environmental and fiscal performance during FY 2004.* It highlights EPA's environmental accomplishments and performance challenges, outlines the Agency's financial position at the end of FY 2004, discusses efforts to strengthen performance and manage for improved results, and describes how EPA is addressing management issues and audit recommendations. Section II, Performance Results, describes in greater detail the results that EPA—working with its federal, state, tribal, and local government partners—achieved under each of the Agency's five goals. It also discusses EPA's successes and challenges in meeting the Annual Performance Goals established in EPA's *FY 2004 Annual Plan*. Section III, FY 2004 Audited Financial Statements, summarizes EPA's financial activities and achievements and presents the Agency's annual financial statements as well as a summary of the independent audit conducted by EPA's Inspector General.

---

* The Overview and Analysis also addresses requirements for a "Management's Discussion and Analysis" of the annual financial statements included in EPA's *FY 2004 Annual Report*. Because the *FY 2004 Annual Report* consolidates a number of specific reports, some required components of the "Management's Discussion and Analysis" are presented in greater detail elsewhere in this report. In particular, EPA's mission statement and organization chart appear at the front of the report. Section II discusses the Agency's performance goals and results. Section III presents EPA's financial statements, along with a discussion of systems, controls, and legal compliance.

Overview of Performance Results

Throughout FY 2004, EPA collaborated closely with its partners to achieve better environmental results by improving approaches and using resources wisely. The section below describes key environmental and program results in protecting the nation's air, water, and land; summarizes how well the Agency did in meeting its FY 2004 performance goals; and discusses current performance challenges.

Environmental Accomplishments

Clean Air and Global Climate Change.

Every year, state and federal criteria air pollutant programs established under the 1990 Clean Air Act Amendments prevent tens of thousands of premature mortalities, millions of incidences of chronic and acute illness, tens of thousands of hospitalizations and emergency room visits, and millions of lost work days.[2]

In FY 2004, EPA announced a new suite of rules, critical to achieving cleaner, healthier air. The Clean Air Rules of 2004 include the Clean Air Ozone Rules, Clean Air Fine Particle Rules, Clean Air Interstate Rule, and Clean Air Mercury Rule. EPA identified which areas of the country were and were not currently meeting the health-based ozone standard. EPA also issued a new rule classifying geographic areas by the severity of their ozone conditions and establishing a deadline for state and local governments to reduce ozone levels. In early 2005, the Agency will make similar geographic boundary determinations for the new particulate matter (PM) standard.

In addition, EPA issued the Clean Air Non-Road Diesel Rule, which requires strong pollution controls on diesel engines used in construction, agriculture, mining, and other industries. By combining tough exhaust standards with cleaner fuel requirements, the rule will reduce the sulfur content of diesel fuel by 99 percent and cut emission levels from non-road diesel equipment by over 90 percent. This program is expected to provide dramatic health benefits each year, preventing 12,000 premature deaths and hundreds of thousands of respiratory problems. EPA estimates that the overall public health benefits of this rule outweigh the economic costs by 40:1.[3] Combined with existing EPA programs, the new Clean Air Rules and Clean Air Non-Road Diesel Rule are estimated to bring well over half of the nation's non-attainment areas into attainment with the National Ambient Air Quality Standards for ozone and PM.[4]

The air is getting cleaner every year.

In FY 2004, the Agency completed the first phase of a two-phase program for addressing large stationary sources of toxic air pollutants. The 96 Maximum Achievable Control Technology Standards completed and issued under this program have resulted in annual reductions of approximately 1.5 million tons of toxic air emissions and will achieve even greater reductions when all sources come into full compliance by 2007. In the second, risk-based phase of the air

toxics program, EPA will emphasize a community-based approach to address local problems and reduce exposures to such pollutants as toxic chemicals, particulates, and asthma triggers.

Based on data obtained in FY 2004, EPA's climate protection programs again exceeded their goals for reducing greenhouse gas emissions.[5] These programs remain on track to provide 40 percent of the greenhouse gas reductions required to meet the President's 18 percent greenhouse gas intensity improvement goal by 2012. Encouraged by the Agency's ENERGY STAR program, American consumers and businesses avoided greenhouse gas emissions equivalent to those from 15 million automobiles, while saving approximately $8 billion on their energy bills.[6]

EPA also continued important research on PM during FY 2004 that supports the association between exposure to PM and illness and death, specifically for asthmatic children and other susceptible groups.[7] Scientists also found that $PM_{2.5}$, the component of PM smaller than 2.5 microns in diameter, penetrates most indoor environments easily. In FY 2004, EPA provided an estimate of the relationships between indoor concentrations of $PM_{2.5}$ and people's exposure to particles from both indoor and outdoor sources.[8] These research results will enable regulators to more accurately estimate the risks posed by personal exposure to $PM_{2.5}$.

Clean and Safe Water. The percentage of the population served by U.S. community water systems that met all health-based drinking water standards in effect in 1994 increased from 79 percent in 1993 to 90 percent in 2003. Although final FY 2004 drinking water data will not be available until January 2005, EPA expects that these critical gains have been maintained.

Drinking water is safer and recreational surface waters are cleaner.

During FY 2004, EPA reviewed and approved new or revised water quality standards for 27 states and promulgated federal standards for Puerto Rico. By the end of FY 2004, 25 tribes had EPA-approved water quality standards in place. In addition, EPA supported states and tribes in developing biological and nutrient criteria that will enable them to adopt water quality standards that more fully protect aquatic life and water.

Despite ongoing challenges in issuing permits to protect surface water under the National Pollutant Discharge Elimination System (NPDES), in FY 2004, permits implementing effluent guidelines prevented the discharge of approximately 136 million pounds of pollutants into the nation's waters. This represents a cumulative total of 2.3 billion pounds since 1999.[9] Part of this success is due to the states and EPA's issuance of permits at concentrated animal feeding operations to protect surface water from animal waste.

EPA and its state partners also continued to improve their understanding of water quality. In FY 2004, EPA released for public

comment the second report on the condition of the nation's coastal resources, including estuaries, coastal wetlands, and coral reefs. In addition, in FY 2004 EPA and the states initiated the first national study of the ecological condition of small streams throughout the United States and will use the results to make program and resource decisions at the national and state levels. In April 2004, EPA published a "List of Beaches"[10] that, for the first time, provided the names, locations, and monitoring status of beaches along the country's coastal and Great Lakes waters.

Land Preservation and Restoration. In FY 2004, EPA completed cleanup ("construction completes") and reduced risks posed to human health at 40 sites on the Superfund National Priorities List (NPL), including the 900th site on the list in Port Salerno, Florida. At the close of FY 2004, more than 83 percent of Superfund NPL sites and 84 percent of high-priority RCRA corrective action facilities had met Agency goals for human health indicators, meaning that controls are in place to prevent any unacceptable human exposures from occurring under current land and groundwater use. In addition, groundwater protection goals had been met at nearly 67 percent of Superfund sites and 70 percent of high-priority RCRA corrective action facilities.

Cleanup construction completed at 926 Superfund sites since the early 1990s.

Under the Agency's waste prevention programs, underground storage tank releases were reduced to fewer than 5,000 by the middle of FY 2004 compared with more than 12,000 releases in FY 2003. EPA exceeded its FY 2004 goal of permitting or establishing approved controls to prevent dangerous releases to air, soil, and groundwater at 81 percent of the country's hazardous waste management facilities.

Love Canal Removed from Superfund List

On September 30, 2004, EPA removed the Love Canal site in Niagara County, New York, from the Superfund NPL. All cleanup work at the site has been completed, and follow-up monitoring conducted for the past 15 years confirms that cleanup goals have been reached. EPA and the New York State Department of Environmental Conservation have contained and secured wastes already in the canal so that they no longer leak into surrounding soils and groundwater and have revitalized properties in the neighborhood surrounding the canal.

The 70-acre Love Canal site encompasses a hazardous waste landfill where chemical waste products were disposed of from 1942 through 1952. In 1953, the original 16-acre hazardous waste landfill was covered, and a school and more than 200 homes were built nearby. Residents reported odors and residues as early as the 1960s; studies in the 1970s showed that numerous toxic chemicals were migrating from the landfill and contaminating nearby waterways. In 1978, New York Governor Hugh Carey ordered the purchase of residents' homes surrounding the canal. In 1978 and 1980, President Jimmy Carter declared two separate environmental emergencies and, as a result, approximately 950 families were evacuated from a 10-block area surrounding the canal. The emergency declaration area included neighborhoods adjacent to the site covering 350 acres. In 1980, the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), also known as Superfund, which addresses abandoned hazardous waste sites, was passed largely due to the problems at Love Canal.

Today, the area known as Love Canal is once again a flourishing community. Forty acres are covered by a synthetic liner and clay cap and surrounded by a barrier drainage system. Contamination from the site is also controlled by a leachate collection and treatment facility. Neighborhoods to the west and north of the canal have been revitalized, with more than 200 formerly boarded-up homes renovated and sold to new owners, and 10 apartment buildings constructed. The area east of the canal has also been sold for light industrial and commercial redevelopment. The Love Canal site will continue to be monitored and remain eligible for cleanup work in the unlikely event that a change in site conditions should warrant such an action.

EPA's waste management and cleanup programs faced several challenges in FY 2004. The Superfund program faced a growing backlog of projects ready to begin construction, coupled with the challenge of funding several large and complex ongoing projects. During FY 2004, Superfund underwent a series of internal and external evaluations to explore this problem. As a result, the program has engaged in a public dialogue to identify and implement a series of reforms that will address these issues over the coming years.[11]

Generation of municipal solid waste (MSW) remained stable, at slightly less than 4.5 pounds per capita daily, while increases in the rate of recycling did not occur as projected. As a result, EPA is unlikely to reach its goal of 35 percent recycling by 2005, and is extending this goal to 2008. To help increase recycling rates, EPA is targeting the paper, plastics, packaging, and organics segments of the MSW stream. For example, EPA launched its "Greenscapes" program in FY 2004 to foster composting of food and yard wastes—organic materials representing over 25 percent of MSW—and using the compost to landscape roads, highways, golf courses, ski resorts, and industrial and institutional facilities.

Childhood lead poisoning has been reduced by half since the early 1990s.

Healthy Communities and Ecosystems.

Through FY 2004, EPA continued to reduce risks to communities, homes, workplaces, and ecosystems. The Agency reviewed new chemicals and pesticides before they were put on the market and older chemicals and pesticides already in use for unacceptable risks. EPA-screened chemicals now comprise more than 22 percent of the U.S. inventory of more than 76,000 commercial and/or industrial chemicals.[12] In 2004, EPA provided industry with tools to pre-screen new chemicals for adverse effects early in their development, saving resources and enhancing environmental protection and stewardship. In addition, more than 400 chemical companies and 100 industry consortia in FY 2004 committed to develop data for more than 2,200 chemicals produced or imported in quantities greater than 1 million pounds per year (high-production-volume, or HPV, chemicals). These hazard screening data will be available to the public and will cover 92 percent of the nation's chemicals that EPA has identified as having incomplete hazard-screening data.[13]

EPA registered another 26 new safer pesticides in FY 2004.

In 2004, EPA met new standards for efficiency and new deadlines under the Pesticide Registration Improvement Act of 2003 (PRIA), allowing innovative and safer pesticide products to reach the marketplace faster, and exceeding its goal for registering alternatives to pesticides that may endanger human health and the environment. In 2004, for example, EPA registered one new active ingredient as an alternative for methyl bromide, a pesticide known to deplete the ozone layer and scheduled for phase-out. EPA also registered 10 new agricultural uses for already-registered active ingredients, as alternatives for methyl bromide.

EPA is also making progress toward protecting the health of vulnerable

children—the incidence of childhood lead poisoning has been reduced by half since the early 1990s.[14] In 2004, EPA began to focus outreach and education efforts on "hot spots" where the incidence of childhood lead poisoning remains high, often in disadvantaged urban centers. The Agency also completed a study providing significant new data on the aggregate exposures of preschool children to pollutants commonly found in their homes and daycare centers.

In May 2004, the President signed an Executive Order directing Administrator Leavitt to establish the Great Lakes Federal Task Force, comprising nine Cabinet agencies, the U.S. Army Corps of Engineers, and the Council on Environmental Quality, to coordinate the federal effort to improve water quality in the Great Lakes.[15] The Order calls for regional collaboration to develop action plans to address priorities, identify resource needs, develop an implementation schedule, and facilitate a cohesive management process. During FY 2004, EPA worked with Canada to monitor conditions in the Great Lakes by tracking a number of indicators, such as polychlorinated biphenyl (PCB) concentrations in predator fish, atmospheric deposition of toxic chemicals, and phosphorus levels in the water.[16] Water quality monitoring conducted in 2003 of the Lake Erie Central Basin "dead zone" showed that phosphorus concentrations are approximately twice the target levels. EPA is conducting a study of this problem, believed to be linked to invasive species such as zebra mussels, and expects to issue the final report in FY 2005.

Administrator Leavitt leads Great Lakes Federal Task Force.

In FY 2004, EPA also protected and restored over 100,000 acres of estuarine habitat within the 28 estuaries of the National Estuary Program. In addition, the President announced an aggressive new national goal to achieve an overall increase of America's wetlands over the next 5 years. To reach this goal, EPA will be working to restore 6,000 acres and enhance an additional 6,000 acres of wetlands over the next 5 years (an average of 1,200 acres per year in each category).[17]

Compliance and Environmental Stewardship. EPA continued to promote compliance with environmental requirements, enforce environmental laws, and encourage environmental stewardship. The Agency estimates that enforcement actions concluded in FY 2004 will reduce, treat, or eliminate over 1 billion pounds of pollutants, with a total estimated reduction of 2.5 billion pounds since FY 2001. Eighty three percent of enforcement actions concluded in FY 2004 will result in increased environmental protection or improved long-term facility environmental management practices.

EPA also provided specialized compliance assistance to over 731,000 facilities, states, and other regulated entities to

FY 2004 Progress in Homeland Security

- **Protecting Water Facilities From Terrorist Attacks:** EPA continued to assist the nation's drinking water and wastewater facilities in protecting infrastructure from terrorist and other intentional attacks. By the end of FY 2004, 100 percent of water systems serving at least 100,000 people had completed vulnerability assessments. EPA expects 100 percent of the nation's small systems to have assessments in place in 2005.
- **Improving Emergency Preparedness for Large-Scale Incidents:** EPA collaborated with its federal partners to enhance the incident command system across government and the private sector, assist states, and develop national policy and guidance on response coordination and emergency support. EPA field responders were trained to detect, analyze, and respond to chemical, biological, and radiological agents. In addition, the Agency's criminal enforcement personnel supported the U.S. Secret Service and FBI at designated National Special Security Events such as the G-8 Nations Summit, and supported the U.S. Capital Police and FBI during the ricin incident at the U.S. Capitol.
- **Developing the Nation's Ability to Respond to Chemical Terrorism:** EPA led a collaborative effort with nine federal agencies, numerous state agencies, private industry, emergency medical associations, and other organizations to increase understanding of the potential health effects from various levels of exposure to hazardous chemicals during a terrorist incident. In FY 2004, "Acute Exposure Guideline Levels" were proposed for 22 highly hazardous chemicals, bringing the cumulative total to 128 chemicals.
- **Eliminating Anthrax Spores:** EPA continued to spearhead scientific collaboration to measure the effectiveness of various liquid, gaseous, and vaporized chemical sporicides for eliminating anthrax spores resulting from a terrorist incident.

improve their understanding of requirements and environmental management practices. In FY 2004, 90 percent of the regulated community responding to compliance assistance center surveys indicated an improved understanding of environmental regulation, and 72 percent of the respondents improved environmental management practices as a result of the assistance.[18]

Under EPA's Green Chemistry Challenge Award program, which provides Presidential recognition to industries

EPA's pollution prevention programs eliminated over 600 million pounds of hazardous chemicals in FY 2004.

achieving outstanding pollution prevention, 134 million pounds of hazardous chemicals were eliminated from the environment.[19] EPA also worked with industry in its Design for the Environment program to develop cleaner, more environmentally friendly products. In FY 2004, Design for the Environment eliminated 63 million pounds of hazardous chemical use, saved 23 million gallons of water, and provided industry $488,000 in cost savings.[20] Taken together, all of EPA's pollution prevention programs resulted in the elimination of over 600 million pounds of hazardous chemicals, saved 495 million gallons of water, and saved companies $936,000.[21] An additional benefit of the Agency's pollution prevention work was the elimination of 77 metric tons of carbon dioxide.

Homeland Security

In FY 2004 EPA revised its Homeland Security Strategic Plan, which identifies the range of homeland security activities

the Agency conducts, taking into account the evolving role of the U.S. Department of Homeland Security.[21] The Agency also spent considerable time and effort mapping out responsibilities and strategies to address recently issued Presidential Directives. More information on EPA's Homeland Security Program is available at http://www.epa.gov/homelandsecurity.

Vulnerability assessments completed on all major water systems.

The President's Management Agenda

EPA's leaders recognize that organizing the Agency and managing its work and resources as efficiently as possible will deliver the best results to the American people. The President's Management Agenda (PMA) provides a framework for assessing resource management efforts and ensuring that EPA is streamlined, responsive, and results-oriented. Building on its FY 2003 accomplishments, EPA made significant progress in implementing the PMA reforms for Strategic Management of Human Capital, Competitive Sourcing, Expanding E-Government, Improved Financial Performance, and Budget and Performance Integration. More information about the Agency's work under the PMA is available at http://www.epa.gov/pmaresults.

EPA improved its scores under the President's Management Agenda.

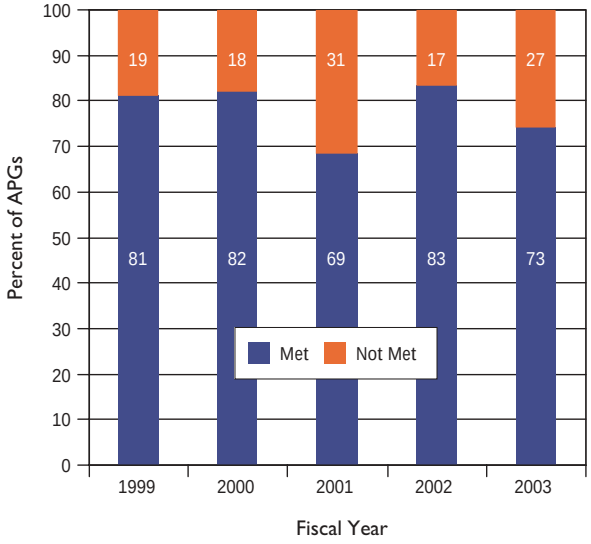
Summary of Performance Data

In FY 2004, EPA met 78 percent of the annual performance goals (APGs) for which data are provided in this report. FY 2004 results to date reflect an improvement over the 73 percent of goals the Agency met in FY 2003.

In its *FY 2004 Annual Plan*, EPA committed to 79 APGs. However, because final data for 25 of these APGs will not be available until later in 2004 or beyond, these APGs are not included in the tallies provided in this report. They will be discussed in future annual reports. Figure 1 provides an update of results for prior years; charts presenting EPA's FY 2004 performance results and highlights of 4-year performance trends are provided with each chapter in Section II.

Despite EPA's and its partners' best efforts, the Agency was not able to meet all planned targets for FY 2004. EPA did not meet 12 of the 54 FY 2004 APGs for which performance data are currently available. However, the Agency does not expect this shortfall to compromise its ability to meet its longer-range goals and strategic objectives. EPA will consider these shortfalls as it adjusts its APGs and program strategies for FY 2005 and beyond. The performance data charts in Section II provide more complete information on missed targets, discuss efforts to meet future targets, and describe the Agency's progress toward its longer-range strategic goals and objectives.

Figure 1: EPA's Updated Performance Results
(Annual Performance Goals for Which Final Data Are Available)



During FY 2004, final performance results data became available for a number of APGs from prior years: 19 for FY 2003, two for FY 2002, one for FY 2001, and one for FY 1999. The above graph includes these additional results.

EPA's FY 2004 Progress Under the President's Management Agenda

INITIATIVE	STATUS[23]	PROGRESS	HIGHLIGHTS
Human Capital	Yellow	Green	—Improved status score to "yellow" and received "green" progress score from the Office of Management and Budget (OMB) for 4 quarters in FY 2004. Achieved EPA's July 1, 2004, "Proud-To-Be" goals. —Issued a revised "EPA Strategy for Human Capital" and made significant progress in implementing it. —Developed and implemented a human capital accountability plan. —Aligned all employee performance standards with the Agency's mission and Strategic Plan. —Began implementing a plan to move from a two-level to a multi-level performance management system for Agency employees.
Competitive Sourcing	Yellow	Green	—Improved status score to "yellow" and received "green" progress scores from OMB for 3 quarters in FY 2004. Achieved the Agency's July 1, 2004, "Proud-To-Be" goals. —Began conducting EPA's first standard competition of Agency-wide Employee Benefit services in May 2004. However, EPA's participation in another government-wide initiative led to cancellation of this competition. —Initiated a second standard competition, covering Agency-wide Vendor Payment services with completion expected in August 2005. —Submitted a long-term competitive sourcing plan to OMB for review. —Expanded EPA's Competitive Sourcing Council to include all major program offices, as well as other headquarters and regional offices.
Expanded E-Government	Green	Green	—For the first time, achieved "green" status score from OMB for E-Government. Achieved EPA's July 1, 2004, "Proud-To-Be" goals. —Participated in 17 of the 25 E-Government initiatives under the PMA. Led the architecture workgroup for the financial management piece of OMB's "Line of Business" efforts. —Continued to serve as the federal agency lead for the E-Rulemaking initiative. Reached agreement on the core functions and architecture for the Federal Docket Management System (FDMS). —Completed all 13 E-Government Memoranda of Understanding (MOUs) that EPA was required to complete in FY 2004. —Implemented an Earned Value Management System (EVMS). —Submitted the Critical Infrastructure Protection plan to OMB.
Improved Financial Performance	Green	Green	—Maintained EPA's "green" status score. Received "green" progress scores from OMB for 4 quarters in FY 2004 and achieved the Agency's July 1, 2004, "Proud-To-Be" goals. —Delivered EPA's FY 2004 Annual Report with audited financial statements by the required November 15, 2004, deadline, and met all required deadlines for the Agency's quarterly financial statements. —Developed a framework and action plan to guide the Agency's future efforts in integrating financial and performance information for decision making. —Worked with Treasury and OMB and reconciled variances in year-end Superfund Trust Fund resources, which have accumulated over the last 3–4 fiscal years. The Superfund Trust Fund account balance statements are now in agreement across all three agencies. —Identified EPA's high-risk areas for erroneous payments, and expanded the scope of the Agency's erroneous payments review to determine that funds are used for their intended purpose.
Budget and Performance Integration	Yellow	Green	—Received "green" progress scores for three out of four quarters in FY 2004. Did not achieve EPA's July 1, 2004, "Proud-To-Be" goals. —Worked cooperatively with OMB on the FY 2006 Program Assessment Rating Tool (PART) process, completing 32 PART assessments to date. —Developed OMB-approved efficiency measures for an additional 20 programs that have undergone a PART review. —Developed a new streamlined, transparent process for reaching agreement on regional performance commitments, enabling EPA regions to consider targets across five national programs and engage more effectively with states and tribes.

Financial Analysis

Administrator Leavitt's 500-Day Plan to "increase the velocity of environmental progress by implementing a better way" recognizes the importance of managing resources: *Managing Resources Wisely* is one of the plan's nine priorities. Key to the Administrator's principles for "a better way" is considering the benefits and costs of EPA actions. Agency managers rely on financial analyses as well as performance information to make planning and priority-setting decisions that influence results.

EPA's financial statements, presented in Section III, are an important aspect of accountability. They provide a snapshot of EPA's financial position at the end of FY 2004 and have been audited by the Office of Inspector General.

Financial Highlights

- Received the 2003 President's Quality Award for Improved Financial Performance.
- Achieved greater financial accountability by maintaining a less than 1 percent erroneous payment rate.
- Earned an unqualified audit opinion on the FY 2004 financial statements.

Resources and Outlays

In FY 2004 EPA received $8.41 billion in Congressional appropriations.[24] *EPA Financial Trends*[25] (Figure 2) shows a 5-year snapshot of the Agency's available and used resources. The *Statement of Budgetary Resources*, included in Section III, presents additional information on the Agency's resources.

EPA's net outlays, as published in the U.S. Department of the Treasury's *Annual Statement of Receipts and Outlays*, are relatively small compared to those of other federal agencies and the entire federal government. Figure 3 compares EPA's net outlays with those of selected Cabinet-level departments. Figure 4 shows EPA's FY 2004 obligations by Congressional appropriation.

EPA works with its partners in the public and private sectors to accomplish its mission and uses a variety of funding mechanisms—including grants, contracts, innovative

Figure 2: EPA Financial Trends

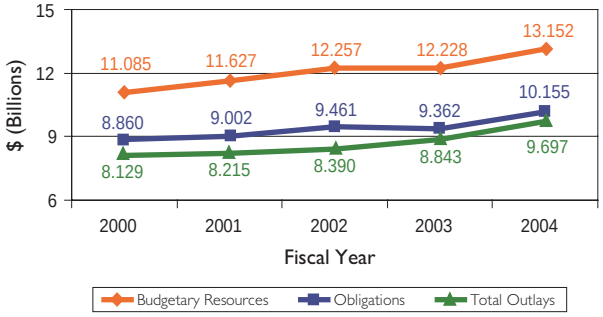


Figure 3: Government Net Outlays by Selected Agencies

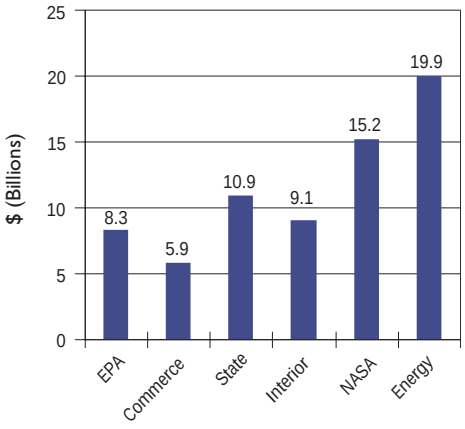


Figure 4: FY 2004 Obligations by Appropriation
(Dollars in Thousands)

State & Tribal Assistant Grants	$3,908,755 (38.8%)
All Other	$4,769,489 (47.0%)
Superfund	$1,477,137 (14.5%)
Total	**$10,155,381 (100%)**

Figure 5: FY 2004 Cost Categories

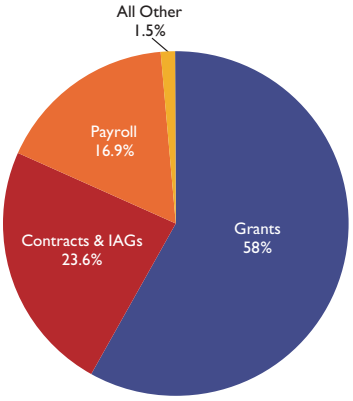


Figure 6: FY 2004 Major Grant Categories

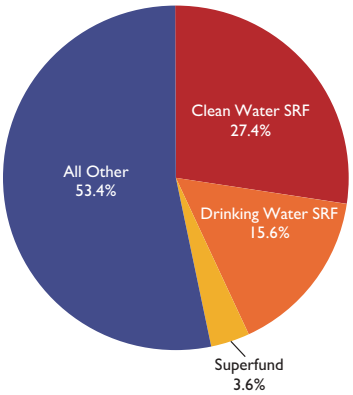


Figure 7: EFCN Funding Sources

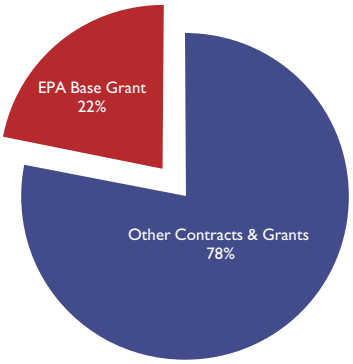
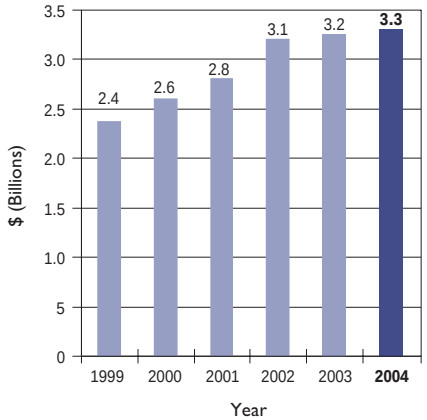


Figure 8: Cumulative Superfund Cost Recoveries 1999–2004



financing, and collaborative networks—to protect human health and the environment. Figure 5 depicts EPA's costs (expenses for services rendered or activities performed) by spending category.[26]

Grant programs comprise 58 percent of EPA's costs (Figure 5). Two State Revolving Funds (SRFs) that support the Agency's Clean and Safe Water goal (Figure 6) account for 43 percent of the Agency's grant awards. Other major EPA environmental grant programs include assistance to states and tribes, consistent with EPA's authorizing statutes, and research grants to universities and nonprofit institutions.

Innovative Financing: Partnerships and the Environmental Finance Program

Over 25 percent of the Agency's funds go toward improving water quality. EPA leverages federal funds through several innovative environmental financing efforts, mutually beneficial public–private partnerships, such as SRFs and the Environmental Finance Program.

Collaboration and partnerships with the states help EPA manage its resources wisely to keep the nation's water clean and safe. As of early FY 2004, the Clean Water SRF had leveraged nearly $21 billion in federal capitalization grants into more than $43.5 billion in assistance to municipalities and other entities for wastewater projects. The Drinking Water SRF has leveraged $6.4 billion in federal capitalization grants into more than $8.1 billion available for drinking water assistance.

The Environmental Finance Program helps regulated entities find creative ways to fund environmental programs, projects, and activities. The program seeks to lower costs, increase investments, and build capacity via partnerships with state and local governments and the private sector. It provides leveraged financial outreach services to these partners through three distinct, but related, components: the federally chartered Environmental Financial Advisory Board; a network of nine university-based Environmental Finance Centers (EFCs); and an online database, the Environmental Financing Information Network. Additional information is available at http://www.epa.gov/efinpage.

To date, the EFC Network has provided education, technical assistance, and analytic support to public and private entities in 48 states. The EFCs accomplish this through leveraging base grants from EPA with up to 3.5 times as much in additional grants and contracts from other public and private clients (Figure 7).

Superfund Cost Recovery

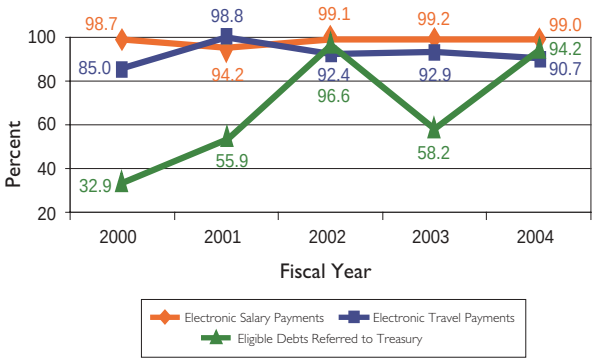
EPA applies consistent and certain enforcement to motivate compliance. One of the Agency's enforcement success stories is its Superfund program, which leverages funding to increase cleanup of contaminated sites.

Under Superfund, EPA may recover the cost of cleanups. Figure 8 shows that since 1980, EPA has collected $3.28 billion in cost recoveries.[27] EPA also retains and uses the proceeds received under settlement agreements to conduct cleanup activities, placing these funds in interest-bearing, site-specific special accounts. With careful management, EPA uses and leverages these resources to the fullest extent possible. As of September 30, 2004, EPA had established 444 special accounts with $1.3 billion in receipts. These accounts earned an additional $5.2 million in interest.[28]

Measuring Financial Management Results

EPA tracks its performance in key financial management areas: processing payments; reconciling cash, along with managing accounts receivable; budgets; contracts; Superfund billings; and property. In FY 2004, the Agency generally met or exceeded its performance goals. Figure 9 presents results for three Agency performance measures that support the Administrator's e-government and improved financial management priorities.

Figure 9: Financial Management Performance Measures



Leveraging Technology

- Data mining—searching data for hidden correlations.
- Business Intelligence—linking disparate databases and making data connections.
- Web technologies—providing easy access to useful data.
- Defining business lines—identifying and capturing data meaningfully for program management decision making.
- Integrating the Strategic Plan and the Budget—using EPA's strategic goal-based architecture as the basis for developing the Agency's budget and tracking spending.

As required by the Improper Payments Information Act (IPIA) of 2002 and the Office of Management and Budget (OMB) Memorandum M-03-07, EPA conducted a risk assessment on various programs in FY 2004 and identified a less than 1 percent error rate in payments (Figure 10). EPA will statistically sample and annually report on improper payments in the two SRFs previously covered under OMB Circular Number A-11, Section 57.

New Financial Management Initiatives

Timely, accurate information is critical for managing resources wisely. The Agency leverages technology and updates its systems to produce the information program managers need to make sound decisions. EPA is committed to managing its finances thoroughly and responsibly, and to using resources efficiently and effectively to further its progress in protecting human health and the environment.

Figure 10: Improper Payment Reduction Outlook for FY 2004–FY 2007 (dollars in millions)

PROGRAM	FY 2004 OUTLAYS	FY 2004 Improper Payments %	FY 2004 Improper Payments	FY 2005 Improper Payments %	FY 2006 Improper Payments %	FY 2007 Improper Payments %
Clean Water and Drinking Water Revolving Funds	$2,105	.49%	$10.3	.45%	.40%	.35%

Improving Results

To address increasingly complex environmental challenges, it is essential that EPA and its partners work together to establish goals and priorities, plan and budget to achieve results, measure their progress, and adjust strategies to improve their performance. In FY 2004, EPA continued to collaborate closely with states and tribes, strengthening vital partnerships with the Environmental Council of the States (ECOS) and the Tribal Caucus. The Agency also focused on improving how it conducts program evaluations and applies findings, tracks and measures its performance, addresses environmental data issues, and anticipates and plans for future trends and issues.

Strengthening Collaboration with Partners

Without the support and participation of states, tribes, and other federal agencies, EPA could not have achieved its FY 2004 accomplishments and will not achieve its long-term goals for protecting human health and the environment. EPA is committed to strengthening its partnerships and working collaboratively with states and tribes to focus on the most important work to be done and complement and leverage—not duplicate—efforts.

During FY 2004, EPA worked closely with ECOS to improve joint planning and priority-setting. EPA and states focused on aligning planning processes to enable states, tribes, and EPA regions to engage more meaningfully at the earliest stages of the Agency's annual planning; making EPA's planning process as open and inclusive as possible; streamlining processes and minimizing transaction costs; and improving communication, particularly in terms of defining roles, priorities, and accountability for results. This collaboration resulted in several significant reforms to the Agency's annual planning process.[29] In FY 2004, EPA:

- Developed Regional Plans that consider regional conditions, reflect regional, state, and tribal priorities, and link regional strategies and initiatives to the Agency's *Strategic Plan*.
- Expanded opportunities for states and tribes to engage in EPA's annual planning, inviting them to participate in planning and performance meetings and soliciting their input to FY 2005 guidance that will shape program priorities and commitments for the next 3 years.
- Implemented a streamlined process for developing annual regional performance commitments that actively engages states and tribes prior to and during regional–national program negotiations.
- Funded with ECOS a Cooperative Agreement for conducting pilot projects to strengthen states' capabilities to manage for results and to improve joint regional–state planning. FY 2004 projects involved 22 states and 6 regions; pilot results are providing models for other states.
- Worked with ECOS to improve Performance Partnership Agreements, grounding them in integrated planning and structuring them around essential

elements to more clearly define state–EPA working relationships.

While the Agency worked with ECOS to improve collaboration overall, EPA program and regional offices, states, and tribes continued to achieve specific environmental results. EPA worked with the State of Michigan to reduce chemical hazards in Flint, Michigan, schools by auditing and collecting hazardous chemicals, including mercury and lead, and increasing the community's awareness of risks posed by chemicals in the area. Approximately 7,000 pounds of various chemicals were collected and disposed of in an environmentally safe manner. Colorado's State Department of Public Health and Environment prevented mercury releases to the air and land by working with automobile salvage yards to remove mercury switches from junk automobiles before they were dismantled, shredded, and melted at electric arc furnace steel mills.

EPA and Native American Tribes worked together to address key environmental problems in Indian Country. For example,

- EPA and more than 50 tribes have formed the Yukon River Inter-Tribal Watershed Council, which is building holistic programs to reduce contaminants in subsistence food sources, homes, and schools within tribal communities. In 2004, the Council completed a large-scale environmental plan to address contaminant issues on the Yukon River.
- EPA, the State of Idaho, and the Nez Perce Tribe signed a Memorandum of Agreement in FY 2004 to develop a Total Maximum Daily Load standard for sediments, temperature, nutrients, dissolved oxygen, and bacteria that will protect water quality on tribal lands. This effort provides a model for working in partnerships and leveraging resources to improve water quality.
- EPA conducted seven pollution prevention assessments at tribal clinics across California, Arizona, and Nevada to help reduce or eliminate mercury-containing devices and red bag medical waste; recycle metals and hazardous and solid waste; and substitute environmentally preferable products, procedures, and best management practices for toxic cleaning, disinfection, and pest management substances. This ongoing partnership aims to virtually eliminate mercury-containing waste from these waste streams by 2005, reduce the overall volume of all wastes by 30 percent by 2005 and 50 percent by 2010, and identify further opportunities for preventing pollution and reducing hazardous waste.

EPA continues to cooperate closely with its federal partners. In FY 2004, EPA and the U.S. Food and Drug Administration (FDA) jointly developed a methylmercury fish advisory—for the first time merging their fish advisories to provide the public with comprehensive information in one document.[30] Based on the success of this endeavor, FDA and EPA intend to work together to address PCBs and other fish contamination concerns.

Using Program Evaluation and the PART

EPA relies on program evaluations and analyses to inform decisions, design effective strategies, and adjust approaches to improve results. During the FY 2006 budget formulation process, for example, EPA senior managers used the results of the Administration's Program Assessment Rating Tool (PART) reviews to identify needs for program improvement, justify resource requests, and guide decisions.

The PART process, which rates programs' effectiveness, was first used in FY 2002 for the development of EPA's FY 2004 budget. During that first year, only one of the programs "PARTed" received a rating of "adequate." In contrast, the following year (i.e., FY 2003 for the FY 2005 budget) 7 programs received ratings of "adequate" or "moderately

effective." This improvement in PART ratings illustrates the commitment across EPA's workforce to designing and implementing programs that fully deliver environmental results. Ratings for programs assessed during FY 2004 for the FY 2006 budget will not be available until February 2005.

More EPA programs demonstrated results.

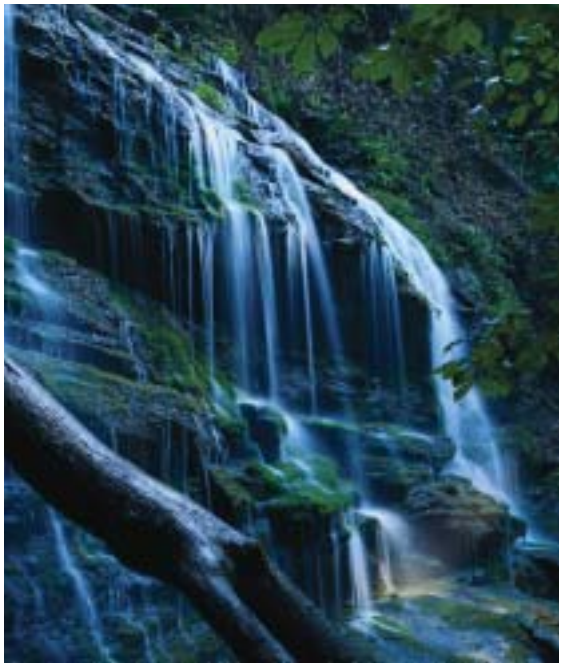
EPA continued developing efficiency measures that assess how program results relate to the resources and time spent to achieve those results. By the end of FY 2004, EPA had developed efficiency measures for 28 programs that have undergone PART assessments. For example, the Agency developed an efficiency measure for its drinking water program that tracks dollars spent per person receiving drinking water compliant with EPA's health-based drinking water standards. Under its water program, EPA will track the number of water bodies restored, improved, or protected per million dollars provided to states under the Clean Water State Revolving Fund. The Agency will also track cumulative tons of ozone depleting potential-weighted emissions reduced per cumulative EPA and industry dollars spent. A complete list of measures developed during the FY 2004 and FY 2005 PART process can be found in Appendix C. Additional information on the PART process is available at http://www.whitehouse.gov/omb/part/index.html.

EPA conducted other types of program evaluations in FY 2004 as well. For example, the Agency assessed the influence and cost of Oregon's Toxics Use and Waste Reduction Assistance Program (TUWRAP), particularly TUWRAP's impact on compliance with hazardous waste requirements. The evaluation found that Oregon's site visits to provide technical assistance strongly influenced hazardous waste generator compliance, leading Oregon's Department of Environmental Quality (DEQ) and EPA's Region 10 office to discuss how to incorporate TUWRAP into DEQ's overall compliance program. Appendix A contains a complete list of program evaluations completed in FY 2004.

Improving Environmental Indicators, Performance Measurement, and Data Quality

EPA issued its first *Draft Report on the Environment* in FY 2003 to present the best available indicators of the current state of the environment and provide a baseline of environmental information for measuring future performance. In FY 2004, the Agency initiated a national dialogue on the draft report to refine environmental indicator information and make it more useful to decision makers. Through a series of public meetings across the country with stakeholder groups and other interested parties, EPA gained ideas for improving indicators, filling key environmental data gaps, and meeting research needs. This information will help EPA shape the next *Report on the Environment*, to be issued in FY 2006.

As the Agency moves forward, EPA also intends to develop and use environmental indicators that can enhance our ability to manage for results in order to report more



clearly on progress in achieving long-term environmental and human health goals. The Agency's strategic planning, work on environmental indicators, and development of the next *Report on the Environment*, are now being coordinated with this end in mind. The *Draft Report on the Environment* and information on the Agency's "Indicators Initiative" are available at http://www.epa.gov/indicators.

EPA made strides in measuring environmental outcomes.

EPA furthered its effort to focus annual performance goals and measures on environmental outcomes, rather than activity-based outputs. The percentage of annual performance goals that track environmental or intermediate outcomes increased from 44 percent in EPA's FY 2004 *Annual Performance Plan* to approximately 60 percent in its FY 2005 *Annual Performance Plan*. Likewise, the percentage of annual performance measures tracking outcomes increased to approximately 64 percent, up from 51 percent the previous year. In addition, in FY 2004 the Agency developed more than 20 new multi-year Measure Development and Implementation Plans to improve its measures over time. A variety of programs, representing all five of the Agency's strategic goals and including some programs assessed under the PART process, have adopted these plans.

Finally, EPA continued to ensure that its performance and financial data are reliable and complete. In FY 2004, EPA detected and corrected errors in environmental data; standardized reporting; and collaborated with federal, state, and local data-sharing partners to exchange and integrate electronic data and information. For complete information on the quality of the data contained in Section II—Performance Results, see Appendix B.

New EPA Performance Measures Developed in FY 2004

- **Air Toxics:** EPA will measure cumulative reductions in air toxic emissions, differentiating between cancer and noncancer risks reduced.
- **Stratospheric Ozone:** EPA will report every 5 years on chlorine and bromine (two key ozone-depleting chemicals) loadings in the atmosphere. Further, in 2050, EPA will report on the number of reductions in melanoma and nonmelanoma skin cancers and the number of premature deaths avoided.
- **Pesticide Worker Protection:** EPA will measure the number of occupational pesticide poisoning incidents to assess the effectiveness of the Agency's Worker Protection Standard for Agricultural Workers, established in 1995.
- **Coastal and Ocean Waters:** EPA will measure specific indicators of aquatic system health for coastal wetlands, and water clarity and dissolved oxygen in coastal waters at the national level.

Considering Future Trends and Looking Ahead

EPA recognizes the value of foresight in strategic planning. In FY 2004, the Agency revised its approach to conducting environmental futures analyses and incorporating findings into the Agency's strategic planning. EPA senior managers and staff identified significant environmental trends, demographic issues, transformative technologies, and industrial trends that might have consequences for environmental quality and EPA's work. Information gleaned from these discussions will provide the basis for a more in-depth analysis of emerging environmental trends, the results of which will better inform the Agency's planning and 2006 *Strategic Plan*.

In FY 2004, EPA also began projects to build staff capabilities for using futures analysis to increase environmental foresight and inform planning. One project developed a range of plausible forecasts of the growth of hydrogen micro-fuel cell technologies in the marketplace and their potential environmental impacts.

Addressing Management Issues and Challenges

The Reports Consolidation Act of 2000[31] authorizes agencies to consolidate various management reports and submit them as part of their annual reports. This section discusses EPA's progress in strengthening management practices to achieve program results. It includes the FY 2004 Integrity Act Report, which highlights the strategies implemented and progress made in addressing management concerns identified under the Federal Managers Financial Integrity Act (FMFIA);[32] Management's Report on Audits, which summarizes the Agency's efforts to carry out corrective actions on audits issued by EPA's Office of the Inspector General (OIG); and a summary of the OIG's list of EPA's top management challenges facing the Agency along with a brief update on the Agency's progress to address each issue. A more detailed discussion of these issues can be found at http://www.epa.gov/ocfo/finstatement/2004ar/2004ar.htm.

FY 2004 Integrity Act Report

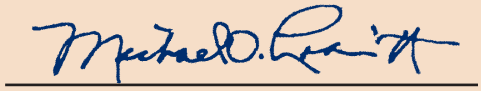
In FY 2004, for the third year, EPA had no material weaknesses to report under FMFIA. During the year, the Agency resolved three of its less severe, internal Agency weaknesses, reportable conditions that merit the attention of the Administrator (see chart "4 Year Trend of Material and Agency Level Weaknesses" on page 19). To identify management issues and monitor progress in addressing them, Agency senior leaders use a system of internal and independent reviews and program evaluations, audits by the Government Accountability Office (GAO) and EPA's OIG, and performance measurement. These efforts help ensure that program activities are effectively carried out in accordance with applicable laws and sound management policy, and provide reasonable assurance that Agency resources are protected against fraud, waste, abuse, and mismanagement.

OMB continues to recognize EPA's efforts to maintain effective and efficient management controls. Since June 2003, the Agency has maintained its "green" status score for Improved Financial Performance under the PMA. EPA's senior managers meet periodically during the course of the year to provide updates on the progress the Agency is making to resolve its current management challenges and to identify and discuss emerging management issues so that new issues can be addressed before they become serious problems.

In FY 2004, EPA made progress in addressing a wide range of major management challenges, thereby strengthening its ability to achieve environmental and human health results. The Agency's advancements

Fiscal Year 2004 Annual Assurance Statement

I am pleased to give an unqualified statement of assurance that the Agency's programs and resources are protected from fraud, waste, and mismanagement, based on EPA's annual self-assessment of its internal management and financial control systems.

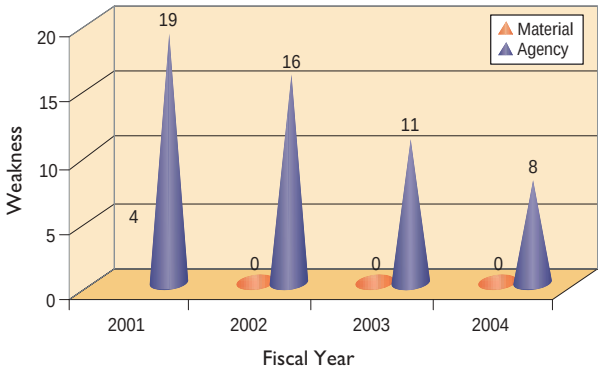


Michael O. Leavitt
Administrator
November 2, 2004

in establishing and implementing effective management controls in environmental programs include:

- Using a comprehensive, integrated strategy to address risk from all sources of air toxics—major, area, and mobile. In FY 2004, EPA completed all of its 10-year Maximum Achievable Control Technology standards. This effort has already resulted in annual reductions of 1.5 million tons of toxic air emissions and is expected to achieve even grater reductions when all sources come into full compliance by 2007. Other aspects of the strategy include a focus on air toxics reductions in communities and working on mobile source regulations through reformulated gasoline, engine standards, and other efforts, as well as a voluntary diesel retrofit program.
- Addressing Laboratory Quality System Practices through EPA's Forum on Environmental Measurement of the Science Policy Council, which developed a policy directive ensuring and documenting the competency of Agency laboratories. Under the policy, EPA laboratories demonstrate on-going performance through independent external assessments, accreditation or certification, and inter-laboratory comparison studies of their operations.
- Improving water quality by reducing the backlog of NPDES Permits[33] and setting priorities for water permits to achieve environmental results. In collaboration with states and regions, EPA continues to implement the Permitting for Environmental Results strategy to assess and identify opportunities for enhancing the integrity and efficiency of the NPDES program.
- Redesigning and modernizing EPA's Permit Compliance System to address expanded requirements of the NPDES permitting program and provide better information for the Agency's compliance and enforcement programs (e.g., tracking pollutant loadings, capturing information on storm water sources, and assessing the health of individual watersheds).

4-Year Trend of Material and Agency-Level Weaknesses



The Agency also addressed a number of challenges in administrative and management areas, which provide the infrastructure supporting EPA's ability to achieve results. Following are examples of FY 2004 accomplishments toward continued improvement in effective management of resources:

- Implementing a comprehensive approach to managing grant awards, which make up more than half of the Agency's budget.[34] Having issued policies to address competition and post-award monitoring, EPA implemented its Grants Management Training Plan to enhance the skills of personnel involved in grants management. EPA is also focusing efforts on improving grant recipients' understanding of federal grant requirements. In addition, EPA is the first agency to successfully enhance and deploy the Integrated Grants Management System, which fully automates grant processes in regional offices.
- Strengthening management controls to ensure that the Information Security Program collects data of sufficient quality for decision makers. Advancements include improved technology and hardware, along with new testing and evaluation processes and greater investments in information security training.

- Making significant progress in the area of human capital. In FY 2004, EPA achieved "green" progress and "yellow" status scores for successfully implementing the human capital portion of the PMA.[35] In addition, the Agency began documenting the relationship between every employee's work and the Agency's strategic goals to fulfill Agency commitments to the Office of Personnel Management and OMB. EPA has taken crucial steps in the areas of workforce planning and staff development, with particular emphasis on management development.

The "Key Management Challenges" section in the Overview (which follows the "FY 2004 Management's Report on Audits" section below) lists EPA's Top 10 management challenges as identified by EPA's OIG and others and summarizes actions EPA is taking to address these issues. More detailed information on the work being done to address the Agency's management issues is available at http://www.epa.gov/ocfo/finstatement/2004ar/2004ar.htm.

FY 2004 Management's Report on Audits

The Inspector General Act of 1978, as amended,[36] requires federal agencies to report to Congress on the status of their progress in carrying out audit recommendations. Audit management serves as a tool in assessing the Agency's ability to meet its strategic objectives. EPA continues to strengthen its audit management practices and has improved its ability to address and complete corrective actions in a timely manner.

In FY 2004, EPA was responsible for addressing OIG's recommendations and tracking follow-up activities on 249 audits. The Agency achieved final action (i.e., completion of all corrective actions associated with an audit) on 136 audits, which include Program Evaluation/Program Performance Audits, Assistance Agreements Audits, Contracts Audits, and Single Audits. Results achieved during FY 2004 for the Agency's audit management activities are summarized below. A listing of audits for which corrective actions have not been completed within a year can be found at http://www.epa.gov/ocfo/finstatement/2004ar/2004ar.htm.

Final Corrective Action Taken. EPA completed final corrective actions on 15 performance and 121 financial audits. Of the 121 financial audits, OIG questioned costs of more than $ 97 million (i.e., costs incurred by the Agency from contractors or grantees which may be ineligible by law or regulation; not supported by sufficient documentation; or unnecessary expenditures). After careful review, OIG and the Agency agreed to disallow approximately $35 million of these questioned costs (i.e., either deny payment or seek reimbursement for payments already made). In the performance audit arena, EPA managers and the OIG did not identify funds that could be put to better use.

Final Corrective Action Not Taken. As of the end of FY 2004, 112 audits were without final action and have not been fully resolved (excluding those audits with management decisions under administrative appeal by the grantee).

Final Corrective Action Not Taken Beyond 1 Year. Of the 112 audits, EPA officials had not completed final action on 29 audits within 1 year after the management decision (i.e., the point at which the OIG and the Action Official reach agreement on the corrective action plan). Because of the complexity of

the issues, it often takes Agency management more than 1 year after management decisions are reached with OIG to complete the agreed-upon corrective actions.

Audits Awaiting Decision on Appeal. EPA regulations allow grantees to appeal management decisions on financial assistance audits that seek monetary reimbursement from the recipient. In the case of an appeal, EPA must not take action to collect the account receivable until the Agency issues a decision on the appeal. At the end of FY 2004, 39 audits were in administrative appeal.

Disallowed Costs & Funds Put to Better Use
October 1, 2003 – September 30, 2004

Category	Disallowed Costs (Financial Audits)		Better Use (Performance Audits)	
	Number	Value	Number	Value
A. Audits with management decisions but without final action at the beginning of FY 2004.	83	$106,591,146	27	$0
B. Audits for which management decisions were made during FY 2004: (i) Management decisions with disallowed costs. (23) (ii) Management decisions with no disallowed costs. (90)	113	$ 3,007,793	25	$0
C. Total audits pending final action during FY 2004. (A+B)	196	$109,598,939	52	$0
D. Final action taken during FY 2004:	121	$ 35,213,332	16	$0
(i) Recoveries				
a) Offsets		$ 7,993,454		
b) Collections		$ 772,680		
c) Value of Property		$0		
d) Other		$ 11,196,584		
(ii) Write-offs.		$ 9,508,924		
(iii) Reinstated through grantee appeal		$ 5,741,690		
(iv) Value of recommendations completed.				$0
(v) Value of recommendations management decided should/could not be completed.				$0
E. Audit reports needing final action at the end of FY 2004. (C - D)	75	$ 74,385,607	37	$0

Key Management Challenges

(Prepared by EPA's Office of the Inspector General)

EPA continues to make progress in addressing long-standing management challenges identified by the Office of the Inspector General (OIG). The following table identifies the top management challenges faced by the Agency and the relation of the issues to EPA's *Strategic Plan* and the President's Management Agenda. Results of a recent OIG survey indicate that EPA senior leaders are committed to strengthening strategic

EPA's Top Management Challenges Reported by the Office of Inspector General	FY 2002[37]	FY 2003[38]	FY 2004[39]	Link to EPA's Strategic Goal	Link to President's Management Agenda
Linking Mission to Management: Development of outcome-based targets.	●	●	●	Cross-Goal	Budget and Performance Integration
Agency Efforts in Support of Homeland Security: Implementing a strategy to effectively coordinate and address threats.	●	●	●	Cross-Goal	
Superfund Evaluation and Policy Identification: Improving the usefulness of internal evaluations, and implementing program policy decisions.			●	Goal 3	
Information Resource Management and Data Quality: Improving the quality of data used.	●	●	●	Cross-Goal	Expanded E-Government
EPA's Use of Assistance Agreements to Accomplish Its Mission: Improving Management of the billions in grant funding awarded by EPA.	●	●	●	Cross-Goal	Improved Financial Performance
Challenges in Addressing Air Toxics Program Phase 1 and Phase 2 Goals: Reducing air toxic emissions by improving approach and measures.	●	●	●	Goal 1	
Human Capital Management: Implementing a strategy to develop staff.	●	●	●	Cross-Goal	Human Capital
Information Security: Protecting information systems by preventing intrusion and abuse.	●	●	●	Cross-Goal	Expanded E-Government
Management of Biosolids: Improving sewage sludge management to sufficiently protect the public.	●	●	●	Goal 2	
Backlog of National Pollutant Discharge Elimination System Permits: Addressing permit renewal backlog for water dischargers.	●	●	●	Goal 2	
EPA's Working Relationship with States: Improving structure for working with states	●	●	◈	Cross-Goal	

◈In FY 2004, EPA's Working Relationship with States was consolidated in item 1, Linking Mission to Management.

human capital management and linking human capital to program success. EPA continues to enhance its Information Security Program through risk assessments of its major systems, conducting internal and external penetration testing, and monitoring the Agency's firewall and intrusion detection system. EPA is also working closely with federal, state, and local counterparts to strengthen and effectively coordinate on Homeland Security issues.

While EPA continues to address the management challenges, sustained attention and management action must continue to correct outstanding issues.

Highlights of EPA's Actions to Address OIG's Key Management Challenges

OIG's Top Management Challenges	Summary of EPA's Actions
Linking Mission and Management: OIG believes that while EPA has begun linking costs to goals, it must continue to work with its partners to develop appropriate outcome measures and accounting systems that track environmental and human health results across the Agency's new goal structure. This information must then become an integral part of the Agency's decision-making process.	• Implemented a new financial architecture that provides greater program and project details in the Agency's accounting system. • Developed Regional Plans that link to Agency's Strategic Plan. • Implemented annual commitment system for regions and national programs.
Agency Efforts in Support of Homeland Security: EPA needs to develop better processes for ensuring security at Nationally Significant Events, assess vulnerability of water utilities and determine how to measure water security improvements, and better define the Agency's role in protecting air from terrorist threats.	• Revised the Homeland Security Strategic plan. • Established the Homeland Security Collaborative Network to coordinate and address high priority, cross-Agency technical and policy issues related to homeland security programs. • Developed a homeland security information management system. *(see Overview for programmatic examples)*
Superfund Evaluation and Policy Identification: OIG believes EPA faces significant challenges in its ability to meet effectively current and future Superfund needs and must establish a strong working relationship between states and tribes in order to achieve its environmental goals.	• Initiated an internal review of the Superfund program to identify opportunities for program efficiencies. • Worked to increase oversight of the Tribal Association on Solid Waste and Emergency Response cooperative agreement, in accordance with commitments to OIG. • Developing a program evaluation strategy to identify, develop, and select evaluation projects aimed at improving the efficiency and effectiveness of remedial programs.
Information Resource Management and Data Quality: EPA faces a number of challenges with the data it uses to make decisions and monitor progress against environmental goals.	• Improved data management and usage by providing tools and planning processes for effective data sharing, integration, and identification of key data gaps. • Developed and issued a policy directive to ensure and document the competency of Agency laboratories.
EPA's Use of Assistance Agreements to Accomplish Its Mission: EPA needs to improve oversight for awarding and administering assistance agreements to ensure effective and efficient use of resources. Recent OIG and GAO audits continue to identify problems in the use of assistance agreements.	• Developed a long-term Grants Management Plan which outlines the Agency's approach to effective grants management. • Implemented the Grants Management Training Plan to enhance the skills of EPA personnel involved in grants management. • Issued a comprehensive post-award monitoring policy (EPA Order 5700.6).

(Continued next page)

Highlights of EPA's Actions to Address OIG's Key Management Challenges *(continued)*

OIG's Top Management Challenges	Summary of EPA's Actions
Challenges in Addressing Air Toxics Program Phase 1 and Phase 2 Goals: While EPA has achieved its Phase I goal of issuing technology-based standards, there are concerns about EPA's efforts to assess and implement Phase 2, residual risk standards, as well as the accuracy of air toxics data used in measuring progress.	• Completed all MACT standards. This effort has already resulted in annual reductions of 1.5 million tons of toxic air emissions and will achieve even greater reductions when all sources come into full compliance by 2007. • Developed an efficiency measure, "toxicity-weight emissions," to better understand risk reduction.
Human Capital Management: While EPA is making progress on human capital efforts, it must continue developing and implementing its Human Capital Strategy and focus on accountability and better communication of planned strategies.	• Established a comprehensive system of management controls: — Completed EPA's Human Capital Strategy. — Created a new office to oversee implementation of strategy. • Continued investment in workforce through developmental programs at the staff and managerial levels.
Information Security: Due to the dynamic nature of information security, EPA needs to continue its emphasis and vigilance on strong information security.	• Strengthened management controls to improve implementation of the Agency's security program and implemented testing and evaluation processes to verify their effectiveness. • Continued enhancing program through risk assessments, penetration testing, and monitoring of firewall and intrusion detection systems.
Management of Biosolids: Although EPA is directing renewed attention to biosolids, EPA needs to implement a national biosolids program and establish strong enforcement to meet CWA to reduce risks and maximize the beneficial use of sewage sledge.	• Continues to meet statutory obligations under the Clean Water Act pertaining to sewage sludge (biosolids). • Maintains an active presence in biosolids compliance and enforcement activities. • Published action plan in the Federal Register (68 FR 75531) to strengthen sewage sludge use and disposal program (e.g., field studies on land application, development of improved analytical methods).
Backlog of National Pollutant Discharge Elimination System Permits: While EPA is making progress in reducing the backlog, OIG is assessing the environmental impact of the backlog, how well the backlog measures reflect impacts, and how successful EPA and states have been at managing the backlog.	• Developed and implemented the Permitting for Environmental Results strategy to focus scarce permit-writing resources on environmentally significant permits. • Streamlined the NPDES permitting process by developing tools to ensure efficiency (automated permit writing process). *(see Overview for programmatic results)*

Notes

1 The Federal Managers Financial Integrity Act, the Inspector General Act Amendments, the Government Management Reform Act, the Chief Financial Officers Act, and the Reports Consolidation Act.

2 EPA (U.S. Environmental Protection Agency). 1997. Benefits and Costs of the Clean Air Act, 1970 to 1990. Final Report to Congress. EPA 410/R-97-002. Office of Air and Radiation, Office of Policy, Planning and Evaluation. U.S. Environmental Protection Agency, Washington, DC. Available at: http://www.epa.gov/oar/sect812/contsetc.pdf.

3 U.S. Environmental Protection Agency, Office of Air and Radiation. May 2004. Clean Air Nonroad Diesel Rule Summary. EPA 420-F-04-029. Available online at: http://www.epa.gov/otaq/regs/nonroad/equip-hd/2004fr/420f04029.pdf.

4 "Clean Air Rules of 2004 Oral Testimony": EPA testimony as prepared for delivery before the U.S. Senate Committee on Environment and Public Works, Subcommittee on Clean Air, Climate and Nuclear Safety. April 10, 2004.

5 Each of EPA's climate protection partnerships is designed to achieve long-term greenhouse gas emission reduction goals, which were set through an interagency process in 2001 and communicated to the Secretariat of the Framework Convention on Climate Change in the U.S. Climate Action Report—2002.

6 U.S. Environmental Protection Agency. September 2004. Protecting the Environment–Together. ENERGY STAR and Other Voluntary Programs 2003 Annual Report. Available at: http://www.energystar.gov/ia/news/downloads/annual_report_2003.pdf.

7 Slaughter, J.C., et al. "Effects of Ambient Air Pollution on Symptom Severity and Medication Use in Children with Asthma." Annals of Allergy, Asthma, and Immunology 2003: 91346–53.

8 U.S. Environmental Protection Agency. 2004. Use of Indoor-Outdoor Sulfur Concentrations to Estimate the Infiltration Factor, Personal Exposure Factor, Penetration Coefficient, and Deposition rate for Individual Homes.

9 Loading reductions are calculated and tracked using a spreadsheet maintained by the Office of Science and Technology. U.S. EPA, Office of Science and Technology, Loadings Reduction Spread Sheet for Direct Discharges from Point Sources Subject to Effluent Guidelines (Washington, DC: U.S. EPA, updated 2004).

10 U.S. Environmental Protection Agency, Office of Water. March 2004. National List of Beaches. EPA-823-R-04-004. Washington, DC. Available at: http://www.epa.gov/waterscience/beaches.

11 More information on the Agency's Superfund cleanup program's is available at: http://www.epa.gov/superfund, http://www.epa.gov/superfund/news/120daystudy.pdf, and http://www.epa.gov/oswer/docs/naceptdocs/NACEPTsuperfund-Final-Report.pdf.

12 U.S. Environmental Protection Agency, Office of Pollution Prevention and Toxics. "TSCA New Chemicals Program." Internal monthly report by Chemical Abstract Services.

13 U.S. Environmental Protection Agency, Office of Pollution Prevention and Toxics. "High Production Volume Challenge Program, HPV Commitment Tracking System." Available at: http://www.epa.gov/chemrtk/viewsrch.htm.

14 Centers for Disease Control, National Center for Health Statistics. National Health and Nutrition Examination Survey:1999-2002. Available at: http://www.cdc.gov/nchs/nhanes.htm.

15 Additional information regarding the Great Lakes, the Interagency Task Force and the Executive Order is available at http://www.epa.gov/glnpo/collaboration/taskforce/eo.html.

16 Data for 2004 will not be available until 2005 due to quality assurance issues and lags in aggregating U.S. and Canadian data. Canadian data will be reported in 2005.

17 More information is available at: http://www.whitehouse.gov/news/.

18 This information was collected through exit surveys completed by users of the National Compliance Assistance Centers. U.S. Environmental Protection Agency, Office of Enforcement and Compliance Assurance. "Compliance Assistance Results." Available at: http://www.assistancecenters.net/results.

19 U.S. Environmental Protection Agency, Office of Pollution Prevention and Toxics. "Green Chemistry Challenge." Internal database. Continually updated.

20 Electronic communication from Noramtech Corporation to EPA Design for Environment staff, November 20, 2002.

21 U.S Environmental Protection Agency, Office of Pollution Prevention and Toxics, Pollution Prevention and Toxics, Internal Pollution Prevention Tracking System, continually updated.

22 Refer to Sustained Progress in Addressing Management Issues available at http://www.epa.gov/ocfo/finstatement/2004ar/2004ar.htm.

23 The Office of Management and Budget (OMB) regularly releases an executive scorecard which rates each federal agency's overall status and progress in implementing the PMA initiatives. The scorecard ratings use a color-coded system that is based on criteria determined by OMB.

24 Public Law 108-199 H.R. 2673.

25 Section III, FY 2004 Statement of Budgetary Resources.

26 Section III, FY 2004 Statement of Net Costs.

27 US Department of the Treasury, FY 2004 Superfund Trust Fund Financial Statements.

28 EPA's Integrated Financial Management System.

29 Refer to Sustained Progress in Addressing Management Issues available at http://www.epa.gov/ocfo/finstatement/2004ar/2004ar.htm.

30 U.S. Department of Health & Human Services and U.S. Environmental Protection Agency. "What You Need To Know About Mercury In Fish & Shellfish." EPA-823-R-04-005. March 2004. Available on the internet at: http://www.epa.gov/waterscience/fishadvice/advice.html.

31 Reports Consolidation Act of 2000. Public Law 106-531 (January 24, 2004).

32 Federal Managers Financial Integrity Act of 1982. Public Law 97-255 (September 8, 1982).

33 U.S. Environmental Protection Agency, Office of Water. "National Pollutant Discharge Elimination System (NPDES), Backlog Reduction." Available at: http://cfpub.epa.gov/npdes/permitissuance/backlog.cfm.

34 U.S. Environmental Protection Agency. Grants Information and Control System (GICS) database.

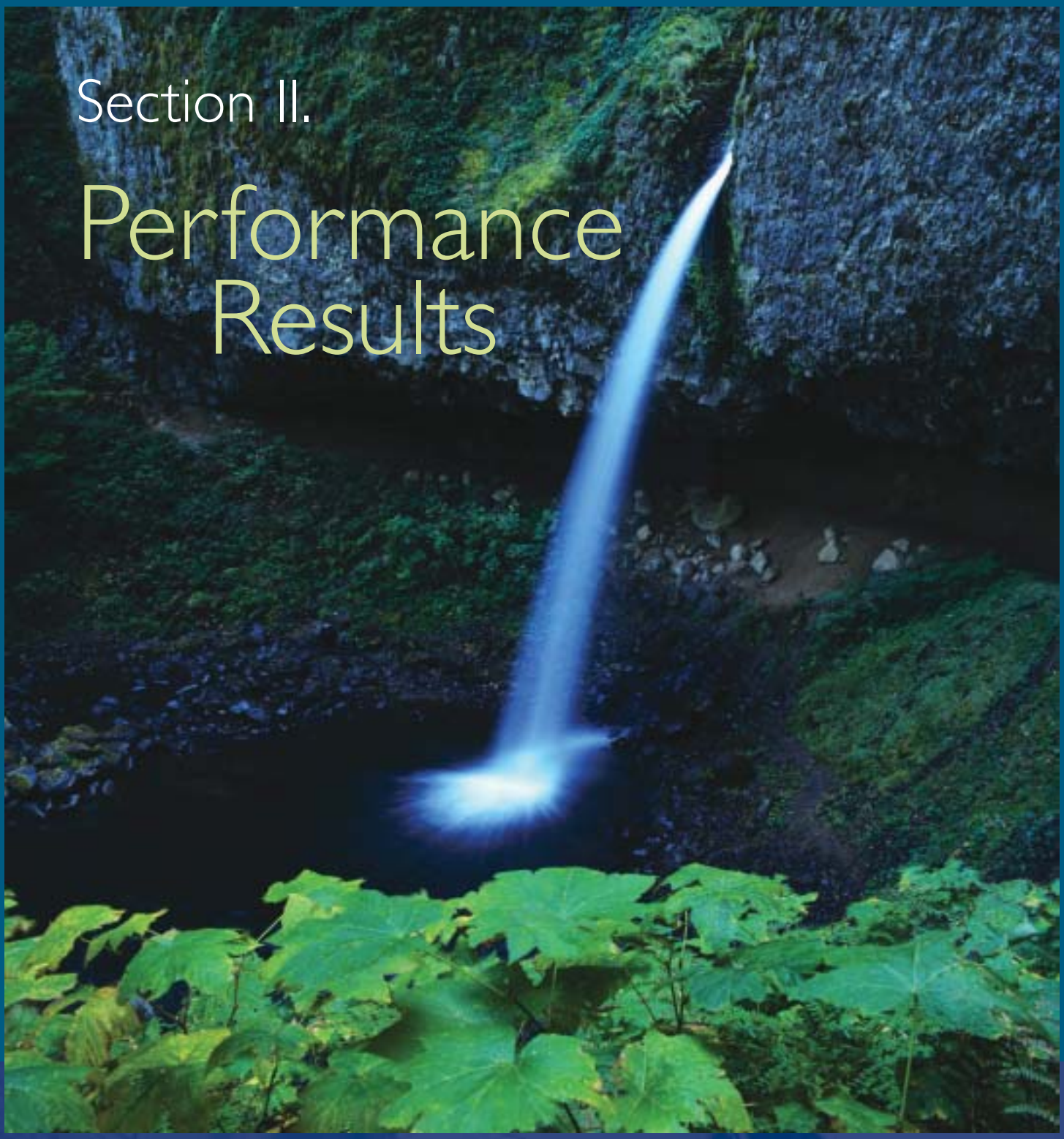
35 Executive Office of the President, Office of Management and Budget. The President's Management Agenda. Available at: http://www.whitehouse.gov/omb/budintegration/pma_index.html.

36 Inspector General Act of 1978, as amended. Public Law 95-542 (October 12, 1978).

37 OIG Memorandum of September 6, 2002 to EPA Administrator, "EPA's Key Management Challenges."

38 OIG Memorandum of May 22, 2003 to EPA Administrator, "EPA's Key Management Challenges."

39 OIG Memorandum of April 21, 2004 to EPA Administrator, "EPA's Key Management Challenges."



Section II.

Performance Results

CONTENTS

GOAL 1: Clean Air and Global Climate Change

Protect and improve the air so it is healthy to breathe and risks to human health and the environment are reduced. Reduce greenhouse gas intensity by enhancing partnerships with businesses and other sectors.

Since 1970, EPA has been working with its partners and stakeholders to implement the Clean Air Act and other environmental laws to achieve cleaner, healthier air for all Americans. The Agency's strategy for protecting public health relies on national regulatory, voluntary, and market-based programs carried out in combination with state, tribal, and local efforts. By phasing out lead in gasoline, setting tougher standards for vehicle emissions, and using allowance trading to reduce acid rain precursors, national programs have decreased overall emission of air pollutants by 48 percent since 1970; at the same time, economic growth has increased by over 160 percent. Every year, state and federal criteria air pollutant programs established pursuant to the 1990 Clean Air Act Amendments prevent tens of thousands of premature mortalities, millions of incidences of chronic and acute illness, tens of thousands of hospitalizations and emergency room visits, and millions of lost work days. In addition, these Clean Air Act programs provide significant economic benefits. In 2002, for example, the economic value of the reductions noted above was estimated to exceed $117 billion, compared to costs of less than $30 billion.[1]

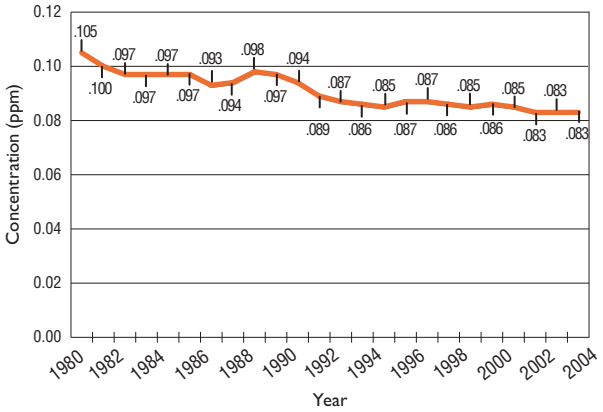
Air pollutant emissions have decreased while economic growth has increased by over 160 percent.

The Clean Air Act addresses three general categories of outdoor air pollution: "criteria" pollutants (e.g., ozone and particulate matter), air toxics, and acid rain.

Criteria Pollutants

In addressing criteria pollutants, EPA currently places a high priority on meeting new national ambient air quality standards (NAAQS) for particulate matter (PM) and ozone. Despite significant increases in vehicle travel and energy consumption, EPA, state, tribal, and local government clean air programs have reduced emissions of the volatile organic and nitrogen compounds that form ground-level ozone by 54 and 25 percent, respectively, since 1970. These emissions declined during the 1980s and 1990s, and significant reductions have continued through 2003.[2] Ozone concentration levels for 2003, the last year for

Ozone Concentrations Levels at Lowest Level since 1980



Based on 3-year rolling averages of annual average fourth maxmum 8-hour ozone concentration at 155 monitoring sites.

which quality-assured data are currently available, were the lowest since 1980.

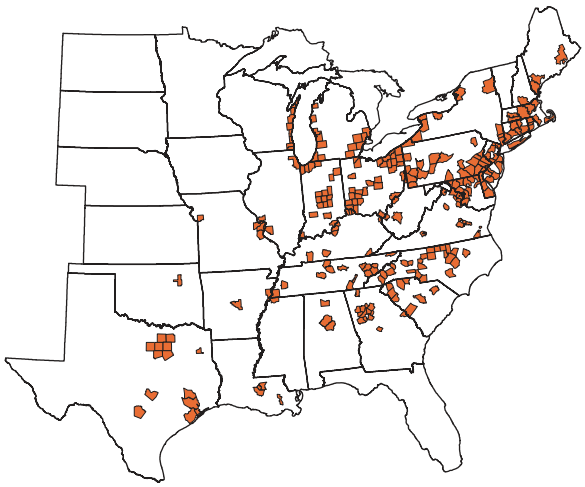
In April 2004, EPA issued boundary designations indicating which areas of the United States have attained the new 8-hour standard for ozone and which have not. (A few areas were designated as unclassifiable.) Under final designations, roughly 2,700 counties met the 8-hour ozone standard. Approximately 125 areas, including approximately 475 counties, were designated nonattainment for the 8-hour standard.[3] EPA and state, local, and tribal governments are now working on similar geographic boundary determinations for the fine PM standard; states submitted proposals in February 2004, and EPA will issue final designations by December 2004.

These designations initiate a planning process during which state and local governments in nonattainment areas will prepare plans for achieving clean air. Planning will incorporate federal as well as local measures. At the federal level in FY 2004, EPA proposed the Clean Air Interstate Rule[4] and promulgated the Clean Air Nonroad Diesel Rule for construction, agricultural, and industrial diesel equipment.[5] As proposed or final, these two programs—combined with such existing programs as the Tier 2/gasoline sulfur standards for cars and light trucks, the Nitrogen Oxides State Implementation Plan (NO_x SIP) Call Rule to reduce interstate ozone transport, and the Clean Diesel program for new trucks and buses—will bring well over half of counties now monitoring nonattainment into attainment with the fine particle and ozone standards by 2015.

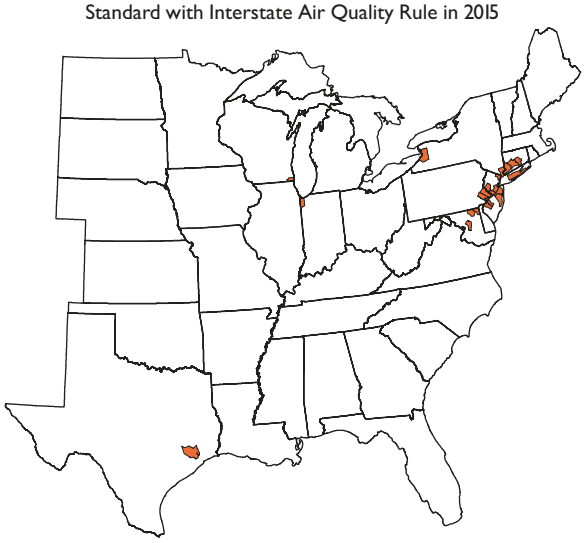
Ozone Pollution

The Interstate Air Quality Rule Together with Other Clean Air Programs Will Bring Cleaner Air to Cities in the East

274 Counties Exceed the 8-Hour Ozone Standard in 2002



Remaining 26 Counties Likely to Exceed the 8-Hour Ozone Standard with Interstate Air Quality Rule in 2015



8-hour Ozone Standard = 85 ppb

EPA must regularly review standards for criteria pollutants and revise them based on the latest scientific information. The PM standard is next on the Agency's review schedule. Past research has shown that short-term exposure to PM can adversely affect human health and is generally associated with illness and premature death independent of the effects of other, gaseous pollutants in the atmosphere. Other findings suggest that people with lung disease may be more affected by increasing levels of PM. Research has also led to hypotheses on how the chemical and physical properties of PM could produce disease and models for estimating how much PM will travel from a source of potentially toxic particles to affected populations. Many questions remain, however,

particularly regarding the role long-term exposure to PM plays in development of chronic disease.

EPA's 2004 research findings support the association between exposure to PM and illness and death, especially for asthmatic children and other susceptible groups.[6] Scientists have also found that $PM_{2.5}$, the component of PM smaller than 2.5 microns in diameter, easily penetrates most indoor environments, where people spend much of their time. In FY 2004, EPA estimated relationships between indoor concentrations and personal exposures to particles from both indoor and outdoor sources.[7] EPA's Office of Research and Development (ORD) will be investigating new hypotheses on how PM causes disease and death, which can help the Agency and its partners develop targeted control strategies to reduce human exposure. In addition, EPA will accelerate research to help implement NAAQS by using modeling and monitoring data to determine which states and regions are out of compliance and developing new analytical tools that will help them comply with the NAAQS.

Air Toxics

The Clean Air Act includes provisions that address air toxics from mobile sources, major stationary sources, and area stationary sources. In FY 2004, EPA completed the first of a two-phase program for addressing large stationary sources of air toxics. The Agency issued 96 Maximum Achievable Control Technology Standards covering 160 categories of industrial sources. The standards completed and issued have resulted in reductions of approximately 1.5 million tons of toxic air emissions and will achieve even greater reductions when all sources come into compliance by 2007. The second phase of the air toxics program is risk-based: EPA will promote a community-based approach to addressing local problems, which the Agency expects will result in measurable reduced exposures to toxic chemicals, particulates, and asthma triggers.[8]

Implementation of MACT standards has reduced air toxic emissions by 1.5 million tons per year.

Communities Create Early Action Compacts

Some communities recognized early-on that they would not meet the new, more stringent ozone standards and began to think creatively about how to improve their air more quickly and avoid designation. Thirty-three metropolitan areas collaborated with EPA, states, and environmental organizations to create Early Action Compacts. Under these innovative, voluntary agreements, partners accelerate planning and implementation efforts to reduce emissions in advance of Clean Air Act requirements. If all the requirements are met, EPA defers the effective date of the nonattainment designation. Early Action Compacts exemplify innovative thinking: focusing on results and using collaboration and incentives will provide approximately 10 million people with cleaner air, faster. (More information is available at http://www.epa.gov/air/eac.)

Acid Rain

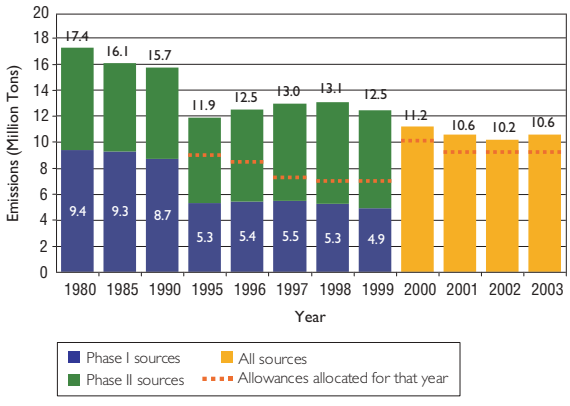
Long-term studies and measurements of acid rain deposition and surface water acidity demonstrate positive environmental outcomes from the Acid Rain Program. A comparison of average annual wet sulfate deposition for 1989–91 and 1999–2001 shows reductions of up to 30 percent over a large area of the eastern United States. *Response of Surface Water Chemistry to the Clean Air Act Amendments of 1990*, an ORD report released in 2003, indicates that in three of five geographic areas studied, one-quarter to one-third of lakes and streams previously affected by acid rain are no longer acidic, although they remain highly sensitive to future changes in deposition. Signs of recovery were not yet evident in the other two areas, suggesting that further reductions, such as those presented in the proposed Clean Air Interstate Rule or the Clear Skies Act, will be needed for ecosystem recovery. For more information, see http://www.epa.gov/ord/htm/CAAA-2002-report-2col-rev-4.pdf.

Annual wet sulfate deposition shows reductions of up to 30 percent for a large area of the eastern United States. Many lakes and streams are no longer acidic.

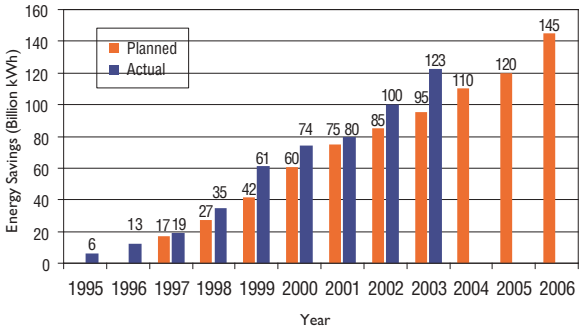
Historically, environmental progress has been achieved largely by advances in environmental technologies—catalytic converters on cars and trucks, sulfur dioxide scrubbers, selective catalytic reduction for NOx removal, and reformulated gasoline. Over the next 15 years, innovative technologies like fuel cells, hybrid vehicles, renewable fuels, and zero-emission power plants will enable EPA to reach aggressive goals that match or exceed the progress made in the past. By designing and promoting market-based strategies, such as cap-and-trade programs, EPA can foster innovation and provide incentives for developing and adopting efficient, high-performing technologies.

Innovative approaches and technologies will enable further environmental progress.

SO_2 Emission Reductions under the Acid Rain Program



Energy Goals and Achievements for Climate Protection Programs



Goal 1: Clean Air and Global Climate Change

Annual Performance Goals Met:	4
Annual Performance Goals Not Met:	1
Data Available After 11/5/04:	13

FY2004 Obligations (in thousands):	
EPA Total:	$10,155,381
Goal 1:	$923,074
Goal 1 Share of Total:	9.1%

FY2004 Costs (in thousands):	
EPA Total:	$8,837,375
Goal 1:	$942,835
Goal 1 Share of Total:	10.7%

Note: In the FY 2005 Annual Performance Plan and Congressional Justification, EPA's Office of Air and Radiation (OAR) corrected the baseline for the criteria pollutants (1-hour ozone, PM_{10}, CO, SO_2 and Pb) correcting the display of prior year targets and actuals for the NAAQS performance goals. Previously, OAR had included as its baseline only the 1990 population for areas designated as non-attainment; all improvements were against that baseline. OAR has now corrected this baseline to include the population for areas that were designated as attainment or unclassified. This correction gives a truer picture of the baseline population and the progress towards EPA's strategic goal. This correction does not change the status of whether EPA met or did not meet the goal or measure for the criteria pollutants for years prior to 2004.

Strategic Objective: Through 2010, working with partners, protect human health and the environment by attaining and maintaining health-based air-quality standards and reducing the risk from toxic air pollutants. FY 2004 Cost (in thousands): $596,826 (63.3% of FY 2004 Goal 1 Total Costs)

Progress Toward Strategic Objective: EPA, working with its state, local, and tribal partners as well as industry, small businesses, and other federal agencies, continues to make steady progress in attaining and maintaining health-based air quality standards and reducing the risk from toxic air pollutants. EPA's Clean Air Nonroad Diesel Rule, promulgated as a final rule in May 2004, requires stringent pollution controls on diesel engines used in industries such as construction, agriculture and mining, and reduces the sulfur content of diesel fuel by 99%. The suite of Clean Air Rules of 2004 (Clean Air Ozone Rules, Clean Air Fine Particle Rules, Clean Air Interstate Rule, Clean Air Mercury Rule as well as the non-road diesel program), combined with other existing programs, including the Tier 2 clean vehicles and gasoline sulfur standards for cars and light trucks, the NO_x SIP Call rule to reduce interstate ozone and the Clean Diesel program for new trucks and buses, will bring more than half of counties now monitoring nonattainment into attainment with the fine particle and ozone standards. EPA signed the Utility Mercury Reductions proposal which would permanently cap emissions from coal-fired power plants and provide companies with flexibility to achieve early reductions from mercury. EPA promulgated the last of the maximum achievable technology (MACT) standards for major stationary sources, which once fully implemented will decrease air toxics emissions by 1.7 million tons per year. EPA continues to shift the emphasis of its air toxics program to a risk-based approach and is continuing to analyze the various source categories promulgated under MACT for remaining residual risk. EPA has begun to focus increasingly on community-specific air toxics problems, working with partners and stakeholders to identify and address the risk reductions that matter most to local citizens.

APG 1.1	Reduce Ozone and Ozone Precursors	Planned	Actual
FY 2004	The number of people living in areas with monitored ambient ozone concentrations below the NAAQS for the 1-hour ozone standard will increase by 4% (relative to 2003) for a cumulative total of 47% (relative to 1992).		
	Performance Measures:		
	—Cumulative percent increase in the number of people who live in areas with ambient 1-hour ozone concentrations below the level of the NAAQS as compared to 1992.	47%	Data avail 2005
	—Cumulative percent increase in the number of areas with ambient 1-hour ozone concentrations below the level of the NAAQS as compared to 1992.	55%	Data avail 2005

APG 1.1	Reduce Ozone and Ozone Precursors *(continued)*	Planned	Actual
FY 2004	—Total number of people who live in areas designated to attainment of the Clean Air Standards for ozone.	167.3 M	165.4M
	—Areas newly designated to attainment for the ozone standards.	5 areas	3 areas
	—Additional people living in newly designated areas with demonstrated attainment of ozone standards.	5.8 M	3.9 M
	—Tons of VOCs Reduced from Mobile Sources.	2.0 M	2.0 M
	—Tons of NO_x Reduced from Mobile Sources.	1.65 M	1.65 M
FY 2003	Maintain healthy air quality for approximately 161.5 million people living in monitored areas attaining the ozone standard; certify 7 areas of the remaining 54 nonattainment areas. Attained the 1-hour NAAQS for ozone, thus increasing the number of people living in areas with healthy air by 5.8 million. Goal Met.		
	Performance Measures:		
	—Cumulative percent increase in the number of people who live in areas with ambient 1-hour ozone concentrations below the level of the NAAQS as compared to 1992.	19%	42%
	—Cumulative percent increase in the number of areas with ambient 1-hour ozone concentrations below the level of the NAAQS as compared to 1992.	31%	93%
	—Tons of VOCs Reduced from Mobile Sources.	1.9 M	1.9 M
	—Tons of NO_x Reduced from Mobile Sources.	1.4 M	1.4 M
FY 2002	Maintain healthy air quality for approximately 155.7 million people living in monitored areas attaining the ozone standard; certify 3 areas of the remaining 55 nonattainment areas have attained the 1-hour NAAQS for ozone, thus increasing the number of people living in areas with healthy air by 3.6 million.		
	Performance Measures:		
	—Cumulative percent increase in the number of people who live in areas with ambient1-hour ozone concentrations below the level the NAAQS as compared to 1992.		37%
	—Cumulative percent increase in the number of areas with ambient 1-hour ozone concentrations below the level of the NAAQS as compared to 1992.		83%
	—Total number of people who live in areas designated to attainment of the Clean Air Standards for ozone.		155.7 M
	—Areas newly designated to attainment for ozone standard.	3 areas	2 areas
	—Additional people living in newly designated areas with demonstrated attainment of the ozone standard.		3.6 M
	—Tons of VOCs Reduced from Mobile Sources.	1.8 M	1.8 M
	—Tons of NO_x Reduced from Mobile Sources.	1.3 M	1.3 M
FY 2001	EPA maintained healthy air quality for 152 million people living in areas attaining the ozone standard, increased by 170 thousand the number of people living in areas with healthy air quality that have newly attained the standard by certifying two areas have attained the 1-hour standard.		

APG 1.1 Reduce Ozone and Ozone Precursors *(continued)*		Planned	Actual
FY 2001	***Performance Measures:***		
	—Cumulative percent increase in the number of people who live in areas with ambient 1-hour ozone concentrations below the level of the NAAQS as compared to 1992.		33%
	—Cumulative percent increase in the number of areas with ambient 1-hour ozone concentrations below the level the NAAQS as compared to 1992.		80%
	—Total number of people who live in areas designated to attainment of the Clean Air Standards for ozone.		152 M
	—Areas newly designated to attainment for ozone standard.	2 areas	1 area
	—Additional people living in newly designated areas with demonstrated attainment of the ozone standard.		170 K
	—Tons of VOCs Reduced from Mobile Sources.	1.7 M	1.7M
	—Tons of NO_x Reduced from Mobile Sources.	1.2 M	1.2 M

FY 2004 Result: EPA is not on track to meet this goal based on available data. EPA maintained healthy air quality for 165.4 million people living in 53 areas designated as attaining the 1-hour ozone standard (falling short of its goal by 1.9 million people) and certified that 3 (out of a target of 5) of the remaining 48 non-attainment areas have attained the 1-hour NAAQS for ozone, thereby increasing the number of people living in areas with healthy air by 3.9 million in lieu of the 5.8 million target. However, EPA will revoke the 1-hour standard in June 2005 to reflect that in April 2004, EPA made attainment designations for areas under the 8-hour standard. Areas are currently developing their clean air plans to meet the 8-hour standards.

A description of the quality of data used to measure EPA's performance can be found in Appendix B, pages 20-21.

FY 2003 Result Available in 2004: As reported in its FY 2003 report, EPA declared this goal not met. With this report, EPA is reporting on the data that was not yet available for the FY 2003 report EPA measured a cumulative increase of 42% of the number of people who live in areas with ambient 1-hour ozone concentrations below the level of the NAAQS and measured a cumulative increase of 93% in the number of areas with ambient 1-hour ozone concentrations below the level of the NAAQS as compared to 1992.

APG 1.2 Reduce CO, SO_2, NO_2, Lead (Pb)		Planned	Actual
FY 2004	The number of people living in areas with monitored ambient CO, SO_2, NO_2, or Pb concentrations below the NAAQS for the standard will increase by 4% (relative to 2003) for a cumulative total of 53% (relative to 1992).		
	Performance Measures:		
	—Cumulative percent increase in the number of people who live in areas with ambient CO, SO_2, NO_2, or Pb concentrations below the level the NAAQS as compared to 1992.	53%	Data avail 2005
	—Cumulative percent increase in the number of areas with ambient CO, SO_2, NO_2, or Pb concentrations below the level of the NAAQS as compared to 1992.	87%	Data avail 2005
	—Total number of people who live in areas designated to attainment of the Clean Air Standards for CO, SO_2, NO_2, or Pb.	174 M	173.3 M
	—Areas newly designated to attainment for CO, SO_2, NO_2, or Pb standards.	19 areas	14 areas
	—Additional people living in newly designated areas with demonstrated attainment of the CO, SO_2, NO_2, or Pb standards.	6.2 M	5.4 M
	—Tons of CO reduced from mobile sources.	12.6 M	12.6 M

APG 1.2 Reduce CO, SO_2, NO_2, Lead (Pb) *(continued)*		Planned	Actual
FY 2003	Maintain healthy air quality for 167.8 million people living in monitored areas attaining the CO, SO_2, NO_2, or Pb; increase by 435 thousand the number of people living in areas with healthy air quality that have newly attained the standard.		
	Performance Measures:		
	—Cumulative percent increase in the number of people who live in areas with ambient CO, SO_2, NO_2, or Pb concentrations below the level the NAAQS as compared to 1992.		47%
	—Cumulative percent increase in the number of areas with ambient CO, SO_2, NO_2, or Pb concentrations below the level of the NAAQS as compared to 1992.		91%
	—Total number of people who live in areas designated to attainment of the Clean Air Standards for CO, SO_2, NO_2, or Pb.		167.8 M
	—Areas newly designated to attainment for CO, SO_2, NO_2, or Pb standards.	16 areas	5 areas
	—Additional people living in newly designated areas with demonstrated attainment of the CO, SO_2, NO_2, or Pb standards.		435 K
	—Tons of CO reduced from mobile sources.	11.3 M	11.3 M
FY 2002	Maintain healthy air quality for 167 million people living in monitored areas attaining the CO, SO_2, NO_2, or Pb; increase by 16 million the number of people living in areas with healthy air quality that have newly attained the standard.		
	Performance Measures:		
	—Cumulative percent increase in the number of people who live in areas with ambientCO, SO_2, NO_2, or Pb concentrations below the level the NAAQS as compared to 1992.		47%
	—Cumulative percent increase in the number of areas with ambient CO, SO_2, NO_2, or Pb concentrations below the level of the NAAQS as compared to 1992.		87%
	—Total number of people who live in areas designated to attainment of the Clean Air Standards for CO, SO_2, NO_2, or Pb.		167.4 M
	—Areas newly designated to attainment for CO, SO_2, NO_2, or Pb standards.	10 areas	12 areas
	—Additional people living in newly designated areas with demonstrated attainment of the CO, SO_2, NO_2, or Pb standards.		16.5 M
	—Tons of CO reduced from mobile sources.	11.0 M	11.0 M
FY 2001	Maintain healthy air quality for 151 million people living in monitored areas attaining the CO, SO_2, NO_2, or Pb; increase by 419 thousand the number of people living in areas with healthy air quality that have newly attained the standard.		
	Performance Measures:		
	—Cumulative percent increase in the number of people who live in areas with ambient CO, SO_2, NO_2, or Pb concentrations below the level the NAAQS as compared to 1992.		32%
	—Cumulative percent increase in the number of areas with ambient CO, SO_2, NO_2, or Pbconcentrations below the level of the NAAQS as compared to 1992.		76%

APG 1.2 Reduce CO, SO_2, NO_2, Lead (Pb) *(continued)*		Planned	Actual
FY 2001 *(continued)*	—Total number of people who live in areas designated to attainment of the Clean Air Standards for CO, SO_2, NO_2, or Pb.		151.0 M
	—Areas designated to attainment for CO, SO_2, NO_2, or Pb standards.	14 areas	9 areas
	—Additional people living in newly designated areas with demonstrated attainment of the CO, SO_2, NO_2, or Pb standards.		419 K
	—Tons of CO reduced from mobile sources.	11.0 M	11.0 M

FY 2004 Result: Based on available data, EPA is not on track to meet its goal. EPA maintained healthy air quality for 173 million people living in 122 monitored areas attaining the CO, SO_2, NO_2, or Pb standards falling slightly short of its goal of 174 million. Out of the remaining 24 non-attainment areas, EPA certified 14 of its FY 2004 goal of 19. This increased the number of people living in areas with healthy air by 5.4M but missed the target of 6.2M.

A description of the quality of data used to measure EPA's performance can be found in Appendix B, page 20.

APG 1.3 Reduce Particulate Matter		Planned	Actual
FY 2004	**The number of people living in areas with monitored ambient PM concentrations below the NAAQS for the PM_{10} standard will increase by less than 1% (relative to 2003) for a cumulative total of 6% (relative to 1992).**		
	Performance Measures:		
	—Cumulative percent increase in the number of people who live in areas with ambient PM_{10} concentrations below the level of the NAAQS as compared to 1992.	6%	Data avail 2005
	—Cumulative percent increase in the number of areas with ambient PM_{10} concentrations below the level of the NAAQS as compared to 1992.	40%	Data avail 2005
	—Total number of people who live in areas designated attainment of the Clean Air Standards for PM_{10}.	120 M	120.5 M
	—Additional people living in newly designated areas with demonstrated attainment of the PM_{10} standard.	380 K	126 K
	—Areas newly designated to attainment.	9 areas	6 areas
	—Percent of areas with improving ambient PM_{10} concentrations.	76%	Data avail 2005
	—Tons of PM_{10} Reduced from Mobile Sources.	18,100	18,100
	—Tons of $PM_{2.5}$ Reduced from Mobile Sources.	13,500	13,500
FY 2003	Maintain healthy air quality for 120 million people living in monitored areas attaining the PM_{10} standards; increase by 252 thousand the number of people living in areas with healthy air quality that have newly attained the standard.		
	Performance Measures:		
	—Cumulative percent increase in the number of people who live in areas with ambient PM_{10} concentrations below the level of the NAAQS as compared to 1992.		6%
	—Cumulative percent increase in the number of areas with ambient PM_{10} concentrations below the level of the NAAQS as compared to 1992.		50%
	—Total number of people who live in areas designated to attainment of the Clean Air Standards for PM_{10}.		120.4 M

APG 1.3 Reduce Particulate Matter *(continued)*		Planned	Actual
FY 2003 *(continued)*	—Additional people living in newly designated areas with demonstrated attainment of the PM_{10} standard.		252 K
	—Areas newly designated to attainment.	8 areas	5 areas
	—Tons of PM_{10} Reduced from Mobile Sources.	25,000	25,000
	—Tons of $PM_{2.5}$ Reduced from Mobile Sources.	18,000	18,000
FY 2002	Maintain healthy air quality for 120 million people living in monitored areas attaining the PM_{10} standards; increase by 2.7million the number of people living in areas with healthy air quality that have newly attained the standard.		
	Performance Measures:		
	—Cumulative percent increase in the number of people who live in areas with ambient PM_{10} concentrations below the level of the NAAQS as compared to 1992.		5%
	—Cumulative percent increase in the number of areas with ambient PM_{10} concentrations below the level of the NAAQS as compared to 1992.		40%
	—Total number of people who live in areas designated to attainment of the Clean Air Standard for PM_{10}.		120 M
	—Additional people living in newly designated areas with demonstrated attainment of the PM_{10} standard.		2.7 M
	—Areas newly designated to attainment for PM_{10}.	6 areas	4 areas
	—Tons of PM_{10} Reduced from Mobile Sources.	23,000	23,000
	—Tons of $PM_{2.5}$ Reduced from Mobile Sources.	17,250	17,250
FY 2001	Maintain healthy air quality for 120 million people living in monitored areas attaining the PM_{10} standards; increase by 2.7million the number of people living in areas with healthy air quality that have newly attained the standard.		
	Performance Measures:		
	—Cumulative percent increase in the number of people who live in areas with ambient PM_{10} concentrations below the level of the NAAQS as compared to 1992.		3%
	—Cumulative percent increase in the number of areas with ambient PM_{10} concentrations below the level of the NAAQS as compared to 1992.		32%
	—Total number of people who live in areas designated to attainment of the Clean Air Standard for PM_{10}.		117.4 M
	—Additional people living in newly designated areas with demonstrated attainment of the PM_{10} standard.		2.3 M
	—Areas newly designated to attainment for PM_{10}.	5 areas	8 areas

FY 2004 Result: Based on available data, EPA is not on track to meet its goal. EPA met its goal of maintaining healthy air quality for 120.5 million people living in 31 areas designated as attaining the PM_{10} standard. However, EPA certified 6 areas (from the 9 areas) of the 54 remaining non-attainment areas have attained the NAAQS and increased the number of people living in areas with healthy air by 126,000 (not 380,000). While EPA missed the targets for both the number of areas designated and additional people living in healthy air, this is due in part to areas not meeting the procedural requirements for formal designations to attainment. Completion of the air quality monitoring data review, in 2005, will provide more information on percentage of people who live in areas and the number of areas that meet the PM_{10} standard and thus allow EPA to have a more complete picture of air quality.

APG 1.3 Reduce Particulate Matter *(continued)*

(FY 2004 Result *continued*) A description of the quality of data used to measure EPA's performance can be found in Appendix B, page 20.

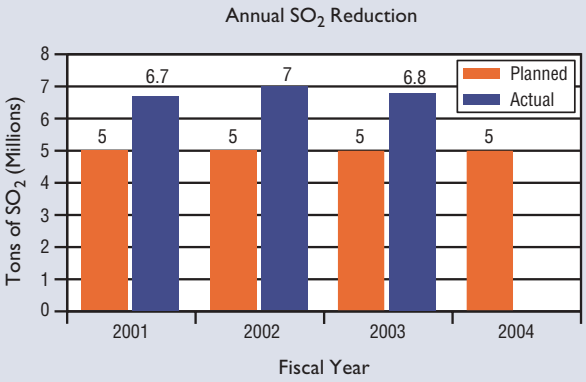
FY 2003 Result Available in FY 2004: As reported in its FY 2003 report, EPA declared this goal met. With this report, EPA is reporting on the data that was not yet available for the FY 2003 report. EPA missed the designation of attainment target but met the target that was the actual emission reduction. There was a cumulative increase of 6% in the number of people who live in areas with ambient PM_{10} concentrations below the level the NAAQS as compared to 1992 and a 50% increase in the number of areas with ambient PM_{10} concentrations below the level of the NAAQS as compared to 1992.

APG 1.4 Reduce SO_2 Emissions		Planned	Actual
FY 2004	Maintain or increase annual SO_2 emission reduction of approximately 5 million tons from the 1980 baseline. Keep annual emissions below level authorized by allowance holdings and make progress toward achievement of Year 2010 SO_2 emissions cap for utilities.	5 M	Data avail 2005

FY 2004 Result: Although data is not available for FY 2004, EPA has continued to meet and exceed this goal for the previous 3 years. FY 2004 data will be available in the last quarter of 2005 to verify that annual emissions reduction of approximately 5 million tons from utility sources were maintained or increased during 2004.

A description of the quality of data used to measure EPA's performance can be found in Appendix B, page 21.

FY 2003 Result Available in FY 2004: This goal was met. SO_2 emissions were reduced by approximately 39% from the 1980 level of 17.4 million tons, approaching the 50% reduction goal from 1980 level by 2010. Unit-level SO_2 emissions data for all sources covered by the Acid Rain Program are available on EPA's website at http://www.epa.gov/airmarkets.



APG 1.5 Increase Tribal Air Capacity		Planned	Actual
FY 2004	Increase the number of tribes monitoring air quality for ozone and/or PM from 42 to 45 and increase the percentage of tribes monitoring clean air for ozone from 64% to 67% and PM from 71% to 72%. Goal Met.		
	Performance Measures:		
	—Percent of Tribes with Tribal Lands Monitoring for ozone and/or Particulate Matter.	13%	18%
	—Percent of Monitoring Tribes Monitoring Clean Air for ozone.	67%	81%
	—Percent of Monitoring Tribes Monitoring Clean Air for PM.	72%	93%
	—Number of Tribes implementing air programs.	45 tribes	74 tribes
FY 2003	Increase the number of tribes monitoring air quality for ozone and/or PM from 37 to 42 and increase the percentage of tribes monitoring clean air for ozone from 62% to 64% and PM from 68% to 71%. Goal Not Met.	42 tribes 64 % 71%	39 tribes 66% 68%

APG 1.5 Increase Tribal Air Capacity *(continued)*

FY 2004 Results: EPA significantly exceeded this goal by almost doubling the number of tribes working to implement air programs, in cooperation with state and local air managers. In FY 2004, 17 out of 21 tribes monitored below the NAAQS for ozone. Fifty-six out of 60 tribes monitored below the NAAQS for PM. The Agency will continue to work with tribes to increase the number of tribes that monitor for air quality.

A description of the quality of data used to measure EPA's performance can be found in Appendix B, page 21.

APG 1.6 Reduce Air Toxic Emissions		Planned	Actual
FY 2004	**Air toxics emissions nationwide from stationary and mobile sources combined will be reduced by an additional 2% of the updated 1993 baseline of 6 million tons for a cumulative reduction of 37%.**		
	Performance Measures:		
	—Combined Stationary and Mobile Source Reductions in Air Toxics Emissions.	2%	Data avail 2012
	—Mobile Source Air Toxics Emissions Reduced.	.71 tons	
	—Stationary Source Air Toxics Emissions Reduced.	1.59 tons	
	—Area and All other Air Toxics Emissions Reduced.	+.13 tons	
FY 2003	Air toxics emissions nationwide from stationary and mobile sources combined will be reduced by an additional 1% of the updated 1993 baseline of 6 million tons for a cumulative reduction of 35%.		
	Performance Measures:		
	—Combined Stationary and Mobile Source Reductions in Air Toxics Emissions.	1%	Data avail 2009
	—Mobile Source Air Toxics Emissions Reduced.	.68 tons	
	—Stationary Source Air Toxics Emissions Reduced.	1.57 tons	
	—Area and All other Air Toxics Emissions Reduced.	+.12 tons	
FY 2002	Air toxics emissions nationwide from stationary and mobile sources combined will be reduced by 5% from 2001 (for a cumulative reduction of 40% from the 1993 level of 4.3 million tons per year.)		
	Performance Measures:		
	—Combined Stationary and Mobile Source Reductions in Air Toxics Emissions.	5%	Data avail 2005
	—Mobile Source Air Toxics Emissions Reduced.		
	—Stationary Source Air Toxics Emissions Reduced.		
	—Area and All other Air Toxics Emissions Reduced.		
FY 2001	Air toxics emissions nationwide from stationary and mobile sources combined will be reduced by 5% from 2000 (for a cumulative reduction of 35% from the 1993 level of 4.3 million tons per year.)		
	Performance Measures:		
	—Combined Stationary and Mobile Source Reductions in Air Toxics Emissions.	5%	Data avail 2005
	—Mobile Source Air Toxics Emissions Reduced.		
	—Stationary Source Air Toxics Emissions Reduced.		
	—Area and All other Air Toxics Emissions Reduced.		

APG 1.6 Reduce Air Toxic Emissions *(continued)*		Planned	Actual
FY 2000	Air toxics emissions nationwide from stationary and mobile sources combined will be reduced by 3% from 1999 (for a cumulative reduction of 30% from the 1993 level of 4.3 million tons per year.)		
	Performance Measures:		
	—Combined Stationary and Mobile Source Reductions in Air Toxics Emissions.	3%	Data avail 2005
	—Mobile Source Air Toxics Emissions Reduced.		
	—Stationary Source Air Toxics Emissions Reduced.		
	—Area and All other Air Toxics Emissions Reduced.		
FY 1999	Reduce air toxic emissions by 12% in FY 1999, resulting in cumulative reduction of 25% from 1993 levels.		
	Performance Measures:		
	—Combined Stationary and Mobile Source Reductions in Air Toxics Emissions.	12%	15%
	—Mobile Source Air Toxics Emissions Reduced.		1.1 tons
	—Stationary Source Air Toxics Emissions Reduced.		1.4 tons
	—Area and All other Air Toxics Emissions Reduced.		+.4 tons

FY 2004 Result: The NTI (National Toxics Inventory) and NEI (National Emissions Inventory) are scheduled to be completed every 3 years. The Agency is currently working on updating the NEI and expects to have FY 2004 results in the last quarter of 2012; FY 2003 results in the last quarter of 2009; and FY 2000, 2001, and 2002 results in the last quarter of FY 2005.

A description of the quality of data used to measure EPA's performance can be found in Appendix B, pages 20-21.

FY 1999 Result Available in FY 2004: EPA exceeded its goal for FY 1999 air toxics emissions reductions. FY 1999 is from the 1999 NEI completed in the fall of 2003.

APG 1.7 Reduce Exposure to Unhealthy Ozone Levels—8 hour		Planned	Actual
FY 2004	**The number of people living in areas with monitored ambient ozone concentrations below NAAQS for the 8-hour standard will increase by 4% (relative to 2003) for a cumulative total 7% (relative to 2001).**		
	Performance Measures:		
	—Cumulative Percent Increase in the number of people who live in areas with ambient 8-hour concentrations below the level of the NAAQS as compared to 2001.	**<1**	**Data avail 2005**
	—Cumulative Percent Increase in the number of areas with ambient 8-hour concentrations below the level of the NAAQS as compared to 2001.	**<1**	**Data avail 2005**

FY 2004 Result: EPA designated the attainment status in FY 2004 for areas meeting the 8-hr ozone standard, thereby establishing the baseline to monitor progress. Monitoring data for FY 2004 will be available in Summer of 2005.

A description of the quality of data used to measure EPA's performance can be found in Appendix B, page 20.

APG 1.8 Reduce Exposure to Unhealthy PM Levels—$PM_{2.5}$		Planned	Actual
FY 2004	The number of people living in areas with monitored ambient $PM_{2.5}$ concentrations below NAAQS will increase by less than 1% (relative to 2003) for a cumulative total of less than 1% (relative to 2001).		
	Performance Measures:		
	—Cumulative Percent Increase in the number of people who live in areas with ambient $PM_{2.5}$ concentrations below the level of the NAAQS as compared to 2001.	<1	Data avail 2005
	—Cumulative Percent Increase in the number of areas with ambient $PM_{2.5}$ concentrations below the level of the NAAQS as compared to 2001.	<1	Data avail 2005

FY 2004 Result: EPA will designate attainment status for $PM_{2.5}$ in FY 2005. This will establish the baseline to monitor progress. Monitoring data will be available in Summer of 2005.

A description of the quality of data used to measure EPA's performance can be found in Appendix B, page 21.

APG 1.9 Acid Rain		Planned	Actual
FY 2004	Reduce total annual average sulfur deposition and ambient sulfate concentrations 25% from baseline. Reduce total annual average nitrogen deposition and ambient nitrate concentrations 5% from baseline.	25% 5%	Data avail 2005
FY 2003	Two million tons of NO_x from coal-fired utility sources will be reduced from levels that would have been emitted without implementation of Title IV of the CAA. Goal Met.	2 M	3.5M

FY 2004 Result: FY 2004 data will be available in last quarter of 2005. The new annual Acid Rain measure was developed as a result of the OMB PART review of the program in FY 2005.

A description of the quality of data used to measure EPA's performance can be found in Appendix B, page 22.

FY 2003 Result Available in FY 2004: EPA met this goal in 2000 and maintained the reduction estimated at 3.5 M tons of NO_x in 2001, 2002, and 2003.

Strategic Objective: By 2008, 22.6 million more Americans than in 1994 will be experiencing healthier indoor air in homes, schools, and office buildings.[9] FY 2004 Cost (in thousands): $53,445 (5.7% of FY 2004 Goal 1 Total Costs)

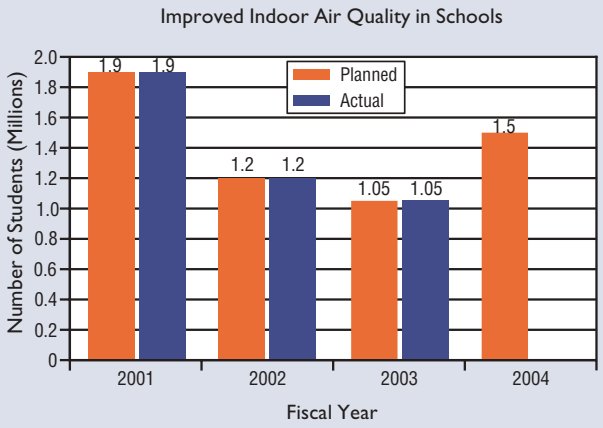
Progress Toward Strategic Objective: EPA is on track toward achieving its 2008 strategic objective of healthier indoor air in homes, schools, and office buildings. EPA has been successful in leveraging the resources and credibility of organizations respected by the public to encourage individuals, decision-makers, industry, and others to take action to reduce health risks in indoor environments. For example, the Indoor Environments Partner Network has allowed EPA to successfully reach target audiences with messages about how to reduce public health risks posed by indoor air contaminants. Partner relationships are being expanded every year, and partners who have committed to long-term public health risk reduction goals are demonstrating good progress.

APG 1.10 Healthier Indoor Air in Schools		Planned	Actual
FY 2004	1,575,000 students, faculty and staff will experience improved indoor air quality (IAQ) in their schools.	1.5 M	Data avail 2005

FY 2004 Result: EPA gathers information on the number of schools and school systems/districts that receive Tools for Schools (TfS) kits and makes assumptions about adoption rates at each school. Based on preliminary data, the Agency expects to meet its goal by reaching 3,000 schools with an average of approximately 525 students/staff per school in adopting an indoor air quality management plans.

A description of the quality of data used to measure EPA's performance can be found in Appendix B, page 22.

FY 2003 Result Available in FY 2004: Based on its review and analysis of partner/grantees' reports and consulting with partners of EPA's Indoor Environment Network, EPA is confident that more than 1 million students and staff are experiencing improved IAQ in schools. In particular, EPA has seen an increase in IAQ planning progress and/or IAQ TfS implementation in 12 of the 15 largest U.S. school district representing more than 4,700 schools. This includes the school districts of Los Angeles, Miami, and Dallas.

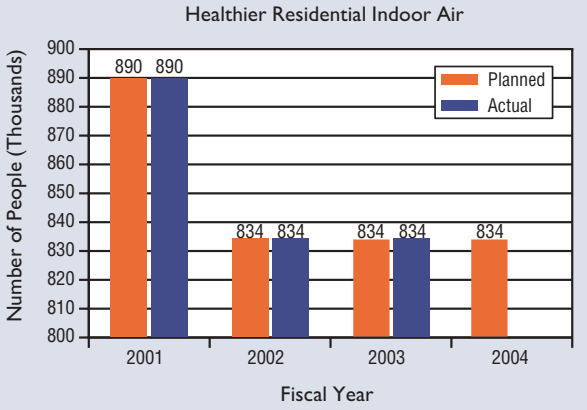


APG 1.11 Healthier Residential Indoor Air		Planned	Actual
FY 2004	834,400 additional people will be living in healthier residential indoor environments.	834,000	Data avail 2005

FY 2004 Result: EPA is currently analyzing the information gathered through the survey instruments mentioned below. EPA expects to have FY 2004 results in FY 2005, and based on historical trends is likely to meet the goal. EPA gathers information from an annual National Association of Home Builders Survey. EPA also reviews the number of sales of radon fans, estimates the annual number of kids not exposed to ETS, and estimates the number of people made aware of EPA's outreach efforts via direct outreach, grant awards, public service announcements, and partnerships efforts.

A description of the quality of data used to measure EPA's performance can be found in Appendix B, page 22.

FY 2003 Result Available in FY 2004: For FY 2003, EPA estimates that it met its goal of approximately 834,400 additional people living in healthier residential indoor environments. This result is based upon information gathered from the Indoor Environment Partner Network which includes traditional partners and grantees, as well as analysis of various results data efforts including public service announcements and outreach, as well as information from the National Association of Home Builders and radon mitigation fan sales. This is a compound measure which includes results from the secondhand smoke, Asthma, and Radon Programs.



Strategic Objective: By 2010, through worldwide action, ozone concentrations in the stratosphere will have stopped declining and slowly begun the process of recovery, and the risk to human health from overexposure to ultraviolet radiation, particularly among susceptible subpopulations, such as children, will be reduced. FY 2004 Cost (in thousands): $14,874 (1.6% of FY 2004 Goal 1 Total Costs)

Progress Toward Strategic Objective: According to the United Nations Environment Programme's "Scientific Assessment of Ozone Depletion: 2002," a 4-year review of developments related to the ozone layer, "the total combined effective abundance

of ozone-depleting compounds continues to decline slowly from the peak that occurred in 1992-1994 (p. 1)." As a result of the continuing reduction in total atmospheric concentrations of ozone-depletors, models project varying rates of recovery in the global amount of total column ozone between now and 2050. The report also states that "measurements continue to confirm that decreases in ozone column amounts lead to increases in UV radiation." UV radiation is a recognized risk factor for skin cancer and has been associated with other health effects, such as cataracts. Therefore, increases in total column ozone by 2010 should reduce the amount of UV radiation reaching the surface and the associated risk of developing health effects.

APG 1.12	Restrict Domestic Consumption of Class II HCFCs	Planned	Actual
FY 2004	**Restrict domestic consumption of class II hydrochlorofluorocarbons (HCFCs) below 9,906 ozone depletion potential-weighted metric tons (ODP MTs) and restrict domestic exempted production and import of newly produced class I chlorofluorocarbons (CFCs) and halons below 10,000 ODP MTs.**		
	Performance Measures:		
	—Domestic Consumption of Class II HCFCs.	**<9,906**	**Data avail 2005**
	—Domestic Exempted Production and Import of newly produced class I HCFCs and halons.	**<10,000**	
FY 2003	Restrict domestic consumption of class II HCFCs below 9,906 ODP MTs and restrict domestic exempted production and import of newly produced class I CFCs and halons below 10,000 ODP MTs.		
	Performance Measures:		
	—Domestic Consumption of Class II HCFCs.	<9,906	Data avail 2005
	—Newly produced Domestic Exempted Production and Import of class I HCFCs.	<10,000	
FY 2002	Restrict domestic consumption of class II HCFCs below 15,240 ODP MTs and restrict domestic exempted production and import of newly produced class I CFCs and halons below 60,000 ODP MTs. Goal Met.		
	Performance Measures:		
	—Domestic Consumption of Class II HCFCs.	<15,240	13,950
	—Newly produced Domestic Exempted Production and Import of class I CFCs and halons.	<60,000	2,347

FY 2004 Result: Data will be available in 2005. Progress on restricting domestic exempted consumption of Class I CFCs and halons is tracked by monitoring industry reports of compliance with EPA's CAA phase out regulations and U.S. obligations under the Montreal Protocol. Data are provided by U.S. companies producing, importing, and exporting Ozone Depleting Substances.

A description of the quality of data used to measure EPA's performance can be found in Appendix B, page 23.

FY 2002 Result Available in FY 2004: EPA met its FY 2002 goal, verifying that domestic consumption of Class II HCFCs was 13,950 metric tons and newly produced domestic exempted production and import of class I CFCs and halons was 2,347 metric tons, in compliance with EPA's phaseout regulations.

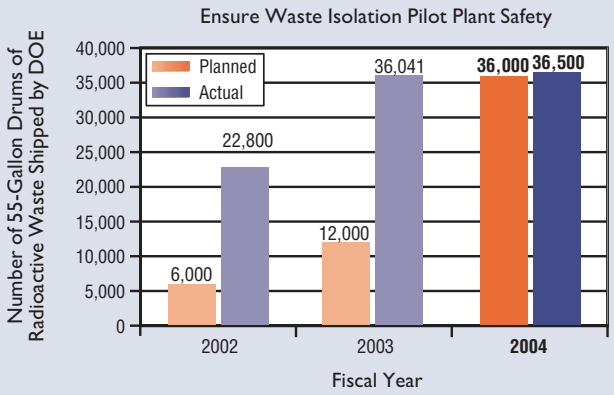
Strategic Objective: Through 2008, working with partners, minimize unnecessary releases of radiation and be prepared to minimize impacts to human health and the environment should unwanted releases occur. FY 2004 Cost (in thousands): $39,053 (4.1% of FY 2004 Goal 1 Total Costs)

Progress Toward Strategic Objective: EPA continues on a steady path toward its 2008 strategic objective of minimizing unnecessary releases of radiation and minimizing impacts to human health and the environment. Highlights of that progress include improved management of "low-activity" radioactive waste; continued radiological emergency response exercises including the summer 2004 Ruby Slippers exercise; recertification of the Waste Isolation Plant and revised stakeholder approach to the WIPP; and the launching of RADINFO that provides basic information about facilities that the EPA regulates for radiation and radioactivity. EPA continues to meet or exceed its WIPP goal. While EPA did not meet its annual goal for updating the national radiation monitoring system, EPA has since revised the schedule and expects to meet the long-term goal while falling short of FYs 2004 and 2005 goals.

APG 1.13 Ensure WIPP Safety		Planned	Actual
FY 2004	Certify that 36,000 55-gallon drums of radioactive waste (containing approximately 108,000 curies) shipped by the Department of Energy (DOE) to the Waste Isolation Pilot Plant are permanently disposed of safely and according to EPA standards. Goal Met.	36,000	36,500

FY 2004 Result: Through FY 2004, EPA has certified as properly disposed approximately 109,000 drums of transuranic waste equivalent to approximately 321,000 millicuries.

A description of the quality of data used to measure EPA's performance can be found in Appendix B, page 23.



APG 1.14 Build National Radiation Monitoring System		Planned	Actual
FY 2004	EPA will purchase 60 state of the art radiation monitoring units thereby increasing EPA radiation monitoring capacity and population coverage from 37% of the contiguous U.S. population in FY 2002 to 50% in FY 2004. Goal Not Met.	60	0

FY 2004 Result: EPA did not meet its FY 2004 target of purchasing and deploying 60 state of the art radiation monitoring units. EPA awarded a contract for the fixed monitors in FY 2004 and expects shipment beginning in FY 2005. EPA expects to reach the overall FY 2008 strategic goal of purchasing and deploying 180 state of the art radiation monitors.

A description of the quality of data used to measure EPA's performance can be found in Appendix B, page 23.

Strategic Objective: Through EPA's voluntary climate protection programs, contribute 45 million metric tons of carbon equivalent (mmtce) annually to the President's 18% greenhouse gas (GHG) intensity improvement goal by 2012. (An additional 75 mmtce to result from the sustained growth in the climate programs are reflected in the administration's business-as-usual projection for GHG intensity improvement.[10]). FY 2004 Cost (in thousands): $112,061 (11.9% of FY 2004 Goal 1 Total Costs)

Progress Toward Strategic Objective: Global climate change is a complex, long-term challenge that will require a sustained effort over many generations. For more than a decade, businesses and organizations have partnered with EPA through voluntary climate protection programs to pursue common sense approaches and addressing global climate change issues. Each year the environmental and economic benefits grow and most recent results (from 2003) show that the programs remain on track. As a result of the partnerships, 48 mmtce of ghg emissions were prevented in 2003, equivalent to the annual emissions from more than 31 million automobiles; 228,000 tons of nitrogen oxides were prevented in 2003; more than 40 mmtce per year in ghg emissions will be avoided during the next decade due to actions already taken by partners in the voluntary programs. Consumers and business have locked in investments in energy-efficient technologies exceeding $16 billion.

APG 1.15	Reduce Greenhouse Gas (GHG) Emissions	Planned	Actual
FY 2004	GHG emissions will be reduced from projected levels by approximately 81 mmtce per year through EPA partnerships with businesses, schools, state and local governments, and other organizations.		Data avail 2005
	Performance Measures:		
	—Annual GHG Reductions- All EPA Programs data available.	81.0	
	—GHG Reductions from EPA's Buildings Sector Programs (ENERGY STAR).	21.4	
	—GHG Reductions from EPA's Industrial Efficiency/Waste Management Programs.	7.3	
	—GHG Reductions from EPA's Industrial Methane Outreach Programs.	18.1	
	—GHG Reductions from EPA's Industrial HFC/PFC Programs.	29.6	
	—GHG Reductions from EPA's Transportation Programs.	2.6	
	—GHG Reductions from EPA's State and Local Programs.	2.0	
FY 2003	GHG emissions will be reduced from projected levels by approximately 72.2 mmtce per year through EPA partnerships with businesses, schools, state and local governments, and other organizations.		
	Performance Measures:		
	—Annual GHG Reductions—All EPA Programs.	72.2 M	82.4 M
	—GHG Reductions from EPA's Buildings Sector Programs (ENERGY STAR).	19.2 M	23.0 M
	—GHG Reductions from EPA's Industrial Efficiency/Waste Management Programs.	6.7 M	7.4 M
	—GHG Reductions from EPA's Industrial Methane Outreach Programs.	17.0 M	17.9 M
	—GHG Reductions from EPA's Industrial HFC/PFC Programs.	24.9 M	29.8 M
	—GHG Reductions from EPA's Transportation Programs.	2.4 M	2.3 M
	—GHG Reductions from EPA's State and Local Programs.	2.0 M	2.0 M

APG 1.15 Reduce Greenhouse Gas (GHG) Emissions *(continued)*		Planned	Actual
FY 2002	GHG emissions will be reduced from projected levels by approximately 65.8 mmtce per year through EPA partnerships with businesses, schools, state and local governments, and other organizations thereby offsetting growth in GHG above 1990 levels by about 20%. Goal Met.	65.8 M	71 M
FY 2001	Same Goal, different target. Goal Met.	66 M	65 M

FY 2004 Result: Final data will be available in mid-2005. Data collected by EPA's voluntary programs include partner reports on facility-specific improvements (e.g., space upgraded, kilowatt-hours reduced), national market data on shipment of efficient products, and engineering measurements of equipment power levels and usage patterns. The information collected is then converted to GHG emissions reduced.

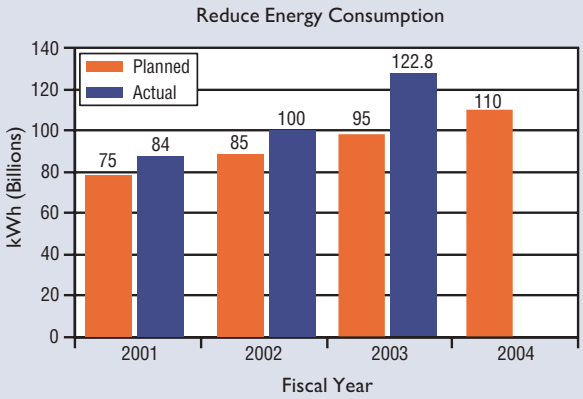
A description of the quality of data used to measure EPA's performance can be found in Appendix B, pages 23-24.

FY 2003 Result Available in FY 2004: EPA met its goal for its Climate Change programs by reducing GHG emissions by 82.4 mmtce.

APG 1.16 Reduce Energy Consumption		Planned	Actual
FY 2004	**Reduce energy consumption from projected levels by more than 110 billion (B) kilowatt-hours (kWh), contributing to more than $7.5 B in energy savings to consumers and businesses.**	110 B	Data avail 2005

FY 2004 Result: The information collected is then converted to energy and related cost savings. Final data will be available in the summer of 2005. Data collected by EPA's voluntary programs include partner reports on facility-specific improvements (e.g space upgraded, kilowatt-hours reduced), national market data on shipment of efficient products, and engineering measurements of equipment power levels and usage patterns.

A description of the quality of data used to measure EPA's performance can be found in Appendix B, page 24.



FY 2003 Result Available in FY 2004: Through the end of 2003, EPA's Climate Change Programs significantly exceed its goal by reducing energy use by 122.8 billion kWh. EPA estimates that from investments made due to EPA's technology deployment programs, businesses and consumers across the country will realize energy bill savings of more than $85 billion through 2012 (net of investment in energy-efficient technologies).

Strategic Objective: Through 2010, provide and apply sound science to support EPA's goal of clean air by conducting leading-edge research and developing a better understanding and characterization of environmental outcomes under Goal 1. FY 2004 Cost (in thousands): $126,576 (13.4% of FY 2004 Goal 1 Total Costs)

Progress Toward Strategic Objective: EPA is on track for meeting this objective. For FY 2004, EPA's Office of Research and Development (ORD) provided crucial information to support NAAQS on the effects of ambient particulate matter (PM) on potentially susceptible groups, such as children and the elderly. ORD also provided important information regarding how PM components may contribute to adverse health outcomes, ultimately allowing EPA to regulate PM based on its components, as well as its mass (PM_{10} or $PM_{2.5}$), in the future. Specifically, an assessment of the toxicity of different sizes of coal fly ash shows that coarse particles do not cause pulmonary inflammation while fine and, to a larger extent, ultrafine particles

do.[ii] EPA is also making progress in assessing the potential health effects of long-term exposure to PM, PM constituents, and co-pollutants, including providing an estimate of the relationships between indoor concentrations and personal exposures to particles from indoor and outdoor sources. The National Research Council, in a recent review of the PM research program, concluded that scientific uncertainty in this area has been greatly reduced in the past several years, and the evidence gained is already being used in decisions that will continue to be made even with the remaining uncertainties.

APG 1.17 Clean Automotive Technology		Planned	Actual
FY 2004	Transfer hybrid powertrain components, originally developed for passenger car applications, to meet size, performance, durability, and towing requirements of Sport utility vehicle and urban delivery vehicle applications with an average fuel economy improvement of 25% over the baseline. Goal Met.		
	Performance Measure:		
	Fuel Economy of typical SUV with EPA-developed hybrid technology over EPA driving cycles tested.	25.2	25.2

FY 2004 Result: The average fuel economy of the typical SUV with EPA-developed hybrid technology represents a 25% increase over the baseline of 20.2 mpg.

A description of the quality of data used to measure EPA's performance can be found in Appendix B, pages 24-25.

APG 1.18 PM Effects Research		Planned	Actual
FY 2004	Provide reports to OAR and the scientific community that examine the health effects of high levels of air pollutants, especially particulate matter in potentially susceptible populations so that PM standards protect human health to the maximum extent possible. Goal Met.		
	Performance Measures:		
	—Report on the chronic respiratory health effects in children of intra-urban gradients of particulate matter and co-pollutants in El Paso, TX.	1 report	1 report
	—Report on epidemiologic studies examining acute cardiac and respiratory effects in the elderly and children exposed to PM and co-pollutants	1 report	1 report

FY 2004 Result: EPA's ORD provided critical information to the OAR to enhance risk estimates needed for promulgating the PM NAAQS and that focus on those who are at greatest risk. Specifically, the two reports completed in 2004 examine the health effects of increased levels of PM on children and the elderly. As noted by the National Research Council, the issue of susceptibility and chronic health outcomes is of utmost importance. There is currently considerable concern that increased levels of PM may disproportionately affect certain susceptible groups, especially when exposures are long-term. One such group is children, especially those with pre-existing asthma and related cardiopulmonary diseases. For example, in a study of children with pre-existing asthma, increases in PM exposure were linked to increased likelihood of an asthma attack and having that attack last for more than 2 hours. Children living in areas of high pollution such as on the U.S.-Mexico border are particularly at risk due to economic factors as well as exposure. The El Paso Children's Health Study examined ambient exposures to motor vehicle emissions and their effect on the prevalence of allergies and asthma among children. Preliminary findings from the study indicate that the duration of El Paso residence is associated with an increased prevalence of allergic sensitization in children, suggesting that environmental exposures in El Paso may be responsible, independent of other risk factors. The elderly with chronic lung disease comprise another susceptible group who may be more acutely affected. In two studies of elderly populations across the U.S., researchers found that a daily increase in PM concentration was associated with decreased heart rate variability, a health endpoint linked to higher mortality risk. This association was documented among health subjects and those with coronary heart disease.

A description of the quality of data used to measure EPA's performance can be found in Appendix B, page 25.

ASSESSMENT OF IMPACTS OF FY 2004 PERFORMANCE ON FY 2005 ANNUAL PLAN:
THERE ARE NO CHANGES TO FY 2005 APGS BASED ON RESULTS OF FY 2004 PERFORMANCE.

Notes

1 U.S. Environmental Protection Agency, Office of Air and Radiation and Office of Policy, Planning and Evaluation. 1997. *Benefits and Costs of the Clean Air Act, 1970 to 1990. Final Report to Congress*. EPA 410/R-97-002. Washington, DC. Available at: http://www.epa.gov/oar/sect812/contsetc.pdf

2 More information is available at: http://www.epa.gov/ozonedesignations/ozonetrends.htm

3 More protective health-based 8-hour ozone standards were implemented on April 15, 2004. Every area in the United States was designated as meeting or failing to meet these tighter standards. More information is available at: http://www.epa.gov/ozonedesignations/

4 The proposed Clean Air Interstate Rule, part of the Clean Air Rules of 2004, addresses pollution that crosses states boundaries. This rule will reduce emissions of SO_2 and NO_x in 29 eastern states and the District of Columbia in two phases. More information is available at: http://www.epa.gov/interstateairquality/

5 U.S. Environmental Protection Agency, Office of Air and Radiation. May 2004.*Clean Air Nonroad Diesel Rule Summary*. EPA 420-F-04-029. Washington, DC. Available at: http://www.epa.gov/otaq/regs/nonroad/equip-hd/2004fr/420f04029.pdf

6 Slaughter, J.C., et al. "Effects of Ambient Air Pollution on Symptom Severity and Medication Use in Children with Asthma." *Annals of Allergy, Asthma, and Immunology* 2003: 91346–53.

7 U.S. Environmental Protection Agency. 2004. Use of Indoor-Outdoor Sulfur Concentrations to Estimate the Infiltration Factor, Personal Exposure Factor, Penetration Coefficient, and Deposition Rate for Individual Homes. 2004.

8 Refer to*Sustained Progress in Addressing Management Issues* available at http://www.epa.gov/ocfo/finstatement/2004ar/2004ar.htm

9 The 1994 baseline is assumed to be zero for purposes of tracking the results of EPA indoor air programs because the number of Americans experiencing healthier indoor air prior to 1994 is unknown.

10 Overall, EPA's climate protection programs will prevent 185 mmtce annually by 2012, up from 65 mmtce in 2002. Of the additional 120 mmtce that will be prevented annually by 2012, 75 mmtce will result directly from the sustained growth in many of the climate programs and are reflected in the Administration's business-as-usual projection for ghg intensity improvement; 45 mmtce will contribute to the attainment of the President's 18% ghg intensity improvement goal. The strategic targets outline the path for preventing the 120 mmtce by 2012.

11 Gilmour MI, Oconnor S, Dick CJ, Miller CA, Linak WP. "Differential pulmonary inflammation and in vitro cytotoxicity of size fractionated fly ash particles from pulverized coal." *J Air Waste Manage Assoc* 2004; 54:1-10.

GOAL 2: Clean and Safe Water

Ensure drinking water is safe. Restore and maintain oceans, watersheds, and their aquatic ecosystems to protect human health, support economic and recreational activities, and provide healthy habitat for fish, plants, and wildlife.

Over the past 30 years, EPA and its federal, state, and tribal partners have made significant progress in protecting and restoring the nation's waters. Today, more Americans have safe, reliable, and affordable drinking water, and people can fish, swim, and travel safely in rivers that were once polluted. Challenges remain, however, and EPA is using a variety of strategies to address them. During FY 2004, EPA focused on developing and applying innovative, flexible approaches, such as trading and watershed-based permitting, that will promote efficiencies and yield improved results. The Agency also worked closely with states and tribes to improve data, so managers have the information they need to target actions to protect human health and aquatic ecosystems most effectively. New tools—such as the first complete list of beaches in coastal and Great Lakes States, an expanded listing of waters where fish are safe to eat, and a new national study that uses comparable results to report stream conditions across the United States—are laying the foundation for improved reporting and results in the coming years.

EPA works with states and tribes to improve data quality and develop new tools to improve reporting and results.

Drinking Water

EPA has established health-based drinking water standards for more than 90 contaminants.[1] To help drinking water systems implement the standards for contaminants posing the greatest risk to human health, EPA, states, tribes, and key stakeholders work together to provide water systems with extensive technical assistance and training. Over the past decade, the Agency and its partners have made significant progress in providing the public with drinking water that meets health-based standards. While final FY 2004 drinking water data will not be available until January 2005, EPA expects to maintain these gains.

Given the many new standards and regulations which have been implemented since 1998 and continue to be implemented, however, EPA does not expect straight line increases in the number of community water systems that comply with all standards and regulations throughout the year, or in the corresponding percentages

of the populations they serve. For example, EPA and states project that the 2005 goal, 93 percent of the population is served by systems that meet all federal health-based standards all the time, will not be met. The Agency recognizes that many systems, especially small systems, will be struggling to implement the revised arsenic in drinking water standard and may not be in compliance with this standard for the entire year. Consequently, in FY 2004, EPA worked with states to determine which public water systems will need help in implementing the arsenic rule and the suite of microbial and disinfection/disinfectant byproducts rules that become effective in 2005, 2006, and 2007. EPA estimates that, as a result of concerted technical assistance, training, and other capacity-building efforts, the gap between its annual goals and performance results will narrow in FY 2007, and the Agency will reach its FY 2008 goal.

EPA and the Food and Drug Administration issued the first joint federal fish advisory.

Recently, verification of state data and other quality assurance analyses have called into question the accuracy of EPA's estimates of accomplishments in protecting drinking water. Efforts are underway to improve the data and the accuracy of EPA reports.[2]

Fish and Shellfish

In FY 2004, states, territories, and tribes accelerated monitoring of fish tissue for mercury and other contaminants. As a result, as of December 2003, 47 new guidelines identifying specific water bodies from which the public can safely consume fish were added to those reported for 2002. Overall, 35 percent of total lake acres and 24 percent of river miles in the United States are now under consumption advisories; the increase in waters under advisory reflects statewide mercury advisories issued by Montana and Washington and the addition of rivers to Wisconsin's statewide advisory. In addition, Hawaii issued a statewide advisory for its entire coastline, and the Cheyenne River Sioux Tribe issued an advisory on all of its tribal waters.[3] Most recent advisories involved mercury, though U.S. emissions of mercury have declined significantly since 1990.[4]

In FY 2004, in the first such cooperative effort of its kind, EPA and the Food and Drug Administration issued a joint federal fish advisory. The agencies shared their data and expertise to develop three recommendations for reducing exposure to the harmful effects of mercury in fish. By following the recommendations, women of child-bearing age and children can safely enjoy the nutritional benefits of fish and shellfish while avoiding risks associated with methylmercury.[5] During FY 2005, EPA will continue working with states, tribes, and health-care providers to disseminate this information to the public.

Beaches and Recreational Waters

Each year, Americans take an estimated 910 million trips to beaches, where they spend approximately $44 billion.[6] During FY 2004, EPA took important steps to protect public health and the quality of the nation's beaches. To fulfill provisions of the Beaches Environmental Assessment and Coastal Health (BEACH) Act of 2000, EPA proposed health-based federal water quality standards for the 25 states and territories bordering Great Lakes or ocean waters that had not strengthened their standards.[7] South Carolina, Maryland, and Delaware have already adopted these criteria. Ensuring that the public has current information on the safety of recreational waters is also a high priority for EPA. In April 2004, the Agency published the first "List of Beaches" on U.S. coastal and Great Lakes waters.[8] This comprehensive list will be critical for making information accessible to the public and for tracking results over time. In addition, during FY 2004 for the fourth consecutive year, EPA provided grant funding to support coastal and Great Lakes states, tribes, and territories in monitoring beaches and notifying the public about beach conditions.[9]

EPA proposed water quality standards to protect public health and the quality of our beaches.

Water Quality

To protect water quality and restore impaired waters, EPA, states, and tribes employ a watershed approach, enabling them to improve collaboration and information sharing and leverage resources. To be successful, water programs must have the comprehensive, consistent data they need to manage wisely, and they must apply the tools provided them by the Clean Water Act efficiently and effectively to address pollution from point and nonpoint sources of pollution.

Data on the number of watersheds with 80 percent or more of assessed waters meeting water quality standards are reported every 2 years; EPA expects to complete the analysis of states' 2004 data by the end of FY 2005. However, the Agency does not expect to meet its FY 2005 goal of 500 watersheds. Improved state monitoring and reporting is providing a better understanding of watershed condition, and EPA and states recognize that improving water quality on a watershed basis is challenging. The Agency and its partners are taking steps to improve results by increasing monitoring, encouraging watershed-based permitting and development of total maximum daily loads, increasing efficiency by identifying the most environmentally significant permits and setting permitting priorities from a watershed perspective, and helping states and tribes

Long Island Sound Nitrogen Loading Reduced

A study administered by EPA Regions 1 and 2 identified nitrogen pollution that results in hypoxia (low levels of dissolved oxygen) as the highest priority for restoring the Long Island Sound. In response, Connecticut and New York are using flexible, innovative strategies to upgrade wastewater treatment plants to remove nitrogen. In 2004, Connecticut continued its nitrogen pollutant trading program, and New York finalized additional bubble permits. Both approaches set firm, enforceable targets for reducing nitrogen, but provide flexibility in achieving them. As a result of upgrades to date, wastewater treatment plant discharges have decreased nitrogen loading by 25 percent from baseline levels.

Photo: National Oceanic and Atmospheric Administration/Department of Commerce

Collaboration on NPDES Permits Protects Chesapeake Bay

To control point-source pollution of the Chesapeake Bay watershed, EPA has led a collaborative effort to issue appropriate NPDES permits—consistent with Clean Water Act requirements and *Chesapeake 2000* goals—for discharges of nutrients to the Bay. After coordinating extensively with the seven states comprising the watershed, EPA issued a draft comprehensive strategy in July 2004. The Agency will finalize the strategy in FY 2005, following public review. The strategy has been the subject of considerable attention by the regulated community, environmental groups, and the press, and many have recognized EPA's leadership in moving this essential effort forward.

Photo: National Oceanic and Atmospheric Administration/Department of Commerce

improve the information available on water conditions and sources of impairment.

A cost-effective, scientifically sound system for obtaining national water quality data is crucial for detecting pollution problems, managing effectively, and assessing progress in improving water quality. During FY 2004, EPA continued to provide states with funding and technical support to enhance and expand monitoring. The Agency worked with states to conduct the Wadeable Streams Assessment, the first national study of the condition of wadeable streams throughout the United States. Survey results, available in 2005, will be comparable across all states in the contiguous United States, allowing state and regional biologists to consider methods and select approaches appropriate for their areas. The Agency's investment in state monitoring programs not only provides the new data, but also will support future decision making under a wide range of federal and state programs.

FY 2004 marks the first year since 1992 that EPA is not under a consent decree for issuing effluent guidelines. During FY 2004 EPA published final effluent guidelines for meat and poultry, construction and development, and aquaculture.[10] The meat and poultry processing effluent guideline will reduce pollutants produced by these operations by an estimated 30 million pounds per year.[11] In addition, new regulations that EPA issued in 2004 for large power producers will protect more than 200 million pounds of aquatic organisms annually from death or injury from cooling tower intake structures.[12] The Agency also published the *2004 Effluent Guidelines Program Plan*, which will direct the effluent guidelines program over the next 2 years.[13] During FY 2004, National Pollution Discharge Elimination System (NPDES) permits implementing effluent guidelines prevented the discharge of approximately 136 million pounds of pollutants into the nation's waters, for a cumulative total of 2.3 billion pounds reduced since 1999.[14] EPA expects the reduction in pollutant loadings to increase as the Agency continues to implement the revised Concentrated Animal Feeding Operation regulation and to focus on the most environmentally significant permits. EPA's collaboration with the U.S. Department of Agriculture and the Association of State and Interstate Water Pollution Control Administrators is key to achieving NPDES program goals.

New effluent guidelines will reduce pollutants discharged from meat and poultry processing operations by an estimated 30 million pounds per year.

Throughout FY 2004, EPA promoted innovative approaches to streamline permitting and other administrative processes and improve results. Under the Permitting for Environmental Results (PER) initiative, for example, EPA and its partners identify the most environmentally significant permits in and among watersheds and set permit priorities accordingly. Now in its second year, PER is improving the integrity of the process for issuing permits and, more importantly, is providing an approach to focus on priority permits that will achieve the greatest environmental benefit and make the most of valuable resources. To further watershed-based permitting, in FY 2004 EPA issued the Watershed-Based NPDES Permitting Implementation Guide[15] and began drafting complementary technical guidance that will facilitate watershed-based permitting.[16]

EPA is implementing a strategy for sustainable infrastructure that will enhance the operating efficiency of water and wastewater systems. The strategy is based on four related components: better asset management, full-cost pricing, efficient water use, and watershed-based management. Employing these sustainable management techniques can prolong the lives of existing utility systems and provide clean water at reduced costs.

EPA is also promoting an Environmental Management System (EMS) approach to help drinking water and wastewater utilities operate more efficiently to reduce adverse impacts on the environment. EMS practices enable an operation to evaluate its impact on the environment and reduce harmful effects by increasing energy efficiency and conserving resources. In FY 2004, collaborating with others, EPA produced two guides: *Achieving Environmental Excellence: An Environmental Management Systems Handbook for Wastewater Utilities*[17] and *Continual Improvement in Utility Management: A Framework for Integration*.[18] These guides provide practical step-by-step information on developing a high-quality EMS, advice on integrating systems to continuously improve operations, and case studies of successful systems.

Finally, EPA's research programs in FY 2004 continued to supply the information needed to set and implement drinking water and water quality standards. Researchers explored the performance and cost of commercially ready arsenic treatment technologies for small water systems and provided information on managing residuals from arsenic treatment, determining the effects of the distribution system on treated water, and optimizing treatment processes. To support the Wadeable Streams Assessment, EPA also evaluated bioassessment methods and tools used to assess streams and rivers in New England.

Schuylkill Action Network Protects Water Quality

The Schuylkill Action Network, one of EPA's Targeted Watershed Initiative grant recipients for FY 2004, is accelerating source water and watershed protection in the 130-mile Schuylkill River, a drinking water source for over 1.5 million people in the Philadelphia area. Organized by EPA, the City of Philadelphia Water Department, and the Pennsylvania Department of Environmental Protection, the Network is working with more than 50 public and private organizations to address acid mine drainage, agricultural runoff, storm water runoff, untreated sewage discharges, and combined sewer overflows that threaten water quality. The Network has secured funding for community sewer systems, implemented a storm water demonstration project in the Wissahickon watershed, and diverted stream flow from an abandoned mine tunnel that was discharging metals to the river.

Goal 2: Clean And Safe Water

Annual Performance Goals Met:	7
Annual Performance Goals Not Met:	3
Data Available After 11/5/04:	3

FY2004 Obligations (in thousands):	
EPA Total:	$10,155,381
Goal 2:	$3,840,600
Goal 2 Share of Total:	37.8%

FY2004 Costs (in thousands):	
EPA Total:	$8,837,375
Goal 2:	$4,012,619
Goal 2 Share of Total:	45.4%

Strategic Objective: Protect human health by reducing exposure to contaminants in drinking water (including protecting source waters), in fish and shellfish, and in recreational waters. FY 2004 Cost (in thousands): $1,313,748 (32.8% of FY 2004 Goal 2 Total Costs)

Progress Toward Strategic Objective: In collaboration with states, tribes, and local governments, EPA is making steady progress in protecting human health by reducing contaminants in drinking water, in fish and shellfish, and in recreational waters. Although final FY 2004 drinking water data will not be available until January 2005, EPA expects that the gains made over the past decade will be maintained. Through concerted technical assistance and training, as well as other capacity development activities, we anticipate that the gap between the planned targets and actual achievements will narrow in FY 2005 and EPA will achieve the 2008 drinking water protection goal.

States, territories, and tribes are increasing monitoring activities of fish tissue for mercury and are communicating this critical information to the consuming public, and making progress toward meeting the 2008 goal. EPA also continues to provide the public with information about the quality of recreational waters and anticipates resolving the technical difficulties with eBeaches in FY 2005.

APG 2.1	Source Water Protection	Planned	Actual
FY 2004	**Advance states' efforts with community water systems to protect their surface and ground water resources that are sources of drinking water supplies.** Goal Met.		
	Performance Measure:		
	Number of community water systems and percent of population served by those CWSs that are implementing source water protection programs.	**7,500 25%**	**13,891 42%**
FY 2003	39,000 community water systems (representing 75% of the nation's service population) will have completed source water assessments and 2,600 of these (representing 10% of the nation's service population) will be implementing source water protection programs. Goal Met.	2,600 10%	6,570 25%

FY 2004 Result: The states and EPA exceeded the goal, resulting in more community water systems (CWSs) implementing best management practices to address potential sources of contamination and further protect drinking water supplies. These source water assessments, authorized in the 1996 Amendments to the Safe Drinking Water Act to be conducted by the states, consists of six steps: (1) delineating the water supply, (2) inventorying actual and potential sources of contamination, (3) determining the susceptibility of potential sources, (4) informing the public, (5) developing a management plan for high risk sources of contamination, and (6) developing a contingency plan for alternative drinking water supplies in the event of wide- spread contamination. States continue to assess and identify potential sources of contamination that could endanger or contaminate sources of drinking water supplied by the nation's 53,000+ CWSs. Additional information on the Source Water Program is available at http://www.epa.gov/safewater/protect/assessment.html.

A description of the quality of the data used to measure EPA's performance can be found in Appendix B, page 25.

FY 2003 Result Available in FY 2004: Data for 2003 was incomplete; not all states reported by January 2004. EPA ensured that the data collection process for 2004 reporting was corrected.

APG 2.2 Safe Drinking Water		Planned	Actual
FY 2004	Population served by community water systems will receive drinking water meeting health-based standards promulgated in 1998.	85%	Data avail 2005
FY 2003	Same goal. Goal Met.	85%	96%

FY 2004 Result: To protect the nation's public health through safe drinking water, health-based standards for both chemical and microbial contaminants must be implemented by all 53,000+ community water systems. Pertinent rules for this measure include the Filter/Backwash Rule, Stage 1 Disinfections Byproducts Rule, and the Surface Water Treatment Rule (LT1 SWTR), which were promulgated in or after 1998. At this time, data collection is still in progress. Additional information on the health standards and regulations for drinking water is available at http://www.epa.gov/safewater/standards.html.

A description of the quality of the data used to measure EPA's performance can be found in Appendix B, page 26.

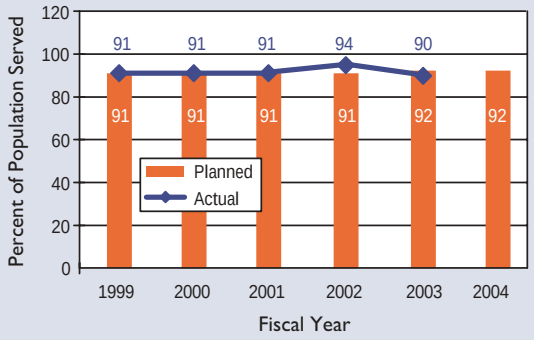
FY 2003 Result Available in FY 2004: Data reported by states to EPA to date show that the percentage of the population served by community water systems which meet all health-based drinking water standards increased from 79% in 1993 to 96% in 2003 which met drinking water standards promulgated in 1998 was 96% in 2003.

APG 2.3 Safe Drinking Water		Planned	Actual
FY 2004	Population served by community water systems will receive drinking water meeting all health-based standards, up from 83% in 1994.	92%	Data avail 2005

FY 2004 Result: All health-based standards and regulations that were promulgated prior to 1998 were in effect in 1994. The population supplied drinking water by community water systems that have had no health-based violations in that year is the indicator for ensuring safe drinking water. Data for this measure will be available in 2005. Additional information on standards and regulations for public drinking water systems can be found at: http://www.epa.gov/safewater/standards.html.

A description of the quality of the data used to measure EPA's performance can be found in Appendix B, page 26.

Population Served by Community Water Systems Will Receive Drinking Water Meeting All Health-Based Standards, Up from 83% in 1994



FY 2003 Result Available in FY 2004: Although the vast majority of the nation's community water systems supplied drinking water that met all health-based standards, some very large systems serving a large number of people (e.g., New York City and Puerto Rico) reported violations during the year. For example, even though the New York City system was out of compliance for just a few hours, it is reported as a violation for the entire year. As a result the goal was not achieved. The Agency is pursuing ways to account for these temporary noncompliance events to more comprehensively and accurately reflect the public health benefits over the entire year.

APG 2.4 River/Lake Assessments for Fish Consumption		Planned	Actual
FY 2004	Reduce consumption of contaminated fish by increasing the information available to states, tribes, local governments, citizens, and decision-makers. Goal Met.		
	Performance Measures:		
	—Lake acres assessed for the need for fish advisories and compilation of state-issued fish consumption advisory methodologies (cumulative).	35%	35%
	—River miles assessed for the need for fish consumption advisories and compilation state-issued fish consumption advisory methodologies (cumulative).	16%	24%

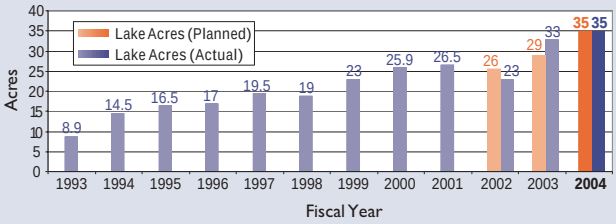
APG 2.4 River/Lake Assessments for Fish Consumption *(continued)*

FY 2004 Result: EPA met its goal, with the increase in river miles largely due to new statewide advisories in 3 states (Washington, Montana, and Wisconsin) due to mercury. These data are a compilation of fish advisory information provided to EPA by 50 states, 3 tribes, Puerto Rico, Guam, and American Samoa, and local governments. The information is voluntarily submitted to EPA in an effort to provide a central repository of fish consumption advisories information for the United States. Monitoring entities determine the scope and extent of monitoring and which waters should be placed under an advisory. Fish advisories are issued in order to inform the public about the recommended level of consumption of fish caught in local waters. The overall increase in waters needing advisories is primarily due to increased sampling of previously untested waters by states and tribes.

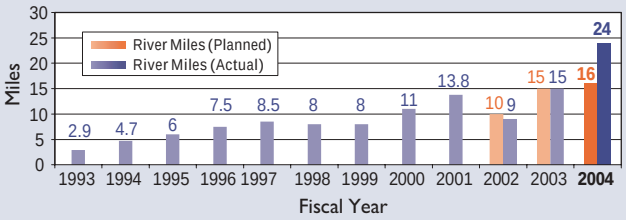
States are also increasingly using risk-based methodologies in determining the need for fish consumption advisories. In calendar year 2002, 45 states reported using risk-based methodologies, an increase from the 15 states that reported using these methodologies in 1999. EPA provides scientific and technical information to enhance state capacity, and develops and disseminates outreach materials for health care professionals in several languages. As a result of following these consumption advisories, the public should be protected from eating contaminated fish in quantities that would be harmful to their health.

A description of the quality of the data used to measure EPA's performance can be found in Appendix B, page 26.

Lake Acres Assessed for the Need for Fish Advisories and Compilation of State-Issued Fish Consumption Advisory Methodologies (cumulative)



River Miles Assessed for the Need for Fish Consumption Advisories and Compilation of State-Issued Fish Consumption Advisory Methodologies (cumulative)



APG 2.5 Increase Information on Beaches

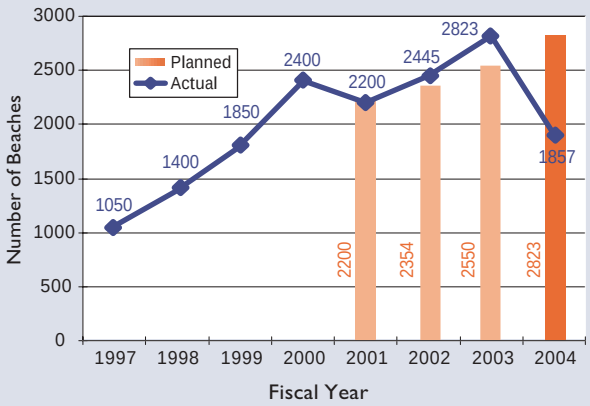
		Planned	Actual
FY 2004	Reduce human exposure to contaminated recreation waters by increasing the information available to the public and decision-makers. Goal Not Met.		
	Performance Measure:		
	Beaches for which monitoring and closure data are available to the public at http://www.epa.gov/OST/beaches/ (cumulative).	2,823	1,857

FY 2004 Result: Calendar year 2003 beach closure data were provided by 227 state agencies for 1,857 beaches. The target of beach closure data for 2,823 beaches was not met due to software compatibility issues with the old and new database systems. The new database system, eBeaches, will allow EPA to collect beach closure and pathogen data from states on a daily basis, a vast improvement over the previous system which reported beach closure information on a yearly basis. The 10 states that currently use STORET as a repository for monitoring data were able to report 2003 data for 1,857 beaches (closure data are available at http://www.epa.gov/waterscience/beaches/). EPA expects the system to be fully operational, allowing all states to report beach closure information, in January 2005.

A description of the quality of the data used to measure EPA's performance can be found in Appendix B, page 27.

Increase Information on Beaches

Reduce human exposure to contaminated recreation waters by increasing the information available to the public and decision-makers.



APG 2.6	Drinking Water Infrastructure (Homeland Security)	Planned	Actual
FY 2004	Enhance homeland security by securing the nation's critical drinking water infrastructure. Goal Not Met.		
	Performance Measures:		
	—Percent of population and number of CWSs serving more than 50,000 but less than 100,000 people have certified the completion of their vulnerability assessment and submitted a copy to EPA.	100%/435	100%/435
	—Percent of population and number of CWSs serving more than 50,000 but less than 100,000 people have certified the completion of the preparation or revision of their emergency response plan.	100%/435	93%/405
	—Percent of population and number of CWSs serving more than 3,300 but less than 50,000 people have certified the completion of their vulnerability assessment and submitted a copy to EPA.	100%/7,641	88%/6,788
FY2003	Enhance public health protection by securing the nation's critical water infrastructures through support for counter-terrorism preparedness. Goal Met.		
	Performance Measure:		
	Percent of the population and the number of community water systems—serving 100,000 or more people—that have certified the completion of the preparation or revision of their emergency response plan.	100%/463	100%/463

FY 2004 Result: EPA met its goal of having virtually all medium community water systems assure that their public water utilities have evaluated their susceptibility to potential threats and identified corrective actions to reduce or mitigate the risk of serious consequences from an intentional act. However, EPA missed its goal of having 100% of medium community water systems certify the completion of emergency response plans (ERP) within 6 months after submitting their vulnerability assessments, consistent with this Public Health Security and Bioterrorism Preparedness and Response Act (Bioterrorism Act) of 2002. Instead of taking an enforcement action against those systems that have not yet submitted their ERPs, the Agency is providing training and technical assistance to those systems making a concerted effort to complete their plans. Currently, EPA is providing on-the-ground technical assistance to those systems that have not yet submitted their ERPs. EPA missed its goal of having small systems certify their vulnerability assessments by June 30, 2004. EPA continues to provide assistance to help small water utilities identify the basic elements of vulnerability assessments and comply with completion, submission, and certification requirements. The tools help systems evaluate their susceptibility to potential threats and identify corrective actions to prepare for and respond to contamination of the nation's water supply. This continued support should expedite small systems' abilities to submit their vulnerability assessments. EPA expects that this number will continue to rise over the next few months since the due date recently passed.

A description of the quality of the data used to measure EPA's performance can be found in Appendix B, page 27.

FY 2003 Result Available in FY 2004: As stated in the Bioterrorism Act, large community water systems were mandated to certify the completion of their emergency response plan (ERP) within 6 months after submitting their vulnerability assessment to EPA. Large community water systems serving more than 100,000 people have now demonstrated that they have response plans in place designed to deal with emergency situations or vulnerabilities discovered through conducting their vulnerability assessments. The public's large water utilities are, therefore, better prepared for a potential threat.

Strategic Objective: Protect the quality of rivers, lakes, and streams on a watershed basis and protect coastal and ocean waters. FY 2004 Cost (in thousands): $2,549,300 (63.5% of FY 2004 Goal 2 Total Costs)

Progress Toward Strategic Objective: EPA, states and tribes, continue to use a watershed approach to protect and improve water quality nationwide, including coastal waters. In 2004, EPA, working with state and tribal partners, established

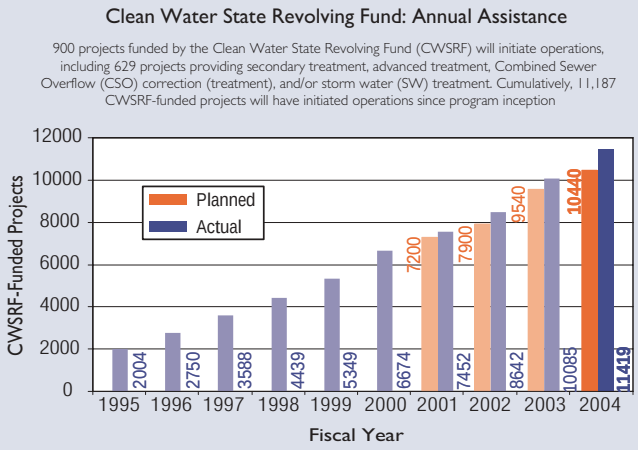
regional and state watershed-improvement targets that consider existing data and planned implementation activities. This approach, combined with a continued emphasis on enhancing state and tribal monitoring and assessment programs, and improving data collection and management efforts to provide meaningful status and trends information, will help to provide a better picture of the condition of the nation's waters.

EPA also continues to promote the use of innovative and flexible approaches, such as trading and watershed-based permitting, to achieve water quality goals. These tools can lead to administrative efficiencies, benefit all watershed stakeholders, and lead to increased environmental results.

APG 2.7 Clean Water State Revolving Fund: Annual Assistance		Planned	Actual
FY 2004	900 projects funded by the Clean Water State Revolving Fund (CWSRF) will initiate operations, including 629 projects providing secondary treatment, advanced treatment, Combined Sewer Overflow (CSO) correction (treatment), and/or storm water (SW) treatment. Cumulatively, 10,440 CWSRF funded projects will have initiated operations since program inception. Goal Met.	10,440	11,419

FY 2004 Result: EPA and the states exceeded the target for FY 2004 by more than 900 projects. The additional projects will reduce pollutant loadings and will result in accelerated environmental protection. The cumulative number of CWSRF projects initiating operations through 2004 is displayed above. These projects facilitate human health protection and pollution control by providing secondary treatment, advanced treatment, combined sewer overflow correction (treatment), and/or stormwater control.

A description of the quality of the data used to measure EPA's performance can be found in Appendix B, page 27.



APG 2.8 State/Tribal Water Quality Standards (WQSs)		Planned	Actual
FY 2004	Assure that states and tribes have effective, up-to-date water quality standards programs adopted in accordance with the regulation and the WQSs program priorities. Goal Met.		
	Performance Measures:		
	—States with new or revised WQSs that EPA has reviewed and approved or disapproved and promulgated federal replacement standards.	20	27
	—Tribes with WQSs adopted and approved (cumulative).	33	25

FY 2004 Result: Achievement of this goal ensures that up-to-date scientifically defensible and robust standards are in place to protect the nation's waters. EPA exceeded its goal by reviewing and approving new or revised water quality standards for 27 states. EPA met the performance goal overall based on the states' standards, which apply to a far larger share of the nation's rivers, lakes, and streams than do the tribal standards. The tribal target was not met primarily due to a Supreme Court decision resulting in EPA revising its tribal

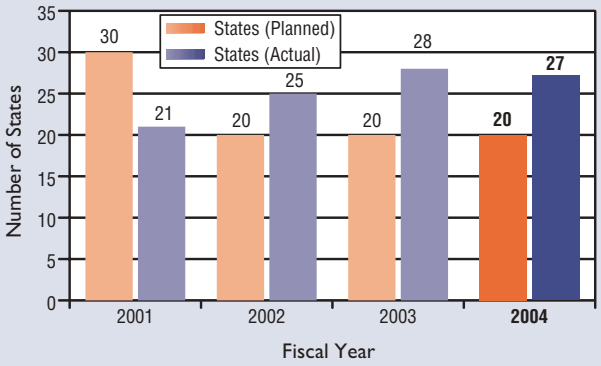
APG 2.8 State/Tribal Water Quality Standards (WQSs) *(continued)*

Planned | Actual

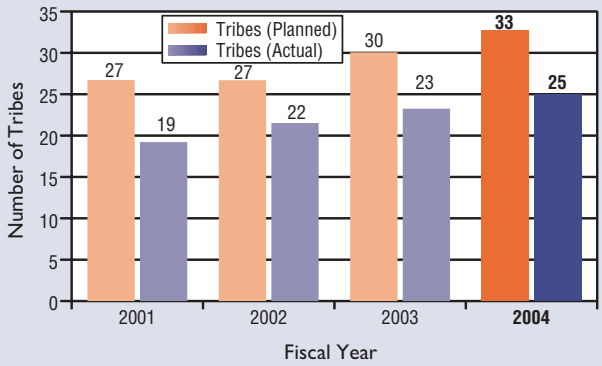
authorization process, which delayed approval of new tribal standards. By the end of FY 2004, a total of 25 tribes had EPA-approved water quality standards. EPA has made significant progress in increasing the number of tribes with water quality standards, and will accelerate progress by increasing the management accountability for EPA actions on treatment as a state (TAS) applications; continuing to provide guidance and assistance, including specialized training, and technical and legal advice, to tribes who have applied or are applying for authority to administer the WQS program, or are developing standards; and continuing to explore the possibility of promulgating federal WQS for tribes that do not have standards in place under the Act.

A description of the quality of the data used to measure EPA's performance can be found in Appendix B, page 28.

States with New or Revised WQSs That EPA Has Reviewed and Approved or Disapproved and Promulgated Federal Replacement Standards



Tribes with WQSs Adopted and Approved (cumulative)



APG 2.9 Watershed Protection

		Planned	Actual
FY 2004	**By 2005, water quality will improve on a watershed basis such that 500 of the nation's 2,262 watersheds will have greater than 80% of assessed waters meeting all water quality standards.**	**500**	Data avail FY 2005
FY 2003	By FY 2003, water quality will improve on a watershed basis such that 600 of the nation's 2,262 watersheds will have greater than 80% of assessed waters meeting all WQSs, up from 500 watersheds in 1998. Goal Not Met.	600	453
FY 2002	Same goal, different targets. Goal Not Met	600	453
FY 2001	Same goal, different targets. Goal Not Met	550	510

FY 2004 Result: EPA relies on states' biennial reporting under Clean Water Act Section 305(b) to assess progress for this measure. EPA's analysis of states' 2004 305(b) reports, which will provide the actual performance data from FYs 2004 and 2005, will be completed by the end of FY 2005.

A description of the quality of the data used to measure EPA's performance can be found in Appendix B, page 28.

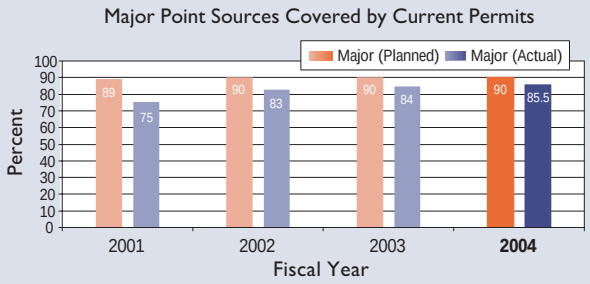
FY 2003 Result Available in FY 2004: EPA and states did not meet the 2003 target for a variety of reasons. Among the most critical, states have broader indication of water quality problems due to new integrated reporting methodologies in accordance with EPA guidance. EPA's and states' abilities to achieve the expected results have also been complicated by the incorporation of new water quality standards for mercury and additional pollutants.

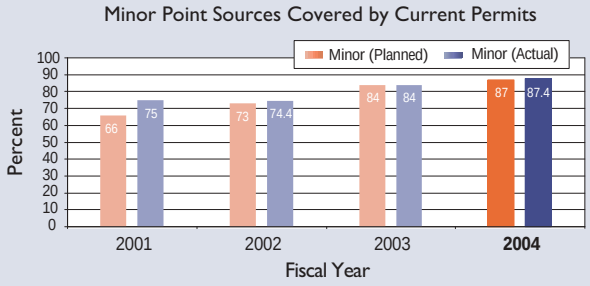
Note: The FY 2003 Annual Report indicated that the data for this measure would be available in 2005. This was an error; the data for FY 2003, reflecting analysis of state 305(b) data from the 2002 reporting cycle, was available in late 2003. Because states' 305(b) water quality data reports are submitted biennially, targets and actuals are the same for each 2-year cycle.

APG 2.10 NPDES Permit Requirements		Planned	Actual
FY 2004	Current national pollutant discharge elimination system (NPDES) permits reduce or eliminate discharges into the nation's waters of (1) inadequately treated discharges from municipal and industrial facilities; and (2) pollutants from urban SW, CSO, and concentrated animal feeding operations (CAFOs). Goal Not Met.		
	Performance Measures:		
	—Major point sources are covered by current permits.	90%	85.5%
	—Minor point sources are covered by current permits.	87%	87.4%
	—Loading reductions (pounds per year) of toxic, non-conventional, and conventional pollutants from NPDES permitted facilities (POTWs, Industries, SIUs, CAFOs, SW, CSOs).	2,750 M	2,336 M

FY 2004 Result: For FY 2004, EPA and the states met the target for the percent of minor point sources covered by current permits. In FY 2004, EPA and states issued permits to achieve 85.5% coverage with current major permits. The continuing challenge of issuing major permits is due to competing priorities and the increasing complexity of permitting in a watershed context. This challenge is being addressed by the Permitting for Environmental Results initiative, which is designed to focus on permits expected to produce the most significant environmental results. An increasing number of states are issuing permits on a watershed basis and incorporating other innovative techniques, such as trading, to address the NPDES backlog and issue permits to reduce or eliminate discharges into the nation's waters. EPA also expects the reduction in pollutant loadings to increase as EPA continues to implement the revised CAFO regulation, and focuses on the most environmentally significant permits.

A description of the quality of the data used to measure EPA's performance can be found in Appendix B, pages 28-29.





APG 2.11 Wastewater Treatment Facility Compliance		Planned	Actual
FY 2004	Enhance public health and environmental protection by securing the nation's critical wastewater infrastructure through support for homeland security preparedness, including vulnerability assessments, emergency operations planning, and system operator training. Goal Met.		
	Performance Measures:		
	Percent of the population served by, and the number of large and medium-sized (serving populations of 10,001 and larger) POTWs that have taken action for homeland security preparedness.	75% 8,000	75% 8,000
FY 2003	Same goal, different targets. Goal Met.	65% 5,000	65% 5,000

APG 2.11 Wastewater Treatment Facility Compliance *(continued)*

FY 2004 Result: In FY 2004 an additional 3,000 large and medium-sized publically owned treatment works (POTWs) improved their homeland security preparedness through EPA and state operator assistance training. This brings the cumulative number of wastewater facilities prepared for a potential terrorist threat or other intentional act to 8,000. In order to track this measure, EPA grantees that provide the training report the numbers of utilities trained. EPA then uses the Clean Watersheds Needs Survey and the Permits Compliance System databases to determine and report the population served by each utility.

A description of the quality of the data used to measure EPA's performance can be found in Appendix B, page 29.

Strategic Objective: Provide and apply a sound scientific foundation to EPA's goal of clean and safe water by conducting leading-edge research and developing a better understanding and characterization of the environmental outcomes under Goal 2. FY 2004 Cost (in thousands): $149,571 (3.7% of FY 2004 Goal 2 Total Costs)

Progress Toward Strategic Objective: EPA research continues to provide crucial information for developing effective and protective drinking water standards, including verifying the effectiveness of arsenic treatment technologies and pathogen detection. In FY 2004 EPA provided an improved method for detecting Cryptosporidium in water. The method that is currently used on a widespread basis requires the collection and analysis of two environmental samples, while the new method requires only one environmental sample. This method will allow EPA, states, tribes, and others to more efficiently collect occurrence data on human protozoans in source water[19]. EPA research has also supported Agency efforts to protect the nation's waters so that they support designated uses. In FY 2004, EPA provided important new information on lesion formation in menhaden fish and its relationship to pfiesteria, a toxic dinoflagellate associated with major fish kills about which little is known.[20]

APG 2.12 Drinking Water Research		Planned	Actual
FY 2004	Provide final reports on the performance of arsenic treatment technologies and/or engineering approaches to the Office of Water and water supply utilities to aid in the implementation of the arsenic rule and the protection of human health. Goal Met.	9/30/04	9/30/04

FY 2004 Result: In FY 2004 EPA provided information to utilities, utility consultants and states on the performance and cost of arsenic treatment technologies for drinking water for use in complying with the 2002 arsenic standard of 10 parts per billion. Nearly 97% of the water systems affected by this rule are small systems that serve less than 10,000 people each. These small systems have limited resources and need more cost-effective technologies to meet the new standard. EPA's two completed reports detail the cost to purchase arsenic treatment technologies based on technology demonstrations, and document the performance of arsenic treatment modifications at one of the treatment technology demonstration sites[21]. These demonstrations showed that the total cost of arsenic treatment technologies can vary widely, depending upon the type of technology, design features, and site conditions.

A description of the quality of the data used to measure EPA's performance can be found in Appendix B, page 30.

APG 2.13 Wet Weather Flow Research		Planned	Actual
FY 2004	Provide to states, regions and watershed managers' indicators, monitoring strategies, and guidance for determining the effectiveness of Best Management Practices (BMPs) for wet weather flows in meeting water quality goals. Goal Met.		
	Performance Measures:		
	—Report on fecal indicator monitoring protocols for different types of recreational water.	1 report	1 report
	—Provide guidance on indicator selection and monitoring strategies for evaluating the effectiveness of BMPs.	9/30/04	9/30/04

APG 2.13 Wet Weather Flow Research *(continued)*	Planned	Actual

FY 2004 Result: In FY 2004, EPA completed a report on fecal contamination indicators in recreational waters, and guidance on indicator selection and effectiveness monitoring for best management practices (BMPs). The costs and complexities of meeting water quality goals subject to urban stormwater permits are daunting. The role of BMPs as both an effective and economical means to meet permit requirements remains the central regulatory and non-regulatory approach for restoring much of the nation's degraded water quality in urban environments. The scientific literature and reviews of current design and monitoring practices show that the effectiveness of BMPs varies, is often defined and reported differently, and that monitoring rarely documents biological water quality improvements. EPA's guidance provided in 2004 will provide states, regions and watershed managers with a means for determining the effectiveness of BMPs in meeting water quality goals.[22]

For more information please visit: http://www.epa.gov/ednnrmrl/publish/main.htm. EPA also provided information to states and others for selecting indicators of water quality contamination. In FY 2004, EPA completed a report entitled "The EMPACT Beaches Report–Results from a Study on Microbiological Monitoring in Recreational Waters." This report describes the physical and biological factors that significantly influence the results obtained using microbiological monitoring methods to measure the quality of bathing beach waters, and should improve the quality of data obtained from these monitoring efforts.

A description of the quality of the data used to measure EPA's performance can be found in Appendix B, page 30.

ASSESSMENT OF IMPACTS OF FY 2004 PERFORMANCE ON FY 2005 ANNUAL PLAN:

THERE ARE NO CHANGES TO NEXT YEAR'S PROJECTED PERFORMANCE GOALS ASSOCIATED WITH THIS YEAR'S RESULTS.

Notes

1 U.S. Environmental Protection Agency. *List of Contaminants and Their MCLs*. Available at http://www.epa.gov/safewater/mcl.html#mcls

2 U.S. Environmental Protection Agency. *Drinking Water Data Reliability and Action Plan*. Available at http://www.epa.gov/safewater/data/pdfs/reports_draap_final_2003.pdf

3 More information is available at http://epa.gov/waterscience/fish/advisories/

4 U.S. Environmental Protection Agency, Office of Water. August 2004. EPA-823-F-04-016. EPA Fact Sheet.*National Listing of Fish Advisories*. Available at http://www.epa.gov/waterscience/fish/advisories/factsheet.pdf

5 U.S. Department of Health and Human Services and U.S. Environmental Protection Agency. March 2004. EPA-823-R-04-005. *What You Need To Know About Mercury In Fish and Shellfish*. Available at http://www.epa.gov/waterscience/fishadvice/advice.html

6 U.S. Environmental Protection Agency. Press Release. "Safer Water at Nation's Beaches: New Rule to Protect Against Pathogens." July 2, 2004. Available at http://yosemite.epa.gov/opa/admpress.nsf/b1ab9f485b098972852562e7004dc686/9925d96bd2f8555485256ec50058c1b7?OpenDocument

7 U.S. Environmental Protection Agency, Office of Water. July 9, 2004. "Water Quality Standards for Coastal and Great Lakes Waters." *Federal Register* Vol. 69, No. 131, pp 41720-41743. Available at http://www.epa.gov/fedrgstr/EPA-WATER/2004/July/Day-09/w15614.pdf

8 U.S. Environmental Protection Agency, Office of Water. March 2004. *National List of Beaches*. EPA-823-R-04-004. Washington, DC. Available at http://www.epa.gov/waterscience/beaches

9 U.S. Environmental Protection Agency. Press Release. "Bush Administration Commits $10 million to Protect the Nation's Beaches." April 29, 2004. R#080. Available at http://yosemite.epa.gov/opa/admpress.nsf/b1ab9f485b098972852562e7004dc686/e30191e77589659985256e850051a36a?OpenDocument

10 U.S. Environmental Protection Agency, Office of Water. August 23, 2004. "Effluent Limitations Guidelines and New Source Performance Standards for the Concentrated Aquatic Animal Production Products Point Source Category." *Federal Register* Vol. 69, No. 162, pp. 51892-51930. Available at: http://www.epa.gov/fedrgstr/EPA-WATER/2004/August/Day-23/w15530.htm

11 U.S. Environmental Protection Agency, Office of Water. September 8, 2004. "Effluent Limitations Guidelines and New Source Performance Standards for the Meat and Poultry Products Point Source Category." *Federal Register* Vol. 69, No. 173, pp. 544476-54555. Available at http://www.epa.gov/fedrgstr/EPA-WATER/2004/September/Day-08/w12017.htm

12 U.S. Environmental Protection Agency, Office of Water. July 9, 2004. "National Pollutant Discharge Elimination System–Final Regulations to Establish Requirements for Cooling Water Intake Structures at Phase II Existing Facilities." *Federal Register* Vol. 69, No. 131, pp. 415760-41693. Available at http://a257.g.akamaitech.net/7/257/2422/06jun20041800/edocket.access.gpo.gov/2004/04-4130.htm

13 U.S. Environmental Protection Agency, Office of Water. September 2, 2004. "Notice of Availability of 2004 Effluent Guidelines Program Plan." *Federal Register* Vol. 69, No. 170, pp 53705-53721. Available at http://www.epa.gov/fedrgstr/EPA-WATER/2004/September/Day-02/w20040.htm

14 Loading reductions are calculated using a spreadsheet maintained by the Office of Science and Technology. U.S. Environmental Protection Agency, Office of Science and Technology. Updated 2004. *Loadings Reduction Spread Sheet for Direct Discharges from Point Sources Subject to Effluent Guidelines*. Unpublished Lotus 1-2-3 spread sheet.

Issuance of major permits (individual and non-storm water general permits) and individual minor permit issuance is tracked using the Permit Compliance System. U.S. Environmental Protection Agency, Office of Enforcement and Compliance Assurance, Permit Compliance System (database).

Non-storm water general permit issuance for minor permits is tracked using the Permit Issuance Forecasting Tool. U.S.Environmental Protection Agency, Office of Wastewater Management. Permit Issuance Forecasting Tool (database).

15 U.S. Environmental Protection Agency, Office of Water. December 2003.*Watershed-Based NPDES Permitting Implementation Guidance*. EPA-83333-B-03-004. Washington, DC. Available at http://www.epa.gov/npdes/publications

16 Refer to*Sustained Progress in Addressing Management Issues* available at http://www.epa.gov/ocfo/finstatement/2004ar/2004ar.htm

17 *Achieving Environmental Excellence: An Environmental Management Systems Handbook for Wastewater Utilities* is available at http://www.peercenter.net, http://www.epa.gov/ow, or http://www.epa.gov/ems

18 *Continual Improvement in Utility Management: A Framework for Integration* is available at http://www.wef.org and http://www.peercenter.net

19 Francy D. S., Simmons O.D., Ware M.W., Granger E.J., Sobsey M.D., and Schaefer F.W. Effects of spiking procedures and water quality on recovery of Cryptosporidium in stream water using USEPA Method 1623.

20 Choich, J., J.D. Salierno, E.K. Silbergeld, and A.S. Kane. "Altered brain activity in brevetoxin-exposed bluegill, *Lepomis macrochirus*, visualized using in vivo 14C 2-deoxyglucose labeling." Environmental Research 94 (2004) 192-197. Researchers found that a certain water mold, A. invadans, was the causative agent responsible for the development of characteristic lesions on menhaden that were formerly ascribed to Pfiesteria, and causes significant mortality in infected fish.

21 For more information, please visit http://www.epa.gov/etv.

22 Clar, M., B. Barfield, and T.P. O'Connor. "Stormwater Best Management Design Guide: Volume 1 General Considerations" EPA 600/R-04/121, Volume 2 EPA 600/R-04/121A, and Volume 3 EPA 600/R-04/121B. For more information, please visit http://www.epa.gov/ednnrmrl/publish/main.htm.

GOAL 3: Land Preservation and Restoration

Preserve and restore the land by using innovative waste management practices and cleaning up contaminated properties to reduce risks posed by releases of harmful substances.

During FY 2004, EPA's waste management and emergency response programs worked with state, tribal, and local governments to implement and oversee 15 separate statutory authorities.[1] Many stakeholders—including non-governmental organizations, industry associations, and Federal Advisory Committee Act groups—assisted these efforts. Through these partnerships, the Agency met or exceeded all of its hazardous waste cleanup and prevention goals for FY 2004.

Four themes characterize EPA's land program activities under Goal 3: Revitalization; One Cleanup Program; Recycling, Waste Minimization, and Energy Recovery; and Homeland Security. The Agency's enforcement and research programs are essential elements common to all four themes. For example, private parties pay for and conduct most cleanups of contaminated sites. EPA's Superfund program has a longstanding "enforcement first" policy to pursue viable, responsible parties to pay for or carry out cleanups. At Resource Conservation and Recovery Act (RCRA) corrective action facilities, owners and operators conduct studies and perform cleanups. Because EPA's enforcement program provides leverage to encourage voluntary efforts, many private parties have undertaken cleanups without enforcement orders.

From 1986 through 2002, using innovative cleanup technologies resulted in an estimated net cost savings of $2.7 billion and an average savings of 71 percent per site.

EPA's research helps to accelerate development of scientifically defensible, cost-effective waste management and remediation methods. EPA's Office of Research and Development contributed significantly to EPA's new guidance on remediating contaminated sediments[2] and continues to advise managers of large contaminated sediment cleanup projects. The Superfund Innovative Technology Evaluation (SITE) program identifies, demonstrates, and assesses innovative and alternative environmental technologies and distributes information to developers, remediation site managers, and regulators, resulting in more efficient site characterization and remediation. From the SITE program's inception in 1986 through 2002, the use of innovative technologies to clean up contaminated sites has resulted in an estimated net cost savings of $2.7 billion and an average savings of 71 percent per site.[3]

Revitalization

EPA and its partners are restoring contaminated land to make it economically productive or available as green space. Like the Agency's Brownfields Program discussed under Goal 4, these revitalization efforts complement traditional cleanup programs and enable affected communities to reuse contaminated lands in beneficial ways.[4]

For example, restoring Michigan's Torch Lake, a former copper mining site of over 800 acres of slag, stamp sands, and other mine spoils, has increased plant diversity from 5 to 76 species and bird sightings from 0 to over 24 species. In FY 2004, EPA and Michigan Technological University instituted a unique program under which local area high schools continue to monitor birds, plants, and soil at Torch Lake. EPA is developing performance measures to assess its success in restoring and revitalizing sites under all of its cleanup programs.

EPA's partnership with the Wildlife Habitat Council (WHC), an organization of corporations and environmental groups that promotes ecological enhancement projects, has given rise to other innovative revitalization efforts. Projects are underway to improve habitat, restore native species, and forge stronger bonds between communities and their natural environments. In FY 2004, EPA challenged WHC companies to identify opportunities for enhancing the ecology of properties contaminated by hazardous waste by 2005, to design and initiate at least one project by 2006, and to address 10 percent of the remaining projects in each subsequent year.

Pipeline Rupture In Fairfield, California

In FY 2004, a pipeline rupture released approximately 95,000 gallons of diesel fuel into a marsh in Fairfield, California, contaminating the 220-acre area. Over 2 months, EPA combined traditional removal techniques and bioremediation to clean up the site. Removal activities are now complete; the marsh has been protected and returned to productive use.

One Cleanup Program

Under its One Cleanup Program, EPA looks across all cleanup programs to increase consistency and enhance effectiveness. Using the One Cleanup Program approach, the Agency and its partners are streamlining existing programs to achieve greater efficiencies. For example, EPA is working with Arkansas and Oklahoma on a pilot project to streamline the RCRA corrective action process and promote flexible practical approaches, while preserving the integrity of existing guidance and regulations. The pilot, which includes five facilities, thus far has saved an estimated 19 years in cleanup time and $11.25 million in cleanup costs. In April 2004, EPA and Pennsylvania signed a One Cleanup Program memorandum of agreement to facilitate implementing the state's voluntary cleanup program. This agreement will leverage existing cleanup authorities, coordinate cleanup programs to promote sound and effective remedies, and maximize infrastructure development.[5] In another case, a federal environmental work group was formed in November 2003 to discuss ways to improve cleanup at federal facilities by focusing on RCRA/CERCLA (Comprehensive Environmental Response, Compensation, and Liability Act) coordination, mine waste repositories, and lead Agency designation.[6]

Streamlining pilot saves an estimated 19 years in cleanup time and $11.25 million in cleanup costs at five facilities.

The Agency's two major cleanup programs, Superfund and RCRA now rely on similar environmental indicators.[7] In FY 2004, Superfund and RCRA cleanup programs met or exceeded annual and multi-year goals for human health environmental indicators and for groundwater protection environmental indicators. Eighty-three percent of Superfund sites (1,242 sites) and 84 percent of RCRA correction action

facilities (1440 facilities) met human health indicators, having adequately protective controls in place to prevent any unacceptable human exposure under current land and groundwater use. EPA's Superfund program met this human health goal in part by providing alternative drinking water to nearly 615,000 people at National Priority List (NPL) and non-NPL sites where available supplies were determined to be unsafe, and relocating over 45,000 people in instances where contamination posed the most severe, immediate threats to life and health. Sixty-seven percent of Superfund sites (875 sites) and 70 percent of RCRA corrective action facilities (1199 facilities) met groundwater protection indicators, having abated the migration of contaminated groundwater through engineered remedies or natural processes.

By the end of FY 2004, the Superfund program completed construction at 926 NPL sites, nearly 61 percent. 458 construction projects are continuing at 345 NPL sites (excluding federal facilities). Two-thirds of these projects (309) are led by Potentially Responsible Parties. As a result of Superfund's cleanups, 490 NPL sites now have land ready for reuse, and 300 of these are in use.

900th Superfund Construction Completed

In FY 2004, EPA completed the 900th Superfund construction, at the Solitron Microwave Superfund site in Port Salerno, Florida. The developer who purchased the Solitron property plans to construct a 20-acre industrial park, which will provide 150,000 square feet of warehouse and light industrial space.

Recycling, Waste Minimization, and Energy Recovery

EPA's Resource Conservation Challenge (RCC) is a voluntary program that increases regulatory flexibility, promotes opportunities for converting waste to economically viable products, and encourages resource conservation through efficient materials management. In FY 2004, EPA and the states initiated a strategic planning process based on five RCC program elements: product stewardship, beneficial use, energy conservation and recovery, priority chemicals, and greening the government. In March 2004, the RCC published its first annual report on the program's accomplishments and progress.[8]

The RCC's success is evident in a number of states. In North Carolina, EPA and the Land-of-Sky Regional Council's Waste Reduction Partners developed a model recycling market for used wooden pallets. The project demonstrated that unique, highly stylized flooring can be made from used pallet deck boards, and that a market exists for this material at prices that make the process economically viable for small private enterprises with wood processing expertise. In another project, EPA, Michigan, Ohio, Illinois, Indiana, New York, Pennsylvania, Connecticut, Alabama, and supporting private-sector organizations collaborated to inventory and map scrap tire piles, plan cleanups, set resource priorities, and develop a guidebook and training program on best practices for tire pile mitigation.

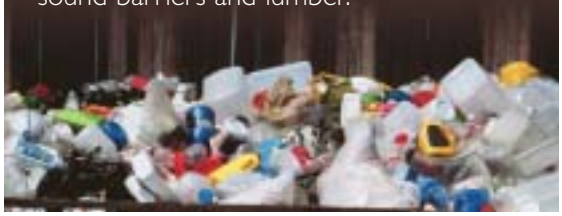
EPA's WasteWise program, another successful voluntary effort, promotes reductions in municipal solid waste and targeted industrial wastes. WasteWise participants design waste reduction programs tailored to their

own needs, benefiting both the environment and their bottom lines. Through WasteWise, the Fort Independence Reservation in California was awarded a 2004 Program Champion Award for developing and implementing an innovative solid waste management program. To date, the Tribe has recycled more than 1,200 pounds of glass, plastic, paper, cardboard, aluminum, and other materials. Further, by successfully encouraging community recycling and making arrangements with the local landfill, the tribe is generating enough money from the sale of these materials to fund the program.

EPA WASTE WISE
Preserving Resources, Preventing Waste

Plastics Recycling in New Hampshire

Each year, nearly 200,000 tons of plastic are sent to landfills in New Hampshire alone. Disposal costs, excluding transportation, run about $70 per ton. In 1998, EPA awarded $141,000 to the New Hampshire Governor's Recycling Program to study the feasibility of developing a facility to recycle mixed plastics in northern New England. In June 2004, a new company—New Frontier Industries—was incorporated and began manufacturing and selling plastic highway sound barriers and lumber.



Homeland Security

EPA continues to improve its emergency preparedness and response capability, particularly in terms of homeland security. During FY 2004, EPA worked with its federal partners to enhance the incident command/unified command system across government and the private sector; deliver federal assistance to states at the Federal Emergency Management Agency's direction; and, as a member of the Catastrophic Disaster Response Group, develop national policy and guidance on response coordination and emergency support function issues.

In FY 2004, EPA reduced by 56 percent the deficit in core emergency response readiness, thus improving the Agency's capability for responding to multiple chemical, biological, and radiological incidents. EPA field responders and National Response System special forces received extensive response-related training: scientific and technical training for detecting, analyzing, and responding to chemical, biological, and radiological agents and training in managing incident command system responses. During FY 2004, EPA first responders participated in more than 150 training exercises with their federal, state, and local counterparts.

Challenges and Directions for the Future

Cleanup and waste management programs faced several challenges in FY 2004 that affected activities under one or more of the Goal 3 themes. For example, the Superfund program faced a growing backlog of projects ready to begin construction, coupled with the challenge of funding several large and complex ongoing projects. During FY 2004, Superfund underwent a series of internal and external evaluations to explore this problem.[9] As a result, the program has engaged in a public dialogue to identify and implement a series of reforms that will address these issues over the coming years.[10] The Base Realignment and Closure (BRAC) program anticipates challenges in meeting requirements for existing bases and putting those facilities back into productive

reuse, while at the same time addressing a new round of BRAC sites to be announced in 2005.

Because MTBE (methyl tertiary-butyl ether) contamination and increased technical complexities make cleaning up remaining leaking underground storage tank (UST) sites particularly challenging, states are having greater difficulty meeting cleanup targets. As a result, the UST program may not meet its FY 2004 target of 21,000 cleanups. EPA recognizes that completing fewer cleanups extends the potential for environmental harm and delays restoration and reuse of contaminated sites. However, during the first half of FY 2004 the Agency and its partners were able to complete more than 8,000 cleanups,[11] reducing the backlog to 132,443, and are on track for reducing the UST cleanup backlog by 50 percent by 2008.

In FY 2004, the UST program began a review to improve measurement of environmental and public health outcomes of tank cleanups. Findings are expected by December 2004. In addition, the program is exploring methodologies for setting its current cleanup targets for 2005 and beyond, using results from a backlog characterization pilot currently underway and a state-based model that projects future cleanup results. In FY 2003, EPA clarified the terms "confirmed releases," "cleanups initiated," and "cleanups completed" to address some states' concerns about sites where they have determined no cleanup action is necessary to meet risk-based cleanup levels.

Finally, the most recent data available for municipal solid waste (MSW) recycling show that per capita generation of MSW is remaining stable at slightly less than 4.5 pounds daily, while increases in the rate of recycling are not occurring as projected. Consequently, EPA is unlikely to reach its goal of 35 percent recycling by 2005 and is extending this goal to 2008. To help increase recycling, EPA will focus its RCC more strategically, targeting specifically the paper, plastics, packaging, and organics segments of the MSW stream. In addition, EPA recently launched its "Greenscapes" program to encourage composting of food and yard wastes—organic materials representing over 25 percent of MSW—and using the compost to landscape roads, highways, golf courses, ski resorts, and industrial and institutional facilities.

Goal 3: Land Preservation and Restoration

Annual Performance Goals Met:	4
Annual Performance Goals Not Met:	0
Data Available After 11/5/04:	3

FY2004 Obligations (in thousands):		FY2004 Costs (in thousands):	
EPA Total:	$10,155,381	EPA Total:	$8,837,375
Goal 3:	$1,679,885	Goal 3:	$2,021,672
Goal 3 Share of Total:	16.6%	Goal 3 Share of Total:	22.9%

Strategic Objective: By 2008, reduce adverse effects to land by reducing waste generation, increasing recycling, and ensuring proper management of waste and petroleum products and facilities in ways that prevent releases. FY 2004 Cost (in thousands): $228,653 (11.3% of FY 2004 Goal 3 Total Costs)

Progress Toward Strategic Objective: EPA waste management programs are on track to meet their obligations under the Agency's 2003 Strategic Plan. Although recycling rates are less than expected, EPA expects that the nation will meet the 2008 challenge of recycling 35% of municipal solid waste and generating a level of no more than 4.5 pounds per capita daily. The Resource Conservation and Recovery Act (RCRA) permitting program is making progress on the goal of attaining permits or approved controls at 95% of the permitted facilities, and is establishing a framework to ensure prompt permit renewals. More than 85% of the 2,751 hazardous waste management facilities nationwide have permits or approved controls. The underground storage tank program is on track with developing methods to monitor compliance, and the level of confirmed releases from tanks has already demonstrated a significant decline. The hazardous waste combustion program is successfully developing measures and controls to reduce hazardous waste combustion facility emissions of dioxins, furans and particulate matter.

APG 3.1 Municipal Solid Waste Source Reduction		Planned	Actual
FY 2004	**Divert an additional 1% (for a cumulative total of 33% or 79 million tons) of municipal solid waste from land filling and combustion, and maintain per capita generation of RCRA municipal solid waste at 4.5 pounds per day.**	**79 M 4.5 lbs**	**Data avail 2006**
FY 2003	Same Goal, different target.	74 M 4.5 lbs	Data avail 2005
FY 2002	Same Goal, different target.	69 M 4.5 lbs	Data avail 2004
FY 2001	Same Goal, different target. Goal Not Met.	67 M 4.3 lbs	68 M 4.4 lbs

FY 2004 Result: Municipal solid waste (MSW) recycling data for 2004 will be available in December 2006. The latest available data for year 2001 recycling, along with data from previous years, indicate that recycling continues to grow, but at a pace slower than anticipated. As a result, the Agency extended the time necessary for the nation to achieve the 35% recycling rate from 2005 to 2008 in the 2003 Strategic Plan. To increase the rate of recycling, EPA is directing its Resource Conservation Challenge (RCC) to strategically focus on particular segments of the MSW stream, specifically, paper, plastics, packaging, and organics. For example, to address one of the largest segments, paper, EPA is increasing its efforts with the American Forest and Paper Association to help reach its goal of recovering 55% of the paper consumed in the United States by 2012. In recent years, domestic paper recovery efforts have been severely strained by fierce competition in China where demand for recovered paper is at an all-time high. Data for exported waste are not available, so it is possible that part of the decline in recycling is due to exports rather than an increase in the percentage of waste landfilled or

APG 3.1 Municipal Solid Waste Source Reduction *(continued)*

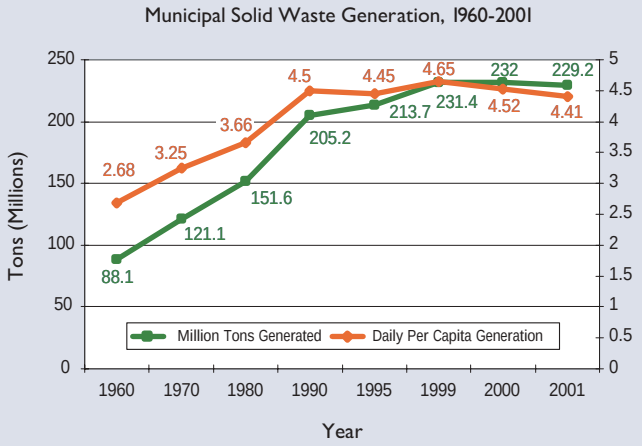
Planned	Actual

combusted. Furthermore, diversion of massive quantities of paper to China results in shuttering of paper-making capacity in the United States, leading to a reduction in industrial demand for recovered paper. In addition, EPA recently launched its "Greenscapes" program to foster the composting of food and yard wastes, which represent more than 25% of MSW, and the use of this compost for landscaping of roads, highways, golf courses, ski resorts, and industrial and institutional facilities. Per capita generation of MSW continues to be stable at slightly less than 4.5 pounds daily.

Data for the charts displayed available at http://www.epa.gov/epaoswer/non-hw/muncpl/facts.htm.

A description of the quality of the data used to measure EPA's performance can be found in Appendix B, page 30.

FY 2001 Result Available in FY 2004: Municipal solid waste diverted from landfilling and combustion exceeded expectations with a total of 68 million tons, but the per capita generation number did not decline to the expected level of 4.3 pounds per day.

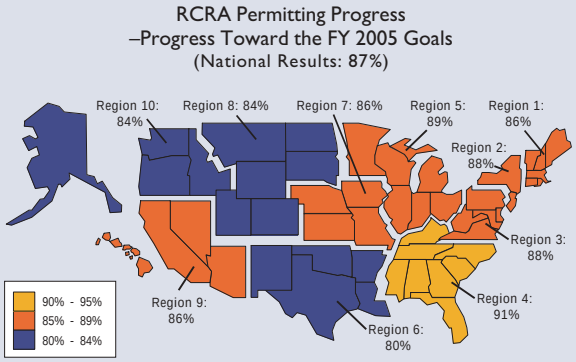


APG 3.2 Manage Hazardous Waste and Petroleum Products Properly

		Planned	Actual
FY 2004	**Reduce releases to the environment by managing hazardous wastes and petroleum products properly.**		
	Performance Measures:		
	—**RCRA hazardous waste management facilities with permits or other approved controls.**	**2.4%**	**3.7%**
	—**Confirmed UST releases nationally.**	**<10,000**	**Data avail 2004**
	—**Increase in UST facilities in significant operational compliance with leak detection requirements.**	**4%**	**Data avail 2004**
	—**Increase in UST facilities in significant operational compliance with spill, overfill and corrosion protection regulations.**	**4%**	**Data avail 2004**
FY 2003	Increase the number of waste and petroleum facilities with acceptable or approved controls in place to prevent releases to the environment. Goal Not Met.		
	Performance Measures:		
	—Percent of RCRA hazardous waste management facilities with permits or other approved controls.	77.2%	83.2%
	—Increase in UST facilities in significant operational compliance with leak detection requirements.	3%	-8%
	—Increase in UST facilities in significant operational compliance with spill, overfill and corrosion protection regulations.	3%	-6%
FY 2002	75.8% of the hazardous waste management facilities will have approved controls in place to prevent dangerous releases to air, soil, and groundwater, representing an average increase of 39 additional facilities per year. Goal Met.	75.8%	79.0%
FY 2001	Same Goal, different targets. Goal Met.	68%	74%

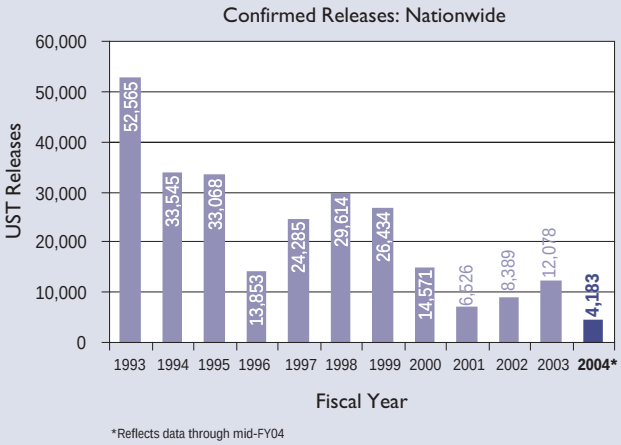
APG 3.2 Manage Hazardous Waste and Petroleum Products Properly *(continued)*

FY 2004 Result: In FY 2004 the RCRA permitting program exceeded its annual goal of 2.4% by establishing permits or approved controls at 103 of 2,752 facilities for an additional 3.7%. As a result, 87% of the 2,752 hazardous waste management facilities have permits or approved controls, meaning that the program has already exceeded its FY 2005 goal of 80%.



End-of-year performance data for the underground storage tank (UST) compliance program for FY 2004 will not be available until December 2004, but EPA does not anticipate that the goals for the two compliance measures will be met. As of mid-year FY 2004, the compliance rate for leak detection was 71%, or 5% below the target compliance rate of 76% at the end of the year. As of mid- year FY 2004, the compliance rate for release prevention was 77% or 6% below the target compliance rate of 83% at the end of the year. While these compliance rates are slightly lower than those in past reports, they are more accurate indicators of operational compliance since states are now following new EPA guidance (issued at the end of FY 2003) on what constitutes operational compliance. These compliance rates represent a snapshot in time. Some UST facilities that are compliant one year may be out of compliance the following year.

For FY 2004, states and regional offices reported the percent of UST facilities in operational compliance with release prevention requirements, release detection requirements, and both requirements together. For the combined measure, EPA established a goal of increasing the compliance rate by 1% per year from FYs 2005–FY 2008. This is a reasonable goal since constant vigilance is required to ensure facilities remain in significant operational compliance. Even maintaining existing compliance rates will require effort by EPA and its state partners. FY 2004 is the baseline year for the combined compliance rate measure. At the mid-year FY 2004, the combined compliance rate was 62%. The decline in confirmed releases of underground storage tanks between FY2003 and the first half of FY 2004 demonstrates the effectiveness of state efforts to implement improved release detection and prevention requirements. In the first half of FY 2004, there were only 4,185 confirmed releases, 50% fewer than in the first half of FY 2003.



A description of the quality of the data used to measure EPA's performance can be found in Appendix B, pages 30-31.

FY 2003 Result Available in FY 2004: In FY 2003, EPA did not meet its goal to increase by 3% to 80% for the leak detection requirements or to increase by 3% to 85% for the spill, overfill and corrosion protection requirements. The final compliance rates for FY 2003 were 72% (or 8% less than the target of 80%) for UST facilities in significant operational compliance with leak detection requirements, and 79% (or 6% less than the target of 85%) for UST facilities in significant operational compliance with spill, overfill and corrosion protection. Although the Agency has been working with the states to improve their reporting of both measures, the compliance rates for both have been steady or declining. Several reasons could explain this trend: some states have more stringent requirements; some states target non-compliant UST facilities for inspection that are not representative of state sampling; and the compliance rates represent a snapshot in time so that some UST facilities which are compliant 1 year may be out of compliance the following year, thus compliance rates appear low.

Strategic Objective: By 2008, control the risks to human health and the environment by mitigating the impact of accidental or intentional releases and by cleaning up and restoring contaminated sites or properties to appropriate levels. FY 2004 Cost (in thousands): $1,736,294 (85.9% of FY 2004 Goal 3 Total Costs)

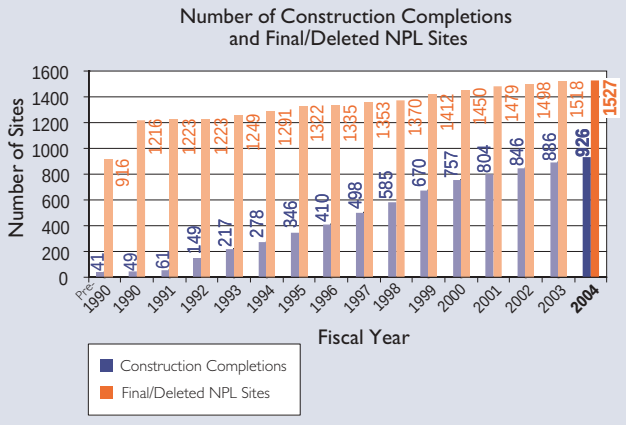
Progress Toward Strategic Objective: EPA cleanup programs have made considerable progress meeting their commitments. Superfund and the RCRA corrective action programs are also striving to attain indicators that demonstrate protection of

human health and the environment, and to clean up contamination at designated sites and facilities. Through the end of FY2004, EPA had assessed more than 45,000 sites and completed final cleanup plans at more than 1,100 Superfund baseline sites. In addition, more than 33,000 sites have been removed from the CERCLIS waste site list since the beginning of the program indicating they would be addressed by other authorities, they were clean or that no additional federal action was required. Deleting sites is a helpful step in promoting the economic redevelopment of these properties. Also, the Superfund Program cleaned up or had construction underway at 94% (1,442) of the 1,529 sites on the final NPL (includes final and deleted sites). Of these 1,529 sites, 926, or nearly 61%, have cleanup construction completed. Construction projects are ongoing at more than 346 NPL sites. In the course of construction since the Superfund program began, EPA has treated or removed 1 billion cubic yards of hazardous solid waste and addressed 381 billion gallons of hazardous liquid waste (including contaminated groundwater). At the close of FY 2004, nearly 83% (1,242 of 1494) of baseline Superfund sites had human exposures under control, meaning that adequately protective controls are in place to prevent any unacceptable human exposures from occurring under current land and groundwater use. In addition, the migration of contaminated groundwater was under control at nearly 67% (875 of 1,306) of baseline Superfund sites by the close of FY 2004. In addition to cleanup activities, EPA has accomplished this protection of human health since the program's inception by: (1) providing alternative drinking water supplies to nearly 615,000 people at NPL and non-NPL sites to protect them from contaminated ground and surface water, and (2) relocating more than 45,000 people at NPL and non-NPL sites in instances where contamination posed the most severe immediate threats. Meeting ambitious cleanup goals continues to be a challenge for the leaking underground storage tank (LUST) program. The rate of LUST cleanups has been declining in recent years, and available data suggest that the program will not meet its 2008 goals. Efforts are currently underway to identify opportunities for program improvement and create a new model for establishing future LUST cleanup targets.

APG 3.3 Assess and Clean Up Contaminated Land		Planned	Actual
FY 2004	**Control the risks to human health and the environment at contaminated properties or sites through cleanup, stabilization, or other action, and make land available for reuse.**		
	Performance Measures:		
	—Superfund final site assessment decisions.	500	548
	—Superfund construction completions.	40	40
	—Superfund hazardous waste sites with human exposures controlled.	10	15
	—Superfund hazardous waste sites with groundwater migration controlled.	10	18
	—Final remedies (cleanup targets) selected at Superfund sites.	20	30
	—High priority RCRA facilities with human exposures to toxins controlled.	166	195
	—High priority RCRA facilities with toxic releases to groundwater controlled.	129	150
	—LUST cleanups completed.	21,000	Data avail 2004
FY2003	Assess waste sites. Goal Met.		
	Performance Measures:		
	—Number of Superfund final site assessment decisions.	475	917
	—Number of Superfund removal response actions initiated.	275	380
FY 2003	Clean up and reduce risk at waste sites. Goal Not Met.		
	Performance Measures:		
	—Number of Superfund construction completions.	40	40
	—Number of Superfund hazardous waste sites with human exposures (HE) controlled.	10	28

APG 3.3 Assess and Clean Up Contaminated Land *(continued)*		Planned	Actual
FY 2003 *(continued)*	—Number of Superfund hazardous waste sites with groundwater migration controlled.	10	54
	—Number of high priority RCRA facilities with human exposures to toxins controlled.	197	230
	—Number of high priority RCRA facilities with toxic releases to groundwater controlled.	158	175
	—Number of leaking underground storage tank (LUST) cleanups completed.	21,000	18,518
Superfund Cleanup			
FY 2002	EPA and its partners will complete 40 Superfund cleanups (construction completions). Goal Met.	40	42
FY 2001	Same Goal, different targets. Goal Not Met.	75	47
RCRA Corrective Actions			
FY 2002	172 (for a cumulative total of 995 or 58%) of high priority RCRA facilities will have human exposure (HE) controlled and 172 (for a cumulative total of 882 or 51%) of high priority RCRA facilities will have groundwater releases (GWR) controlled. Goal Met.	172 HE 172 GWR	205 HE 171 GWR
FY 2001	Same Goal, different targets. Goal Not Met.	172 HE 172 GWR	179 HE 154 GWR
Leaking Underground Storage Tank Cleanups			
FY 2002	EPA and its partners will complete 22,000 LUST cleanups for a cumulative total of approximately 290,000 cleanups since 1987. Goal Not Met.	22,000	15,769
FY 2001	Same Goal, different targets. Goal Not Met.	21,000	19,074

FY 2004 Result: In FY 2004, the Superfund program improved public health through response activities that reduced current, direct human exposures to hazardous pollutants. The program achieved its target of 40 construction completions, and surpassed targets for all other goals. At the close of FY 2004, more than 83% (1,242 of 1,494) of baseline sites had human exposures under control, meaning that adequately protective controls are in place to prevent any unacceptable human exposures from occurring under current land and groundwater use. In addition, the migration of contaminated groundwater was under control at nearly 67% (875 of 1,306) of baseline sites by the close of FY 2004. EPA has accomplished this protection of human health since the program's inception by: (1) providing alternative drinking water supplies to nearly 615,000 people at NPL and non-NPL sites to protect them from contaminated and surface water, and (2) relocating more than 45,000 people at NPL and non- NPL sites in instances where contamination posed the most severe immediate threats.



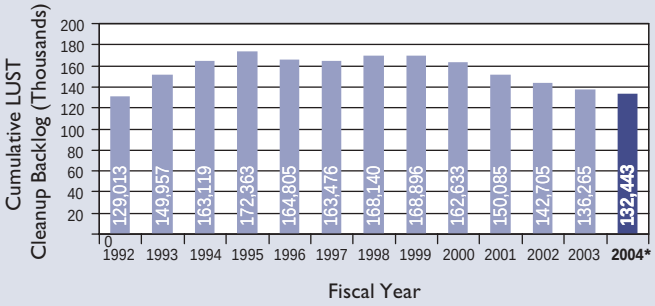
EPA is unlikely to meet its FY 2004 target of completing 21,000 LUST cleanups, and reducing the national LUST cleanup backlog of 132,000 to 66,000 by FY 2008. EPA has established a range for the annual national cleanup goal of 18,000 to 23,000 cleanups to encourage state progress in reducing the cleanup backlog in half. It has, however, been more difficult for the states and regional offices

APG 3.3 Assess and Clean Up Contaminated Land *(continued)*

to meet these goals because of the increasing complexities with the remaining backlog of cleanups and MTBE contamination. In the first half of FY 2004, EPA and its partners were able to complete more than 8,000 cleanups[12] and reduce the cleanup backlog to 132,443. The completion of fewer cleanups will potentially result in extended impacts to the environment and natural resources and delay functional re-use of the land or resources.

The RCRA corrective action program also met its goals, and has reported documentation of controlled human exposures at 195 sites (annual goal of 166) and groundwater migration at 150 sites (annual goal of 129). Cumulatively, the program has controlled human exposures at 84% (1,440) of 1,714 high-priority RCRA sites, and groundwater migration at 70% of these sites (1,199).

Decreasing UST National Cleanup Backlog

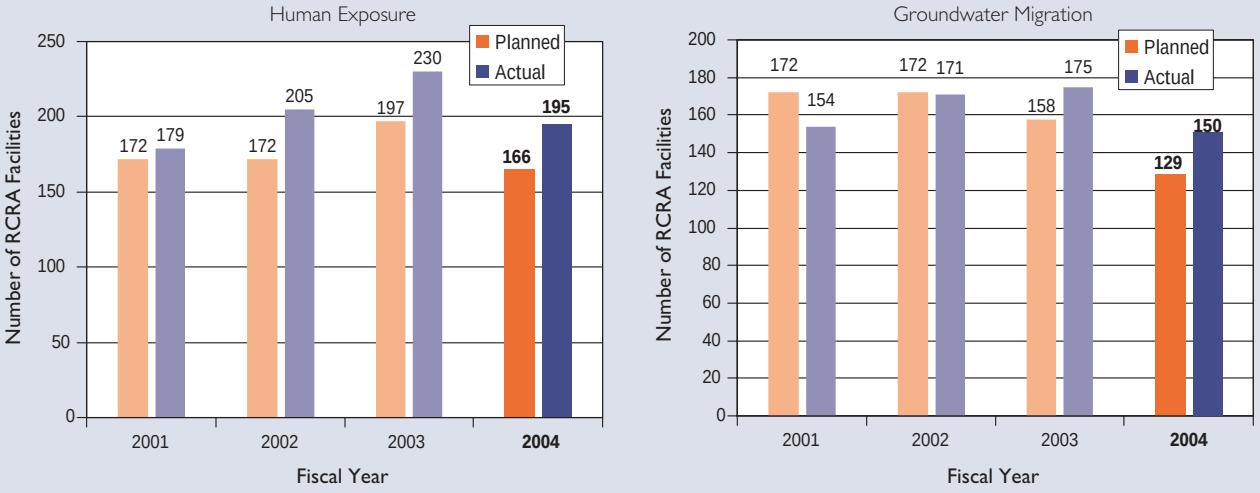


*Reflects data through mid-FY04

A description of the quality of the data used to measure EPA's performance can be found in Appendix B, pages 31-32.

FY 2003 Result Available in FY 2004: EPA did not meet the FY 2003 goal of completing 21,000 cleanups at leaking underground storage tank sites; 18,518 cleanups were completed. The reasons for not meeting this goal are the same as those discussed above for FY 2004.

RCRA Environmental Indicators



APG 3.4 Superfund Potentially Responsible Party Participation		Planned	Actual
FY 2004	Reach a settlement or take an enforcement action by the start of remedial action at 90% of those Superfund sites having known non-Federal, viable, liable parties. Goal Met.	90%	98%

FY 2004 Result: In FY2004, EPA reached a settlement or took an enforcement action by the start of remedial action at more than 98% of those Superfund sites having known non-Federal, viable, liable parties, and achieved its goal. Settlements or enforcement actions include: Consent Decree (CD), Administrative Order on Consent (AOC), Consent Agreement (CA), Unilateral Administrative Order (UAO), voluntary cost recovery action, or litigation referral.

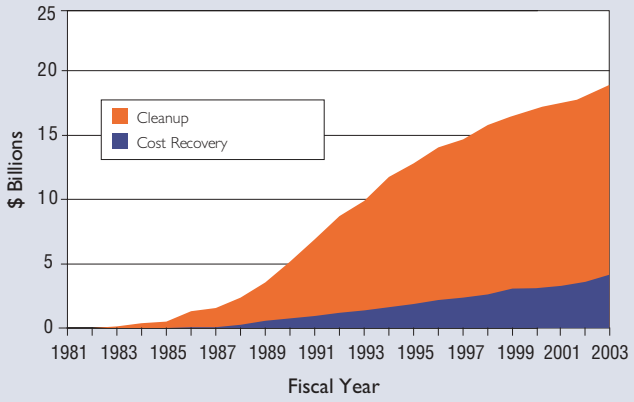
A description of the quality of the data used to measure EPA's performance can be found in Appendix B, pages 31-32.

APG 3.5 Superfund Cost Recovery		Planned	Actual
FY 2004	Ensure trust fund stewardship by getting PRPs to initiate or fund the work and recover costs from PRPs when EPA expends trust fund monies. Address cost recovery at all NPL and non-NPL sites with a statute of limitations on total past costs equal to or greater than $200,000. Goal Met.	100%	100%
FY 2003	Same Goal. Goal Met.	100%	100%
FY 2002	Same Goal. Goal Met.	100%	100%
FY 2001	Same Goal. Goal Not Met.	100%	97.8%

FY 2004 Result: EPA achieved its goal of addressing, through enforcement, settlement or compromise/write-off, all of the pending cost recovery cases with outstanding unaddressed past costs greater than $200,000 and pending statute of limitations (SOL) concerns. In FY 2004, EPA addressed cost recovery actions at 183 NPL and non-NPL sites, of which 84 had total past costs greater than or equal to $200,000 and potential SOL concerns. EPA secured cost recovery commitments valued at $157.4 million.

A description of the quality of the data used to measure EPA's performance can be found in Appendix B, pages 31-32.

Cumulative Response and Cost Recovery Settlements



APG 3.6 Prepare for and Respond to Accidental and Intentional Releases		Planned	Actual
FY 2004	Reduce and control the risks posed by accidental and intentional releases of harmful substances by improving our nation's capability to prepare for and respond more effectively to these emergencies. Goal Met.		
	Performance Measures:		
	—Superfund removal response actions initiated.	350	385
	—Oil spills responded to or monitored by EPA.	300	308
	—Percentage of emergency response and homeland security readiness improvement.	10%	56%
FY 2003	Improve homeland security response readiness and continue assessment of critical facility vulnerability. Goal Not Met.		
	Performance Measures:		
	—Develop baseline data for response readiness, incorporation of Homeland Security into community contingency plans, and critical facilities requiring vulnerability assessments.	Baseline data	823 (Baseline)
	—Number of oil facilities in compliance with spill prevention, control and countermeasure provisions of oil pollution prevention regulations.	600	525
FY 2002	Respond to or monitor 300 significant oil spills in the inland zone. Goal Met.	300	322

APG 3.6 Prepare for and Respond to Accidental and Intentional Releases *(continued)*

FY 2004 Result: EPA continues to respond to or monitor oil spills to prevent oil discharges into the nation's inland waterways as stated in the National Contingency Plan. In FY 2004 EPA initiated 385 removal cleanup actions at hazardous waste sites to reduce immediate threats to human health and the environment, for a total of 8,286 removal actions over the life of the program. EPA was also involved in 308 oil spill response actions. As part of the National Response System, EPA ensures that inland oil spills are evaluated and addressed by the local, state, or tribal government or by the responsible party, and serves as the "safety net" for those responses that are beyond the capabilities of those other agencies. EPA receives approval from the Coast Guard for use of the oil spill trust fund administered by National Pollution Funds Center. A readiness performance measure for core emergency response programs was established in FY 2003 that will prove a useful management tool in assuring the Agency's ability to respond to simultaneous large scale emergencies resulting from accidental or intentional uncontrolled releases. In FY 2004 EPA exceeded its target of 10% by reducing the deficit of core emergency response readiness 56%. The program will maintain high degrees of readiness for the foreseeable future. Efforts are ongoing with facility response plan and risk management plan evaluation that demonstrate the effectiveness of safeguards in place.

A description of the quality of the data used to measure EPA's performance can be found in Appendix B, pages 31-33.

Strategic Objective: Provide and apply sound science for protecting and restoring land by conducting leading-edge research and developing a better understanding and characterization of the environmental outcomes under Goal 3. FY 2004 Cost (in thousands): $56,726 (2.8% of FY 2004 Goal 3 Total Costs)

Progress Toward Strategic Objective: To meet this objective, EPA is providing important information on monitored natural recovery as a remedy for contaminated sediments at Superfund sites. EPA is also providing information on the performance of an innovative treatment technology that can destroy or remove PCBs from contaminated river sediment, and result in a product with beneficial reuse. Specifically, this process treats river sediment impacted by PCBs, other organics, and metals by melting the sediment at nearly 3,000 degrees, destroying the contaminants and producing a glass aggregate than can be used as an additive to concrete, a material in floor tiles, and construction fill.[13]

APG 3.7 Scientifically Defensible Decisions for Site Clean-up		Planned	Actual
FY 2004	**Provide risk assessors and managers with site-specific data sets on 3 applications detailing the performance of conventional remedies for contaminated sediments to help determine the most effective techniques for remediating contaminated sites and protecting human health and the environment.** Goal Met.		
	Performance Measure:		
	Reports on performance data for conventional sediment remedies for three sites.	**3 reports**	**3 reports**
FY 2003	To ensure cost-effective and technically sound site clean-up, deliver state-of-the-science reports and methods to EPA and other stakeholders for risk management of fuel oxygenates; organic and inorganic contamination of sediments, groundwater and/or soils; and oil spills. Goal Met.		
	Performance Measure:		
	Complete draft of the FY 2002 Annual Superfund Innovation Technology Evaluation (SITE) Report to Congress.		

APG 3.7 Scientifically Defensible Decisions for Site Clean-up *(continued)*		Planned	Actual
FY 2002	Provide at least 6 innovative approaches that reduce human health and ecosystem exposures from dense non-aqueous phase liquids and methyl-tertiary butyl ether in soils and groundwater, and from oil and persistent organics in aquatic systems. Goal Met.		
	Performance Measure:		
	Deliver the Annual SITE Program Report to Congress detailing 4-6 innovative approaches, their cost savings and future direction; reports summarizing pilot scale evaluation of in situ remedies for solvents.	1	1
FY 2001	Provide technical information to support scientifically defensible and cost-effective decisions for cleanup of complex sites, hard-to-treat wastes, mining, oil spills near shorelines, and Brownfields to reduce risk to human health and the environment. Goal Not Met.		
	Performance Measure:		
	Deliver the Annual SITE Program Report to Congress.	1	0

FY 2004 Result: In FY 2004 EPA completed and submitted for publication 3 reports describing the performance of conventional remedies for contaminated sediments for use by remedial project managers in determining the feasibility of various remedial approaches. These reports will help reduce the uncertainty associated with remedy selection and identify the methods that efficiently chart remedy performance over time. EPA's reports respond to a National Research Council report recommending that "long-term monitoring and evaluation of PCB-contaminated sediment sites should be conducted to evaluate the effectiveness of the management approach and to ensure adequate continuous protection of humans and the environment."[14]

A description of the quality of the data used to measure EPA's performance can be found in Appendix B, page 33.

ASSESSMENT OF IMPACTS OF FY 2004 PERFORMANCE ON FY 2005 ANNUAL PLAN:
The Goal Highlights preceding the FY 2004 performance results provide a discussion of changes and directions for the future of several programs.

FY 2003 Annual Performance Goals

(No Longer Reported for FY 2004)

- Oil facilities in compliance with spill prevention, control and countermeasure provisions of oil pollution prevention regulations.
- Maximize all aspects of potentially responsible party (PRP) participation which includes maximizing PRP work at 70% or the new remedial construction starts at non-Federal facility Superfund sites, and emphasize fairness in the enforcement process.

Notes

1 Statutory authorities can be found in the *FY 2004 Annual Performance Plan and Congressional Justification*, http://www.epa.gov/ocfopage/budget/2004/g05final.pdf.

2 U.S. EPA, Office of Solid Waste and Emergency Response.*Contaminated Sediment Remediation Guidance for Hazardous Waste Sites*. (OSWER 9355.0-85 Draft). Washington DC. (2004)

3 U.S. EPA, Office of Research and Development.*The Superfund Innovative Technology Evaluation Program: Annual Report to Congress FY 2002*. (EPA/540/R-03/502). Washington DC: Government Printing Office. (2004). For more information about EPA's SITE program, see http://www.epa.gov/ORD/SITE/

4 General information for the revitalization program is found at http://www.epa.gov/swerrims/landrevitalization/index.htm.

5 For more information on the EPA/Pennsylvania agreement, go to http://www.epa.gov/reg3hwmd/newsletters/2004-04-21.htm.

6 For additional information, refer to June 21, 2004 OSWER/Federal Facilities Restoration and Reuse Office documents: Federal Environmental Work Group issue papers entitled *RCRA/CERCLA Overlap*, *Joint Mine Waste Repository*, and *Lead Agency Designation* (June 21, 2004).

7 Additional information on the One Cleanup Program may be found at http://www.epa.gov/oswer/onecleanupprogram/index.htm.

8 U.S. Environmental Protection Agency, Office of Solid Waste and Emergency Response. February 2004.*Resource Conservation Challenge: A Year of Progress*. EPA530-R-04-001. Washington, D.C. Available at http://www.epa.gov/epaoswer/osw/conserve. Priority chemicals activities discussed in Goal 5 are an important component of the RCC partnership. Additional information on the Resource Conservation Challenge may be found at http://www.epa.gov/epaoswer/osw/conserve.

9 Refer to*Sustained Progress in Addressing Management Issues* available at http://www.epa.gov/ocfo/finstatement/2004ar/2004ar.htm.

10 Links to various reports and workgroups may be accessed at the Superfund cleanup program's main site http://www.epa.gov/superfund/.

11 Memorandum from Cliff Rothenstein, Director, EPA Office of Underground Storage Tanks to Underground storage Tanks/Leaking Underground Storage Tanks Division Directors in EPA Regions 1-10, May 13, 2004, "Semi Annual (Mid-Year) Activity Report."

12 Memorandum from Cliff Rothenstein, Director, EPA Office of Underground Storage Tanks to Underground storage Tanks/Leaking Underground Storage Tanks Division Directors in EPA Regions 1-10, May 13, 2004, "Semi Annual (Mid-Year) Activity Report."

13 U.S. Environmental Protection Agency, Office of Research and Development. March 2004.*Minergy Corporation Glass Furnace Technology Evaluation; Innovation Technology Evaluation Report*. EPA 540/R-03/500. Cincinnati, OH. Available at http://www.epa.gov/ORD/SITE/reports/540r03500/540r03500.html.

14 National Research Council. *A Risk Management Strategy for PCB-Contaminated Sediments*. 2001. National Academy Press. Washington, DC.

GOAL 4: Healthy Communities and Ecosystems

Protect, sustain, or restore the health of people, communities, and ecosystems using integrated and comprehensive approaches and partnerships.

EPA's work to achieve healthy communities and ecosystems encompasses a variety of programs and projects across the Agency and relies on both regulatory and collaborative approaches. To accomplish its objectives under Goal 4, EPA screens and manages chemicals and pesticides, restores and redevelops contaminated properties and communities, works to make America's most significant water bodies safe for swimming and fishing, and conducts cutting-edge research to bring the best scientific expertise to bear on the nation's environmental challenges.

Chemicals and Pesticides

EPA is committed to preventing risks from new chemicals and pesticides entering the environment, as well as to addressing legacy issues from old bad actors. The Agency reviews new chemicals and pesticides before they are put on the market, reassesses older chemicals and pesticides already in use, and takes appropriate action should they pose unacceptable risks. EPA has now screened over 22 percent of the more than 76,000 commercial and/or industrial chemicals in the U.S. inventory.[1]

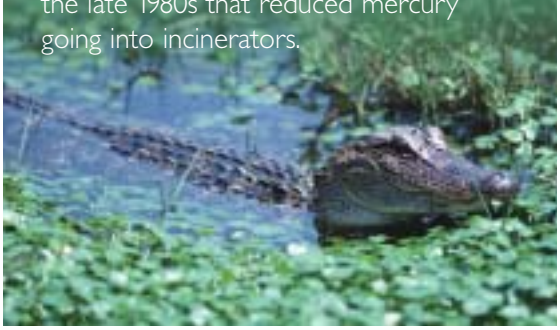
Washington State Tests Pesticide-Exposed Workers

The Washington Departments of Agriculture, Health, and Labor and Industries tested farm workers to determine their cholinesterase levels. Certain pesticides may lower the normal protective levels of cholinesterase, affecting the nervous system and causing symptoms from headaches, blurred vision, and diarrhea to breathing difficulties and death in severe cases. Testing can detect levels of concern prior to the onset of symptoms. As of June 2004, about 2,600 pesticide-exposed workers were tested, and 27 farm workers had severely depressed cholinesterase levels and needed to avoid further exposure.

Recent studies have raised concerns about the toxicological risks presented by certain commercial or industrial chemicals. Perfluorooctane sulfonate, for example, has been documented to be extensively distributed and persistent in humans and wildlife. And household and industrial applications for many such organic fluorochemicals are increasing: perfluorooctanoic acid is used in surfactant coatings for fabrics and paper products, fire-fighting foams, electronic etching baths, and insecticides. In addition, brominated fire retardants (BFRs) are widely used in consumer products to prevent fire-related injury and property damage. Recently, polybrominated diphenyl ethers (PBDEs), a type of BFR, were found to be persistent in the environment and capable of accumulating in animal, fish, and human tissue.

Mercury Contamination: How Effective are Regulations?

In November 2003, Dr. Thomas Atkeson presented the results of a decade-long study of regulatory efforts to reduce local and regional mercury emissions. Sponsored by the Florida Department of Environmental Protection and EPA, the study found that regulatory efforts translated into dramatic environmental benefit, particularly for high methylmercury-contaminated areas.[4] From 1991–99, mercury emissions in south Florida declined by 92 percent, and mercury levels in Everglades' wildlife declined by 60–70 percent. The declines are associated with state and federal regulatory efforts taken in the mid-1990s to address outdated municipal and medical waste incinerators in south Florida and pollution prevention efforts taken in the late 1980s that reduced mercury going into incinerators.



A major research effort is underway to determine whether PBDEs pose a health risk to humans.[2]

Increasingly, newer chemicals are being substituted for older chemicals that present known risks. In 2004, EPA provided tools that enable industry to "pre-screen" new chemicals for adverse effects early in their development, thereby saving costs, promoting stewardship, and enhancing environmental protection. EPA also accelerated the review of older chemicals, to date recording active test development for 2,200 high-production-volume chemicals, or 92 percent of those with incomplete hazard screening data.[3]

Similarly, new pesticides are being registered that provide alternatives to older, often riskier pesticides. In 2004, EPA met new standards for efficiency and new deadlines under the Pesticide Registration Improvement Act of 2003, allowing innovative and safer pesticide products to reach the marketplace quickly. During 2004, for example, EPA registered a new active ingredient alternative for methyl bromide, a substance that is known to deplete the ozone layer and is scheduled for phase-out. The deadline for reassessing all 9,721 tolerances for older pesticides is less than 2 years away; EPA has now completed over 69 percent of the reassessments, greatly increasing the safety of America's food supply.

EPA is also making progress in protecting children's health. For example, follow-on actions to changes in the registration for one older pesticide, chlorpyriphos, have reduced its use by 50 percent, virtually eliminating it from

Indiana Department of Environmental Management Makes $1,000,000 Loan To Clean Up Frederickson Park Landfill

The City of South Bend borrowed $1,000,000 from the Indiana Department of Environmental Management's Brownfields Cleanup Revolving Loan Fund program to assist with costs incurred in cleaning up the 16-acre Frederickson Park Landfill, which accepted wastes from the 1930s to the early 1970s. The City of South Bend plans to redevelop the site into the Frederickson Park Environmental Education Center to enrich the city's environmental stewardship programs. The redevelopment project has been a cooperative effort between the city, the University of Notre Dame, South Bend's Community School Corporation, and local neighborhood organizations.

areas where children may be exposed, such as residences, schools, and parks. The incidence of childhood lead poisoning has been halved since the early 1990s.[5] In 2004, EPA began to focus its outreach and evaluation efforts on remaining "hot spots," which are often disadvantaged urban areas, where the incidence of childhood lead poisoning remains high.

Restoring Communities

In addition to preventing potential new risks to the environment, EPA is working to protect and restore communities affected by past contamination. The Agency provides states, tribes, local governments, and stakeholders with the tools and financial assistance they need to assess, clean up, and redevelop brownfields properties. In 2004, EPA awarded $69.3 million in brownfields grants in 42 states and Puerto Rico. The grants included 150 Assessment Grants, 15 Revolving Loan Fund Grants, 16 Job Training Grants, and 75 Cleanup Grants. In 2004, EPA also distributed $49.7 million among all 50 states, the District of Columbia, 3 territories, and 40 tribes to develop or enhance the infrastructure and capabilities of their response programs. From 1995 through March 2004, EPA grantees assessed 4,880 brownfields properties, leveraging $6.6 billion in clean up and redevelopment funding and 29,600 jobs. Additionally EPA has conducted 1,167 targeted brownfields assessments.

Community and Geographical Initiatives

EPA collaborates with other nations; state, tribal, and local governments; and community groups, industry, and other stakeholders to address geographic and local issues.

More than 30 million people live in the Great Lakes basin, and their daily activities—from water consumed to waste returned—directly affect Great Lakes environments. On May 18, 2004, President Bush signed an Executive Order directing

Administrator Leavitt to establish the Great Lakes Federal Task Force, comprising nine Cabinet members, the Army Corps of Engineers, and the Council on Environmental Quality, to coordinate the federal effort to improve water quality in the Great Lakes. The Order calls for regional

Administrator Leavitt heads Great Lakes Federal Task Force

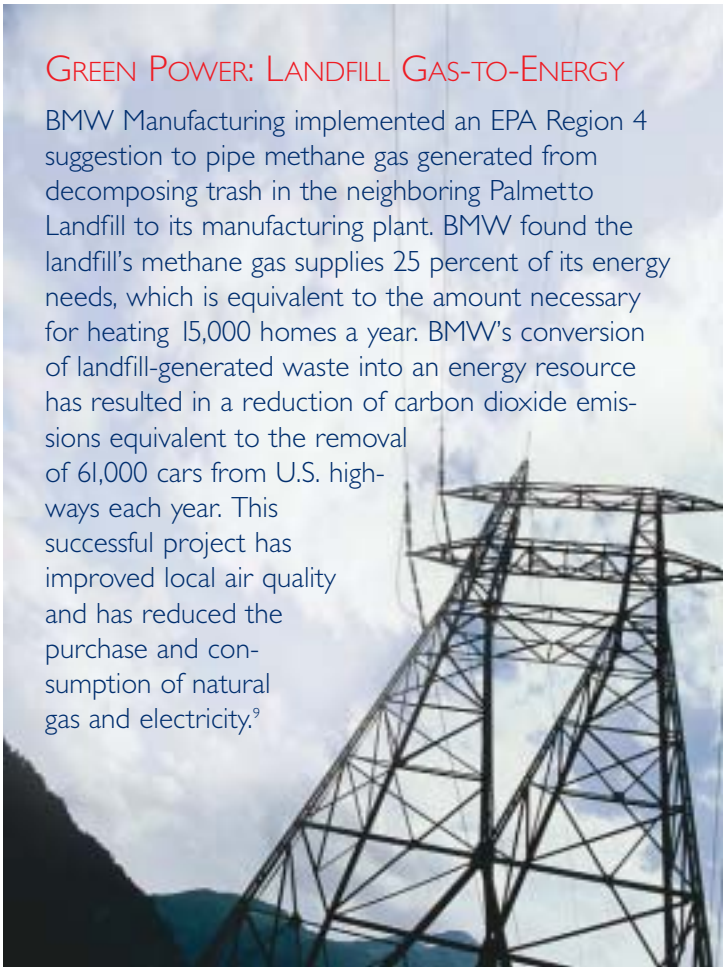
collaboration to develop action plans that address priorities, identify resource needs, develop an implementation schedule, and facilitate a cohesive management process.[6]

The health of the nation's estuaries depends in part on maintaining high-quality habitat. In FY 2004, EPA protected and restored over 107,000 acres of estuarine habitat within the 28 estuaries of the National Estuary Program (NEP),[7] helping these estuaries to support healthy populations of wildlife and marine organisms and to perform

the economic, environmental, and aesthetic functions on which coastal populations depend for their livelihood. In 2004, the President announced an aggressive new national goal to achieve an overall increase in America's wetlands: over the next 5 years, 6,000 acres of restoration and 6,000 acres of enhancement (an average of 1,200 acres per

107,000 acres of estuarine habitat protected

year in each category).[8] EPA believes that emphasizing aquatic habitat protection through such mechanisms as the NEP, nonpoint source management, source water protection, and watershed management, will enable us to achieve this goal. EPA is also committed to improving wetland-tracking systems to accurately report wetland acres enhanced and restored.



Green Power: Landfill Gas-to-Energy

BMW Manufacturing implemented an EPA Region 4 suggestion to pipe methane gas generated from decomposing trash in the neighboring Palmetto Landfill to its manufacturing plant. BMW found the landfill's methane gas supplies 25 percent of its energy needs, which is equivalent to the amount necessary for heating 15,000 homes a year. BMW's conversion of landfill-generated waste into an energy resource has resulted in a reduction of carbon dioxide emissions equivalent to the removal of 61,000 cars from U.S. highways each year. This successful project has improved local air quality and has reduced the purchase and consumption of natural gas and electricity.[9]

As a result of wet weather in 2003, EPA intensified efforts to reduce nutrient and sediment pollution in Chesapeake Bay.

In Chesapeake Bay in 2003, EPA measured 64,709 acres of submerged aquatic vegetation (SAV), an important habitat for aquatic life and an indicator of the Bay's health. Record wet weather washed massive amounts of nutrients and sediment into the Bay, resulting in a 30 percent decline in SAV in a single year. To achieve a goal of 185,000 acres of SAV by 2010, EPA will intensify efforts to reduce nutrient and sediment pollution. In 2004, EPA also led efforts to develop an integrated, regional Gulf of Mexico Coastal Ocean Observing System; to develop a plan for detecting, predicting, and forecasting harmful algal blooms in the Gulf of Mexico; and to facilitate access to and exchange of Gulf data.

International Activities

In 2004, EPA made significant progress toward reducing risks to human health and the environment internationally, initiating work on lead reduction and air monitoring. For example, the Agency is on target to

Seven more countries phased out leaded gasoline—On track to phase out leaded gasoline worldwide by 2008.

achieve the worldwide phase-out of leaded gasoline by 2008.[10] On the African continent, Cape Verde, Ethiopia, Ghana, Mauritius, Mauritania, Nigeria, and Rwanda have phased lead out of their gasoline, reducing the exposure of more than 117 million people to

Stockpiles of Used Tires along the U.S.–Mexico Border

Along the U.S.-Mexico Border, massive stockpiles of waste tires pose health risks to people living in surrounding communities. The tires represent a significant waste management problem, offering breeding grounds for mosquitoes, rodents, and other disease carriers and causing severe air quality issues when noxious fumes emitted from the piles ignite. Under the Border 2012 Program, EPA and the Mexican government are working jointly to reduce land contamination by eliminating three major tire stockpiles by 2012. They have reached an agreement to dispose of 800,000 used tires per year over the next 5 years in environmentally safe cement kilns in the Juarez area, providing an alternative source of energy (tire-derived fuel). In addition, more tires will be crumbled for alternative uses such as road paving. Reusing waste tires eliminates the stockpiles and reduces health risks while making productive use of this material.

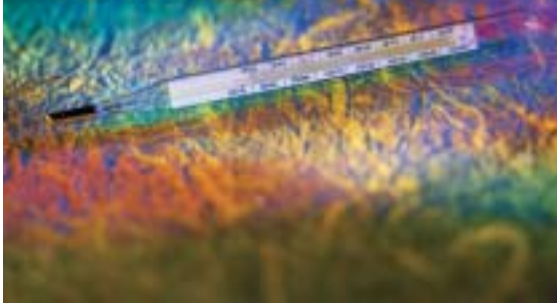
the toxic effects of lead. Under another collaborative international effort, EPA worked with the California Air Resources Board and the India Ministry of Environment and Forests to develop a detailed inventory of air emissions for Pune, India, where dangerously high levels of particulate matter are endangering the health of Pune's 2.5 million inhabitants. The Pune emission inventory represents a critical step in developing effective strategies for reducing air pollution, and it is serving as a model for two of India's largest cities, Kolkata and Mumbai, which together are home to 29.6 million inhabitants.[11]

Science and Research

EPA continues to break new scientific ground in the area of biomarkers, indicators that can be used to measure the exposure or effects of environmental agents. With the Centers for Disease Control, EPA is funding a National Academy of Sciences report on biomonitoring that will identify key principles and uncertainties in estimating and interpreting health risks from environmental contaminants. To support the Agency's Report on the Environment, EPA research also identified human health and environmental indicators for measuring environmental progress.[12] Many of the environmental indicators used in the Report on the Environment were derived from EPA's Environmental Monitoring and Assessment Program, which pioneered the concept of probabilistic, statistically valid monitoring using a set of consistent indicators.[13]

Hospitals for a Healthy Environment

Working under an FY 2002 Pollution Prevention demonstration grant from Region 5, the Minnesota Technical Assistance Program (MnTAP) used tools developed by the Hospitals for a Healthy Environment Program (H2E), including Chemical and Solid Waste Minimization Plans, to demonstrate the effectiveness of pollution prevention at health care facilities. As a result of MnTAP's work, at least 34 Minnesota healthcare facilities (22 percent of Minnesota hospitals) are engaged in documented P2 efforts. Thirteen facilities have signed on as H2E partners, and 29 have eliminated 75 percent of their mercury or working toward that goal. These facilities have eliminated 394 pounds of mercury, 851 gallons of hazardous chemicals, and 250,000 pounds of solid waste, and they have saved $152,600.



Safely Managing Obsolete and Prohibited Pesticides in the Arctic

EPA and Arctic Nations have established a cooperative project to address stockpiles of obsolete and prohibited pesticides in the Arctic. A part of the Arctic Council Action Plan, this international project is assisting Russia in managing its extensive stocks (over 35,000 metric tonnes) of Soviet Era obsolete and prohibited pesticides in an environmentally safe manner. Many of these stockpiled pesticides are migrating great distances; pesticides have been found in Alaska, affecting indigenous peoples' subsistence foods.[14]

Arkhangelsk, located at the Arctic Circle on the White Sea, served as the demonstration region for the project. By the completion of this demonstration project in 2004, all 63 metric tonnes of Arkhangelsk's stock of obsolete pesticides had been inventoried, analyzed for heavy metals and chlorinated compounds, repackaged, and moved to safe temporary storage awaiting destruction. The Arkhangelsk model is being implemented in ten other Arctic regions.

Federal, state, and local emergency personnel also rely on EPA to develop approaches that will aid decision making in the event of a terrorist attack. In 2004, EPA research scientists and engineers developed information and tools to help detect the intentional introduction of chemical or biological contaminants in buildings or water systems, contain these contaminants, decontaminate buildings and/or water systems, and dispose of material after cleanups. EPA also assessed the vulnerabilities and technical challenges facing the water industry. The Water Security Research and Technical Support Action Plan, released in 2004, focuses on protecting water systems from threats by identifying contaminants in drinking water systems and developing effective decontamination products and options for disposal.[15] The plan also presents information on risks and potential impacts on human health.

Goal 4: Healthy Communities and Ecosystems

Annual Performance Goals Met:	12
Annual Performance Goals Not Met:	7
Data Available After 11/5/04:	4

FY2004 Obligations (in thousands):		FY2004 Costs (in thousands):	
EPA Total:	$10,155,381	EPA Total:	$8,837,375
Goal 4:	$1,212,345	Goal 4:	$1,143,190
Goal 4 Share of Total:	11.9%	Goal 4 Share of Total:	12.9%

Strategic Objective: Prevent and reduce pesticide, chemical, and genetically engineered biological organism risks to humans, communities, and ecosystems. FY 2004 Cost (in thousands): $417,571 (36.5% of FY 2004 Goal 4 Total Costs)

Progress Toward Strategic Objective: EPA uses a wide range of approaches to preventing and reducing risks from chemicals. More than 76,000 chemicals are identified in the TSCA chemical inventory, and they impact every aspect of our daily life. Pesticides are applied to food, or people may be exposed to them through the workplace or at home. EPA reviews every new chemical or pesticide that enters the marketplace.

At the end of 2004, EPA is on track to complete long-term goals for reviewing every pesticide tolerance needing reassessment, as well as all reregistrations. Organophosphate residues and poisonings are decreasing as a result of actions and outreach on the use of alternatives to these older, riskier pesticides. New registrations also reduce potential risk. One example is a biopesticide registered in 2004 to be used against mosquito larvae in aquatic environments. It helps protect the public from disease such as the West Nile Virus; it also avoids the potential for polluting surface water while controlling mosquitoes. EPA continues to seek means to reduce review cycles for its regulatory decisions, thus making newer, less risky pesticides accessible to the public quicker and in greater quantity. For example, in 2004 the pesticides program revised the review process for health risk assessments, flagging resource intensive and/or low risk chemicals early in the process and reducing multiple critical decision points.

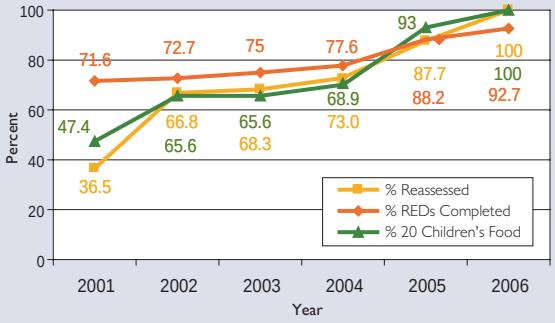
Chemicals that have been on the marketplace since before EPA reviews began—a bit more than 75% of the total—must also be screened for potential risks. EPA exceeded 2004 targets for closing the gap in publicly available risk screening data for more than 2,200 chemicals produced or imported in quantities of 1 million pounds per year and substantially expanded knowledge of the risks associated with chemicals encountered in everyday life, such as flame retardants and fabric protectors. New tools and processes are making it more efficient to reduce the adverse effects from older chemicals and contaminants already in the environment—things like lead and polychlorinated biphenyls (PCBs). For instance, successful pilot efforts in 2004 to make innovative use of available data sets to target hot spots with high concentrations of cases offer encouragement that EPA and government-wide goals for eliminating incidences of lead poisoning by 2010 will be achieved. Revamping strategies to meet the changing landscape of who's at risk, economic pressures on the affected industry and other evolving factors pave the way for smart and effective action to reduce such risks using the expanding arsenal of regulatory and voluntary tools.

APG 4.1	Review Pesticide Active Ingredients	Planned	Actual
FY 2004	Ensure that through on-going data reviews, pesticide active ingredients and the products that contain them are reviewed to assure adequate protection for human health and the environment, taking into consideration exposure scenarios such as subsistence lifestyles of Native Americans. Goal Not Met.		
	Performance Measures:		
	—Product Reregistration.	400 actions	127

APG 4.1 Review Pesticide Active Ingredients *(continued)*		Planned	Actual
FY 2004	—Reregistration Eligibility Decision (RED) (cumulative).	81.7%	77.6%
	—Tolerance Reassessment (cumulative).	78%	73.0%
	—Tolerance Reassessments for top 20 foods eaten by children (cumulative).	83%	68.9%
	—Number of inert ingredients tolerances reassessed.	100	28
FY 2003	Assure that pesticides' active ingredients registered prior to 1984 and the products that contain them are reviewed to assure adequate protection for human health and the environment. Also consider the unique exposure scenarios such as subsistence lifestyles of Native Americans in regulatory decisions. Goal Not Met.		
	Performance Measures:		
	—Product Reregistration.	350 actions	306
	—Reregistration Eligibility Decision (RED) (cumulative).	76%	75%
	—Tolerance Reassessment.	68%	68%
	—Tolerance reassessments for top 20 foods eaten by children.	75%	65.6%
FY 2002	Same goal, different targets. Goal Not Met.		
	Performance Measures:		
	—Product Reregistration.	750	314
	—RED (cumulative).	76.4%	72.7%
FY 2002	By the end of 2002 EPA will reassess a cumulative 66% of the 9,721 pesticide tolerances required to be reassessed more than 10 years. This includes 67% of the 893 tolerances having the greatest potential impact on dietary risks to children. Goal Met.	66% 67%	66.9% 65.6%
FY 2001	Same goal, different targets. Goal Not Met.	40% 46%	40% 44%

FY 2004 Result: The Agency did not meet its FY 2004 targets for this goal. Measurements for REDs ; tolerance reassessments; tolerance reassessments for the top 20 foods eaten by children; and the number of inert ingredients with tolerances reassessed began in 1996 when FQPA became effective. The Pesticide Registration Improvement Act (PRIA) of 2003, which became effective on March 23, 2004 stipulates that the universe of 612 REDs be completed by October 2008 and product reregistrations by 2010. Tolerance reassessments, with a universe of 9,721, have a statutory deadline for completion in August 2006.

Performance Measure: % Tolerance Reassessment and Tolerance Reassessments for Top 20 Foods Eaten by Children Completed (Cumulative) and % Registration Eligibility Decisions Completed (Cumulative)



Product reregistrations are based on the REDs completed in previous years. Product reregistrations are generally completed 2 years after the RED is done. EPA has not met its REDs targets in earlier years, therefore it did not meet its product reregistration targets for FY 2004. It should also be noted that the previously reported planned target of 750 actions for product reregistrations is in error; the target, which is an estimate, should have been 400. Additionally, determining a target is difficult because there is no fixed target for products eligible for reregistration because the number of products that need registration/reregistration changes with each request for registration, and with each action taken in reregistration. For example, if there is a request for a new use for a product, or if a RED is issued to reregister a pesticide, then the associated products become eligible for reregistration, thereby changing the universe of products eligible for reregistration.

APG 4.1 Review Pesticide Active Ingredients *(continued)*

Despite having not met its targets in previous years, the Agency is committed to meeting its 2008 deadline. The reregistration program is continuing to review data and issue REDs while examining means to streamline activities and consolidate resources.

In FY 2004, EPA completed 17 REDs for a cumulative total of 475 REDs completed. The Agency is on track to complete all 612 REDs to meet its 2008 statutory deadline.

In FY 2004, EPA reassessed 467additional tolerances for a cumulative total of 7,093 tolerance reassments completed. The Agency is on track to complete all 9,721 tolerances to meet its 2006 statutory deadline. Meeting this goal will help ensure that human health and the environment are protected from the harmful effects of pesticides, and that food remains safe for consumption. Children's tolerances are a smaller subset of the broader category of tolerances. In FY 2004, the Agency reassessed 23 children's tolerances, meeting 68.9% of its planned target of 893. To date, 615 children's tolerances have been reassessed.

In FY 2004, EPA reassessed 28 inert ingredients tolerances/tolerance exemptions. To date 445 have been reassessed. The Agency is on track to complete all 870 inert ingredient tolerances to meet its statutory 2006 deadline.

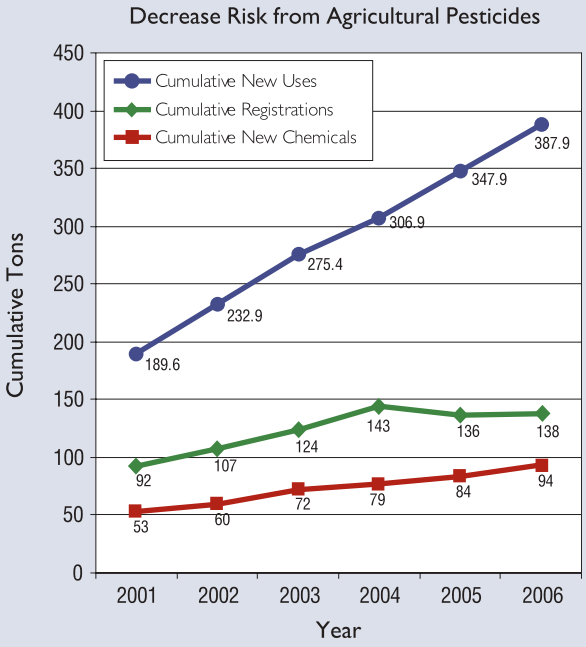
A description of the quality of the data used to measure EPA's performance can be found in Appendix B, pages 33-34.

APG 4.2 Decrease Risk from Agricultural Pesticides		Planned	Actual
FY 2004	**Decrease adverse risk from agricultural uses from 1995 levels. Goal Not Met.**		
	Performance Measures:		
	—Register safer chemicals and biopesticides (cumulative).	**131**	**143**
	—New Chemicals (cumulative).	**74**	**79**
	—New Uses (cumulative).	**3,079**	**3,142**
	—Percentage of acre-treatments with reduced risk pesticides.	**8.5%**	**Data avail 12/04**
	—Occurrences of residues on a core set of 19 foods eaten by children relative to occurrence levels for those foods reported in 1994-1996.	**25%**	**34%**
FY 2003	Decrease adverse risk from agricultural uses from 1995 levels and assure that new pesticides that enter the market are safe for humans and the environment through ensuring that all registration actions are timely and comply with standards mandated by law. Goal Not Met.		
	Performance Measures:		
	—Register safer chemicals and biopesticides (cumulative).	118	124
	—New Chemicals.	67	72
	—New Uses.	350	425
	—Percentage of acre treatments with reduced risk pesticides.	8.1%	8.0%
	—Occurrences of residues on a core of 19 foods eaten by children relative to occurrence levels for those foods reported in 1994-1996.	20%	34.3%
FY 2002	Same goal, different targets. Goal Met.		
	Performance Measure:		
	Register safer chemicals and biopesticides (cumulative).	105	107
FY 2002	Detections of residues of carcinogenic and cholinesterase inhibiting neurotoxic pesticides on foods eaten by children will have decreased by 15% (cumulative) from their average 1994 to 1996 levels. Goal Met.	15%	20%

APG 4.2 Decrease Risk from Agricultural Pesticides *(continued)*		Planned	Actual
FY 2002	At least 1% of acre-treatments will use applications of reduced risk pesticides. Goal Met.	1%	7.5%
FY 2001	Same goal, different targets. Goal Not Met.		
	Performance Measure:		
	Register safer chemicals and biopesticides.	96	92

FY 2004 Result: The baseline is zero for registration of reduced risk pesticides, new chemicals, and new uses, beginning in 1996, the year FQPA was enacted. Progress is measured cumulatively since 1996. The baseline for acres-treated is 3.6% of total acreage in 1998, when the reduced-risk pesticide acre-treatments was 30,332,499 out of a total (all pesticides) of 843,063,644 acre- treatments. Each year's total acre-treatments, reported by Doane Marketing, Inc. with USDA's National Agricultural Statistical Survey serve as the basis for computing the percentage of acre- treatments using reduced risk pesticides. Acre-treatments count the total number of pesticide treatments each acre receives each year. Information on the percentage of acre-treatments will be analyzed and available by December 2004. The baseline for residues on children's foods is the occurrence on 33.5% of composite sample of children's foods in the baseline years 1994- 1996. FY 2003 results were not known in time to adjust the FY 2004 target. After 2 years of experience in analyzing the data, the measure has been determined to be too general with too many variables from year to year in order to provide a consistent, reliable trend. Information is being reviewed to determine a more appropriate measure.

A description of the quality of the data used to measure EPA's performance can be found in Appendix B, pages 34-35.



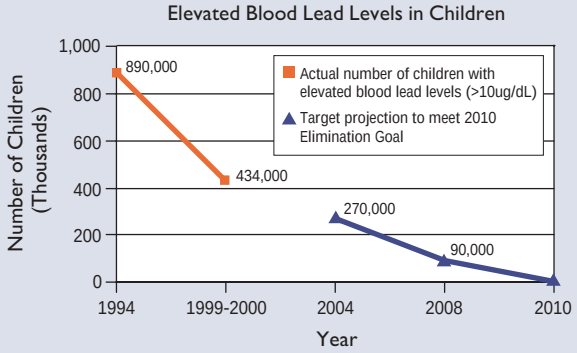
FY 2003 Result Available in FY 2004: EPA missed its FY 2003 goal. Actual detections of pesticide residues on foods eaten by children went up (from 33.1% in 2002 to 34.3% in 2003), however, it is unclear whether this is due to the different foods analyzed, number of samples analyzed, pesticides analyzed for, or a combination of all variables. Information is being reviewed to determine a more appropriate measure. The slight miss on acre treatments had no effect on overall program activity or performance.

APG 4.3 Exposure to Industrial/Commercial Chemicals		Planned	Actual
FY 2004	Reduce exposure to and health effects from priority industrial/ commercial chemicals.		
	Performance Measures:		
	—Certified nationally to perform lead-based paint abatement.	18,000	24,000
	—Children aged 1-5 years with elevated blood lead levels (>10ug/dl).	270K	Data avail 2005
	—Safe disposal of transformers.	8,000	Data avail 2006
	—Safe disposal of capacitors.	6,000	Data avail 2006
	—Number of participants in Hospitals for a Healthy Environment (cumulative).	2,000	2,930
FY 2003	Reduce lead exposure in housing units and in the deleading of bridges and structures. Goal Met.		
	Performance Measure:		
	Certified nationally (federally-administered and state-administered program).	5,000	5,561

APG 4.3 Exposure to Industrial/Commercial Chemicals *(continued)*		Planned	Actual
FY 2002	Implement certification and training of lead abatement professionals. Goal Met.		
	Performance Measure:		
	Certified nationally (federally-administered and state-administered program).	4,000	4,574

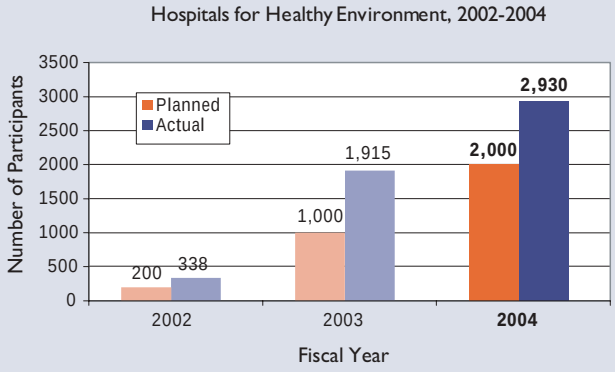
FY 2004 Result: EPA substantially exceeded its goal of certifying national users to perform lead-based paint abatement.

National Health and Nutrition Examination Survey (NHANES) data are currently released in two year data sets. 1999-2000 NHANES data, released in January 2003, estimated 434,000 children with elevated blood lead levels, a steep reduction of the estimate of more than 900,000 cases in the early 1990s. EPA expects to be able to update this estimate through 2002 in 2005, providing additional evidence of progress towards the government-wide goal of virtually eliminating childhood lead poisoning by 2010.



CY 2004 data will not be available until mid-2006. Recently released 2002 data indicate a continuation of an improving trend. EPA is nonetheless expanding efforts to promote voluntary early retirement of high concentration PCB transformers to reduce the risks of exposure through accidents and equipment breakdowns.

CY 2004 data will not be available until mid-2006. CY 2002 results were released in January 2004. The figures show a total of 2,204 large capacitors safely disposed of annually. CY 2003 results will not be reported until 2005. The current industrial disposals, downward trend is of concern and is under investigation. Investigations are being made into data quality issues. Additionally, successful pilot programs are being scaled up to retire PCB containing equipment.



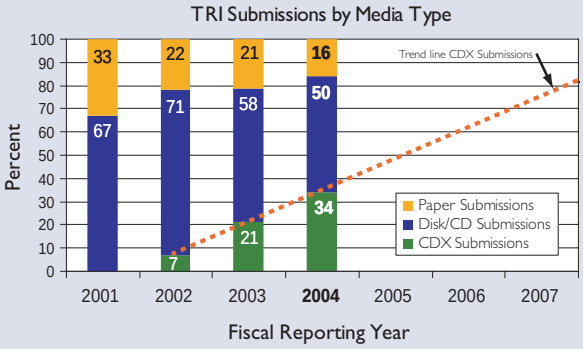
Participation in the H2E program throughout the healthcare sector continued to increase, exceeding expectations for 2004. Increased participation in H2E improves environmental results through reduced use of mercury and reduced generation of mercury-containing healthcare and total healthcare waste.

A description of the quality of the data used to measure EPA's performance can be found in Appendix B, pages 35-36.

APG 4.4 Process and Disseminate Toxics Release Inventory (TRI) Information		Planned	Actual
FY 2004	The increased use of the TRI-Made Easy (TRI-ME) will result in a total burden reduction of 5% for Reporting Year 2003 from Reporting Year 2002 levels. Goal Not Met.	50%	36%
	Performance Measure:		
	Percentage of TRI chemical forms submitted over the Internet using TRI-ME and the CDX.	50%	38%
FY 2003	Expanded information on releases and waste management of lead and lead compounds will be reported by 8,000 facilities in TRI in Reporting Year 2001 and increased usage of TRI-ME will result in total burden reduction of 25% for Reporting Year 2002. Goal Met.	8,000 25%	8,561 25%

APG 4.4 Process and Disseminate Toxics Release Inventory (TRI) Info. *(continued)*		Planned	Actual
FY 2002	EPA will reduce reporting burden, improve data quality, lower program costs, and speed data publication by increasing the amount of TRI electronic reporting from 70% to 85%. Goal Met.	85%	92%
FY 2001	Process all submitted facility chemical release reports; publish annual summary of TRI data; provide improved information to the public about TRI chemicals; and maximize public access to TRI information. Goal Met.		
	Performance Measures:		
	—TRI Public Data Release.	1 report	1 report
	—Chemical submissions and revisions processed.	110,000	120,000

FY 2004 Result: Information on toxic chemical releases is needed to assist communities in making informed decisions about protecting their environment. In June 2004, the Agency released the Toxics Release Inventory (TRI) annual Public Data Release (PDR) report that contains information on toxic chemical releases and other waste management activities by certain industries, as well as by federal facilities. EPA is continuing to focus resources on modernization of TRI data collection, processing, and dissemination processes with the goal of releasing more reliable information sooner to all communities. As an aid to the reporting community and to improve data collection accuracy and efficiency, EPA introduced TRI-Made Easy (TRI- ME) software in FY 2001. In FY 2004, 92% of all reporting facilities used TRI-ME to prepare their submissions. Comparing FY 2004 to FY 2003, there was a 50% increase in the number of reports on chemical releases and other waste management data submitted to EPA via the internet and EPA's Central Data Exchange (CDX). However, even with this sizable increase, only 36% of all chemical forms were submitted using CDX, short of the FY 2004 goal of 50%. EPA is aggressively working to increase the CDX submissions through various efforts such as targeted training and outreach to the reporting community.



A description of the quality of the data used to measure EPA's performance can be found in Appendix B, page 43.

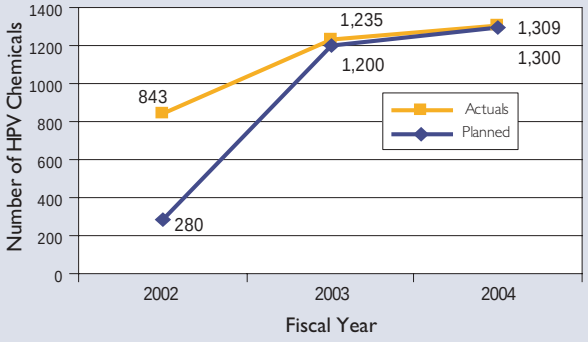
APG 4.5 Risks from Industrial/Commercial Chemicals		Planned	Actual
FY 2004	Identify, restrict, and reduce risks associated with industrial/commercial chemicals.		
	Performance Measures:		
	—TSCA pre-manufacture notice reviews (annual).	1,700	1,377
	—Number of Notice of Commencements (NOCs) received as percentage of total number of chemicals in TSCA inventory (cumulative).	22.6%	22.8%
	—Make screening level health and environmental effects data publicly available for sponsored HPV chemicals (cumulative).	1,300	1,309
	—Annual number of TSCA Section 5 Pre-Manufacturer Notices (PMNs) received self-audited using complete battery of P2 Framework/PBT Profiler screening tools.	40	71
	—Reduction in current year production-adjusted risk screening environmental indicators risk-based score of releases and transfers of toxic chemicals.	2%	Data avail 2006
	—Cumulative number of chemicals for which AEGL values proposed.	128	134
	—High Production Volume chemicals with complete Screening Information Data Sets (SIDS) submitted to OECD SIDS Initial Assessment Meeting (annual).	75	98

APG 4.5 Risks from Industrial/Commercial Chemicals *(continued)*		Planned	Actual
FY 2003	Of the approximately 1,800 applications for new chemicals and microorganisms submitted by industry, ensure those marketed are safe for humans and the environment. Increase proportion of commercial chemicals that have undergone pre-manufacture notice review to signify they are properly managed and may be potential green alternatives to existing chemicals. Goal Met.	1,800	1,633
FY 2002	Same goal. Goal Met.	1,800	1,943
FY 2001	Same goal. Goal Met.	1,800	1,770
FY 2003	Provide information and analytical tools to the public for accessing the risk posed by toxic chemicals. Goal Met. ***Performance Measure:*** Make existing screening level health and environmental effects information and plans to develop needed data publicly available for high production volume (HPV) chemicals sponsored in the US HPV Challenge.	1,200	1,235
FY 2002	Same goal. Goal Met.	10% data (280 chemicals)	843 chemicals
FY 2001	EPA will make publicly available data from test plans submitted by industry or chemicals already in commerce. Goal Met. ***Performance Measure:*** Through chemical testing program, obtain test data for HPV chemicals on master testing list.	800	724 chemicals

FY 2004 Result: PMN submissions are not controlled by EPA, fluctuating from year to year, and do not reflect the program's success in meeting its goal of preventing introduction of new unreasonable risks associated with entry of new chemicals into commerce. Accordingly this measure will be tracked internally commencing in FY 2005 as an input to assessments of the PMN Review Program's efficiency, and replaced with an outcome measure tracking success in meeting the program's goal.

EPA has made substantial progress in the New Chemicals Program reviewing chemicals in commerce to assess risks and ensure controls are in place. At the end of FY 2004, 22.8% of all chemicals in commerce had been assessed for risks.

HPV Challenge Program: 2002-2004
Number of HPV Chemicals with Screening Sets of Data Publicly Available



EPA met the target of making screening level health and environmental effects data publicly available through the HPV website for 1,300 chemicals through 2004. With additional submissions from sponsors expected through the end of the calendar year, the Agency will be approaching completion of the initial data collection for the 1,494 chemicals sponsored by companies planning to submit their data to EPA, setting the stage for risk screening and priority setting for appropriate follow-up actions. The screening process allows EPA to prioritize chemicals in terms of hazard and risk.

EPA exceeded the FY 2004 target for receiving 40 PMN's per year that have been pre-screened by submitters using the full set of P2 Framework and PBT Profiler screening tools. This contributes to increased program efficiency due to the fact that pre-screened PMN submissions are less likely to require the full 90-day PMN review effort, lowering the cost per PMN review. The PMN process prevents the occurrence of new unreasonable human health and environmental risks associated with the entry of new chemicals into U.S. commerce.

The 2004 results will not be available until at least 2006. 2002 results will be available in the first quarter of FY 2005.

APG 4.5 Risks from Industrial/Commercial Chemicals *(continued)*	Planned	Actual

The Agency exceeded the FY 2004 target of 128 chemicals, as well as the 2008 target of 180 chemicals, with proposed Acute Exposure Guideline (AEGL) values. The program develops short-term exposure limits applicable for a wide range of extremely hazardous substances. Proposed AEGL values are used immediately by first responders in dealing with chemical emergencies, increasing EPA's ability to deal with threats of chemical terrorism and assist with homeland security preparations.

EPA significantly exceeded this measure, reflecting the strong progress being made by the international component of the HPV Challenge program to make SIDS available for all HPV chemicals. Industry sponsors of HPV chemicals are allowed to direct their submissions to either EPA, OECD SIDS or the International Council of Chemical Associations (ICCA). Through EPA's and ICCA's work with voluntary sponsors and EPA's work to issue TSCA Test Rules, the program goal is to make data publicly available on all 2,800 HPV chemicals by 2008.

A description of the quality of the data used to measure EPA's performance can be found in Appendix B, pages 36-38.

FY 2003 Result Available in FY 2004: EPA exceeded the target of making screening level health and environmental effects information publically available for 1,200 HPV chemicals. This is an initial step in committing the Agency to eliminate or effectively manage all identified significant risks associated with HPV chemicals.

APG 4.6 Chemical, Organism, and Pesticide Risks		Planned	Actual
FY 2004	Standardization and validation of screening assays. Goal Not Met.	11	0

FY 2004 Result: In its projection for FY 2004, EPA stated that it would complete the validation of 11 Tier 1 assays. Substantial scientific issues and difficulties arose unexpectedly during validation that impeded EPA's ability to meet this goal. In order to provide more meaningful measures, the Agency will track progress through each stage of the process, rather than reporting only the end product. EDSP has developed five new measures for FY 2006 which include: Detailed Review Papers Completed, Prevalidation Studies Completed, Validation Studies Completed, Peer Reviews, and Assays Ready for Use.

A description of the quality of the data used to measure EPA's performance can be found in Appendix B, pages 38-39.

APG 4.7 Chemical, Organism, and Pesticide Risks		Planned	Actual
FY 2004	Reduce wildlife incidents and mortalities. Goal Not Met. *Performance Measure:* Number of incidents and mortalities to terrestrial and aquatic wildlife caused by the 15 pesticides responsible for the greatest mortality to such wildlife (cumulative).	-25%	Insufficient data for analysis
FY 2003	Reduce public and ecosystem risk from pesticides. Goal Not Met. *Performance Measure:* Number of incidents and mortalities to terrestrial and aquatic wildlife caused by the 15 pesticides responsible for the greatest mortality to such wildlife (cumulative).	-20%	9%
FY 2002	Implementation of 10-15 additional model agricultural partnership projects that demonstrate and facilitate the adoption of farm management decisions and practices that provide growers with a "reasonable transition" away from the highest risk pesticides. Goal Met.	10-15	12

FY 2004 Result: The data received during FY 2004 was reviewed and found insufficient to provide a meaningful analysis. A cooperative agreement is being awarded to the American Bird Conservancy for the development of a database (American Incident Monitoring System-AIMS) in order to collect more meaningful information on avian mortalities to develop a more effective measure.

A description of the quality of the data used to measure EPA's performance can be found in Appendix B, page 39.

APG 4.8 Chemical, Organism, and Pesticide Risks		Planned	Actual
FY 2004	Protect human health, communities, and ecosystems from chemical risks and releases through facility risk reduction efforts and building community infrastructures.		
	Performance Measure:		
	Risk management plan audits completed.	400	Data avail 2005

FY 2004 Result: Although data will not be available until the first quarter of FY 2005, EPA expects to meet or exceed this target. The RMP program is currently ahead of projections for the FY 2008 goal. Currently, there are approximately 14,400 Risk Management Plans (RMPs) in the RMP database. Each year, since the RMP program began in 1999, EPA's goal is to complete on-site audits of 3% of those facilities in order to determine the completeness and accuracy of the RMP, understand the various processes used in chemical facilities, review the policies, procedures, and processes in place to prevent chemical accidents, and learn from accidents and follow-up actions at RMP facilities. This activity assists EPA in understanding techniques and technology currently used in chemical facilities to prevent chemical accidents and share those with chemical facilities throughout the United States and, in some cases, with other countries. EPA is working toward identifying measures for RMP audits to gain a more complete understanding of improvements in chemical safety resulting from the Risk Management Plan program.

A description of the quality of the data used to measure EPA's performance can be found in Appendix B, page 39.

Strategic Objective: Sustain, clean up, and restore communities and the ecological systems that support them. FY 2004 Cost (in thousands): $187,969 (16.4% of FY 2004 Goal 4 Total Costs)

Progress Toward Strategic Objective: In FY 2004 EPA made significant progress towards its goal to sustain, cleanup, and restore communities and the ecological systems that support them. Recent available data show that EPA grantees have assessed 4,880 brownfields properties which enabled the leveraging of $6.6 billion in clean up and redevelopment funding and 29,600 jobs. EPA has also conducted 1,167 targeted brownfields assessments from 1995 through March 2004. Additionally, adequate drinking water supply and wastewater treatment systems were provided for an additional 291,000 people in the U.S.-Mexico Border area by EPA funding assistance through the Border Environment Cooperation Commission and North American Development Bank. To date, systems have been provided for 1,163,000 people or 117% of the target for FY 2004. EPA is on track to meet the 2005 goal of providing adequate drinking water supply and wastewater treatment systems to 1.5 million people. Additionally, EPA conducted 50 training sessions for 10,000 farm workers on pesticide risks and safe handling, including minimizing risks to families and children.

APG 4.9 Assess and Cleanup Brownfields		Planned	Actual
FY 2004	Assess, cleanup, and promote the reuse of Brownfields properties, leveraging cleanup and redevelopment funding and jobs. Leverage or generate funds through revitalization efforts.		
	Performance Measures:		
	—Brownfields cleanup grants awarded.	25	75
	—Brownfield properties assessed.	1,000	Data avail 2005
	—Properties cleaned up using Brownfields funding.	no target	Data avail 2005
	—Brownfield property acres available for reuse or continued use.	no target	Data avail 2005
	—Jobs generated from Brownfields activities (annual).	2,000	Data avail 2005
	—Percentage of Brownfields job training trainees placed.	65	Data avail 2005
	—Amount of cleanup and redevelopment funds leveraged at Brownfields sites.	$0.9B	Data avail 2005

APG 4.9 Assess and Cleanup Brownfields *(continued)*		Planned	Actual
FY 2003	Assess, cleanup, and promote the reuse of Brownfields properties, leveraging cleanup and redevelopment funding and jobs. Leverage or generate funds through revitalization efforts. Goal Met.		
	Performance Measures:		
	—Amount of cleanup and redevelopment funds leveraged at Brownfields sites.	$0.9B	$1.49B
	—Number of Brownfield properties assessed.	1,000	1,052
	—Jobs generated from Brownfields activities (annual).	2,000	5,023
	—Percentage of Brownfields job trainees placed.	65%	62%
FY 2002	EPA will provide additional site assessment funding to 38 new communities, and to 38 existing communities, resulting in a cumulative total of 3,100 properties assessed, the generation of 19,300 jobs, and the leveraging of $4.0 B in cleanup and redevelopment funds since 1995. Goal Met.	3,100 19,300 $4.0B	3,807 21,737 $4.8B
FY 2001	Same goal, different targets. Goal Met.	2,500 properties 12,000 jobs $3.1B	2,754 17,307 $3.7B

FY 2004 Result: In FY 2004, the Brownfields Program awarded 75 Clean up Grants. Due to the grant recipient reporting cycle, the Program will not have complete FY 2004 performance data until March 2005. EPA anticipates that it will meet the FY 2005 performance targets.

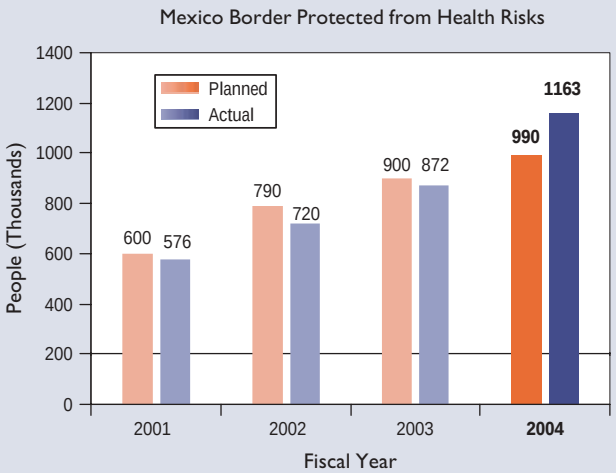
A description of the quality of the data used to measure EPA's performance can be found in Appendix B, page 40-41.

FY 2003 Result Available in FY 2004: In FY 2003 Brownfields grantees reported assessing 1,052 brownfields properties, leveraging 5,023 cleanup and redevelopment jobs and $1.49 billion in cleanup and redevelopment funding. Brownfields Job Training Grant Recipients placed 62% (meeting 96% of the target) of the program graduates into jobs. This slight miss has no effect on overall program or activity performance.

APG 4.10 US–Mexico Border Water/Wastewater Infrastructure		Planned	Actual
FY 2004	**Increase the number of residents in the Mexico border area who are protected from health risks, beach pollution, and damaged ecosystems from nonexistent and failing water and wastewater treatment infrastructure by providing improved water and wastewater service.** Goal Met.		
	Performance Measure:		
	Number of additional people in Mexico border area protected from health risks because of adequate water and wastewater sanitation systems funded through border environmental infrastructure funding.	**990,000**	**1,163,000**

FY 2004 Result: In FY 2004 adequate drinking water supply and wastewater treatment systems were provided for an additional 291,000 people in the U.S.-Mexico Border area by EPA funding assistance through the Border Environment Cooperation Commission and North American Development Bank. To date, systems have been provided for 1,163,000 people or 117% of the target for FY 2004. This effort requires considerable coordination among 6 Mexican and 4 U.S. states, municipalities with varying capacity, and 2 international organizations that certify the projects and issue subgrants for individual projects.

A description of the quality of the data used to measure EPA's performance can be found in Appendix B, page 41.



APG 4.11 Mexico Border Outreach		Planned	Actual
FY 2004	Protect the public health and the environment in the US-Mexico border region. Goal Met.		
	Performance Measures:		
	—Increase number of people with adequate water and wastewater sanitation systems.	990,000	1,163,000
	—Train farmworkers on pesticide risks and safe handling, including ways of minimizing families' and children's risks.	50 sessions	50 sessions

FY 2004 Result: The FY 2004 previously reported planned target of $1.5 million was in error and should have been 990,000. The cumulative target of 1.5 million is planned for the end of FY2005. The interim target for FY 2004 was 990,000. Projects in FY 2005 are intended to allow access to safe drinking water and wastewater sanitation systems to the remaining approximately 337 thousand people. At the end of FY2004, 78% of the FY 2005 target has been met. Additionally 50 training sessions have been held for approximately 10,000 farmworkers on pesticides handling.

A description of the quality of the data used to measure EPA's performance can be found in Appendix B, pages 40-41.

APG 4.12 Enhanced Institutional Capabilities		Planned	Actual
FY 2004	Enhance environmental management and institutional capabilities in priority countries. Goal Met.		
	Performance Measures:		
	—Assist in the development or implementation of improved environmental laws or regulations in priority countries.	1 country	1 country
	—Increase the transfer of environmental best practices among the United States and its partner countries and build the capacity of developing countries to collect, analyze, or disseminate environmental data.	3 countries	6 countries
FY 2003	Same Goal, different targets. Goal Met.		
	Performance Measures:		
	—Assist in the development or implementation of improved environmental laws or regulations in priority countries.	1 country	1 country
	—Increase the transfer of environmental best practices among the United States and its partner countries and build the capacity of developing countries to collect, analyze, or disseminate environmental data.	3 countries	3 countries
	—Increase the capacity of programs in Africa or Latin America to address safe drinking water quality issues.	1 country	1 country
FY 2002	Same Goal, different targets. Goal Met.	2 3 3	2 3 3
FY 2001	Same Goal, different targets. Goal Met.		
	Performance Measures:		
	—Number of countries or localities (3) that have adopted new or strengthened environmental laws and policies.	3	3
	—Number of organizations (3) that have increased environmental planning, analysis, and enforcement capabilities.	3	3

APG 4.12 Enhanced Institutional Capabilities *(continued)*		Planned	Actual
FY 2001 *(continued)*	—Number of organizations (3) that have increased capabilities to generate and analyze environmental data and other information.	3	3
	—Number of organizations (3) that have increased public outreach and participation.	3	4
	—Number of targeted sectors (3) that have adopted cleaner production practices.	3	2
	—Number of cities (3) that have reduced mobile-source based ambient air pollution concentrations.	3	3

FY 2004 Result: In FY 2004, EPA worked with India's government officials to develop an emission inventory and source apportionment, impacting 3 million Indian citizens. Additionally, six countries (Mexico, Kazakhstan, India, Peru, Kenya, and Vietnam) were provided technical assistance that enhanced air quality and energy efficiency. For example, EPA's diesel retrofit project in Mexico City influenced Pemex, the national oil company to switch to low-sulfur fuel in Mexico City. When fully implemented, switching to low sulfur fuel in Mexico City will reduce exposures to about 25 million people, who live and work in Mexico City.

A description of the quality of the data used to measure EPA's performance can be found in Appendix B, page 40.

Strategic Objective: Protect, sustain, and restore the health of natural habitats and ecosystems. FY 2004 Cost (in thousands): $139,064 (12.2% of FY 2004 Goal 4 Total Costs)

Progress Toward Strategic Objective: EPA's ecosystem protection programs encompass a wide range of approaches that target specific at-risk regional areas, along with broader categories of threatened ecosystems such as estuaries and wetlands. Locally generated pollution, combined with pollution transported by rivers and streams and through air deposition, collects in these closed and semi-closed ecosystems, degrading them over time. EPA has exceeded its 2008 goal of protecting and restoring 250,000 acres of estuarine habitat. Since 2001, cumulatively 432,800 acres have been protected or restored, with more than 107,000 acres protected and/or restored in FY 2004.[16]

EPA also continues to make progress toward ecosystem protection and restoration in the Great Lakes, Chesapeake Bay, and the Gulf of Mexico. Fewer persistent toxics under the Great Lakes Binational Toxics Strategy were used and released. A key source of toxics was addressed via remediation of a record 975,000 cubic yards of contaminated sediment in 2003 and initiation of EPA's first Great Lakes Legacy Act project to clean up sediments in the Black Lagoon in Michigan. In the Gulf of Mexico, a total of 13,368 acres of coastal and marine habitats were restored or protected as of 2004, exceeding the target in FY 2004 and contributing to the 10-year goal of 20,000 acres. In the Chesapeake Bay, 64,709 acres of submerged aquatic vegetation (SAV), an indicator of the health of the bay and important habitat for aquatic species, was reported in FY 2004. Though record wet weather events in 2003 deposited nutrient-laden sediments into the Chesapeake Bay and resulted in less acres of submerged aquatic vegetation (SAV) than anticipated, the extent of SAV continues to generally show a positive trend, with an increase of 26,709 acres from 1984 levels. EPA is making progress toward the 2010 goal of 185,000 acres of SAV in the Chesapeake Bay.

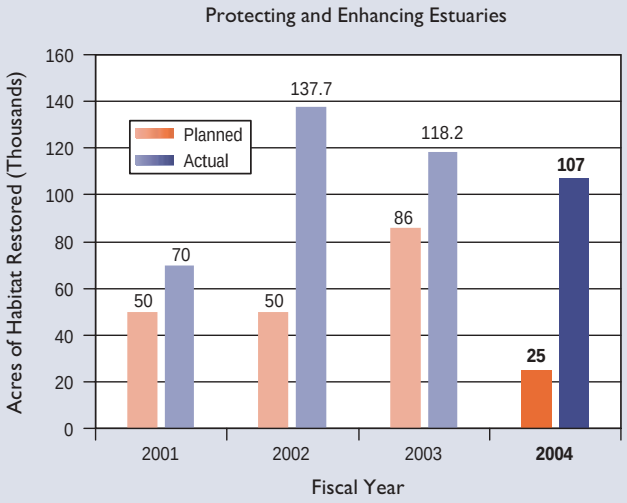
APG 4.13 Protecting and Enhancing Estuaries		Planned	Actual
FY 2004	Restore and protect estuaries through the implementation of Comprehensive Conservation and Management Plans (CCMPs). Goal Met.		
	Performance Measure:		
	Acres of habitat restored and protected nationwide as part of the National Estuary Program (annual).	25,000	107,000

APG 4.13 Protecting and Enhancing Estuaries *(continued)*

Planned | Actual

FY 2004 Result: The National Estuary Program significantly exceeded this year's goal, reflecting the continuing emphasis by NEPs on key components of their CCMPs relating to coastal habitat. The target was exceeded due to several factors including increased community interest and involvement in protection and restoration as well as the enhanced capacity of EPA and its partners to collect and report on data depicting protection and restoration achievements. In addition, it is difficult to predict precisely to what extent NEPs will choose to address habitat preservation in their annual workplans.

A description of the quality of the data used to measure EPA's performance can be found in Appendix B, pages 41-42.



APG 4.14 Great Lakes: Ecosystem Assessment

		Planned	Actual
FY 2004	Great Lakes ecosystem components will improve, including progress on fish contaminants, beach closures, air toxics, and trophic status. Goal Not Met.		
	Performance Measures:		
	—Long-term concentration trends of toxics (PCBs) in Great Lakes top predator fish.	5%	Data avail FY 2005
	—Long-term concentration trends of toxic chemicals in the air.	7%	Data avail FY 2005
	—Total phosphorus concentrations (long-term, Ug/l) in the Lake Erie Central Basin.	10	21.2 Ug/l
FY 2003	Same Goal, different targets. Goal Not Met.		
	Performance Measures:		
	—Long-term concentration trends of toxics (PCBs) in Great Lakes top predator fish.	5%	Data avail FY 2005
	—Long-term concentration trends of toxic chemicals in the air.	7%	Data avail FY 2005
	—Total phosphorus concentrations (long-term, Ug/l) in the Lake Erie Central Basin.	10	18.4
FY 2002	Same goal, different targets. Goal Not Met.		
	Performance Measures:		
	—Long-term concentration trends of toxics (PCBs) in Great Lakes top predator fish.	declining	declining
	—Long-term concentration trends of toxic chemicals in the air.	declining	declining
	—Total phosphorus concentrations (long-term, Ug/l) in the Lake Erie Central Basin.	improving	mixed

APG 4.14 Great Lakes: Ecosystem Assessment *(continued)*		Planned	Actual
FY 2001	Great Lakes ecosystem components will improve, including progress on fish contaminants, beach closures, air toxics, and trophic status. Goal Met.		
	Performance Measures:		
	—Concentration trends of toxics (PCBs) in Great Lakes top predator fish.	declining	uncertain
	—Concentration trends of toxic chemicals in the air.	declining	declining
	—Trophic status and phosphorous concentrations in the Great Lakes.	improving	improving

FY 2004 Result: The data for the measures regarding toxics concentrations in fish and air will not be available until the second quarter of FY 2005. The phosphorus concentration target was not met, this is discussed in detail below.

PCB concentrations in predator fish are tracked because it is a prime indicator of whether contaminant levels in the Great Lakes are decreasing, increasing, or staying level. Data are available from 1972. Monitoring results from 2002 were planned to be reported in 2004. However, quality assurance problems continue to delay reporting on PCB concentrations in top-predator fish. EPA is providing contractor assistance and has conducted a site visit to assist with resolution of the problems. It is anticipated that quality assured data will be available in FY 2005. Historical trends suggest the concentration level will be less than 2 parts per million (the FDA Action level) for the reporting year 2004 (sample year 2002), but far above the Great Lakes Initiative target or levels at which fish advisories can be removed. Year-to-year variations are expected and will influence the long-term trend, making it difficult to see statistically significant trends on a year-to-year basis.

Atmospheric deposition has been shown to be a significant source of pollutants to the Great Lakes. Atmospheric deposition data are available for this measure beginning in 1990 collected through the joint US/Canadian Integrated Atmospheric Deposition Program and includes PCBs, PAHs, and pesticides. Monitoring results from 2002 were planned to be reported in 2004. However, although United States atmospheric deposition data are available through 2002 to calculate annual decline in PCBs (Lake Erie 7%, Lake Michigan 10%, Lake Superior 3.6%, which averages approximately 7%), Canadian reporting for atmospheric deposition in Lakes Huron and Ontario, which is anticipated in 2005, needs to be aggregated with the U.S. data in order to determine FY 2004 performance. Targets for FY 2005 and FY 2008 are 7% and 30% annual decline, respectively, and historical trends suggest that trends will continue to decline. For instance, depending on the lake, PCB concentrations could be expected to range from 50 to 250 pg/m3 (picograms per cubic meter). Year-to-year variations are expected and will influence the long-term trend, making it difficult to see statistically significant trends on a year-to-year basis. Success will require participation in the Great Lakes Strategy, State of the Lakes Ecosystem Conferences, Lakewide Management Plans, and Remedial Action Plans.

Phosphorus concentrations in Lake Erie have been tracked since 1983. Results from monitoring in 2003 are reported in 2004 and at 21.2 ug/Liter are at a concentration approximately twice the target of 10 ug/Liter. The Lake Erie Central Basin is the focus of this measure because Lake Erie exceeded phosphorus guideline levels in recent years and because its central basin is most representative of Lake Erie's anoxia problems. The Lake Erie phosphorus problem is linked to the increased "dead zone," or zone of limited dissolved oxygen which is the subject of an ongoing EPA-led study. EPA expects to issue the final report in FY 2005. Causes and management implications are still being determined; however, invasive species, especially zebra and quagga mussels, appear to be a factor. As a result of discussions with scientists from Environment Canada in 2003 and 2004, the Canadian government has extended the study of Lake Erie through 2004. Canadian efforts are focused on areas which complement the ongoing EPA-led study and include estimates of zebra and quagga populations and water movement in Lake Erie. For further information on Great Lakes indicators see http://www.epa.gov/glnpo/glindicators/.

A description of the quality of the data used to measure EPA's performance can be found in Appendix B, page 42.

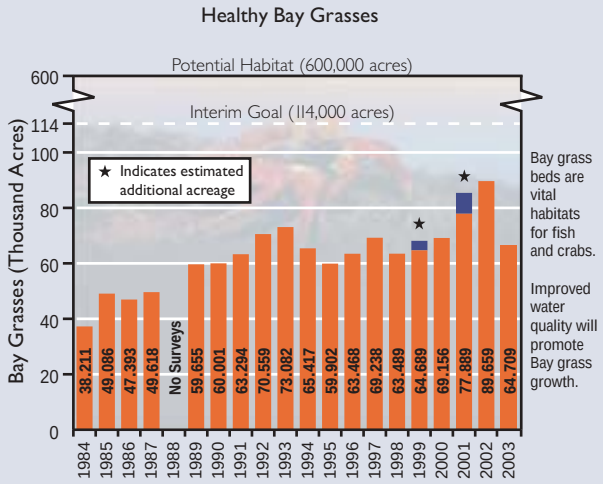
FY 2003 Result Available in FY 2004: The data for the measures regarding toxics concentrations in fish will not be available until the second quarter of FY 2005. Quality assurance problems continue to delay reporting on PCB concentrations in top predator fish. EPA is providing contractor assistance and it is anticipated that quality assured data will be available in FY 2005.

The data for the measures regarding long-term concentration trends of toxic chemicals in the air will not be available until FY 2005 Although United States data is available for 2001 and 2002 to calculate annual decline in PCBs in atmospheric deposition, Canadian reporting for atmospheric deposition in Lakes Huron and Ontario, which is anticipated in 2005, needs to be aggregated with the U.S. data in order to determine FY 2003 results. The U.S. data for 2001, which EPA had planned to report in 2003, shows the following declines: Lake Erie 7.1%, Lake Michigan 10.5%, Lake Superior 4%, which averages approximately 7% overall. EPA continues to discuss the Canadian lag time for this data with Canada.

APG 4.15 Chesapeake Bay Habitat		Planned	Actual
FY 2004	Improve habitat in the Chesapeake Bay. Goal Not Met.		
	Performance Measure:		
	Acres of submerged aquatic vegetation present in the Chesapeake Bay (cumulative).	90,000	64,709

FY 2004 Result: While acreage estimates fluctuate year to year, data generally show a slow, steady increase from 38,000 acres in 1984 to nearly 90,000 acres in 2002 as reported in FY 2003. (SAV data is collected from April through October of a given year, then data go through QA/QC from October through April, i.e. the FY 2004 Result derives from an April through October 2003 sampling period). However, record wet weather in 2003 washed massive amounts of nutrients and sediment into the Bay, which resulted in a 30% decline in SAV in a single year. Chesapeake Bay Program partners will increase efforts to reduce nutrient and sediment pollution to achieve the 185,000 acre goal by 2010.

A description of the quality of the data used to measure EPA's performance can be found in Appendix B, page 42.



APG 4.16 Gulf of Mexico		Planned	Actual
FY 2004	Assist the Gulf States in implementing watershed restoration actions in 71 (5-year rolling average) priority impaired coastal river and estuary segments. Goal Met.	71	71.2
FY 2003	Same Goal, different target. Goal Met.	14	95

FY 2004 Result: In FY 2000, the Agency established, through consensus with the Gulf States, a strategic performance target to focus the program's collaborative capacity towards helping the states address and correct water quality issues impacting 20% of the impaired waters contained in coastal watersheds bordering the Gulf of Mexico. The 20% target represents 71 of the 354 segments listed by the states 1998 303(d) report. The strategy allowed the states to incrementally ramp up to the 20% target over the 5-year period from 2000-2004. To accomplish this, the Agency, in cooperation with the states, set target increments of 14 segments per year (FYs 2000-2003) and, 15 in FY 2004.

Through the implementation of this strategy, the Agency achieved its "71 segment rolling average" as originally targeted in FY 2004 and as outlined below:

Fiscal Year	Annual Target Increments (Segments)	Cumulative Target (Segments)	Actual Annual Program Performance (Segments)	Rolling Average Target (i.e., "71 by 2004") (Segments)
2000	14	14	32	32
2001	14	28	31	32
2002	14	42	35	33
2003	14	56	95	48
2004	15	71	163	71

Leading this process, the Gulf States have identified the priority impaired waterbody segments sub-population that will serve to further focus the program's restoration assistance efforts through 2008. Beginning in FY 2005, and carrying through FY 2008, the program's goal will be to sustain assistance in 71 segments in order to achieve the overall 2008 performance goal of 20% priority impaired waters restoration.

A description of the quality of the data used to measure EPA's performance can be found in Appendix B, pages 42-43.

Strategic Objective: Through 2008, provide a sound scientific foundation for EPA's goal of protecting, sustaining, and restoring the health of people, communities, and ecosystems by conducting leading-edge research and developing better understanding and characterization of environmental outcomes under Goal 4. FY 2004 Cost (in thousands): $398,586 (34.9% of FY 2004 Goal 4 Total Costs)

Progress Toward Strategic Objective: EPA is on track to meet this objective. EPA's cutting-edge research provides the scientific basis for determining the status of and protecting the health of the Nation's people, communities, and ecosystems. In addition to providing an innovative method for determining the biological integrity of fish communities, EPA also assessed the accuracy of important data used throughout the Agency to measure environmental improvements and found that it meets accuracy standards. National Land Cover Data (NLCD) is the most widely-used land-cover data across EPA, with approximately 30% of the indicators used in EPA's Report on the Environment based on NLCD. A thematic accuracy assessment of these data, never undertaken prior to this effort that was completed in 2004, shows that these data meet accuracy standards[17]. EPA also provided important information on best management practices for controlling amounts of nitrogen and phosphorous, nutrients that can result in eutrophication (an overabundance of algae that blocks light and uses up oxygen). This information will assist states in meeting Total Maximum Daily Load (TMDL) requirements for nutrients. EPA has also made significant strides in the area of protecting children's health. Research completed in 2004 includes an emission model for estimating inhalation exposure of children to cleaning products used in schools, and a report on the long-term developmental effects of dioxin exposure during pregnancy.[18]

APG 4.17 Regional Scale Ecosystem Assessment Methods		Planned	Actual
FY 2004	Provide federal, state, and local resource managers with a means to more effectively determine long-term trends in the condition and vitality of Eastern U.S. stream ecosystems through measurements of changes in the genetic diversity of stream fish populations. Goal Met.		
	Performance Measure: A study of fish genetic diversity that demonstrates the power of this modern approach for evaluating condition and vitality of biotic communities to federal, state and local resource managers.	1 report	1 report

FY 2004 Result: The development and application of new and more powerful methods to evaluate ecological integrity is central to many state and Federal assessment programs. Technological progress in the fields of molecular biology and genetics has allowed, for the first time, the cost-effective analysis of patterns in the genetic diversity of aquatic populations over large regional scales. This genetic information brings new and powerful information to our understanding of aquatic ecosystems, including the identification of appropriate ecological assessment units, the linkages between environmental condition and population responses, and estimates of the future susceptibility of populations due to loss of genetic diversity. In FY 2004, EPA summarized the results of research on the genetic diversity of indicator fish species inhabiting wadeable streams in the Mid-Atlantic, as well as in parts of Ohio. The report found that genetic diversity of stream fish was reduced in areas of poor environmental quality. This loss of genetic diversity is likely to impact the ability of fish in these areas to respond to future environmental challenges. In addition, genetic identification provides a more precise and less subjective method for identifying species than methods based on physical characteristics. This report will provide resource managers and the public with a more complete understanding of the present condition of these biological resources and their vulnerability to predicted environmental changes.

A description of the quality of the data used to measure EPA's performance can be found in Appendix B, page 43.

APG 4.18 Homeland Security Research		Planned	Actual
FY 2004	Provide a database of EPA experts on topics of importance to assessing the health and ecological impacts of actions taken against homeland security that is available to key EPA staff and managers who might be called upon to rapidly assess the impacts of a significant terrorist event. Goal Met.		

APG 4.18 Homeland Security Research *(continued)*		Planned	Actual
FY 2004 *(continued)*	*Performance Measure:* A restricted access database of EPA experts with knowledge, expertise, and experience for use by EPA to rapidly assess health and ecological impacts focused on safe buildings and water security.	1 database	1 database

FY 2004 Result: This restricted access database has been distributed to key EPA staff and managers, and is updated quarterly. It will facilitate rapid deployment in response to an incident.

A description of the quality of the data used to measure EPA's performance can be found in Appendix B, page 43.

APG 4.19 Homeland Security Research		Planned	Actual
FY 2004	Provide to building owners, facility managers, and others, methods, guidance documents, and technologies to enhance safety in large buildings and to mitigate adverse effects of the purposeful introduction of hazardous chemical or biological materials into indoor air. Goal Met.		
	Performance Measures:		
	—Prepare Environmental Technology Verification (ETV) evaluations on at least 5 new technologies for detection, containment, or decontamination of chemical/biological contaminants in buildings to help workers select safe alternatives.	5	10
	—Through Small Business Innovative Research awards, support at least 3 new technologies/methods to decontaminate heating, ventilation, and air conditioning systems in smaller commercial buildings or decontaminate valuable or irreplaceable materials.	3	4
	—Prepare technical guidance for building owners and facility managers on methods/strategies to minimize damage to buildings from intentional introduction of biological/chemical contaminants.	9/30/04	9/30/04

FY 2004 Result: Anthrax contamination and the extensive clean-up efforts in postal facilities and several other government and commercial buildings emphasized the need for improved methods to enhance security against terrorist activities in buildings and to provide additional options for cleaning up buildings. EPA is focusing on research, development, testing, and communication of enhanced methods for detection and containment of biological and chemical warfare agents and toxic industrial chemicals intentionally introduced into large buildings. Research is also addressing decontamination of building surfaces, furnishings, and equipment with safe disposal of residual materials. In FY 2004, EPA provided emergency responders, building owners and managers, and decontamination crews with information, including guidance documents and technology evaluations, needed to enhance safety in buildings and to mitigate adverse effects of the purposeful introduction of hazardous chemicals or biological materials into indoor air.[19]

A description of the quality of the data used to measure EPA's performance can be found in Appendix B, page 43.

APG 4.20 Homeland Security Research		Planned	Actual
FY 2004	Verify two point-of-use drinking water technologies that treat intentionally introduced contaminants in drinking water supplies for application by commercial and residential users, water supply utilities, and public officials. Goal Met.	2	2

APG 4.20 Homeland Security Research *(continued)*	Planned	Actual

FY 2004 Result: Evaluations of point-of-use drinking water treatment technologies have been ongoing for years and technologies are commercially available to remove disagreeable tastes and odors, and capture or neutralize contaminants. These point-of-use treatment technologies are now being considered as an additional means of treating water that may have been exposed to biological or chemical contaminants through terrorist attacks. In FY 2004, EPA's Environmental Technology Verification (ETV) program formally verified such technologies using a standard protocol developed by a group of critical stakeholders. This additional line of defense can help reassure home and building owners and users, water supply utilities, and public officials that the drinking water supply in a residential or commercial building can be treated again once it enters the water distribution system of a building.[20]

A description of the quality of the data used to measure EPA's performance can be found in Appendix B, page 43.

APG 4.21 Risk Assessment Research		Planned	Actual
FY 2004	Through FY 2005 initiate or submit to external review 28 human health assessments and complete 12 human health assessments through the Integrated Risk Information System (IRIS). This information will improve EPA's and other decision-makers' ability to protect the public from harmful chemical exposure. Goal Met.		
	Performance Measures:		
	—Complete 4 human health assessments and publish their results on the IRIS website[21].	4	4
	—Initiate or submit to external peer review human health assessments of at least 20 high priority chemicals.	20	20

FY 2004 Result: The Integrated Risk Information System (IRIS) is an EPA data base containing Agency consensus scientific positions on potential adverse human health effects that may result from exposure to chemical substances found in the environment. IRIS currently provides information on health effects associated with chronic exposure to more than 500 specific chemical substances. IRIS contains chemical-specific summaries of qualitative and quantitative health information in support of the first two steps of the risk assessment process, i.e., hazard identification and dose-response evaluation. Combined with specific situational exposure assessment information, the information in IRIS may be used as a source in evaluating potential public health risks from environmental contaminants. IRIS is widely used in risk assessments for EPA regulatory programs and site-specific decision making. Updating IRIS with new scientific information is critical to maintaining information quality and providing decision makers with a credible source of health effects information. The health assessments completed and initiated in FY 2004 will provide EPA and other decision makers with needed updates to IRIS so they can make informed decisions on how to best protect the public from harmful chemical exposure. In 2004, EPA completed human health assessments on four chemicals (2-methylnaphthalene, lead, boron, and ethylene dibromide) and has posted these on the IRIS web site. In FY 2005, EPA will complete an additional 8 assessments and initiate 8 more for a two year total of 28 initiated assessments and 12 completed health assessments.

A description of the quality of the data used to measure EPA's performance can be found in Appendix B, page 43.

APG 4.22 Computational Toxicology		Planned	Actual
FY 2004	Develop a computation toxicology research strategy (strategic framework) that provides the framework for research that will help fill major data gaps for a large number of chemical testing programs and reduce the cost and use of animal testing. Goal Met.		
	Performance Measure:		
	Produce a computational toxicology research strategic framework.	1 strategy	1 strategy

FY 2004 Result: In FY 2004, EPA completed "A Framework for a Computational Toxicology Research Program in ORD."[22] This document identifies the major research gaps and approaches for the development of an EPA program on computational toxicology. The objective of the Computational Toxicology research program is to integrate modern computing and information technology with

APG 4.22 Computational Toxicology *(continued)*	Planned	Actual

molecular biology to improve the Agency's prioritization of data requirements and risk assessment of chemicals. The ultimate goal of the program is to demonstrate the feasibility of setting mechanistically-based priorities for chemical risk assessment and to optimize testing requirements through the use of computational methods and molecular profiling afforded by the advances in emerging technologies such as proteomics and genomics.

A description of the quality of the data used to measure EPA's performance can be found in Appendix B, page 43.

APG 4.23 Human Health Risk Assessment Research	Planned	Actual
FY 2004		
Contribute to protecting children from harmful environmental agents in their daily lives by providing risk assessors and managers with better data on children's aggregate exposures in their home and daycare settings. Goal Met.		
Performance Measure:		
Analysis of the "Children Total Exposure to Pesticides and Persistent Organic Pollutants (including EDCs) Study" to estimate aggregate exposures and identify critical exposure factors that can be used by the Agency to improve exposure and risk assessments.	1	1

FY 2004 Result: In FY 2004, EPA completed a report for Congress on the aggregate exposures of preschool children to pollutants commonly found in their everyday environments. Current risk assessments for children are severely hampered by a lack of exposure data and by exposure factors that are insufficient to describe how exposures change as children grow up and change their activities. The report found that the relative contribution of the various exposure pathways (the air kids breathe, the food and drink kids consume, or the things that they touch) varies from chemical to chemical. For the more than 50 chemicals studied, the dietary pathway was often the most significant pathway for exposure. The updated exposure factors are more reliable since they incorporate more complete and better data and approaches to describe children's exposures to environmental pollutants. These data and factors should significantly improve the reliability of the estimates of children's exposure and risk used by regulatory decision-makers throughout EPA.

A description of the quality of the data used to measure EPA's performance can be found in Appendix B, page 43.

ASSESSMENT OF IMPACTS OF FY 2004 PERFORMANCE ON FY 2005 ANNUAL PLAN

Based on the results of FY 2004 performance, adjustments will be made to three FY 2005 performance measure targets. The first is reducing wildlife incidents and mortalities which will be reduced from a cumulative total of 27% to 12% for FY 2005. These targets have been missed for the prior 2 years so the FY 2005 change is necessary to account for that reality.

The second measure which will be changed for FY 2005 is the occurrence of residues on a core set of 19 foods eaten by children relative to occurrence levels for those foods reported in 1994-1996. After 2 years of experience in analyzing the data, the measure has been determined to be too general with too many variables from year to year in order to provide a consistent, reliable trend. Information is being reviewed to determine a more appropriate measure.

The final measure which will be changed for FY 2005 is the safe disposal of capacitors. CY 2002 results released in January of 2004 show a total of 2,204 large capacitors safely disposed, compared to 9,494 in CY 2001. CY 2004 results will not be released until 2006. The FY 2004 annual performance target is 6,000 large capacitors safely disposed and the FY 2005 annual performance target increases that number to 9000. Due to the downward industrial disposal trend in CY 2002, data quality issues are being investigated and depending on findings, the FY 2005 performance target may need to be adjusted.

Prior Year Annual Performance Goals Without Corresponding FY 2004 Goals

(Actual performance data available in FY 2004 and beyond)

FY 2000	Administer federal programs and oversee state implementation of programs for lead-based paint abatement certification and training in 50 states, to reduce exposure to lead-based paint and ensure significant decreases in children's blood levels by 2005.	target year is FY 2005
FY 1999	Complete the building of a lead-based paint abatement certification and training in 50 states, to ensure significant decreases in children's blood levels by 2005 through reduced exposure to lead-based paint.	target year is FY 2005
FY 1999	Develop and verify innovative methods and models for assessing the susceptibilities of population to environmental agents, aimed at enhancing risk assessment and management strategies and guidelines.	target year is FY 2008

FY 2003 Annual Performance Goals

(No Longer Reported for FY 2004)

- Reduce public and ecosystem risk from pesticides.
- Provide the public with a reliable and statistically valid baseline for the condition of nation's estuaries against which to measure the success of ecosystem protection and risk management practices.

Notes

1 U.S. Environmental Protection Agency, Office of Pollution Prevention and Toxics. "TSCA New Chemicals Program." Internal monthly report by Chemical Abstract Services.

2 For more information, please visit: http://www.epa.gov/Region9/cross_pr/childhealth/pbde.html.

3 U.S. Environmental Protection Agency, Office of Pollution Prevention and Toxics. "High Production Volume Challenge Program, HPV Commitment Tracking System." Available at http://www.epa.gov/chemrtk/viewsrch.htm.

4 Florida Department of Environmental Protection. 2003. *Integrating Atmospheric Mercury Deposition and Aquatic Cycling in the Florida Everglades: An approach for Conducting a Total Maximum Daily Load Analysis for an Atmospherically Derived Pollutant. Final Report*. Tallahassee, Florida. Available at ftp://ftp.dep.state.fl.us/pub/labs/assessment/mercury/tmdlreport03.pdf

5 Centers for Disease Control, National Center for Health Statistics. *National Health and Nutrition Examination Survey: 1999-2002*. More information is available at http://www.cdc.gov/nchs/nhanes.htm.

6 More information on the Executive Order is available at http://www.epa.gov/glnpo/taskforce.

7 More information is available at http://www.epa.gov/owow/estuaries/pivot/overview/intro.htm.

8 More information is available at http://www.whitehouse.gov/news/releases/2004/04/20040422-4.html.

9 More information is available at http://www.bmwusfactory.com/community/environment/gastoenergy.asp.

10 More information is available at http://www.unep.org/PCFV/Data/data.htm#leaded.

11 For more information, please visit: http://www.unipune.ernet.in/dept/env/pei/index.html.

12 For more information, please visit: http://www.epa.gov/indicators/roe/html/tsd/tsdHealth.htm#43.

13 For more information on EMAP, please visit: http://www.epa.gov/emap/.

14 *Arctic Pollution Issues: A State of the Arctic Environment Report*. Arctic Monitoring and Assessment Programme, 1997. ISBN 82-7655-060-6

15 U.S. Environmental Protection Agency, Office of Research and Development. 2004. *Water Security and Technical Support Action Plan*. EPA/600/R-04/063. Washington, DC: U.S. Government Printing Office.

16 The specific language for this strategic target reads as follows: "By 2008, working with National Estuary Program (NEP) partners, protect or restore an additional 250,000 acres of habitat within the study areas for the 28 estuaries that are part of the NEP."

17 U.S. Environmental Protection Agency, Office of Research and Development. Not yet published. *Thematic Accuracy of Multi-Resolution Land Characterization–National Land Cover Database Land Cover for the Western United States*.

18 Vorderstrasse, B, S.E Fenton., A.A Bohn., J.A.Cundiff, and B.P. Lawrence. 2004. "A novel effect of dioxin: exposure during pregnancy severely impairs mammary gland differentiation." Toxicol. Sci. (In Press).

Lawrence, B.P., B.A. Vordestrasse, S.E. Fenton, and A.A. Bohn. 2003. "Exposure to 2,3,7,8-tetrachlorodibenzo-p-diozin (TCDD) impairs Mammary Gland Differentiation in Pregnant c57Bl/6 Mice and Prevents Pup Survival." *Toxicologist* 72:230.

19 Information is available at http://www.epa.gov/etv/verifications/vcenter10-1.html and at http://cfpub.epa.gov/ncer_abstracts/index.cfm/fuseaction/outlinks.sbir/rc_id/916/showYear/all

20 Information is available at http://www.epa.gov/etv/verifications/verification-index.html.

21 Information is available at http://www.epa.gov/iris.

22 U.S. Environmental Protection Agency. *Framework for a Computational Toxicology Research Program at ORD*. EPA-600/R-03/065. Information is available at http://www.epa.gov/comptox.

GOAL 5: Compliance and Environmental Stewardship

Improve environmental performance through compliance with environmental requirements, preventing pollution, and promoting environmental stewardship. Protect human health and the environment by encouraging innovation and providing incentives for governments, businesses, and the public that promote environmental stewardship.

Under Goal 5, EPA continues to improve national environmental performance by ensuring compliance with environmental law and promoting environmental stewardship to conserve resources, prevent pollution, and reduce waste. The Agency uses a wide spectrum of regulatory and nonregulatory strategies, including compliance assistance and incentives, monitoring and data analysis, pollution prevention, and civil and criminal enforcement. EPA also conducts research to identify innovative approaches to environmental protection and encourages states, tribes, and regulated entities to develop new approaches, ideas, and techniques.

EPA's compliance programs work to ensure that regulated entities understand and comply with environmental law requirements. The Agency helps business—small businesses in particular—achieve and maintain compliance[1] and provides incentives[2] for facilities to conduct voluntary audits, correct problems, and return to compliance. EPA also uses enforcement actions[3] to correct and deter violations. In settling these civil cases, the Agency often negotiates supplemental environmental projects[4] that improve health and the environment in affected communities.

Civil enforcement actions completed in FY 2004 will reduce, properly treat, or eliminate an estimated 1 billion pounds of pollutants from release into the environment. In addition, 25.3 million pounds of pollutants will be reduced as a result of FY 2004 criminal enforcement actions.[5] Enforcement actions will also require companies to invest $4.8 billion in pollution control and improve environmental management practices at facilities. In FY 2004, 969 facilities voluntarily disclosed violations and corrected problems to achieve compliance.[6] Ninety percent of the regulated community responding to compliance assistance center surveys indicated an improved understanding of environmental regulation, and 72 percent improved environmental management practices as a result of the assistance. Forty-eight percent of survey respondents reported that they reduced, treated, or eliminated pollution as a result of the assistance.[7]

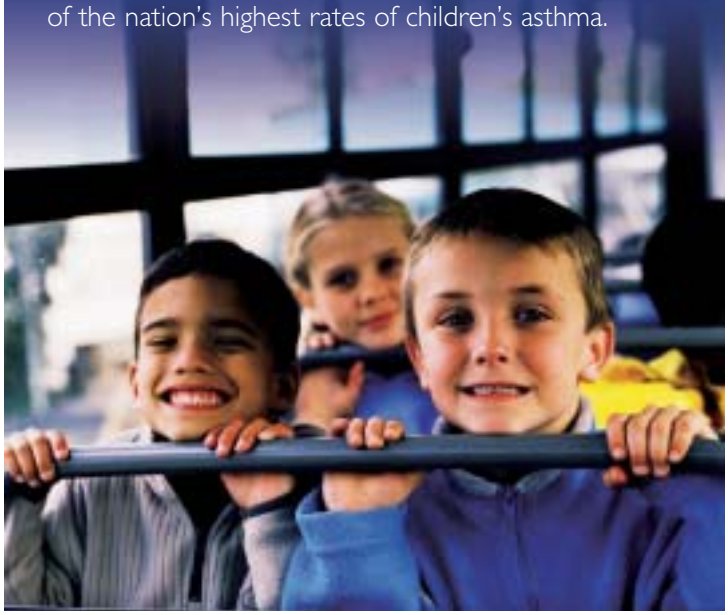
Enforcement actions reduce an estimated 1 billion pounds of pollution

Strong environmental stewardship protects the environment and conserves natural resources

EPA works directly with the regulated community to recognize and encourage outstanding environmental leadership and performance through innovative programs. The National Environmental Performance Track Program is building a culture of corporate environmental responsibility and superior performance by recognizing and rewarding high-performing environmental leaders who go well beyond complying with environmental law. During FY 2004, high-achieving companies used Performance Track's performance goals and measures to demonstrate significant, tangible benefits for the environment. Led by EPA and 23 states, the 344 member facilities have cumulatively conserved 3.1 trillion British Thermal Units of energy and 775 million gallons of water. Since FY 2000, Performance Track members have reduced their use of hazardous materials by nearly 18,000 tons and cut generation of solid waste by more than 176,000 tons. Members also have preserved or restored 4,485 acres of habitat. During 2004, Performance Track demonstrated its capability as an engine for driving environmental change in business systems, resulting in dramatic performance improvements that would not have been realized through regulatory approaches.[8]

Supplemental Environmental Projects—Benefiting Boston Communities:

Integrating pollution prevention into enforcement actions can help to promote environmental stewardship. For example, recognizing that many scientific studies have linked breathing particulate matter with a series of significant health problems, including aggravated asthma,[10] EPA's Region 1 negotiated settlements against the Mystic Station power plant and the Massachusetts Bay Transit Authority that included supplemental environmental projects to address this air issue in the local community. As a result of the supplemental projects, the City of Boston's school bus fleet and the commuter trains that pass through Boston were modified to burn low-sulfur rather than high-sulfur diesel fuel, reducing emissions of particulate matter.[11] These projects benefit environmentally disadvantaged Boston communities which have some of the nation's highest rates of children's asthma.



Performance Track

Through Performance Track, the Baxter Caribe facility in Puerto Rico has shown that environmental stewardship is a win for the environment and a win for the company. Baxter Caribe aggressively reduced its use of energy and its solid and hazardous wastes. Largely by reducing the use of acetone, Baxter cut its hazardous waste generation by 195,000 pounds. All this was accomplished while plant production increased 70 percent.[14]

EPA's Sector Strategies Program also collaborates with the Agency's business partners to improve their environmental performance. Under this program, EPA works with 12 business sectors that have a significant impact on the nation's economy and the environment to identify cost-effective methods for reducing energy use and protecting the environment. In FY 2004, the Agency published the *Sector Strategies Performance Report*,[9] which establishes baseline trends data from which to measure future program progress.

EPA and its partners used a variety of collaborative, nonregulatory approaches to reduce pollution, conserve water and energy, and minimize business costs. The Agency's Pollution Prevention (P2) program employs a threefold approach: (1) "greening" the nation's supply and demand chains to make them more environmentally sound; (2) integrating P2 into such regulatory processes as permitting; and (3) delivering P2 services, such as technical assistance and information, to businesses, communities, and the public. EPA's P2 programs made significant progress in FY 2004:

- The Agency's *Green Chemistry Challenge Program*[12] award winners eliminated the use of 134 million pounds of hazardous chemicals.
- One aerospace company realized an annual savings of $425,000 as a result of a *Green Supplier Network*[13] review.
- The *Design for the Environment* partnership with the industrial laundry industry eliminated the use of 63 million pounds of hazardous chemicals, conserved 23 million gallons of water, and realized $488,000 in business cost savings.[15]

As EPA more frequently turns to pollution prevention to address high-risk human health and environmental problems, the need for innovative design and production techniques has increased. Research that EPA conducts to support Goal 5 informs federal, state, and local government officials; industry; academia; citizen groups; and other stakeholders about pollution prevention and new technology opportunities and alternatives. On December 31, 2003, EPA launched the Environmental Technology Opportunities Portal Internet site to assist customers seeking funding opportunities, information, and links to programs that support environmental technology development and commercialization.[16] EPA is currently reorienting its pollution prevention program research agenda to introduce sustainability concepts and approaches. This research will enable Agency, state, community and other decision makers to include risk reduction and pollution prevention as quantifiable, measurable, and scientifically defensible components of a holistic approach to risk management.

EPA works with federally recognized American Indian and Alaska Native tribes to assess environmental conditions, build tribal capacity, and implement programs to protect health and the environment in Indian Country. In FY 2004, the number of tribes developing their own environmental programs increased, and EPA increased its presence in Indian Country by directly implementing environmental programs and developing EPA/tribal environmental agreements.

In the months ahead, EPA will continue to pursue reductions in priority chemical waste, evaluate trends, and rely on collaborative programs to promote environmental stewardship and improve environmental performance. EPA will work with regulated entities to better define their needs for compliance assistance, environmental management, and innovative technologies. The Agency will build upon progress in greening all levels of government and the marketplace, leverage the power of government purchasing to promote environmental stewardship and sustainable practices, and expand and improve the delivery of P2 services to small and mid-sized companies. EPA's compliance program will use performance-based national strategies and priorities and improved performance data to better direct its assistance, incentive, and enforcement efforts to improve environmental performance and increase environmental stewardship by the regulated community.

The National Partnership for Environmental Priorities

Through the *National Partnership for Environmental Priorities* (NPEP), General Electric facilities in Ohio, Pennsylvania, Virginia, and Puerto Rico have committed to reducing their use of lead by 165,000 pounds over the next 3 years. Overall, 36 industrial and federal partners committed to using source reduction and recycling to eliminate 1.9 million pounds of hazardous waste. More information on NPEP is available at http://www.epa.gov/epaoswer/hazwaste/minimize/partnership.htm.

Goal 5: Compliance and Environmental Stewardship

Annual Performance Goals Met:	9
Annual Performance Goals Not Met:	0
Data Available After 11/5/04:	1

FY2004 Obligations (in thousands):		FY2004 Costs (in thousands):	
EPA Total:	$10,155,381	EPA Total:	$8,837,375
Goal 5:	$733,060	Goal 5:	$717,059
Goal 5 Share of Total:	7.2%	Goal 5 Share of Total:	8.1%

Strategic Objective: By 2008, maximize compliance to protect human health and the environment through compliance assistance, compliance incentives, and enforcement by achieving a 5% increase in the pounds of pollution reduced, treated, or eliminated,[17] and achieving a 5% increase in the number of regulated entities making improvements in environmental management practices.[18] (Baseline to be determined for 2005.) FY 2004 Cost (in thousands): $434,585 (60.6% of FY 2004 Goal 5 Total Costs)

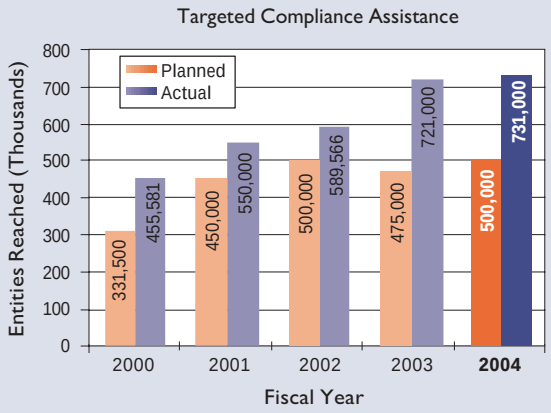
Progress Toward Strategic Objective: EPA continues to protect human health and the environment through compliance assistance, compliance incentives, monitoring, and civil and criminal enforcement. In FY 2004, 1 billion pounds of pollution are estimated to be reduced, treated, or eliminated as a result of facilities returning to compliance through enforcement settlements reached during the year. Through FYs 2001–2004, EPA reduced, treated, or eliminated 2.5 billion pounds of pollution. In addition, 83% of enforcement actions in FY 2004 resulted in environmental improvements or changes in facility environmental management or information practices resulting in a 75.5% average from FYs 2001–2004. During FY 2004 there was no direct measure for increased improvements in environmental practices. Measurement for this new Strategic Objective will begin with new Annual Performance Measures in FY 2005. However since FY 2001, EPA has measured the percent of concluded enforcement actions that require an action that results in environmental benefits and/or changes in facility management or information practices. These changes address environmental management practices from enforcement actions. Improvements in environmental practices also occur through compliance assistance and compliance incentives and these improvements will be addressed by additional measures beginning in FY 2005.

APG 5.1 Compliance Assistance		Planned	Actual
FY 2004	Increase the regulated community's compliance with environmental requirements through their expanded use of compliance assistance. The Agency will continue to support small business compliance assistance centers and develop compliance assistance tools such as sector notebooks and compliance guides. Goal Met.		
	Performance Measure: Facilities, states, technical assistance providers or other entities reachedthrough targeted compliance assistance.	500,000	731,000
FY 2003	Same goal, different target. Goal Met.	475,000	721,000

APG 5.1 Compliance Assistance *(continued)*

FY 2004 Result: EPA continues to increase the regulated community's understanding of environmental requirements and improve facility environmental management practices by providing direct and practical assistance through the Compliance Clearinghouse,[19] Compliance Assistance Centers[20] for 13 industry sectors, and direct assistance at the facility level or through state and local workshops. EPA collaborates with states and tribes to provide assistance, and to get their comments on proposed new requirements and development of new pollution prevention techniques. By helping businesses, local governments, and federal facilities understand federal environmental requirements, EPA promotes best management practices that reduce pollution while saving money.

A description of the quality of the data used to measure EPA's performance can be found in Appendix B, page 43-44.

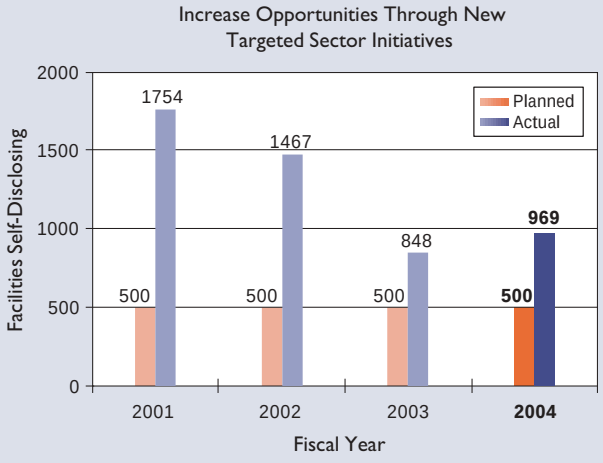


APG 5.2 Compliance Incentives

		Planned	Actual
FY 2004	Increase opportunities through new targeted sector initiatives for industries to voluntarily self-disclose and correct violations on a corporate-wide basis. Goal Met.		
	Performance Measure:		
	Facilities voluntarily self-disclose and correct violations with reduced or no penalty as a result of EPA self-disclosure policies.	500	969

FY 2004 Result: EPA offers an incentive program[21] of reduced or eliminated penalties for facilities that conduct voluntary self- audits, and report and correct violations. These incentives are often used in targeted initiatives directed at specific industrial sectors and are occasionally developed in collaboration with the industry or industrial associations. Since 2001, the incentives programs have helped return thousands of facilities to compliance, furthering environmental stewardship through the provision of information, incentives and innovative approaches to reduce or eliminate pollution.

A description of the quality of the data used to measure EPA's performance can be found in Appendix B, page 44.



APG 5.3 Inspections/Investigations

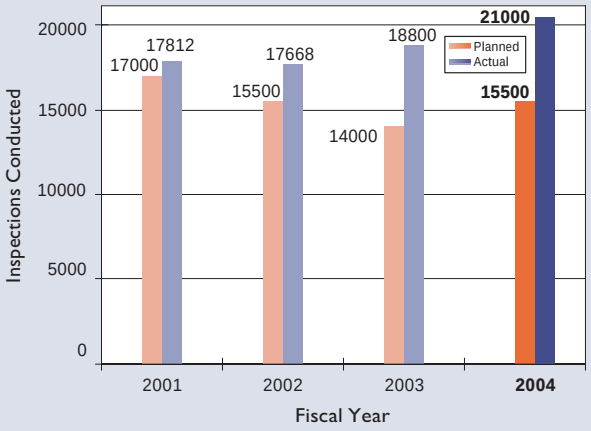
		Planned	Actual
FY 2004	EPA will conduct inspections, criminal investigations, and civil investigation targeted to areas that pose risks to human health or the environment, display patterns of non-compliance, or include disproportionately exposed populations. Goal Met.		

APG 5.3 Inspections/Investigations *(continued)*		Planned	Actual
FY 2004	*Performance Measures:*		
	—Number of EPA inspections conducted.	15,500	21,000
	—Number of criminal investigations.	400	425
	—Number of civil investigations.	180	455

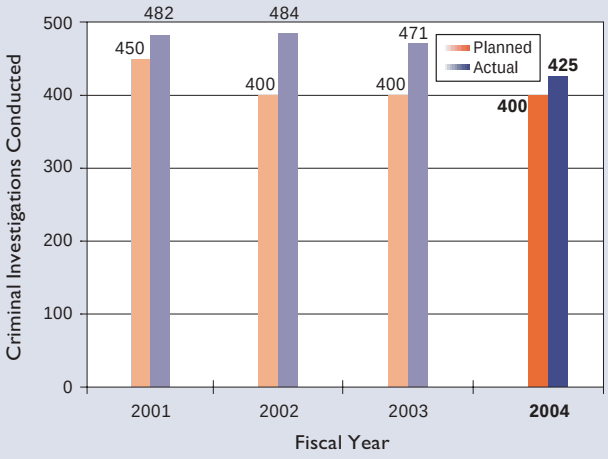
FY 2004 Result: EPA exceeded its FY 2004 targets for inspections, evaluations and investigations, maintaining an effective deterrent to violations of federal environmental laws. Investigatory activities, both civil[22] and criminal,[23] help ensure a level playing field by removing any economic or competitive advantage which may be gained through noncompliance. EPA identifies, apprehends, and assists prosecutors in successfully convicting those responsible for the most significant and egregious criminal violations of environmental law. EPA eliminates or mitigates substantial risks to human health and the environment.

A description of the quality of the data used to measure EPA's performance can be found in Appendix B, pages 44-45.

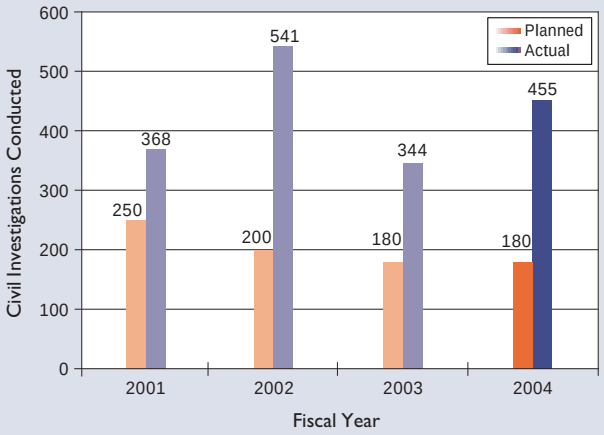
EPA Inspections Help Deter Violations of Federal Environmental Laws



EPA Exceeds FY 2004 Target for Criminal Investigations



Civil Investigations Help Ensure a Level Playing Field by Deterring Non-Compliance



APG 5.4 Increased Compliance		Planned	Actual
FY 2004	EPA will direct enforcement actions to maximize compliance and address environmental and human health problems. Goal Met.		
	Performance Measures:		
	—Percent of concluded enforcement actions that require an action that results in environmental benefits and/or changes in facility management or information practices.	75%	83%
	—Millions of pounds of pollutants required to be reduced through enforcement actions settled this fiscal year.	350 M	1B
	—Develop and use valid compliance rates or other indicators of compliance for selected populations.	5	5

APG 5.4 Increased Compliance *(continued)*		Planned	Actual
FY 2003	Same Goal, different measures. Goal Not Met.		
	Performance Measures:		
	—Percent of concluded enforcement actions require physical action that result in pollutant reductions and/or changes in facility management or information practices.	75%	63%
	—Millions of pounds of pollutants required to be reduced through enforcement actions settled this fiscal year.	300 M	600 M
	—Develop and use valid compliance rates or other indicators of compliance for selected populations.	5 populations	5 populations
FY 2002	Same Goal, different measures. Goal Not Met.		
	Performance Measures:		
	—Percent of concluded enforcement actions require physical action that result in pollutant reductions and/or changes in facility management or information practices.	75%	77%
	—Millions of pounds of pollutants required to be reduced through enforcement actions settled this fiscal year.	300 M	261 M
	—Develop and use valid compliance rates or other indicators of compliance for selected populations.	5 populations	5 populations
	—Reduce by 2 percentage points overall the level of significant noncompliance recidivism among CAA, CWA, and RCRA programs from FY 2001 levels.	2%	1.6%
	—Increase by 2% over FY 2001 levels the proportion of significant noncomplier facilities under CAA, CWA, and RCRA which returned to compliance in less than 2 years.	2%	-3.8%
	—Produce report on the number of civil and criminal enforcement actions initiated and concluded.	1	1
FY 2001	Same goal, different targets. Goal Met.		
	Performance Measures:		
	—Percent of concluded enforcement actions require pollutant reductions and/or changes in facility management or information practices.	75%	79%
	—Estimated pounds of pollutants reduced.	350 M	660 M
	—Increase or maintain existing compliance rates or other indicators of compliance for populations with established baselines, or develop additional rates for newly selected populations.	5 populations	6 populations
	—Reduce by 2 percentage points overall the level of significant noncompliance recidivism among the CAA, CWA, and RCRA programs from FY 2000 levels.	2%	2.4%
	—Increase by 2% over FY 2000 levels the proportion of significant non-complier facilities under CAA, CWA, and RCRA which returned to compliance in less than 2 years.	2%	1.33%
	—Produce a report on the number of civil and criminal enforcement actions initiated and concluded.	1	1

APG 5.4 Increased Compliance *(continued)*	Planned	Actual

FY 2004 Result: EPA focused its enforcement actions in areas with the greatest potential to protect human health and the environment by identifying significant environmental, public health, and compliance problems; using data to make strategic decisions on resource use; using the most appropriate tool to achieve the outcome, and assessing and communicating effectiveness of program actions.[24] The enforcement actions taken required defendants to reduce, treat, or eliminate illegal emissions and discharges, establish improved environmental management practices[25] that will help to detect and prevent potential future non-compliance, and change their information/data practices to ensure the facilities can correctly identify and track wastes, waste processes, and their own compliance with environmental requirements. Eighty-three percent of enforcement actions concluded in FY 2004 will result in increased environmental protection or improved long-term facility environmental management practices; 38% will result in increased environmental benefits; and 71% will result in changes to facility management or information practices.

A description of the quality of the data used to measure EPA's performance can be found in Appendix B, pages 45-46.

APG 5.5 Quality Assurance		Planned	Actual
FY 2004	**Identify noncompliance and focus enforcement and compliance assurance on human health and environmental problems, by maintaining and improving quality and accuracy of data.** Goal Met.		
	Performance Measure:		
	Complete the data migration plan and begin software development as part of the system implementation life cycle stage (i.e., data migration and testing) of Phase II of Integrated Compliance Information System (ICIS) (modernization of the Permit Compliance System) by September 2004.	1 plan	1 plan
FY 2003	Same Goal, different measures. Goal Met.		
	Performance Measures:		
	—Operate 14 information systems housing national enforcement and compliance assurance data with a minimum of 95% operational efficiency.	95%	95%
	—Complete the detailed design and software development system lifecycle stage of Phase II of ICIS (modernization of the Permit Compliance System) by September 2003.	1	1
FY 2002	Maintain and improve quality and accuracy of EPA's enforcement and compliance data to identify noncompliance and focus on human health and environmental problems. Goal Met.		
	Performance Measures:		
	—Operate 14 information systems housing national enforcement and compliance assurance data with a minimum of 95% operational efficiency.	95%	95%
	—Have Phase I of the ICIS fully operational in March 2002.	Phase I	Phase I
FY 2001	Same goal, different measures. Goal Met.		
	Performance Measures:		
	—Continue operation and maintenance/user support of 14 information systems housing national enforcement and compliance assurance data with a minimum of 95% operational efficiency.	95%	95%
	—Complete Phase I of ICIS development (programming) and begin design of Phase II.	Phase I	Phase I

APG 5.5 Quality Assurance *(continued)*		Planned	Actual
FY 2001 *(continued)*	—Complete Quality Management Plan project for additional data systems.	3	0
	—Complete detailed design (development of screens, prototypes) including a pilot NPDES permitting desk model for Permit Compliance System modernization.	1	1
	—Conduct four data analyses of environmental problems in Indian Country using the American Indian Lands Environmental Support Project and the baseline assessment survey.	4	12

FY 2004 Result: FY 2004 modernization of the ICIS included Phase II for the Permit Compliance System which tracks the permitting, enforcement, and compliance programs within the Clean Water Act to ensure that surface waters can be used for drinking, recreation, and other activities. EPA is working with the states to improve the quality and comprehensiveness of the data and to reduce transaction costs through strategies such as exchanging data electronically, adhering to all Agency data standards, and integrating the new system with other EPA systems. When complete, ICIS will enable EPA to better review environmental and compliance data to help target compliance and enforcement efforts on those permitees that pose the greatest potential risks to human health and the environment.

A description of the quality of the data used to measure EPA's performance can be found in Appendix B, page 46.

APG 5.6 Capacity Building		Planned	Actual
FY 2004	**Improve capacity of states, localities and tribes to conduct enforcement and compliance assurance programs. EPA will provide training as well as assistance with state and tribal inspections to build capacity. Goal Met.**		
	Performance Measure:		
	Conduct EPA-assisted inspections to help build state program capacity.	**400**	**600**
FY 2003	Same Goal, different target. Goal Met.	250	1,027
FY 2002	Same Goal, different measures. Goal Met.		
	Performance Measures:		
	—Conduct EPA-assisted inspections to help build state program capacity.	400	1,081
	—Number of EPA training classes/seminars delivered to states, localities and tribes to build capacity.	200	319
	—Provide tribal governments with 50 computer-based training (CBT) modules.	50	116
	—Total number of state and local students trained.	4,900	6,631
	—Train tribal personnel.	95	808
FY 2001	Same Goal, different targets. Goal Met.		
	Performance Measures:		
	—Conduct EPA-assisted inspections to build capacity.	150	895
	—Number of EPA training classes/seminars delivered to states, localities and tribes to build capacity.	220	128
	—The National Enforcement Training Institute will provide tribal governments with 50 CBT modules.	50	235
	—Total number of state and local students trained.	4,900	4,727
	—The National Enforcement Training Institute will train tribal personnel.	105	428

APG 5.6 Capacity Building *(continued)*	Planned	Actual

FY 2004 Result: EPA has authorized most states and some tribes to carry out Federal environmental regulatory programs. Although state regulatory partners have the responsibility for conducting the majority of inspections, EPA maintains a parallel regulatory authority and ensures that authorized states and tribes have the capacity to properly conduct inspections, especially for modified or new regulations. EPA conducts joint inspections with the states and tribes to build capacity to conduct thorough and complete inspections under both existing and new regulations.

A description of the quality of the data used to measure EPA's performance can be found in Appendix B, page 46-47.

Strategic Objective: By 2008, improve environmental protection and enhance natural resource conservation on the part of government, business, and the public through the adoption of pollution prevention and sustainable practices that include the design of products and manufacturing processes that generate less pollution, the reduction of regulatory barriers, and the adoption or results-based, innovative, and multimedia approaches. FY 2004 Cost (in thousands): $131,245 (18.3% of FY 2004 Goal 5 Total Costs)

Progress Toward Strategic Objective: Through 2004 EPA and its state and tribal partners have achieved considerable progress towards this objective. Combined 2004 results of EPA's pollution prevention programs exceeded elimination of 600 million pounds of hazardous chemical use, 495 million gallons of water saved, and $936,000 in company cost savings. An additional benefit of the Agency's pollution prevention work was the elimination of 77 metric tons of carbon dioxide. Through expanded outreach efforts, EPA has made considerable progress in encouraging development of new safer and environmentally-friendly chemicals, products and processes through its Design for the Environment, Green Chemistry Challenge, and Green Supplier Network Programs that will deliver continuing environmental and human health benefits in coming years.

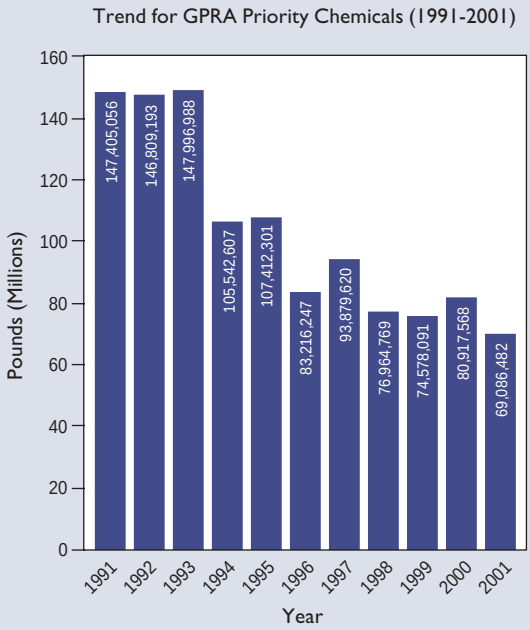
Current data show that EPA has accomplished its 2008 goal of a voluntary 50% reduction in priority chemicals in hazardous waste streams using the FY 1991 baseline.[26] In response to this success, EPA has developed a new data set, performance measure and baseline to track reductions in priority chemicals that were introduced in the FY 2006 annual plan and budget cycle. The new performance measure will capture information from an expanded list of chemicals (23 as opposed to 17) and will address both hazardous and non-hazardous waste streams. Beginning in November 2005, EPA will report on FY 2003 results and provide trend data using the new baseline.

APG 5.7 Reducing Persistent Bioaccumulative Toxics (PBTs) in Hazardous Waste Streams		Planned	Actual
FY 2004	**Reduce waste minimization priority list chemicals in hazardous waste streams an additional 3% {from 1991 levels} (for a cumulative total of 46% or 81 million pounds) by expanding the use of state and industry partnerships and regional pilots. Goal Met.**	**3%**	**Data avail 2006**
FY 2003	Reduce waste minimization priority list chemicals in hazardous waste streams by 43% to 86 million pounds by expanding the use of state and industry partnerships and regional pilots. Goal Met.	3%	Data avail 2005

APG 5.7 Reducing Persistent Bioaccumulative Toxics (PBTs) in Hazardous Waste Streams *(continued)*	Planned	Actual

FY 2003 and 2004 Results: FY 2001 data, the most recent data available, show a voluntary reduction of 53% from the adjusted FY 1991 baseline of approximately 147 million pounds. Thus the target established for FY 2004 has already been met. In response to these better-than-expected results, EPA created a new performance goal and measure which monitors an expanded list of chemicals in both hazardous and non-hazardous waste streams. EPA's work to reduce or eliminate waste in manufacturing promotes economic development that does not compromise future needs.

A description of the quality of the data used to measure EPA's performance can be found in Appendix B, page 47.



APG 5.8 Improve Environmental Performance Through Pollution Prevention and Innovation		Planned	Actual
FY 2004	Prevent, reduce and recycle hazardous industrial/commercial chemicals and municipal solid wastes.		
	Performance Measures:		
	—Reduction of TRI non-recycled waste (normalized).	200 M Lbs	Data avail FY 2006
	—Alternative feed stocks, processes, or safer products identified through Green Chemistry Challenge Award (cumulative).	210 prod/proc	429
	—Quantity of hazardous chemicals/solvents eliminated through the Green Chemistry Challenge Awards Program	150 M Lbs	460 M Lbs
	—For eco-friendly detergents, track the number of laundry detergent formulations developed.	36	38
FY 2003	The quantity of TRI pollutants released, disposed of, treated or combusted for energy recovery in 2003 (normalized for changes in industrial production) will be reduced by 200 million pounds, or 2%, from 2002.	-200 M	Data avail FY 2005
FY 2002	The quantity of TRI pollutants released, disposed of, treated or combusted for energy recovery in 2002 (normalized for changes in industrial production) will be reduced by 200 million pounds, or 2%, from 2001. Goal Not Met.	-200 M	+366 M
FY 2001	The quantity of TRI pollutants released, disposed of, treated or combusted for energy recovery in 2001 (normalized for changes in industrial production) will be reduced by 200 million pounds, or 6.3%, from 2000. Goal Met.	-200 M	-464 M

APG 5.8 Improve Environmental Performance Through Pollution Prevention and Innovation *(continued)*

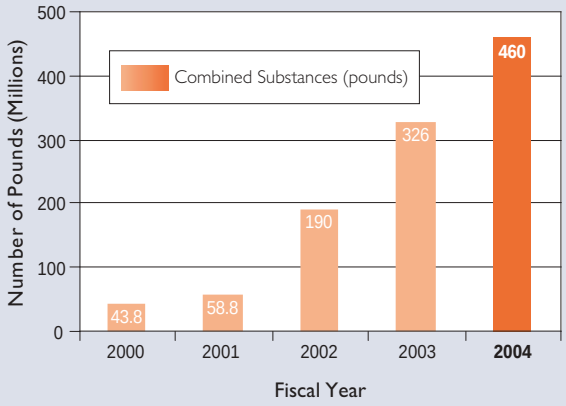
Planned Actual

FY 2004 Result: EPA's efforts to prevent pollution through outreach, recognition and technical support resulted in the elimination of 387 million pounds of hazardous chemicals/solvents and increased demand for "green" products and purchases. The Agency's Green Chemistry Challenge program provides Presidential recognition to industries and academia for the development of cleaner and safer chemicals, products and processes. The Agency's recently expanded outreach to promote the Challenge competition helped EPA to greatly exceed other pollution prevention targets. In FY 2004, EPA's efforts resulted in the saving of 440 million gallons of water. An additional benefit of the Agency's pollution prevention work was the elimination of 77 metric tons of carbon dioxide. EPA also exceeded its target for developing 8 additional environmentally-friendly laundry detergent formulations bringing the cumulative total to 38. Introduction of these new products into commerce results in reduced use of water, energy and hazardous chemicals.

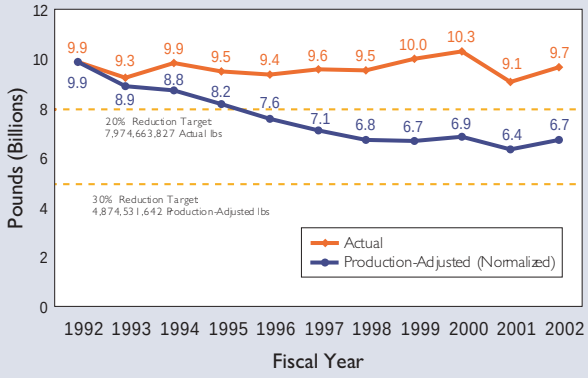
A description of the quality of the data used to measure EPA's performance can be found in Appendix B, pages 47-48.

FY 2002 Result Available in FY 2004: EPA did not meet its goal. TRI non-recycled waste increased by approximately 601 million pounds (6.6%) from 2001-2002, compared to the target of a 2% reduction. When these numbers are adjusted to account for changes in production, the result is only a 366 million pound increase (5.7%). EPA's progress toward reduction of TRI pollutants can vary from year to year, due to reporting system rules, industry estimation methods, and collection methods. The Agency is aware of the performance issue and has taken the necessary steps to enhance data quality and perform the analysis to address potential outliers within the TRI data. However, even with the 2002 increase in TRI non-recycled wastes, the long-term trend (1992-2002) shows continued reduction of 3 billion pounds of TRI wastes that would otherwise have been generated.

Green Chemistry Challenge Program, 2000–2004
Number of Pounds of Hazardous Chemicals/Solvents Eliminated

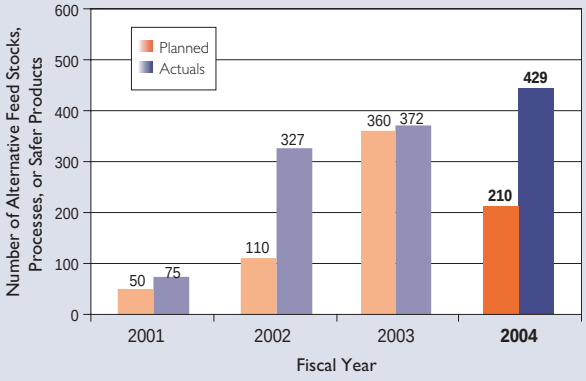


Toxics Release Inventory (TRI) Non-Recycled Waste Trends



Data Source: EPA's Toxics Release Inventory, Office of Environmental Information, March 7, 2003 TRI Data

Green Chemistry Challenge Award, 2001–2004



Strategic Objective: Through 2008, assist all federally recognized tribes in assessing the condition of their environment, help in building their capacity to implement environmental programs where needed to improve tribal health and environments, and implement programs in Indian country where needed to address environmental issues. FY 2004 Cost (in thousands): $63,856 (8.9% of FY 2004 Goal 5 Total Costs)

Progress Toward Strategic Objective: In FY 2004, EPA increased assistance to tribes for assessing environmental conditions, building capacity to administer multi-media programs, and implementing environmental programs in Indian country. EPA is on track to meet it FY 2008 objective. EPA's strategy for increasing tribal capacity involves working with tribes to develop environmental expertise for tribes and providing information tribes need to meet EPA and tribal environmental priorities. The Agency is also enhancing its ability to analyze conditions on Indian lands and evaluate the effects of EPA and tribal actions on environmental conditions. In FY 2004, EPA increased the number of tribes who are developing environmental program capacity and the Agency increased its environmental presence in Indian County through its direct implementation and the EPA/tribal environmental agreements.

APG 5.9 Tribal Environmental Baseline/Environmental Priority		Planned	Actual
FY 2004	**Percent of Tribes will have an environmental presence (e.g., one or more persons to assist in building Tribal capacity to develop and implement environmental programs.** Goal Met.		
	Performance Measures:		
	—**Tribes with delegated and non-delegated programs (cumulative).**	**5%**	**28%**
	—**Tribes with EPA-reviewed monitoring and assessment occurring (cumulative).**	**20%**	**44%**
	—**Tribes with EPA-approved multimedia workplans (cumulative).**	**18%**	**26%**
FY 2003	In 2003 the American Indian Environmental Office will evaluate non-Federal sources of environmental data pertaining to conditions in Indian Country to enrich the Tribal Baseline Assessment Project. Goal Met.	20	20
FY 2002	Baseline environmental information will be collected for 38% of tribes (covering 50% of Indian Country). Goal Met.		
	Performance Measure:		
	Environmental assessments for tribes (cumulative).	217 tribes	331 tribes
FY 2001	Same goal, different targets. Goal Met.	193	207

FY 2004 Result: Under Federal environmental statutes, EPA has responsibility for assuring human health and environmental protection in Indian country. EPA has worked toward this goal by providing 86% of tribes with access to funds to hire environmental expertise. As of FY 2004, 490 of the 572 eligible federally recognized tribes and intertribal consortia have at least one person working in their communities to help build and administer environmental programs. In turn 28% of tribes have developed the capacity to implement tribal environmental programs through delegated and non-delegated program authority. EPA continues to work with tribes to develop multi-media workplans that prioritize their environmental protection programs.

A description of the quality of the data used to measure EPA's performance can be found in Appendix B, pages 48-49.

Strategic Objective: Through 2008, strengthen the scientific evidence and research supporting environmental policies and decisions on compliance, pollution prevention, and environmental stewardship. FY 2004 Cost (in thousands): $87,372 (12.2% of FY 2004 Goal 5 Total Costs)

Progress Toward Strategic Objective: In FY 2004 EPA continued its progress in conducting leading-edge research in support of environmental policies and decisions on compliance, pollution prevention, and environmental stewardship. In addition to verifying the performance of 35 innovative environmental technologies to assist states, technology purchasers, and the public in making technology selection decisions, EPA also provided tools and assessments for reducing environmental impacts in both the private and public sectors. Specifically, EPA's Office of Research and Development issued a web-based catalog of current state-of-the-art environmental impact models, released a multi-media training CD-rom for federal, regional, state, and local governments, and for assistance providers for use in developing organizational pollution prevention strategies, and held a workshop on effective electronics product stewardship, reuse, recycling, and disposal. In total, these efforts will assist industry, regulators, and the public in making informed decisions that prevent and/or reduce pollution.

APG 5.10 New Technologies		Planned	Actual
FY 2004	**Verify 35 air, water, greenhouse gas, and monitoring technologies (through the Environmental Technology Verification (ETV) program) so that states, technology purchasers, and the public will have highly credible data and performance analyses on which to make technology selection decisions.** Goal Met.	35	35
FY 2003	Develop 10 testing protocols and complete 40 technology verifications for a cumulative ETV program total of 230 to aid industry, states, and consumers in choosing effective technologies to protect the public and environment from high risk pollutants. Goal Met.	10 40	10 40
FY 2002	Formalize generic testing protocols for technology performance verification, and provide additional performance verifications of pollution prevention, control and monitoring technologies in all environmental media. Goal Met. *Performance Measure:* Complete 20 stakeholder approved and peer-reviewed test protocols in all environmental technology categories under ETV, and provide them to testing organizations world-wide.	20	20
FY 2001	Develop, evaluate, and deliver technologies and approaches that eliminate, minimize, or control high risk pollutants from multiple sectors. Emphasis will be placed on preventive approaches for industries and communities having difficulty meeting control/emission/effluent standards. Goal Not Met. *Performance Measure:* Deliver a Report to Congress on the status and effectiveness of the ETV Program during its first 5 years.	1	0

FY 2004 Result: Actual environmental risk reduction is directly related to performance and effectiveness of environmental technologies purchased and used. Private sector technology developers produce almost all the new technologies purchased in the U.S. and around the world. Purchasers and permitters of environmental technologies need an independent, objective, high quality source of performance information in order to make more informed decisions; and vendors with innovative, improved, faster and cheaper environmental technologies need a reliable source of independent evaluation to be able to penetrate the environmental technology market. In FY 2004 the ETV program verified the performance of innovative environmental technology in the areas of drinking water treatment, water quality protection, air and water monitoring, air pollution control, pollution prevention, and greenhouse gas reduction. For example, EPA verified the performance of a technology to remove solids and nutrients from swine manure at a concentrated animal feeding operation (CAFO). If these technologies are employed at CAFO facilities, solids could be removed from wastewater entering a lagoon storage pond and, in turn, reduce solids and nutrient loading to receiving streams and/or groundwater[27]. EPA also verified diesel retrofit technologies which improve the environmental performance of diesel engines by reducing emission of particulate matter, nitrogen oxides, hydrocarbons, and carbon monoxide[28]. These highly credible data and performance analyses will assist states, technology purchasers, and the public in making technology selection decisions.[29]

A description of the quality of the data used to measure EPA's performance can be found in Appendix B, page 49.

ASSESSMENT OF IMPACTS OF FY 2004 PERFORMANCE ON FY 2005 ANNUAL PLAN:
THERE ARE NO CHANGES TO FY 2005 APGS BASED ON RESULTS OF FY 2004 PERFORMANCE.

Notes

1 More information on compliance assistance programs is available at http://www.epa.gov/compliance/assistance/index.html

2 More information on compliance incentives programs and the self-audit policy is available at http://www.epa.gov/compliance/incentives/index.html

3 More information on compliance monitoring and civil enforcement is available at http://www.epa.gov/compliance

4 More information on supplemental environmental projects is available at http://www.epa.gov/compliance/civil/programs/seps/index.html

5 For criminal enforcement actions, pounds of pollutants are calculated through the remediation of damages and/or compelling proper disposal, or from otherwise stopping pollutants from illegally entering the environment. More information on the criminal enforcement program is available at http://www.epa.gov/compliance/criminal/index.html. Appendix B contains information on data quality of the CRIMDOC data system.

6 U.S. Environmental Protection Agency, Office of Enforcement and Compliance Assurance, Case Conclusion Data Sheets, available at http://www.epa.gov/compliance/resources/publications/planning/caseconc.pdf. More information on settled cases and the environmental benefits achieved, including pounds of pollutants reduced, is available at http://www.epa.gov/compliance/resources/cases/civil

7 This information was collected through exit surveys completed by users of the National Compliance Assistance Centers. U.S. Environmental Protection Agency, Office of Enforcement and Compliance Assurance. "Compliance Assistance Results." Available at http://www.assistancecenters.net/results.

8 U.S. Environmental Protection Agency. April 2004. *Performance Track Progress Report: Top Performers Solid Results*. EPA-100-R-04-004. Washington, DC. Available at http://www.epa.gov/performancetrack.

9 Available at http://www.epa.gov/sectors/performance.html

10 More information on health and environmental impacts of particulate matter is available at http://www.epa.gov/air/urbanair/pm/hlth1.html.

11 More information on enforcement cases and supplemental environmental projects is available at http://www.epa.gov/region1/enforcementandassistance/index.html.

12 U.S. Environmental Protection Agency, Office of Pollution Prevention and Toxics. "Green Chemistry Challenge." Internal database. Continually updated.

13 U.S. Environmental Protection Agency. Spring 2004. Internal document; no title. Prepared by CONNSTEP for Green Supplier Network.

14 U.S. Environmental Protection Agency. *2002 Performance Track Annual Report*. Available at http://www.epa.gov/performancetrack.

15 Electronic communication from Noramtech Corporation to EPA Design for Environment staff, November 20, 2002.

16 See http://www.epa.gov/etop for more information.

17 "Pounds of pollutants reduced, treated, or eliminated" is an EPA measure of the quantity of pollutants that will no longer be released to the environment as a result of a noncomplying facility returning to its allowable limits through the successful completion of an enforcement settlement. In civil enforcement actions, facilities may further reduce pollutants by carrying out voluntary Supplemental Environmental Projects, which are actions taken to go beyond legal requirements. Online compliance information is available to the public via EPA's Enforcement and Compliance History Online (ECHO) Web Site: http://www.epa.gov/echo, EPA's Office of Enforcement and Compliance Assurance. Washington, DC.

18 "Environmental management practices" refers to a specific set of activities EPA tracks to evaluate changes brought about through assistance, incentives, and concluded enforcement actions. Implementing or improving environmental management practices– for example, by changing industrial processes; discharges; or testing, auditing, and reporting– may assist a regulated facility in remaining in compliance with environmental requirements. Further information on environmental management practices is available in EPA's Case Conclusion Data Sheet Training Booklet, available online at http://www.epa.gov/compliance/resources/publications/planning/caseconc.pdf.

19 Compliance Clearinghouse is available at http://cfpub.epa.gov/clearinghouse.

20 Compliance Assistance Centers are available at http://www.assistancecenters.net.

21 More information on compliance incentives programs available at http://www.epa.gov/compliance/incentives/index.html.

22 More information on compliance monitoring and civil enforcement available at http://www.epa.gov/compliance.

23 More information on the criminal enforcement program is available at http://www.epa.gov/compliance/criminal/index.html.

24 More information on settled cases and the environmental benefits achieved, including pounds of pollutants reduced, available at http://cfpub.epa.gov/compliance/resources/cases/civil.

25 More information on EMS available at http://www.epa.gov/compliance/incentives/ems/index.html.

26 A report on voluntary priority chemical reductions is found at http://www.epa.gov/epaoswer/hazwaste/minimize/trends.htm. For general information on the waste minimization program, go to http://www.epa.gov/epaoswer/hazwaste/minimize/index.htm.

27 Http://www.epa.gov/etv/pdfs/vrvs/09_vr_max1016.pdf

28 Http://www.epa.gov/etv/pdfs/vrvs/05_vr_lubrizol.pdf
Http://www.epa.gov/etv/pdfs/vrvs/05_vr_CDT.pdf

29 See http://www.epa.gov/etv for more information.

CHAPTER 6: Supporting Achievement of Environmental Results

EPA's ongoing efforts to strengthen its management practices are integral to accomplishing its environmental and human health goals. The Agency continues to be recognized across government for linking resources to performance and using financial and performance information in day-to-day decision making. Making the connection between resources and results, for example, is a critical component of the Agency's effort to improve the ways it awards, administers, and oversees assistance agreements. Notably, EPA has worked to strengthen information security and to make real-time, high-quality environmental data more accessible to its federal, state, and tribal partners and to the American public. And Agency-wide human capital initiatives have strengthened the link between workforce planning, employee performance standards, and staff development and EPA's goals and mission. Through FY 2004, EPA continued its progress in managing for results and achieving reforms outlined in the President's Management Agenda (PMA).[1]

EPA received the 2003 President's Quality Award for its accomplishments in financial performance

Strengthening Results-Based Management

Using financial and performance data in day-to-day program management and decision making

In recognition of the Agency's efforts to use cost and performance information in making day-to-day decisions and its success in earning an unqualified (clean) audit opinion on its financial statements, EPA received the 2003 President's Quality Award for significant accomplishments in financial performance.[2] Since June 2003, EPA has maintained a green status score for "Improved Financial Performance"[3] under the PMA. In addition, since June 2002 EPA has earned green progress scores for "Budget and Performance Integration" for all but one quarter.[4] During FY 2004, EPA sustained its focus on managing for results and more closely linking cost and performance information. The Agency's FY 2004 accomplishments include:

- a comprehensive Agency-wide strategy for improving performance measurement through Measure Development and Implementation Plans, consideration of environmental indicators, and using other tools;
- more outcome-oriented annual performance goals and measures and new efficiency measures;
- a new financial structure providing greater program and project detail in the Agency's accounting system

for tracking resources across the Agency's five strategic goals; and

- launching the Office of the Chief Financial Officer's Reporting and Business Intelligence Tool, a reporting tool that makes financial and operational information readily accessible to Agency managers.

A common framework

In FY 2004, EPA regions, working with states and tribes, developed the first set of Regional Plans,v which link regional environmental priorities to the Agency's five strategic goals. In addition, the Agency is continuing to develop and implement a new Annual Commitment System that fosters discussion and agreement between regional and national program offices on FY 2005 regional performance commitments. The new system facilitates regional, state, and tribal negotiations; makes the commitment process more open, inclusive, and accessible to all parties; and reduces transaction costs.[6]

Linking resources with results

Assistance agreements allow EPA's national program managers to work with grant recipients to deliver environmental protection to the public. To ensure that resources are being used efficiently and effectively, EPA is committed to improving its oversight of the award and administration of these agreements. In April 2003, EPA's Office of Administration and Resources Management (OARM) issued the Agency's first long-term Grants Management Plan[7] outlining an aggressive approach to ensure that commitments are fully implemented and that employees are held accountable for effective grants management. The plan includes specific performance targets to measure progress (see sidebar). In FY 2004, EPA

Performance Targets and Current Results Under EPA's Grants Management Plan

Performance Measure	Target	Progress in FY 2004
Percentage of grants managed by certified project officers	100%	99.7%
Percentage of new grants subject to the competition order that are competed	60%	76.9%
Percentage of new grants to non-profit recipients subject to the competition order that are competed	55%	72.6%
* Percentage of active recipients who receive advanced monitoring	10%	6.6%
Percentage of regional grant packages submitted electronically	85%	97.2%
Percentage of eligible grants closed out	99% in 2002 90% in 2003	98.1% in 2002 82.6% in 2003
** Percentage of grant workplans that include a discussion of environmental results	70%	48.9%

* This performance measure is tracked on a calendar year basis. EPA is on track to meet its 2004 target.
** The Agency expects the percentage of workplans that include environmental results to substantially increase in 2005 as the result of the issuance of the Environmental Results Order, which takes effect in January 2005.

senior managers approved the Agency's first long-term Grants Management Training Plan.[8] Linked to EPA's Human Capital Strategy,[9] the training plan is designed to enhance the skills of all EPA personnel involved in grants management and to improve grant recipients' understanding of federal grant requirements. During FY 2004, for example, the Agency conducted several training sessions to assist tribes and nonprofit organizations in understanding and fulfilling their grants management responsibilities.[10]

EPA continues to identify potential vulnerabilities and address Agency-level challenges associated with grants management. In January 2004, the Agency issued an interim policy[11] on environmental results to improve EPA's ability to align grant activities with the goals and objectives outlined in the Agency's Strategic Plan.[12] Effective January 1, 2005, EPA will replace the interim policy with an EPA Order ensuring that EPA grants are results-oriented and aligned with the Agency's strategic goals. In addition, beginning in 2005, EPA intends to promote greater competition for grant awards by lowering the competition threshold and improving the quality of its competition review; enhancing procedures for advanced monitoring reviews (by identifying systemic issues earlier, adopting a statistical approach to post-award monitoring, and other means); and issuing a policy on pre-award review of nonprofit applicants.

Improving Access to Environmental Information

Secure, timely information for environmental decision making

EPA's work in electronic government (e-Gov) and information security has improved federal, state, and public access to real-time, quality environmental information. EPA is enhancing its analytical capabilities by developing and deploying the Integrated Portal,[13] the Environmental Information Exchange Network[14] (Exchange Network), and the Electronic Content Management System[15] and is implementing a standardized Agency infrastructure. These activities provide a foundation for the secure information sharing and exchange needed to promote data analysis and informed environmental decision making.

In FY 2004, targeted efforts to increase public participation, strengthen information security, and share critical environmental information helped EPA achieve a "green" status score for the first time on the PMA's e-Gov Initiatives scorecard.[16] In FY 2004, the Exchange Network, a unified network integrating air, water, and waste systems, expanded its state and tribal links, adding nodes and data systems necessary for effective information sharing. The Exchange Network now has over 30,000 users; 13 states have active portals into the system, and more than 10 national systems are linked for information sharing.[17] Several states are using the Exchange Network to allow industries to submit their discharge monitoring reports electronically, publish beach closures and advisory information on the Internet, and portray regional water quality.[18]

To ensure consistency between EPA, state, and tribal data, EPA developed web

services for its Substance Registry System and Facility Registry System, providing state and tribal access to the most current information on chemicals and facilities. In addition, EnviroFlash,[19] a new service offered by the Central Data Exchange,[20] allows the public and EPA's government partners access to environmental news, updates, and real-time information by sending environmental updates on specific programs to citizens and providing alerts on air, land, and water issues. During FY 2004 EPA continued to implement its comprehensive Quality System to ensure that quality data is used and disseminated. In addition, by correcting potential vulnerabilities in laboratory data practices, the Agency strengthened its ability to generate credible data for environmental decision making. EPA continued to implement the Data Quality Act, reviewing informational products in response to public notifications and making corrections as needed.[21]

Implementing Human Capital Strategies to Achieve Results

EPA's achievement of its environmental and human health goals depends on its ability to develop and sustain a highly skilled, diverse, results-oriented workforce with the right mix of technical expertise, experience, and leadership capabilities. In FY 2004, EPA revised its human capital strategy to reflect lessons learned in implementing its original FY 2000 strategy and to incorporate PMA human capital requirements.[22] In FY 2004, the Agency implemented many of the initiatives presented in *Investing in Our People II, EPA's Strategy for Human Capital: 2004 and Beyond:* linking all employee performance standards to EPA's five strategic goals; developing a comprehensive strategic workforce strategy and deployment plan; providing restructuring options to all EPA senior managers; and monitoring and reporting diversity statistics so the Agency can address under-representation. EPA also developed an accountability plan to track the Agency's progress in implementing its human capital strategy and to assess the strategy's effectiveness and impact.[23]

In FY 2004, EPA implemented a National Strategic Workforce Planning System[24] that allows the Agency to identify the skills and competencies of the current workforce, project future workforce requirements, and identify and fill any gaps. A consulting team of human resource professionals schooled in workforce planning assessment and analysis will assist EPA program offices in shaping their workforce planning efforts.[25] EPA also developed a plan for moving all GS (general schedule) employees to a multilevel performance appraisal system by July 2005.

Assessing Management and Program Operations

EPA's Office of the Inspector General (OIG) contributes to improved environmental quality and human health by assessing the effectiveness of EPA's program management and results, developing recommendations for improvement, and ensuring that Agency resources are used as intended. The OIG's

activities help promote operational integrity and public confidence in the Agency. In addition to conducting audits, evaluations, and investigations that examine systemic issues and provide recommendations for strengthening the Agency's efforts, the OIG provides hotline services and reviews public complaints about EPA programs and activities. The following examples are illustrative of the OIG's work to help EPA more efficiently and effectively achieve environmental results:[26]

- As a result of OIG investigations, fraudulent testing of discharge monitoring samples by one company's laboratories has been halted, and a university has instituted a robust quality assurance program and is now providing high-quality data to the public.
- An OIG report described the serious environmental effects of hardrock mining on ground and surface waters, soils, and air and the billions in potential cleanup costs (potential costs to EPA are more than 12 times the Agency's current Superfund budget). As a result, EPA proceeded to implement OIG recommendations for improving decision making at hardrock mining sites, including identifying innovative or new remediation technologies for hardrock mining sites and assessing the need for technical or mining management guidance.
- In response to OIG recommendations, EPA arranged for a peer review of an alternative asbestos demolition method that resulted in significant changes to ensure a more valid test.
- The OIG evaluated an October 2003 EPA rule regarding Clean Air Act New Source Review (NSR) applications to existing facilities that contribute to air pollution. The OIG raised significant concerns about the rule's impact on EPA's enforcement policies and procedures and recommended that NSR enforcement against coal-fired electric utilities continue in the same manner and to the same extent as before the 2003 rule was issued.

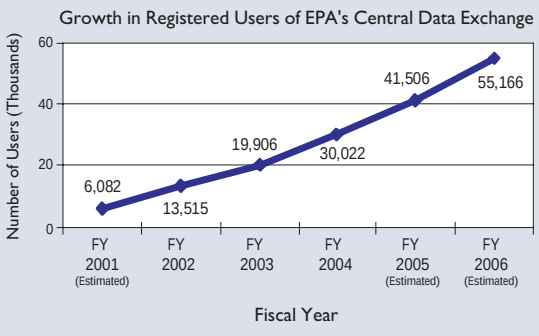
EPA's Supporting Management Goals (SMG)

Annual Performance Goals Met:	6
Annual Performance Goals Not Met:	1
Data Available After 11/5/04:	1

Resources for these programmatic support activities are captured in the preceding 5 chapters.

APG SMG-1	Information Exchange Network	Planned	Actual
FY 2004	Improve the quality, comparability, and availability of environmental data for sound environmental decision-making through the Central Data Exchange (CDX). Goal Met.		
	Performance Measures:		
	—Number of private sector and local government entities, such as water authorities, using CDX to exchange environmental data with EPA.	2,000	7,050
	—CDX offers online data exchange for all major national systems by the end of FY 2004.	13	13
	—Number of states using CDX as the means by which they routinely exchange environmental data with two or more EPA media programs or regions.	46	49
FY 2003	Decision makers have access to the environmental data that EPA collects and manages to make sound environmental decisions while minimizing the reporting burden on data providers. Goal Not Met.		
	Performance Measures:		
	—States using the CDX to send data to EPA.	46	49
	—In preparation for increasing the exchange of information through CDX, implement 4 data standards in 13 major systems and develop 4 additional standards in 2003.	8	7
FY 2002	The CDX, a key component of the environmental information exchange network, will become fully operational and 15 states will be using it to send data to EPA thereby improving data consistency with participating states. Goal Met.	15	45

FY 2004 Result: Significant progress has been made in developing the Exchange Network over the past 3 years, including offering online data exchange through all 13 of EPA's major national databases. The numbers of Exchange Network nodes and data flows have increased making it possible for EPA and states to exchange and integrate large volumes of environmental data to enhance environmental decision-making. A key component to the Network is EPA's Central Data Exchange (CDX) and its ability to facilitate data exchange and information sharing for all environmental media. As a result of the deployment of electronic features that improve access (e.g., the updated Electronic Notice of Intent to Release and the Institutional Controls Tracking System) and increased TRI reporting through the CDX, EPA greatly exceeded its FY 2004 target for users of the CDX and the Exchange Network. The adjacent graph illustrates the increased total number of users (includes individuals from the private sector, local governments, and states) and the estimated growth through FYs 2005 and 2006.



A description of the quality of the data used to measure EPA's performance can be found in Appendix B page 49.

APG SMG-2	Data Quality and Accessibility	Planned	Actual
FY 2004	EPA increasingly uses environmental indicators to inform the public and manage for results. Goal Met.		
	Performance Measure:		
	Establish the baseline for the suite of indicators that are used by EPA's programs and partners in the Agency's strategic planning and performance measurement process.	1 report	1 report
FY 2003	The public will have access to a wide range of federal, state, and local environmental conditions and features in an area of their choice. Goal Met.		
	Performance Measure:		
	Window-to-My-Environment nationally deployed and provides citizens across the country with Federal, state, and local environmental information specific to an area of their choice.	Nationally Deployed	Nationally Deployed
FY 2002	100% of the publicly available facility data from EPA's national systems accessible on the EPA Website will be part of the Integrated Error Correction Process, reducing data error. Goal Met.	100%	100%

FY 2004 Result: EPA released the first Draft Report on the Environment in June 2003. (The Report and additional information on EPA's Indicators Initiative are available at: http://www.epa.gov/indicators.) Through FY 2004, EPA maintained a national dialogue on the draft report with its partners and stakeholders on how to improve the Agency's ability to assess the nation's environmental quality and human health and how that information can be used to measure environmental results. EPA used remaining key data gaps and critical information needs identified to develop additional environmental indicators, which build EPA's analytical capacity and support sound environmental decision making. In FY 2004, EPA also developed a management report on options for enhancing access to the next Report on the Environment by making it easily available electronically. These FY 2004 efforts will guide the development of the next Report, expected to be released in FY 2006.[27]

A description of the quality of the data used to measure EPA's performance can be found in Appendix B pages 49-50.

APG SMG-3	Information Security	Planned	Actual
FY 2004	OMB reports that all EPA information systems meet/exceed established standards for security. Goal Met.		
	Performance Measures:		
	—Percent compliance with criteria used by OMB to assess Agency security programs reported annually to OMB under the Federal Information Security Management Act.	75%	91%
	—Percent of intrusion detection monitoring sensors installed and operational.	75%	100%
FY 2003	Same Goal. Goal Met.	75% 75%	100% 100%

APG SMG-3	Information Security *(continued)*	Planned	Actual
FY 2002	Complete risk assessments on the Agency's critical infrastructure systems, critical financial systems, and mission critical environmental systems. Goal Met.		
	Performance Measures:		
	—Critical infrastructure systems risk assessment findings will be formally documented and transmitted to systems owners and managers in a formal Risk Assessment document.	12	12
	—Critical financial systems risk assessment findings will be formally documented and transmitted to systems owners and managers in a formal Risk Assessment document.	13	13
	—Mission critical environmental systems risk assessment findings will be formally documented and transmitted to system owners and managers in a formal Risk Assessment document.	5	5

FY 2004 Result: EPA has made significant progress over the last 4 years in improving its information security program. For example, EPA succeeded for a second year in achieving 100% intrusion detection, and the Agency's compliance with OMB's security program criteria increased from 75% in FY 2003 to 91% in FY 2004. As part of this process, EPA implemented the Automated Security Self-Evaluation and Remediation Tracking (ASSERT) system to help manage its information security program. The ASSERT system provides a means for assessing security measures of EPA systems and generates the Federal Information Security Management Act (FISMA) report which is sent to OMB and forms the basis for Congressional FISMA scores.[28]

A description of the quality of the data used to measure EPA's performance can be found in Appendix B page 50.

APG SMG-4	Agency-Wide IT Infrastructure	Planned	Actual
FY 2004	Manage Agency-wide information technology assets consistent with the Agency's multi-year strategic information resource management plan (Enterprise Architecture) reflecting current Agency mission priorities and resources. Goal Met.	1 report	1 report

FY 2004 Result: An essential component of EPA's multi-year strategic information resource management plan is the implementation of Agency-wide information technology (IT) enterprise solutions. EPA's IT infrastructure standardization and modernization efforts are integral components of the Agency's IT enterprise solutions. In FY 2004, EPA deployed Microsoft Office Suite as the first step in implementing its multi-phased strategy. Once fully implemented, the overall strategy will produce long-term cost savings; increased security; more rapid agency-wide deployment of e-Gov solutions and compliance with Federal Enterprise Architecture directions; and the ability to maintain cost-effective, stable information services over time as technology changes and new mission needs arise. These accomplishments are reported in the Technology Infrastructure business case of EPA's FY 2006 Annual Plan and Budget, and will be available after the release of the FY 2006 President's Budget request.

A description of the quality of the data used to measure EPA's performance can be found in Appendix B page 52.

APG SMG-5	Energy Consumption and Reduction	Planned	Actual
FY 2004	By 2004, EPA will achieve a 16% energy consumption reduction from 1990 in its 21 laboratories which is in line to meet the 2005 requirement of a 20% reduction from the 1990 base (this includes Green Power purchases).	16%	Data avail 2005

APG SMG-5 Energy Consumption and Reduction *(continued)*	Planned	Actual
FY 2004 Result: The Agency is forecasting a 17.1% savings in overall energy consumption in FY 2004 from the FY 1990 baseline. This estimate is based on actual data from the first two quarters of FY 2004 plus a forecasting process that looks at all energy projects due for completion during FY 2004 and the aggregate percent reductions that should be achieved from completing these projects. A description of the quality of the data used to measure EPA's performance can be found in Appendix B page 50.		

APG SMG-6	GPRA Implementation	Planned	Actual
FY 2004	Strengthen EPA's management services in support of the Agency's mission while addressing the challenges included in the President's Management Agenda. Goal Met.		
	Performance Measures:		
	—Offices using workforce planning model which identifies skills and competencies needed by the Agency for strategic recruitment, retention, and development.	10	10
	—Percentage of total eligible service contracting dollars obligated as performance-based in FY 2004.	20%	21%
	—The number of financial and resource performance metrics where the Agency has met pre-established Agency or Government-wide performance goals. The inventory of financial performance metrics are found in the Agency's Chief Financial Officer Financial Performance Measures and the Government-wide Performance Metrics. The inventory of resource performance metrics are found in the Senior Resource Official Performance Measures.	14	14
	—Agency audited financial statements are timely, and receive an unqualified opinion.	1	1
FY 2003	Strengthen EPA's management services in support of the Agency's mission while addressing the challenges included in the President's Management Agenda. Goal Not Met.		
	Performance Measures:		
	—Offices using workforce planning model which identifies skills and competencies needed by the Agency for strategic recruitment, retention, and development.	5	5
	—Percentage of total eligible service contracting dollars obligated as performance-based in FY 2003.	30	19
	—Agency audited financial statements are timely, and receive an unqualified opinion.	1	1
FY 2002	EPA strengthens goal-based decision making by developing and issuing timely planning planning and resource management products that meet customer needs. Goal Met.		
	Performance Measures:	3/01/02	2/27/02
	—Agency's audited financial statements and Annual Report are submitted on time.	1	1
	—Agency's audited financial statements receive an unqualified opinion and provide information that is useful and relevant to the Agency and external parties.		

APG SMG-6 GPRA Implementation *(continued)*		Planned	Actual
FY 2001	Same goal. Goal Met.	3/01/01 (timelines) 1 (opinion)	3/01/01 (timelines) 1 (opinion)

FY 2004 Result: In February 2004, the Agency completed the 2003/2004 National Strategic Workforce Planning System pilot which tested the functional elements of the Agency's workforce planning process. As a result of lessons learned during the pilot, the Agency focused the remainder of its FY 2004 workforce planning efforts on developing and implementing the Agency's strategic workforce requirements and the capacity to meet those requirements. Based on Agency strategic goals and ongoing work, EPA was able to identify priority occupations and mission critical competencies needed to accomplish its goals through 2008. In addition, the Agency identified anticipated gaps in these priority occupations and is using these data to establish recruitment, retention, and development strategies (including succession planning).

Twenty-one percent of the Agency's total eligible service contracting dollars were performance-based in FY 2004, exceeding the annual target. EPA's success with performance-based contracting includes lower contractor performance risks, use of more efficient and innovative methods by contractors, results-oriented approaches, and more meaningful contractor surveillance.

EPA met its target of 14 financial and performance metrics. Examples of financial and resource performance metrics used by the Agency to measure financial management excellence include SF 224 reconciliation, electronic funds transfer payroll payments, obligation monitoring, percent of non-credit card invoices paid on time, and purchase card delinquency rates.

In addition, EPA's FY 2004 financial statements received a clean audit opinion from the Office of the Inspector General (OIG).

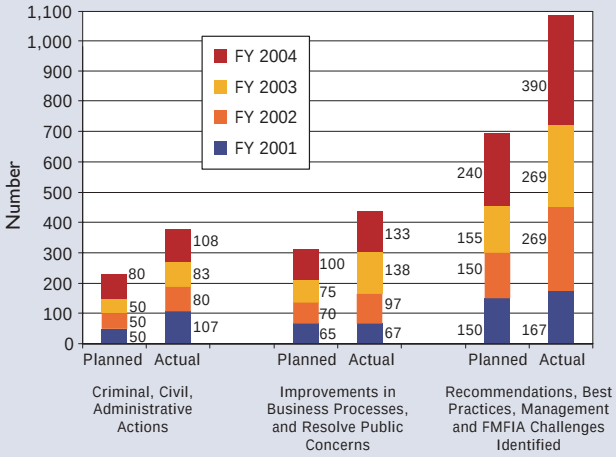
A description of the quality of the data used to measure EPA's performance can be found in Appendix B pages 50-51.

APG SMG-7 Contributing to Improved Agency Business Practices and Accountability		Planned	Actual
FY 2004	Improve Agency business and operations by identifying 240 recommendations, risks, and best practices; contributing to potential savings and recoveries equal to 150 percent of the annual investment in the OIG; 100 actions for greater efficiency and effectiveness, and 80 criminal, civil, or administrative actions reducing the risk of loss or integrity. Goal Not Met.	240 150% 100 80	390 48% 133 108

FY 2004 Result: The OIG has exceeded its annual targets within this goal, except for realizing 150% potential dollar return on its budget. However, the cumulative return on the OIG budget from FY 2001 through FY 2004 far exceeded the cumulative target for the four years as illustrated in the adjacent chart. The individual target missed in FY 2004 is due to the unpredictability of fines, settlements, and questioned costs for any specific year. Longer term results for this measure are a more valid indicator of performance.

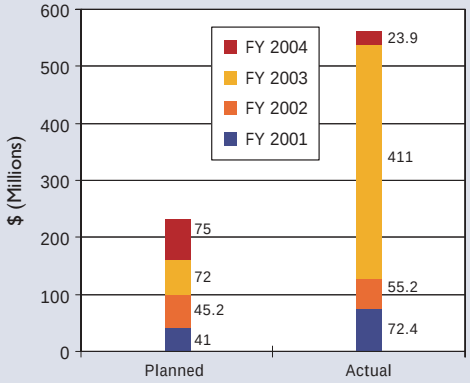
A description of the quality of the data used to measure EPA's performance can be found in Appendix B page 52.

EPA's OIG Helps Improve Agency Management, Accountability, and Program Operations



Data obtained from OIG information systems, IGOR and PMRS.

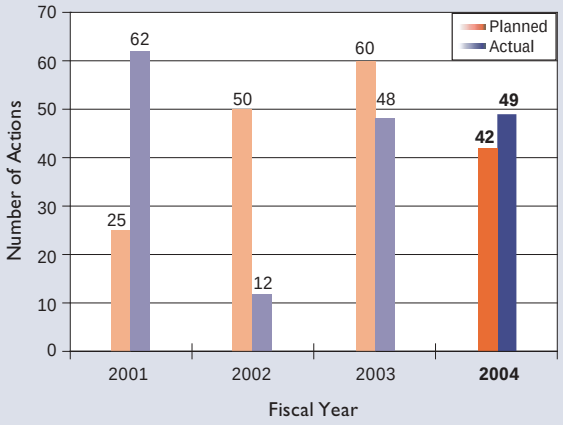
EPA's OIG's Questioned Costs, Efficiencies, Savings, Fines, Recoveries



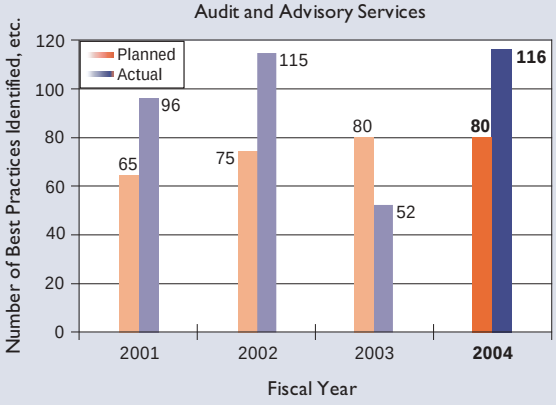
Data obtained from OIG information systems, IGOR and PMRS.

APG SMG-7 Contributing to Improved Agency Business Practices and Accountability *(continued)*	Planned	Actual

Audit and Advisory Services Resulting in Environmental Actions



Environmental Recommendations, Best Practices, and Risks Identified through Agency Audit and Advisory Services

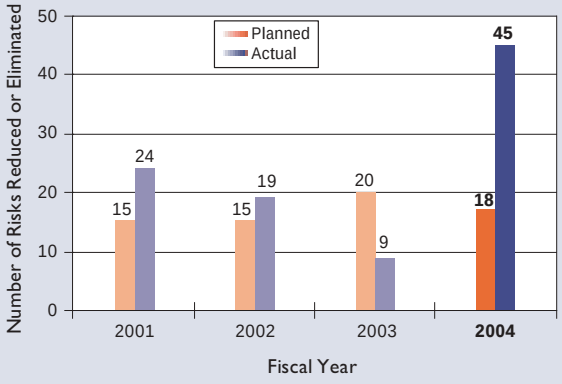


APG SMG-8 Contributing to Improved Health and Environment		Planned	Actual
FY 2004	Improve environmental quality and human health by identifying 80 recommendations, risks, or best practices; and contributing to the reduction or elimination of 18 environmental risks, and 42 actions influencing positive environmental or health impacts. Goal Met.	80 18 42	116 45 49
FY 2001	*Additional Performance Measure:* Overall customer and stakeholder satisfaction with audit products and services (timeliness, relevancy, usefulness, and responsiveness).	77%	80%

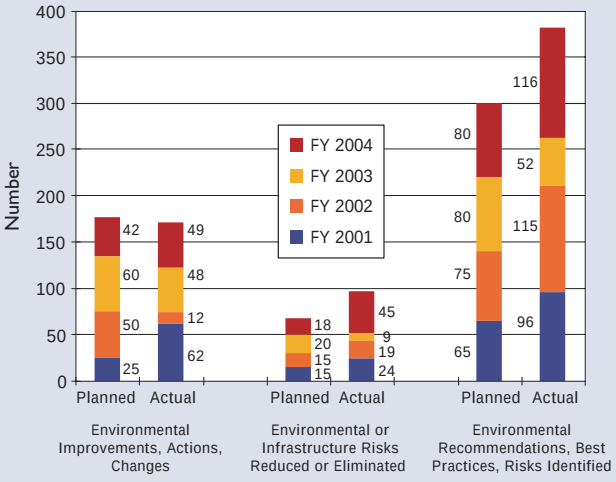
FY 2004 Result: The OIG exceeded all of its FY 2004 targets for this goal. The OIG plans to conduct additional follow-up work in FY 2005 to more completely capture results occurring in subsequent years for which there may be a significant time-lag. The adjacent chart illustrates OIG's long-term results against cumulative targets for FY 2001 through FY 2004.

A description of the quality of the data used to measure EPA's performance can be found in Appendix B page 52.

EPA's Audit and Advisory Services Contributing to the Reduction or Elimination of Environmental Risks



EPA's OIG Contributes to Improved Human Health and Environmental Quality



Data obtained from OIG information systems, IGOR and PMRS.

ASSESSMENT OF IMPACTS OF FY 2004 PERFORMANCE ON FY 2005 ANNUAL PLAN: THERE ARE NO CHANGES TO FY 2005 APGS BASED ON THE RESULTS OF FY 2004 PERFORMANCE.

Notes

1 Executive Office of the President, Office of Management and Budget. 2002. *The President's Management Agenda: FY 2002*. Washington, DC: U.S. Government Printing Office. Available at http://www.whitehouse.gov/omb/budget/fy2002/mgmt.pdf.

2 Office of Personnel Management. December 17, 2003. *Memorandum for Heads of Executive Departments and Agencies: The 2003 President's Quality Award Winners*. Available at http://www.opm.gov/hrmc/2003/msg-087a.asp.

3 The President's Management Agenda Scorecard. Available at http://results.gov/agenda/scorecard.html.

4 The President's Management Agenda Scorecard. Available at http://results.gov/agenda/scorecard.html.

5 U.S. Environmental Protection Agency. 2004 Regional Plans. Available at http://epa.gov/ocfo/regionplans/regionalplans2.htm.

6 Refer to *Sustained Progress in Addressing Management Issues*, available at http://www.epa.gov/ocfo/finstatement/2004ar/2004ar.htm.

7 U.S. Environmental Protection Agency. April 2003. *Grants Management Plan*. EPA-216-R-03-001. Washington, DC. Available at http://epa.gov/ogd/EO/finalreport.pdf.

8 U.S. Environmental Protection Agency. September 2004. *Grants Management Training Plan*. EPA-216-R-04-001. Washington, DC.

9 U.S. Environmental Protection Agency. February 2004. *Investing in Our People II, EPA's Strategy for Human Capital: 2004 and Beyond*. EPA-200-R-04-001. Washington, DC. Available at http://www.epa.gov/oarm/strategy.pdf.

10 Refer to *Sustained Progress in Addressing Management Issues*, available at http://www.epa.gov/ocfo/finstatement/2004ar/2004ar.htm.

11 *Interim Policy on Environmental Results Under DPA Assistance Agreements*. GPI-04-02. Washington, DC.

12 U.S. Environmental Protection Agency. September 2003. *Direction for the Future*. EPA-190-R-03-003, Washington, DC. Available at http://www.epa.gov/ocfo/plan/2003sp.pdf.

13 U.S. Environmental Protection Agency, Office of Environmental Information. October 2004. *Celebrating Five Years of Success, Accelerating Our Progress in the Future*. EPA-245-R-04-003. Washington, DC. Available at http://www.epa.gov/OEI/pdf/oei_5th_anniversaryreport_final.pdf.

14 *Environmental Information Exchange Network*. Available at http://www.exchangenetwork.net.

15 U.S. Environmental Protection Agency, Office of Environmental Information. October 2004. *Celebrating Five Years of Success, Accelerating Our Progress in the Future*. EPA-245-R-04-003. Washington, DC. Available at http://www.epa.gov/OEI/pdf/oei_5th_anniversaryreport_final.pdf.

16 The President's Management Agenda Scorecard. Available at http://results.gov/agenda/scorecard.html. Also refer to *Sustained Progress in Addressing Management Issues*, available at http://www.epa.gov/ocfo/finstatement/2004ar/2004ar.htm.

17 U.S. Environmental Protection Agency. June 2004. *e-Government @ EPA: Accelerating Our Progress Using New Information Technologies*. EPA-245-R-04-002. Washington, DC. Available at http://epa.gov/pmaresults/e-gov.pdf.

18 Refer to *Sustained Progress in Addressing Management Issues*, available at http://www.epa.gov/ocfo/finstatement/2004ar/2004ar.htm.

19 EnviroFlash. Available at http://www.exchangenetwork.net.

20 U.S. Environmental Protection Agency. *EPA's Central Data Exchange*. Available at http://www.epa.gov/cdx/.

21 Memorandum from Paul Gilman, Assistant Administrator, Office of Research and Development, March 10, 2004, "New Policy Directive on Assuring and Documenting the Competency of Agency Laboratories." More information on EPA's Information Quality Guidelines is available at http://epa.gov/quality/informationguidelines/index.html.

22 U.S. Environmental Protection Agency. February 2004. *Investing in Our People II, EPA's Strategy for Human Capital: 2004 and Beyond*. EPA-200-R-04-001. Washington, DC. Available at http://www.epa.gov/oarm/strategy.pdf.

23 U.S. Environmental Protection Agency. February 2004.*Investing in Our People II, EPA's Strategy for Human Capital: 2004 and Beyond*. EPA-200-R-04-001. Washington, DC. Available at http://www.epa.gov/oarm/strategy.pdf.

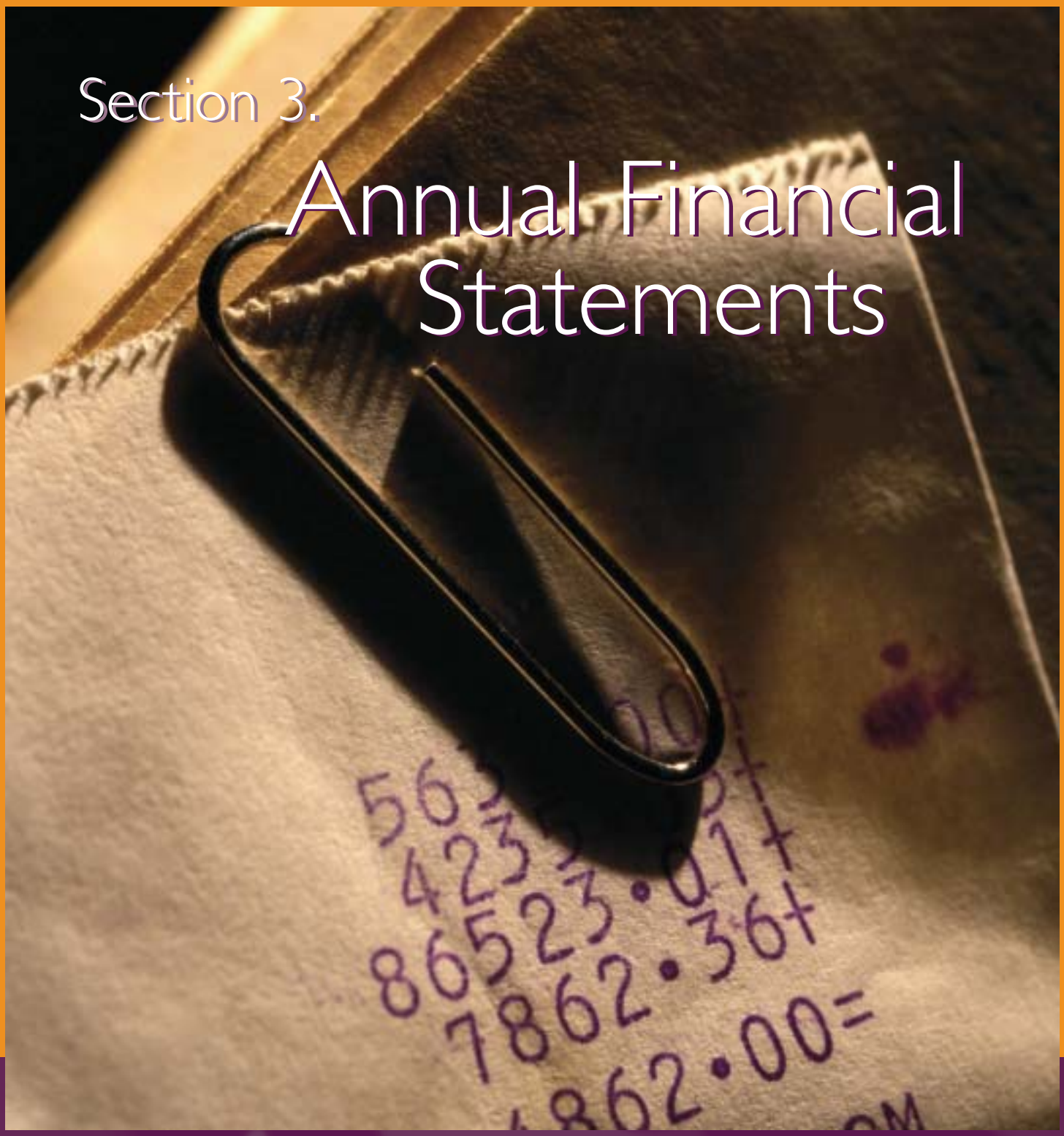
24 U.S. Environmental Protection Agency. February 2004.*Investing in Our People II, EPA's Strategy for Human Capital: 2004 and Beyond*. EPA-200-R-04-001. Washington, DC. Available at http://www.epa.gov/oarm/strategy.pdf.

25 Refer to *Sustained Progress in Addressing Management Issues*, available at http://www.epa.gov/ocfo/finstatement/2004ar/2004ar.htm.

26 U.S. Environmental Protection Agency. *Office of Inspector General Semiannual Reports to Congress for the periods October 1, 2003 to March 31, 2004; and April 1, 2004 to September 30, 2004*. Available at http://www.epa.gov/oig.

27 U.S. Environmental Protection Agency, Office of Environmental Information. April 2004. *Summary Report the National Dialogue on the Draft Report on the Environment 2003*. Available at http://www.epa.gov/indicators/docs/National_Dialogue_Summary_Report.pdf.

28 U.S. Environmental Protection Agency's *FY 2004 Federal Information Security Management Act Report*will be released consistent with Office of Management and Budget schedule and guidance available at http://www.whitehouse.gov/omb/memoranda/fy04/m04-25.pdf.



Section 3.

Annual Financial Statements

CONTENTS

Chief Financial Officer's Analysis of EPA's Fiscal Year 2004 and 2003 Financial Statements

Summary of Auditor's Report and Opinions

The Environmental Protection Agency (EPA) prepared the following Fiscal Year (FY) 2004 Financial Statements: Statement of Financial Position (Balance Sheet), Statement of Changes in Net Position, Statement of Net Cost, Statement of Budgetary Resources, Statement of Financing, and Statement of Custodial Activity. In addition, we prepared a Statement of Net Cost by Goal for each of the Agency's 5 Strategic Goals.

The Office of Inspector General (OIG) Audit Report issued an unqualified audit opinion on the EPA's Fiscal Years 2004 and 2003 Financial Statements.

I. Reportable Conditions

During the audit, the OIG observed and noted 10 reportable conditions, none of which are considered material1. The reportable conditions are summarized below, along with a short statement of the Agency's position with respect to each of those items.

EPA's Financial Management Quality Assurance Process. The OIG recommended improvements to EPA's Quality Assurance program. OCFO oversees the efforts performed in the Agency's finance community and believes the existing Quality Assurance program is effective. While there is always room for improvement, OCFO is in the process of updating the Quality Assurance Guide, incorporating new principles and standards. In addition, OCFO will develop an action plan to monitor the program and provide annual training.

Unearned Revenue and Superfund Unbilled Oversight Cost Accruals. During the course of the audit, OIG noted some discrepancies in the unearned revenue and unbilled oversight cost accounts. However, they acknowledged the many improvements EPA made in accounting for Superfund State Contracts (SSCs) unearned revenue and unbilled oversight account transactions. During Fiscal Year 2004, OCFO automated several processes and made procedural improvements that resulted in more accurate

[1] A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce, to a relatively low level, the risk that misstatement of amounts would be material in relation to the financial statements being audited and would not be detected within a timely period by employees in the normal course of performing their assigned functions.

information. The OCFO's frequent communications within the finance community significantly reduced the level of effort required for year-end adjustments and confirmed that adequate internal controls exist. In addition, OCFO consolidated certain aspects of the unearned revenue accrual process. CFO will continue making progress in these two areas and explore additional improvement opportunities in concert with pending realignment of Agency financial duties.

Supporting Documentation for Accounts Receivable. The OIG noted instances where documentation for accounts receivables was not received timely, precluding transactions from being recorded in the financial management system consistent with Agency policy. OCFO believes the current policies and procedures adequately address accounts receivable reconciliation issues. OCFO, along with the finance community, reviewed more than 2,500 administrative actions totaling $245.6 million and determined that less than 0.010 percent of the documents amounting to $452,691.00, or 0.002 percent, were fell in this category. Although the amounts are immaterial for financial reporting, OCFO will collaborate with applicable agency offices and programs, ensure existing policies are followed and increase awareness on the importance of recording accounts receivable timely.

Recording Marketable Securities. The OIG found that OCFO did not promptly record marketable securities received from companies in settlement of debts. In Fiscal Year 2004, OCFO issued the marketable securities policy that documented roles and responsibilities and emphasized the need to strengthen processes associated with recording marketable securities. Historically, EPA receives very few securities each year in settlement of debts. In FY 2005, OCFO will evaluate policy implementation and identify and resolve needed improvements. In addition, existing marketable securities policy and procedures will be updated to require quarterly Superfund Accounts Receivables analyses.

Accounting for Contractor-Held Property. The OIG noted an accounting difference that understated the acquisition value and accumulated depreciation for contractor-held property. OCFO and the Office of Administration and Resources Management modified the methodology for estimating net book value, depreciation expense, acquisition value, and accumulated depreciation for all contractor-held property. This methodology was applied and resulted in accurate reporting in FY 2004 and continuing into the future.

Accounting for Obligations. The OIG observed few instances of obligations recorded in improper accounting periods. As noted by the OIG, the transactions in question, about one million, are immaterial in and of themselves to the financial statements with the billions in outstanding obligations. As a result, OCFO did not record the recommended adjustment for recording obligations. However, OCFO will ensure that there are strong internal controls over obligations and deobligations in order to prevent material misstatements.

Systems Development for Grant and Inter-Governmental Applications. The OIG considers two applications used to process grant payments and track intra-governmental documents as major systems as the data feeds into the Agency's financial management system. As a result, the OIG outlined several documentation and risk assessment requirements that the OCFO has agreed to perform. Several actions have taken place. A risk assessment was completed for the grants payment and tracking applications in August 2004 and October 2004, respectively. OCFO will conduct and document a formal review of the grants payment application's compliance with all applicable and relevant Joint Financial Management Improvement Program requirements. In addition, an

office-wide Standard Operating Procedure will be developed to insure that all future system development efforts, including enhancements, follow relevant agency system development policy.

System Certification and Accreditation for Grant and Inter-Governmental Applications. Consistent with the OIG observation noted above, OCFO agreed to conduct several assessments on these applications. Formal certifications on both applications were completed by October 2004. The accreditation documents were included with the security plans signed in September 2004. OCFO will develop a Standard Operating Procedure that will formalize the patch management process in November 2004. In addition, procedures will be developed to assure vulnerability scanning and control testing takes place on a regular basis. These efforts will be coordinated with the OIG.

Integrated Financial Management System Change Control Procedures. In Audit Report No. 2002-P-00026, *EPA Needs to Improve Change Controls for Integrated Financial Management System*, OIG noted a general breakdown of security controls that could undermine the integrity of the central accounting system's software libraries and financial system data. The OIG provided several recommendations. However, OCFO disagrees that there is a breakdown of security controls affecting the integrity of the Agency's accounting system. OCFO has instituted a formal, structured change control process. This process serves to mitigate risk and provides assurance to the Agency that information is reliable within the Agency's financial management system.

Integrated Financial Management System Automated Application Processing Controls. The OIG notes that it is unable to assess the adequacy of the automated internal control structure of the Agency's legacy accounting system based on existing documentation. OCFO has plans to update its legacy financial management system and will address documentation issues as part of the replacement anticipated by Fiscal Year 2008. However, in the interim, OCFO maintains that current documentation levels are sufficient for operations. OCFO is in the process of developing an acquisition strategy, governance structure, replacement system project plan, and concept of operations document to support pending financial systems replacement.

II. Federal Financial Management Improvement Act (FFMIA) Noncompliance Issues

The OIG identified no substantial noncompliance issues with FFMIA, however, four other noncompliances are noted below:

EPA Continues to Make Efforts to Improve its Cost Accounting Processes. The OIG recognizes that OCFO has made improvements in its cost accounting. OCFO remains committed to insuring that financial information is available for decision-making within the Agency. The efforts to date, as acknowledged by the OIG, moves the Agency further along in defining program specific financial information needs and enhancing decision-making capabilities. During FY 2005, OCFO will continue making progress

Reconciliation of Intragovernmental Transactions. The OIG referenced government-wide difficulties in reconciling intragovernmental transactions. EPA continues to make strides in reconciling the Agency's intra-governmental transactions and complying with Federal financial reporting requirements. Although this requirement is a major issue government-wide, EPA performs exceptionally well.

Financial System Security Plans. The OIG identified that EPA had taken several actions to correct security issues and implement the FY 1999 Remediation plan, to include issuing a policy on personnel security screening processes. The OIG noted the policy was fully implemented, except for establishing a target date for addressing security certification for non-Federal personnel (e.g., contractors). OCFO has outlined appropriate corrective actions concerning contractors' access to the agency's financial management system and assured that all contractors receive suitable background investigations or investigations are in process. OARM is also committed to mitigating potential security risks. OARM currently has adequate interim procedures in place to guide offices through the security screening process. The Office of Administration and Resources Management (OARM) is also committed to mitigating potential security risks at the Agency level. OARM has interim procedures that guide offices through the security screening process. OARM is also implementing several improved processes, such as insertion of suitability criteria into contract requirements; fingerprint and national criminal history checks; and commercial checks performed by private firms. Existing internal controls, combined with planned improved processes, ensure that EPA's security screening process is solid and meets future goals.

EPA Continues to Improve Its Compliance with Reconciling Its Funds Balance with Treasury. The OIG noted that EPA has made significant progress in reconciling its cash balances with Treasury. However, two offices continued to include amounts on the Statement of Transactions that did not come from the Agency's accounting system. OCFO provided training in September 2004 and each finance office instituted the appropriate reconciliation procedures. EPA took action to implement Treasury procedures consistent with Agency policy during the fiscal year. OCFO will continue to monitor cash reconciliations to ensure they are properly completed.

Improving Financial Management

Goals and Strategies for Improved Financial Performance. EPA's strategy in support of the President's Management Agenda is to provide accurate data in a timely manner by using technology to maximize data collection and reporting capabilities. EPA's financial management activities include improving financial reporting by integrating performance and financial data; improving the Agency's ability to reduce or eliminate Improper Payments; deploying E-Travel Agency-wide; replacing legacy systems to meet Federal reporting requirements; and improving overall financial management performance. EPA expects to obtain clean audit opinions, reduce improper payments, improve financial reporting, and issue the PAR 45 days after the fiscal year ends.

Financial Management Performance

EPA does not anticipate significant impediments to its financial performance. There may be minor impediments, e.g., requirements for tracking the payment cycle to satisfy the improper payments criteria. Although EPA cannot state with certainty the difficulty in meeting that requirement, we believe we can resolve issues as they arise.

Approaches to Clean Audit Opinions: Clean opinions are a top management priority, and the Agency will continue providing resources for financial statement preparation, improving and automating the statement preparation process, and reflecting these priorities in the Agency's Annual Performance Plan and Budget.

Accelerated Year-End and Periodic Reporting Requirements: EPA aggressively managed the financial statement acceleration effort and has adopted government-wide "best practices." EPA will continue to produce: (a) accelerated audited statements, (b) more timely, accurate, and useful interim statements and (c) timely financial data to assess program costs and aid the annual budget formulation process.

Improved Financial Reporting: EPA launched the Office of the Chief Financial Officer Reporting and Business Intelligence Tool (ORBIT), which is designed to provide users Agency-wide with improved access to financial, administrative, and operational information. Future development phases will enhance ORBIT's functionality, focus on programmatic and performance reporting capability, and provide additional data sources.

Financial Management Systems Framework

EPA has undertaken a comprehensive effort to modernize the suite of financial systems that record transactions and perform accounting and budget tasks. Our current core accounting system, the Integrated Financial Management System (IFMS) dates back to 1989. While IFMS performs most functions adequately, it is inefficient by today's standards, and EPA plans to replace it with a modern JFMIP certified system are under way.

Several financial and mixed systems interface with IFMS. Modern reporting and warehousing tools include a Financial Data Warehouse, an Administrative Data Mart, and the Office of the Chief Financial Officer Reporting and Business Integration Tool, a state of the art commercial off the shelf reporting tool. Two EPA financial systems are unique in federal government. In FY 2004, we completed preparations for the October 2004 launch of PeoplePlus, a fully integrated Human Resource / payroll / time and labor system, and EPA is the only Federal agency with an automated budget formulation system, the Budget Automation System. Additional systems support program financial activities such as Super Fund and administrative activities such as grants, contracts, and travel.

Our modernization effort will take advantage of technology and business opportunities to better integrate systems and add functionality to improve EPA's financial management and budget performance integration. Our efforts are consistent with the e-government initiatives led by OMB that seek to gain efficiencies and improve financial management across government. See http://www.whitehouse.gov/omb/egov/.

EPA's Five Year Plan contains a listing of OCFO's systems at http://www.epa.gov/ocfopage/finstatement/5yearplan2005-2009.pdf.

Grants Management

EPA's guidance that prescribes the OMB format for use by all offices that award discretionary grants or cooperative agreements is posted on the EPA intranet at the Grants website.

EPA's guidance to implement OMB's requirement for grant applicants to use a D&B DUNS number when applying for EPA grants and cooperative agreements is posted on the EPA intranet on the Grants web site. EPA has also posted on its intranet site the guidance to implement OMB's requirement to post synopses of funding opportunity announcements at Grants.gov using the government-wide standard data elements for these synopses.

EPA is the first agency to bind to the Grants.gov WSDL. EPA anticipates six programs available for application through Grants.gov during FY 2005. Recently, EPA posted electronic applications for the Science to Achieve Results program and received 16 electronic applications. Other programs will be posted later this year.

Costs Relating To Grants Management

There are approximately 155 employees, whose salaries range from GS-5 to GS-15 ($24,075 - $113,674) in four job categories: grants management specialist, grants management officer, grants policy specialist, and information technology specialist with responsibilities related to grant databases and web applications. In addition, there are over 1700 project officers who have grants management responsibilities. Additional grants management information is in the Five Year Plan at http://www.epa.gov/ocfopage/finstatement/5yearplan2005-2009.pdf.

Principal Financial Statements

Financial Statements

1. Consolidating Balance Sheet
2. Consolidating Statement of Net Cost
3. Consolidated Statement of Net Cost by Goal
4. Consolidating Statement of Changes in Net Position
5. Combined Statement of Budgetary Resources
6. Consolidating Statement of Financing
7. Consolidated Statement of Custodial Activity

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies
Note 2. Fund Balance with Treasury
Note 3. Cash
Note 4. Investments
Note 5. Accounts Receivable
Note 6. Other Assets
Note 7. Loans Receivable, Net - Non-Federal
Note 8. Accounts Payable and Accrued Liabilities
Note 9. General Plant, Property and Equipment
Note 10. Debt
Note 11. Custodial Liability
Note 12. Other Liabilities
Note 13. Leases
Note 14. Pensions and Other Actuarial Benefits
Note 15. Cashout Advances, Superfund
Note 16. Unexpended Appropriations, All Other Funds
Note 17. Amounts Held by Treasury
Note 18. Commitments and Contingencies
Note 19. Exchange Revenues, Statement of Net Cost
Note 20. Environmental Cleanup Costs
Note 21. Superfund State Credits
Note 22. Superfund Preauthorized Mixed Funding Agreements
Note 23. Income and Expenses from Other Appropriations; General Support Services Charged to Superfund
Note 24. Custodial Revenues and Accounts Receivable
Note 25. Statement of Budgetary Resources
Note 26. Recoveries and Resources Not Available, Statement of Budgetary Resources

Notes to Financial Statements (continued)

Note 27. Unobligated Balances Available
Note 28. Offsetting Receipts
Note 29. Statement of Financing
Note 30. Costs Not Assigned to Goals
Note 31. Transfers-In and Out, Statement of Changes in Net Position
Note 32. Imputed Financing
Note 33. Payroll and Benefits Payable
Note 34. Other Adjustments, Statement of Changes in Net Position
Note 35. Nonexchange Revenue, Statement of Changes in Net Position
Note 36. Superfund Trust Fund Balances

Required Supplemental Information

1. Deferred Maintenance (Unaudited)
2. Intragovernmental Assets (Unaudited)
3. Intragovernmental Liabilities (Unaudited)
4. Intragovernmental Revenues and Costs (Unaudited)
5. Supplemental Statement of Budgetary Resources (Unaudited)
6. Working Capital Fund Supplemental Balance Sheet (Unaudited)
   Working Capital Fund Supplemental Statement of Net Cost (Unaudited)
   Working Capital Fund Supplemental Statement of Changes in Net Position (Unaudited)
   Working Capital Fund Supplemental Statement of Budgetary Resources (Unaudited)
   Working Capital Fund Supplemental Statement of Financing (Unaudited)
7. Annual Stewardship Information (Unaudited)
8. Improper Payments Information Act of 2002 (IPIA) Report

I.

Environmental Protection Agency
Consolidating Balance Sheet
As of September 30, 2004 and 2003
(Dollars in Thousands)

	Superfund Trust Fund FY 2004	Superfund Trust Fund FY 2003	All Others FY 2004	All Others FY 2003	Combined Totals FY 2004
ASSETS					
Intragovernmental					
Fund Balance With Treasury (Note 2)	$ 199,406	$ 26,448	$ 11,865,739	$ 11,758,357	$ 12,065,145
Investments (Notes 4 and 17)	2,217,334	2,516,147	2,317,164	2,114,684	4,534,498
Accounts Receivable, Net (Note 5)	27,212	34,665	89,267	119,941	116,479
Other (Note 6)	6,781	7,414	1,288	3,827	8,069
Total Intragovernmental	$ 2,450,733	$ 2,584,674	$ 14,273,458	$ 13,996,809	$ 16,724,191
Cash and Other Monetary Assets (Note 3)	0	0	10	10	10
Accounts Receivable, Net (Note 5)	369,148	428,486	45,347	65,296	414,495
Loans Receivable, Net—Non-Federal (Note 7)	0	0	48,927	53,506	48,927
Property, Plant and Equipment, Net (Note 9)	47,821	45,855	625,542	579,471	673,363
Other (Note 6)	699	680	809	3,502	1,508
Total Assets	**$ 2,868,401**	**$ 3,059,695**	**$ 14,994,093**	**$ 14,698,594**	**$ 17,862,494**
LIABILITIES					
Intragovernmental					
Accounts Payable and Accrued Liabilities (Note 8)	$ 140,781	$ 145,631	$ 37,592	$ 70,156	$ 178,373
Debt Due to Treasury (Note 10)	0	0	24,101	21,189	24,101
Custodial Liability (Note 11)	0	0	52,216	78,776	52,216
Other (Note 12)	37,752	30,600	47,118	21,611	84,870
Total Intragovernmental	$ 178,533	$ 176,231	$ 161,027	$ 191,732	$ 339,560
Accounts Payable and Accrued Liabilities (Note 8)	145,369	165,550	736,482	722,784	881,851
Pensions and Other Actuarial Liabilities (Note 14)	7,263	7,937	33,018	36,159	40,281
Environmental Cleanup Costs (Note 20)	0	0	8,407	8,880	8,407
Cashout Advances, Superfund (Note 15)	259,361	279,092	0	0	259,361
Commitments and Contingencies (Note 18)	0	0	1,625	18	1,625
Payroll and Benefits Payable (Note 33)	31,695	31,039	149,051	142,791	180,746
Other (Notes 12 and 13)	46,211	49,809	57,705	53,105	103,916
Total Liabilities	**$ 668,432**	**$ 709,658**	**$ 1,147,315**	**$ 1,155,469**	**$ 1,815,747**
NET POSITION					
Unexpended Appropriations (Note 16)	$ 0	$ 0	$ 10,860,136	$ 10,768,236	$ 10,860,136
Cumulative Results of Operations (Note 36)	2,199,969	2,350,037	2,986,642	2,774,889	5,186,611
Total Net Position	2,199,969	2,350,037	13,846,778	13,543,125	16,046,747
Total Liabilities and Net Position	**$ 2,868,401**	**$ 3,059,695**	**$ 14,994,093**	**$ 14,698,594**	**$ 17,862,494**

The accompanying notes are an integral part of these statements.

I.

Environmental Protection Agency
Consolidating Balance Sheet (continued)
As of September 30, 2004 and 2003
(Dollars in Thousands)

	Combined Totals FY 2003	Intra-agency Elimination FY 2004	Intra-agency Elimination FY 2003	Consolidated Totals FY 2004	Consolidated Totals FY 2003
ASSETS					
Intragovernmental					
Fund Balance With Treasury (Note 2)	$ 11,784,805	$ 0	$ 0	$ 12,065,145	$ 11,784,805
Investments (Notes 4 and 17)	4,630,831	0	0	4,534,498	4,630,831
Accounts Receivable, Net (Note 5)	154,606	(73,709)	(89,789)	42,770	64,817
Other (Note 6)	11,241	(6,749)	(7,269)	1,320	3,972
Total Intragovernmental	$ 16,581,483	$ (80,458)	$ (97,058)	$ 16,643,733	$ 16,484,425
Cash and Other Monetary Assets (Note 3)	10	0	0	10	10
Accounts Receivable, Net (Note 5)	493,782	0	0	414,495	493,782
Loans Receivable, Net—Non-Federal (Note 7)	53,506	0	0	48,927	53,506
Property, Plant and Equipment, Net (Note 9)	625,326	0	0	673,363	625,326
Other (Note 6)	4,182	0	0	1,508	4,182
Total Assets	**$ 17,758,289**	**$ (80,458)**	**$ (97,058)**	**$ 17,782,036**	**$ 17,661,231**
LIABILITIES					
Intragovernmental					
Accounts Payable and Accrued Liabilities (Note 8)	$ 215,787	$ (73,709)	$ (89,789)	$ 104,664	$ 125,998
Debt Due to Treasury (Note 10)	21,189	0	0	24,101	21,189
Custodial Liability (Note 11)	78,776	0	0	52,216	78,776
Other (Note 12)	52,211	(6,749)	(7,269)	78,121	44,942
Total Intragovernmental	$ 367,963	$ (80,458)	$ (97,058)	$ 259,102	$ 270,905
Accounts Payable and Accrued Liabilities (Note 8)	888,334	0	0	881,851	888,334
Pensions and Other Actuarial Liabilities (Note 14)	44,096	0	0	40,281	44,096
Environmental Cleanup Costs (Note 20)	8,880	0	0	8,407	8,880
Cashout Advances, Superfund (Note 15)	279,092	0	0	259,361	279,092
Commitments and Contingencies (Note 18)	18	0	0	1,625	18
Payroll and Benefits Payable (Note 33)	173,830	0	0	180,746	173,830
Other (Notes 12 and 13)	102,914	0	0	103,916	102,914
Total Liabilities	**$ 1,865,127**	**$ (80,458)**	**$ (97,058)**	**$ 1,735,289**	**$ 1,768,069**
NET POSITION					
Unexpended Appropriations (Note 16)	$ 10,768,236	$ 0	$ 0	$ 10,860,136	$ 10,768,236
Cumulative Results of Operations (Note 36)	5,124,926	0	0	5,186,611	5,124,926
Total Net Position	15,893,162	0	0	16,046,747	15,893,162
Total Liabilities and Net Position	**$ 17,758,289**	**$ (80,458)**	**$ (97,058)**	**$ 17,782,036**	**$ 17,661,231**

The accompanying notes are an integral part of these statements.

2.

Environmental Protection Agency
Consolidating Statement of Net Cost
For the Years Ended September 30, 2004 and 2003
(Dollars in Thousands)

	Superfund Trust Fund FY 2004	Superfund Trust Fund FY 2003	All Others FY 2004	All Others FY 2003	Combined Totals FY 2004
COSTS					
Intragovernmental	$ 368,045	$ 341,817	$ 860,314	$ 816,624	$ 1,228,359
With the Public	1,262,540	1,246,427	6,387,327	6,427,497	7,649,867
Expenses from Other Appropriations (Note 23)	82,776	75,597	(82,776)	(75,597)	0
Total Costs	$ 1,713,361	$ 1,663,841	$ 7,164,865	$ 7,168,524	$ 8,878,226
Less:					
Earned Revenues, Federal (Note 19)	27,450	$ 16,682	$ 61,475	$ 124,233	$ 88,925
Earned Revenues, Non-Federal (Note 19)	233,171	394,295	46,928	31,304	280,099
Total Earned Revenues (Note 19)	$ 260,621	410,977	108,403	155,537	369,024
NET COST OF OPERATIONS	**$ 1,452,740**	**$ 1,252,864**	**$ 7,056,462**	**$ 7,012,987**	**$ 8,509,202**

2.

Environmental Protection Agency
Consolidating Statement of Net Cost *(continued)*
For the Years Ended September 30, 2004 and 2003
(Dollars in Thousands)

	Combined Totals FY 2003	Intra-agency Eliminations FY 2004	Intra-agency Eliminations FY 2003	Consolidated Totals FY 2004	Consolidated Totals FY 2003
COSTS					
Intragovernmental	$ 1,158,441	$ (22,663)	$ (20,240)	$ 1,205,696	$ 1,138,201
With the Public	7,673,924	0	0	7,649,867	7,673,924
Expenses from Other Appropriations (Note 23)	0	0	0	0	0
Total Costs	$ 8,832,365	$ (22,663)	$ (20,240)	$ 8,855,563	$ 8,812,125
Less:					
Earned Revenues, Federal (Note 19)	140,915	$ (22,663)	$ (20,240)	$ 66,262	$ 120,675
Earned Revenues, Non-Federal (Note 19)	425,599	0	0	280,099	425,599
Total Earned Revenues (Note 19)	$ 566,514	(22,663)	(20,240)	346,361	546,274
NET COST OF OPERATIONS	**$ 8,265,851**	**$ 0**	**$ 0**	**$ 8,509,202**	**$ 8,265,851**

The accompanying notes are an integral part of these statements.

3.

Environmental Protection Agency

Consolidated Statement of Net Cost by Goal*

For the Year Ended September 30, 2004

(Dollars in Thousands)

	Clean Air	Clean and Safe Water	Land Preservation & Restoration	Healthy Communities & Ecosystems	Compliance and Environmental Stewardship
COSTS					
Intragovernmental	$ 168,684	$ 177,573	$ 411,593	$ 257,208	$ 159,492
With the Public	774,151	3,835,046	1,610,080	885,982	557,567
Total Costs	$ 942,835	$ 4,012,619	$ 2,021,673	$ 1,143,190	$ 717,059
Less:					
Earned Revenue, Federal	21,092	$ 6,320	$ 19,877	$ 7,117	$ 13,857
Earned Revenue, Non-Federal	970	1,996	227,936	33,556	1,498
Total Earned Revenue	$ 22,062	8,316	$ 247,813	$ 40,673	$ 15,355
NET COST OF OPERATIONS	**$ 920,773**	**$ 4,004,303**	**$ 1,773,860**	**$ 1,102,517**	**$ 701,704**

3.

Environmental Protection Agency

Consolidated Statement of Net Cost by Goal*

For the Year Ended September 30, 2003

(Dollars in Thousands)

	Clean Air	Clean and Safe Water	Safe Food	Prevent Pollution	Better Waste Management	Global Risks
COSTS						
Intragovernmental	$ 84,961	$ 139,303	$ 31,028	$ 54,492	$ 409,312	$ 35,643
With the Public	532,480	3,817,701	97,848	281,634	1,581,550	219,692
Total Costs	$ 617,441	$ 3,957,004	$ 128,876	$ 336,126	$ 1,990,862	$ 255,335
Less:						
Earned Revenue, Federal	3,234	$ 5,394	$ 37	$ 1,197	$ 80,029	$ 3,911
Earned Revenue, Non-Federal	71	1,876	20,729	300	396,738	1,652
Total Earned Revenue	$ 3,305	$ 7,270	$ 20,766	$ 1,497	$ 476,767	$ 5,563
Management Cost Allocation	55,231	83,892	24,379	36,784	136,240	15,031
NET COST OF OPERATIONS	**$ 669,367**	**$ 4,033,626**	**$ 132,489**	**$ 371,413**	**$ 1,650,335**	**$ 264,803**

* The agency implemented a 5-goal strategic plan structure for FY 2004 costs. FY 2003 costs are presented in the former 10-goal structure.

The accompanying notes are an integral part of these statements.

3.

Environmental Protection Agency
Consolidated Statement of Net Cost by Goal*
For the Year Ended September 30, 2004
(Dollars in Thousands)

	Not Assigned to Goals**	Consolidated Total
COSTS		
Intragovernmental	$ 31,146	$ 1,205,696
With the Public	(12,959)	7,649,867
Total Costs	$ 18,187	$ 8,855,563
Less:		
Earned Revenue, Federal	(2,001)	$ 66,262
Earned Revenue, Non-Federal	14,143	280,099
Total Earned Revenue	$ 12,142	$ 346,361
NET COST OF OPERATIONS	**$ 6,045**	**$ 8,509,202**

3.

Environmental Protection Agency
Consolidated Statement of Net Cost by Goal*
For the Year Ended September 30, 2003
(Dollars in Thousands)

	Environ. Information	Sound Science	Credible Deterrent	Effective Management	Not Assigned to Goals**	Consolidated Total
COSTS						
Intragovernmental	$ 174,224	$ 51,118	$ 93,695	$ 40,751	$ 23,674	$ 1,138,201
With the Public	191,351	293,552	325,968	343,036	(10,888)	7,673,924
Total Costs	$ 365,575	$ 344,670	$ 419,663	$ 383,787	$ 12,786	$ 8,812,125
Less:						
Earned Revenue, Federal	126,261	$ 1,198	$ 272	$ (100,428)	$ (430)	$ 120,675
Earned Revenue, Non-Federal	121	364	1,220	1,367	1,161	425,599
Total Earned Revenue	$ 126,382	$ 1,562	$ 1,492	$ (99,061)	$ 731	$ 546,274
Management Cost Allocation	26,018	28,766	76,507	(482,848)	0	0
NET COST OF OPERATIONS	**$ 265,211**	**$ 371,874**	**$ 494,678**	**$ 0**	**$ 12,055**	**$ 8,265,851**

* The agency implemented a 5-goal strategic plan structure for FY 2004 costs. FY 2003 costs are presented in the former 10-goal structure.

** See Note 30.

The accompanying notes are an integral part of these statements.

4.

Environmental Protection Agency
Consolidating Statement of Changes in Net Position
For the Years Ended September 30, 2004 and 2003
(Dollars in Thousands)

	Cumulative Results of Operations Superfund Trust Fund FY 2004	Cumulative Results of Operations Superfund Trust Fund FY 2003	Cumulative Results of Operations All Others FY 2004	Cumulative Results of Operations All Others FY 2003	Cumulative Results of Operations Consolidated Totals FY 2004*
Net Position—Beginning of Period	$ 2,350,037	$ 3,115,737	$ 2,774,889	$ 2,518,705	$ 5,124,926
Prior Period Adjustments	0	0	0	0	0
Beginning Balances, as Adjusted	$ 2,350,037	$ 3,115,737	$ 2,774,889	$ 2,518,705	$ 5,124,926
Budgetary Financing Sources:					
Appropriations Received	0	0	0	0	0
Appropriations Transferred In/Out (Note 31)	0	0	0	0	0
Other Adjustments (Note 34)	0	0	0	0	0
Appropriations Used	0	0	8,162,544	7,496,463	8,162,544
Nonexchange Revenue (Note 35)	30,239	(49,692)	269,486	260,515	299,725
Transfers In/Out (Note 31)	(87,586)	(191,131)	67,779	111,614	(19,807)
Trust Fund Appropriations	1,257,537	632,307	(1,257,537)	(632,307)	0
Income from Other Appropriations (Note 23)	82,776	75,597	(82,776)	(75,597)	0
Total Budgetary Financing Sources	$ 1,282,966	$ 467,081	$ 7,159,496	$ 7,160,688	$ 8,442,462
Other Financing Sources:					
Transfers In/Out (Note 31)	(1)	84	(435)	287	(436)
Imputed Financing Sources (Note 32)	19,707	19,999	109,154	108,196	128,861
Total Other Financing Sources	$ 19,706	$ 20,083	$ 108,719	$ 108,483	$ 128,425
Net Cost of Operations	(1,452,740)	(1,252,864)	(7,056,462)	(7,012,987)	(8,509,202)
Net Position—End of Period	**$ 2,199,969**	**$ 2,350,037**	**$ 2,986,642**	**$ 2,774,889**	**$ 5,186,611**

* This statement does not have any intra-agency eliminations for FY 2004 or 2003.

The accompanying notes are an integral part of these statements.

4.

Environmental Protection Agency
Consolidating Statement of Changes in Net Position *(continued)*
For the Years Ended September 30, 2004 and 2003
(Dollars in Thousands)

	Cumulative Results of Operations Consolidated Totals FY 2003*	Unexpended Appropriations All Others FY 2004	Unexpended Appropriations All Others FY 2003	Consolidated Totals FY 2004*	Consolidated Totals FY 2003*
Net Position—Beginning of Period	$ 5,634,442	$ 10,768,236	$ 10,923,889	$ 15,893,162	$ 16,558,331
Prior Period Adjustments	0	0	0	0	0
Beginning Balances, as Adjusted	$ 5,634,442	$ 10,768,236	$ 10,923,889	$ 15,893,162	$ 16,558,331
Budgetary Financing Sources:					
Appropriations Received	0	8,322,860	7,408,126	8,322,860	7,408,126
Appropriations Transferred In/Out (Note 31)	0	152	4,550	152	4,550
Other Adjustments (Note 34)	0	(68,568)	(71,866)	(68,568)	(71,866)
Appropriations Used	7,496,463	(8,162,544)	(7,496,463)	0	0
Nonexchange Revenue (Note 35)	210,823	0	0	299,725	210,823
Transfers In/Out (Note 31)	(79,517)	0	0	(19,807)	(79,517)
Trust Fund Appropriations	0	0	0	0	0
Income from Other Appropriations (Note 23)	0	0	0	0	0
Total Budgetary Financing Sources	$ 7,627,769	$ 91,900	$ (155,653)	$ 8,534,362	$ 7,472,116
Other Financing Sources:					
Transfers In/Out (Note 31)	371	0	0	(436)	371
Imputed Financing Sources (Note 32)	128,195	0	0	128,861	128,195
Total Other Financing Sources	$ 128,566	$ 0	$ 0	$ 128,425	$ 128,566
Net Cost of Operations	(8,265,851)	0	0	(8,509,202)	(8,265,851)
Net Position—End of Period	**$ 5,124,926**	**$ 10,860,136**	**$ 10,768,236**	**$ 16,046,747**	**$ 15,893,162**

* This statement does not have any intra-agency eliminations for FY 2004 or 2003.

The accompanying notes are an integral part of these statements.

5.

Environmental Protection Agency
Combined Statement of Budgetary Resources
For the Years Ended September 30, 2004 and 2003
(Dollars in Thousands)

	Superfund Trust Fund FY 2004	Superfund Trust Fund FY 2003	All Others FY 2004
BUDGETARY RESOURCES			
Budgetary Authority:			
Appropriations Received	$ 0	$ 0	$ 8,353,924
Borrowing Authority	0	0	5,554
Net Transfers	1,259,096	1,286,342	77,690
Unobligated Balances:			
Beginning of Period	766,805	750,994	2,098,872
Net Transfers, Actual	0	0	(1,538)
Spending Authority from Offsetting Collections:			
Earned and Collected	229,658	$ 211,066	$ 242,119
Receivable from Federal Sources	(7,853)	(1,728)	(15,303)
Change in Unfilled Customer Orders:			
Advance Received	(44,218)	(41,608)	13,011
Without Advance from Federal Sources	5,978	5,259	1,310
Transfers from Trust Funds	0	(9,642)	51,666
Total Spending Authority from Collections	$ 183,565	$ 163,347	$ 292,803
Recoveries of Prior Year Obligations (Note 26)	98,848	124,797	95,927
Temporarily Not Available Pursuant to Public Law (Note 26)	(7,464)	0	(790)
Permanently Not Available (Note 26)	0	(8,274)	(71,203)
Total Budgetary Resources (Note 25)	**$ 2,300,850**	**$ 2,317,206**	**$ 10,851,239**
STATUS OF BUDGETARY RESOURCES			
Obligations Incurred:			
Direct	$ 1,328,864	$ 1,373,144	$ 8,416,742
Reimbursable	148,273	177,257	261,502
Total Obligations Incurred (Note 25)	$ 1,477,137	$ 1,550,401	$ 8,678,244
Unobligated Balances:			
Apportioned (Note 27)	823,694	766,786	2,080,155
Unobligated Balances Not Available (Note 27)	19	19	92,840
Total Status of Budgetary Resources	**$ 2,300,850**	**$ 2,317,206**	**$ 10,851,239**
RELATIONSHIP OF OBLIGATIONS TO OUTLAYS			
Obligations Incurred, Net	$ 1,194,724	$ 1,262,257	$ 8,289,514
Obligated Balances, Net—Beginning of Period	1,838,503	2,021,759	9,582,216
Accounts Receivable	(5,886)	1,965	86,440
Unfilled Customer Orders from Federal Sources	77,685	71,707	226,184
Undelivered Orders, Unpaid	(1,374,232)	(1,612,994)	(9,093,405)
Accounts Payable	(266,926)	(299,181)	(857,634)
Total Outlays (Note 25)	**$ 1,463,868**	**$ 1,445,513**	**$ 8,233,315**
Disbursements	$ 1,649,308	$ 1,605,329	$ 8,556,405
Collections	(185,440)	(159,816)	(323,090)
Less: Offsetting Receipts (Note 28)	(74,063)	(146,502)	(1,276,778)
Net Outlays	**$ 1,389,805**	**$ 1,299,011**	**$ 6,956,537**

The accompanying notes are an integral part of these statements.

5.

Environmental Protection Agency
Combined Statement of Budgetary Resources *(continued)*
For the Years Ended September 30, 2004 and 2003
(Dollars in Thousands)

	All Others FY 2003	Combined Totals FY 2004	Combined Totals FY 2003
BUDGETARY RESOURCES			
Budgetary Authority:			
Appropriations Received	$ 7,424,350	$ 8,353,924	$ 7,424,350
Borrowing Authority	0	5,554	0
Net Transfers	76,863	1,336,786	1,363,205
Unobligated Balances:			
Beginning of Period	2,045,248	2,865,677	2,796,242
Net Transfers, Actual	0	(1,538)	0
Spending Authority from Offsetting Collections:			
Earned and Collected	273,703	$ 471,777	$ 484,769
Receivable from Federal Sources	5,074	(23,156)	3,346
Change in Unfilled Customer Orders:			0
Advance Received	(20,362)	(31,207)	(61,970)
Without Advance from Federal Sources	(28,473)	7,288	(23,214)
Transfers from Trust Funds	96,135	51,666	86,493
Total Spending Authority from Collections	$ 326,077	$ 476,368	$ 489,424
Recoveries of Prior Year Obligations (Note 26)	114,437	194,775	239,234
Temporarily Not Available Pursuant to Public Law (Note 26)	0	(8,254)	0
Permanently Not Available (Note 26)	(76,182)	(71,203)	(84,456)
Total Budgetary Resources (Note 25)	**$ 9,910,793**	**$ 13,152,089**	**$ 12,227,999**
STATUS OF BUDGETARY RESOURCES			
Obligations Incurred:			
Direct	$ 7,539,595	$ 9,745,606	$ 8,912,739
Reimbursable	272,326	409,775	449,583
Total Obligations Incurred (Note 25)	$ 7,811,921	$ 10,155,381	$ 9,362,322
Unobligated Balances:			
Apportioned (Note 27)	2,011,471	2,903,849	2,778,257
Unobligated Balances Not Available (Note 27)	87,401	92,859	87,420
Total Status of Budgetary Resources	**$ 9,910,793**	**$ 13,152,089**	**$ 12,227,999**
RELATIONSHIP OF OBLIGATIONS TO OUTLAYS			
Obligations Incurred, Net	$ 7,371,407	$ 9,484,238	$ 8,633,664
Obligated Balances, Net—Beginning of Period	9,608,652	11,420,719	11,630,411
Accounts Receivable	118,037	80,554	120,002
Unfilled Customer Orders from Federal Sources	224,874	303,869	296,581
Undelivered Orders, Unpaid	(9,077,583)	(10,467,637)	(10,690,577)
Accounts Payable	(847,544)	(1,124,560)	(1,146,725)
Total Outlays (Note 25)	**$ 7,397,843**	**$ 9,697,183**	**$ 8,843,356**
Disbursements	$ 7,706,933	$ 10,205,713	$ 9,312,262
Collections	(309,090)	(508,530)	(468,906)
Less: Offsetting Receipts (Note 28)	(643,956)	(1,350,841)	(790,458)
Net Outlays	**$ 6,753,887**	**$ 8,346,342**	**$ 8,052,898**

The accompanying notes are an integral part of these statements.

6.

Environmental Protection Agency
Consolidating Statement of Financing
For the Years Ended September 30, 2004 and 2003
(Dollars in Thousands)

	Superfund Trust Fund FY 2004	Superfund Trust Fund FY 2003	All Others FY 2004
RESOURCES USED TO FINANCE ACTIVITIES:			
Budgetary Resources Obligated			
Obligations Incurred	$ 1,477,137	$ 1,550,401	$ 8,678,244
Less: Spending Authority from Offsetting Collections and Recoveries	(282,413)	(288,144)	(388,730)
Obligations, Net of Offsetting Collections	$ 1,194,724	$ 1,262,257	$ 8,289,514
Less: Offsetting Receipts (Note 28)	(74,063)	(146,502)	(1,276,778)
Net Obligations	$ 1,120,661	$ 1,115,755	$ 7,012,736
Other Resources			
Transfers In/Out without Reimbursement, Property (Note 31)	$ (1)	$ 84	$ 1
Imputed Financing Sources (Note 32)	19,707	19,999	109,154
Income from Other Appropriations (Note 23)	82,776	75,597	(82,776)
Net Other Resources Used to Finance Activities	$ 102,482	$ 95,680	$ 26,379
Total Resources Used To Finance Activities	$ 1,223,143	$ 1,211,435	$ 7,039,115
RESOURCES USED TO FINANCE ITEMS NOT PART OF NET COST OF OPERATIONS			
Change in Budgetary Resources Obligated	$ 199,979	$ 179,096	$ (7,108)
Resources that Fund Prior Period Expenses (Note 29)	(2,243)	0	(11,612)
Budgetary Offsetting Collections and Receipts that Do Not Affect Net Cost of Operations:			
Credit Program Collections Increasing Loan Liabilities for Guarantees of Subsidy Allowances	0	0	4,142
Offsetting Receipts Not Affecting Net Cost	74,063	146,502	19,241
Resources that Finance Asset Acquisition	(16,104)	(16,287)	(90,081)
Adjustments to Expenditure Transfers that Do Not Affect Net Cost	(51,666)	(105,777)	51,666
Total Resources Used to Finance Items Not Part of the Net Cost of Operations	$ 204,029	$ 203,534	$ (33,752)
Total Resources Used to Finance the Net Cost of Operations	$ 1,427,172	$ 1,414,969	$ 7,005,363

The accompanying notes are an integral part of these statements.

6.

Environmental Protection Agency
Consolidating Statement of Financing *(continued)*
For the Years Ended September 30, 2004 and 2003
(Dollars in Thousands)

	Superfund Trust Fund FY 2004	Superfund Trust Fund FY 2003	All Others FY 2004
COMPONENTS OF NET COST OF OPERATIONS THAT WILL NOT REQUIRE OR GENERATE RESOURCES IN THE CURRENT PERIOD			
Components Requiring or Generating Resources in Future Periods:			
Increase in Annual Leave Liability (Note 29)	$ 0	$ 1,088	$ 0
Increase in Environmental and Disposal Liability (Note 29)	0	0	1,244
Increase in Unfunded Contingencies (Note 29)	0	0	22,425
Up/Downward Reestimates of Subsidy Expense (Note 29)	0	0	0
Increase in Public Exchange Revenue Receivable	(41,446)	(205,844)	(18,491)
Increase in Workers Compensation Costs (Note 29)	0	246	0
Total Components of Net Cost of Operations that Requires or Generates Resources in the Future	$ (41,446)	$ (204,510)	$ 5,178
Components Not Requiring/Generating Resources:			
Depreciation and Amortization	7,939	8,915	39,852
Revaluation of Assets or Liabilities	0	0	0
Expenses Not Requiring Budgetary Resources	59,075	33,490	6,069
Total Components of Net Cost of Operations that Will Not Require or Generate Resources	$ 67,014	$ 42,405	$ 45,921
Total Components of Net Cost of Operations that Will Not Require or Generate Resources in the Current Period	25,568	(162,105)	51,099
Net Cost of Operations	**$ 1,452,740**	**$ 1,252,864**	**$ 7,056,462**

The accompanying notes are an integral part of these statements.

6.

Environmental Protection Agency
Consolidating Statement of Financing *(continued)*
For the Years Ended September 30, 2004 and 2003
(Dollars in Thousands)

	All Others FY 2003	Consolidated Totals* FY 2004	Consolidated Totals* FY 2003
RESOURCES USED TO FINANCE ACTIVITIES:			
Budgetary Resources Obligated			
Obligations Incurred	$ 7,811,921	$ 10,155,381	$ 9,362,322
Less: Spending Authority from Offsetting Collections and Recoveries	(440,514)	(671,143)	(728,658)
Obligations, Net of Offsetting Collections	$ 7,371,407	$ 9,484,238	$ 8,633,664
Less: Offsetting Receipts (Note 28)	(643,956)	(1,350,841)	(790,458)
Net Obligations	$ 6,727,451	$ 8,133,397	$ 7,843,206
Other Resources			
Transfers In/Out without Reimbursement, Property (Note 31)	$ (84)	$ 0	$ 0
Imputed Financing Sources (Note 32)	108,196	128,861	128,195
Income from Other Appropriations (Note 23)	(75,597)	0	0
Net Other Resources Used to Finance Activities	$ 32,515	$ 128,861	$ 128,195
Total Resources Used To Finance Activities	$ 6,759,966	$ 8,262,258	$ 7,971,401
RESOURCES USED TO FINANCE ITEMS NOT PART OF NET COST OF OPERATIONS			
Change in Budgetary Resources Obligated	$ 165,667	$ 192,871	$ 344,763
Resources that Fund Prior Period Expenses (Note 29)	0	(13,855)	0
Budgetary Offsetting Collections and Receipts that Do Not Affect Net Cost of Operations:			
Credit Program Collections Increasing Loan Liabilities for Guarantees of Subsidy Allowances	4,980	4,142	4,980
Offsetting Receipts Not Affecting Net Cost	11,649	93,304	158,151
Resources that Finance Asset Acquisition	(66,321)	(106,185)	(82,608)
Adjustments to Expenditure Transfers that Do Not Affect Net Cost	96,135	0	(9,642)
Total Resources Used to Finance Items Not Part of the Net Cost of Operations	$ 212,110	$ 170,277	$ 415,644
Total Resources Used to Finance the Net Cost of Operations	$ 6,972,076	$ 8,432,535	$ 8,387,045

* This statement did not have any intra-agency eliminations for FY 2004 or 2003.

The accompanying notes are an integral part of these statements.

6.

Environmental Protection Agency
Consolidating Statement of Financing *(continued)*
For the Years Ended September 30, 2004 and 2003
(Dollars in Thousands)

	All Others FY 2003	Consolidated Totals* FY 2004	Consolidated Totals* FY 2003
COMPONENTS OF NET COST OF OPERATIONS THAT WILL NOT REQUIRE OR GENERATE RESOURCES IN THE CURRENT PERIOD			
Components Requiring or Generating Resources in Future Periods:			
Increase in Annual Leave Liability (Note 29)	$ 5,647	$ 0	$ 6,735
Increase in Environmental and Disposal Liability (Note 29)	(3,276)	1,244	(3,276)
Increase in Unfunded Contingencies (Note 29)	0	22,425	0
Up/Downward Reestimates of Subsidy Expense (Note 29)	170	0	170
Increase in Public Exchange Revenue Receivable	(1,706)	(59,937)	(207,550)
Increase in Workers Compensation Costs (Note 29)	4,591	0	4,837
Total Components of Net Cost of Operations that Requires or Generates Resources in the Future	$ 5,426	$ (36,268)	$ (199,084)
Components Not Requiring/Generating Resources:			
Depreciation and Amortization	36,289	47,791	45,204
Revaluation of Assets or Liabilities	0	0	0
Expenses Not Requiring Budgetary Resources	(804)	65,144	32,686
Total Components of Net Cost of Operations that Will Not Require or Generate Resources	$ 35,485	$ 112,935	$ 77,890
Total Components of Net Cost of Operations that Will Not Require or Generate Resources in the Current Period	40,911	76,667	(121,194)
Net Cost of Operations	**$ 7,012,987**	**$ 8,509,202**	**$ 8,265,851**

* This statement did not have any intra-agency eliminations for FY 2004 or 2003.

The accompanying notes are an integral part of these statements.

7.

Environmental Protection Agency
Consolidated Statement of Custodial Activity
For the Years Ended September 30, 2004 and 2003
(Dollars in Thousands)

	FY 2004	FY 2003
Revenue Activity:		
Sources of Collections		
Fines and Penalties	$ 162,948	$ 161,544
Other	24,463	5,793
Total Cash Collections	$ 187,411	$ 167,337
Accrual Adjustment	(24,865)	7,172
Total Custodial Revenue (Note 24)	$ 162,546	$ 174,509
Disposition of Collections:		
Transferred to Others (General Fund)	$ 187,194	$ 165,440
Increases/Decreases in Amounts to be Transferred	(24,648)	9,069
Total Disposition of Collections	$ 162,546	$ 174,509
Net Custodial Revenue Activity (Note 24)	**$ 0**	**$ 0**

The accompanying notes are an integral part of these statements.

Environmental Protection Agency
Notes to Financial Statements (Dollars in Thousands)

Note 1. Summary of Significant Accounting Policies

A. Basis of Presentation

These consolidating financial statements have been prepared to report the financial position and results of operations of the U. S. Environmental Protection Agency (EPA or Agency) for the Hazardous Substance Superfund (Superfund) Trust Fund and All Other Funds, as required by the Chief Financial Officers Act of 1990 and the Government Management Reform Act of 1994. The reports have been prepared from the financial system and records of the Agency in accordance with Form and Content of Agency Financial Statements, OMB Bulletin No. 01-09, and the EPA's accounting policies which are summarized in this note. In addition to the reports required by OMB Bulletin No. 01-09, the Statement of Net Cost has been prepared by the Agency's strategic goals.

B. Reporting Entities

The EPA was created in 1970 by executive reorganization from various components of other federal agencies in order to better marshal and coordinate federal pollution control efforts. The Agency is generally organized around the media and substances it regulates—air, water, land, hazardous waste, pesticides and toxic substances. For FY 2004 the reporting entities are grouped as the Superfund Trust Fund and All Other Funds.

Superfund Trust Fund

In 1980, the Superfund Trust Fund, Treasury fund group 8145, was established by the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA) to provide resources needed to respond to and clean up hazardous substance emergencies and abandoned, uncontrolled hazardous waste sites. The Superfund Trust Fund financing is shared by federal and state governments as well as industry. The EPA allocates funds from its appropriation to other federal agencies to carry out CERCLA. Risks to public health and the environment at uncontrolled hazardous waste sites qualifying for the Agency's National Priorities List (NPL) are reduced and addressed through a process involving site assessment and analysis and the design and implementation of cleanup remedies. NPL cleanups and removals are conducted and financed by the EPA, private parties, or other federal agencies. The Superfund Trust Fund includes Treasury's collections and investment activity.

The accompanying financial statements include the accounts of all funds described in this note. EPA uses an expense allocation methodology as a financial statement estimate to present EPA programs' full cost. This methodology is used because Superfund programs may charge some costs directly to the Superfund Trust Fund and charge the remainder of their costs to All Other Funds in the Agency-wide appropriations. These amounts are presented as Expenses from Other Appropriations on the Statement of Net Cost and as Income from Other Appropriations on the Statement of Changes in Net Position and the Statement of Financing. (See Note 23.)

In addition, specific general support services costs (e.g., rent, communications, utilities, and mail operations) initially charged to the Agency's Science and Technology (S&T) and Environment Programs and Management (EPM) appropriations, are allocated to the Superfund Trust Fund. During the year, these costs are allocated based on a ratio of Superfund direct labor hours to the Agency total of all direct labor hours, using budgeted or actual full-time equivalent personnel charged to these appropriations. Agency general support services cost charges to the Superfund Trust Fund may not exceed the ceilings established in its appropriation. (See Note 23.)

All Other Funds

All Other Funds include other Trust Fund appropriations, General Fund appropriations, Revolving Funds, Special Funds, the Agency Budgetary Clearing accounts, Deposit Funds, General Fund Receipt accounts, the Environmental Services Special Fund Receipt Account, the Miscellaneous Contributed Funds Trust Fund, and General Fund appropriations transferred from other federal agencies as authorized by the Economy Act of 1932. General Fund appropriation activities that no longer receive current definite appropriations but have unexpended authority are the Asbestos Loan Program and Energy, Research and Development. Detailed descriptions of All Other Funds are as follows:

The Leaking Underground Storage Tank (LUST) Trust Fund, Treasury fund group 8153, was authorized by the Superfund Amendments and Reauthorization Act of 1986 (SARA) as amended by the Omnibus Budget Reconciliation Act of 1990. The LUST appropriation provides funding to respond to releases from leaking underground petroleum tanks. The Agency oversees cleanup and enforcement programs which are implemented by the states. Funds are allocated to the states through cooperative agreements to clean up those sites posing the greatest threat to human health and the environment. Funds are used for grants to non-state entities including Indian tribes under Section 8001 of the Resource Conservation and Recovery Act. The program is financed by a one cent a gallon tax on motor fuels which will expire in 2005.

The Oil Spill Response Trust Fund, Treasury fund group 8221, was authorized by the Oil Pollution Act of 1990 (OPA). Monies were appropriated to the Oil Spill Response Trust Fund in 1993. The Agency is responsible for directing, monitoring and providing technical assistance for major inland oil spill response activities. This involves setting oil prevention and response standards, initiating enforcement actions for compliance with OPA and Spill Prevention Control and Countermeasure requirements, and directing response actions when appropriate. The Agency carries out research to improve response actions to oil spills including research on the use of remediation techniques such as dispersants and bioremediation. Funding for oil spill cleanup actions is provided through the Department of Transportation under the Oil Spill Liability Trust Fund and reimbursable funding from other federal agencies.

The State and Tribal Assistance Grants (STAG) appropriation, Treasury fund group 0103, provides funds for environmental programs and infrastructure assistance including capitalization grants for State revolving funds and performance partnership grants. Environmental programs and infrastructure supported are: Clean and Safe Water; Capitalization grants for the Drinking Water State Revolving Funds; Clean Air; Direct grants for Water and Wastewater Infrastructure needs, Partnership grants to meet Health Standards, Protect Watersheds, Decrease Wetland Loss, and Address Agricultural and Urban Runoff and Storm Water; Better Waste Management; Preventing Pollution and Reducing Risk in Communities, Homes, Workplaces and Ecosystems; and Reduction of Global and Cross Border Environmental Risks.

The S&T appropriation, Treasury fund group 0107, finances salaries, travel, science, technology, research and development activities including laboratory and center supplies, certain operating expenses, grants, contracts, intergovernmental agreements, and purchases of scientific equipment. These activities provide the scientific basis for the Agency's regulatory actions. In FY 2004, Superfund research costs were appropriated in Superfund and transferred to S&T to allow for proper accounting of the costs. Environmental scientific and technological activities and programs include Clean Air; Clean and Safe Water; Americans Right to Know About Their Environment; Better Waste Management; Preventing Pollution and Reducing Risk in Communities, Homes, Workplaces, and Ecosystems; and Safe Food.

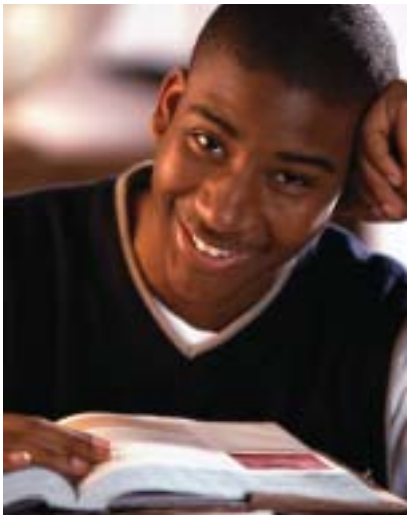
The EPM appropriation, Treasury fund group 0108, includes funds for salaries, travel, contracts, grants, and cooperative agreements for pollution abatement, control, and compliance activities and administrative activities of the Agency's operating programs. Areas supported from this appropriation include: Clean Air, Clean and Safe Water, Land Preservation and Restoration, Healthy Communities and Ecosystems, and Compliance and Environmental Stewardship.

The Office of Inspector General (OIG) appropriation, Treasury fund group 0112, provides funds for audit and investigative functions to identify and recommend corrective actions on management and administrative deficiencies that create the conditions for existing or potential instances of fraud, waste and

mismanagement. Additional funds for audit and investigative activities associated with the Superfund and the LUST Trust Funds are appropriated under those Trust Fund accounts and transferred to the Office of Inspector General account. The audit function provides contract, internal controls and performance, and financial and grant audit services. The appropriation includes expenses incurred and reimbursed from the appropriated trust funds accounted for under Treasury fund group 8145 and 8153.

The Buildings and Facilities appropriation, Treasury fund group 0110, provides for the construction, repair, improvement, extension, alteration, and purchase of fixed equipment or facilities that are owned or used by the EPA.

The Payment to the Hazardous Substance Superfund appropriation Treasury fund group 0250, authorizes appropriations from the General Fund of the Treasury to finance activities conducted through the Hazardous Substance Superfund Program.



The Asbestos Loan Program was authorized by the Asbestos School Hazard Abatement Act of 1986 to finance control of asbestos building materials in schools. Funds have not been appropriated for this Program since FY 1993. For FY 1993 and FY1992, the program was funded by a subsidy appropriated from the General Fund for the actual cost of financing the loans, and by borrowing from Treasury for the unsubsidized portion of the loan. The Program Fund disburses the subsidy to the Financing Fund for increases in the subsidy. The Financing Fund receives the subsidy payment, borrows from Treasury and collects the asbestos loans. The Asbestos Loan Program is accounted for under Treasury fund group 0118 for the subsidy and administrative support; under Treasury fund group 4322 for loan disbursements, loans receivable and loan collections on post FY 1991 loans; and under Treasury fund group 2917 for pre FY 1992 loans receivable and loan collections.

The Federal Insecticide, Fungicide and Rodenticide Act (FIFRA) Revolving Fund, Treasury fund group 4310, was authorized by the FIFRA Act of 1972, as amended in 1988 and as amended by the Food Quality Protection Act of 1996. Pesticide Maintenance fees are paid by industry to offset the costs of pesticide reregistration and reassessment of tolerances for pesticides used in or on food and animal feed, as required by law.

The Tolerance Revolving Fund, Treasury fund group 4311, was authorized in 1963 for the deposit of tolerance fees. Fees are paid by industry for federal services to set pesticide chemical residue limits in or on food and animal feed. The fees collected prior to January 2, 1997 were accounted for under this fund. Presently these fees are being deposited in the FIFRA fund (see above).

The Working Capital Fund (WCF), Treasury fund group, 4565, includes two activities: computer support services and postage. The WCF derives revenue from these activities based upon a fee for services. WCF's customers currently consist solely of Agency program offices. Accordingly, revenues generated by WCF and expenses recorded by the program offices for use of such services along with the related advances/liabilities, are eliminated on consolidation.

The Exxon Valdez Settlement Fund, Treasury fund group 5297, has funds available to carry out authorized environmental restoration activities. Funding is derived from the collection of reimbursements under the Exxon Valdez settlement as a result of an oil spill.

The Pesticide Registration Fund, Treasury fund group 5374, was authorized in 2004 for the expedited processing of certain registration petitions and associated establishment of tolerances for pesticides to be used in or on food and animal feed. Fees covering these activities, as authorized under the FIFRA Act of 1988, are to be paid by industry and deposited into this fund group.

Allocations and appropriations transferred to the Agency from other federal agencies include funds from the Appalachian Regional Commission, which provides economic assistance to state and local developmental activities, and the Agency for International Development, which provides assistance on environmental matters at international levels. The transfer allocations are accounted for under Treasury fund group 0200 and the appropriation transfers are accounted for under 0108.

The EPA Department of the Treasury Clearing Accounts include: (1) the Budgetary Suspense Account, (2) the Unavailable Check Cancellations and Overpayments Account, and (3) the Undistributed Intra-agency

Payments and Collections (IPAC) Account. These are accounted for under Treasury fund groups 3875, 3880 and 3885, respectively.

Deposit funds include: Fees for Ocean Dumping; Nonconformance Penalties; Clean Air Allowance Auction and Sale; Advances without Orders; and Suspense and payroll deposits for Savings Bonds, and State and City Income Taxes Withheld. These funds are accounted for under Treasury fund groups 6050, 6264, 6265, 6266, 6275 and 6500.

General Fund Receipt Accounts include: Hazardous Waste Permits; Miscellaneous Fines, Penalties and Forfeitures; General Fund Interest; Interest from Credit Reform Financing Accounts; Downward Reestimates of Subsidies; Fees and Other Charges for Administrative and Professional Services; and Miscellaneous Recoveries and Refunds. These accounts are accounted for under Treasury fund groups 0895, 1099, 1435, 1499, 2753.3, 3200 and 3220, respectively.

The Environmental Services Receipt account, Treasury fund group 5295, was established for the deposit of fee receipts associated with environmental programs, including radon measurement proficiency ratings and training, motor vehicle engine certifications, and water pollution permits. Receipts in this special fund will be appropriated to the S&T and the EPM appropriations to meet the expenses of the programs that generate the receipts.

The Miscellaneous Contributed Funds Trust Fund, Treasury fund group 8741, includes gifts for pollution control programs that are usually designated for a specific use by donors and/or deposits from pesticide registrants to cover the costs of petition hearings when such hearings result in unfavorable decisions to the petitioner.

C. Budgets and Budgetary Accounting

Superfund

Congress adopts an annual appropriation amount to be available until expended for the Superfund Trust Fund. A transfer account for the Superfund Trust Fund has been established for purposes of carrying out the program activities. As the Agency disburses obligated amounts from the transfer account, the Agency draws down monies from the Superfund Trust Fund at Treasury to cover the amounts being disbursed.

All Other Funds

Congress adopts an annual appropriation amount for the LUST and the Oil Spill Response Trust Funds to remain available until expended. A transfer account for the LUST Trust Fund has been established for purposes of carrying out the program activities. As the Agency disburses obligated amounts from the transfer account, the Agency draws down monies from the LUST Trust Fund at Treasury to cover the amounts being disbursed. The Agency draws down all the appropriated monies from the Treasury's Oil Spill Liability Trust Fund to the Oil Spill Response Trust Fund when Congress adopts the appropriation amount.

Congress adopts an annual appropriation for STAG, B&F, and for Payments to the Hazardous Substance Superfund to be available until expended, as well as annual appropriations for S&T, EPM and for the OIG to be available for 2 fiscal years. When the appropriations for the General Funds are enacted, Treasury issues a warrant to the respective appropriations. As the Agency disburses obligated amounts, the balance of funds available to the appropriation is reduced at Treasury.

The Asbestos Loan Program is a commercial activity financed from a combination of two sources, one for the long term costs of the loans and another for the remaining non-subsidized portion of the loans. Congress adopted a 1 year appropriation, available for obligation in the fiscal year for which it was appropriated, to cover the estimated long term cost of the Asbestos loans. The long term costs are defined as the net present value of the estimated cash flows associated with the loans. The portion of each loan disbursement that did not represent long term cost is financed under permanent indefinite borrowing authority established with the Treasury. A permanent indefinite appropriation is available to finance the costs of subsidy re-estimates that occur after the year in which the loan was disbursed.

Funding of the FIFRA and Pesticide Registration Funds is provided by fees collected from industry to offset costs incurred by the Agency in carrying out these programs. Each year the Agency submits an apportionment request to OMB based on the anticipated collections of industry fees.

Funding of the WCF is provided by fees collected from other Agency appropriations to offset costs incurred for providing the Agency administrative support for computer support and postage.

Funds transferred from other federal agencies are funded by a nonexpenditure transfer of funds from the other federal agencies. As the Agency disburses the obligated amounts, the balance of funding available to the appropriation is reduced at Treasury.

Clearing accounts, deposit accounts, and receipt accounts receive no appropriated funds. Amounts are recorded to the clearing and deposit accounts pending further disposition. Amounts recorded to the receipt accounts capture amounts collected for or payable to the Treasury General Fund.

D. Basis of Accounting

Transactions are recorded on an accrual accounting basis and on a budgetary basis (where budgets are issued). Under the accrual method, revenues are recognized when earned and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash. Budgetary accounting facilitates compliance with legal constraints and controls over the use of federal funds. Material interfund balances and transactions are eliminated.

E. Revenues and Other Financing Sources.

The following EPA policies and procedures to account for inflow of revenue and other financing sources are in accordance with Statement of Federal Financial Accounting Standards (SFFAS) No. 7, "Accounting for Revenues and Other Financing Sources."

Superfund

The Superfund program receives most of its funding through appropriations that may be used, within specific statutory limits, for operating and capital expenditures (primarily equipment). Additional financing for the Superfund program is obtained through: reimbursements from other federal agencies, state cost share payments under Superfund State Contracts (SSCs), and settlement proceeds from Potentially Responsible Parties (PRPs), under CERCLA Section 122(b)(3), placed in special accounts. Special accounts were previously limited to settlement amounts for future costs. However, beginning in FY 2001, cost recovery amounts received under CERCLA Section ?122(b)(3) settlements could be placed in special accounts. Cost recovery settlements that are not placed in special accounts continue to be deposited in the Trust Fund.

All Other Funds

The majority of All Other Funds receive funding needed to support programs through appropriations, which may be used, within statutory limits, for operating and capital expenditures. However, under Credit Reform provisions, the Asbestos Loan Program received funding to support the subsidy cost of loans through appropriations which may be used with statutory limits. The Asbestos Direct Loan Financing fund, an off-budget fund, receives additional funding to support the outstanding loans through collections from the Program fund for the subsidized portion of the loan. The last year Congress provided appropriations to make new loans was 1993. The FIFRA and Pesticide Registration funds receive funding through fees collected for services provided and interest on invested funds. The WCF receives revenue through fees collected for services provided to Agency program offices. Such revenue is eliminated with related Agency program expenses upon consolidation of the Agency's financial statements. The Exxon Valdez Settlement Fund receives funding through reimbursements.

Appropriated funds are recognized as Other Financing Sources expended when goods and services have been rendered without regard to payment of cash. Other revenues are recognized when earned, i.e., when services have been rendered.

F. Funds with the Treasury

The Agency does not maintain cash in commercial bank accounts. Cash receipts and disbursements are handled by Treasury. The major funds maintained with Treasury are Appropriated Funds, Revolving Funds, Trust Funds, Special Funds, Deposit Funds, and Clearing Accounts. These funds have balances available to pay current liabilities and finance authorized obligations, as applicable. (See Note 2.)

G. Investments in U.S. Government Securities

Investments in U.S. Government securities are maintained by Treasury and are reported at amortized cost net of unamortized discounts. Discounts are amortized over the term of the investments and reported as interest income. No provision is made for unrealized gains or losses on these securities because, in the majority of cases, they are held to maturity. (See Note 4.)

H. Notes Receivable

The Agency records notes receivable at their face value and any accrued interest as of the date of receipt.

I. Marketable Securities

The Agency records marketable securities at cost as of the date of receipt. Marketable securities are held by Treasury and reported at their cost value in the financial statements until sold. (See Note 6.)

J. Accounts Receivable and Interest Receivable (See Note 5.)

Superfund

CERCLA as amended by SARA provides for the recovery of costs from PRPs. However, cost recovery expenditures are expensed when incurred since there is no assurance that these funds will be recovered.

It is the Agency's policy to record accounts receivable from PRPs for Superfund site response costs when a consent decree, judgment, administrative order, or settlement is entered. These agreements are generally negotiated after site response costs have been incurred. It is the Agency's position that until a consent decree or other form of settlement is obtained, the amount recoverable should not be recorded.

The Agency also records accounts receivable from states for a percentage of Superfund site remedial action costs incurred by the Agency within those states. As agreed to under SSCs, cost sharing arrangements may vary according to whether a site was privately or publicly operated at the time of hazardous substance disposal and whether the Agency response action was removal or remedial. SSC agreements are usually for 10 percent or 50 percent of site remedial action costs. States may pay the full amount of their share in advance, or incrementally throughout the remedial action process. Allowances for uncollectible state cost share receivables have not been recorded, because the Agency has not had collection problems with these agreements.

All Other Funds

The majority of receivables for All Other Funds represent penalties and interest receivable for general fund receipt accounts, unbilled intragovernmental reimbursements receivable, allocations receivable from Superfund (eliminated in consolidated totals), and refunds receivable for the STAG appropriation.

K. Advances and Prepayments

Advances and prepayments represent funds advanced or prepaid to other entities both internal and external to the Agency for which a budgetary expenditure has not yet occurred. (See Note 6.)

L. Loans Receivable

Loans are accounted for as receivables after funds have been disbursed. Loans receivable resulting from obligations on or before September 30, 1991, are reduced by the allowance for uncollectible loans. Loans receivable resulting from loans obligated on or after October 1, 1991, are reduced by an allowance equal to the present value of the subsidy costs associated with these loans. The subsidy cost is calculated based on the interest rate differential between the loans and Treasury borrowing, the estimated delinquencies and defaults net of recoveries offset by fees collected and other estimated cash flows associated with these loans. (See Note 7.)

M. Appropriated Amounts Held by Treasury

For the Superfund and LUST Trust Funds and for amounts appropriated from the Superfund Trust Fund to the OIG, cash available to the Agency that is not needed immediately for current disbursements remains in the respective Trust Funds managed by Treasury. (See Note 17.)

N. Property, Plant, and Equipment

EPA accounts for its personal and real property accounting records in accordance with SFFAS No. 6, "Accounting for Property, Plant and Equipment." For EPA-held property, the Fixed Assets Subsystem (FAS) automatically generates depreciation entries monthly based on acquisition dates. (See Note 9).

A purchase of EPA-held or contractor-held personal property is capitalized if it is valued at $25 thousand or more and has an estimated useful life of at least 2 years. Prior to implementing FAS, depreciation was taken on a modified straight-line basis over a period of 6 years depreciating 10 percent the first and sixth year, and 20 percent in years 2 through 5. This modified straight-line method is still used for contractor-held property; detailed records are maintained and accounted for in contractor systems, not in FAS. All EPA-held personal property purchased before the implementation of FAS was assumed to have an estimated useful life of 5 years. New acquisitions of EPA-held personal property are depreciated using the straight-line method over the specific asset's useful life, ranging from 2 to 15 years.

Superfund contractor-held property used as part of the remedy for site-specific response actions is capitalized in accordance with the Agency's capitalization threshold. This property is part of the remedy at the site and eventually becomes part of the site itself. Once the response action has been completed and the remedy implemented, EPA will retain control of the property, e.g., pump and treat facility, for 10 years or less, and will transfer its interest in the facility to the respective state for mandatory operation and maintenance - usually 20 years or more. Consistent with EPA's 10 year retention period, depreciation for this property will be based on a 10 year life. However, if any property is transferred to a state in a year or less, this property will be charged to expense. If any property is sold prior to EPA relinquishing interest, the proceeds from the sale of that property shall be applied against contract payments or refunded as required by the Federal Acquisition Regulations.

Real property consists of land, buildings, and capital and leasehold improvements. Real property, other than land, is capitalized when the value is $75 thousand or more. Land is capitalized regardless of cost. Buildings were valued at an estimated original cost basis, and land was valued at fair market value if purchased prior to FY 1997. Real property purchased during and after FY 1997 are valued at actual cost. Depreciation for real property is calculated using the straight-line method over the specific asset's useful life, ranging from 10 to 102 years. Leasehold improvements are amortized over the lesser of their useful life or the unexpired lease term. Additions to property and improvements not meeting the capitalization criteria, expenditures for minor alterations, and repairs and maintenance are expensed as incurred.

In FY 1997, EPA's Working Capital Fund, a revenue generating activity, implemented requirements to capitalize software if the purchase price was $100 thousand or more with an estimated useful life of 2 years or more. In FY 2001, the Agency began capitalizing software for All Other Funds whose acquisition

value is $500 thousand or more in accordance with the provisions of SFFAS No. 10, "Accounting for Internal Use Software." Software is depreciated using the straight-line method over the specific asset's useful life ranging from 2 to 10 years.

O. Liabilities

Liabilities represent the amount of monies or other resources that are likely to be paid by the Agency as the result of a transaction or event that has already occurred. However, no liability can be paid by the Agency without an appropriation or other collections. Liabilities for which an appropriation has not been enacted are classified as unfunded liabilities and there is no certainty that the appropriations will be enacted. Liabilities of the Agency arising from other than contracts can be abrogated by the Government acting in its sovereign capacity.

P. Borrowing Payable to the Treasury

Borrowing payable to Treasury results from loans from Treasury to fund the Asbestos direct loans described in part B and C of this note. Periodic principal payments are made to Treasury based on the collections of loans receivable.

Q. Interest Payable to Treasury

The Asbestos Loan Program makes periodic interest payments to Treasury based on its debt to Treasury. At the end of FY 2003 and FY 2004, there was no outstanding interest payable to Treasury since payment was made through September 30.

R. Accrued Unfunded Annual Leave

Annual, sick and other leave is expensed as taken during the fiscal year. Sick leave earned but not taken is not accrued as a liability. Annual leave earned but not taken as of the end of the fiscal year is accrued as an unfunded liability. Accrued unfunded annual leave is included in the Statement of Financial Position as a component of "Payroll and Benefits Payable." (See Note 33.)

S. Retirement Plan

There are two primary retirement systems for federal employees. Employees hired prior to January 1, 1984, may participate in the Civil Service Retirement System (CSRS). On January 1, 1984, the Federal Employees Retirement System (FERS) went into effect pursuant to Public Law 99-335. Most employees hired after December 31, 1983, are automatically covered by FERS and Social Security. Employees hired prior to January 1, 1984, elected to either join FERS and Social Security or remain in CSRS. A primary feature of FERS is that it offers a savings plan to which the Agency automatically contributes one percent of pay and matches any employee contributions up to an additional four percent of pay. The Agency also contributes the employer's matching share for Social Security.

With the issuance of SFFAS No. 5, "Accounting for Liabilities of the Federal Government," accounting and reporting standards were established for liabilities relating to the federal employee benefit programs (Retirement, Health Benefits and Life Insurance). SFFAS No. 5 requires that the employing agencies recognize the cost of pensions and other retirement benefits during their employees' active years of service. SFFAS No. 5 requires that the Office of Personnel Management (OPM), as administrator of the Civil Service Retirement and Federal Employees Retirement Systems, the Federal Employees Health Benefits Program, and the Federal Employees Group Life Insurance Program, provide federal agencies with the actuarial cost factors to compute the liability for each program.

T. Prior Period Adjustments

Prior period adjustments will be made in accordance with SFFAS No. 21, "Reporting Corrections of Errors and Changes in Accounting Principles." Specifically, prior period adjustments will only be made for material

prior period errors to: (1) the current period financial statements, and (2) the prior period financial statements presented for comparison. Adjustments related to changes in accounting principles will only be made to the current period financial statements, but not to prior period financial statements presented for comparison.

Note 2. Fund Balances with Treasury

Fund Balances with Treasury as of September 30, 2004 and 2003, consist of the following:

	FY 2004			FY 2003		
	Entity Assets	Non-Entity Assets	Total	Entity Assets	Non-Entity Assets	Total
Trust Funds:						
Superfund	$ 199,406	$	$ 199,406	$ 26,448	$	$ 26,448
LUST	14,825		14,825	34,008		34,008
Oil Spill & Misc.	10,222		10,222	5,581		5,581
Revolving Funds:						
FIFRA/Tolerance	4,913		4,913	1,826		1,826
Working Capital	53,560		53,560	57,780		57,780
Cr. Reform Finan.	492		492	492		492
Appropriated	11,639,189		11,639,189	11,526,823		11,526,823
Other Fund Types	136,646	5,892	142,538	111,599	20,248	131,847
Total	$ 12,059,253	$ 5,892	$ 12,065,145	$ 11,764,557	$ 20,248	$ 11,784,805

Entity fund balances, except for special fund receipt accounts, are available to pay current liabilities and to finance authorized purchase commitments (see Status of Fund Balances below). Entity Assets for Other Fund Types consist of special purpose funds and special fund receipt accounts, such as the Pesticide Registration funds and the Environmental Services receipt account. The Non-Entity Assets for Other Fund Types consist of clearing accounts and deposit funds, which are either awaiting documentation for the determination of proper disposition or being held by EPA for other entities.

	FY 2004		FY 2003	
Status of Fund Balances:	Superfund	All Others	Superfund	All Others
Unobligated Amounts in Fund Balances:				
Available for Obligation	$ 823,694	$ 2,080,155	$ 766,786	$ 2,011,471
Unavailable for Obligation	19	92,842	19	87,404
Net Receivables from Invested Balances	(2,381,849)	(89,725)	(2,579,726)	(66,574)
Balances in Treasury Trust Fund (Note 17)	188,182	13,256	866	12,377
Obligated Balance not yet Disbursed	1,569,360	9,638,406	1,838,503	9,582,206
Balances not subject to Obligation		130,805		131,473
Totals	$ 199,406	$ 11,865,739	$ 26,448	$ 11,758,357

The funds available for obligation may be apportioned by the OMB for new obligations at the beginning of the following fiscal year. Funds unavailable for obligation are mostly balances in expired funds, which are available only for adjustments of existing obligations. For FY 2004 and FY 2003 no differences existed between Treasury's accounts and EPA's statements for fund balances with Treasury.

Note 3. Cash

As of September 30, 2004 and 2003, cash consists of an imprest fund of $10 thousand.

Note 4. Investments

As of September 30, 2004 and 2003, investments consist of the following:

		Cost	Unamortized (Premium) Discount	Interest Receivable	Investments, Net	Market Value
Superfund						
Intragovernmental Securities:						
Non-Marketable	FY 2004	$ 2,226,973	$ 9,677	$ 38	$ 2,217,334	$ 2,217,334
	FY 2003	$ 2,507,927	$ (8,183)	$ 37	$ 2,516,147	$ 2,516,147
All Others						
Intragovernmental Securities:						
Non-Marketable	FY 2004	$ 2,232,674	$ (57,213)	$ 27,277	$ 2,317,164	$ 2,317,164
	FY 2003	$ 2,037,560	$ (51,290)	$ 25,834	$ 2,114,684	$ 2,114,684

CERCLA, as amended by SARA, authorizes EPA to recover monies to clean up Superfund sites from responsible parties (RP). Some RPs file for bankruptcy under Title 11 of the U.S. Code. In bankruptcy settlements, EPA is an unsecured creditor and is entitled to receive a percentage of the assets remaining after secured creditors have been satisfied. Some RPs satisfy their debts by issuing securities of the reorganized company. The Agency does not intend to exercise ownership rights to these securities, and instead will convert them to cash as soon as practicable. (See Note 6.)

Note 5. Accounts Receivable

The Accounts Receivable for September 30, 2004 and 2003, consist of the following:

	FY 2004		FY 2003	
	Superfund	All Others	Superfund	All Others
Intragovernmental Assets:				
Accounts & Interest Receivable	$ 27,212	$ 89,267	$ 34,665	$ 119,941
Non-Federal Assets:				
Unbilled Accounts Receivable	$ 91,758	$ 1,682	$ 109,272	$ 1,668
Accounts & Interest Receivable	911,452	104,269	815,119	113,130
Less: Allowance for Uncollectibles	(634,062)	(60,604)	(495,905)	(49,502)
Total	$ 369,148	$ 45,347	$ 428,486	$ 65,296

The Allowance for Doubtful Accounts is determined both on a specific identification basis, as a result of a case-by-case review of receivables, and on a percentage basis for receivables not specifically identified.

Note 6. Other Assets

Other Assets for September 30, 2004, consist of the following:

	Superfund	All Others	Combined Totals
Intragovernmental Assets:			
Advances to Federal Agencies	$ 32	$ 735	$ 767
Advances to Working Capital Fund	6,749		6,749
Advances for Postage		553	553
Total Intragovernmental Assets	**$ 6,781**	**$ 1,288**	**$ 8,069**
Non-Federal Assets:			
Travel Advances	$ (53)	$ (955)	$ (1,008)
Letter of Credit Advances		271	271
Grant Advances		1,164	1,164
Other Advances	751	79	830
Operating Materials and Supplies	1	199	200
Inventory for Sale		51	51
Total Non-Federal Assets	**$ 699**	**$ 809**	**$ 1,508**

Other Assets for September 30, 2003, consist of the following:

	Superfund	All Others	Combined Totals
Intragovernmental Assets:			
Advances to Federal Agencies	$ 146	$ 3,233	$ 3,379
Advances to Working Capital Fund	7,268		7,268
Advances for Postage		594	594
Total Intragovernmental Assets	**$ 7,414**	**$ 3,827**	**$ 11,241**
Non-Federal Assets:			
Travel Advances	$ (51)	$ (918)	$ (969)
Letter of Credit Advances		601	601
Grant Advances		1,544	1,544
Other Advances	731	95	826
Operating Materials and Supplies		217	217
Inventory for Sale		51	51
Securities Received in Settlement for Debt		1,912	1,912
Total Non-Federal Assets	**$ 680**	**$ 3,502**	**$ 4,182**

Note 7. Loans Receivable, Net—Non-Federal

Asbestos Loan Program loans disbursed from obligations made prior to FY 1992 are net of allowances for estimated uncollectible loans, if an allowance was considered necessary. Loans disbursed from obligations

made after FY 1991 are governed by the Federal Credit Reform Act, which mandates that the present value of the subsidy costs (i.e., interest rate differentials, interest subsidies, anticipated delinquencies, and defaults) associated with direct loans be recognized as an expense in the year the loan is made. The net present value of loans is the amount of the gross loan receivable less the present value of the subsidy. For All Other Funds, the loans receivable, allowances, and the nature and amounts of the subsidy expenses associated with the loans as of September 30, 2004 and 2003, are as follows:

	FY 2004			FY 2003		
	Loans Receivable, Gross	Allowance*	Value of Assets Related to Direct Loans	Loans Receivable, Gross	Allowance*	Value of Assets Related to Direct Loans
Direct Loans Obligated Prior to FY 1992	$ 25,243	$	$ 25,243	$ 33,245	$	$ 33,245
Direct Loans Obligated After FY 1991	30,466	(6,782)	23,684	34,597	(14,336)	20,261
Total	**$ 55,709**	**$ (6,782)**	**$ 48,927**	**$ 67,842**	**$ (14,336)**	**$ 53,506**

* Allowance for Pre-Credit Reform loans (prior to FY 1992) is the Allowance for Estimated Uncollectible Loans, and the Allowance for Post Credit Reform Loans (after FY 1991) is the Allowance for Subsidy Cost (present value).

Subsidy Expenses for Credit Reform Loans (reported on a cash basis):

	Interest Rate Re-estimate	Technical Re-estimate	Total
Direct Loan Subsidy Expense—FY 2004	$	$	$ 0
Downward Subsidy Reestimate—FY 2004	(2,660)	(2,894)	(5,554)
FY 2004 Totals	**$ (2,660)**	**(2,894)**	**(5,554)**
Direct Loan Subsidy Expense—FY 2003	$ 377	$ 528	$ 905
Downward Subsidy Reestimate—FY 2003	(170)	(201)	(371)
FY 2003 Totals	**$ 207**	**$ 327**	**$ 534**

Note 8. Accounts Payable and Accrued Liabilities

The Accounts Payable and Accrued Liabilities are current liabilities and consist of the following amounts as of September 30, 2004:

	Superfund	All Other Funds	Combined Total
Intragovernmental:			
Accounts Payable to other Federal Agencies	$ 1,602	$ 206	$ 1,808
Liability for Allocation Transfers	31,286		31,286
Expenditure Transfers Payable to other EPA Funds	69,793		69,793
Accrued Liabilities, Federal	38,100	37,386	75,486
Total	**$ 140,781**	**$ 37,592**	**$ 178,373**
Non-Federal:			
Accounts Payable, Non-Federal	$ 36,546	$ 56,716	$ 93,262
Advances Payable, Non-Federal	3	16	19
Interest Payable	--	* 41	41
Grant Liabilities	21,694	572,430	594,124
Other Accrued Liabilities, Non-Federal	87,126	107,279	194,405
Total	**$ 145,369**	**$ 736,482**	**$ 881,851**

* Dashes indicate a balance below the rounding level of one thousand dollars.

The Accounts Payable and Accrued Liabilities consist of the following as of September 30, 2003:

	Superfund	All Other Funds	Combined Total
Intragovernmental:			
Accounts Payable to other Federal Agencies	$ 593	$ 618	$ 1,211
Liability for Allocation Transfers	20,017		20,017
Expenditure Transfers Payable to other EPA Funds	86,087		86,087
Accrued Liabilities, Federal	38,934	69,538	108,472
Total	**$ 145,631**	**$ 70,156**	**$ 215,787**
Non-Federal:			
Accounts Payable, Non-Federal	$ 45,880	$ 71,160	$ 117,040
Advances Payable, Non-Federal	3	13	16
Interest Payable	553	2	555
Grant Liabilities	21,714	545,872	567,586
Other Accrued Liabilities, Non-Federal	97,400	105,737	203,137
Total	**$ 165,550**	**$ 722,784**	**$ 888,334**

Note 9. General Plant, Property and Equipment

Superfund plant, property and equipment consist of personal property items held by contractors and the EPA. EPA also has property funded by various other Agency appropriations. The property funded by these

appropriations is presented in the aggregate under "All Others" and consists of software; real, EPA-Held and Contractor-Held personal, and capital lease property.

As of September 30, 2004, Plant, Property and Equipment consist of the following:

	Superfund			All Others		
	Acquisition Value	Accumulated Depreciation	Net Book Value	Acquisition Value	Accumulated Depreciation	Net Book Value
EPA-Held Equipment	$ 29,159	$ (15,544)	$ 13,615	$ 159,685	$ (97,249)	$ 62,436
Software	7,432	(1,147)	6,285	98,202	(13,734)	84,468
Contractor-Held Property:						
Superfund Site-Specific	31,328	(11,702)	19,626			
General	9,556	(1,261)	8,295	20,687	(6,422)	14,265
Land and Buildings				547,876	(114,184)	433,692
Capital Leases				49,956	(19,275)	30,681
Total	**$ 77,475**	**$ (29,654)**	**$ 47,821**	**$ 876,406**	**$ (250,864)**	**$ 625,542**

As of September 30, 2003, Plant, Property and Equipment consisted of the following:

	Superfund			All Others		
	Acquisition Value	Accumulated Depreciation	Net Book Value	Acquisition Value	Accumulated Depreciation	Net Book Value
EPA-Held Equipment	$ 28,990	$ (15,664)	$ 13,326	$ 158,199	$ (97,785)	$ 60,414
Software	3,649	(138)	3,511	53,888	(4,397)	49,491
Contractor-Held Property:						
Superfund Site-Specific	40,505	(16,642)	23,863			
General	7,607	(2,452)	5,155	15,679	(6,429)	9,250
Land and Buildings				536,212	(100,826)	435,386
Capital Leases				41,535	(16,605)	24,930
Total	**$ 80,751**	**$ (34,896)**	**$ 45,855**	**$ 805,513**	**$ (226,042)**	**$ 579,471**

Note 10. Debt

The debt due to Treasury consists of the following as of September 30, 2004 and 2003:

	FY 2004			FY 2003		
All Others Funds	Beginning Balance	Net Borrowing	Ending Balance	Beginning Balance	Net Borrowing	Ending Balance
Intragovernmental:						
Debt to Treasury	$ 21,189	$ 2,912	$ 24,101	$ 24,290	$ (3,101)	$ 21,189

Note 11. Custodial Liability

Custodial Liability represents the amount of net accounts receivable that, when collected, will be deposited to the Treasury General Fund. Included in the custodial liability are amounts for fines and penalties, interest assessments, repayments of loans, and miscellaneous other accounts receivable.

Note 12. Other Liabilities

Other Liabilities consist of the following as of September 30, 2004:

	Covered by Budgetary Resources	Not Covered by Budgetary Resources	Total
Other Liabilities—Intragovernmental			
Superfund—Current			
Employer Contributions & Payroll Taxes	$ 1,918	$	$ 1,918
Other Advances	1,538		1,538
Advances, HRSTF Cashout	32,724		32,724
Deferred HRSTF Cashout	3		3
Superfund—Non-Current			
Unfunded FECA Liability		1,569	1,569
Total Superfund	**$ 36,183**	**$ 1,569**	**$ 37,752**
All Other—Current			
Employer Contributions & Payroll Taxes	$ 8,842	$	$ 8,842
WCF Advances	6,749		6,749
Other Advances	1,984		1,984
Liability for Deposit Funds	(30)		(30)
Resources Payable to Treasury	1		1
Subsidy Payable to Treasury	437		437
All Other—Non-Current			
Payable to Treasury Judgment Fund *		22,000	22,000
Unfunded FECA Liability		7,135	7,135
Total All Other	**$ 17,983**	**$ 29,135**	**$ 47,118**
Other Liabilities—Non-Federal			
Superfund—Current			
Unearned Advances, Non- Federal	**$ 46,211**	**$**	**$ 46,211**
All Other—Current			
Unearned Advances, Non- Federal	$ 10,613	$	$ 10,613
Liability for Deposit Funds, Non-Federal	5,601		5,601
All Other—Non-Current			
Capital Lease Liability		41,491	41,491
Total All Other	**$ 16,214**	**$ 41,491**	**$ 57,705**

* This amount represents a Contract Disputes Act settlement paid by the Treasury Judgment Fund on EPA's behalf for which the Agency is liable.

Other Liabilities consist of the following as of September 30, 2003:

	Covered by Budgetary Resources	Not Covered by Budgetary Resources	Total
Other Liabilities—Intragovernmental			
Superfund—Current			
Employer Contributions & Payroll Taxes	$ 1,379	$	$ 1,379
Other Advances	1,811		1,811
Advances, HRSTF Cashout	25,016		25,016
Deferred HRSTF Cashout	947		947
Superfund—Non-Current			
Unfunded FECA Liability		1,447	1,447
Total Superfund	**$ 29,153**	**$ 1,447**	**$ 30,600**
All Other—Current			
Employer Contributions & Payroll Taxes	$ 6,589	$	$ 6,589
WCF Advances	7,269		7,269
Other Advances	1,674		1,674
Liability for Deposit Funds	(515)		(515)
Resources Payable to Treasury	1		1
All Other—Non-Current			
Unfunded FECA Liability		6,593	6,593
Total All Other	**$ 15,018**	**$ 6,593**	**$ 21,611**
Other Liabilities—Non-Federal			
Superfund—Current			
Unearned Advances, Non-Federal	**$ 49,809**	**$**	**$ 49,809**
All Other—Current			
Unearned Advances, Non-Federal	$ 5,044	$	$ 5,044
Liability for Deposit Funds, Non-Federal	12,261		12,261
All Other—Non-Current			
Capital Lease Liability		35,800	35,800
Total All Other	**$ 17,305**	**$ 35,800**	**$ 53,105**

Note 13. Leases

Capital Leases:

The Capital Leases for All Other Funds as of September 30, 2004 and 2003, consist of the following:

Summary of Assets Under Capital Lease:	FY 2004	FY 2003
Real Property	$ 40,913	$ 40,913
Personal Property	2,606	622
Software License	6,437	
Total	**$ 49,956**	**$ 41,535**
Accumulated Amortization	**$ 19,275**	**$ 16,605**

EPA has three capital leases for land and buildings housing scientific laboratories and/or computer facilities. All of these leases include a base rental charge and escalator clauses based upon either rising operating costs and/or real estate taxes. The base operating costs are adjusted annually according to escalators in the Consumer Price Indices published by the Bureau of Labor Statistics, U.S. Department of Labor. The real property leases terminate in FYs 2010, 2013, and 2025. EPA also has capital leases terminating in FY 2007 for seven shuttle buses. These charges are expended out of the EPM appropriation.

During FY 2004 EPA entered into lease agreements for an IBM Supercomputer and Microsoft Office software. These leases terminate in 2006 and 2009, respectively. These charges are expended out of the Working Capital Fund.

The total future minimum lease payments of the capital leases are listed below.

Future Payments Due:	All Others
Fiscal Year	
2005	$ 8,734
2006	8,716
2007	8,050
2008	7,821
2009	6,295
After 5 Years	71,014
Total Future Minimum Lease Payments	110,630
Less: Imputed Interest	(69,139)
Net Capital Lease Liability	$ **41,491**
Liabilities not Covered by Budgetary Resources (See Note 12)	$ **41,491**

Operating Leases:

The GSA provides leased real property (land and buildings) as office space for EPA employees. GSA charges a Standard Level User Charge that approximates the commercial rental rates for similar properties.

For All Other Funds, EPA has three direct operating leases for land and buildings housing scientific laboratories and/or computer facilities during FY 2004. Most of these leases include a base rental charge and escalator clauses based upon either rising operating costs and/or real estate taxes. The base operating costs are adjusted annually according to escalators in the Consumer Price Indices published by the Bureau of Labor Statistics. Two of these leases expire in FYs 2017 and 2020. A third lease that expired in FY 2001 was extended until FY 2007. These charges are expended from the EPM appropriation. The total minimum future costs of operating leases are listed below.

Fiscal Year	Operating Leases, Land & Buildings—All Others
2005	$ 87
2006	87
2007	81
2008	74
2009	74
Beyond 2009	698
Total Future Minimum Lease Payments	$ **1,101**

Note 14. Pension and Other Actuarial Liabilities

The Federal Employees' Compensation Act (FECA) provides income and medical cost protection to covered federal civilian employees injured on the job, employees who have incurred a work-related occupational disease, and beneficiaries of employees whose death is attributable to a job-related injury or occupational disease. Annually, EPA is allocated the portion of the long term FECA actuarial liability attributable to the entity. The liability is calculated to estimate the expected liability for death, disability, medical and miscellaneous costs for approved compensation cases. The liability amounts and the calculation methodologies are provided by the Department of Labor.

The FECA Actuarial Liability at September 30, 2004 and 2003, consists of the following:

	FY 2004		FY 2003	
	Superfund	All Others	Superfund	All Others
FECA Actuarial Liability	$ 7,263	$ 33,018	$ 7,937	$ 36,159

The FY 2004 present value of these estimated outflows are calculated using a discount rate of 4.883 percent in the first year, and 5.235 percent in the years thereafter. The estimated future costs are recorded as an unfunded liability.

Note 15. Cashout Advances, Superfund

Cashouts are funds received by EPA, a state, or another PRP under the terms of a settlement agreement (e.g., consent decree) to finance response action costs at a specified Superfund site. Under CERCLA ?Section 122(b)(3), cashout funds received by EPA are placed in site-specific, interest bearing accounts known as special accounts and are used in accordance with the terms of the settlement agreement. Funds placed in special accounts may be used without further appropriation by Congress.

Note 16. Unexpended Appropriations, All Other Funds

As of September 30, 2004 and 2003, the Unexpended Appropriations consist of the following for All Other Funds:

Unexpended Appropriations:	FY 2004	FY 2003
Unobligated		
Available	$ 1,911,797	$ 1,797,410
Unavailable	39,591	41,667
Undelivered Orders	8,908,748	8,929,159
Total	$ 10,860,136	$ 10,768,236

Note 17. Amounts Held by Treasury

Amounts Held by Treasury for Future Appropriations consist of amounts held in trusteeship by Treasury in the Superfund Trust Fund and the LUST Trust Fund.

Superfund (Audited)

Superfund is supported primarily by general revenues, cost recoveries of funds spent to clean up hazardous waste sites, interest income, and fines and penalties. Prior to December 31, 1995, the fund was also supported by other taxes on crude oil and petroleum and on the sale or use of certain chemicals. The authority to assess those taxes and the environmental tax on corporations also expired on December 31, 1995, and has not been renewed by Congress. It is not known if or when such taxes will be reassessed in the future. (See Note 36 for more information on the status of this trust fund.)

The following reflects the Superfund Trust Fund maintained by Treasury as of September 30, 2004 and 2003. The amounts contained in these notes have been provided by Treasury and are audited. As indicated, a portion of the outlays represents amounts received by EPA's Superfund Trust Fund; such funds are eliminated on consolidation with the Superfund Trust Fund maintained by Treasury.

SUPERFUND FY 2004	EPA	Treasury	Combined
Undistributed Balances			
Uninvested Fund Balance	$	$ 188,182	$ 188,182
Total Undisbursed Balance		188,182	188,182
Interest Receivable		38	38
Investments, Net	2,402,074	(184,778)	2,217,296
Total Assets	**$ 2,402,074**	**$ 3,442**	**$ 2,405,516**
Liabilities & Equity			
Liability for Allocation to CDC		11,061	11,061
Equity (Note 36)	$ 2,402,074	$ (7,619)	$ 2,394,455
Total Liabilities and Equity	**$ 2,402,074**	**$ 3,442**	**$ 2,405,516**
Receipts			
Corporate Environmental	$	$ 867	$ 867
Cost Recoveries		74,063	74,063
Fines & Penalties		2,818	2,818
Total Revenue		77,748	77,748
Appropriations Received		1,257,536	1,257,536
Interest Income		27,380	27,380
Total Receipts	**$**	**$ 1,362,664**	**$ 1,362,664**
Outlays			
Transfers to/from EPA, Net	$ 1,256,790	$ (1,256,790)	$ 0
Transfers to CDC		(30,763)	(30,763)
Total Outlays	1,256,790	(1,287,553)	(30,763)
Net Income	**$ 1,256,790**	**$ 75,111**	**$ 1,331,901**

SUPERFUND FY 2003	EPA	Treasury	Combined
Undistributed Balances			
Available for Investment	$	$ 866	$ 866
Total Undisbursed Balance		866	866
Interest Receivable		37	37
Investments, Net	2,599,744	(83,634)	2,516,110
Total Assets	**$ 2,599,744**	**$ (82,731)**	**$ 2,517,013**
Liabilities & Equity			
Equity (Note 36)	$ 2,599,744	$ (82,731)	$ 2,517,013
Total Liabilities and Equity	**$ 2,599,744**	**$ (82,731)**	**$ 2,517,013**
Receipts			
Corporate Environmental	$	$ (99,355)	$ (99,355)
Cost Recoveries		146,502	146,502
Fines & Penalties		2,873	2,873
Total Revenue		50,020	50,020
Appropriations Received		632,307	632,307
Interest Income		48,945	48,945
Total Receipts	$	**$ 731,272**	**$ 731,272**
Outlays			
Transfers to EPA	$ 1,283,223	$ (1,283,223)	$ 0
Transfers to CDC	0	(80,200)	(80,200)
Total Outlays	1,283,223	(1,363,423)	(80,200)
Net Income	**$ 1,283,223**	**$ (632,151)**	**$ 651,072**

LUST (Audited)

LUST is supported primarily by a sales tax on motor fuels to clean up LUST waste sites. In FYs 2004 and 2003 there were no fund receipts from cost recoveries. The following represents the LUST Trust Fund as maintained by Treasury. The amounts contained in these notes have been provided by Treasury and are audited. Outlays represent appropriations received by EPA's LUST Trust Fund; such funds are eliminated on consolidation with the LUST Trust Fund maintained by Treasury.

LUST FY 2004

	EPA	Treasury	Combined
Undistributed Balances			
Uninvested Fund Balance	$	$ 13,256	$ 13,256
Total Undisbursed Balance		13,256	13,256
Interest Receivable		27,277	27,277
Investments, Net	89,725	2,200,165	2,289,890
Total Assets	**$ 89,725**	**$ 2,240,698**	**$ 2,330,423**
Liabilities & Equity			
Equity	$ 89,725	$ 2,240,698	$ 2,330,423
Total Liabilities and Equity	**$ 89,725**	**$ 2,240,698**	**$ 2,330,423**
Receipts			
Highway TF Tax	$	$ 180,763	$ 180,763
Airport TF Tax		11,678	11,678
Inland TF Tax		454	454
Refund Gasoline Tax		(1,535)	(1,535)
Refund Diesel Tax		(2,136)	(2,136)
Refund Aviation Tax		(227)	(227)
Total Revenue		188,997	188,997
Interest Income		66,762	66,762
Total Receipts	**$**	**$ 255,759**	**$ 255,759**
Outlays			
Transfers to/from EPA, Net	$ 75,552	$ (75,552)	$ 0
Total Outlays	75,552	(75,552)	0
Net Income	**$ 75,552**	**$ 180,207**	**$ 255,759**

LUST FY 2003	EPA	Treasury	Combined
Undistributed Balances			
Uninvested Fund Balance	$	$ 12,377	$ 12,377
Total Undisbursed Balance		12,377	12,377
Interest Receivable		25,834	25,834
Investments, Net	66,574	2,022,279	2,088,853
Total Assets	**$ 66,574**	**$ 2,060,490**	**$ 2,127,064**
Liabilities & Equity			
Equity	$ 66,574	$ 2,060,490	$ 2,127,064
Total Liabilities and Equity	**$ 66,574**	**$ 2,060,490**	**$ 2,127,064**
Receipts			
Highway TF Tax	$	$ 177,340	$ 177,340
Airport TF Tax		12,241	12,241
Inland TF Tax		448	448
Refund Gasoline Tax		(2,064)	(2,064)
Refund Diesel Tax		(3,214)	(3,214)
Refund Aviation Tax		(274)	(274)
Total Revenue		184,477	184,477
Interest Income		64,447	64,447
Total Receipts	**$**	**$ 248,924**	**$ 248,924**
Outlays			
Transfers to/from EPA, Net	$ 71,843	$ (71,843)	$ 0
Total Outlays	71,843	(71,843)	0
Net Income	**$ 71,843**	**$ 177,081**	**$ 248,924**

Note 18. Commitments and Contingencies

EPA may be a party in various administrative proceedings, legal actions and claims brought by or against it. These include:

- Various personnel actions, suits, or claims brought against the Agency by employees and others.
- Various contract and assistance program claims brought against the Agency by vendors, grantees and others.
- The legal recovery of Superfund costs incurred for pollution cleanup of specific sites, to include the collection of fines and penalties from responsible parties.
- Claims against recipients for improperly spent assistance funds which may be settled by a reduction of future EPA funding to the grantee or the provision of additional grantee matching funds.

Superfund:

Under CERCLA Section 106(a), EPA issues administrative orders that require parties to clean up contaminated sites. CERCLA Section 106(b) allows a party that has complied with such an order to petition EPA for reimbursement from the fund of its reasonable costs of responding to the order, plus interest. To be eligible for reimbursement, the party must demonstrate either that it was not a liable party under CERCLA Section 107(a) for the response action ordered, or that the Agency's selection of the response action was arbitrary and capricious or otherwise not in accordance with law.

As of September 30, 2004, there are currently five CERCLA Section 106(b) administrative claims. If the claimants are successful, the total losses on the administrative and judicial claims could amount to approximately $68.0 million. The Environmental Appeals Board has not yet issued final decisions on any of these administrative claims; therefore, a definite estimate of the amount of the contingent loss cannot be made. The claimants' chance of success overall is characterized as reasonably possible.

All Other Funds:

As of September 30, 2004, there are three claims which may be considered threatened litigation involving all other appropriated funds of the Agency. If the claimants are successful, the total losses of the claims are estimated to range from $7.9 to $13.9 million. The largest claim (estimated range from $6.0 to $12.0 million, deemed reasonably possible) is an unasserted Contract Disputes Act matter which EPA will contest if asserted.

Judgment Fund:

In cases that are paid by the U.S. Treasury Judgment Fund, the Agency must recognize the full cost of a claim regardless of who is actually paying the claim. Until these claims are settled or a court judgment is assessed and the Judgment Fund is determined to be the appropriate source for the payment, claims that are probable and estimable must be recognized as an expense and liability of the Agency. For these cases, at the time of settlement or judgment, the liability will be reduced and an imputed financing source recognized. See Interpretation of Federal Financial Accounting Standards No. 2, "Accounting for Treasury Judgment Fund Transactions."

As of September 30, 2004, there are no material claims pending in the Treasury Judgment Fund.

Note 19. Exchange Revenues, Statement of Net Cost

Exchange revenues on the Statement of Net Cost include income from services provided, interest revenue (with the exception of interest earned on trust fund investments), and miscellaneous earned revenue.

Note 20. Environmental Cleanup Costs

As of September 30, 2004, the EPA has three sites that require clean up stemming from its activities. Costs amounting to $1.22 million may be paid out of the Treasury Judgment Fund. One claimant's chance of success ($1.20 million) is characterized as probable; the other two are characterized as reasonably possible.

Accrued Cleanup Cost:

The EPA has 12 sites that will require future clean up associated with permanent closure and two sites with clean up presently underway. The estimated costs are approximately $8.4 million. Since the cleanup costs associated with permanent closure are not primarily recovered through user fees, EPA has elected to recognize the estimated total cleanup cost as a liability and record changes to the estimate in subsequent years.

The FY 2004 estimate for unfunded cleanup costs decreased by $62 thousand from the FY 2003 estimate. There was a net decrease of $535 thousand in funded cleanup costs from FY 2003 to FY 2004. EPA could also be potentially liable for cleanup costs, at a GSA-leased site; however, the amounts are not known.

Note 21. Superfund State Credits

Authorizing statutory language for Superfund and related federal regulations require states to enter into SSCs when EPA assumes the lead for a remedial action in their state. The SSC defines the state's role in the remedial action and obtains the state's assurance that they will share in the cost of the remedial action. Under Superfund's authorizing statutory language, states will provide EPA with a 10 percent cost share for remedial action costs incurred at privately owned or operated sites, and at least 50 percent of all response activities (i.e., removal, remedial planning, remedial action, and enforcement) at publicly operated sites. In some cases, states may use EPA approved credits to reduce all or part of their cost share requirement that would otherwise be borne by the states. Credit is limited to state site-specific expenses EPA has determined to be reasonable, documented, direct out-of-pocket expenditures of non-federal funds for remedial action.

Once EPA has reviewed and approved a state's claim for credit, the state must first apply the credit at the site where it was earned. The state may apply any excess/remaining credit to another site when approved by EPA. As of September 30, 2004, the total remaining state credits have been estimated at $5.4 million. The estimated ending credit balance on September 30, 2003 was $9.6 million.

Note 22. Superfund Preauthorized Mixed Funding Agreements

Under Superfund preauthorized mixed funding agreements, PRPs agree to perform response actions at their sites with the understanding that EPA will reimburse the PRPs a certain percentage of their total response action costs. EPA's authority to enter into mixed funding agreements is provided under CERCLA Section 111(a)(2). Under CERCLA Section 122(b)(1), as amended by SARA, PRPs may assert a claim against the Superfund Trust Fund for a portion of the costs they incurred while conducting a preauthorized response action agreed to under a mixed funding agreement. As of September 30, 2004, EPA had 15 outstanding preauthorized mixed funding agreements with obligations totaling $34.0 million. A liability is not recognized for these amounts until all work has been performed by the PRP and has been approved by EPA for payment. Further, EPA will not disburse any funds under these agreements until the PRP's application, claim, and claims adjustment processes have been reviewed and approved by EPA.

Note 23. Income and Expenses from other Appropriations; General Support Services Charged to Superfund

The Statement of Net Cost reports costs that represent the full costs of the program outputs. These costs consist of the direct costs and all other costs that can be directly traced, assigned on a cause and effect basis, or reasonably allocated to program outputs. (See Note 1B, Reporting Entities, Superfund.)

During FYs 2004 and 2003, the EPM appropriation funded a variety of programmatic and non-programmatic activities across the Agency, subject to statutory requirements. This appropriation was created to fund personnel compensation and benefits, travel, procurement, and contract activities.

All of the expenses from EPM are distributed between EPA's two Reporting Entities: Superfund and All Other Funds. This distribution is calculated using a combination of specific identification of expenses to Reporting Entities, and a weighted average that distributes expenses proportionately to total programmatic expenses. As illustrated below, this estimate does not impact the consolidated totals of the Statement of Net Cost or the Statement of Changes in Net Position.

	FY 2004			FY 2003		
	Income From Other Appropriations	Expenses From Other Appropriations	Net Effect	Income From Other Appropriations	Expenses From Other Appropriations	Net Effect
Superfund	$ 82,776	(82,776)	0	$ 75,597	(75,597)	0
All Others	(82,776)	82,776	0	(75,597)	75,597	0
Total	**$ 0**	**0**	**0**	**$ 0**	**0**	**0**

In addition, the related general support services costs allocated to the Superfund Trust Fund from the S&T and EPM funds are $14.1 million for FY 2004 and $11.9 million for FY 2003.

Note 24. Custodial Revenues and Accounts Receivable

EPA uses the accrual basis of accounting for the collection of fines, penalties and miscellaneous receipts. Collectibility by EPA of the fines and penalties is based on the RPs' willingness and ability to pay.

	FY 2004	FY 2003
Fines, Penalties and Other Misc. Revenue (EPA)	**$ 162,546**	**$ 174,509**
Accounts Receivable for Fines, Penalties and Other Miscellaneous Receipts		
Accounts Receivable	$ 103,847	$ 117,191
Less: Allowance for Doubtful Accounts	(51,630)	(40,311)
Total	**$ 52,217**	**$ 76,880**

Note 25. Statement of Budgetary Resources

Budgetary resources, obligations incurred, and outlays, as presented in the audited Statement of Budgetary Resources, are reconciled to amounts to be included in the Budget of the United States Government, FY 2006, as follows. The Budget of the United States Government with actual numbers for FY 2004 has not yet been published. We expect it will be published by March 2005, and it will be available on the OMB website at http://www.whitehouse.gov/omb/budget/fy2006. The actual amounts published for the year ended September 30, 2004, will be included in EPA's FY 2005 financial statement disclosures.

FY 2004	Budgetary Resources	Obligations	Outlays
Superfund			
Statement of Budgetary Resources	$ 2,300,850	$ 1,477,137	$ 1,463,868
Adjustments to Unliquidated Obligations, Unfilled Customer Orders and Other Expired Funds *	5,885	5,903	
Reported for Budget of the U. S. Government	**$ 2,306,735**	**$ 1,483,040**	**$ 1,463,868**
All Other			
Statement of Budgetary Resources	$ 10,851,239	$ 8,678,244	$ 8,233,315
Funds Reported by Other Federal Entities	1,185	1,185	
Adjustments to Unliquidated Obligations, Unfilled Customer Orders and Other	622	(6,726)	
Expired and Immaterial Funds *	(91,468)	2,740	
Reported for Budget of the U. S. Government	**$ 10,761,578**	**$ 8,675,443**	**$ 8,233,315**

Budgetary resources, obligations incurred, and outlays, as presented in the audited Statement of Budgetary Resources, are reconciled to amounts included in the Budget of the United States Government, FY 2005-Appendix (Budget Appendix), as follows. The Budget Appendix with actual numbers for FY 2003 was published after the audited financial statements were issued. In accordance with FASAB Technical Bulletin 2002-2, the applicable Budget Appendix amounts for FY 2003 are included below.

FY 2003	Budgetary Resources	Obligations	Outlays
Superfund			
Statement of Budgetary Resources	$ 2,317,206	$ 1,550,401	$ 1,445,513
Adjustments to Unliquidated Obligations, Unfilled Customer Orders and Other			1,313
Expired Funds *	2,114	2,133	
Reporting by other Agencies with Allocations	17,636	5,499	7,741
OMB-level Adjustment - appropriation temporarily not available, special account interest	(141,000)		
Rounding differences **	(1,956)	(33)	433
Budget of the United States Government	**$ 2,194,000**	**$ 1,558,000**	**$ 1,455,000**
All Other			
Statement of Budgetary Resources	$ 9,910,793	$ 7,811,921	$ 7,397,843
Funds Reported by Other Federal Entities	(353)		(36)
Adjustments to Unliquidated Obligations, Unfilled Customer Orders and Other	622		26
Expired and Immaterial Funds *	(83,946)	4,142	
Rounding differences **	(1,116)	(63)	167
Budget of the United States Government	**$ 9,826,000**	**$ 7,816,000**	**$ 7,398,000**

* Expired funds are not included in Budgetary Resources Available for Obligation and Total New Obligations in the Budget Appendix (lines 23.90 and 10.00). Also, minor funds are not included in the Budget Appendix.

** Balances are rounded to millions in the Budget Appendix.

Note 26. Recoveries and Resources Not Available, Statement of Budgetary Resources

Recoveries of Prior Year Obligations, Temporarily Not Available, and Permanently Not Available on the Statement of Budgetary Resources consist of the following amounts:

Superfund	FY 2004	FY 2003
Recoveries of Prior Year Obligations—downward adjustments of prior years' obligations	$ 98,848	$ 124,797
Not Available-rescinded authority	(7,464)	(8,274)

All Others	FY 2004	FY 2003
Recoveries of Prior Year Obligations-downward adjustments of prior years' obligations	$ 95,927	$ 114,437
Temporarily Not Available-rescinded authority	(790)	
Permanently Not Available:		
Payments to Treasury	(2,641)	(3,101)
Rescinded Authority	(49,099)	(49,362)
Canceled Authority	(19,463)	(23,719)
Total Permanently Not Available	$ (71,203)	$ (76,182)

Note 27. Unobligated Balances Available

The availability of unobligated balances consists of the following as of September 30, 2004 and 2003. Unexpired unobligated balances are available to be apportioned by the OMB for new obligations at the beginning of the following fiscal year. The expired unobligated balances are only available for upward adjustments of existing obligations.

Superfund	FY 2004	FY 2003
Unexpired Unobligated Balance	$ 823,694	$ 766,786
Expired Unobligated Balance	19	19
Total	$ 823,713	$ 766,805

All Others	FY 2004	FY 2003
Unexpired Unobligated Balance	$ 2,080,155	$ 2,011,471
Expired Unobligated Balance	92,840	87,401
Total	$ 2,172,995	$ 2,098,872

Note 28. Offsetting Receipts

Distributed offsetting receipts credited to the general fund, special fund, or trust fund receipt accounts offset gross outlays. For FYs 2004 and 2003, the following receipts were generated from these activities:

Superfund	FY 2004	FY 2003
Trust Fund Recoveries	$ 74,063	$ 146,502
Total	$ 74,063	$ 146,502

All Others	FY 2004	FY 2003
Special Fund Environmental Service	$ 13,688	$ 11,649
Downward Re-estimates of Subsidies	5,554	--*
Trust Fund Appropriation	1,257,536	632,307
Total	$ 1,276,778	$ 643,956

* Not reported as part of Offsetting Receipts in FY 2003. FY 2003 downward re-estimates were $371 thousand.

Note 29. Statement of Financing

Specific components requiring or generating resources in future periods and resources that fund expenses recognized in prior periods are related to changes in liabilities not covered by budgetary resources. For FYs 2004 and 2003, the following line items are reconciled to the increases or decreases in those liabilities.

Statement of Financing lines FY 2004:	Superfund	All Other Funds	Combined Total
Resources that fund prior period expenses	(2,243)	(11,612)	(13,855)
Components requiring or generating resources in future periods:			
Increases in environmental liabilities		1,244	1,244
Increase in contingencies		22,425	22,425
Total	$ (2,243)	$ 12,057	$ 9,814
Increases (Decreases) in Liabilities Not Covered by Budgetary Resources and Reconciling Items			
Unfunded Annual Leave Liability	$ (1,690)	$ (5,339)	$ (7,029)
Unfunded Contingent Liability		1,607	1,607
Unfunded Judgment Fund Liability		22,000	22,000
Unfunded Workers Compensation Liability	122	542	664
Actuarial Workers Compensation Liability	(675)	(3,140)	(3,815)
Unfunded Clean-up Costs Liability		61	61
Allowance for Subsidy		(3,097)	(3,097)
Subsidy re-estimates		(577)	(577)
Total	**$ (2,243)**	**$ 12,057**	**$ 9,814**

Statement of Financing lines FY 2003:	Superfund	All Other Funds	Combined Total
Components requiring or generating resources in future periods:			
Increase in annual leave liability	$ 1,088	$ 5,647	$ 6,735
Increases in environmental liabilities		(3,276)	(3,276)
Increase in workers compensation costs	246	4,591	4,837
Total	**$ 1,334**	**$ 6,962**	**$ 8,296**
Increases (Decreases) in Liabilities Not Covered by Budgetary Resources and Reconciling Items			
Unfunded Annual Leave Liability	$ 1,088	$ 5,888	$ 6,976
Unfunded Contingent Liability		(2)	(2)
Unfunded Workers Compensation Liability	7	191	198
Actuarial Workers Compensation Liability	239	4,400	4,639
Subsidy Payable to Treasury		(371)	(371)
Unfunded Clean-up Costs Liability		(3,274)	(3,274)
Allowance for Subsidy		201	201
Subsidy re-estimates		(71)	(71)
Total	**$ 1,334**	**$ 6,962**	**$ 8,296**

Note 30. Costs Not Assigned to Goals

FY 2004's Statement of Net Cost by Goal has $18.2 million in gross costs not assigned to goals. This amount is comprised of decreases of $5.7 million in unfunded cleanup costs, $5.6 million in overhead costs, $27.0 million in other unfunded expenses and $2.9 in subsidy expense; offset by increases of $13.8 million in

undistributed federal payroll costs, $3.7 million in depreciation expense, $40.1 million in operating expenses, and $1.8 million change in actuarial liability.

FY 2003's Statement of Net Cost by Goal has $12.8 million in gross costs not assigned to goals. This amount is comprised of decreases of $3.3 million in environmental cleanup costs, $1.4 million in bad debt expenses, and $1.2 million in capitalized overhead charges; offset by increases of $0.4 million in undistributed federal payroll-related costs, $3.8 million in depreciation expenses not assigned, $0.2 million in imputed costs, $0.3 million in other unfunded expenses, and $14.0 million in operating program expenses.

Note 31. Transfers-In and Out, Statement of Changes in Net Position

Appropriation Transfers, In/Out:

For FYs 2004 and 2003, the Appropriation Transfers under Budgetary Financing Sources on the Statement of Changes in Net Position are comprised of nonexpenditure transfers that affect Unexpended Appropriations for non-invested appropriations. These amounts are included in the Budget Authority, Net Transfers and Prior Year Unobligated Balance, Net Transfers lines on the Statement of Budgetary Resources. Detail of the Appropriation Transfers on the Statement of Changes in Net Position and a reconciliation with the Statement of Budgetary Resources follow:

Fund/Type of Account	Superfund FY 2004	Superfund FY 2003	All Others FY 2004	All Others FY 2003
GSA Building Fund			(1,538)	
Appalachian Regional Commission			60	
EPM	$	$	$ 1,630	$ 4,550
Total Appropriation Transfers	$	$	$ 152	$ 4,550
Net Transfers from Invested Funds	1,256,790	1,283,223	75,552	71,843
Transfers to Other Agencies	(5,157)	(5,155)		
Allocations Rescinded	7,463	8,274	448	470
Total of Net Transfers on Statement of Budgetary Resources	**$ 1,259,096**	**$ 1,286,342**	**$ 76,152**	**$ 76,863**

Transfers In/Out Without Reimbursement, Budgetary:

For FY 2004 and 2003, Transfers In/Out under Budgetary Financing Sources on the Statement of Changes in Net Position consist of transfers to or from other federal agencies and between EPA funds. These transfers affect Cumulative Results of Operations. Detail of the transfers-in and transfers-out, expenditure and non-expenditure, follows:

Type of Transfer/Funds	Superfund FY 2004	Superfund FY 2003	All Others FY 2004	All Others FY 2003
Transfers-in(out), expenditure, Superfund to S&T fund	$ (44,433)	$ (85,608)	$ 44,433	$ 85,608
Transfers-in(out), expenditure, Superfund to OIG fund	(13,136)	(12,659)	13,136	12,659
Transfers-out, nonexpenditure, from Superfund to other federal agencies	(5,157)	(5,155)		
Transfer-out, expenditure, to Superfund Special Accounts		(9,642)		
Transfers-out, nonexpenditure, from Treasury trust fund to CDC	(30,763)	(80,200)		
Transfers-in, nonexpenditure, Oil Spill			16,113	15,480
Transfer-in(out), cancelled funds	5,903	2,133	(5,903)	(2,133)
Total Transfers in(out) without Reimbursement, Budgetary	**$ (87,586)**	**$ (191,131)**	**$ 67,779**	**$ 111,614**

Transfers In/Out without Reimbursement, Other Financing Sources:

For FYs 2004 and 2003, Transfers In/Out without Reimbursement under Other Financing Sources on the Statement of Changes in Net Position are comprised of transfers of property, plant and equipment between EPA funds and transfers of negative subsidy to a special receipt fund for the credit reform funds. The amounts reported on the Statement of Changes in Net Position are as follows:

Type of Transfer/Funds	Superfund FY 2004	Superfund FY 2003	All Others FY 2004	All Others FY 2003
Transfer-in(out) of property, between Superfund and EPM	$ (1)	$ 84	$ 1	$ (84)
Transfers of negative subsidy, transfer-in paid and funded in year following transfer-(out)			(436)	371
Total Transfers in(out) without Reimbursement, Budgetary	**$ (1)**	**$ 84**	**$ (435)**	**$ 287**

Note 32. Imputed Financing

In accordance with SFFAS No. 5, "Liabilities of the Federal Government," federal agencies must recognize the portion of employees' pensions and other retirement benefits to be paid by the OPM trust funds. These amounts are recorded as imputed costs and imputed financing for each agency. Each year the OPM provides federal agencies with cost factors to calculate these imputed costs and financing that apply to the current year. These cost factors are multiplied by the current year's salaries or number of employees, as applicable, to provide an estimate of the imputed financing that the OPM trust funds will provide for each agency. The estimates for FY 2004 were $19.7 million and $106.3 million for Superfund and All Other Funds, respectively. For FY 2003, the estimates for Superfund and All Other Funds were $17.8 million and $103.2 million, respectively.

In addition to the pension and retirement benefits described above, EPA also records imputed costs and financing for Treasury Judgment Fund payments on behalf of the agency. Entries are made in accordance with the Interpretation of Federal Financial Accounting Standards No. 2, "Accounting for Treasury Judgment Fund Transactions." For FY 2004 entries for Judgment Fund payments for Superfund and All Other Funds totaled $23.6 thousand and $2.8 million, respectively. For FY 2003, entries for Judgment Fund payments for Superfund and All Other Funds totaled $2.2 million and $5 million, respectively.

Note 33. Payroll and Benefits Payable

Payroll and benefits payable to EPA employees for the years ending September 30, 2004 and 2003, consist of the following:

FY 2004 Payroll and Benefits Payables	Covered by Budgetary Resources	Not Covered by Budgetary Resources	Total
Superfund—Current			
Accrued Funded Payroll and Benefits	$ 5,307	$	$ 5,307
Withholdings Payable	4,059		4,059
Employer Contributions Payable—TSP	282		282
Other Post-employment Benefits Payable	3		3
Accrued Unfunded Annual Leave		22,044	22,044
Total—Superfund—Current	**$ 9,651**	**$ 22,044**	**$ 31,695**
All Other Funds—Current			
Accrued Funded Payroll and Benefits	$ 24,538	$	$ 24,538
Withholdings Payable	18,712		18,712
Employer Contributions Payable—TSP	1,301		1,301
Other Post-employment Benefits Payable	33		33
Accrued Funded Leave, WCF	320		320
Accrued Unfunded Annual Leave		104,147	104,147
Total—All Other Funds—Current	**$ 44,904**	**$ 104,147**	**$ 149,051**

FY 2003 Payroll and Benefits Payables	Covered by Budgetary Resources	Not Covered by Budgetary Resources	Total
Superfund—Current			
Accrued Funded Payroll and Benefits	$ 4,097	$	$ 4,097
Withholdings Payable	3,007		3,007
Employer Contributions Payable—TSP	197		197
Other Post-employment Benefits Payable	3		3
Accrued Unfunded Annual Leave		23,735	23,735
Total—Superfund—Current	**$ 7,304**	**$ 23,735**	**$ 31,039**
All Other Funds—Current			
Accrued Funded Payroll and Benefits	$ 17,645	$	$ 17,645
Withholdings Payable	14,366		14,366
Employer Contributions Payable—TSP	940		940
Other Post-employment Benefits Payable	33		33
Accrued Funded Leave, WCF	320		320
Accrued Unfunded Annual Leave		109,487	109,487
Total—All Other Funds—Current	**$ 33,304**	**$ 109,487**	**$ 142,791**

Note 34. Other Adjustments, Statement of Changes in Net Position

The Other Adjustments under Budgetary Financing Sources on the Statement of Changes in Net Position consist of rescissions to appropriated funds and cancellations of funds that expired five years earlier. These amounts affect Unexpended Appropriations for All Other Funds.

	FY 2004	FY 2003
Rescissions to General Appropriations	$ 49,105	$ 48,147
Canceled General Authority	19,463	23,719
Total Other Adjustments	**$ 68,568**	**$ 71,866**

Note 35. Nonexchange Revenue, Statement of Changes in Net Position

The Nonexchange Revenue, Budgetary Financing Sources, on the Statement of Changes in Net Position for FYs 2004 and 2003 consists of the following items:

FY 2004	Superfund	All Others	Combined Total
Interest on Trust Fund Investments	$ 27,380	$ 66,762	$ 94,142
Tax Revenue, Net of Refunds	867	188,997	189,864
Fines and Penalties Revenue	1,992	(19)	1,973
Special Receipt Fund Revenue		13,746	13,746
Total Nonexchange Revenue	**$ 30,239**	**$ 269,486**	**$ 299,725**

FY 2003	Superfund	All Others	Combined Total
Interest on Trust Fund Investments	$ 48,945	$ 64,447	$ 113,392
Tax Revenue, Net of Refunds*	(99,355)	184,477	85,122
Fines and Penalties Revenue	718		718
Special Receipt Fund Revenue		11,591	11,591
Total Nonexchange Revenue	**$ (49,692)**	**$ 260,515**	**$ 210,823**

* In FY 2003 the Superfund trust fund refunded $99,355 thousand in previously accrued corporate environmental taxes.

Note 36. Superfund Trust Fund Balances

In FY 2004, the EPA received an appropriation for Superfund of $1,257.5 million. Treasury's Bureau of Public Debt (BPD), the manager of the Superfund Trust Fund assets, records a liability to EPA for the amount of the appropriation. BPD does this to indicate those trust fund assets that have been assigned for use and, therefore, are not available for appropriation. As of September 30, 2004 and 2003, the Treasury Trust Fund has a liability to EPA for previously appropriated funds of $2,402.1 million and $2,599.7 million, respectively.

During FY 2004 and 2003, the Superfund Trust Fund revenue from cost recoveries and investment interest was less than anticipated. In addition, in FY 2003 the Internal Revenue Service issued approximately $99.4

million in corporate net tax refunds that were previously deposited in the Trust Fund. Due to these circumstances, the amount appropriated to EPA for Superfund activities exceeded the assets available for appropriation in the Trust Fund by $7.6 million and $82.7 million at the end of FY 2004 and 2003, respectively. The Agency expects the Trust Fund to continue to receive revenues from cost recoveries and investment interest. In EPA's view the shortfall will be covered by the collection of cost recoveries and receipt of interest income to the Trust Fund over time. This is evidenced by FY 2004's shortfall reduction of $75.1 million from the shortfall at the end of FY 2003.

Environmental Protection Agency

Required Supplemental Information

As of September 30, 2004

(Dollars in Thousands)

(Unaudited)

1. Deferred Maintenance

The EPA classifies tangible property, plant, and equipment as follows: (1) EPA-Held Equipment, (2) Contractor-Held Equipment, (3) Land and Buildings, and, (4) Capital Leases. The condition assessment survey method of measuring deferred maintenance is utilized. The Agency adopts requirements or standards for acceptable operating condition in conformance with industry practices. No deferred maintenance was reported for any of the four categories.

2. Intragovernmental Assets

Intragovernmental amounts represent transactions between all federal departments and agencies and are reported by trading partner (entities that EPA did business with during FY 2004).

Trading Partner Code	Agency	Investments		Accounts Receivable		Other Assets	
		Superfund	All Other	Superfund	All Other	Superfund	All Other
4	Government Printing Office					12	701
11	Executive Office of the President				123		
12	Department of Agriculture			214	13		
13	Department of Commerce				912	4	67
14	Department of Interior			13,243	(168)		
15	Department of Justice			102	5	58	
17	Department of the Navy			99	316		
18	U. S. Postal Service			166			553
19	Department of State			(274)	(41)		
20	Department of the Treasury	2,217,334	2,317,164	56	103		
21	Department of the Army			9,840	233		
31	Nuclear Regulatory Commission			2	1		
45	Equal Employment Opportunity Commission				(95)		
47	General Services Administration			(3)	380		
49	National Science Foundation				36		
57	Department of the Air Force			11	8		
61	Consumer Product Safety Commission				8		
64	Tennessee Valley Authority				(5)		
68	EPA (between Superfund and All Others)				73,709	6,749	
69	Department of Transportation			(18)	3,948		
70	Department of Homeland Security			(2)	4,273		
71	Overseas Private Investment Corporation				(13)		
72	Agency for International Development				602		
75	Department of Health and Human Services			288	1,119		
80	National Aeronautics and Space Administration				175		
86	Department of Housing and Urban Development				192		
89	Department of Energy			(62)	562		
95	Independent Agencies				(26)	(58)	
96	US Army Corps of Engineers			126	1,497		
97	US Department of Defense			924	537		
99	Treasury General Fund				443		
0	Unassigned			2,500	420	16	(33)
Total		$ 2,217,334	2,317,164	$ 27,212	89,267	$ 6,781	1,288

3. Intragovernmental Liabilities

Trading Partner Code	Agency	Investments		Accrued Liabilities		Other Liabilities	
		Superfund	All Other	Superfund	All Other	Superfund	All Other
3	Library of Congress			16	168		(54)
4	Government Printing Office			38	1,163	(9)	1,145
5	General Accounting Office					(367)	(1)
10	The Judiciary						(18)
11	Executive Office of the President				22		16
12	Department of Agriculture			414	854	2,285	1,254
13	Department of Commerce	(1,702)		295	2,223		(1,033)
14	Department of Interior	(96)		2,463	3,188	49	937
15	Department of Justice	617		8,444	50	571	(2,971)
16	Department of Labor	1,609		112	446	1,569	3,869
17	Department of the Navy	351		(40)	4	1,814	118
18	United States Postal Service				322	14	(216)
19	Department of State				100		(20)
20	Department of the Treasury			153	140	143	22,004
21	Department of the Army			27		3,278	(17)
24	Office of Personnel Management			112	725	1,412	6,953
31	US Nuclear Regulatory Commission			6	11		
33	Smithsonian Institution			2	37		(26)
36	Dept. of Veterans Affairs			176	128		(1,051)
45	EEOC				29		
47	General Services Administration			19	12,301	10,775	(12,147)
49	National Science Foundation				113		26
57	Department of the Air Force					9,701	
59	Nat'l Foundation on Arts and Humanities						
64	Tennessee Valley Authority				95		70
68	EPA (between Superfund and All Others)	69,793		3,916			6,749
69	Department of Transportation			4,895	133		11,112
70	Department of Homeland Security	14,428		1,542	65		(851)
72	Agency for International Development				3		
73	Small Business Administration				17		100
75	Department of Health and Human Services	11,078		1,071	6,459		6,065
80	National Aeronautics and Space Administration			22	232		(8)
86	Department of Housing and Urban Development						231
89	Department of Energy			459	3,739	5	273
93	Federal Mediation Service				8		
95	Independent Agencies				1,561	1,460	3,019
96	US Army Corps of Engineers	1,659	189	13,403	1,038		50
97	Office of the Secretary of Defense	(351)		207	1,238	7,269	(1,475)
99	Treasury General Fund	6,081				506	2,768
0	Unassigned	(786)	17	348	774	(2,723)	247
Total		**$ 102,681**	**206**	**$ 38,100**	**37,386**	**$ 37,752**	**47,118**

For All Other Funds remaining intragovernmental liabilities, $24,101 thousand in Debt is assigned to the Department of the Treasury (trading partner Code 20), and $52,216 thousand in Custodial Liability is assigned to the Treasury General Fund (trading partner Code 99).

EPA has confirmed the year-end intragovernmental fiduciary assets, liabilities, revenue, and expenses with the BPD, the DOL, and the OPM. EPA has also contacted several other federal agencies to confirm non-fiduciary intragovernmental balances for year-end as required.

4.
Intragovernmental Revenues and Costs

EPA's intragovernmental earned revenues are not reported by trading partners because they are below OMB's threshold of $500 million.

	Superfund	All Others
Intragovernmental Earned Revenue	$ 27,450	$ 61,475
Associated Costs to generate above Revenue (Budget Functional Classification 304)	$ 27,450	$ 61,475

5.
Environmental Protection Agency
Required Supplemental Information
Supplemental Statement of Budgetary Resources—All Other Funds
As of September 30, 2004
(Dollars in Thousands)

	STAG	EPM	S & T	FIFRA	LUST	Other	Total
BUDGETARY RESOURCES							
Budgetary Authority:							
Appropriations Received	$ 3,900,400	$ 2,293,578	$ 786,588	$ 0	$ 0	$ 1,373,358	$ 8,353,924
Borrowing Authority	0	0	0	0	0	5,554	5,554
Net Transfers	0	1,630	0	0	76,000	60	77,690
Other							
Unobligated Balances:							
Beginning of Period	1,400,831	295,696	294,234	890	3,896	103,325	2,098,872
Net Transfers, Actual	0	0	0	0	0	(1,538)	(1,538)
Anticipated Transfers Balance							
Spending Authority—Offsetting Collections							
Earned and Collected	11,684	44,308	6,409	22,220	4	157,494	242,119
Receivable from Federal Sources	0	(10,084)	64	0	0	(5,283)	(15,303)
Change in Unfilled Customer Orders							
Advance Received	0	486	833	4,129	0	7,563	13,011
Without Advance from Federal Sources	0	222	(1,748)	0	0	2,836	1,310
Transfers from Trust Funds	0	0	38,680	0	0	12,986	51,666
Total Spending Auth. from Collections	11,684	34,932	44,238	26,349	4	175,596	292,803
Recoveries of Prior Year Obligations	71,427	12,545	6,382	40	225	5,308	95,927
Temporarily Not Available	0	0	(264)	0	(448)	(78)	(790)
Permanently Not Available	(23,012)	(31,953)	(5,596)	0	0	(10,642)	(71,203)
Total Budgetary Resources	$ 5,361,330	$ 2,606,428	$ 1,125,582	$ 27,279	$ 79,677	$ 1,650,943	$ 10,851,239

	STAG	EPM	S & T	FIFRA	LUST	Other	Total
STATUS OF BUDGETARY RESOURCES							
Obligations Incurred:							
Direct	$ 3,908,755	$ 2,223,938	$ 832,230	$ 0	$ 73,390	$ 1,378,429	$ 8,416,742
Reimbursable	0	50,565	7,958	24,747	0	178,232	261,502
Total Obligations Incurred	3,908,755	2,274,503	840,188	24,747	73,390	1,556,661	8,678,244
Unobligated Balances:							
Apportioned	1,452,575	257,752	269,948	2,532	6,287	91,061	2,080,155
Exempt from Apportionment							
Unobligated Balances Not Available	0	74,173	15,446	0	0	3,221	92,840
Total Status of Budgetary Resources	**$ 5,361,330**	**$ 2,606,428**	**$ 1,125,582**	**$ 27,279**	**$ 79,677**	**$ 1,650,943**	**$ 10,851,239**
RELATIONSHIP OF OBLIGATIONS TO OUTLAYS							
Obligations Incurred, Net	$ 3,825,644	$ 2,227,026	$ 789,568	$ (1,642)	$ 73,161	$ 1,375,757	$ 8,289,514
Obligated Balances, Net — Beginning	8,352,080	640,523	474,874	904	84,307	29,528	9,582,216
Accounts Receivable	0	12,019	68,396	0	0	6,025	86,440
Unfilled Customer Orders —Federal Sources	0	125,112	9,020	0	0	92,052	226,184
Undelivered Orders	(7,753,563)	(637,253)	(519,995)	(1,197)	(76,189)	(105,208)	(9,093,405)
Accounts Payable	(518,598)	(190,062)	(93,122)	(1,151)	(8,817)	(45,884)	(857,634)
Total Outlays	**$ 3,905,563**	**$ 2,177,365**	**$ 728,741**	**$ (3,086)**	**$ 72,462**	**$ 1,352,270**	**$ 8,233,315**
Disbursements	$ 3,917,246	$ 2,222,158	$ 789,628	$ 23,263	$ 72,466	$ 1,531,644	$ 8,556,405
Collections	(11,683)	(44,793)	(60,887)	(26,349)	(4)	(179,374)	(323,090)
Less: Offsetting Receipts	0	0	0	0	0	(1,276,778)	(1,276,778)
Net Outlays	**$ 3,905,563**	**$ 2,177,365**	**$ 728,741**	**$ (3,086)**	**$ 72,462**	**$ 75,492**	**$ 6,956,537**

6.
Environmental Protection Agency
Required Supplemental Information
Working Capital Fund—Supplemental Balance Sheet
For the Year Ended September 30, 2004
(Dollars in Thousands)

	Unaudited
ASSETS	
Intragovernmental	
Fund Balance With Treasury	$ 53,560
Accounts Receivable, Net Federal	24,233
Other	555
Total Intragovernmental	$ 78,348
General Property, Plant and Equipment, Net	16,693
Other Non Federal Assets	53
Total Assets	$ **95,094**
LIABILITIES	
Intragovernmental	
Accounts Payable & Accrued Liabilities, Federal	$ 1,378
Other Federal Liabilities	30,413
Total Intragovernmental	$ 31,791
Accounts Payable & Accrued Liabilities, Non Federal	24,969
Payroll and Benefits Payable Non Federal	1,451
Capital Lease Liability	6,727
Total Liabilities	$ **64,938**
NET POSITION	
Cumulative Results of Operations	$ 30,156
Total Net Position	30,156
Total Liabilities and Net Position	$ **95,094**

6.
Environmental Protection Agency
Required Supplemental Information
Working Capital Fund—Supplemental Statement of Net Cost
For the Year Ended September 30, 2004
(Dollars in Thousands)

	Unaudited
COSTS	
Intragovernmental	$ 70,739
With the Public	71,923
Total Costs	$ 142,662
Less:	
Earned Revenues, Federal	140,244
Earned Revenues, Non Federal	0
Total Earned Revenues	$ 140,244
NET COST OF OPERATIONS	$ **2,418**

6.
Environmental Protection Agency
Required Supplemental Information
Working Capital Fund—Supplemental Statement of Changes in Net Position
For the Year Ended September 30, 2004
(Dollars in Thousands)

		Unaudited
Net Position—Beginning of Period	$	31,770
Prior Period Adjustments		0
Beginning Balances, as adjusted	$	31,770
Other Financing Sources:		
Transfers In/Out		0
Imputed Financing Sources		804
Total Other Financing Sources	$	804
Net Cost of Operations		(2,418)
Net Position—End of Period	$	**30,156**

6.
Environmental Protection Agency
Required Supplemental Information

Working Capital Fund—Supplemental Statement of Budgetary Resources

For the Year Ended September 30, 2004
(Dollars in Thousands)

Unaudited

BUDGETARY RESOURCES

Budgetary Authority:		
Appropriations Received	$	0
Borrowing Authority		
Net Transfers		
Other		
Unobligated Balances:		
Beginning of Period		22,324
Spending Authority from Offsetting Collections:		
Earned and Collected	$	140,268
Receivable from Federal Sources		0
Change in Unfilled Customer Orders		
Advance Received		7,564
Without Advance from Federal Sources		(2,991)
Transfers from Trust Funds		0
Total Spending Authority from Offsetting Collections		144,841
Recoveries of Prior Year Obligations		1,352
Permanently Not Available		0
Total Budgetary Resources	$	**168,517**

STATUS OF BUDGETARY RESOURCES

Obligations Incurred:		
Reimbursable	$	163,897
Unobligated Balances:		
Apportioned		4,620
Unobligated Balances Not Available		0
Total Status of Budgetary Resources	$	**168,517**

RELATIONSHIP OF OBLIGATIONS TO OUTLAYS

Obligations Incurred, Net	$	17,704
Obligated Balances, Net—Beginning of Period		35,457
Accounts Receivable		114
Unfilled Customer Orders from Federal Sources		23,091
Undelivered Orders		(38,710)
Accounts Payable		(33,436)
Total Outlays	$	**4,220**
Disbursements	$	152,052
Collections		(147,832)
Less: Offsetting Receipts		0
Net Outlays	$	**4,220**

6.
Environmental Protection Agency
Required Supplemental Information
Working Capital Fund—Supplemental Statement of Financing
For the Year Ended September 30, 2004
(Dollars in Thousands)

Unaudited

RESOURCES USED TO FINANCE ACTIVITIES:

Budgetary Resources Obligated		
Obligations Incurred	$	163,897
Less: Spending Authority from Offsetting Collections and Recoveries		(146,193)
Obligations Net of Offsetting Collections and Recoveries	$	17,704
Other Resources		
Transfers In/Out Without Reimbursement, Property	$	0
Imputed Financing Sources		804
Net Other Resources Used to Finance Activities	$	804
Total Resources Used To Finance Activities	$	18,508

RESOURCES USED TO FINANCE ITEMS NOT PART OF NET COST OF OPERATIONS

Change in Budgetary Resources Obligated	$	(10,185)
Resources that Fund Prior Period Expenses		(130)
Budgetary Offsetting Collections and Receipts that Do Not Affect Net Cost of Operations		0
Resources that Finance the Acquisition of Assets		(10,732)
Other Resources or Adjustments to Net Obligated Resources that Do Not Affect Net Cost of Operations		0
Total Resources Used to Finance Items Not Part of Net Cost of Operations	$	(21,047)
Total Resources Used to Finance the Net Cost of Operations	$	(2,539)

COMPONENTS OF THE NET COST OF OPERATIONS THAT WILL NOT REQUIRE OR GENERATE RESOURCES IN THE CURRENT PERIOD

Components Requiring or Generating Resources in Future Periods		
Increase in Annual Leave Liability	$	0
Increase in Exchange Revenue Receivable from the Public		0
Total Components of Net Cost of Operations that Will Require or Generate Resources in Future Periods	$	0
Components Not Requiring or Generating Resources		
Depreciation and Amortization	$	4,933
Revaluation of Assets or Liabilities		0
Other Expenses Not Requiring Budgetary Resources		24
Total Components of Net Cost of Operations that Will Not Require or Generate Resources	$	4,957
Total Components of Net Cost of Operations That Will Not Require or Generate Resources in the Current Period	$	4,957
Net Cost of Operations	$	**2,418**

7.
Environmental Protection Agency
Required Supplemental Stewardship Information
For the Year Ended September 30, 2004
(Dollars in Thousands)

Investment in the Nation's Research and Development:

Public and private sector institutions have long been significant contributors to our nation's environment and human health research agenda. The Environmental Protection Agency's (EPA) Office of Research and Development, however, is unique among scientific institutions in this country in combining research, analysis, and the integration of scientific information across the full spectrum of health and ecological issues and across both risk assessment and risk management. Science enables us to identify the most important sources of risk to human health and the environment, and by so doing, informs our priority-setting, ensures credibility for our policies, and guides our deployment of resources. It gives us the understanding and technologies we need to detect, abate, and avoid environmental problems. Science provides the crucial underpinning for EPA decisions and challenges us to apply the best available science and technical analysis to our environmental problems and to practice more integrated, efficient and effective approaches to reducing environmental risks.

Among the Agency's highest priorities are research programs that address the effects of the environment on children's health; the development of alternative techniques for prioritizing chemicals for further testing through computational toxicology; the provision of near-term, appropriate, affordable, reliable, tested, and effective technologies and guidance for potential threats to homeland security; the potential risks of unregulated contaminants in drinking water; the health effects of air pollutants such as particulate matter; and the protection of the nation's ecosystems. For FY 2004, the full cost of the Agency's Research and Development activities totaled over $673 million. Below is a breakout of the expenses (dollars in thousands):

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Programmatic Expenses	541,117	555,794	559,218	593,295	581,323
Allocated Expenses	59,523	90,039	123,307	106,971	91,675

Investment in the Nation's Infrastructure:

The Agency makes significant investments in the nation's drinking water and clean water infrastructure. The investments are the result of three programs: the Construction Grants Program which is being phased out and two State Revolving Fund (SRF) programs.

Construction Grants Program: During the 1970s and 1980s, the Construction Grants Program was a source of Federal funds, providing more than $60 billion of direct grants for the construction of public wastewater treatment projects. These projects, which constituted a significant contribution to the nation's water infrastructure, included sewage treatment plants, pumping stations, and collection and intercept sewers, rehabilitation of sewer systems, and the control of combined sewer overflows. The construction grants led to the improvement of water quality in thousands of municipalities nationwide.

Congress set 1990 as the last year that funds would be appropriated for Construction Grants. Projects funded in 1990 and prior will continue until completion. After 1990, EPA shifted the focus of municipal financial assistance from grants to loans that are provided by State Revolving Funds.

State Revolving Funds: EPA provides capital, in the form of capitalization grants, to state revolving funds which state governments use to make loans to individuals, businesses, and governmental entities for the construction of wastewater and drinking water treatment infrastructure. When the loans are repaid to the

state revolving fund, the collections are used to finance new loans for new construction projects. The capital is reused by the states and is not returned to the Federal Government.

The Agency also is appropriated funds to finance the construction of infrastructure outside the Revolving Funds. These are reported below as Other Infrastructure Grants.

The Agency's expenses related to investments in the nation's Water Infrastructure are outlined below (dollars in thousands):

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Construction Grants	55,766	63,344	149,841	15,845	48,948
Clean Water SRF	1,564,894	1,548,270	1,389,048	1,295,394	1,407,345
Safe Drinking Water SRF	588,116	728,921	708,528	842,936	802,629
Other Infrastructure Grants	212,124	282,914	367,259	582,091	341,767
Allocated Expenses	266,299	424,999	576,536	493,349	410,129

Stewardship Land.

The Agency acquires title to certain land and land rights under the authorities provided in Section 104 (J) CERCLA related to remedial clean-up sites. The land rights are in the form of easements to allow access to clean-up sites or to restrict usage of remediated sites. In some instances, the Agency takes title to the land during remediation and returns it to private ownership upon the completion of clean-up. A site with "land acquired" may have more than one acquisition property. Sites are not counted as a withdrawal until all acquired properties have been transferred.

As of September 30, 2004, the Agency possesses the following land and land rights:

Superfund Sites with Easements	
Beginning Balance	31
Additions	1
Withdrawals	0
Ending Balance	**32**

Superfund Sites with Land Acquired	
Beginning Balance	25
Additions	2
Withdrawals	2
Ending Balance	**25**

Human Capital

Agencies are required to report expenses incurred to train the public with the intent of increasing or maintaining the nation's economic productive capacity. Training, public awareness, and research fellowships are components of many of the Agency's programs and are effective in achieving the Agency's mission of protecting public health and the environment, but the focus is on enhancing the nation's environmental, not economic, capacity.

The Agency's expenses related to investments in the Human Capital are outlined below (dollars in thousands):

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Training and Awareness Grants	49,265	48,697	49,444	47,827	48,416
Fellowships	9,570	11,451	8,728	6,572	7,553
Allocated Expenses	6,472	9,744	12,827	9,808	8,826

8.
Environmental Protection Agency
Required Supplemental Information
For the Year Ended September 30, 2004

Improper Payments Information Act of 2002 (IPIA) Report

I. RISK ASSESSMENTS: After reviewing and sampling disbursements made in the highest risk susceptible inventories, EPA determined that its programs do not have significant erroneous payments, as defined by the IPIA as payments exceeding $10 million and 2.5% of program payments. The error rates for EPA's largest programs were as follows.

Program	Erroneous Pay	Error Rate
Clean Water and Drinking Water State Revolving Funds	$10.3 million	.49%

Where erroneous payments exceed $10 million, each Agency must identify the reasons why its programs are at risk. In addition, the two EPA programs identified above, being former Section 57 programs, require a corrective action plan. EPA prepared corrective action plans for the Clean Water and Drinking Water State Revolving Funds. We also recognize there are areas that require further EPA review. In particular, EPA must:

- Review and enhance internal controls, as needed, in the Agency's overall payment processes,
- As part of the post award process, continue to monitor payments made to sub-recipients,
- Comply with new Performance Accountability Report (PAR) reporting requirements for improper payments, and
- Implement and operate the Agency's audit recovery program.

II. STATISTICAL SAMPLING PROCESS: For the initial action plan submitted to OMB on May 28, 2004, EPA pulled a statistical sample of approximately 300 payments out of a population of 45,000 grant payments. Based on additional instructions from OMB, EPA expanded its initial review to incorporate findings from program and auditor reviews and audits of the two state revolving funds.

III. CORRECTIVE ACTION PLANS: In order to meet OMB's objectives, EPA conducted additional risk assessments by forming four subgroups with expertise in grants, contracts, payroll, and travel/purchase credit cards to review internal controls, identify and measure high risk areas, and develop corrective action plans for each subject area. Planned actions in each of the areas are as follows:

A. Grants: EPA began collecting information on grants management findings to include erroneous payment (i.e., funding is not being utilized for the intended purpose) in calendar year 2004. Based on information in the Grantee Compliance Tracking Systems, EPA will prepare statistical reports on the number of recipients

where erroneous payments were found. In addition, comparisons will be made to the total recipient population to determine if there are particular types of recipients who are more likely to have erroneous payment problems.

The Office of Grants and Debarment will complete an erroneous payment review by February 28, 2005, covering calendar year 2004. This review will identify whether or not "high risk" grant areas exist and will develop, as appropriate, corrective action plans to be implemented in the years ahead.

In FY 2005 EPA will be revising its policy on compliance, review, and monitoring. This policy provides guidance and protocols to EPA headquarters and regional offices on how to conduct advanced monitoring reviews. As part of these revisions, EPA will propose that offices evaluate the extent and nature of grantee monitoring of sub-recipients. For example, how frequently do grantees monitor/evaluate sub-recipients and what have been the results of this monitoring. The expanded monitoring is designed to assist the Agency in expanding its improper payment identification, beyond recipients to sub-recipients. The Agency anticipates the compliance policy changes will be effective starting in calendar year 2006.

B. Contracts: EPA continues to take appropriate action as needed to reduce or eliminate improper payments. The appropriate Contracts Officer Representatives or On Scene Coordinators are notified of all improper payments discovered. In FY 2004, there were 8 improper payments due to an error in the billing number used to retrieve the banking information for a contractor. Billing numbers received on contracts are now verified prior to entering information in Contract Payment System. Keying errors are reviewed by the staff and efforts are made to prevent or detect these types of errors in the future. The problem of credit invoice and refunds processed is closely reviewed to prevent this type of occurrence in the future.

In January 2003, EPA implemented a monthly Improper Payment Report. The report categorizes the number of improper payments per month and provides information on each improper payment including the reason.

In FY 2003, from January through September, EPA found 25 improper payments in the 24,056 payments processed for contracts. For FY 2004, there have been 21 improper payments found as of July 31, 2004, in the 20,417 payments processed. Considering that there is not a full year to compare, the number of improper payments is decreasing. The percentage of proper payments is 99.9%.

Additional actions include the addition of an improper payment review element for the Quality Assurance Review for invoices and the initiation of the Recovery Audit process which is currently underway.

The continued pro-active process of reviewing and implementing changes as needed when an improper payment occurs should continue to reduce the number of improper payments. The Contracts Officer Representatives, On Scene Coordinators or Contracting Officers will continue to be notified of all improper payments that involve their contract. Suggested actions will be provided and if the problem continues, actions will be elevated. Previously documented keying errors are being noted by the staff at EPA to assist in the detection by the initial data entry personnel as well as the sample reviewer and the certifying officer.

C. Commodity Payments: Since no high risk areas have been identified, no corrective action is required. EPA continues to take appropriate action as needed to reduce or eliminate any improper payments. There have been 19 improper payments identified from the 14,772 invoices paid from January through July 2004. Eleven improper payments have been attributed to selection of incorrect vendor codes. The payment and certifying staff have been alerted to this fact and are making an effort to double check all vendor codes to prevent this in the future. Six of the improper payments were identified as duplicate payments on invoices the vendor submitted twice. The edits in Small Purchase Information Tracking System have been enhanced to prevent this in the future. All invoices marked past due are being reviewed to determine if they are duplicate invoices.

A tracking mechanism was put in place in January 2004 to gather improper payment data in anticipation that purchase order payments would be included in the erroneous payment process in 2004. The result of this tracking system provides the data for a monthly Improper Payment Report. The report provides information on each improper payment.

D. Payroll: By December 31, 2004, the Payroll Workgroup will:

1. Review Payroll internal control documentation.
2. Conduct personnel interviews to verify/test whether internal controls are understood and being utilized.

3. Summarize the results of the review of the internal controls.

4. Submit recommendations to reduce improper payments.

Additionally, by the end of the second quarter FY 2005, the workgroup will develop a corrective action plan/best practices.

E. Travel Card/Purchase Card: The Agency will continue to monitor the charge card transactions and employee accounts using the tools described above to ensure that the cards are used in accordance with the Agency policies and procedures.

The Agency will continue to monitor the issuance of purchase cards to ensure that spending limits and span of control are kept to a minimum. The Office of Acquisition Management is in the process of implementing a monitoring program that is to be performed by each of the Senior Resource Officials in the Agency. This program will mandate that each office perform yearly reviews of the purchases made within their program offices. These reviews will ensure the integrity of the purchase card program.

IV. IMPROPER PAYMENT REDUCTION OUTLOOK FY 2004 – FY 2007 (dollars in millions)

PROGRAM	FY 04 OUTLAYS	FY 04 IP %	FY 04 IP $	FY 05 IP %	FY 06 IP %	FY 07 IP %
Clean Water and Drinking Water Revolving Funds	$2,105 (est)	.49%	10.3	.45%	.40%	.35%

V. RECOVERY AUDIT PROGRAMS: The Agency has hired a contractor, Business Strategy, Inc (BSI), to conduct the recovery audit. BSI has completed its preliminary interviews as part of the Discovery phase of its work. This involved discussions with key individuals involved in the contract obligation and payment process and individuals knowledgeable in EPA financial systems.

BSI has received data from the Integrated Financial Management System and begun its field work to identify and collect contract overpayments. BSI hopes to complete its fieldwork by the end of the first quarter FY 2005. Once improper payments are identified, EPA will work with BSI to strengthen payment processes and internal controls to prevent further occurrences.

VI. ENSURING MANAGEMENT ACCOUNTABILITY: As previously outlined in the corrective action plans, the Agency is moving to strengthen already strong internal controls in key payment processes. Information on erroneous payments from reviews and audits for the two state revolving funds, our largest grant programs, is reported quarterly to management in both the Office of Water and the Office of the Chief Financial Officer. In all cases action is taken with the appropriate officials to ensure improper payments are recovered and to avoid future improper payments.

VII. INFORMATION SYSTEMS AND INFRASTRUCTURE: The Agency's information systems are sufficient to reduce improper payments to targeted levels.

VIII. STATUTORY AND REGULATORY BARRIERS: Currently, EPA is determining what information exists within our current review process that looks at sub-recipients invoices and financial operations. We will determine to what extent we can gather information from a sample to develop baseline numbers without interfering with current federal/state cooperative relationships.

IX. CONCLUSIONS: In the 1st quarter of FY 2005, we will:

A. Continue monitoring for improper payments in the two State Revolving Funds;

B. Research payments to sub-recipient in the two State Revolving Funds; and

C. Research payments by grantee types to determine if some are more susceptible to creating improper payments.

Summary of OIG's Audit Report

Inspector General's Report on EPA's Fiscal 2004 and 2003 Financial Statements

The Administrator
U.S. Environmental Protection Agency

We have audited the consolidating balance sheets of the U.S. Environmental Protection Agency (EPA, or the Agency) and its subsidiary funds, the Superfund Trust Fund (Superfund), and All Other Appropriated Funds (All Other), as of September 30, 2004 and 2003, and the related consolidating statements of net cost, changes in net position and financing, and consolidated statements of net cost by goal, custodial activity, and combined statements of budgetary resources for the years then ended. These financial statements are the responsibility of EPA's management. Our responsibility is to express an opinion on these financial statements based upon our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial statements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin 01-02, *Audit Requirements for Federal Financial Statements*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The financial statements include expenses of grantees, contractors, and other Federal agencies. Our audit work pertaining to these expenses included testing only within EPA. Audits of grants, contracts, and interagency agreements performed at a later date may disclose questioned costs

of an amount undeterminable at this time. In addition, the U.S. Treasury collects and accounts for excise taxes that are deposited into the Superfund and Leaking Underground Storage Tank Trust Funds.[1] The U.S. Treasury is also responsible for investing amounts not needed for current disbursements and transferring funds to EPA as authorized in legislation. Since the U.S. Treasury, and not EPA, is responsible for these activities, our audit work did not cover these activities.

As more fully described in Note 36 to the financial statements, the Superfund Trust Fund, managed by the U.S. Treasury Bureau of Public Debt, transferred funds to EPA in excess of the assets available to be transferred by $7.6 million in fiscal 2004 and $82.7 million in fiscal 2003. EPA's view is that the shortfalls will be covered by the collection of cost recoveries and receipt of interest income over time. In our opinion, because cost recoveries have declined and the investment principal upon which the interest is earned has steadily decreased, any deficit and future financing will have to be covered almost entirely by appropriations from the Treasury's general fund in order for the Superfund Trust Fund to continue operations.

The Office of Inspector General (OIG) is not independent with respect to amounts pertaining to OIG operations that are presented in the financial statements. The amounts included for the OIG are not material to EPA's financial statements. The OIG is organizationally independent with respect to all other assets of the Agency's activities.

In our opinion, the consolidating financial statements present fairly, in all material respects, the consolidated and individual assets, liabilities, net position, net cost, net cost by goal, changes in net position, budgetary resources, reconciliation of net cost to budgetary obligations, and custodial activity of EPA and its subsidiary funds, the Superfund Trust Fund, and All Other Appropriated Funds, as of and for the years ended September 30, 2004 and 2003, in conformity with accounting principles generally accepted in the United States of America.

Review of EPA's Required Supplemental Stewardship Information, Required Supplemental Information, and Management Discussion and Analysis

We inquired of EPA's management as to their methods for preparing Required Supplemental Stewardship Information (RSSI), Required Supplemental Information, and Management Discussion and Analysis, and reviewed this information for consistency with the financial statements. However, our audit was not designed to express an opinion and, accordingly, we do not express an opinion.

We did not identify any material inconsistencies between the information presented in EPA's financial statements and the information presented in EPA's RSSI, Required Supplemental Information, and Management Discussion and Analysis. OMB Bulletin No. 01-09, *Form and Content of Agency Financial Statements*, requires agencies to report, as Required Supplemental Information, their intra-governmental assets and liabilities by Federal trading partner. We did find EPA continues to experience difficulties in reconciling some of its intragovernmental transactions due to some Federal entities not providing information for reconciliations (see Attachment 2 for additional details on this issue).

[1] The Leaking Underground Storage Tank Trust Fund is included in the All Other Appropriated Funds column of the financial statements.

Evaluation of Internal Controls

As defined by OMB, internal control, as it relates to the financial statements, is a process, affected by the Agency's management and other personnel, designed to provide reasonable assurance that the following objectives are met:

Reliability of financial reporting—Transactions are properly recorded, processed, and summarized to permit the preparation of the financial statements and RSSI in accordance with generally accepted accounting principles; and assets are safeguarded against loss from unauthorized acquisition, use, or disposition.

Reliability of performance reporting—Transactions and other data that support reported performance measures are properly recorded, processed, and summarized to permit the preparation of performance information in accordance with criteria stated by management.

Compliance with applicable laws and regulations—Transactions are executed in accordance with laws governing the use of budget authority and other laws and regulations that could have a direct and material effect on the financial statements or RSSI; and any other laws, regulations, and government-wide policies identified by OMB.

In planning and performing our audit, we considered EPA's internal controls over financial reporting by obtaining an understanding of the Agency's internal controls, determining whether internal controls had been placed in operation, assessing control risk, and performing tests of controls in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements. We limited our internal control testing to those controls necessary to achieve the objectives described in OMB Bulletin No. 01-02, *Audit Requirements for Federal Financial Statements*, as supplemented by an OMB memorandum dated January 4, 2001, *Revised Implementation Guidance for the Federal Financial Management Improvement Act*. We did not test all internal controls relevant to operating objectives as broadly defined by the Federal Managers' Financial Integrity Act of 1982, such as those controls relevant to ensuring efficient operations. The objective of our audit was not to provide assurance on internal controls and, accordingly, we do not express an opinion on internal controls.

Our consideration of the internal controls over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be reportable conditions. Under standards issued by the American Institute of Certified Public Accountants, reportable conditions are matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgment, could adversely affect the Agency's ability to record, process, summarize, and report financial data consistent with the assertions by management in the financial statements. Material weaknesses are reportable conditions in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Because of inherent limitations in internal controls, misstatements, losses, or noncompliance may nevertheless occur and not be detected. We noted certain matters discussed below involving the

internal control and its operation that we consider to be reportable conditions, although none of the reportable conditions is believed to be a material weakness.

In addition, we considered EPA's internal control over the RSSI by obtaining an understanding of the Agency's internal controls, determined whether these internal controls had been placed in operation, assessed control risk, and performed tests of controls as required by OMB Bulletin No. 01-02. Our procedures were not designed to provide assurance on these internal controls and, accordingly, we do not express an opinion on such controls.

Finally, with respect to internal controls related to performance measures presented in *EPA's Fiscal Year 2004 Annual Report*, Section 1, Overview and Analysis (which addresses requirements for a Management's Discussion and Analysis), we obtained an understanding of the design of significant internal controls relating to the existence and completeness assertions, as required by OMB Bulletin No. 01-02. Our procedures were not designed to provide assurance on internal control over reported performance measures and, accordingly, we do not express an opinion on such controls.

Reportable Conditions

Reportable conditions are internal control weakness matters coming to the auditor's attention that, in the auditor's judgment, should be communicated because they represent significantdeficiencies in the design or operation of internal control that could adversely affect the organization's ability to meet the OMB objectives for financial reporting discussed above. In evaluating the Agency's internal control structure, we identified 10 reportable conditions, as follows:

Financial Management Quality Assurance Process

EPA's Quality Assurance Guide, which is the framework for implementing the Agency's financial management quality assurance program, is out of date. EPA offices did not consistently review all required accounting events identified in the guide, and those reviews conducted were not sufficiently comprehensive. Financial Centers placed minimal emphasis on financial system functional reviews to support Federal Managers' Financial Integrity Act (FMFIA) certifications, and EPA has no central oversight of the Quality Assurance program. As a result, the program's effectiveness was minimized.

Unearned Revenue and Superfund Unbilled Oversight Cost Accruals

Although EPA made financial improvements in fiscal 2004 by reconciling State Superfund Contracts' unearned revenue and implementing accelerated unbilled oversight cost accrual procedures, errors continued to occur in regional spreadsheet calculations. Regional calculations did not include the proper amounts of cumulative disbursements, resulting in a $14 million understatement of unearned revenue. Regional billed oversight calculations did not follow all the new accrual procedures, resulting in a $3 million understatement of the accrual, and the prior year's unbilled oversight accrual was overstated by $10 million due to prior year errors.

Supporting Documentation for Accounts Receivable

Finance offices were unable to record accounts receivable transactions promptly in the Integrated Financial Management System (IFMS) due to the Office of General/Regional Counsel and program offices not submitting documentation in a timely manner. Finance offices received documentation supporting the establishment of receivables up to 6 months after the agreements were executed. Further, we identified $1,963,980 in fines and penalties that were unrecorded at the time of our audit. We noted numerous instances in which the finance offices requested support for previously unrecorded accounts receivable only after collected.

Recording of Marketable Securities

EPA did not promptly record marketable securities received from companies in settlement of debts. During fiscal 2004, the Agency received securities from three companies for settlement of debts under receivables recorded at four accounting offices. Of the four accounting offices, only one recorded receipt of non-cash assets. The accounting offices that did not record the receipt of non-cash assets either were not aware that marketable securities were received or stated that they were awaiting additional information from Headquarters.

Accounting for Contractor-Held Property

Contractor-held property acquisition values were understated by about $6.9 million. When we attempted to tie the ending balances as shown on all the EPA Reports of Government-Owned/Contractor-Held Property documents to the September 30, 2004 general ledger balance for contractor-held property, we discovered that contractor-held balances did not include a $6,883,574 contract. Also, the Agency improperly accounted for surplused contractor-held property in depreciation computations.

Accounting for Obligations

Obligations were not recorded in the proper accounting period. In one region and a finance center, we found 10 out of 16 obligations tested were recorded in fiscal 2005 but were actually fiscal 2004 obligations. Also, for one of the obligation transactions tested, involving an adjustment, the finance center had no supporting documentation. Further, in one region, four out of seven inactive unliquidated obligations were not deobligated in a timely manner.

Systems Development for Grant and Inter-Governmental Systems

The Operations Systems Staff of the Office of the Chief Financial Officer (OCFO) developed and implemented accounting systems without assessing the risks these systems pose to Agency assets, personnel, and operations. The staff also did not produce key documents for the Grant Payment Allocation System and Inter-Governmental Document Online Tracking System because they did not deem these systems to be major applications. However, since both systems are used to submit information into IFMS, EPA's main financial accounting system, we consider these systems to be major applications.

System Certification and Accreditation for Grant and Inter-Governmental Systems

OCFO's Operations Systems Staff did not ensure management controls were operating effectively by assessing and testing security controls for the Grant Payment Allocation System and Inter-Governmental Document Online Tracking System. Specifically the staff's policies and procedures could not provide reasonable assurance that applications achieved their intended results; resources were protected from fraud, waste, and abuse; and applications followed applicable Agency policies and Federal guidelines. Also, we found four "high risk" security holes on a critical server hosting eight financial applications.

IFMS Change Control Procedures

In an August 24, 2004, audit report, *EPA Needs to Improve Change Controls for Integrated Financial Management System* (2004-P-00026), we reported a general breakdown of security controls related to software changes that could undermine the integrity of IFMS software libraries and financial system data. Weaknesses included inadequate segregation of change management duties, and inappropriate ID use. In response to the recommendations in our prior report, OCFO concurred with our recommendations and generally outlined appropriate corrective actions.

IFMS Automated Application Processing Controls

We continue to be unable to assess the adequacy of the automated application control structure as it relates to automated input, processing, and output controls for IFMS. Since IFMS applications have a direct and material impact on the Agency's financial statements, assessing each application is necessary to determine the reliance we can place on the financial statements. During past financial statement audits, we attempted to evaluate controls without systems documentation, but these alternatives proved to be inefficient and impractical. OCFO has no plans to update the IFMS system documentation until it implements the new financial replacement software package, currently projected for fiscal 2008. Until the new system is in place, we cannot assess the adequacy of the automated internal control structure.

Attachment 1 describes each of the above reportable conditions in more detail, and contains our recommendations on actions that should be taken to correct these conditions. We have also reported other less significant matters involving the internal control structure and its operations in separate position papers during the course of our audit. We will not be issuing a separate management letter.

Comparison of EPA's FMFIA Report with Our Evaluation of Internal Controls

OMB Bulletin No. 01-02, *Audit Requirements for Federal Financial Statements*, requires us to compare material weaknesses disclosed during the audit with those material weaknesses reported in the Agency's FMFIA report that relate to the financial statements and identify material weaknesses disclosed by audit that were not reported in the Agency's FMFIA report. EPA reports on Integrity Act decisions in EPA's *Fiscal Year 2004 Annual Report*. For a discussion on

Agency reported Integrity Act material weaknesses and corrective action strategy, please refer to EPA's *Fiscal Year 2004 Annual Report*, Section I—Overview and Analysis.

For reporting under FMFIA, material weaknesses are defined differently than they are for financial statement audit purposes. OMB Circular A-123, *Management Accountability and Control*, defines a material weakness as a deficiency that the Agency head determines to be significant enough to be reported outside the Agency.

For financial statement audit purposes, OMB defines material weaknesses in internal control as reportable conditions in which the design or operation of the internal control does not reduce to a relatively low level the risk that errors, fraud, or noncompliance in amounts that would be material in relation to the financial statements or RSSI being audited, or material to a performance measure or aggregation of related performance measures, may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

The Agency did not report as part of the Integrity Act process, and our audit did not detect, any material weaknesses for fiscal 2004.

Tests of Compliance with Laws and Regulations

EPA management is responsible for complying with laws and regulations applicable to the Agency. As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts, and certain other laws and regulations specified in OMB Bulletin No. 01-02, *Audit Requirements for Federal Financial Statements*, as supplemented by an OMB Memorandum dated January 4, 2001, *Revised Implementation Guidance for the Federal Financial Management Improvement Act*. The OMB guidance requires that we evaluate compliance with Federal financial management system requirements, including the requirements referred to in the Federal Financial Management Improvement Act (FFMIA) of 1996. We limited our tests of compliance to these provisions and did not test compliance with all laws and regulations applicable to EPA.

Providing an opinion on compliance with certain provisions of laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion. There are a number of ongoing investigations involving EPA's grantees and contractors that could disclose violations of laws and regulations, but a determination about these cases has not been made. In addition, the Agency reported that the approximately 9,000 confidential financial disclosure forms filed by EPA employees by November 1, 2004, will be reviewed by the deputy ethics officials no later than January 22, 2005. Since the Agency has not had time to review such reports and disclose matters that would require further inquiry, resolution, or reporting, we did not perform any tests or additional inquiries about those reports. Had the Agency been able to review the reports and we had been able to perform tests or make

additional inquiries, matters may have come to our attention that would require reporting.

None of the noncompliances discussed below would result in material misstatements to the audited financial statements.

FFMIA Noncompliance

Under FFMIA, we are required to report whether the Agency's financial management systems substantially comply with the Federal financial management systems requirements, applicable Federal accounting standards, and the United States Government Standard General Ledger at the transaction level. OMB Bulletin No. 01-02, as supplemented by an OMB memorandum dated January 4, 2001, *Revised Implementation Guidance for the Federal Financial Management Improvement Act*, substantially changed the guidance for determining whether or not an Agency substantially complied with the Federal financial management systems requirements, applicable Federal accounting standards, and the United States Government Standard General Ledger at the transaction level. The document is intended to focus Agency and auditor activities on the essential requirements of FFMIA. The document lists the specific requirements of FFMIA, as well as factors to consider in reviewing systems and for determining substantial compliance with FFMIA. It also provides guidance to Agency heads for developing corrective action plans to bring an Agency into compliance with FFMIA. To meet the FFMIA requirement, we performed tests of compliance with FFMIA section 803(a) requirements and used the OMB guidance, revised on January 4, 2001, for determining substantial noncompliance with FFMIA.

The results of our tests did not disclose any instances where the Agency's financial management systems did not substantially comply with the applicable Federal accounting standard.

We recognize improvements OCFO has made in cost accounting and believe that while there are still noncompliance issues with cost accounting, those noncompliances do not meet OMB's definition of substantial noncompliance. However, the Agency was not in compliance with Statement of Federal Financial Accounting Standards No. 4 that requires EPA to provide full costs per output to management in a timely fashion.

We identified two other FFMIA noncompliances, related to reconciliation of intragovernmental transactions and strengthening practices regarding security screening for non-Federal personnel. However, these noncompliances do not meet the definition of substantial noncompliance as described in OMB guidance.

Our tests also noted one other instance of noncompliance with laws and regulations, related to the Treasury Financial Manual for preparation of Statement of Transactions.

Subsequent to the completion of our audit work, the Agency took action to implement Treasury procedures for preparation of Statement of Transactions.

Attachment 2 provides additional details, as well as our recommendations on actions that should be taken on these matters. We have also reported other less significant matters involving compliance with laws and regulations in position papers during the course of our audit. We will not be issuing a separate management letter.

Prior Audit Coverage

During previous financial or financial-related audits, weaknesses that impacted our audit objectives were reported in the following areas:

- Reconciling and reporting intra-governmental transactions, assets, and liabilities by Federal trading partner.
- Complying with Statement of Federal Financial Accounting Standards No. 4, including accounting for the cost to achieve goals and identifying and allocating indirect costs.
- Interagency Agreement invoice approval process.
- Documenting EPA's IFMS.
- Complying with Federal financial management system security requirements.
- Preparation and reconciliation of Statement of Transactions.
- Documentation and approval of journal vouchers.
- Assessing automated application processing controls for IFMS.
- Reconciling Unearned Revenue for State Superfund Contracts.
- Managing EPA's Accounts Receivable.

Attachment 3, Status of Prior Audit Report Recommendations, summarizes the current status of corrective actions taken on prior audit report recommendations with corrective actions in process.

The Chief Financial Officer, as the Agency's Audit Followup Official, oversees EPA's followup on audit findings and recommendations, including resolution and implementation of corrective actions. For these prior audits, final action occurs when the Agency completes implementation of the corrective actions to remedy weaknesses identified in the audit.

We acknowledge that many actions and initiatives have been taken to resolve prior financial statement audit issues. We also recognize that the issues we have reported are complex, and require extensive, long-term corrective actions and coordination by the Chief Financial Officer with various Assistant Administrators, Regional Administrators, and Office Directors before they can be completely resolved. A few issues have been unresolved for many years. The OIG will continue to work with the OCFO in helping to resolve all audit issues resulting from our financial statement audits.

Agency Comments and OIG Evaluation

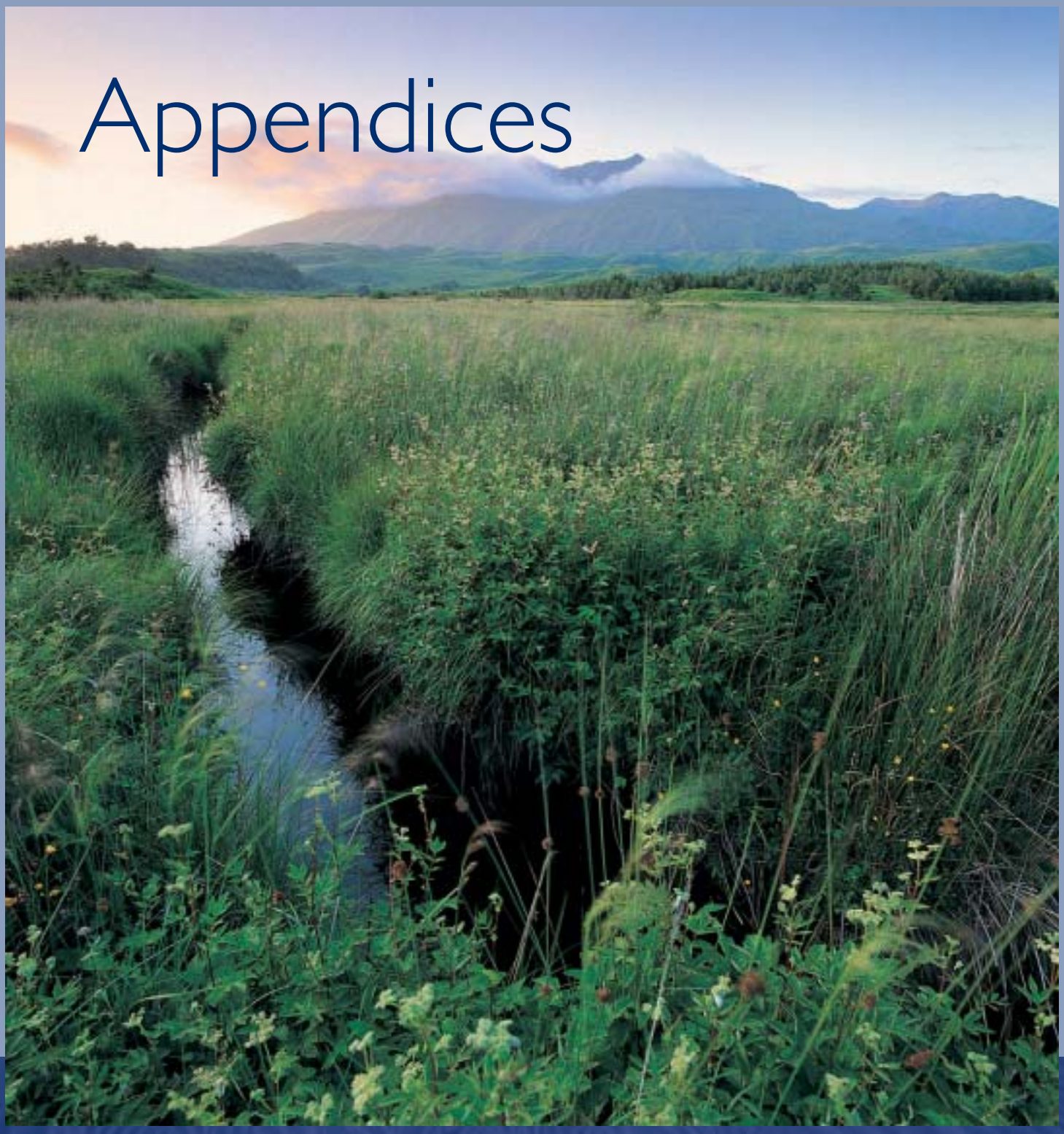
In a memorandum dated November 12, 2004, OCFO responded to our draft report.

The rationale for our conclusions and a summary of the Agency comments are included in the appropriate sections of this report, and the Agency's complete response is included as Appendix II to the OIG's complete audit report.

This report is intended solely for the information and use of the management of EPA, OMB, and Congress, and is not intended to be and should not be used by anyone other than these specified parties.

Paul C. Curtis, Director
Financial Audit
Office of Inspector General
U.S. Environmental Protection Agency
November 5, 2004

Appendices



CONTENTS

Appendix A Program Evaluations Completed in FY 2004

Evaluation Title and Scope	Findings of the Evaluation	Planned Response	Public Access
Goal 1, Objective 1 *Air Quality Management in the United States* This report: — Assessed the effectiveness of the major air quality provisions of the Clean Air Act (CAA) from a scientific and technical perspective and their implementation by federal, state, tribal, and local government agencies. — Presented scientific and technical recommendations for strengthening the nation's air quality management (AQM) system with respect to the way it identifies and incorporates important sources of exposure to humans and ecosystems and integrates new understandings of human and ecosystem risks.	The National Academy of Sciences (NAS) concluded: — Implementation of the CAA has contributed to substantial decreases in emissions of several pollutants. — Air quality monitoring networks have confirmed that ambient pollutant concentrations, especially in urban areas, have decreased over the past three decades, and long-term atmospheric deposition monitoring has documented a reduction in sulfate deposition in the eastern United States. — Despite uncertainties, economic assessments of the overall costs and benefits of AQM in the United States indicated that implementation of the CAA has had and will probably continue to have substantial net economic benefits. — Scientific and technical limitations identified in the current AQM system will hinder future progress as the nation attempts to meet upcoming challenges. — To meet these challenges the Committee on Air Quality Management in the United States identified a set of long-term objectives that guide future improvements of the AQM system. AQM should strive to: identify and assess more clearly the most significant exposures, risks, and uncertainties; take an integrated multipollutant approach to controlling emissions of pollutants posing the most significant risks; take an	— EPA believes that the NAS's comprehensive, thoughtful report and recommendations contain reasonable long-term goals for AQM in the United States. EPA plans to use the report and recommendations as a framework for improving the current system. — The findings are consistent with EPA's continuing efforts to provide Americans with cleaner air. — EPA has applied multipollutant approaches and the cap-and-trade programs in the President's proposed Clear Skies Act and in EPA's recently proposed Interstate Air Quality Rule and mercury rule. — EPA plans to continue its research on fine particles, including research that should improve the Agency's ability to relate benefits to specific fine particle reductions. — EPA has launched programs, such as Clean School Bus USA, to retrofit existing diesel vehicles. — EPA is working toward prioritizing air toxics so as to focus on those that are of concern in urban areas. — EPA has supported legislation and is taking administrative steps that, together, will allow states to coordinate air quality plans for reducing ozone, fine particle, and regional haze pollution, rather than addressing each air pollution problem individually.	Committee on Air Quality Management in the United States, National Academy of Sciences ISBN: 0-309-08932-8 January 2004 Available at: http://www.nap.edu/catalog/10728.html

Evaluation Title and Scope	Findings of the Evaluation	Planned Response	Public Access
	airshed-based approach by assessing and controlling emissions of important pollutants arising from local, multistate, national, and international sources; and emphasize results over process, create accountability for the results, and dynamically adjust and correct the system as data on progress are assessed.	— EPA agrees with the need to better integrate planning for various air pollutants. The CAA has a variety of programs with different timeframes and requirements, depending on the nature of the pollutant. EPA is working to integrate these programs as much as possible, given the statutory differences. — EPA is working to develop new air indicators of ecological condition, building, where possible, on ongoing national long-term monitoring and assessment efforts (e.g., CASTNet, NADP, TIME/LTM).	
Goal 1, Objective 1 *Air Pollution: EPA Could Take Additional Steps to Help Maximize the Benefits from the 2007 Diesel Emissions Standards* This GAO report examined: — The effectiveness of the accelerated (October 2002) deadline for 2004 Diesel Emissions Standards on industry and emissions. — Stakeholders' views on the readiness of technology for the 2007 Diesel Emission Standards and EPA's efforts to ensure this.	GAO found: — Implementing the 2004 diesel emissions standards 15 months early disrupted some industries' operations. Concerned that the new engines would be costly and unreliable, some companies said they bought more trucks with old engines than planned before October 2002. While accelerating the schedule for new engines accelerated emissions benefits, it did not do so to the extent or the time frames anticipated. Because companies initially built more trucks with old engines and owners are now operating trucks longer, some of the expected emission reductions will likely be delayed. — While EPA has taken a number of steps to aid the transition to the new diesel engines in accordance with the 2007 emission and fuel standards, some stakeholders would like more help. Engine, emission control, and fuel industry representatives stated that the needed technologies will be available on time.	— EPA believes that, in many key respects, the report is consistent with the Agency's assessment of the situation leading up to implementation of the 2007 standards. The report accurately notes that "Stakeholders designing new emissions control, engine and fuel technologies say they will be ready." "All of the engine manufacturers reported that they expect to have engines ready by 2007." "The [fuel] representatives agreed that EPA should make no changes to the 2007 rules' implementation dates and low sulfur diesel fuel requirements." These statements—which reflect the views of the companies that must comply with the 2007 program—are consistent with our analysis of the progress that these industries have made in complying with the new standards. — All major engine makers have committed to having test engines ready for customers by certain dates.	Government Accountability Office GAO-04-313 March 2004 Available at: http://www.gao.gov/new.items/d04313.pdf
Goal 1, Objective 1 *New Source Review Revisions: Stakeholder Views* GAO examined the revisions to the EPA New Source Review (NSR) program in October	GAO found: — A majority of the 44 state air quality officials responding to the GAO survey believe that the December 2002 final rules will provide industry greater flexibility to modify facilities without having to install pollution controls in some cases.	— EPA agrees with GAO that the emissions data available to analyze the NSR revisions' impacts are limited. — EPA had concerns about the methodology and some of the findings. Specifically, EPA is concerned that GAO: used the opinions expressed in the survey responses	Government Accountability Office GAO-04-274 February 2004 Available at: http://www.gao.gov/new.items/d04274.pdf

Evaluation Title and Scope	Findings of the Evaluation	Planned Response	Public Access
2002 and December 2003 by surveying partners and stakeholders on the impacts and potential effects of all the NSR revisions.	— Stakeholders were divided on the rules' impact on emissions and agencies' workloads. A majority of officials also think that this flexibility will come at the cost of increases in emissions and agencies' workloads. — Other stakeholders believe the revisions in the final rule and the two proposed exclusions will decrease the regulatory burden on industry. — Given the conflicting opinions of state officials and stakeholders, determining the likely impact of the revisions is difficult, primarily because few data exist to substantiate opinions. In addition to recommendations included in GAO's earlier NSR-related reports, GAO recommends that EPA identify available data, or ways to obtain the data, to monitor the emissions impact of the NSR exclusion for routine equipment replacement. GAO also recommends that, before issuing a final rule on the proposed annual maintenance allowance, EPA consider the state officials' and stakeholders' concerns about the emission and workload impacts identified.	as fact from which to draw conclusions and make recommendations about the NSR program; did not ensure balance and objectivity; used a skewed survey sample; and should have evaluated whether the survey results were consistent with the facts cited in EPA's analyses of the revisions' effects.	A copy of the survey and detailed tables showing the state and local officials' responses to the questions in a separate report are available: Survey of State and Local Air Quality Officials Opinions on the Impacts of the Environmental Protection Agency's Revisions to the Clean Air Act's New Source Review Program (GAO-04-337SP)
Goal 1, Objective 6 *Research Priorities for Airborne Particulate Matter: IV. Continuing Research Progress* This report examined: — The extent to which completed and ongoing research is addressing gaps that decision makers need to consider as they review the scientific evidence relevant to the particulate matter (PM) National Ambient Air Quality Standards (NAAQS).	The National Research Council (NRC) reported: — Much has been learned since the 1998 research investment, and the evidence gained is already being used in decisions that will continue to be made, even with the remaining uncertainties. — Much is still to be learned, particularly in the area of characterization of emission sources, air quality model development and testing, and assessment of hazardous PM components. — A failure to invest in advancing the understanding of PM would result in not taking full advantage of the substantial investment to date and the nation's ability to make evidence-based health policy and air quality regulatory choices in the future.	— EPA has acknowledged in its response to the NRC the evolution of the complexity of the PM science as documented in this capstone report, generally agrees with the recommendations, and is continuing its research program to address the uncertainties and challenges identified by the Subcommittee. — In response to NRC recommendations, EPA is reviewing specific steps and plans with the Agency's Clean Air Science Advisory Committee. — EPA is initiating in FY 2005 a mechanism for conducting periodic independent expert reviews of its research programs, which will qualitatively assess reductions in scientific uncertainty, as well as the quality, relevance, and performance of each program.	National Research Council of the National Academies ISBN 0-309-09199-3 March 2004 Available at: http://books.nap.edu/catalog/10957.html

Evaluation Title and Scope	Findings of the Evaluation	Planned Response	Public Access
	— The NRC identified seven specific scientific challenges and three management of science challenges that need careful attention as the PM research program continues, and indicated that some progress has been made in addressing these challenges.		
Goal 2, Objective 1 *Drinking Water: Experts' Views on How Future Federal Funding Can Best Be Spent to Improve Security* The purpose of this evaluation was: —To report to Congress on the views of national experts concerning drinking water security, including serious vulnerabilities of drinking water systems, criteria for allocating federal funds among systems to improve security, and activities that most warrant federal support to mitigate the risk of terrorism.	GAO reported: — Distribution systems are among the most vulnerable physical components of drinking water utilities, as well as computer systems that manage critical utility functions, treatment chemicals stored on site, and source water supplies. — Individual utilities have insufficient information to identify threats and lack of redundancy in vital system components as vulnerabilities. — Activities most deserving of support included: physical and technological upgrades, education and training to support simulation exercises, and strengthening relationships between water utilities and other agencies. — Direct federal grants or the Drinking Water State Revolving Fund (DWSRF) should be used to improve security and should be aimed at utilities' vulnerability assessments.	— EPA has agreed to consider the national experts' views should Congress appropriate additional funds for water security. — EPA is currently considering the use of a federal grant program, which is different from the existing DWSRF program in that it would exclusively fund security upgrades and provide grants directly to water systems. The DWSRF generally provides loans for a diverse array of projects through individual state DWSRF programs. — EPA has recently provided guidance on the types of security-related projects that are eligible for Clean Water and Drinking Water State Revolving Fund assistance and has undertaken several of the activities identified in the report (e.g., extensive technical training and research into contaminant detectors).	Government Accountability Office GAO-04-29 October 2003 Available at: http://www.gao.gov/new.items/d0429.pdf
Goal 2, Objective 1 *Impact of EPA and State Drinking Water Capacity Development Efforts Uncertain* The OIG examined: — EPA and state formulation and initial implementation of capacity development programs. — The extent to which such programs have been formulated and initially implemented, consistent with the requirements and overall objectives of the Safe Drinking Water Act (SDWA).	OIG reported: — With assistance from EPA, states designed capacity development strategies that generally met the requirements of the 1996 SDWA Amendments. OIG recommended: — Development of a national capacity strategy that promotes technical, managerial, and financial capacity in a proactive, integrated, flexible, and accountable way and provides additional guidance accordingly. — Revision of 40 CFR 35.3515 (DWSRF withholding regulations) to provide more specific criteria that will allow EPA to conduct meaningful annual assessments of state capacity development strategies.	— EPA has agreed to develop a national comprehensive evaluation tool for the regions to use when reviewing state reports to promote and improve national consistency of state program implementation. — The tool will help EPA to analyze and review information more consistently and will a better equip the Agency for assessing program success at the national level. — Once the tool is developed, EPA will assess whether national-level goals are appropriate for the capacity development program, in addition to the measures for the drinking water program as a whole.	EPA Office of the Inspector General No. 2003-P-00018 September 30, 2003 Available at: http://www.epa.gov/oigearth/reports/2003/2003-p-00018-20030930.pdf

Evaluation Title and Scope	Findings of the Evaluation	Planned Response	Public Access
— How states are integrating capacity development, together with other SDWA initiatives and drinking water program activities, to assist community water systems to consistently achieve the SDWA's health objectives.	— Development of a comprehensive evaluation tool to assess implementation of states' capacity development strategies, and that the tool be required for regions to use as part of their oversight responsibilities. — Identification of common measures to develop/implement performance goals and determine what common capacity development data are available to support such measures, without burdening the states and utilities.		
Goal 2, Objective 1 *EPA Claims to Meet Drinking Water Goals Despite Persistent Data Quality Shortcomings* The purpose of this report was to: — Evaluate the drinking water performance measure and determine how "incomplete or inaccurate" drinking water data affects this measure. — Determine what actions EPA has taken to ensure that drinking water data collected and distributed to the public are reliable and valid.	OIG reported: — EPA's drinking water performance reporting in recent annual performance reports might have been skewed by data inconsistencies in SDWIS/FED. OIG suggested: — EPA and the states should continue to move forward in correcting data deficiencies. — EPA should account for missing and inaccurate data when reporting performance under the Government Performance and Results Act to compensate for data reliability concerns.	— EPA's data verifications audits and associated analyses indicate that data in SDWIS/FED are highly accurate with very few errors, but are still incomplete. — EPA and the states have made significant progress in improving the quality of data. — EPA's "Drinking Water Data Reliability Analysis and Action Plan" (2003) highlights the Agency's continuing efforts and additional steps EPA will take in partnership with states to further improve the data's reliability. — EPA will continue to engage in discussions with states regarding potential new approaches for reporting drinking water data.	EPA Office of the Inspector General No. 2004-P-0008 March 5, 2004 Available at: http://www.epa.gov/oigearth/reports/2004/20040305-2004-P-0008.pdf
Goal 2, Objective 1 *States Making Progress on Source Water Assessments, But Effectiveness Still to Be Determined* — The Source Water Assessment Program (SWAP) is intended to encourage states to form voluntary, mutually beneficial partnerships to develop source water protection strategies.	OIG reported: — SWAP appears to have been beneficial. — While states approached it differently, there is consensus that the information obtained through the assessment process and the quality of the assessments themselves can lead to protection efforts and be incorporated into other water quality management programs. — Most states used a wide variety of available information sources to develop the assessments. — Recommendations were: (1) EPA and states should finalize the	— EPA generally agreed with the IG's recommendations and is in the process of developing appropriate corrective actions.	EPA Office of the Inspector General No. 2004-P-00018 May 27, 2004 Available at: http://www.epa.gov/oigearth/reports/2004/20040527-2004-P-00019.pdf

Evaluation Title and Scope	Findings of the Evaluation	Planned Response	Public Access
The purpose of this report was to: — Evaluate the status of source water assessment submissions. — Determine if source water assessments are fulfilling the needs of the program. — Determine how the success of the program is measured.	SWAP measures and reporting requirements; (2) EPA should revisit the state agency concerns raised in this report, solicit and evaluate alternatives, and resolve the concerns to the satisfaction of the group; (3) EPA should continue its effort to develop and issue guidance for states on what information is appropriate for release to the public.		
Goal 2, Objective 2 *Water Infrastructure: Comprehensive Asset Management Has Potential to Help Utilities Better Identify Needs and Plan Future Investments* GAO examined: — The potential benefits of comprehensive asset management for drinking water and wastewater utilities and the challenges that could hinder its implementation, and the role that the federal government might play in encouraging utilities to implement asset management.	GAO found: — Utilities see benefits from using comprehensive asset management, but face implementation challenges. GAO recommends that EPA: — Better coordinate ongoing/planned initiatives to promote asset management within and across the drinking water and wastewater programs. — Explore opportunities to take advantage of asset management tools/informational materials developed by other federal agencies. — Strengthen efforts to educate utilities on how implementing asset management can help them comply with certain regulatory requirements. — Establish a web site to provide a central repository of information.	— EPA agrees with GAO's findings and believes there are significant benefits to be realized by further adoption of asset management practices. The federal government can do much to encourage utilities to implement asset management. — The Agency has already engaged in a series of collaborative and training-related efforts with utilities on asset management. — EPA will implement a sustainable infrastructure strategy to enhance the operating efficiencies of water and wastewater systems, which will focus on better management, water efficiency, full-cost pricing, and the watershed approach.	Government Accountability Office GAO-04-461 March 19, 2004 Available at: http://www.gao.gov/new.items/d04461.pdf
Goal 2, Objective 2 *Program Enhancements Would Better Ensure Adequacy of Boat Pumpout Facilities in No-Discharge Zones* This report examined: — EPA's process for determining the adequacy of facilities to remove and treat sewage in proposed no-discharge zones (NDZs). — The extent to which EPA and the states	GAO reported: — EPA's process for determining whether adequate facilities are reasonably available could be improved. — There is no EPA oversight and limited state oversight of pumpout facilities after NDZs are established. — The Coast Guard limits its enforcement of no-discharge prohibitions to the three federally designated NDZs; it does not enforce them in the 56 state-designated zones. — A number of EPA, state, and local officials believe that water quality	— EPA recently completed a survey of 958 boaters and 69 marinas from 15 coastal and Great Lakes NDZs around the country to obtain information about pumpout availability, pumpout use, and NDZ awareness. A majority of the respondents reported favorably as to the adequacy, availability, accessibility, and functionality of pumpout facilities. — EPA has initiated work to develop national guidance to assist the EPA regional offices in improving the evaluation of pumpout adequacy in proposed NDZs and to better maintain adequate pumpout capability in existing NDZs.	Government Accountability Office GAO-04-613 May 2004 Available at: http://www.gao.gov/new.items/d04613.pdf

Evaluation Title and Scope	Findings of the Evaluation	Planned Response	Public Access
ensure that adequate facilities remain available after designation. — The extent to which the U.S. Coast Guard and states enforce discharge prohibitions. — Various effects of NDZs, as identified by EPA, states, and localities.	and environmental stewardship have improved after designation of these zones.		
Goal 2, Objective 2 *Watershed Management. Better Coordination of Data Collection Efforts Needed to Support Key Decisions* GAO examined the water quality monitoring efforts supported by EPA and 15 other agencies Specifically, GAO was asked to determine: — The key entities that collect water quantity data, including the types of data they collect, how they store their data, and how entities can access the data. — The extent to which these entities coordinate their water quantity data collection efforts.	GAO found: — The availability of timely, reliable, and complete data about the nation's waters has significant environmental and financial implications. — More efficient coordination of data collection efforts could improve the quality of the data and provide more information for decision making. GAO listed three actions for congressional consideration: — Support for the development and continued operation of regional and state monitoring councils. — Coordination of the development of an Internet-based clearinghouse (e.g., a geospatial Internet-based query tool) to convey information on entities collecting data and what types of data are available within a given watershed. — Coordination of the development of clear guidance on metadata standards so that data users can integrate data from various sources.	— EPA is working with other agencies to address each of these issues. — EPA has helped to create and support several of the eight state and regional water monitoring councils that exist today, which model the coordination efficiency GAO recommends in its report. — EPA, working with the U.S. Geological Survey (USGS), has begun to implement an Internet portal that will give access to water quality data housed in the two large agency water quality data systems. — EPA, working with USGS, is initiating a project to demonstrate the integration of data from many sources for use in watershed management efforts. — EPA, working with many federal agencies through the National Water Quality Monitoring Council, has defined and adopted a set of metadata elements to help ensure the comparability of data from disparate sources.	Government Accountability Office GAO-04-382 June 2004 Available at: http://www.gao.gov/new.items/d04382.pdf
Goal 2, Objective 3 *Effectiveness of Effluent Guidelines Program for Reducing Pollutant Discharges Uncertain* The objectives of the evaluation were to determine: — To what extent EPA's effluent guidelines development	OIG found that the effluent guidelines program experienced the following changes over the past decade: — broader range of pollutants, — broader array of industries, — more effluent guidelines promulgated. Indicators of the program's success include whether:	EPA will: — Conduct a retrospective analysis of several guidelines to determine their effectiveness, using an approach similar to OIG's. — Determine the usefulness of comparing sampling data collected during guideline revision with the data collected during the original promulgation. EPA's Office of Water will continue to develop the tools described in	EPA Office of the Inspector General Record No. 2004-P-00025 August 24, 2004 Contact: Dan Engelberg, Director of Program Evaluation, Water Issues, OIG 202/566-0830

Evaluation Title and Scope	Findings of the Evaluation	Planned Response	Public Access
process has changed over time. — How effectively effluent guidelines are used to reduce pollutant loadings. — The extent to which EPA measures the effectiveness of the effluent guidelines program.	— Guidelines were used in the National Pollutant Discharge Elimination System permits analyzed. — Limits in reissued permits were derived from effluent guidelines to a very large extent. Indicators of the program's impact remain uncertain: — EPA does not measure the effectiveness of the effluent guidelines program or of individual effluent guidelines. — Data were not available to determine actual reductions in pollutant discharges.	the Permitting for Environmental Results Strategy that are responsive to the conclusions of this report.	Renee McGhee-Lenart Project Manager, OIG 913/551-7534 Available at: http://www.epa.gov/oig/reports/2004/20040824-2004-P-00025.pdf
Goal 2, Objective 3 *Evaluation of the Analytical Methods Review and Approval Program* The objectives of the evaluation were to assess the effectiveness of program/process for: — Reviewing alternative test procedures for use by the regulated community to comply with monitoring requirements. — Updating or revising existing analytical methods or approving improved or new analytical methods in the *Code of Federal Regulations.* — Stakeholder outreach and communication. The study also planned to identify short-term and long-term improvements to address the needs of all stakeholders.	The evaluation found that the Analytical Methods Program: — Has been successful in meeting the requirements of the Effluent Guidelines program. — Has lacked the visibility and resources to successfully meet the needs of external stakeholders regarding the review and approval of new methods. This has slowed down the use of more efficient technologies. — Needs to take a more strategic role in coordination with all stakeholders and long-term planning.	— The Office of Science and Technology (OST) received the final report in September 2004. The findings are currently being evaluated and will be used in the development of a 5-year analytical methods strategy. — OST will seek input from other Office of Water offices and regional methods contacts to develop the strategy.	SRA International, Inc.; Industrial Economics, Inc. September 2004 EPA Contact: Meghan Hessenauer Office of Science and Technology 202 566-1040
Goal 3, Objective 2 *Immediate Action Needed to Address Weaknesses in EPA Efforts to Identify Hazardous Waste Sites in Indian Country*	OIG reported: — Some delays were caused by mismanagement by a grantee. — EPA had not sufficiently defined its data needs for the inventory.	EPA has: — Agreed to continue close oversight of the grantee. — Taken steps to improve communication of information needs to the grantee.	EPA Office of the Inspector General Report No. 2004-P-00003 January 30, 2004

Evaluation Title and Scope	Findings of the Evaluation	Planned Response	Public Access
OIG examined: — EPA's efforts to develop an inventory of hazardous waste sites on Indian lands. — EPA's methodology to get tribal input to the inventory.	— Problems with the grantee's methodology may preclude development of an accurate and reliable inventory. — EPA did not have a sufficient plan for validating, managing, storing, or updating the inventory.	— Provided technical assistance to the grantee to help develop a clear management plan. — Begun working with the grantee to address data management and data quality issues.	Available at: http://www.epa.gov/oig/reports/2004/20040130-2004-p-00003.pdf
Goal 3, Objective 2 *Superfund: Building on the Past, Looking to the Future (120-day Study)* This report examined: — The Superfund program to identify opportunities for program efficiencies that would enable the Agency to begin and ultimately complete more long-term cleanups with current resources.	The report found that overall, the program is strong and diverse and continues to strive to meet high expectations. — The report contains 102 recommendations, which are intended to improve a program that is fundamentally sound and does not need a major overhaul. The recommendations can be grouped into the following key areas: — Provide leadership and vision. — Build on past successes. — Continue to build a better, more effective program. — Improve the use and management of Agency resources. — Improve communications and program accountability. — Make purposeful resource shifts to better link organizational structure with program needs.	— The Agency has convened a Board of Directors, as recommended by the study, and is currently evaluating the recommendations and drafting work plans to address them.	U.S. Environmental Protection Agency April 22, 2004 Available at: http://www.epa.gov/superfund/news/120daystudy.pdf
Goal 3, Objective 2 *National Advisory Council for Environmental Policy and Technology (NACEPT) Final Report* The purpose of this report was to: — Reach consensus-based recommendations on three major issues: (1) the role of the National Priorities List (NPL), (2) the role of Superfund "mega-sites, and (3) measurement of program performance.	NACEPT reported: The Subcommittee developed 17 consensus-based recommendations on how the Agency could improve its operations.	— The Agency is evaluating the recommendations to determine the specific actions that will be taken. — The Agency is working to prioritize the listing and funding of sites using a consistent set of factors, to make sure to only refer sites that must be handled by Superfund to the NPL, and to provide better information to the public on accomplishments and distinguish megasite progress from non-megasite progress. EPA is also developing an institutional control tracking system and a strategic plan for addressing institutional control issues.	Superfund Subcommittee of the National Advisory Council for Environmental Policy and Technology April 12, 2004 Available at: http://www.epa.gov/oswer/docs/naceptdocs/NACEPTsuperfund-Final-Report.pdf

Evaluation Title and Scope	Findings of the Evaluation	Planned Response	Public Access
Goal 4, Objective 1 *Substantial Progress Made, But Further Actions Needed in Implementing Brownfields Program* The purpose of this evaluation was to: — Assess the first year of implementation of the Brownfields program, and effectiveness in instituting major program components. — Review EPA's success in identifying and securing resources for carrying out the expanded Brownfields program.	OIG reported: — Stakeholders have generally been pleased with the program. — There are some concerns about the clarity, timeliness, and sufficiency of guidance to regions and grant applicants. — There is limited opportunity for feedback from regional offices during grant review. — The process for determining applicant and site eligibility is not well defined or documented. — Property ownership deadlines are not being met. — It is difficult to assess the program's environmental performance.	— EPA has held training sessions and conference calls during FY 2004 to improve and enhance guidance. — EPA has streamlined the grant application process, from two steps to one step. — EPA has begun developing a process for conducting a more detailed evaluation of applicant/site eligibility, on a sample basis. — EPA has decided not to extend property ownership deadlines this year. — EPA has begun developing a process to use property profiles to assess program performance.	EPA Office of the Inspector General Report No. 2004-P-0020 June 21, 2004 Available at: http://www.epa.gov/oig/reports/2004/20040621-2004-P-0020.pdf
Goal 4, Objective 1 *Preliminary Assessment of the Premanufacture Notice Review Program* The purpose of this evaluation was to examine: — The structure and function of Premanufacture Notice (PMN) program. — The perceptions of program employees as to the program's effectiveness. — Possible program improvements. — Areas for further investigation.	— The evaluation identified methods of tracking program expenditures that could be improved. — Since many chemicals submitted as PMNs are never manufactured commercially, benefits could be gained from identifying features of PMNs that correlate well with subsequent filing of Notices of Commencement of Manufacturing. — Employees cited receipt of incomplete or inaccurate data as the primary cause of program delays. — Assessment of internal bottlenecks, industry issues, and scientific assessment process could provide benefits.	EPA initiated Phase II of the evaluation to: — Determine methods for tracking program expenditures. — Develop more detailed cost information covering a longer period of time to support development of efficiency measures (measure development occurring under a separate project). — EPA will assess the need for conducting a third phase of this evaluation, pending review of the Phase II report in the second or third quarter of FY 2005.	Industrial Economics, Inc. September 2004 Interim Report This is an internal EPA report and is not publicly available.
Goal 4, Objective 1 *Pesticide Environmental Stewardship Program* The purpose of this evaluation was to:	The evaluation recommended: — Improving the effectiveness of strategy development by aligning grants with risk reduction priorities; providing additional training to liaisons on how to best assist members; and creating a	— EPA will develop an action plan for addressing the recommendations.	Industrial Economics, Inc. July 2004 This is an internal EPA report and is not publicly available.

Evaluation Title and Scope	Findings of the Evaluation	Planned Response	Public Access
— Maximize value of the Pesticide Environmental Stewardship Program (PESP) to EPA and participants. — Assess what makes the program successful. — Assess what needs improvement or redesign. — Assess the effectiveness of the strategy development process. — Evaluate the capacity of PESP liaisons to further program goals. — Determine how to implement strategies more effectively.	performance measurement clearinghouse. — Increasing program support with additional travel and training funds. — Facilitating the implementation of effective strategies by reinstating the annual meeting; promoting PESP in trade journals; and creating a searchable database of reduced risk grant projects. — Providing additional member benefits, such as publicizing champion awards; providing more intensive assistance with grant applications; reenlisting inactive members and providing additional incentives for members; and considering umbrella memberships for trade associations.		
Goal 4, Objective 2 *Water and Wetlands: Corps of Engineers Needs to Evaluate Its District Office Practices in Determining Jurisdiction* The purpose of this evaluation was to describe the: — Regulations and guidance used to determine jurisdictional waters and wetlands and related developments since 2001 Solid Waste Agency of Northern Cook County vs. U.S. Army Corp of Engineers case which struck down the migratory bird rule. — Extent to which the U.S. Army Corps of Engineers district offices vary in their interpretation of	GAO reported: — EPA and Corps regulations defining waters of the United States leave room for interpretation by Corps districts when considering (1) adjacent wetlands, (2) tributaries, and (3) ditches and other man-made conveyances. — Corps districts differ in how they interpret and apply the federal regulations when determining which waters and wetlands are subject to federal jurisdiction. GAO recommends that the Corps and EPA: — Survey district office practices, — Evaluate whether and how to resolve differences, and — Require districts to document practices and make information publicly available.	EPA and the Corps are: — Jointly evaluating proposed jurisdictional determinations subject to review under EPA and Corps of Engineers guidance issued in 2003. — Sharing information on determinations of no Clean Water Act jurisdiction. — Making more information on jurisdictional calls available to the public. — Pursuing development of guidance and/or training to promote consistency in problem areas.	Government Accountability Office GAO-04-297 February 2004 Available at: http://www.gao.gov/new.items/d04297.pdf

Evaluation Title and Scope	Findings of the Evaluation	Planned Response	Public Access
these regulations and guidance, document their practices, and make this information available.			
Goal 4, Objective 2 *Toxics Release Inventory System Can Improve Industrial User Reporting and Metal Transfers Identification* The purpose of this report was to: — Evaluate the process used to report transfers of pollutants to publicly owned treatment works (POTWs).	OIG recommended four items for improvement: — Correct the Toxic Release Inventory (TRI) database using OIG work as support for the changes. — Use auditing software to flag spikes and overall pollutant increases or decreases for future evaluation. — Determine whether TRI Form R should be revised to reduce industry completion errors. — Add a column to TRI Explorer reports showing metals/metal compound transfers to POTWs.	— Database corrections cannot be unilaterally made by EPA/TRI. Facilities have been contacted with requests for corrected input. — TRI-ME software and Facility Data Reports (FDRs) are being enhanced to include historical trend data. FDR enhancement available FY 2004. — Form A and R modifications were considered as part of the Information Collection Request renewal process. — TRI Explorer currently has the suggested POTW information.	EPA Office of the Inspector General Report No. 2004-P-00004 November 17, 2003 Available at: http://www.epa.gov/oig/reports/2004/20040202-2004-P-00004.pdf
Goal 4, Objective 2 *EPA Needs to Consistently Implement the Intent of the Executive Order on Environmental Justice* The purpose of this report was to determine how: — EPA is integrating environmental justice into its day-to-day operations. — The Agency implemented Executive Order 12898 and integrated its concepts into EPA's regional and headquarters offices. — Environmental justice areas are defined at the regional levels and what is their impact.	OIG found: — EPA has neither fully implemented Executive Order 12898 nor consistently integrated environmental justice into its day-to-day operations. — EPA has not identified minority and low-income populations or populations addressed in the Executive Order, and has neither defined nor developed criteria for determining disproportionately affected populations. — The Agency restated its commitment to environmental justice in 2001 in a manner that does not emphasize minority and low-income populations, which is the intent of the Executive Order.	— EPA disagrees with the central premise that Executive Order 12898 requires the Agency to identify and address the environmental effects of its programs on minority and low-income populations. — EPA believes it is complying with the spirit and the letter of Executive Order 12898.	EPA Office of the Inspector General Report No. 2004-P-00007 March 1, 2004 Available at: http://www.epa.gov/oig/reports/2004/20040301-2004-P-00007.pdf
Goal 4, Objective 2 *The Effectiveness of the Office of Children's Health Protection Cannot Yet Be Determined Quantitatively* The purpose of this report was to determine:	OIG reported: — There is no overall, coordinated strategy integrating children's environmental health efforts into the Agency as a whole and no active communication process in place among the program offices and OCHP.	— EPA will expedite the appointment of a permanent Director for OCHP. — EPA will establish an official children's health contact within each media program office to improve coordination and communication.	EPA Office of the Inspector General Report No. 2004-P-00016 May 17, 2004

Evaluation Title and Scope	Findings of the Evaluation	Planned Response	Public Access
— EPA's agenda for fostering children's health and how the Office of Children's Health Protection (OCHP) ensures its achievement. — The impediments to OCHP's ensuring the achievement of the Agency's National Agenda to Protect Children's Health from Environmental Threats. — How well OCHP's plan coordinates children's health activities within the Agency.	— OCHP has no formal mechanism in place to ensure performance results or assess the relationships among program costs, activities, and results.	— EPA will direct OCHP to make improvements to its annual planning process to include a methodology to set priorities to ensure resources are being allocated to problems that pose the greatest environmental risks to children, as well as periodic meetings with the program offices.	Available at: http://www.epa.gov/oig/reports/2004/20040517-2004-P-00016.pdf
Goal 4, Objective 5 *EPA's Final Water Security Research and Technical Support Action Plan May Be Strengthened Through Access to Vulnerability Assessments* The purpose of this report was to determine whether: — Vulnerability Assessments (VAs) submitted to EPA by water utilities adequately address all the components required by the Bioterrorism Act and whether correlations can be found between utility characteristics and VA content. — VAs are an appropriate tool for EPA to use in setting a baseline for water security performance measurement and in prioritizing water security activities.	OIG reported: — The Office of Research and Development (ORD) should access utility VAs to validate its research priorities. — Problems may exist in the VAs, especially in (1) identifying and prioritizing specific threats, particularly terrorist scenarios; and (2) assessing the full breadth of a water system's infrastructure, particularly the distribution system.	— EPA will immediately grant responsibility to ORD officials for developing, prioritizing, and implementing critical water security research projects access to VAs provided by utilities. Once granted access, appropriate ORD officials should review the VAs to determine the extent to which EPA's Research Action Plan addresses utilities' most significant vulnerabilities. — EPA will immediately request access to a sample of vulnerability assessments to enable it to more effectively formulate questions for contractor review, and Office of Water should expedite a contract amendment to have the contractor address ORD's additional questions.	EPA Office of the Inspector General Report No. 2004-P00023 July 1, 2004 Available at: http://www.epa.gov/oigearth/reports/2004/20040701-2004-P-00023.pdf

Evaluation Title and Scope	Findings of the Evaluation	Planned Response	Public Access
Goal 5, Objective 1 *EPA Needs to Improve Tracking of National Petroleum Refinery Compliance Program Progress and Impacts Report* The purpose of this evaluation was to determine: — Whether EPA effectively implements and manages the petroleum refinery program. — The nature and extent of the regulated petroleum refinery universe. — The extent that EPA, the Department of Justice, and its partners are working to develop an integrated strategy to address priority noncompliance problems at petroleum refineries. — Whether the performance measurement and reporting approach for petroleum refineries provides the information necessary to effectively implement, manage, evaluate, and improve the OECA's petroleum refinery program.	OIG reported: — The Office of Enforcement and Compliance Assistance's (OECA's) performance measurement and reporting approach for the national petroleum refinery program did not provide useful and reliable information necessary to effectively implement, manage, evaluate, and improve the program. — OECA did not clearly and precisely define official program goals and measures, or ensure the goals were clearly and consistently shared. As a result, OECA did not have a consensus on what the program goals were. Existing EPA performance measurement and reporting systems were ineffective for monitoring or reporting refinery program performance.	— EPA will continue to develop and articulate appropriate goals and performance measures. — EPA will provide additional training at the regional level, and empower regional experts to review and respond to company reports. — EPA agrees with the need for national enforcement priorities to be managed by a senior enforcement official. — OIG's recommendations were considered when OECA developed the FY 2005 - 2007 National Priority Performance-Based Strategy for the petroleum refining sector. — The recommendations with which OECA agreed or partially agreed have been addressed by the Performance-Based Strategy for the petroleum refining sector, other activities related to the petroleum sector work, and the overall national priority strategy development process.	EPA Office of the Inspector General No. 2004-P-00021 June 22, 2004 Available at: http://www.epa.gov/oigearth/reports/2004/20040622-2004-P-00021.pdf
Goal 5, Objective 1 *Measuring the Toxics Use and Waste Reduction Assistance Program (TUWRAP's) Influence* The purpose of this evaluation was to: — Determine the impact that	The evaluation found: — Case studies and limited technical assistance follow-up information indicate that technical assistance site visits are resulting in positive environmental outcomes. However, the available data do not support drawing conclusions about the range, scope, or regularity of the environmental improvements.	— Implementing the identified opportunities for improvement will significantly improve DEQ's ability to measure and report on the environmental outcomes. — EPA Region 10 and Oregon DEQ are working on an implementation plan to further incorporate TUWRAP into the overall compliance program.	U.S. Environmental Protection Agency May 5, 2004 Available at: http://www.epa.gov/evaluate/tuwrap1.pdf Also available by request through the Evaluation Support Division:

Evaluation Title and Scope	Findings of the Evaluation	Planned Response	Public Access
TUWRAP has on hazardous waste handler compliance in Oregon. — Identify the environmental outcomes of the program. — Identify the costs (range, per "unit") associated with TUWRAP compliance inspections. — Determine how program effectiveness should be measured. — Determine how Oregon's Department of Environmental Quality (DEQ) and EPA Region 10 can strategically integrate TUWRAP with the authorized hazardous waste program's enforcement strategy to help achieve EPA's Goal 5 compliance improvement objectives.	— DEQ has detailed plans to routinely track technical assistance and inspection environmental outcomes when the next phase of the Oregon Hazardous Waste Information Management Exchange database implementation is complete.		http://www.epa.gov/evaluate/feedback.htm
Goal 5, Objective 1 *Comprehensive Review of the Office of Criminal Enforcement, Forensics and Training.* The former Assistant Administrator of OECA requested a management review of this office. The comprehensive review of the criminal program covered both programmatic and organizational issues.	The review led to recommendations regarding the organizational and management processes, and structure of the criminal enforcement program. Major recommendations included: developing closer strategic relationships with the civil enforcement throughout EPA; developing new performance measures for assessing program performance, reassessing the balance between more routine and more complex criminal enforcement investigations; transferring some functions to outside offices; and developing an explicit personnel policy regarding the hiring, promotion, and reassignment of agents.	Most of the review's recommendations were accepted by OECA's senior management and are currently being implemented.	U.S Environmental Protection Agency Office of Criminal Enforcement, Forensics and Training December 15, 2003 Available at: http://www.epa.gov/oeca/resources/reports/review/oceft-managementreview.pdf

Evaluation Title and Scope	Findings of the Evaluation	Planned Response	Public Access
Goal 5, Objective 2 *Encouraging EMS: Lessons Learned from a Sector Approach* The purpose of this evaluation was to: — Provide advice to EPA, states, and other technical assistance providers (TAP) about the most cost-effective way to promote Environmental Management Systems (EMS) in industry sectors.	The evaluation found: — The elements that were consistently agreed upon as valuable across the sectors were the sector-specific EMS implementation guides and sharing with peers. Also deemed valuable, but slightly less so, were instructor-led training workshops, online communication tools, EMS document review by TAPs, and on-site assistance. — Small and medium-sized businesses highly value getting feedback from and working with their peers. Large businesses value one-on-one assistance much more than working in groups. Large businesses are also much more likely to see value in being recognized by their state or EPA.	— EPA's Sectors Strategies Program will continue to work with other EPA programs, states, and other technical assistance providers to make efficient decisions based on the report's insights of "what works" and "what doesn't work" in terms of project elements, and to make better use of the wealth of sector-specific resources and publications.	U.S. Environmental Protection Agency Office of Policy, Economics, and Innovation "Encouraging EMS" EPA 100-R-04-002 June 2004 Available by request through the Evaluation Support Division: http://www.epa.gov/sectors
Goal 5, Objective 2 *Evaluation of Environmental Management System (EMS) Pilots in K-12 Schools* The purpose of this evaluation was to: — Collect and assess data that identify the benefits, costs, and challenges related to EMS development and implementation. — Determine whether the pilots are transferable to schools more broadly.	The evaluation's findings: — Outline pilot efforts' performance thus far. — Assess the satisfaction of participating K-12 schools. — Consider and integrate experiences with other school EMS efforts. — Identify lessons for promoting future EMS use in the schools sector.	— EPA Region 1 (Boston) will address mid-course correction to the pilots and will consider elements that can be more broadly transferable to other school sectors.	U.S. Environmental Protection Agency New England Region (Boston) October 2004 Available by request through the Evaluation Support Division: http://www.epa.gov/sectors
Goal 5, Objective 2 *Significant Modifications Needed to Ensure Success of Fort Worth Asbestos Demolition Method* The purpose of this evaluation was to answer specific questions that address: — How the design and methodology of the	The evaluation found: — The current design and methodology of the Fort Worth Method are not adequate to demonstrate protection of human health and the environment. — Significant modifications to the design and methodology will be necessary for EPA to ensure that the data generated and used to evaluate this project will be valid. The adequacy of the ambient air	— The EPA Innovation Action Council recommended moving forward to Phase II, provided that certain conditions were addressed, including that the Fort Worth Method and the Quality Assurance Project Plan for Phase II be peer reviewed. Further, City of Fort Worth officials met with Agency and OIG officials and provided additional documentation, including a revised method.	EPA Office of the Inspector General Report No. 2004-P-00002 December 19, 2003 Available at: http://www.epa.gov/oig/reports/2003/20031219-2004-p-00002.pdf

Evaluation Title and Scope	Findings of the Evaluation	Planned Response	Public Access
Fort Worth Method could be improved. — How EPA could improve its oversight of this project and other Innovation proposals.	monitoring that would take place during Phase II and the Phase II proposal have not been independently peer reviewed to ensure that they are based on sound science. — Although initially proposed in September 1999, the Fort Worth Method does not yet meet EPA's Project XL criteria of superior environmental performance, appropriate regulatory flexibility, adequate stakeholder involvement, or transferability. — EPA's oversight to date has not ensured that the Fort Worth Method-Phase II proposal will allow the Agency to reach valid conclusions on the effectiveness of this alternative demolition technique for each type of asbestos.	— EPA Region 6 has reported that the City of Fort Worth is fully supportive of the need to meet the requirements under Project XL.	
Supporting Achievement of Environmental Results *EPA Needs to Better Manage Counter-terrorism/Emergency Response Equipment.* The purpose of this report was to: — Determine whether EPA has adequate processes for identifying, obtaining, maintaining, deploying, and tracking equipment needed to respond to terrorist acts and Nationally Significant Incidents (events that may exceed the resources of a single EPA region).	OIG found: — EPA has complied with the Federal Acquisitions Regulation when purchasing Counter-Terrorism/Emergency Response equipment, and has an adequate process for moving equipment. However, EPA does not have adequate processes for identifying, obtaining, maintaining, and tracking equipment needed to respond to terrorist acts and Nationally Significant Incidents. — EPA leadership did not move expeditiously to develop sufficient Agency capability and capacity to respond to the consequences of a major terrorist act or Nationally Significant Incident.	— EPA generally agrees with the recommendations made in the report and has work underway to implement many of them.	EPA Office of the Inspector General Report No. 2004-P-00011, March 29, 2004 http://www.epa.gov/oigearth/reports/2004/2004_P_00011.pdf
Supporting Achievement of Environmental Results *EPA's Computer Security Self-Assessment Process Needs Improvement* The purpose of this report was to examine	OIG reported: — Self-assessments contain unreliable data. — Systems inventory is incomplete. — Greater oversight of certification/accreditation is needed. — Security plans are not sufficient.	— EPA has fully responded by implementing corrective actions for all areas identified in this audit. — Testing and evaluation plans have been expanded and are being implemented, and milestones for full Agency compliance to NIST 800-18 were provided.	EPA Office of the Inspector General Report No. 2003-P-00017 September 30, 2003

Evaluation Title and Scope	Findings of the Evaluation	Planned Response	Public Access
policies, procedures, and practices regarding EPA's self-assessments of major applications and general support systems.		—Notified system owners to add required materials to the web-based Automated Security Self-Evaluation and Reporting Tool.	Available at: http://www.epa.gov/oigearth/reports/2003/2003p00017-20030930.pdf
Supporting Achievement of Environmental Results *EPA's Homeland Security Role to Protect Air from Terrorist Threats Needs to Be Better Defined* The purpose of this report was to identify how effectively EPA is fulfilling its homeland security role and responsibilities, specifically in protecting the air from chemical or biological terrorism.	OIG reported: — EPA does not have clear statutory authority to establish and enforce health-based regulatory standards for indoor air. — EPA's Office of Homeland Security does not have a framework in place to carry out its responsibilities as designated by the Administrator. — EPA's homeland security roles and responsibilities related to air protection are limited and not sufficiently defined to enable EPA to be prepared for future events.	— EPA will clarify its future role and responsibilities to enable it to properly prioritize and commit resources to its traditional and homeland security missions. — EPA will clarify the roles and responsibilities of its Office of Homeland Security and the distinction between the responsibilities delegated to that office versus those that remain with EPA's program and regional offices. — EPA remains committed to actively implementing responsibilities that are clearly delegated to EPA pursuant to Homeland Security Presidential Directives and national response plans and structures.	EPA Office of the Inspector General Report No. 2004-M-000005 February 20, 2004 Available at: http://www.epa.gov/oig/reports/2004/20040220-2004-m-000005.pdf

Appendix B
Data Quality for Assessments of FY 2004 Performance Measures

GOAL 1 — CLEAN AIR AND GLOBAL CLIMATE CHANGE

Total number of people who live in areas designated in attainment of the clean air standards for 1-hr ozone, PM_{10}, CO, SO_2, NO_2, and Pb. - Additional people living in newly designated areas with demonstrated attainment of the 1-hr ozone, PM_{10}, CO, SO_2, NO_2, and Pb standards. - Cumulative percent increase in the number of people who live in areas with ambient 1-hour ozone, PM_{10}, CO, SO_2, NO_2, and Pb concentrations below the level of the NAAQS as compared to 1992. - Cumulative percent increase in the number of areas with ambient 1-hour ozone, PM_{10}, CO, SO_2, NO_2, and Pb concentrations below the level of the NAAQS as compared to 1992. - Areas designated to attainment for the ozone, PM_{10}, CO, SO_2, NO_2, and Pb standards. - Cumulative percent increase in the number of people who live in areas with ambient 8-hour ozone, and $PM_{2.5}$ concentrations below the level of the NAAQS as compared to 2001. - Cumulative percent increase in the number of areas with ambient 8-hour ozone, and $PM_{2.5}$ concentrations below the level of the NAAQS as compared to 2001. - Percent of areas with improving ambient PM_{10} concentrations.

[PM = particulate matter, PM_{10} = particulate matter 10 micrometers or less in diameter, $PM_{2.5}$ = particulate matter 2.5 micrometers or less in diameter, CO = carbon monoxide, SO_2 = sulfur dioxide, NO_2 = nitrogen dioxide, Pb = lead.]

Performance results related to these measures are presented in Goal 1, pages 32-34, 36, 40.

DATABASE: The Air Quality Subsystem (AQS), which stores ambient air quality data used to evaluate an area's air quality levels relative to the National Ambient Air Quality Standards (NAAQS). The Findings and Required Elements Data System (FREDS) is used to track the progress of states and regions in reviewing and approving the required data elements of the State Implementation Plans (SIPs). SIPs are clean air plans and define what actions a state will take to improve the air quality in areas that do not meet the NAAQS.

DATA COMPLETENESS AND RELIABILITY: Data will not be available until August 2005 for the criteria pollutants (ozone, PM_{10}, CO, SO_2, NO_x, and lead). However, EPA designated attainment status for the 8-hour ozone in April 2004, which establishes the baseline to monitor progress. We will have performance data for 8-hour ozone in the summer of 2005 (the latest air quality monitoring data from 2001 through 2003) and the period of performance is based on a calendar year. We will also designate the attainment status for $PM_{2.5}$ areas in December 2004. Data are reliable and usable by the Agency in carrying out its decision-making responsibilities.

DATA QUALITY: For more comprehensive information on performance data quality and methodologies, please see the FY 2004 Congressional Justification, verification & validation, page 1-47 (http://www.epa.gov/ocfopage/budget/budget.htm).

DATA IMPROVEMENTS: EPA enhanced the AQS to include data standards (e.g., latitude/longitude, chemical nomenclature) developed under the Agency's Reinventing Environmental Information (REI) Initiative. Also, EPA has completed reengineering the AQS to make it a more user friendly, Windows-based system. As a result, air quality data will be more easily accessible via the Internet.

Combined stationary and mobile source reduction in air toxics emissions. - Stationary source air toxics emissions reduced. - Mobile source air toxics emissions reduced. - Area and all other Air Toxics Emissions Reduced.

Performance results related to these measures are presented in Goal 1, page 39-40.

DATABASES: National Toxics Inventory (NTI) and National Emissions Inventory (NEI) for Hazardous Air Pollutants (HAPS).

DATA COMPLETENESS AND RELIABILITY: Data are incomplete and will be available as follows: data for FY 2000 and FY 2001 available in 2nd quarter of FY 2005, data for FY 2002 available in 1st quarter of FY 2006, and data for FY 2003 and FY 2004 available in latter part of FY 2006. Data are reliable and accepted by Agency decision makers in carrying out their responsibilities.

DATA QUALITY: For more comprehensive information on performance data quality and methodologies, please see the FY 2004 Congressional Justification, verification & validation, page I-66 (http://www.epa.gov/ocfopage/budget/budget.htm).

DATA IMPROVEMENTS: In 2004 for the first time, all primary data submitters and reviewers were required to submit their data and revisions to EPA in a standardized format using the Agency's Central Data Exchange (CDX). For more information on CDX, please see the Agency's web site: http://www.epa.gov/ttn/chief/nif/cdx.html.

Volatile organic compound (VOC) emissions reduced from mobile sources. - Nitrous oxides (NOx) reduced from mobile sources. - CO reduced from mobile sources. - PM_{10} reduced from mobile sources. - $PM_{2.5}$ reduced from mobile sources.

Performance results related to these measures are presented in Goal 1, page 41.

DATABASE: National Emissions Inventory Database.

DATA COMPLETENESS AND RELIABILITY: Data are complete and available for MOBILE6 and NONROAD models. Data are reliable and accepted by Agency decision makers in carrying out their responsibilities.

DATA QUALITY: For more comprehensive information on performance data quality and methodologies, please see the FY 2004 Congressional Justification, verification & validation, page I-47 (http://www.epa.gov/ocfopage/budget/budget.htm).

DATA IMPROVEMENTS: EPA is currently working on a new modeling system termed the Multi-scale Motor Vehicles and Equipment Emission System (MOVES). This system will estimate emissions for on-road and off-road sources, cover a broad range of pollutants, and allow multiple-scale analysis from fine-scale analysis to national inventory estimation. The new system will encompass the necessary tools, algorithms, underlying data, and guidance necessary for use in all official analyses associated with regulatory development, compliance with statutory requirements, and national/regional inventory projections. Once fully implemented, MOVES will serve as the replacement for MOBILE6 and NONROAD analytical models. MOBILE6 is an analytical model used to estimate emissions for on-road sources (cars, trucks, and motorcycles). NONROAD is an analytical model used to estimate emissions from non-road sources (construction, agricultural, and industrial diesel-powered equipment).

Percent of tribes with tribal land monitoring for ozone and/or PM. - Percent of monitoring tribes monitoring clean air for ozone. - Percent of monitoring tribes monitoring clean air for PM. - Number of tribes implementing air programs.

Performance results related to these measures are presented in Goal 1, page 39.

DATABASE: Tribal monitoring database maintained by EPA headquarters in Washington, DC.

DATA COMPLETENESS AND RELIABILITY: Data are complete. Data are reliable and accepted by Agency decision makers in carrying out their responsibilities.

DATA QUALITY: For more comprehensive information on performance data quality and methodologies, please see the FY 2004 Congressional Justification, verification & validation, page I-49 (http://www.epa.gov/ocfopage/budget/budget.htm).

DATA IMPROVEMENTS: EPA continued to work with tribal governments to increase monitoring in Indian Country to ensure that data exist to adequately characterize air quality in Indian Country, and to identify, prevent, and address violations of the national ambient air quality standards.

SO_2 emissions (reduced). - Total annual average sulfur deposition and mean ambient sulfate concentrations reduced. - Total annual average nitrogen deposition and mean ambient nitrate concentrations reduced.

Performance results related to these measures are presented in Goal 1, page 38.

DATABASES: Acid Rain Emissions Tracking System (SO_2 emissions reduced); Clean Air Status and Trends Network (CASTNet) (dry deposition and ambient sulfate and nitrate concentrations); National Atmospheric Deposition Program (NADP) (wet deposition). See "Data and Maps" at http://www.epa.gov/airmarkets for a description of deposition monitoring network databases.

DATA COMPLETENESS AND RELIABILITY: Data will not be available until July 2005. Data are reliable and accepted by Agency decision makers in carrying out their responsibilities.

DATA QUALITY: For more comprehensive information on performance data quality and methodologies, please see the FY 2004 Congressional Justification, verification & validation, page I-76 (http://www.epa.gov/ocfopage/budget/budget.htm).

DATA IMPROVEMENTS: EPA is investigating ways to modernize aging CASTNet equipment; streamline site operation, data collection, and processing methods; reduce system operating costs; and provide a foundation for multipollutant measurement compatible with other networks.

NO_x emissions (reduced).

Performance results related to these measures are presented in Goal 1, page 41.

DATABASE: Emissions Tracking System (for acid rain and NO_x budget programs).

DATA COMPLETENESS AND RELIABILITY: Data are complete. Data are reliable and accepted by Agency decision makers in carrying out their responsibilities.

DATA QUALITY: For more comprehensive information on performance data quality and methodologies, please see the FY 2004 Congressional Justification, verification & validation, page I-76 (http://www.epa.gov/ocfopage/budget/budget.htm).

DATA IMPROVEMENTS: No tangible improvements were made during FY 2004. However, the Title IV Acid Rain NO_x reduction goal was satisfied in 2000, and reduction was maintained in 2001, 2002, and 2003. The annual performance measure has been replaced with two new performance measures developed under Office of Management and Budget (OMB) review of the acid rain program.

People living in healthier indoor air.

Performance results related to these measures are presented in Goal 1, page 42.

DATABASE: This performance measure is comprised of individual internal measures for radon, environmental tobacco smoke, and asthma. An external survey was produced by the National Association of Home Builders Research Center and reviewed by EPA to estimate the percentage of homes that are built radon resistant. Manufacturers report their radon fan sales to the Agency. EPA assumes one fan per radon-mitigated home and then multiplies it by the assumed average of 2.67 people per household. An EPA-developed telephone survey (National Survey on Environmental Management of Asthma) seeks information about the measures taken to minimize exposure to indoor environmental asthma triggers and how many people permit smoking in their home.

DATA COMPLETENESS AND RELIABILITY: Data will not be available until FY 2005. Data are reliable and accepted by Agency decision makers in carrying out their responsibilities.

DATA QUALITY: For more comprehensive information on performance data quality and methodologies, please see the FY 2004 Congressional Justification, verification & validation, pages IV-71 through IV-76 (http://www.epa.gov/ocfopage/budget/budget.htm).

DATA IMPROVEMENTS: No tangible improvements were made during FY 2004.

Students/staff experiencing improved indoor air quality in schools.

Performance results related to these measures are presented in Goal 1, page 42.

DATABASE: EPA-developed survey. Results are tracked in an internal database.

DATA COMPLETENESS AND RELIABILITY: Data will not be available until FY 2005. Data are reliable and accepted by Agency decision makers in carrying out their responsibilities.

DATA QUALITY: For more comprehensive information on performance data quality and methodologies, please see the FY 2004 Congressional Justification, verification & validation, page IV-76 (http://www.epa.gov/ocfopage/budget/budget.htm).

DATA IMPROVEMENTS: No tangible improvements were made in FY 2004.

Domestic consumption of class II hydrochlorofluorocarbons. - Domestic-exempted production and import of newly produced Class I chlorofluorocarbons and halons.

Performance results related to these measures are presented in Goal 1, page 43.

DATABASE: Clean Air Act (CAA) Title VI Stratospheric Ozone Tracking Database.

DATA COMPLETENESS AND RELIABILITY: There will be a data lag for the actual results for this performance measure. Data will be available in 2005. Progress on restricting domestic-exempted consumption of Class I CFCs and halons is tracked by monitoring industry reports of compliance with EPA's CAA phase out regulations and U.S. obligations under the Montreal Protocol. Data are provided quarterly by U.S. companies producing, importing, and exporting ozone-depleting substances. Data are reliable and accepted by Agency decision makers in carrying out their responsibilities.

DATA QUALITY: For more comprehensive information on performance data quality and methodologies, please see the FY 2004 Congressional Justification, verification & validation, page VI-63 (http://www.epa.gov/ocfopage/budget/budget.htm).

DATA IMPROVEMENTS: No tangible improvements made during FY 2004.

Number of 55-gallon drums of radioactive waste disposed of according to EPA standards.

Performance results related to these measures are presented in Goal 1, page 44.

DATABASE: The performance data used by EPA are collected and maintained by the Department of Energy (DOE). EPA ensures the safe characterization and disposal of drums of transuranic waste.

DATA COMPLETENESS AND RELIABILITY: Data are complete. Data are reliable and accepted by Agency decision makers in carrying out their responsibilities.

DATA QUALITY: For more comprehensive information on performance data quality and methodologies, please see the FY 2004 Congressional Justification, verification & validation, page V-94 (http://www.epa.gov/ocfopage/budget/budget.htm).

DATA IMPROVEMENTS: No tangible improvements made during FY 2004.

Purchase and deploy state-of-the-art monitoring units.

Performance results related to these measures are presented in Goal 1, page 44.

DATABASE: Output measure; internal performance tracking database.

DATA COMPLETENESS AND RELIABILITY: Data are complete. Data are reliable and accepted by Agency decision makers in carrying out their responsibilities.

DATA QUALITY: For more comprehensive information on performance data quality and methodologies, please see the FY 2004 Congressional Justification, verification & validation, page V-64 (http://www.epa.gov/ocfopage/budget/budget.htm).

DATA IMPROVEMENTS: Data system will go on-line in 2007.

Annual greenhouse gas reductions - all EPA programs. - Reductions from EPA's buildings sector programs (Energy Star). - Greenhouse gas reductions from EPA's industrial efficiency/waste management programs. - Greenhouse gas reductions from EPA's industrial methane outreach programs. - Greenhouse gas reductions from EPA's industrial HFC/PFC programs. - Greenhouse gas reductions from EPA's transportation programs. - Greenhouse gas reductions from EPA's state and local programs.

Performance results related to these measures are presented in Goal 1, page 45-46.

DATABASE: EPA maintains a "tracking system" for emission reductions relative to appropriate baselines. Baseline data for carbon emissions related to energy use come from DOE's Energy Information Administration. Baseline data for non-carbon dioxide emissions,

including nitrous oxide and other global warming potential gases, are maintained by EPA and are compiled with input from industry and also independently from partners' information. EPA develops methane emission baselines and reductions using information from industry partners, including the natural gas, coal, and landfill gas development industries. EPA continues to develop annual inventories as well as update methodologies as new information becomes available.

Many of EPA's voluntary programs collect partners' reports on facility-specific improvements (e.g., number of projects implemented, quantity of methane saved). A carbon-conversion factor is used to convert this information to estimated greenhouse gas reductions. For other programs, EPA has developed peer-reviewed methodologies for estimating impacts on greenhouse gas reductions.

DATA COMPLETENESS AND RELIABILITY: Performance data lag by approximately 9 months. Results will be reported in the FY 2005 Annual Performance Report. Data are reliable and accepted by Agency decision makers in carrying out their responsibilities.

DATA QUALITY: EPA devotes considerable effort to obtaining the best possible information on which to evaluate emission reductions from voluntary programs. For example, EPA has a quality assurance process in place to check the validity of partner reports.

Peer-reviewed carbon-conversion factors are used to ensure consistency with generally accepted measures of greenhouse gas emissions. The Administration regularly evaluates the effectiveness of its climate programs through interagency evaluations. The second such interagency evaluation, led by the White House Council on Environmental Quality, examined the status of U.S. climate change programs. The review included participants from EPA and the Departments of State, Energy, Commerce, Transportation, and Agriculture. The results were published in the U.S. Climate Action Report–2002 as part of the United States' submission to the United Nations Framework Convention on Climate Change (FCCC). The previous evaluation had been published in U.S. Climate Action Report–1997. A 1997 audit by EPA's Office of the Inspector General (OIG) concluded that the climate programs examined "used good management practices and effectively estimated the impact their activities had on reducing risks to health and the environment."

For more comprehensive information on performance data quality and methodologies, please see the FY 2004 Congressional Justification, verification & validation, page VI-52 (http://www.epa.gov/ocfopage/budget/budget.htm).

DATA IMPROVEMENTS: EPA continues to update inventories and methodologies as new information becomes available.

Annual energy savings - all EPA programs.

Performance results related to these measures are presented in Goal 1, page 46.

DATABASE: Climate Protection Partnerships Division Tracking System.

DATA COMPLETENESS AND RELIABILITY: Data collected by EPA's voluntary programs include national market data on shipments of efficient products, and engineering measurements of equipment power levels and usage patterns. Performance data lag by approximately 9 months and are not currently available. Data will be reported in the FY 2005 Annual Performance Report. Data are reliable and accepted by Agency decision makers in carrying out their responsibilities.

DATA QUALITY: EPA devotes considerable effort to obtaining the best possible information on which to evaluate energy savings from its voluntary programs. For example, EPA has a quality assurance process in place to check the validity of partner reports, and peer-reviewed methodologies are used to calculate energy savings from these programs.

The Administration regularly evaluates the effectiveness of its climate programs through interagency evaluations. The second such interagency evaluation, led by the White House Council on Environmental Quality, examined the status of U.S. climate change programs. The review included participants from EPA and the Departments of State, Energy, Commerce, Transportation, and Agriculture. The results were published in U.S. Climate Action Report–2002 as part of the United States' submission to the FCCC. The previous evaluation had been published in U.S. Climate Action Report–1997. A 1997 audit by EPA's OIG concluded that the climate programs examined "used good management practices and effectively estimated the impact their activities had on reducing risks to health and the environment."

For more comprehensive information on performance data quality and methodologies, please see the FY 2004 Congressional Justification, verification & validation, page VI-53 (http://www.epa.gov/ocfopage/budget/budget.htm).

DATA IMPROVEMENTS: EPA continues to update inventories and methodologies as new information becomes available.

Fuel Economy of typical SUV with EPA-developed hybrid technology over EPA driving cycles tested.

Performance results related to these measures are presented in Goal 1, page 47.

DATABASE: EPA fuel economy tests performed at the EPA's National Vehicle and Fuel Emissions Laboratory (NVFEL) in Ann Arbor, Michigan. Results are maintained in an internal EPA database.

DATA COMPLETENESS AND RELIABILITY: Data are complete. NVFEL is recognized as a national and international facility for fuel economy and emissions testing. NVFEL is also the reference point for private industry. Data are reliable and accepted by Agency decision makers in carrying out their responsibilities.

DATA QUALITY: For more comprehensive information on performance data quality and methodologies, please see the FY 2004 Congressional Justification, verification & validation, page VI-55 (http://www.epa.gov/ocfopage/budget/budget.htm).

DATA IMPROVEMENTS: EPA is using solid engineering judgment and consultations with other expert organizations (including major auto companies) to develop internal procedures for testing hybrid vehicles.

Report on the chronic respiratory health effects in children of intra-urban gradients of particulate matter and co-pollutants in El Paso, TX. - Report on epidemiologic studies examining acute cardiac and respiratory effects in the elderly and children exposed to particulate matter (PM) and co-pollutants.

Performance results related to these measures are presented in Goal 1, page 47.

DATABASE: No internal database; program output. Therefore other data elements are not applicable.

GOAL 2 — CLEAN AND SAFE WATER

Number of community water systems (CWSs) and percent of population served by those CWSs that are implementing source water protection programs.

Performance results related to these measures are presented in Goal 2, pages 54-55.

DATABASE: The Source Water Assessment Program (SWAP) identifies at the state level the risk of contamination to drinking water supplies. The assessment-reporting database currently tracks five parameters:

- the number of source water assessments completed within a state;
- the most prevalent sources of contamination identified within a state;
- the most threatening sources of contamination identified within a state;
- a (high-medium-low) ranking of overall risk to the sources of drinking water within a state; and
- the number of source water areas that have source water protection strategies in place.

EPA currently holds these data for all states, the District of Columbia, and Puerto Rico in an Excel spreadsheet. Beginning in 2004, states with approved programs will begin using a Safe Drinking Water Information System (SDWIS)-based source protection module to submit all assessment and contamination prevention data to the Agency.

DATA COMPLETENESS AND RELIABILITY: Data are incomplete and will be available in January 2005. Data are reliable and accepted by Agency decision makers in carrying out their responsibilities.

DATA QUALITY: For more comprehensive information on performance data quality and methodologies, please see the FY 2005 Congressional Justification, pages II-38 through II-40 (http://www.epa.gov/ocfopage/budget/budget.htm).

DATA IMPROVEMENTS: In FY2004, EPA conducted a 1-year pilot to assess the potential for collecting electronic submissions of states implementation of source water protection programs. Data results from the pilot are currently unavailable. Efforts also are currently underway to facilitate the adoption of a Geographical Information System (GIS) database for all source water areas. This GIS effort as well as the electronic data collection through the SDWIS will provide solid information on states' source water protection efforts.

Population served by community water systems will receive drinking water meeting health-based standards promulgated in 1998. - Population served by community water systems will be receiving drinking water meeting all health-based standards, up from 83% in 1994.

Performance results related to these measures are presented in Goal 2, page 55.

DATABASE: SDWIS or SDWIS-FED, which is a data warehouse system.

DATA COMPLETENESS AND RELIABILITY: Data are complete. Data are reliable and accepted by Agency decision makers in carrying out their responsibilities.

DATA QUALITY: For more comprehensive information on performance data quality and methodologies, see the FY 2005 Congressional Justification, pages II-32 through II-38 (http://www.epa.gov/ocfopage/budget/budget.htm).

DATA IMPROVEMENTS: EPA continued to work with the states to implement the Data Reliability Action Plan (DRAP) and Information Strategic Plan (ISP), which are improving the completeness, accuracy, timeliness, and consistency of the data in SDWIS-FED.

More states are using SDWIS-STATE, a software information system jointly designed by the states and EPA, to support states as they implement the drinking water program. SDWIS-STATE links directly to SDWIS-FED, which aids in easing the states' reporting burden to EPA, and in the process minimizes data conversion errors and improves data quality and accuracy.

EPA is modifying SDWIS-FED to:

- streamline its table structure, which simplifies updates and retrievals;
- minimize data entry options that result in complex software and prevent meaningful edit criteria;
- enforce compliance with permitted values and Agency data standards through software edits;
- ease the flow of data to EPA through a secure data exchange environment incorporating modern technologies, all of which will improve the accuracy of the data.

EPA has developed SDWIS, which is optimized for analyzing, retrieving, and integrating data from other sources, such as information from data verifications, sample data, source water quality data, and indicators from inspections conducted at the water systems. This system will improve EPA's ability to more efficiently use information to support decision-making and effectively manage the drinking water program.

EPA, in partnership with the states, has developed SDWIS-linked modules on other drinking water programs: the Source Water Protection Program, the Underground Injection Control Program (UIC), and the Drinking Water State Revolving Fund. These modules provide a more comprehensive data set with which to assess the nation's drinking water supplies, a key component of the goal. Additionally, EPA has worked with the states to develop an action plan to address data completeness and data timeliness. This plan includes data verification audits of state drinking water tracking processes.

Lake acres assessed for the need for fish advisories and compilation of state-issued fish consumption advisory methodologies. - River miles assessed for the need for fish consumption advisories and compilation of state-issued fish consumption advisory methodologies. (Both cumulative)

Performance results related to these measures are presented in Goal 2, pages 55-56.

DATABASE: National Listing of Fish Advisories.

DATA COMPLETENESS AND RELIABILITY: Data are complete. Data are reliable and accepted by Agency decision makers in carrying out their responsibilities.

DATA QUALITY: For more comprehensive information on performance data quality and methodologies, please see the FY 2004 Congressional Justification, pages II-40 through II-41 (http://www.epa.gov/ocfopage/budget/budget.htm).

DATA IMPROVEMENTS: EPA is using grants to help states assess additional waters for the need for advisories and to help states reevaluate some waters to determine whether environmental conditions have improved. This support could increase the absolute number of water bodies assessed and would lead to a more accurate and complete characterization of the safety of fish in the nation's rivers, lakes, and streams.

Cumulative number of beaches for which monitoring and closure data is available to the public at http://www.epa.gov/waterscience/beaches/.

Performance results related to these measures are presented in Goal 2, page 56.

DATABASE: PRAWN (PRogram tracking, beach Advisories, Water quality standards, and Nutrients), a new internal database that feeds into the National Health Protection Survey of Beaches Information Management System.

DATA COMPLETENESS AND RELIABILITY: Data are complete. Data are reliable and accepted by Agency decision makers in carrying out their responsibilities.

DATA QUALITY: For more comprehensive information on performance data quality and methodologies, please see both the FY 2004 Annual Performance Plan, pages II-18 and II-19, and the FY 2004 Congressional Justification, pages II-41 and II-42 (http://www.epa.gov/ocfopage/budget/budget.htm).

DATA IMPROVEMENTS: With the passage of the BEACH Act of 2000, the Agency is authorized to award grants to states to develop and implement monitoring and notification programs consistent with federal requirements. As the Agency awards these implementation grants, it will require standard program procedures, sampling and assessment methods, and data elements for reporting. It is anticipated that continued EPA support will enable the states to increase the quantity of available beach data and improve the quality of the data.

Percent of the population and the number of community water systems serving more than 50,000 but less than 100,000 people have certified the completion of their vulnerability assessment and submitted a copy to EPA. - Percent of the population and the number of community water systems serving more than 50,000 but less than 100,000 people have certified the completion of their emergency response plan. - Percent of population and number of community water systems serving more than 3,300 but less than 50,000 people have certified the completion of their vulnerability assessment and submitted a copy to EPA.

Performance results related to these measures are presented in Goal 2, page 57.

DATABASE: In consultation with the states, EPA developed an Excel spreadsheet that listed all large, medium, and small systems subject to the requirements of the Bioterrorism Act of 2002. This list served as the database for tracking submissions of Vulnerability Assessments (VAs) and the certification of Emergency Response Plans to EPA from water utilities. EPA will not track these measures in FY 2005.

DATA COMPLETENESS AND RELIABILITY: Data are complete. Data are reliable and accepted by Agency decision makers in carrying out their responsibilities.

DATA QUALITY: The VAs are due to EPA in three phases, with the first phase due at the beginning of the summer of 2004. The last phase of the VAs for small systems is due December 31, 2004. For more comprehensive information on performance data quality and methodologies, please see the FY 2004 Congressional Justification page II-30 (http://www.epa.gov/ocfopage/budget/budget.htm).

DATA IMPROVEMENTS: The submittal of these VAs and certification of the completion of emergency response plans to EPA is a one-time event, as required by the Bioterrorism Act. The Act also defines large, medium, and small drinking water systems differently from the definition in the Safe Drinking Water Act.

Clean Water State Revolving Fund projects that have initiated operations.

Performance results related to these measures are presented in Goal 2, page 58.

DATABASE: Clean Water State Revolving Fund National Information Management System.

DATA COMPLETENESS AND RELIABILITY: Data are complete. Data are reliable and accepted by Agency decision makers in carrying out their responsibilities.

DATA QUALITY: For more comprehensive information on performance data quality and methodologies, please see the FY 2004 Congressional Justification, pages II-91 through II-92 (http://www.epa.gov/ocfopage/budget/budget.htm).

DATA IMPROVEMENTS: In FY 2004, EPA headquarters and regional offices conducted a quality review of data submitted by the states.

States with new or revised water quality standards that EPA has reviewed and approved or disapproved and promulgated federal replacement standards. - Tribes with water quality standards adopted and approved.

Performance results related to these measures are presented in Goal 2, pages 58-59.

DATABASE: EPA maintains files on all approval/disapproval actions on new and revised state water quality standards and on promulgated federal replacement standards. EPA also maintains files on all tribal water quality standards actions.

DATA COMPLETENESS AND RELIABILITY: Data are complete. Data are reliable and accepted by Agency decision makers in carrying out their responsibilities.

DATA QUALITY: For more comprehensive information on performance data quality and methodologies, please see the FY 2004 Congressional Justification, pages II-65 through II-67 (http://www.epa.gov/ocfopage/budget/budget.htm).

DATA IMPROVEMENTS: In 2004, EPA developed an electronic tracking system for state Water Quality Standard submissions that will track the incoming packages and allow EPA to accurately measure progress in improving processing times.

By 2005, water quality will improve on a watershed basis, such that 500 of the nation's 2,262 watersheds will have greater than 80% of assessed waters meeting all water quality standards.

Performance results related to these measures are presented in Goal 2, page 59.

DATABASE: Watershed Assessment Tracking Environmental Results System (WATERS).

DATA COMPLETENESS AND RELIABILITY: Data are complete. Data are reliable and accepted by Agency decision makers in carrying out their responsibilities.

DATA QUALITY: For more comprehensive information on performance data quality and methodologies, please see the FY 2005 Congressional Justification, page II-67 (http://www.epa.gov/ocfopage/budget/budget.htm).

DATA IMPROVEMENTS: The Office of Water is working with partners to enhance monitoring networks and assessment tools to achieve comprehensive coverage of all waters; use a consistent suite of core water quality indicators (supplemented with additional indicators for specific water quality questions); and document key data elements, decision criteria, and assessment methodologies in electronic data systems.

EPA is working with the states to enhance their monitoring and assessment programs, with a particular emphasis on the probabilistic approach that uses a statistical sample to generate a cost-effective assessment of the condition of all waters, and other predictive tools that help states prioritize areas needing more intensive or site-specific monitoring. EPA is also working with state and other partners to increase the use of electronic data systems, such as STORET and the Assessment Database (ADB), for maintenance and submission of data and information of documented quality. These enhancements, along with improving the quality and timeliness of data for making watershed-based decisions, will greatly improve EPA's ability to use state assessments in consistently portraying national conditions and trends.

Major point sources are covered by current permits. - Minor point sources are covered by current permits.

Performance results related to these measures are presented in Goal 2, page 60.

DATABASE: U.S. EPA Permit Compliance System (Washington, DC, Office of Enforcement and Compliance Assurance) and Permit Issuance Forecasting Tool (Washington, DC, Office of Water).

The Permit Compliance System (PCS) is used to determine which individual permits are current through date fields for permit issuance and expiration. EPA has carried out detailed permit renewal backlog tracking with PCS data since November 1998. To supplement the individual permit data from PCS, EPA uses the Permit Issuance Forecasting Tool (PIFT) to track the current or expired status of facilities covered under non-stormwater general permits. The PIFT has been used to track non-stormwater general permit facilities since January 2001.

DATA COMPLETENESS AND RELIABILITY: Data are complete. Data are reliable and accepted by Agency decision makers in carrying out their responsibilities.

DATA QUALITY: For more comprehensive information on performance data quality and methodologies, please see the FY 2004 Congressional Justification pages II-86 through II-88 (http://www.epa.gov/ocfopage/budget/budget.htm).

DATA IMPROVEMENTS:

- PCS: EPA continued to improve the quality of the data in PCS, while simultaneously working to design the new Integrated Compliance Information System (ICIS) data system.
- Legacy PCS: EPA continues to modify the existing PCS system to improve the quality and utility of the data. Data being added include state data, locational data for combined sewer overflows (CSOs) based on the database used to develop the CSO/Storm Sewer (storm sewer overflow) Report to Congress, and reconciled locational data from the Clean Water Needs Survey for Publicly Owned Treatment Works and other collections systems, including Municipal Separate Storm Sewer Systems (MS4s). In addition, to prepare for migration to the new ICIS, EPA is analyzing data items and correcting incorrect and incomplete data.
- PER Management Report: As part of the Permitting for Environmental Results (PER) Strategy, a review is currently underway to identify discrepancies between PCS and state data. Any discrepancies will be included as part of the state program action plans to be developed in FY 2005.
- ICIS: EPA has completed the final design of the new ICIS, and is now developing the technical specifications and code. ICIS will be make data entry more user friendly than PCS, and will link to state data systems to avoid the need for dual entry.

Loading reductions (pounds per year) of toxic, non-conventional, and conventional pollutants from NPDES permitted facilities (POTWs, Industries, SIUs, CAFOs, SW, CSOs).

Performance results related to these measures are presented in Goal 2, page 60.

DATABASE: This measure is calculated using an internal EPA spreadsheet that draws from several data sources. An average "per facility" loadings value is assigned to each permitted direct discharger that is subject to effluent guidelines. The average per facility value for pollutant reduction is derived from the Technical Development Documents produced at the time of the effluent guideline rulemaking for each industrial sector. Each EPA regional office reports the actual number of permits issued in the past year for each industrial sector, which is typically drawn from EPA's PCS. Using both the average per facility value and the number of permits issued, the spreadsheet then generates the values for the total pollutants reduced. In 2003, an estimate for CSOs was added, using a model that draws information from the Clean Water Needs Survey.

DATA COMPLETENESS AND RELIABILITY: Data are complete. Data are reliable and accepted by Agency decision makers in carrying out their responsibilities.

DATA QUALITY: For more comprehensive information on performance data quality and methodologies, please see the FY 2004 Congressional Justification, pages II-89 through II-91 (http://www.epa.gov/ocfopage/budget/budget.htm).

DATA IMPROVEMENTS: EPA continues to maintain and update the pollutant-loading reduction spreadsheet, and to improve PCS.

Percent of the population served by, and the number of large and medium-sized (10,001 and larger), publicly owned treatment works (POTWs) that have taken action for preparedness.

Performance results related to these measures are presented in Goal 2, pages 60-61.

DATABASE: To track this measure, EPA requires grantees that provide workshops and other means for making POTWs more secure to report to the Agency on the number of utilities trained. EPA then uses the Clean Water Needs Survey and PCS databases to determine and report the population served by each utility. EPA plans to continue offering this training to water system operators, first responders, and law enforcement personnel. These data are in an Excel spreadsheet. EPA will not track this measure in FY 2005.

DATA COMPLETENESS AND RELIABILITY: Data are complete. Data are reliable and accepted by Agency decision makers in carrying out their responsibilities.

DATA QUALITY: For more comprehensive information on performance data quality and methodologies related to PCS and the Clean Water Needs Survey, please see the FY 2004 Congressional Justification, page II-85 (http://www.epa.gov/ocfopage/budget/budget.htm).

DATA IMPROVEMENTS: In FY 2004, EPA provided contractor assistance to improve the data quality of PCS. This modernization effort has made the system more user-friendly.

Final reports of full-scale demonstrations of arsenic treatment technologies. - Report on fecal indicator monitoring protocols for different types of recreational water. - Provide guidance on indicator selection and monitoring strategies for evaluating the effectiveness of BMPs.

Performance results related to these measures are presented in Goal 2, pages 61-62.

DATABASE: No internal database; program output. Therefore other data elements are not applicable.

GOAL 3 — LAND PRESERVATION AND RESTORATION

Daily per capita generation. - Millions of tons municipal solid waste diverted.

Performance results related to these measures are presented in Goal 3, pages 69-70.

DATABASE: Data are provided by the Department of Commerce, which collects materials production and consumption data from various industries. EPA does not maintain a database for this information. The baseline numbers for municipal solid waste (MSW) source reduction and recycling are developed using a materials flow methodology employing data largely from the Department of Commerce and described in the EPA report titled *Characterization of Municipal Solid Waste in the United States.*

DATA COMPLETENESS AND RELIABILITY: FY 2004 data will be available in December 2007. Data are reliable and accepted by Agency decision makers in carrying out their responsibilities. Quality assurance and quality control are provided by the Department of Commerce's internal procedures and systems. The report prepared by the Agency, *Characterization of Municipal Solid Waste in the United States,* is reviewed by a number of experts for accuracy and soundness. The report, including the baseline numbers and annual rates of recycling and per capita municipal solid waste generation, is widely accepted among experts.

Data limitations stem from the fact that the baseline statistics and annual rates of recycling and per capita municipal solid waste generation are based on a series of models, assumptions, and extrapolations and, as such, are not an empirical accounting of municipal solid waste generated or recycled.

DATA VERIFICATION AND VALIDATION: For more comprehensive information on performance data quality and methodologies, please see the FY 2005 Congressional Justification, Goal 3 narrative, page III-31 (http://www.epa.gov/ocfopage/budget/budget.htm).

DATA QUALITY IMPROVEMENTS: Because the statistics on MSW generation and recycling are widely reported and accepted by experts, no new efforts to improve the data or the methodology have been identified or are necessary. EPA plans to develop regulations for improving reporting of source reduction activities by Toxics Release Inventory reporting facilities.

Percent of RCRA hazardous waste management facilities with permits or other approved controls in place.

Performance results related to these measures are presented in Goal 3, pages 70-71.

DATABASE: The Resource Conservation Recovery Act Information System (RCRAInfo) is the national database that supports EPA's RCRA program. Data are entered by the states. Supporting documentation and reference materials are maintained in regional and state files. EPA's regional offices and authorized states enter data on a rolling basis.

DATA COMPLETENESS AND RELIABILITY: FY 2004 data are available. Data are reliable and accepted by Agency decision makers in carrying out their responsibilities. RCRAInfo contains information on entities (generically referred to as "handlers") engaged in hazardous waste generation and management activities regulated under the portion of RCRA that provides for regulation of hazardous waste. RCRAInfo has several different modules, including status of RCRA facilities in the RCRA permitting universe.

States and EPA's regional offices generate the data and manage data quality related to timeliness and accuracy. Within RCRAInfo, the application software enforces structural controls that ensure high-priority national components of the data are properly entered. RCRAInfo documentation, which is available to all users on-line at http://www.epa.gov/rcrainfo/, provides guidance to facilitate the generation and interpretation of data. Training on use of RCRAInfo is provided on a regular basis, usually annually, depending on the nature of system changes and user needs. Determination of whether the annual performance goals are met is based on the legal and operating status codes for each unit (e.g., a facility can have more than one unit). Each year since 1999, in discussions with the regions and states,

EPA has highlighted the need to keep the data that support the permitting goal current. RCRAInfo is the sole repository for this information and is a focal point for planning from the local to the national level.

Note: Access to RCRAInfo is open only to EPA headquarters, regional, and authorized state personnel. It is not available to the general public because the system contains enforcement-sensitive data. The general public is referred to EPA's Envirofacts Data Warehouse to obtain filtered information on RCRA-regulated hazardous waste sites.

The 1995 General Accounting Office report *Hazardous Waste: Benefits of EPA's Information System Are Limited* (AIMD-95-167, August 22, 1995, http://www.gao.gov/archive/1995/ai95167.pdf) on EPA's Hazardous Waste Information System reviewed whether national RCRA information systems support EPA and the states in managing their hazardous waste programs. Recommendations coincide with ongoing internal efforts to improve the definitions of data collected, ensure that data collected provide critical information and minimize the burden on states. RCRAInfo, the current national database has evolved in part as a response to this report.

No data limitations have been identified. The states have ownership of their data, and EPA has to rely on them to make changes. The data that determine if a facility has met its permit requirements are prioritized in update efforts. Basic site identification data may become out-of-date because RCRA does not mandate annual or other periodic notification by the regulated entity when site name, ownership and contact information changes. Nevertheless, EPA tracks the facilities by their IDs, which should not change even during ownership changes.

DATA VERIFICATION AND VALIDATION: For more comprehensive information on performance data quality and methodologies, please see the FY 2005 Congressional Justification, Goal 3 narrative, page III-32 (http://www.epa.gov/ocfopage/budget/budget.htm).

DATA QUALITY IMPROVEMENTS: None in FY 2004.

Increase in UST facilities in significant operational compliance with leak detection requirements. - Increase in UST facilities in significant operational compliance with spill, overfill, and corrosion protection regulation. - Number of confirmed releases at UST facilities nationally. - LUST cleanups completed.

Performance results related to these measures are presented in Goal 3, pages 70-74.

DATABASE: There is no national database. States individually maintain records for reporting state program accomplishments. Designated state agencies submit semi-annual progress reports to the EPA regional offices.

DATA COMPLETENESS AND RELIABILITY: FY 2004 data will be available in April 2005. Data are reliable and accepted by Agency decision makers in carrying out their responsibilities. EPA's regional offices verify and then forward the data in a word processing table to EPA's Office of Underground Storage Tanks (OUST). OUST staff examine the data and resolve any discrepancies with the regional offices. The data are displayed in a word processing table on a region-by-region basis, which enables regional staff to check their data.

DATA VERIFICATION AND VALIDATION: For more comprehensive information on performance data quality and methodologies, please see the FY 2005 Congressional Justification, Goal 3 narrative, pages III-31 and III-71 (http://www.epa.gov/ocfopage/budget/budget.htm).

DATA QUALITY IMPROVEMENTS: Refer to the Goal 3 Highlights section of this report for discussion of improvements to the data gathering policy for this program.

Superfund removal response actions initiated. - Superfund site assessment decisions. - Superfund hazardous waste sites with human exposures controlled. - Superfund hazardous waste sites with groundwater migration controlled. - Remedies (cleanup targets) selected at Superfund sites. - Number of Superfund construction completions. - Refer to DOJ, settle, or write off 100% of Statute of Limitations (SOLs) cases for Superfund sites with total unaddressed past costs equal to or greater than $200,000, and report value of costs recovered. - Reach a settlement or take an enforcement action before the start of a remedial action at 90 percent of Superfund sites having viable, liable responsible parties other than the Federal government.

Performance results related to these measures are presented in Goal 3, pages 72-76.

DATABASE: The Comprehensive Environmental Response, Compensation, and Liability Information System (CERCLIS) is the automated database used by the Agency to track, store, and report Superfund site information. EPA's headquarters and regional offices enter data into CERCLIS on a rolling basis. Each performance measure is a specific variable within CERCLIS.

DATA COMPLETENESS AND RELIABILITY: FY 2004 data are available. Data are reliable and accepted by Agency decision makers in carrying out their responsibilities.

To ensure data accuracy and control, the following administrative controls are in place: (1) the Superfund Implementation Manual (SPIM), the program management manual that details what data must be reported; (2) Report Specifications, which are published for each report detailing how reported data are calculated; (3) the Coding Guide, which contains technical instructions to such data users as Regional Information Management Coordinators, program personnel, report owners, and data input personnel; (4) Quality Assurance (QA) Unit Testing, an extensive QA check against report specifications; (5) the Regional CERCLIS Data Entry Internal Control Plan, which includes: (a) regional policies and procedures for entering data into CERCLIS, (b) a review process to ensure that all Superfund accomplishments are supported by source documentation, (c) delegation of authorities for approval of data input into CERCLIS, and (d) procedures to ensure that reported accomplishments meet accomplishment definitions; and (6) a historical lockout feature that ensures that changes in past fiscal year data are made only by approved and designated personnel and are logged to a change-log report. Specific directions for these controls are contained in the Fiscal Year 2004/2005 SPIM (http://www.epa.gov/superfund/action/process/spim04.htm).

An EPA Office of the Inspector General audit, *Information Technology - Comprehensive Environmental Response, Compensation, and Liability Information System (CERCLIS) Data Quality* (Report No. 2002-P-00016), dated September 30, 2002, identified weaknesses in CERCLIS that were attributed to the lack of an effective QA process and adequate internal controls for CERCLIS data quality. Although the Agency disagrees with the study design and report conclusions, the report provided 11 recommendations with which EPA concurs. Many of the identified problems have been corrected, or actions that would address these recommendations are underway. The development and implementation of a QA process for CERCLIS data have begun. This process includes delineating QA responsibilities in the program office and periodically selecting random samples of CERCLIS data points to check against source documents in site files.

DATA VERIFICATION AND VALIDATION: For more comprehensive information on performance data quality and methodologies, please see the FY 2005 Congressional Justification, Goal 3 narrative, page III-71 (http://www.epa.gov/ocfopage/budget/budget.htm).

DATA QUALITY IMPROVEMENTS: A CERCLIS modernization effort is currently underway to enhance CERCLIS, with a focus on data collection and data analysis and how to best satisfy the current needs of the Superfund program. Among other initiatives, this effort includes reviewing current and anticipated data needs. Items in CERCLIS that are no longer needed will be deleted, and new items identified will be added. Strict standards for quality will be enforced.

High-priority RCRA facilities with human exposures to toxins controlled. - High-priority RCRA facilities with toxic releases to groundwater controlled.

Performance results related to these measures are presented in Goal 3, pages 72-74.

DATABASE: RCRAInfo is the national database that supports EPA's RCRA program. The states and regions enter a "yes" or "no" entry in the database with respect to meeting the measures for human exposures to toxins controlled and releases to groundwater controlled. Supporting documentation and reference materials are maintained in the regional and state files. EPA's regional offices and authorized states enter data on a continual basis.

The annual performance measures are used to summarize and report on the facility-wide environmental conditions at the RCRA Corrective Action Program's highest-priority facilities. They are used to track the RCRA program's progress in controlling releases at the highest-priority contaminated facilities. Known and suspected facility-wide conditions are evaluated using a series of simple questions and flow-chart logic to arrive at a reasonable, defensible determination. (These questions were issued as a memorandum titled: Interim Final Guidance for RCRA Corrective Action Environmental Indicators, Office of Solid Waste, February 5, 1999.) Lead regulators for the facility (authorized state or EPA personnel) make the environmental indicator determination; however, facilities or their consultants may assist EPA in the evaluation by providing information on the current environmental conditions. Remedies selected and complete constructions of remedies are used to track the RCRA program's progress in moving the highest-priority contaminated facilities toward final cleanup. The lead regulators for the facility select the remedies and complete constructions of remedy determinations.

DATA COMPLETENESS AND RELIABILITY: FY 2004 data are available. Data are reliable and accepted by Agency decision makers in carrying out their responsibilities. States and regions generate the data and manage data quality related to timeliness and accuracy (i.e., the data correctly reflect the environmental conditions and determination). Within RCRAInfo, the application software enforces structural controls that ensure that high-priority national components of the data are properly entered. RCRAInfo documentation, which is available to all users on-line, provides guidance to facilitate the generation and interpretation of data. Training on use of RCRAInfo is provided on a regular basis, usually annually, depending on the nature of systems changes and user needs.

Access to RCRAInfo is open only to EPA headquarters, regional, and authorized state personnel. It is not available to the general public because the system contains enforcement-sensitive data. The general public is referred to EPA's Envirofacts Data Warehouse to obtain filtered information on RCRA-regulated hazardous waste facilities.

DATA VERIFICATION AND VALIDATION: For more comprehensive information on performance data quality and methodologies, please see the FY 2005 Congressional Justification, Goal 3 narrative, page III-71 (http://www.epa.gov/ocfopage/budget/budget.htm).

DATA QUALITY IMPROVEMENTS: None during FY 2004.

Percentage of emergency response and homeland security readiness improvement.

Performance results related to these measures are presented in Goal 3, pages 75-76.

DATABASE: There is no database. Data are collected through detailed surveys of all regional programs, and interviews with personnel and managers in each program office. Results are scored, tabulated, and stored using standard software (spreadsheets, etc.). The survey instrument was developed based upon Core Emergency Response (ER) elements needed to ensure an excellent emergency response program, including such elements as Regional Response Centers, transportation, coordination with backup regions, health and safety, delegation and warrant authorities, response readiness, response equipment, identification clothing, training and exercises, and outreach.

DATA COMPLETENESS AND RELIABILITY: FY 2004 data are available. Data are reliable and accepted by Agency decision makers in carrying out their responsibilities. An evaluation team reviews the data during the data collection and analysis process. The data are reviewed after they have been analyzed to ensure that the scores are consistent with the data and program information.

DATA VERIFICATION AND VALIDATION: For more comprehensive information on performance data quality and methodologies, please see the FY 2005 Annual Plan and the FY 2005 Congressional Justification, Goal 3 narrative, page III-71 (http://www.epa.gov/ocfopage/budget/budget.htm).

DATA QUALITY IMPROVEMENTS: None during FY 2004.

Oil spills responded to or monitored by EPA.

Performance results related to these measures are presented in Goal 3, pages 75-76.

DATABASE: There is no database. Currently a new, more streamlined reporting system is under development to store oil spill prevention, emergency preparedness, and response information. Information included in the new database will be similar to CERCLIS information, but definitions and activities pertaining to oil will be included to support oil spill program needs for FY 2004 and beyond.

DATA COMPLETENESS AND RELIABILITY: Data are complete, reliable and accepted by Agency decision makers in carrying out their responsibilities.

DATA VERIFICATION AND VALIDATION: For more comprehensive information on performance data quality and methodologies, please see the FY 2005 Congressional Justification, Goal 3 narrative, page III-71 (http://www.epa.gov/ocfopage/budget/budget.htm).

DATA QUALITY IMPROVEMENTS: Not applicable.

Reports on performance data for conventional sediment remedies for 3 sites.

Performance results related to these measures are presented in Goal 3, pages 76-77.

DATABASE: No internal database; program output. Therefore other data elements are not applicable.

GOAL 4 — HEALTHY COMMUNITIES AND ECOSYSTEMS

Reregistration eligibility decisions. - Product reregistration. - Number of inert ingredients tolerances reassessed.

Performance results related to these measures are presented in Goal 4, pages 85-87.

DATABASE: The Office of Pesticide Programs Information Network (OPPIN) is a consolidation of various Office of Pesticide Program (OPP) databases. One of OPPIN's functions is to track regulatory data submissions and studies submitted by the registrant (pesticide manufacturer/producer) in support of the application for registration of a pesticide. OPP staff updates the data regularly.

DATA COMPLETENESS AND RELIABILITY: Data are complete. Data are reliable and accepted by Agency decision makers in carrying out their responsibilities.

DATA VERIFICATION AND VALIDATION: For more comprehensive information on performance data quality and methodologies, please see the FY 2005 Congressional Justification, page IV-13 (http://www.epa.gov/ocfopage/budget/budget.htm).

DATA QUALITY IMPROVEMENTS: OPPIN consolidated 19 separate systems into one storage, tracking, and decision information system. This has greatly reduced the amount of resources spent on data entry and collection, and has reduced the potential for loss of data/documents. Analysis of information and error detection have also improved with the consolidation.

EPA is working internally and with stakeholders from environmental organizations and industry to develop outcome data and measures that more accurately depict risk from pesticides.

Tolerance reassessment. - Tolerance reassessments for top 20 foods eaten by children.

Performance results related to these measures are presented in Goal 4, pages 85-87.

DATABASE: Tolerance Reassessment Tracking System (TORTS) is an OPP in-house system that contains records on all 9,721 tolerances subject to reassessment. It includes the total number of tolerances reassessed by fiscal year, the outcomes of reassessments (number of tolerances raised, lowered, revoked, or unchanged), and the appropriate priority group for the tolerance. Additionally, it breaks out the tolerances for specific chemical groups, including organophosphates, carbamates, organochlorines, carcinogens, high-hazard inerts, children's foods, and minor uses. OPP staff updates the data regularly. In addition, OPP is investigating the integration of the TORTS information into OPPIN.

DATA COMPLETENESS AND RELIABILITY: Data are complete. Data are reliable and accepted by Agency decision makers in carrying out their responsibilities.

DATA VERIFICATION AND VALIDATION: For more comprehensive information on performance data quality and methodologies, please see the FY 2005 Congressional Justification, page IV-13 (http://www.epa.gov/ocfopage/budget/budget.htm).

DATA QUALITY IMPROVEMENTS: EPA is working internally, as well as with stakeholders from environmental organizations and industry, to develop outcome data and measures that more accurately depict risk from pesticides.

Register safer chemicals and biopesticides. - New chemicals. - New uses.

Performance results related to these measures are presented in Goal 4, pages 87-88.

DATABASE: OPPIN is a consolidation of various OPP databases. One of OPPIN's functions is to track regulatory data submissions and studies submitted by the registrant (pesticide manufacturer/producer) in support of the registration application for registration of a pesticide. OPP staff updates the data regularly.

DATA COMPLETENESS AND RELIABILITY: Data are complete. Data are reliable and accepted by Agency decision makers in carrying out their responsibilities.

DATA VERIFICATION AND VALIDATION: For more comprehensive information on performance data quality and methodologies, please see the FY 2005 Congressional Justification, page IV-5 (http://www.epa.gov/ocfopage/budget/budget.htm).

DATA QUALITY IMPROVEMENTS: OPPIN consolidated 19 separate systems into one storage, tracking, and decision information system. This has greatly reduced the amount of resources spent on data entry and collection, and has reduced the potential for loss of data/documents. Analysis of information and error detection have also improved with the consolidation.

EPA is working internally and with stakeholders from environmental organizations and industry to develop outcome data and measures that more accurately depict risk from pesticides.

Percentage of acre-treatments with reduced risk pesticides.

Performance results related to these measures are presented in Goal 4, pages 87-88.

DATABASE: Two non-EPA databases are used for this measure: the Doane Marketing Research database, and the U.S. Department of Agriculture's (USDA's) National Agricultural Statistical Survey database.

DATA COMPLETENESS AND RELIABILITY: Data are complete. Data are reliable and accepted by Agency decision makers in carrying out their responsibilities.

DATA VERIFICATION AND VALIDATION: For more comprehensive information on performance data quality and methodologies, please see the FY 2005 Congressional Justification, page IV-5 (http://www.epa.gov/ocfopage/budget/budget.htm).

DATA QUALITY IMPROVEMENTS: USDA and Doane Marketing Research have not indicated that any improvements are planned in the foreseeable future.

Occurrences of residues on a core set of 19 foods eaten by children relative to occurrence levels for those foods reported in 1994-1996.

Performance results related to these measures are presented in Goal 4, Pages 87-88.

DATABASE: Data collection is conducted by the states. Information is coordinated by USDA agencies, cooperating state agencies, and USDA's Pesticide Data Program (PDP).

DATA COMPLETENESS AND RELIABILITY: Data will not be available until 2005. Data are reliable and accepted by Agency decision makers in carrying out their responsibilities. The core of PDP's quality assurance (QA) program is the standard operating procedure (SOP) based on EPA's Good Laboratory Practices. At each participating laboratory, there is a QA unit, which operates independently from the rest of the laboratory staff. QA Plans are followed as the standard procedure, with any deviations documented extensively. Final QA review is conducted by PDP staff responsible for collating and reviewing data for conformance with SOPs. PDP staff also monitors the performance of participating laboratories through proficiency evaluation samples, quality assurance internal reviews, and on-site visits. Additionally, analytical methods have been standardized in such various areas as analytical standards, laboratory operations, data handling, instrumentation, and QA. With the exception of California, all samples of a commodity collected for PDP are forwarded to a single state laboratory, allowing greater consistency, improved QA, and reduced sample loss. Program plans may be accessed at http://www.ams.usda.gov/science/pdp/SOPs.htm.

DATA VERIFICATION AND VALIDATION: For more comprehensive information on performance data quality and methodologies, please see the FY 2005 Congressional Justification, page IV-5 (http://www.epa.gov/ocfopage/budget/budget.htm).

DATA QUALITY IMPROVEMENTS: USDA has not informed EPA of any improvements.

Certified nationally (federally-administered and state-administered program) to perform lead based paint abatement.

Performance results related to these measures are presented in Goal 4, pages 88-89.

DATABASE: Currently, all information is received through informal reporting from EPA's regional offices, and originates from information submitted via certification applications. In the future, EPA will track certifications centrally using the newly created Federal Lead-based Paint Program (FLPP) database.

DATA COMPLETENESS AND RELIABILITY: Data are complete. Data are reliable and accepted by Agency decision makers in carrying out their responsibilities.

DATA VERIFICATION AND VALIDATION: For more comprehensive information on performance data quality and methodologies, please see FY 2005 Congressional Justification, page IV-51 (http://www.epa.gov/ocfopage/budget/budget.htm).

DATA QUALITY IMPROVEMENTS: The FLPP database was launched in June 2003 to incorporate new regional certification applications.

Number of children aged 1-5 years with elevated blood lead levels (>10 ug/dL).

Performance results related to these measures are presented in Goal 4, pages 88-89.

DATABASE: Begun in the early 1960s, the National Health and Nutrition Examination Survey conducted by the Centers for Disease Control is a coordinated program of studies designed to assess the health and nutritional status of adults and children in the United

States. The survey examines a nationally representative sample of approximately 5,000 men, women, and children each year located across the nation.

DATA COMPLETENESS AND RELIABILITY: Data are complete, reliable, and accepted by Agency decision makers in carrying out their responsibilities.

DATA VERFICATION AND VALIDATION: For more comprehensive information on performance data quality and methodologies, please see the final FY 2005 Congressional Justification, page IV-69 (http://www.epa.gov/ocfopage/budget/budget.htm).

DATA QUALITY IMPROVEMENTS: None.

Annual number of PCB-containing capacitors safely disposed and annual number of PCB-containing transformers safely disposed.

Performance results related to these measures are presented in Goal 4, pages 88-89.

DATABASE: Performance Database is the PCB Annual Report Database.

DATA COMPLETENESS AND RELIABILITY: Data are complete, reliable, and accepted by Agency decision makers in carrying out their responsibilities. Data are provided by annual reports from commercial storers and disposers of PCB waste. One data limitation is missing and inaccurate submissions. PCB-contaminated transformers, of PCB concentrations 50 to 499 parts per million (ppm), and those containing 500 ppm PCBs or greater are not distinguished in the data. Similarly, large and small capacitors of PCB waste may not be differentiated. Data are collected for the previous calendar year on July 1 of the next year, creating a lag of approximately one year. Despite these limitations, the data provide the only estimate of the amount of PCB waste disposed of annually.

DATA VERFICATION AND VALIDATION: For more comprehensive information on performance data quality and methodologies, please see the final FY 2005 Congressional Justification, page IV-69 (http://www.epa.gov/ocfopage/budget/budget.htm).

DATA QUALITY IMPROVEMENTS: None.

Cumulative number of participants in Hospitals for a Healthy Environment (H2E).

Performance results related to these measures are presented in Goal 4, pages 88-89.

DATABASE: EPA, in cooperation with its institutional partners, operates a voluntary program whereby hospitals and associated industries can voluntarily sign up to become an H2E Partner (hospitals) or Champion (associated industries). Sign-up forms from participating H2E institutions are used to track the number of participants in H2E.

DATA COMPLETENESS AND RELIABILITY: Data are reliable and accepted by Agency decision makers in carrying out their responsibilities. Limitations arise from reliance on individual healthcare facilities to gather data. Efforts to coordinate data collection with compliance audits and Joint Commission on the Accreditation of Healthcare Organizations will help manage the data collection activity.

DATA VERFICATION AND VALIDATION: For more comprehensive information on performance data quality and methodologies, please see the final FY 2004 Congressional Justification, page IV-98 (http://www.epa.gov/ocfopage/budget/budget.htm).

DATA IMPROVEMENTS: None.

Number of TSCA pre-manufacture notice reviews.

Performance results related to these measures are presented in Goal 4, pages 90-92.

DATABASE: The New Chemicals Management Information Tracking System (MITS), maintained by the Office of Pollution Prevention and Toxics (OPPT).

DATA COMPLETENESS AND RELIABILITY: Data are complete. Data are reliable and accepted by Agency decision makers in carrying out their responsibilities.

DATA VERIFICATION AND VALIDATION: For more comprehensive information on performance data quality and methodologies, please see the FY 2005 Congressional Justification, pages IV-7 and IV-36 (http://www.epa.gov/ocfopage/budget/budget.htm).

DATA QUALITY IMPROVEMENTS: No improvements made during FY 2004.

Cumulative number of Notice of Commencements (NOCs) received as percent of total number of chemicals on TSCA Inventory.

Performance results related to these measures are presented in Goal 4, pages 90-92.

DATABASE: The New Chemicals Management Information Tracking System (MITS) tracks information from the beginning of the Premanufacture Notice (PMN) program (1979) to the present. Information includes the number of PMNs submitted, the final disposition (whether regulated or not), and the number of low-volume and test market exemptions.

DATA COMPLETENESS AND RELIABILITY: Data are complete, aggregated nationally, and suitable for cross-year comparisons. Data are reliable and accepted by Agency decision makers in carrying out their responsibilities.

DATA VERFICATION AND VALIDATION: For more comprehensive information on performance data quality and methodologies, please see the final FY 2004 Congressional Justification, page IV-57 (http://www.epa.gov/ocfopage/budget/budget.htm).

DATA QUALITY IMPROVEMENTS: None.

Make screening level health and environmental effects data publicly available for HPV chemicals.

Performance results related to these measures are presented in Goal 4, pages 90-92.

DATABASE: Currently, this is an output measure with no associated database; however, a U.S. High-Production Volume (U.S. HPV) Database is being developed.

DATA COMPLETENESS AND RELIABILITY: The database will be available January 2005. Data are reliable and accepted by Agency decision makers in carrying out their responsibilities.

DATA VERIFICATION AND VALIDATION: For more comprehensive information on performance data quality and methodologies, please see the FY 2005 Congressional Justification, page IV-7 (http://www.epa.gov/ocfopage/budget/budget.htm).

DATA QUALITY IMPROVEMENTS: No major improvements for FY 2004. However, EPA continues to solicit input on system design from potential users of the U.S. HPV database.

Annual number of TSCA Section 5 Pre-Manufacture Notices (PMNs) received self-audited using complete battery of P2 Framework/PBT Profiler screening tools.

Performance results related to these measures are presented in Goal 4, pages 90-92.

DATABASE: The New Chemicals Management Information Tracking System (MITS) tracks information from the beginning of the Premanufacture Notice (PMN) program (1979) to the present. Information includes the number of PMNs submitted, the final disposition (whether regulated or not), and the number of low-volume and test market exemptions.

DATA COMPLETENESS AND RELIABILITY: Data are complete, reliable, and accepted by Agency decision makers in carrying out their responsibilities.

DATA VERFICATION AND VALIDATION: For more comprehensive information on performance data quality and methodologies, please see the final FY 2004 Congressional Justification, pages IV-56 and IV-57 (http://www.epa.gov/ocfopage/budget/budget.htm).

DATA QUALITY IMPROVEMENTS: None.

Annual reduction in the current year production-adjusted Risk Screening Environmental Indicators (RSEI) risk-based score of releases and transfers of toxic chemicals.

Performance results related to these measures are presented in Goal 4, pages 90-92.

DATABASE: The RSEI Model uses annual reporting from individual industrial facilities, along with a variety of other information, to evaluate chemical emissions and other waste management activities. RSEI incorporates detailed data from EPA's Toxics Release Inventory (TRI) and Integrated Risk Information System, the U.S. Census, and many other sources.

DATA COMPLETENESS AND RELIABILITY: Data are complete, reliable, and accepted by Agency decision makers in carrying out their responsibilities. RSEI relies on data from a variety of EPA and other sources. TRI data may have errors that are not corrected in the standard TRI quality control process. In the past, RSEI has identified some of these errors, and corrections have been made by reporting companies. Data sources are updated annually, and all RSEI values are recalculated annually.

DATA VERFICATION AND VALIDATION: For more comprehensive information on performance data quality and methodologies, please see the final FY 2005 Congressional Justification, pages IV-70 through IV-73 (http://www.epa.gov/ocfopage/budget/budget.htm).

DATA IMPROVEMENTS: None.

Cumulative number of chemicals for which AEGL values proposed.

Performance results related to these measures are presented in Goal 4, pages 90-92.

DATA BASE: EPA manages a Federal Advisory Committee Act (FACA) committee that reviews short-term exposure values for extremely hazardous chemicals. The supporting data, from both published and unpublished sources and from which the acute exposure guideline level (AEGL) values are derived, are collected, evaluated, and summarized by FACA Chemical Managers and Oak Ridge National Laboratory scientists. Proposed AEGL values are published for public comment in the *Federal Register*. After reviewing public comments, EPA presents interim values to the AEGL Subcommittee of the National Academies of Sciences (NAS) for review and comment. After review and comment resolution, the National Research Council under the auspices of the National Academies of Sciences (NAS) publishes the values as final. Performance is measured by the cumulative number of chemicals with "Proposed," "Interim," and/or "Final" AEGL values. There is no performance database.

DATA COMPLETENESS AND RELIABILITY: Data are complete. Data are reliable and accepted by Agency decision makers in carrying out their responsibilities.

DATA VERFICATION AND VALIDATION: For more comprehensive information on performance data quality and methodologies, please see the final FY 2005 Congressional Justification, pages IV-73 and IV-74 (http://www.epa.gov/ocfopage/budget/budget.htm).

DATA QUALITY IMPROVEMENTS: None.

Annual number of HPV chemicals with complete Screening Information Data Sets (SIDS) submitted to OECD SIDS Initial Assessment Meeting (SIAM).

Performance results related to these measures are presented in Goal 4, pages 90-92.

DATABASE: Record of submission maintained by both the U.S. EPA and Organization for Economic Cooperation and Development.(OECD). U.S. EPA submission packages are located at http://www.l.oecd.org. U.S. SIDS packages that have been to a SIAM are marked in the table by "SIAM assessed."

DATA COMPLETENESS AND RELIABILITY: Data are complete and suitable to support screening-level assessments only. Data are reliable and accepted by Agency decision makers in carrying out their responsibilities.

DATA VERFICATION AND VALIDATION: For more comprehensive information on performance data quality and methodologies, please see the final FY 2004 Congressional Justification, pages VI-73 and VI-74 (http://www.epa.gov/ocfo/budget/2004/g06final.pdf).

DATA QUALITY IMPROVEMENTS: None.

Standardization and validation of screening assays.

Performance results related to these measures are presented in Goal 4, page 92.

DATABASE: Program output; internal tracking system. Data collected by program office on number of screening assays validated.

DATA COMPLETENESS AND RELIABILITY: All screening assays are peer reviewed by the Scientific Advisory Panel or the Agency Science Advisory Board. Study reports will be presented to the Endocrine Disruptor Methods Validation Subcommittee for review and comment.

DATA VERIFICATION AND VALIDATION: For more comprehensive information on performance data quality and methodologies, please see the FY 2005 Congressional Justification, pages IV-14 and IV-136 (http://www.epa.gov/ocfopage/budget/budget.htm).

DATA QUALITY IMPROVEMENTS: This measure is not accurately depicting the standardization and validation of screening assays. As a result, the Agency has undertaken the task of revising this measure and has developed a series of measurement development plans to better assess the goal's performance.

Number of incidents and mortalities to terrestrial and aquatic wildlife caused by the 15 pesticides responsible for the greatest mortality to such wildlife.

Performance results related to these measures are presented in Goal 4, page 92.

DATABASE: The Ecological Incident Information System (EIIS) is a national database of information on poisoning incidents of non-target plants and animals caused by pesticide use. Data are extracted from written reports of fish and wildlife incidents submitted to the Agency by pesticide registrants under the Federal Insecticide, Fungicide and Rodenticide Act (FIFRA), Section 6(a)(2), as well as from incident reports voluntarily submitted by state and federal agencies involved in investigating such incidents.

DATA COMPLETENESS AND RELIABILITY: FY 2004 data will not be available until 2005. Data are reliable and accepted by Agency decision makers in carrying out their responsibilities. Internally and externally conducted data quality reviews related to data entry are ongoing. EPA follows a quality assurance plan for accurately extracting data from reports and entering it into the EIIS database. This quality assurance plan is described in Appendix D of the Quality Management Plan for pesticides programs. When resources allow incorporation of wildlife data from private organizations, such as the American Bird Conservancy, the new data and EIIS data are reviewed for quality during data entry using the same standards.

DATA VERIFICATION AND VALIDATION: For more comprehensive information on performance data quality and methodologies, please see the FY 2005 Congressional Justification, pages IV-11 and IV-66 (http://www.epa.gov/ocfopage/budget/budget.htm).

DATA QUALITY IMPROVEMENTS: The Agency is currently conducting a project with the American Bird Conservancy, reviewing the data in its Avian Incident Monitoring System on bird kills caused by pesticides. These data will be incorporated into EIIS. The project is expected to improve the quantity and quality of the data in the EIIS database on avian incidents. However, this enhancement does not address the ability to quantify the extent to which reported incidents reflect environmental conditions.

Number of risk management plan audits completed.

Performance results related to these measures are presented in Goal 4, page 93.

DATABASE: There is no database for this measure. EPA's regional offices and the states provide the data to EPA headquarters. Data are collected and analyzed by surveying EPA's regional offices to determine how many audits of facilities' risk management plans have been completed.

DATA COMPLETENESS AND RELIABILITY: FY 2004 data will be available in November 2004. Data are reliable and accepted by Agency decision makers in carrying out their responsibilities. Data quality is evaluated by both regional and headquarters personnel. Data quality is dependent on completeness and accuracy of the data provided by state programs.

DATA VERIFICATION AND VALIDATION: For more comprehensive information on performance data quality and methodologies, please see the FY 2005 Congressional Justification, Goal 4 narrative, page IV-61 (http://www.epa.gov/ocfopage/budget/budget.htm).[1]

DATA QUALITY IMPROVEMENTS: No significant improvements in FY 2004.

[1] For more information on the Brownfields program, see Reusing Land and Restoring Hope: A Report to Stakeholders from the US EPA Brownfields Program (http://www.epa.gov/brownfields/news/stake_report.htm); assessment demonstration pilots and grants (http://www.epa.gov/brownfields/assessment_grants.htm); cleanup and revolving loan fund pilots and grants (http://www.epa.gov/brownfields/rlflst.htm); job training pilots and grants (http://www.epa.gov/brownfields/job.htm); and cleanup grants (http://www.epa.gov/brownfields/cleanup_grants.htm).

Assist in the development or implementation of improved environmental laws or regulations in priority countries. - Increase the transfer of environmental best practices among the U.S. and its partner countries and build the capacity of developing countries to collect, analyze, or disseminate environmental data. - Train farmworkers on pesticide risks and safe handling, including ways of minimizing families' and children's risks.

Performance results related to these measures are presented in Goal 4, pages 95-96.

DATABASE: Manual collection.

DATA COMPLETENESS AND RELIABILITY: Data are complete for assessment of whether 2004 targets have been met. Data are reliable and accepted by Agency decision makers in carrying out their responsibilities.

DATA VERIFICATION AND VALIDATION: Validating measurements under international capacity-building programs presents several challenges. Technical assistance projects, for instance, typically target developing countries, which often do not have sound data collection and analysis systems in place. Several of the Agency's activities under Goal 4 attempt to improve this data gathering and analysis process. Nontechnical projects, such as assistance in regulatory reform, frequently must rely on more subjective measures of change, such as the opinions of project staff or reviews by third-party organizations, including other U.S. government organizations, in judging the long-term efficacy of the assistance provided. For more comprehensive information on performance data quality and methodologies, please see the FY 2003 Final Annual Plan, page VI-24.

DATA QUALITY IMPROVEMENTS: None.

Number of Brownfields properties assessed. - Number of Brownfields cleanup grants awarded. - Number of properties cleaned up using Brownfields funding. - Number of acres of Brownfields property available for reuse. - Number of jobs leveraged from Brownfields activities. - Percentage of Brownfields job training trainees placed. - Amount of cleanup and redevelopment funds leveraged at Brownfields properties.

Performance results related to these measures are presented in Goal 4, pages 93-94.

DATABASE: The Brownfields Management System (BMS) contains the performance information identified in the above measures. Key fields related to performance measures include:

- Properties with Assessment Completed with Pilot/Grant Funding
- Properties assessed with Targeted Brownfields Assessment Funding
- Properties with Cleanup Complete
- Acres Made Ready for Reuse
- Cleanup/Redevelopment Jobs Leveraged
- Assessment/Cleanup/Redevelopment Dollars Leveraged
- Number of Participants Completing Training
- Number of Participants Obtaining Employment

Data are extracted from quarterly reports prepared by assessment, cleanup, revolving loan fund (RLF), and job training cooperative agreement award recipients. Information on Targeted Brownfields Assessments is collected from EPA regions.

DATA COMPLETENESS AND RELIABILITY: FY 2004 data will be available in FY 2005. Data are reliable and accepted by Agency decision makers in carrying out their responsibilities. Cooperative agreement award recipients submit reports quarterly on project progress to EPA. Data used to track performance measures are extracted from quarterly reports by an EPA contractor. Data are then forwarded to regional pilot managers for review and finalization. Given the reporting cycle and the data entry/QA period, there is typically a six-month data lag for BMS data.

Note that accomplishments reported by Brownfields Assessment Grantees, Brownfields Cleanup Grantees, Brownfields Revolving Loan Fund Grantees, Brownfields Job Training Grantees, and Targeted Brownfields Assessments all contribute towards these performance measures. "Number of Brownfields properties assessed" is an aggregate of assessments completed with Assessment Grant funding and

assessments completed with Targeted Brownfields Assessment funding. "Number of Brownfields properties cleaned up" is an aggregate of properties cleaned up by RLF Grantees and Cleanup Grantees. "Number of acres made ready for reuse" is an aggregate of acreage assessed that does not require cleanup under Assessment Grants, acreage cleaned up under RLF Grants, and acreage cleaned up under Cleanup Grants. "Number of cleanup and redevelopment jobs leveraged" is the aggregate of jobs leveraged by Assessment, Cleanup, and RLF Grantees. "Amount of cleanup and redevelopment funds leveraged at Brownfields properties" is the aggregate of funds leveraged by Assessment, Cleanup, and RLF Grantees. "Percentage of Brownfields job training trainees placed" is based on the "Number of Participants Completing Training" and the "Number of Participants Obtaining Employment" reported by Job Training Grantees.

Data reported by cooperative award agreement recipients are reviewed by EPA regional pilot managers for accuracy and to ensure appropriate interpretation of key measure definitions. Reports are produced monthly with detailed data trends analyses.

DATA VERIFICATION AND VALIDATION: For more comprehensive information on performance data quality and methodologies, please see the FY 2005 Congressional Justification, Goal 4 narrative, page IV-95 (http://www.epa.gov/ocfopage/budget/budget.htm).[2]

DATA QUALITY IMPROVEMENTS: In FY 2004, the Brownfields Program fully implemented the Property Profile and Job Training Profile reporting forms to be used by Assessment, Cleanup, RLF, and Job Training Grantees awarded under the Brownfields Law. These forms, approved by the Office of Management and Budget (OMB), allow EPA to collect standardized data and will improve data quality and reliability. The BMS database has been updated to track and store the data reported in these forms.

Number of additional people in Mexico border area protected from health risks because of adequate water and wastewater sanitation systems funded through border environmental infrastructure funding.

Performance results related to these measures are presented in Goal 4, pages 94-95.

DATABASE: There is no associated database. Performance is tracked and reported quarterly by the Border Environmental Cooperation Commission (BECC) and the North American Development Bank (NADBank).

DATA COMPLETENESS AND RELIABILITY: Data are complete. Data are reliable and accepted by Agency decision makers in carrying out their responsibilities.

DATA VERIFICATION AND VALIDATION: For more comprehensive information on performance data quality and methodologies, see the FY 2004 Congressional Justification, pages IV-97 and IV-98 (http://www.epa.gov/ocfopage/budget/budget.htm).

DATA QUALITY IMPROVEMENTS: Partners meet quarterly, providing standardized progress reports for their areas of responsibility. EPA project officers conduct periodic program reviews of BECC and NADBank operations and performance. Annual performance and progress reports are submitted to EPA.

Acres of habitat restored and protected nationwide as part of the National Estuary Program (annual).

Performance results related to these measures are presented in Goal 4, pages 96-97.

DATABASE: EPA developed a database/tracking system that documents the number of acres of habitat restored and protected, based on specific National Estuary Program (NEP) reports. Key fields include the type of actions (e.g., protection or restoration) and habitat type (e.g., estuarine, riparian).

DATA COMPLETENESS AND RELIABILITY: Data are complete. Data are reliable and accepted by Agency decision makers in carrying out their responsibilities.

DATA VERIFICATION AND VALIDATION: For more comprehensive information on performance data quality and methodologies, see the FY 2005 Congressional Justification, page IV-112 (http://www.epa.gov/ocfopage/budget/budget.htm).

[2] For more information on the Brownfields program, see Reusing Land and Restoring Hope: A Report to Stakeholders from the US EPA Brownfields Program (http://www.epa.gov/brownfields/news/stake_report.htm); assessment demonstration pilots and grants (http://www.epa.gov/brownfields/assessment_grants.htm); cleanup and revolving loan fund pilots and grants (http://www.epa.gov/brownfields/rlflst.htm); job training pilots and grants (http://www.epa.gov/brownfields/job.htm); and cleanup grants (http://www.epa.gov/brownfields/cleanup_grants.htm).

DATA QUALITY IMPROVEMENTS: EPA is exploring the development and use of an on-line reporting tool that will enable the NEPs to directly input their data into a Lotus Notes database. Currently, NEPs send their individual reports to EPA to compile the reports into a central spreadsheet or database (Excel or Access), after which the data are revised as necessary. An on-line tool would be housed on EPA's NEP web site and would be password protected. Use of this tool would make reporting more efficient and accurate, thereby reducing the time needed to conduct quality assurance and quality control.

Long-term concentration trends of toxics (PCBs) – in Great Lakes top predator fish, and in the air. Phosphorus concentration in the Lake Erie Central Basin.

Performance results related to these measures are presented in Goal 4, pages 97-98.

DATABASE: The Great Lakes National Program Office (GLNPO) base monitoring program and the GLNPO integrated atmospheric deposition network (IADN), operated jointly with Canada.

DATA COMPLETENESS AND RELIABILITY: Data are incomplete and anticipated to be available in 2005. Data are reliable and accepted by Agency decision makers in carrying out their responsibilities.

DATA VERIFICATION AND VALIDATION: For more comprehensive information on performance data quality and methodologies, please see the FY 2003 Congressional Justification, pages IV-118 and IV-119 (http://www.epa.gov/ocfopage/budget/budget.htm).

DATA QUALITY IMPROVEMENTS: The data system specifically for the Great Lakes index is being developed. Data continue to be collected through the State of the Lakes Ecosystem Conference (SOLEC) process by various agencies, including GLNPO. Efforts are currently in progress to integrate various Great Lakes monitoring programs to better meet SOLEC objectives and to increase efficiencies in data collection and reporting. To address data lags, EPA is increasing quality assurance support for fish toxics data and is discussing speedier atmospheric deposition data delivery with Environment Canada.

Acres of submerged aquatic vegetation (SAV) present in the Chesapeake Bay (cumulative).

Performance results related to these measures are presented in Goal 4, page 99.

DATABASE: The data for the Submerged Aquatic Vegetation Acres in Chesapeake Bay measure are located at: http://www.chesapeakebay.net/pubs/statustrends/88-data-2002.xls. The data source is the Virginia Institute of Marine Sciences.

DATA COMPLETENESS AND RELIABILITY: Data are complete. Data are reliable and accepted by Agency decision makers in carrying out their responsibilities.

DATA VERIFICATION AND VALIDATION: For more comprehensive information on performance data quality and methodologies, please see FY 2005 Congressional Justification, pages IV-126 and IV-127 (http://www.epa.gov/ocfopage/budget/budget.htm).

DATA QUALITY IMPROVEMENTS: No improvements made in FY 2004.

Assist the Gulf States in implementing watershed restoration actions in 71 (5-year rolling average) priority impaired coastal river and estuary segments.

Performance results related to these measures are presented in Goal 4, page 99.

DATABASE: State Water Quality Agencies supply EPA's Office of Water with lists of waters reported under Clean Water Act Section 303(d) every even year (http://www.epa.gov/surf/).

DATA COMPLETENESS AND RELIABILITY: Data are complete. Data are reliable and accepted by Agency decision makers in carrying out their responsibilities.

DATA VERIFICATION AND VALIDATION: For more comprehensive information on performance data quality and methodologies, please see the 2003 Congressional Justification, pages IV-129 and IV-130 (http://www.epa.gov/ocfopage/budget/budget.htm).

DATA QUALITY IMPROVEMENTS: The Gulf of Mexico Program Office compared the 1998, 2000, 2002, and 2004 lists for removal and addition of segments listed by the states. The locations of impaired segments provided by grantees receiving funding for restoration efforts were quality assured with the state 303(d) lists.

A study of fish genetic diversity that demonstrates the power of this modern approach for evaluating condition and vitality of biotic communities to federal, state and local resource managers. - A restricted access database of EPA experts with knowledge, expertise, impacts focused on safe buildings and water security. - Prepare ETV evaluations on a least 5 new technologies for detection containment, or decontamination of chemical/biological contaminants in buildings to help workers select safe alternatives. - Through SBIR awards, support at least 3 new technologies/methods to decontaminate HVAC systems in smaller commercial buildings or decontaminate valuable or irreplaceable materials. - Prepare technical guidance for building owners and facility managers on methods/strategies to minimize damage to buildings from intentional introduction of biological/chemical contaminants. - Verify two treatment technologies for application in buildings by commercial and residential users, utilities, and public officials to treat contaminants in drinking water supplies. - Complete 4 human health assessments and publish their results on the IRIS website. - Initiate or submit to external peer review human health assessments of at least 20 high priority chemicals. - Produce a computational toxicology research strategic framework. - Analysis of the "Children Total Exposure to Pesticides and Persistent Organic Pollutants (including EDCs) Study" to estimate aggregate exposures and identify critical exposure factors that can be used by the Agency to improve exposure and risk assessments.

Performance results related to these measures are presented in Goal 4, pages 100-103.

DATABASE: No internal database; program output. Therefore the other data elements are not applicable.

The increased use of the TRI-Made Easy (TRI-ME) will result in a total burden reduction of 5% for Reporting Years 2003 and 2002 levels.

Performance results related to these measures are presented in Goal 4, pages 89-90.

DATABASE: CDX and the Toxics Release Inventory (TRI) System; TRI Data Processing and Operations Statistical Report.

DATA COMPLETENESS AND RELIABILITY: Data are complete, reliable, and accepted by Agency decision makers in carrying out their responsibilities.

DATA VERIFICATION AND VALIDATION: Please reference the FY 2005 Congressional Justification, page IV-94 (http://www.epa.gov/ocfopage/budget/budget.htm).

DATA QUALITY IMPROVEMENTS:

- 52 training workshops were held during FY 2004 for the reporting community to improve data accuracy and enhance reporting procedures.
- More than 750 data quality alert phone calls were placed to reporting facilities that had questionable submissions. The facilities were asked to verify their data and submit corrections as necessary.
- Expanded and improved data quality checks were added to the TRI-ME software used by the facilities for reporting.
- Improved data reconciliation processing was implemented at the data center.
- A 73% increase in on-line data submissions through CDX reduced the data entry error rate over FY 2003 levels. FY 2004 data accuracy was less than 99%.

GOAL 5 — COMPLIANCE AND ENVIRONMENTAL STEWARDSHIP

Number of facilities, states, technical assistance providers or other entities reached through targeted compliance assistance.

Performance results related to these measures are presented in Goal 5, pages 110-111.

DATABASE: EPA headquarters manages data on the number of entities reached through targeted compliance assistance in the Integrated Compliance Information System (ICIS).

DATA COMPLETENESS AND RELIABILITY: Data are complete. Data are reliable and accepted by Agency decision makers in carrying out their responsibilities.

DATA VERIFICATION AND VALIDATION: For more comprehensive information on performance data quality and methodologies, please see the FY 2004 Final Annual Plan, page IX-17 (http://www.epa.gov/ocfopage/budget/2004/2004ap/goal9.pdf), and the Office of Compliance Quality Management Plan (internal use).

DATA QUALITY IMPROVEMENTS: The Office of Enforcement and Compliance Assistance (OECA) reviews the quality of the data quarterly. Deputy Regional Administrators and OECA managers certify the data at the middle and end of the year.

Facilities voluntarily self-disclose and correct violations with reduced or no penalty as a result of EPA self-disclosure policies.

Performance results related to these measures are presented in Goal 5, page 111.

DATABASE: Headquarters manages information on the self-disclosing policies in ICIS Phase I.

DATA COMPLETENESS AND RELIABILITY: Data are complete. Data are reliable and accepted by Agency decision makers in carrying out their responsibilities.

DATA VERIFICATION AND VALIDATION: For more comprehensive information on performance data quality and methodologies, please see the FY 2004 Final Annual Plan, page IX-16 (http://www.epa.gov/ocfopage/budget/2004/ 2004ap/goal9.pdf), and the Office of Compliance Quality Management Plan (internal use).

DATA QUALITY IMPROVEMENTS: OECA reviews the quality of the data quarterly. Deputy Regional Administrators and OECA managers certify the data at the middle and end of the year.

Number of EPA inspections conducted.

Performance results related to these measures are presented in Goal 5, pages 111-112.

DATABASE: Data from national enforcement and compliance systems, including: Permit Compliance System (PCS), Airs Facility System, the Resource Conservation Recovery Act Information System (RCRAInfo), the National Compliance Database System and FIFRA/TSCA Tracking System (NCDB/FTTS), and ICIS. Also data are provided manually for several program areas.

DATA COMPLETENESS AND RELIABILITY: Data are complete. Data are reliable and accepted by Agency decision makers in carrying out their responsibilities.

DATA VERIFICATION AND VALIDATION: For more comprehensive information on performance data quality and methodologies, please see the FY 2004 Final Annual Plan, page IX-10 (http://www.epa.gov/ocfopage/budget/2004/2004ap/goal9.pdf), and the Office of Compliance Quality Management Plan (internal use).

DATA QUALITY IMPROVEMENTS: OECA performs a mid-year and end-of-year data quality review of inspection/evaluation data. Deputy Regional Administrators and OECA managers certify the data at the middle and end of the year.

Number of criminal investigations.

Performance results related to these measures are presented in Goal 5, page 111-112.

DATABASE: The Criminal Docket System (CRIMDOC) is a criminal case management, tracking, and reporting system. Information about criminal cases investigated by EPA's Criminal Investigation Division (CID) is entered into CRIMDOC at case initiation, and investigation and prosecution information is tracked until case conclusion.

DATA COMPLETENESS AND RELIABILITY: Data are complete. Data are reliable and accepted by Agency decision makers in carrying out their responsibilities.

DATA VERIFICATION AND VALIDATION: For more comprehensive information on performance data quality and methodologies, please see the FY 2004 Final Annual Plan, page IX-11 (http://www.epa.gov/ocfopage/budget/2004/2004ap/goal9.pdf), and the Office of Compliance Quality Management Plan (internal use).

DATA QUALITY IMPROVEMENTS: A new case management, tracking, and reporting system (Case Reporting System) is currently being developed that will replace CRIMDOC. This new system allows for a more user-friendly database and greater tracking, management, and reporting capabilities. OECA performs a mid-year and end-of-year data quality review of criminal investigation data. Deputy Regional Administrators and OECA managers certify the data at middle and end of the year.

Number of civil investigations.

Performance results related to these measures are presented in Goal 5, pages 111-112.

DATABASE: Data are manually collected and there is no database.

DATA COMPLETENESS AND RELIABILITY: Data are complete, reliable and accepted by Agency decision makers in carrying out their responsibilities.

DATA VERIFICATION AND VALIDATION: For more comprehensive information on performance data quality and methodologies, please see the FY 2004 Final Annual Plan, page IX-11 (http://www.epa.gov/ocfopage/budget/2004/2004ap/goal9.pdf), and the Office of Compliance Quality Management Plan (internal use).

DATA QUALITY IMPROVEMENTS: OECA performs a mid-year and end-of-year data quality review of civil investigation data. Deputy Regional Administrators and OECA managers certify the data at middle and end of the year.

Seventy-five percent of concluded enforcement actions require physical action that result in pollutant reductions and/or changes in facility management or information practices.

Performance results related to these measures are presented in Goal 5, pages 112-114.

DATABASE: Phase I of ICIS, a modernized system, replaced DOCKET and tracks EPA civil, judicial, and enforcement actions.

DATA COMPLETENESS AND RELIABILITY: Data are complete. Data are reliable and accepted by Agency decision makers in carrying out their responsibilities.

DATA VERIFICATION AND VALIDATION: For more comprehensive information on performance data quality and methodologies, please see the FY 2004 Final Annual Plan, page IX-7 (http://www.epa.gov/ocfopage/budget/2004/2004ap/goal9.pdf), and the Office of Compliance Quality Management Plan (internal use).

DATA QUALITY IMPROVEMENTS: OECA reviews the quality of the data quarterly. Deputy Regional Administrators and OECA managers certify the data at middle and end of the year.

Millions of pounds of pollutants required to be reduced through enforcement actions settled this fiscal year.

Performance results related to these measures are presented in Goal 5, pages 112-114.

DATABASE: Phase I of ICIS, a modernized system, replaced DOCKET and tracks EPA civil, judicial, and enforcement actions.

DATA COMPLETENESS AND RELIABILITY: Data are complete. Data are reliable and accepted by Agency decision makers in carrying out their responsibilities.

DATA VERIFICATION AND VALIDATION: For more comprehensive information on performance data quality and methodologies, please see the FY 2004 Final Annual Plan, page IX-8 (http://www.epa.gov/ocfopage/budget/2004/2004ap/goal9.pdf), and the Office of Compliance Quality Management Plan (internal use).

DATA QUALITY IMPROVEMENTS: OECA reviews the quality of the data quarterly. Deputy Regional Administrators and OECA managers certify the data at the middle and end of the year.

Develop and use valid compliance rates or other indicators of compliance for selected populations.

Performance results related to these measures are presented in Goal 5, pages 112-114.

DATABASE: Inspection-based compliance rates are managed manually. PCS tracks National Pollutant Discharge Elimination System (NPDES) permit and enforcement actions, reporting, and scheduling requirements and is used for self-reported rates.

DATA COMPLETENESS AND RELIABILITY: Data are complete. Data are reliable and accepted by Agency decision makers in carrying out their responsibilities.

DATA VERIFICATION AND VALIDATION: For more comprehensive information on performance data quality and methodologies, please see the FY 2004 Final Annual Plan, page IX-9 (http://www.epa.gov/ocfopage/budget/2004/2004ap/goal9.pdf), and the Office of Compliance Quality Management Plan (internal use).

DATA QUALITY IMPROVEMENTS: Not applicable.

Complete the data migration plan and begin software development as part of the system implementation life cycle stage (i.e. data migration and testing) of Phase II of ICIS (modernization of the Permit Compliance System (PCS) by September 2004.

Performance results related to these measures are presented in Goal 5, pages 114-115.

DATABASE: No database; internal tracking of measure.

DATA COMPLETENESS AND RELIABILITY: Data are complete. Data are reliable and accepted by Agency decision makers in carrying out their responsibilities.

DATA VERIFICATION AND VALIDATION: For more comprehensive information on performance data quality and methodologies, please see the FY 2004 Final Annual Plan, page IX-12 (http://www.epa.gov/ocfopage/budget/2004/2004ap/goal9.pdf), and the Office of Compliance Quality Management Plan (internal use).

DATA QUALITY IMPROVEMENTS: New and Improved Data or Systems: The modernization of OECA's legacy media systems into one multi-media system, ICIS, will support core enforcement, compliance monitoring, and NPDES permitting program needs. Phase I of ICIS, the core federal enforcement data component of ICIS, was implemented in FY 2002.

PCS Modernization (ICIS Phase II: ICIS-NPDES) is currently underway. Progress on PCS Modernization in FY 2004 is as follows:

- data migration (ongoing);
- Data Migration Plan completed April 2004;
- Data Migration Workgroup formed May 2004, with participants from 13 states (AR, CO,GA,HI,IN,WI,MD,MO,NJ,NY,OH,UT,VA), all 10 regions, and headquarters (OW,OECA,OEI);
- system software development begun May 2004; and
- software technical specifications completed September 2004.

Conduct EPA-assisted inspections to help build state program capacity.

Performance results related to these measures are presented in Goal 5, pages 115-116.

DATABASE: Output measure; internal regional tracking system.

DATA COMPLETENESS AND RELIABILITY: Data are complete. Data are reliable and accepted by Agency decision makers in carrying out their responsibilities.

DATA VERIFICATION AND VALIDATION: For more comprehensive information on performance data quality and methodologies, please see the FY 2004 Final Annual Plan, page IX-12 (http://www.epa.gov/ocfopage/budget/2004/2004ap/goal9.pdf), and the Office of Compliance Quality Management Plan (internal use).

DATA QUALITY IMPROVEMENTS: OECA performs a mid-year and end-of-year data quality review of EPA-assisted inspection data. Deputy Regional Administrators and OECA managers certify the data at the middle and end of the year.

Percentage reduction in generation of priority list chemicals from 1991 levels.

Performance results related to these measures are presented in Goal 5, pages 116-117.

DATABASE: The Toxics Release Inventory (TRI) provides facility/chemical-specific data quantifying the amount of TRI-listed chemicals entering wastes associated with production processes in each year. The total amount of each chemical in production-related wastes can be broken out by the methods employed in managing such wastes, including recycling, energy recovery, treatment, and disposal/release. Amounts of these wastes that are not recycled are tracked for this performance measure. The performance measure uses the Chemical Abstract System (CAS) numbers for the 23 chemicals identified by EPA as priority chemicals (http://www.epa.gov/epaoswer/hazwaste/minimize/chemlist.htm).

Regulated facilities report facility-specific, chemical-specific release, waste, and recycling data to EPA. For example, in calendar year 1999, 22,639 facilities filed 84,068 TRI reports. TRI data are collected, as required by Emergency Planning and Community Right-to-Know Act of 1986 (EPCRA) and expanded by the Pollution Prevention Act of 1990 (40 CFR Part 13101; http://www.epa.gov/tri/). Only certain facilities in specific Standard Industrial Classification (SIC) codes are required to report annually the quantities of over 650 listed toxic chemicals and chemical categories released to each environmental medium and otherwise managed as waste (40 CFR Part 13101; http://www.epa.gov/tri). Regulation requires covered facilities to use monitoring, mass balance, emission factors, and/or engineering approaches to estimate releases and recycling volumes. For purposes of the performance measure, data controls are employed to facilitate cross-year comparisons; a subset of chemicals and sectors is assessed that are consistently reported in all years; and data are normalized to control for changes in production using published U.S. Bureau of Economic Analysis gross product indices (chain-type quantity index for the manufacturing sector).

DATA COMPLETENESS AND RELIABILITY: Data will be available in November 2006. FY 2001 data, the most recent data available, show a reduction of 53 percent from the adjusted FY 1991 baseline of approximately 147 million pounds. Thus, the target established for FY 2004 has already been met. In response to these better-than-expected results, EPA created a new measure that monitors an expanded list of chemicals in both hazardous and nonhazardous waste streams. This new measure will be introduced as part of the FY 2006 annual plan and budget.

Data are reliable and accepted by Agency decision makers in carrying out their responsibilities. Most facilities use EPA-certified automated TRI FORM R reporting tools, which contain automated error-checking mechanisms. Upon receipt of the facilities' reports, EPA conducts automated edits, error checks, data scrubs, corrections, and normalization during data entry and subsequent processing. While the Agency does not control the quality of the data submitted by the regulated community, it does, work with the regulated community to improve the quality of the estimates submitted.

Use of the data should be based on the user's understanding that the Agency does not have direct assurance of the accuracy of the facilities' measurement and reporting processes. TRI release data are reported by facilities on a good-faith, best-estimate basis. EPA does not have the resources to conduct on-site validation of each facility's reporting data, although on-site investigations do occur each year at a subset of reporting facilities.

DATA VERIFICATION AND VALIDATION: For more comprehensive information on performance data quality and methodologies, please see the FY 2005 Congressional Justification, Goal 4 narrative, page IV-93 (http://www.epa.gov/ocfopage/budget/budget.htm).

DATA QUALITY IMPROVEMENTS: There were no significant improvements during FY 2004.

Annual reduction of TRI non-recycled waste (production-normalized pounds).

Performance results related to these measures are presented in Goal 5, pages 117-118.

DATABASE: The Toxics Release Inventory System (http://www.epa.gov/tri/).

DATA COMPLETENESS AND RELIABILITY: Performance data are not available currently; data will be available in the spring of 2005. Data are reliable and accepted by Agency decision makers in carrying out their responsibilities.

DATA VERFICATION AND VALIDATION: For more comprehensive information on performance data quality and methodologies, please see the final FY 2005 Congressional Justification, pages V-58 and V-59 (http://www.epa.gov/ocfo/budget/2005/g05final.pdf).

DATA IMPROVEMENTS: None.

Cumulative number of alternative feed stocks, processes, or safer products identified by Green Chemistry Challenge Award winners.

Performance results related to these measures are presented in Goal 5, pages 117-118.

DATABASE: Industry and academia submit nominations annually to EPA in response to the Presidential Green Chemistry Challenge Awards. Environmental and economic benefit information, included in the nomination packages, is pulled into a metrics database.

DATA COMPLETENESS AND RELIABILITY: Data are complete. Data are reliable and accepted by Agency decision makers in carrying out their responsibilities.

DATA VERFICATION AND VALIDATION: For more comprehensive information on performance data quality and methodologies, please see the final FY 2004 Congressional Justification, pages IV-97 and IV-98 (http://www.epa.gov/ocfo/budget/2004/g04final.pdf).

DATA IMPROVEMENTS: None.

Cumulative number of pounds of hazardous chemicals/solvents eliminated by Green Chemistry Challenge Awards Program nominations.

Performance results related to these measures are presented in Goal 5, pages 117-118.

DATABASE: Industry and academia submit nominations annually to EPA in response to the Presidential Green Chemistry Challenge Awards. Environmental and economic benefit information, included in the nomination packages, is pulled into a metrics database.

DATA COMPLETENESS AND RELIABILITY: Data are complete. Data are reliable and accepted by Agency decision makers in carrying out their responsibilities.

DATA VERFICATION AND VALIDATION: For more comprehensive information on performance data quality and methodologies, please see the final FY 2005 Congressional Justification, pages V-60 through V-64 (http://www.epa.gov/ocfo/budget/2005/g05final.pdf).

DATA IMPROVEMENTS: None.

Cumulative number of eco-friendly laundry detergent formulations developed.

Performance results related to these measures are presented in Goal 5, pages 117-118.

DATABASE: EPA is developing an electronic ("metrics") database that will allow organized storage and retrieval of green chemistry data submitted to the Agency on alternative feedstocks, processes, and safer chemicals. The database is being designed to systematically store and retrieve information on the environmental and, where available, economic benefits that these alternative green chemistry technologies offer. The database is also being designed to track the quantity of hazardous chemicals and solvents eliminated through implementation of these alternative technologies.

DATA COMPLETENESS AND RELIABILITY: Data are complete. Data are reliable and accepted by Agency decision makers in carrying out their responsibilities.

DATA VERFICATION AND VALIDATION: For more comprehensive information on performance data quality and methodologies, please see the final FY 2004 Congressional Justification, page IV-98 (http://www.epa.gov/ocfo/budget/2004/g04final.pdf)..

DATA IMPROVEMENTS: None.

Percent of Tribes with delegated and non-delegated programs. - Percent of Tribes with EPA-reviewed monitoring and assessment occurring. - Percent of Tribes with EPA-approved multimedia workplans.

Performance results related to these measures are presented in Goal 5, page 119.

DATABASE: Progress on these measures is tracked through the Goal 5.3 Reporting system, an internal EPA program management database.

DATA COMPLETENESS AND RELIABILITY: Data are complete to assess that these FY 2004 targets have been reached. Data are reliable and accepted by Agency decision makers in carrying out their responsibilities.

DATA VERIFICATION AND VALIDATION: For more comprehensive information on performance data quality and methodologies, please see the final FY 2005 Congressional Justification, pages IV-73 through IV-75 (http://www.epa.gov/ocfo/budget/2005/g05final.pdf).

DATA QUALITY IMPROVEMENTS: None.

Through the ETV program, verify the performance of 35 commercial-ready environmental technologies.

Performance results related to these measures are presented in Goal 5, page 120.

DATABASE: No internal database; program output. Therefore other data elements are not applicable.

CHAPTER 6 — SUPPORTING ACHIEVEMENT OF ENVIRONMENTAL RESULTS

Number of private sector and local government entities, such as water authorities, will use CDX to exchange environmental data with EPA. - CDX offers online data exchange for all major national systems by the end of FY 2004. - Number of states using CDX as the means by which they routinely exchange environmental data with two or more EPA media programs or regions.

Performance results related to these measures are presented in Chapter 6, page 127.

DATABASE: Central Data Exchange (CDX) Customer Registration Subsystem.

DATA COMPLETENESS AND RELIABILITY: Data are complete, reliable and accepted by Agency decision makers in carrying out their responsibilities.

DATA VERIFICATION AND VALIDATION: For more comprehensive information on performance data quality and methodologies, please refer to FY 2005 Congressional Justification, Enabling Support Programs chapter, pages ESP-5 and ESP-6 (http://www.epa.gov/ocfopage/budget).

DATA QUALITY IMPROVEMENTS: Weekly audits of CDX data collection procedures and customer service operations are conducted. Weekly project management meetings are held, during which progress on performance measures is reviewed and actions are identified when necessary.

Establish the baseline for the suite of indicators that are used by EPA's programs and partners in the Agency's strategic planning and performance measurement process.

Performance results related to these measures are presented in Chapter 6, page 128.

DATABASE: Output measure; initial collection of indicators compiled during the drafting of EPA's *Report on the Environment*, supplemented by indicators currently used in the Agency's strategic planning and performance measurement process (e.g., EPA's Strategic Plan, Annual Performance Plan, Annual Performance Report, Annual Operating Plan, and National Environmental Performance Partnership Agreements), will comprise an Agency baseline of indicators (http://www.epa.gov/indicators/roe/index.htm).

DATA COMPLETENESS AND RELIABILITY: Data are reliable and accepted by Agency decision makers in carrying out their responsibilities.

DATA VERIFICATION AND VALIDATION: For more comprehensive information on performance data quality and methodologies, please refer to EPA's FY 2005 FY 2005 Congressional Justification, Enabling Support Programs chapter, pages ESP-6 and ESP-7 (http://www.epa.gov/ocfopage/budget).

DATA QUALITY IMPROVEMENTS:

- EPA conducted an extensive national dialogue on the *Draft Report on the Environment* to collect additional input into the suite of Environmental Indicators.
- Efforts are underway to develop environmental indicators and other analytical tools to answer more questions in the next *Report on the Environment,* anticipated for release in FY 2006.

Percent compliance with criteria used by OMB to assess Agency security programs reported annually to OMB under the Federal Information Security Management Act. - Percent of intrusion detection monitoring sensors installed and operational.

Performance results related to these measures are presented in Chapter 6, page 128-129.

DATABASE: The Automated Security Self-Evaluation and Remediation Tracking (ASSERT) database.

DATA COMPLETENESS AND RELIABILITY: Data are complete, reliable and accepted by Agency decision makers in carrying out their responsibilities.

DATA VERIFICATION AND VALIDATION: The Office of the Inspector General staff and the Chief Information Officer's information security staff conduct independent evaluations of security assessments, consistent with §3545 of the Federal Information Security Management Act (FISMA). The Agency certifies results to the Office of Management and Budget (OMB) in the annual FISMA report. For more comprehensive information on performance data quality and methodologies, please refer to EPA's FY 2005 Congressional Justification, Enabling Support Programs chapter, page ESP-7 (http://www.epa.gov/ocfopage/budget).

DATA QUALITY IMPROVEMENTS:

- Automated edit checking routines are performed in accordance with ASSERT design specifications, to ensure answers to questions in ASSERT are consistent.
- EPA's information security staff reviews the self-reported data, conducts independent validation of a sample, and discusses anomalies with the submitting office.
- EPA released version 3.0 of ASSERT in FY 2004, offering users easier access to the tool.

Cumulative percentage reduction in energy consumption in EPA's 21 laboratories from the 1990 base.

Performance results related to these measures are presented in Chapter 6, page 129-130.

DATABASE: The Agency's contractor receives energy bills regularly—either monthly or quarterly—from the utility companies. This information is compiled in the contractor's database and provided to the Agency quarterly and annually. The contractor is responsible for validating the data.

DATA COMPLETENESS AND RELIABILITY: The data are complete, reliable, and accepted by Agency decision makers in carrying out their responsibilities.

DATA QUALITY: For more information on performance data quality and methodologies, please see the FY 2005 Congressional Justification, page ESP-13.

DATA QUALITY IMPROVEMENTS: None.

Offices using workforce planning model which identifies skills and competencies needed by the Agency for strategic recruitment, retention, and development.

Performance results related to these measures are presented in Chapter 6, page 130-131.

DATABASE: The National Strategic Workforce Planning System (NSWPS), a component of People Plus human resources software.

DATA COMPLETENESS AND RELIABILITY: Data are complete, reliable, and usable by the Agency in carrying out decision-making responsibilities. Ten offices have completed pilot implementation of the system, which utilizes several feedback mechanisms to capture participant information useful for making improvements to the system.

DATA QUALITY: Data quality is good and has been validated by senior managers across EPA.

DATA QUALITY IMPROVEMENTS: EPA will utilize pilot results to make modifications to the NSWPS and to the full strategic workforce planning approach.

Percentage of total eligible service contracting dollars obligated as performance-based in FY 2004.

Performance results related to these measures are presented in Chapter 6, pages 130-131.

DATABASE: The Integrated Contracts Management System (ICMS).

DATA COMPLETENESS AND RELIABILITY: Data are complete, reliable and usable by the Agency in carrying out decision-making responsibilities. A very detailed report is created that shows, on a contract-by-contract basis, whether individual contracts and task orders were coded as a Performance Based Service Acquisition. The report is provided to managers (including program managers, when requested) for review (of whether the annual performance goal has been met or not) and to verify with the contracting officers if contracts and/or orders were correctly coded in ICMS.

DATA QUALITY: When an action in ICMS is coded as performance-based, there are edit checks performed for applicable North American Industrial Classification codes (NAICS) and Product Service Codes (PSC) like those in the Federal Procurement Data System (FPDS) to which the data are reported quarterly. The FPDS also flags any errors, which are corrected in ICMS and resubmitted. Few, if any, Performance Based Service Code errors have been returned. When ICMS begins transactional processing with the new FPDS-Next Generation (FPDS-NG) in 2004, there will be edit checks in that system, which will help data quality on a real-time basis.

DATA QUALITY IMPROVEMENTS: None.

The number of financial and performance metrics where the Agency has met pre-established Agency or Government-wide performance goals.

Performance results related to these measures are presented in Chapter 6, page 130-131.

DATABASE: There is no one database for this measure. The inventory of 14 key financial and resource performance measures, including for example, payroll payments, non-credit card invoices paid timely, and purchase card delinquency rates, originate from the following: Financial Management Officer certification, Senior Resource Officer certification, EPAYS payroll system, IFMS accounting system, or General Services Administration (GSA).

DATA COMPLETENESS AND RELIABILITY: Data are complete, reliable, and accepted by Agency decision makers in carrying out their responsibilities.

DATA QUALITY: Data complied from Financial Management Officer and Senior Resource Officer certifications are accepted only by email or signed certifications from those two sources. Both the EPAYS payroll system and the IFMS accounting system are audited annually by the Office of the Inspector General. GSA data are verified annually through their annual audit process.

DATA QUALITY IMPROVEMENTS: Data are reviewed periodically throughout the year by management and appropriate actions are identified when improvements are necessary.

Agency audited Financial Statements are timely, and receive an unqualified opinion.

Performance results related to these measures are presented in Chapter 6, page 130-131.

DATABASE: Output measure–none. Therefore the other data elements are not applicable.

The number of actions taken for environmental improvement, reductions in environmental risks, and recommendations made for environmental improvement. - The number of actions taken for improvements in business practices, criminal/civil/administrative actions, recommendations for improved business practices, and value of potential dollar return.

Performance results related to these measures are presented in Chapter 6, pages 131-132.

DATABASE: Performance data are in the OIG Performance Measurement and Reports System (PMRS). PMRS is used to capture and aggregate information on an array of measures in a logic-model format, linking immediate outputs with longer-term intermediate outcomes and results. Data in PMRS include numbers of recommendations for environmental program and management improvement; legislative, regulatory policy, directive, or process changes; environmental and integrity risks identified, reduced, or eliminated; best practices identified and transferred; environmental and management improvements; and monetary value of fines and costs questioned, saved, and recovered.

DATA COMPLETENESS AND RELIABILITY: EPA expects data to be complete by the end of October 2004. Data are reliable and accepted by Agency decision makers in carrying out their responsibilities.

DATA VERIFICATION AND VALIDATION: For more comprehensive information on performance data quality and methodologies, please see the FY 2005 Congressional Justification, pages ESP-54 and ESP-55 (http://www.epa.gov/ocfopage/budget).
).

DATA QUALITY IMPROVEMENTS:

- Revised and clarified performance measure definitions.
- Provided tutorial sessions and presentations on the use of PMRS.
- Performed audits and reconciliations of performance data.

Manage Agency-wide information technology assets consistent with the Agency's multi-year strategic information resource management plan (Enterprise Architecture) reflecting current Agency mission priorities and resources.

Performance results related to these measures are presented in Chapter 6, page 29.

DATABASE: No internal database; program output. Therefore other data elements are not applicable.

Appendix C Program Assessment Rating Tool (PART) FY 2004/2005

PART is a tool developed and used by OMB to assess and improve performance of federal programs. In addition to assessing programs, the PART process identifies potential performance metrics, which can help to better quantify environmental results. The following is a table of measures identified in PART assessments conducted in FY 2004 and FY 2005.*

PROGRAM	TERM	MEASURE TYPE	MEASURE	EXPLANATION
Acid Rain	Long-term	Outcome	Percent change in number of chronically acidic waterbodies in acid-sensitive regions.	Progress is measured as percent reduction from 2001 baseline number of waterbodies. Acid-sensitive regions include the Northeast, Mid-Atlantic, and Upper Midwest.
Acid Rain	Long-term	Output	Sulfur dioxide emissions from electric power generation sources.	Progress is measured as tons reduced from 1980 baseline of 17.4 million tons.
Acid Rain	Annual	Output	Tons of sulfur dioxide emitted from electric power generation sources.	Progress is measured as tons reduced from 1980 baseline of 17.4 million tons.
Acid Rain	Annual	Outcome	Percent change in average nitrogen deposition and mean ambient nitrate concentrations.	Data is mainly from Eastern U.S. and is reported as 3-year averages due to varying meteorological conditions and other factors. Progress is measured as percent reduction from 1990 baseline.
Acid Rain	Annual	Outcome	Percent change in average sulfur deposition and mean ambient sulfate concentrations.	Data is mainly from Eastern U.S. and is reported as 3-year averages due to varying meteorological conditions and other factors. Progress is measured as percent reduction from 1990 baseline.
Acid Rain	Long-term	Efficiency (Outcome)	Measure Under Development	
Air Toxics	Long-term Measure		Long-term Measure: Percent of U.S. population free from unacceptable risks of cancer and other significant health problems from air toxic emissions	
Air Toxics	Annual Measure		Annual Measure: Percentage reduction in nationwide air toxics emissions from stationary and mobile sources combined (actual data available later in 2003).	

* Source: Office of Management and Budget (OMB)

PROGRAM	TERM	MEASURE TYPE	MEASURE	EXPLANATION
Air Toxics			Efficiency Measure: Measure Under Development	
Brownfields	Long-term	Outcome	Brownfields Properties Assessed	This measure tracks the number of brownfields properties assessed by program grant recipients. Grantees report on this measure in quarterly reports.
Brownfields	Annual	Outcome	Assessed Properties Redeveloped (new measure—targets under development)	This measure shows if assessments are leading to redevelopment.
Brownfields	Long-term	Output	Dollars leveraged at Brownfields properties	This measure tracks the amount of cleanup/redevelopment funding leveraged by program grant recipients at brownfields properties. Grantees report on this measure in quarterly reports.
Brownfields	Annual	Efficiency (Outcome)	Measure Under Development	Sites Redeveloped per million dollars.
Civil Enforcement	Long-term	Outcome	Pounds of pollutants reduced (characterized as to risk and exposure) (revised measure and targets under development).	For fiscal years 2000 through 2002 over 5.23 billion pounds of pollution was reduced (1.63 billion pounds) and soil treated or removed (3.60 billion pounds) as a result of concluded enforcement cases.
Civil Enforcement	Long-term Measure		Long-term Measure: Measure Under Development	
Civil Enforcement	Annual	Outcome	Millions of pounds of pollutants reduced through concluded enforcement actions	
Civil Enforcement	Annual Measure		Annual Measure: Millions of pounds of pollutants reduced by eliminating discharges through enforcement activities	
Civil Enforcement			Efficiency Measure: Dollars negotiated per workyear from polluters for Supplemental Environmental Projects that restore, protect or improve the environment	
Civil Enforcement	Annual	Efficiency	Pounds of pollutants (in thousands) reduced, treated or removed per workyear (targets under development).	
Clean Water State Revolving Fund	Long-term	Outcome	Percent of stream miles/acres of water identified in 2000 as not attaining standards that fully attain water quality standards.	2002 Baseline: 0% of the 255,408 miles and 6,803,419 acres of waters on 1998/2000 lists of impaired waters developed by States and approved by EPA under section 303(d) of the Clean Water Act.

PROGRAM	TERM	MEASURE TYPE	MEASURE	EXPLANATION
Clean Water State Revolving Fund	Long-term	Outcome	Average number per year of waterborne disease outbreaks attributable to swimming in, or other recreational contact with, the ocean, rivers, lakes, or streams.	2002 Baseline: average of 9 outbreaks per year reported by CDC.
Clean Water State Revolving Fund	Long-term	Outcome	Percent of water miles/acres with fish consumption advisory removed.	2002 Baseline: 485,205 river miles and 11,277,276 lake acres with fish consumption advisory.
Clean Water State Revolving Fund	Annual	Outcome	Percent of all major Publicly Operated Treatment Works (POTWs) that comply with their permitted wastewater discharge standards	2002 Baseline: 97.6% of major POTWs. Measure includes discharge violations only (excludes administrative violations).
Clean Water State Revolving Fund	Long-term	Efficiency (Outcome)	Measure Under Development	
Criminal Enforcement	Long-term	Outcome	Millions of pounds of pollutants, reduced, eliminated, or curtailed (to be further developed as to risk and exposure)	
Criminal Enforcement	Annual	Intermediate Outcome	Reduction from recidivism baseline (baseline and targets under development)	
Criminal Enforcement	Long-term	Efficiency	Pounds of pollutants reduced per workyear (targets under development)	
Drinking Water State Revolving Fund	Long-term	Outcome	Percent population served by community water systems in compliance with health-based drinking water standards.	
Drinking Water State Revolving Fund	Annual	Outcome	Percent community water systems in compliance with drinking water standards.	This measure tracks the compliance rate of the nation's 53,000 community water systems with drinking water standards. If systems are in compliance, the population's exposure to contaminants is reduced.
Drinking Water State Revolving Fund	Long-term	Efficiency (Outcome)	Measure Under Development	
Drinking Water State Revolving Fund	Long-term	Output	DWSRF Long-term revolving level ($ in billions/yr)	Indicates the amount of funds dispersed from the DWSRF program. The target is an average level of $1.2 billion/yr for the period 2018-2028.

PROGRAM	TERM	MEASURE TYPE	MEASURE	EXPLANATION
Ecological Research	Long-term	Outcome	The states and tribes use a common monitoring design and appropriate ecological indicators to determine the status and trends of ecological resources	
Ecological Research	Annual	Output	Measure Under Development	
Environmental Education	Long-term	Outcome	Measures not needed due to zero funding.	
Existing Chemicals	Long-term	Outcome	Percent cumulative reduction of chronic human health risk from environmental releases of industrial chemicals in commerce since 2001.	Target is 2008. Goal is 7%. Baseline is 2001 levels, as measured by EPA's Risk Screening Environmental Indicators (RSEI) model. 1999 and 2000 are being investigated as anomalies and are not believed to be reflective of future performance.
Existing Chemicals	Long-term Measure		Long-term Measure: Measure Under Development	
Existing Chemicals	Annual Measure		Annual Measure: Percent reduction in current year production-adjusted Risk Screening Environmental Indicators (RSEI) chemical risk based index (New measure)	
Existing Chemicals	Long-term	Output	Percentage of high-priority chemicals for which EPA has developed short-term exposure limits.	Target is 2008. Goal is 85%. Baselines under development. From the chemicals identified as priority by the Acute Exposure Guideline Levels (AEGL) Program and representing a wide range of acutely toxic substances.
Existing Chemicals			Efficiency Measure: Measure Under Development	
Existing Chemicals	Annual	Outcome	Reduction in the current year production-adjusted risk-based score of releases and transfers of toxic chemicals.	Baseline is prior year's data (for 2000, baseline is 1999). Currently, 1999 data is under review. Chemicals are those reported to the Toxic Release Inventory (TRI) from the level of previous year (reported two years after current year due to TRI data lag).
Existing Chemicals	Annual	Outcome	Reduction in the current year production-adjusted hazard-based score of releases and transfers of toxic chemicals.	Baseline is prior year's data. For 2000, the baseline is 1999. Chemicals are those reported to TRI from the level calculated for the previous year (reported two years after current year due to TRI data lag). EPA uses RSEI model to determine hazard.

PROGRAM	TERM	MEASURE TYPE	MEASURE	EXPLANATION
Existing Chemicals	Annual	Output	Cumulative number of chemicals with proposed, interim, and/or final values for Acute Exposure Guideline Levels (AEGL).	The numbers represented are cumulative. Supports AEGL Long-Term Goal.
Existing Chemicals	Long-term	Efficiency (Outcome)		A companion efficiency measure for RSEI is under development for possible inclusion in the FY 2005-2008 Strategic Plan based on the concept of increasing the efficiency of achieving RSEI risk reductions through improved targeting of program activities.
Existing Chemicals	Annual	Efficiency (Output)	Cost and time to establish AEGL value per chemical (under development).	Analyses currently being conducted into feasibility of demonstrating how program has found ways to make the process more efficient. Support AEGL Long-Term Goal.
Leaking Underground Storage Tanks	Long-term	Outcome	Measure Under Development	Health benefit of underground storage tank clean up.
Leaking Underground Storage Tanks	Long-term Measure		Long-term Measure: Measure Under Development	
Leaking Underground Storage Tanks	Annual	Outcome	Number of Cleanups Completed	This measure is the number of cleanups completed that have met state-set risk-based health and/or environmental standards that are protective of human health and the environment.
Leaking Underground Storage Tanks	Annual Measure		Annual Measure: Leaking underground storage tank cleanups completed New annual outcome measures being developed	
Leaking Underground Storage Tanks			Efficiency Measure: Measure Under Development	
Leaking Underground Storage Tanks	Annual	Efficiency (Outcome)	Measure Under Development	Benefit per unit cost of clean up.
New Chemicals	Long-term	Outcome	Risks avoided to workers and the general population from prevention of the entry of new chemicals into commerce (under development).	Will show releases and exposures (to worker and general population) that otherwise would have occurred had the program not been in place, which would have threatened human health and environmental quality.
New Chemicals	Long-term Measure		Long-term Measure: Reduction of hazardous substances from products and processes in millions of pounds (Targets under development)	

PROGRAM	TERM	MEASURE TYPE	MEASURE	EXPLANATION
New Chemicals			Annual Performance Goal: Annual quantity of hazardous substances eliminated through the Green Chemistry Challenge Awards Program from 1996 levels, in millions of pounds	
New Chemicals	Long-term	Outcome	Cumulative reduction of releases of industrial hazardous chemicals to the environment and in industrial wastes in millions of pounds.	Baseline is 0 in 1996.
New Chemicals			Efficiency Measure: Measure Under Development	
New Chemicals	Long-term	Outcome	Cumulative conservation of millions of BTUs of energy and gallons of water.	Timeline is 2008. Goal is 30/650/160. Baseline is 0 in 1996. NA denotes that BTUs of energy cannot be targeted until 2007.
New Chemicals	Long-term	Efficiency (Output)	Review costs per chemical (for EPA and industry) (under development).	Timeline is 2008. Baseline is 2002. Goal to be determined from Phase II of OPPT PMN Program Evaluation, completed in September 2003.
New Chemicals	Annual	Output	Number of TSCA 8(e) notices received for PMN-reviewed chemicals.	These notices are submitted to EPA by industry identifying potential risks associated with PMN-reviewed chemicals (chemicals for which zero risk was previously determined). A proxy measure is to show zero risk.
New Chemicals	Annual	Outcome	Cumulative reduction of industrial hazardous chemical releases to the environment and hazardous chemicals in industrial wastes, in millions of pounds.	
New Chemicals	Annual	Efficiency (Output)	Annual number of pre-screened new chemical alternatives generated through industry's participation during the earliest stages of research and development.	
New Chemicals	Annual	Outcome	Annual cumulative quantity of water conserved (millions of gallons).	
Nonpoint Source Grants	Long-term	Outcome	Number of primarily nonpoint source impaired waters that will partially or fully attain designated uses	Will report progress every reporting cycle (currently every 2 years).
Nonpoint Source Grants	Long-term Measure		Long-term Measure: Current measure achieved New measures under development	
Nonpoint Source Grants	Annual	Outcome	Annual reduction in amount of sediment loadings (tons)	This measure tracks the amount (in pounds) of sediment loading reduced through CWA section 319 funded projects.

PROGRAM	TERM	MEASURE TYPE	MEASURE	EXPLANATION
Nonpoint Source Grants	Annual Measure		Annual Measure: Measures Under Development	
Nonpoint Source Grants			Efficiency Measure: Measures Under Development	
Nonpoint Source Grants	Annual	Outcome	Annual reduction of total nitrogen loadings in thousands of pounds (targets under development)	This measure tracks the amount (in pounds) of nitrogen loading reduced through CWA section 319 funded projects.
Nonpoint Source Grants	Annual	Outcome	Annual reduction of total phosphorus loadings in thousands of pounds (targets under development)	This measure tracks the amount (in pounds) of phosphorus loading reduced through CWA section 319 funded projects.
Particulate Matter Research	Long-term	Outcome	Measure Under Development	
Particulate Matter Research	Annual	Outcome	Measure Under Development	
Particulate Matter Research	Long-term	Efficiency (Outcome)	Measure Under Development	
Pesticide Registration	Long-term	Outcome	Percent reduction in terrestial and aquatic wildlife mortality incidents involving pesticides	The baseline is 80 reported bird incidents involving 1150 mortalities and 65 reported fish incidents involving 632,000 mortalities averaged for the period 1994-1996. The data is available annually from Ecological Incident Information System (EIIS).
Pesticide Registration	Long-term Measure		Long-term Measure: Measure Under Development	
Pesticide Registration	Annual	Output	Percentage of agricultural acres treated with reduced-risk pesticides	Indirectly measures the increase in registration of pesticides that are lower risk than conventional pesticides by measuring the use, availability, and effectiveness (demand) for them.
Pesticide Registration	Annual Measure		Annual Measure: Number of new reduced risk active ingredients registered	
Pesticide Registration			Long-term Efficiency Measure: Measure Under Development	
Pesticide Registration	Long-term	Efficiency (Output)	Percent reduction in review time for registration of conventional pesticides.	Measures reduction in decision-making time for new active ingredient registration actions. From 2002 baseline.

PROGRAM	TERM	MEASURE TYPE	MEASURE	EXPLANATION
Pesticide Reregistration	Long-term Measure		Long-term Measure: Measure Under Development	
Pesticide Reregistration	Annual Measure		Annual Measure: Percent of Reregistration Eligibility Decisions (REDs) completed A RED document summarizes the reregistration conclusions and outlines any risk reduction measures necessary for the pesticide to continue to be registered in the U.S.	
Pesticide Reregistration			Efficiency Measure: Measure Under Development	
Pollution Prevention and New Technologies	Long-term	Outcome		
Pollution Prevention and New Technologies	Annual	Output		
Pollution Prevention and New Technologies	Long-term	Efficiency (Output)		
RCRA Corrective Action	Long-term	Outcome	Current human exposures under control (baseline and target under development)	Goal measures the percentage of sites at which stabilization and/or final cleanup efforts have been sufficient to ensure that people are not being exposed to unacceptable levels of contamination that could be reasonably expected under current conditions.
RCRA Corrective Action	Annual	Outcome	Current human exposures under control (baseline and targets under development)	New 2006-2008 targets are needed to support revised baseline for associated long-term measure.
RCRA Corrective Action	Long-term	Efficiency (Outcome)	Measure Under Development	
RCRA Corrective Action	Long-term	Outcome	Migration of contaminated groundwater under control (baseline and targets under development)	Goal measures the percentage of sites at which stabilization and/or final cleanup efforts have been sufficient to ensure plumes of contaminated groundwater are not expanding above levels of concern or are not adversely affecting surface water bodies.
RCRA Corrective Action	Annual	Outcome	Migration of contaminated groundwater under control (baseline and targets under development)	New 2006-2008 targets are needed to support revised baseline for associated long-term measure.

PROGRAM	TERM	MEASURE TYPE	MEASURE	EXPLANATION
Superfund Removal	Long-term Measure		Long-term Measure: Measure Under Development	
Superfund Removal	Annual Measure		Annual Measure: Number of removals completed	
Superfund Removal			Efficiency Measure: Measure Under Development	
Tribal General Assistance			Long term Measure: Measure Under Development	
Tribal General Assistance	Annual	Output	% of tribes with delegated and non-delegated programs. (new targets under development)	Number of tribe-as-state (TAS) approvals for program authorization delegation or approval, implementation or direct implementation tribal cooperative agreements (DITCAs).
Tribal General Assistance	Annual	Output	% of tribes with EPA-approved multimedia workplans.	Number of Tribes with MOUs, EAs, PPGs, DITCAs or grant eligible TAS approvals.
Tribal General Assistance	Annual Measure		Annual Measure: Percent of tribes with delegated and non-delegated environmental programs (New measure, targets under development)	
Tribal General Assistance			Efficiency Measure: Measure Under Development	
Tribal General Assistance	Annual	Output	% of tribes with EPA-reviewed monitoring and assessment occurring (targets under development).	Number of Tribes with EPA-approved QAPPs.
Tribal General Assistance	Long-term	Outcome	% decrease in the number of households in Indian Country with inadequate wastewater sanitation systems.	
Tribal General Assistance	Long-term	Outcome	% decrease in the number of households on tribal lands lacking access to safe drinking water.	
Tribal General Assistance	Long-term	Outcome	Show at least a 10 percent improvement for each of four parameters—total nitrogen, total phosphorus, dissolved oxygen, and fecal coliforms—at not fewer than 90 monitoring stations in tribal waters for which baseline data are available.	
Tribal General Assistance	Long-term	Efficiency (Outcome)	Number of environmental programs implemented in Indian Country per million dollars (targets under development).	

Appendix D Acronyms and Definitions

APG	annual performance goal
AQM	air quality management
BEACH Act	Beaches Environmental Assessment and Coastal Health Act
BFR	brominated fire retardant
BRAC	Base Realignment and Closure
CAA	Clean Air Act
CAFO	concentrated animal feeding operation
CASTNet	Clean Air Status and Trends Network
CCMP	Comprehensive Conservation and Management Plan
CDX	Central Data Exchange
CERCLA	Comprehensive Environmental Response, Compensation, and Liability Act
CFC	chlorofluorocarbon
CFO	Chief Financial Officer
CO	carbon monoxide
CSO	combined sewer overflow
CWS	community water system
CWSRF	Clean Water State Revolving Fund
DWSRF	Drinking Water State Revolving Fund
ECOS	Environmental Council of the States
EFC	Environmental Finance Center
	e-gov electronic government
EMS	Environmental Management System
EPA	Environmental Protection Agency
ERP	emergency response plan
ETV	Environmental Technology Verification
FDA	U.S. Food and Drug Administration
FDR	facility data report
FMFIA	Federal Managers Financial Integrity Act
FQPA	Food Quality Protection Act
GAO	Government Accountability Office
GHG	greenhouse gas
GWR	groundwater release
HCFC	hydrochlorofluorocarbon
HPV	high production volume
IAQ	indoor air quality
IPIA	Improper Payments Information Act
IRIS	Integrated Risk Information System
LUST	leaking underground storage tank
MACTS	Maximum Achievable Control Technology Standards
MSW	municipal solid waste
MTBE	methyl tertiary-butyl ether

NAAQS	National Ambient Air Quality Standards
NACEPT	National Advisory Council for Environmental Policy and Technology
NADP	National Atmospheric Deposition Program
NAS	National Academy of Sciences
NDZ	no-discharge zone
NEI	National Emissions Inventory
NEP	National Estuary Program
NO_x	nitrogen oxides
NO_2	nitrogen dioxide
NPDES	National Pollutant Discharge Elimination System
NPL	National Priorities List
NRC	National Research Council
NSR	New Source Review
NTI	National Toxics Inventory
OCHP	Office of Children's Health Protection
ODMPT	ozone depletion potential-weighted metric tons
OIG	Office of the Inspector General
OMB	Office of Management and Budget
OST	Office of Science and Technology
P2	Pollution Prevention
PART	Program Assessment Rating Tool
Pb	lead
PBDE	polybrominated diphenyl ether
PCB	polychlorinated biphenyl
PER	Permitting for Environmental Results
PESP	Pesticide Environmental Stewardship Program
PM	particulate matter
PMA	President's Management Agenda
PMN	pre-manufacture notice
POTW	publicly owned treatment works
PRIA	Pesticide Registration Improvement Act
RCC	Resource Conservation Challenge
RED	Registration Eligibility Decision
RCRA	Resource Conservation and Recovery Act
SAV	submerged aquatic vegetation
SDWA	Safe Drinking Water Act
SDWIS	Safe Drinking Water Information System
SIP	Site Implementation Plan
SITE	Superfund Innovative Technology Evaluation
SFR	State Revolving Fund
SO_2	sulfur dioxide
SWAP	Source Water Assessment Program
TAP	technical assistance provider
TAS	treatment as a state
Time/LTM	Temporally Integrated Monitoring of Eco-systems and Long-Term Monitoring (networks)
TMDL	Total Maximum Daily Load
TRI	Toxic Release Inventory
TUWRAP	Toxics Use and Waste Reduction Assistance Program
USGS	U.S. Geological Survey
USDA	U.S. Department of Agriculture
UST	underground storage tank
UV	ultra-violet
VA	vulnerability assessment
VOC	volatile organic chemical
WIPP	Waste Isolation Pilot Project
WQS	water quality standards

PUBLIC ACCESS TO EPA'S PROGRAMS; LOCAL, STATE, AND TRIBAL NEWS; AND ENVIRONMENTAL INFORMATION

You're invited to access http://www.epa.gov to obtain the latest environmental news, browse EPA topics, discover what's happening in your community, obtain information on interest groups, research laws and regulations, search specific program areas, learn how to get information, or access EPA's historical database.

WE WELCOME YOUR COMMENTS!

Thank you for your interest in the Environmental Protection Agency's FY 2004 Annual Report. We welcome your comments on how we can make this report a more informative document for our readers. We are particularly interested in your comments on the usefulness of the information and the manner in which it is presented. Please send your comments to:

Office of the Chief Financial Officer
Office of Planning, Analysis, and Accountability (2724A)
Environmental Protection Agency
1200 Pennsylvania Avenue, NW
Washington, DC 20460

Ordering Information

This report is available on OCFO's homepage at: http://www.epa.gov/ocfo/finstatement/2004ar/2004ar.htm, through EPA's National Service Center for Environmental Publications at 1-800-490-9198, or by ordering online at: http://www.epa.gov/ncepihom.

EPA-190-R-04-001
U.S. Environmental Protection Agency
Fiscal Year 2004 Annual Report
November 15, 2004

Office of the Chief Financial Officer
Office of Planning, Analysis, and
Accountability (2724A)
United States Environmental Protection Agency
1200 Pennsylvania Avenue, NW
Washington, DC 20460
www.epa.gov/ocfopage
EPA - 190-R-04-001
November 2004