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Catalyst for Improving the Environment

Evaluation Report

Ongoing Management Improvements and Further Evaluation Vital to EPA Stewardship and Voluntary Programs

Report Number: 2005-P-00007

February 17, 2005

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Abbreviations:

EPA	Environmental Protection Agency
ERP	Environmental Results Program
GPRA	Government Performance and Results Act
IAC	Innovation Action Council
LWWC	Lodi-Woodbridge Winegrape Commission
MADEP	Massachusetts Department of Environmental Protection
NGO	Non-Governmental Organization
OCFO	Office of Chief Financial Officer
OECA	Office of Enforcement and Compliance Assurance
OIG	Office of Inspector General
OPEI	Office of Policy, Economics, and Innovation
OPPTS	Office of Prevention, Pesticides, and Toxic Substances
ORD	Office of Research and Development
OSWER	Office of Solid Waste and Emergency Response
OW	Office of Water
TCEQ	Texas Commission on Environmental Quality



U.S. Environmental Protection Agency
Office of Inspector General

2005-P-00007
February 17, 2005

At a Glance

Catalyst for Improving the Environment

Why We Did This Review

The Office of Inspector General initiated this evaluation to outline and characterize EPA's approach to environmental stewardship. We specifically wanted to learn how stakeholders defined and approached environmental stewardship, what role EPA played in promoting and fostering stewardship activities, and how effectively stewardship programs assist EPA in achieving environmental outcomes.

Background

EPA defined environmental stewardship as "behavior that includes, but also exceeds, required compliance with environmental laws and regulations." The programs selected by EPA to accomplish its stewardship goal are only a subset of a much larger group of voluntary programs. EPA defines voluntary programs as those programs that "motivate people to take actions not required by regulation that benefit the environment."

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

To view the full report, click on the following link:
www.epa.gov/oig/reports/2005/20050217-2005-P-00007.pdf

Ongoing Management Improvements and Further Evaluation Vital to EPA Stewardship and Voluntary Programs

What We Found

We asked a selected sample of stakeholders to define stewardship, list motivators and obstacles to participating in stewardship programs, and outline key roles for EPA to play to encourage and foster participating in environmental stewardship activities. The definitions and views of the selected stakeholders were generally broader than what EPA has articulated to date, and varied based on their role in stewardship programs. Based on these interviews, we determined that EPA needs to identify motivators and barriers to participation, and continue to incorporate stakeholder feedback into planning, designing, and implementing stewardship programs. EPA should also examine what roles it should play in promoting stewardship activities.

EPA has created a strategic goal that utilizes stewardship programs to achieve environmental outcomes and offer ways for participants to move above and beyond compliance. The Agency has also developed a plan to improve managing voluntary programs through better coordination, increased stakeholder interaction, and developing measurement processes. However, EPA still needs to address additional management issues. The Agency has yet to fully implement internal recommendations to strategically plan, coordinate, and manage its voluntary programs, or to develop a process for assessing these programs to determine how they will be integrated into the Agency's mission and its strategic goals and objectives.

We also found that additional program evaluation needs to be conducted to determine (1) what motivates participation in these types of programs and what causes voluntary environmental behavior change to occur, (2) the most efficient ways to measure the outcomes and impacts of stewardship and voluntary programs, and (3) which stewardship and/or voluntary programs are most effective in encouraging voluntary behavior change and achieving environmental results.

What We Recommend

We recommend that EPA (1) develop a statement that outlines how voluntary programs are expected to assist EPA in achieving its overall mission and its stewardship goals and objectives; and (2) develop criteria, guidance, and an action plan for assessing how voluntary programs will be included in the next revision of the Agency's Strategic Plan.



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

OFFICE OF
INSPECTOR GENERAL

February 17, 2005

MEMORANDUM

SUBJECT: Evaluation Report: Ongoing Management Improvements and Further Evaluation
Vital to EPA Stewardship and Voluntary Programs.
Assignment No. 2003-0001451

FROM: Jeffrey K. Harris /s/
Director for Program Evaluation, Cross-Media Issues

TO: Susan B. Hazen
Acting Assistant Administrator for Prevention, Pesticides and Toxic Substances

Stephanie Daigle
Acting Associate Administrator for Policy, Economics and Innovation

Attached is our final report regarding EPA's Stewardship and Voluntary Programs. This report contains findings regarding EPA's need to continue management improvements, strategic implementation, and evaluation of stewardship and voluntary programs. The report also contains corrective actions the Office of Inspector General (OIG) recommends. This report represents the opinion of the OIG, and the findings contained in this report do not necessarily represent the final EPA position. Final determination on matters in this report will be made by EPA managers in accordance with established procedures. EPA's Office of Policy, Economics, and Innovation provided us with the Agency's consolidated response to our draft report on February 9, 2005. We included EPA's consolidated response in its entirety as Appendix D.

Action Required

In accordance with EPA Manual 2750, as the action official, you are required to provide this office with a written response within 90 days of the final report date. Because several addressees are identified above, the Agency should identify a lead office to coordinate and consolidate responses from all identified addressees, and that office should provide a single response to this

final report. The response should address all recommendations. For the corrective actions planned but not completed by the response date, please describe the actions that are ongoing and provide a timetable for completion. Where you disagree with a recommendation, please provide alternative actions for addressing the findings reported. We appreciate the efforts of EPA officials and staff, as well as external stakeholders, in working with us to develop this report. For your convenience, this report will be available at www.epa.gov/oig/reports/2005/20050217-2005-P-00007.pdf.

We appreciate the efforts of EPA officials and staff in working with us to develop this report. If you or your staff has any questions regarding this report, please contact Thane Thompson at (513) 487-2361.

Table of Contents

At a Glance

Chapters

1	Stewardship Programs Use A Voluntary Approach to Address Environmental Issues	1
	Purpose	1
	Background	1
	Examples of Environmental Stewardship	4
	Scope and Methodology	7
	Results in Brief	8
2	EPA Should Understand Stakeholder Needs To Effectively Plan and Implement Stewardship	9
	Stakeholder Definitions Varied With Stakeholder Roles	9
	Selected Stakeholders Outlined Motivators and Obstacles to Participating in Stewardship Activities	11
	Selected Stakeholders Outlined Five Stewardship Roles for EPA	13
	Conclusion	14
3	EPA Has Improved Voluntary Program Management, But Additional Work is Needed	16
	2003 Strategic Plan Revision Elevates Voluntary Programs to a Strategic Level	16
	EPA Working to Improve Voluntary Program Management	17
	Conclusion	19
	Recommendations	20
4	Further Program Evaluation Needed to Effectively Manage Stewardship and Voluntary Activities . . .	21

Appendices

A	Program Information for Selected Examples of Voluntary Programs Included in Strategic Goal 5	23
B	List of EPA Stewardship and Voluntary Programs	24
C	List of Selected Stakeholders We Interviewed	26
D	Agency Comments to the Draft Report and OIG Evaluation	28
E	Distribution	30

Chapter 1

Stewardship Programs Use A Voluntary Approach to Address Environmental Issues

Purpose

In its 2003-2008 Strategic Plan, EPA designated Goal 5 as "Compliance and Environmental Stewardship." EPA expects the programs in this goal to improve environmental performance through compliance with environmental regulations, pollution prevention, and encouraging governments, businesses, and the public to participate in environmental stewardship. The OIG is committed to conducting a series of evaluations to assess the impact and effectiveness of EPA's stewardship and voluntary programs. In this first report, our objective was to create a foundation from which to evaluate designing, planning, and implementing EPA stewardship activities. We sought to determine:

- How selected State, industry, and community stakeholders define and approach environmental stewardship, and what role those stakeholders believe EPA should play in promoting and fostering stewardship activities.
- What programs EPA identified as environmental stewardship programs, how EPA selected them, and how effective stewardship programs are in helping EPA achieve environmental outcomes.

Background

EPA uses a variety of tools in its efforts to improve human health and the environment. These tools include compliance and enforcement activities, such as inspections, permits, fines, and penalties. EPA has also encouraged compliance through technical assistance, incentives, training, and educating stakeholders on regulatory requirements. Environmental stewardship activities and practices offer an additional approach to environmental protection that achieves results beyond what would normally be achieved by compliance activities alone.

EPA selected a number of programs to accomplish its stewardship goal, and organized those programs under Goal 5. The programs in this goal were expected to encourage pollution prevention and sustainable practices, reduce regulatory barriers, and implement results-based, innovative, and multi-media approaches. Table 1.1 below provides six examples of the types of voluntary programs

included in Goal 5 and identifies the program office that implements each of these programs. Several of the programs listed in Table 1.1 either require or recommend the use of Environmental Management Systems (EMS) to help participants manage and reduce their overall "environmental footprint." See Appendix A for more information regarding these voluntary programs.

Table 1.1 – Six Examples of EPA Voluntary Programs Included in Strategic Goal 5

Program Name	Responsible Office
Design for the Environment	Office of Prevention, Pesticides, and Toxic Substances
Green Chemistry	
Green Engineering	
Performance Track	
Sector Strategies	Office of Policy, Economics, and Innovation
National Partnership for Environmental Priorities	Office of Solid Waste and Emergency Response

EPA defined environmental stewardship as "behavior that includes, but also exceeds, required compliance with environmental laws and regulations." These behaviors include voluntarily reducing emissions, and considering environmental impacts during product design, manufacture, and distribution. In its *FY 2003 Annual Report*, EPA said that it was working in partnership with State governments, local communities, and other Federal agencies to integrate compliance and stewardship activities to address the most significant environmental and public health problems.

Stewardship Programs Are Anticipated to Generate Substantial Environmental Benefits

EPA has determined that, in some circumstances, stewardship programs can achieve positive environmental outcomes. Specific advantages to implementing stewardship programs include:

- reducing releases to the environment,
- reducing the regulated community's need to manage pollutants,
- avoiding the transfer of pollutants from one regulated media (air, water, land) to another, and
- reducing waste and conserving materials for future generations.

While EPA acknowledged the advantages of stewardship programs, it also identified several challenges in defining the scope of the Agency's involvement in stewardship. Several EPA managers said that because stewardship activities are voluntary, EPA cannot require participation in these types of programs. This is a significant change from EPA's traditional approach as a regulatory agency, and the Agency faces challenges regarding how to incorporate environmental stewardship activities into existing Agency programs.

Regional EPA staff also commented that a challenge exists to prioritizing stewardship programs because they are focused on a cross-media level, but the Agency continues to focus on single-media issues. In addition to the difficulties in prioritizing stewardship programs, one Agency manager questioned whether EPA is actually increasing participation in stewardship programs, or just signing up the same group of people over and over again for different programs. Another EPA manager emphasized that EPA does not directly implement stewardship activities, but rather provides information, examples, and tools to encourage its stakeholders to voluntarily adopt more environmentally beneficial behaviors.

Stewardship Programs Are a Subset of the Agency's Voluntary Initiatives

During our evaluation, we discovered that the programs that EPA included in Goal 5 are only a small subset of a much larger group of voluntary programs. According to an Agency-wide survey completed in December 2003, EPA actually manages 75 voluntary programs: 52 of these programs are managed by headquarters offices; 23 are managed by EPA Regional offices. See Appendix B for a list of the voluntary programs identified in the 2003 survey. EPA also informed us that the population of EPA voluntary programs is quite fluid. The Agency stated that new voluntary programs are constantly being proposed and developed, while other programs are expanded, restructured, or even eliminated if EPA determines that they have achieved their goals.

In 2003-2004, EPA's Innovation Action Council (IAC)¹ conducted an inventory of the Agency's voluntary programs to assess voluntary program management

¹

Established in the Fall of 1996, the Innovation Action Council (IAC) is composed of EPA's top career executives, and has overall responsibility for formulating and advancing the Agency's innovation agenda. The mission of the IAC is to develop and promote innovative approaches to addressing increasingly complex environmental challenges.

processes, and work on identifying a definition for all of EPA's voluntary programs. The IAC stated that establishing a firm definition for voluntary programs was challenging, but after numerous attempts, it settled on the following definition: *"EPA voluntary programs motivate people and organizations to take actions not required by regulation that benefit the environment."* Specifically, the IAC said that voluntary programs:

- use market forces to provide economic benefits to participants;
- utilize recognition, information, and other incentives; and/or
- encourage beyond-compliance, environmentally protective actions, or provide an alternative way to achieve a regulatory/statutory objective.

The largest number of voluntary programs (21) are located in the Office of Air and Radiation. These range in focus from voluntary emission reductions, to the *Energy Star* program, to informing communities about sun exposure and sunburn reduction. EPA's Office of Water runs eight programs, offering such voluntary activities as community water quality monitoring, adopting a local watershed, and helping specific customers to reduce their environmental impacts. The Office of Solid Waste and Emergency Response implements six programs, including a national waste reduction partnership, a used carpet recovery initiative, and a program to help companies recycle old electronics and computers.

EPA's other program offices are also actively involved in implementing voluntary programs. In addition to running the programs listed in Table 1.1, the Office of Prevention, Pesticides, and Toxic Substances operates a number of voluntary programs to help industries identify environmentally responsible supply chains, assist hospitals in reducing their hazardous waste, and help farmers reduce the impacts of the pesticides they use. Besides running the Performance Track and Sector Strategies programs, the Office of Policy, Economics, and Innovation operates voluntary programs to help communities manage the environmental impacts of urban sprawl (Smart Growth program). The Office of Research and Development conducts a voluntary technology verification program.

Examples of State Environmental Stewardship

The following examples are of State environmental stewardship activities that are not generally required by regulations, and demonstrate positive outcomes from stakeholder participation. These specific examples range from innovative compliance assistance efforts to international cross-border partnerships. They demonstrate a variety of technical approaches to stewardship, various levels of stakeholder involvement, and innovative ways to achieve environmental results.

Massachusetts Environmental Results Program

The Massachusetts Department of Environmental Protection (MADEP) operates a small business compliance assistance program called the Environmental Results Program (ERP). According to ERP managers, the program uses outreach and education, self-assessment, and self-certification activities to achieve environmental results and "enhance and measure environmental performance." MADEP initially applied ERP to three industry sectors (dry cleaners, photo processors, and printers) in 1997. More recently MADEP has applied ERP tools to four other sectors, including small boilers, industrial wastewater holding tanks, dentists who use mercury, and Stage II vapor recovery at refueling facilities. Twelve other States also are applying ERP to additional small business sectors beyond those targeted in Massachusetts.

The MADEP found that if small businesses clearly understand the requirements and regulations governing their industries, then they are more willing to comply. Regulations are often confusing to small business owners and operators. As a result, the ERP conducts workshops and develops industry-specific workbooks that are specifically tailored to each industry's processes and presented in simplified language. Although ERP is not a voluntary program, Massachusetts found that if companies are provided with assistance to comply with regulatory requirements, they are also more likely to voluntarily go beyond compliance.

The ERP continues to help MADEP achieve environmental results. According to MADEP, for printing press cleaning solution spills, self-reported performance increased from 77 percent at baseline in 1998 to 85 percent in 1999. Applied to the entire State printing industry, this performance improvement was equivalent to 4.0 tons VOC emission reduction. For dry cleaning perchlorate leak reduction, self-reported performance increased from 33 percent at baseline in 1997 to 66 percent in 2000. Based on average percent use per facility, and applied to the entire State dry cleaning industry, this performance improvement is equivalent to a total of a 22.5 ton reduction of perchlorate emissions.²

Texas Border Pollution Prevention Initiative

The Texas Commission on Environmental Quality (TCEQ) operates voluntary programs that work with the numerous United States-, Canadian-, and Japanese-owned facilities located within 62.5 miles (100 km) of each side of the United States-Mexico border. The Border Pollution Prevention Initiative began working with the facilities located in Mexico, called "maquiladora," in 1994. The program staff developed a 5-year plan, which set goals for pollution reduction, energy and water conservation, and environmental management training.

²

This information was provided by MADEP, and OIG has not independently verified its accuracy.

TCEQ uses a two-prong approach to achieve results from this initiative. First, they conduct training programs for Mexican Federal and State governments, universities, and other institutions in developing pollution prevention and waste minimization capability. Second, TCEQ conducts Site Assistance Visits to survey and analyze the participating maquiladora facility's waste streams and process operations, water and energy conservation, and current pollution prevention activities. The Site Assistance Visits team makes recommendations on pollution prevention and resource conservation activities that could be undertaken by the facility. The report is sent to the facility for review and approval in order to ensure the confidentiality of proprietary information.

TCEQ staff said that varying levels of participation occurred with the maquiladora companies--much of the success depended on the interests of the site management. For example, when the management was non-Mexican, the priorities of protecting the environment were sometimes lower than if the management was Mexican. TCEQ indicated that this situation arose because the Mexican managers lived there and were directly affected by the day-to-day management decisions that were made at the facility.

TCEQ collected data and measured outcomes from 17 participating Maquiladora facilities in 2003. Together, those 17 facilities had:

- reduced hazardous waste generation by more than 14,000 tons,
- reduced non-hazardous waste generation by nearly 83,000 tons,
- reduced volatile organic compound (VOC) emissions by 90,078 pounds,
- conserved approximately 421 million gallons of water,
- conserved about 446 million Kilowatt hours of electricity, and
- saved partner U.S. facilities over \$85 million in avoided material and disposal costs.³

Lodi-Woodbridge Winegrape Commission

The Lodi-Woodbridge Winegrape Commission (LWWC) in Lodi, California, a partner in EPA's Pesticide Environmental Stewardship Program, achieved cost savings and decreased environmental impacts of wine grape growing, through an effort that was largely unregulated. In partnership with independent research organizations, and through a combination of private, State, and Federal grants (including \$300,000 from EPA), the LWWC developed a self-assessment workbook of sustainable winegrape growing practices for its members. This workbook and the practices it included went well beyond compliance with State and Federal environmental regulations.

³

This information was provided by TCEQ, and OIG has not independently verified its accuracy.

LWWC's practices included weekly vineyard monitoring, using reduced-risk chemicals, and using compost or other organic fertilizer materials. Participants also reduced or eliminated the use of pre-emergent herbicides, implemented drip irrigation to minimize water use, and identified economic thresholds for determining the frequency and volume of pesticide application. After 12 years of implementation, over 300 winegrape growers participated in LWWC program workshops and planning activities. Participating growers decreased the amount of insecticides used per acre, reduced insecticide costs, and reduced using organo-phosphate pesticides to almost zero.

Scope and Methodology

We conducted our evaluation of EPA's stewardship and voluntary programs between September 2003 and October 2004. We performed our evaluation in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. To answer our objectives, we conducted a general literature review regarding available definitions and perceptions of the overall concept of "environmental stewardship, and reviewed and analyzed EPA's *Fiscal Year (FY) 2003-2008 Strategic Plan* (Strategic Plan), *FY 2005 Annual Plan*, and *FY 2005 Annual Budget* documents.

We visited California, Massachusetts, and Texas to conduct interviews with selected stewardship stakeholders. We decided to visit these States based in part on guidance and suggestions from EPA program office staff. These States were selected using a judgmental sample, and were States EPA identified as already implementing stewardship activities. We interviewed staff from environmental agencies at the Federal, State, and municipal levels. We also spoke with non-profit organizations, corporations, and industry associations who participated in environmental stewardship activities. During our interviews with these stakeholders, we asked them to provide a definition of environmental stewardship, list motivators and obstacles to participating in stewardship programs, and outline what role EPA should play in fostering or supporting environmental stewardship. See Appendix C for a list of the stakeholders we interviewed.

We also interviewed EPA senior management and program staff in the Office of Chief Financial Officer (OCFO), the Office of Prevention, Pesticides and Toxic Substances (OPPTS), and the Office of Policy, Economics and Innovation (OPEI). During our interviews with EPA staff, we were informed that the programs included in the Compliance and Environmental Stewardship Goal (Goal 5) of EPA's Strategic Plan were a subset of a much larger group of the Agency's voluntary programs. To effectively evaluate the relationship between the programs in Goal 5 and the larger set of voluntary programs, it became necessary to expand the scope of this evaluation.

Results In Brief

After interviewing a selected sample of stakeholders, we determined that EPA needs to identify motivators and barriers to participation, and continue to incorporate stakeholder feedback into planning, designing, and implementing stewardship programs. We also determined that EPA needs to examine what role it should play in promoting stewardship activities. We found that EPA has created a stewardship goal that utilizes selected voluntary programs, and has developed a plan to improve management of its entire group of voluntary programs. However, EPA still needs to fully implement internal recommendations to strategically plan, coordinate, and manage its voluntary programs, and develop a process for assessing these programs to determine how they will be integrated into the Agency's mission and its strategic goals and objectives.

We recommend that EPA develop a statement that outlines how voluntary programs are expected to assist EPA in achieving its overall mission and stewardship goals. We also recommend that EPA develop criteria and guidance for assessing how it will integrate voluntary programs into its Strategic Plan.

We noted areas where additional program evaluation needs to be conducted. Specifically, more evaluation should be conducted to determine (1) what motivates participation in these types of programs and what causes voluntary environmental behavior change to occur, (2) the most efficient ways to measure the outcomes and impacts of stewardship and voluntary programs, and (3) which stewardship and/or voluntary programs are more effective in encouraging voluntary behavior change and achieving environmental results.

The Agency addressed and generally agreed with our findings and recommendations. EPA's comments to our draft report are located in Appendix D. The Agency also provided specific comments on the draft which were addressed as appropriate in the final report. The Agency also informed the OIG that, under the leadership of Acting Administrator Johnson, EPA is beginning a new effort to determine how to best encourage environmental stewardship.

Chapter 2

EPA Should Understand Stakeholder Needs To Effectively Plan and Implement Stewardship

We asked a selected sample of stakeholders to define stewardship, list motivators and obstacles to participating in stewardship programs, and outline key roles for EPA to play to encourage and foster participation in environmental stewardship activities. Though our sample did not represent all stewardship participants, our overall results were similar to an internal assessment that EPA conducted.⁴ The definitions and views of our selected stakeholders were generally broader than EPA's, and varied based on their role in stewardship programs. To better meet the needs of its stakeholders, EPA should identify motivators and barriers to participation, and continue to incorporate stakeholder feedback into planning, designing, and implementing stewardship programs. EPA also needs to examine what roles it should play in promoting stewardship activities.

Stewardship Definitions Varied with Stakeholder Roles

We found that definitions of stewardship varied among the stakeholders we interviewed, but that these definitions could be grouped into three general categories based on the role of the respondent. These categories represent the industry perspective, the non-profit perspective, and the State and local government perspective. See Appendix C for a list of stakeholders interviewed.

The industry and industry association stakeholders we met with approached stewardship from a manufacturing standpoint. Their definitions of stewardship were usually correlated to product design, impact, and environmental cost. One stakeholder referred to the importance of maintaining an economic balance, saying that stewardship is achieving compliance without significant economic impact on the regulated community. Another indicated that stewardship was maximizing returns for the minimum expense of resources. An industry representative said that stewardship was a partnership between his company and their supply base to improve the products that come in as raw materials. He indicated that these products were utilized throughout the life of the production process, and that his company uses "sustainable cost-benefit perspectives" to select products that have overall environmental and monetary savings. For

⁴

Regarding EPA's 2003-2004 Innovation Action Council (IAC) inventory and assessment of voluntary program management, as discussed in Chapter 3.

example, he is generally willing to purchase a product that is initially more expensive, but saves more energy throughout its life-span.

Generally, the non-profit organizations we interviewed believed that stewardship represented a concept, or guiding principle, by which to achieve environmental results. Their definitions incorporated environmental health, economic prosperity, and social stability as factors to consider when implementing programs and creating consumer products. One stakeholder referred to the phrase "quality of life" to describe environmental stewardship. As an example, she said effective public transportation services can reduce traffic gridlock, clean the air, and provide other benefits to communities. Another referred to stewardship participation as the desire to "do the right thing." One interviewee believed that environmentally responsible behavior occurred at two levels: (1) shaping public policy by requiring results and measuring resource impacts, and (2) making personal decisions that were responsible to the environment.

State and local government officials mentioned many of the same concepts as their stakeholders when defining stewardship. These included taking a proactive versus reactive approach to environmental issues, and looking at outputs and environmental results for effectiveness of programs. They also viewed personal actions and behaviors, social responsibility, land stewardship, and caring for future generations as important components of stewardship. Others we interviewed defined stewardship in relation to sustainability, saying that stewardship was a way to get to sustainability.⁵

Stakeholders in industry, non-profit, and government often used three similar categories to define attitudes and behaviors of the regulated community: leaders (early adopters), followers, and laggards. They characterized environmental leaders, or early adopters, as companies that readily adopt new ideas and behaviors or voluntarily go beyond compliance. Followers were described as those who take a 'wait and see' approach, generally complying with the law or meeting minimum standards, but going no further. Laggards were described as the group that usually need enforcement and compliance services to bring them into compliance with regulatory requirements. Interviewees felt that environmental stewardship behaviors are those that are usually chosen by the leaders.

EPA personnel we interviewed had similar views and definitions as the State and local government representatives. They addressed the importance of land stewardship, and the ownership of environmental performance. They also

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Stakeholders frequently mentioned the term "sustainability" when defining stewardship. Sustainability was generally described as making decisions that balanced economic profitability, social equity, and environmental protection. Sustainability was viewed as a broader, more encompassing idea. However they believed that environmental stewardship behavior served as a core component of the larger concept of sustainability.

referred to the phrase of "doing the right thing" as a reason for engaging in stewardship activities.

Selected Stakeholders Outlined Motivators and Obstacles to Participating in Stewardship Activities

Stewardship program participants that we met with undertook stewardship activities for reasons ranging from cost savings to personal ethics. We asked these participants to discuss why they chose to adopt some environmental stewardship practices (motivators) and outline what issues continued to limit their participation (obstacles).

The selected industry representatives explained that several factors influence their decisions to participate in stewardship activities. These include whether:

- consumers, clients, and investors that hold a substantial market share in the company require socially responsible behavior;
- leaders in their field are also implementing stewardship programs, adopting a particular technology or best practice, or to simply "keep up" with their competitors;
- cost savings serve as an incentive for participating; and
- the company has a champion and a supportive corporate management culture to encourage participating in the programs.

For the non-profit organizations that we interviewed, recognition and financial assistance were common motivators. Specifically, the motivators for this group and the industries that they work with are:

- grants and financial assistance,
- recognition they received from both government and the public,
- choosing to "do the right thing for the right reasons," or
- as a direct response to environmental strains upon their community or a local ecosystem.

State and local governments typically operate stewardship programs in partnership with EPA headquarters or Regional offices to encourage industry and non-profits to participate. They indicated that these stewardship program participants are usually motivated by

- grants,
- recognition and rewards, and
- a strong organizational leadership that wants to improve environmental results.

The selected stakeholders in each category said that obstacles deterred them from getting involved in stewardship efforts. These included:

- negative financial effects, or increased costs for participation;
- fear that if a company was able to reduce pollution beyond regulatory requirements, then the State or EPA would make regulations more stringent; and,
- lack of flexibility, or a "top-down" ethic that prevents implementing new practices.

Table 2.1 below summarizes motivators and obstacles identified by the stakeholders that we interviewed:

Table 2.1: Motivators and Obstacles to Stewardship Participation Cited by Selected Stakeholders Interviewed by the OIG

Motivators	Industry	Non-Profit	State and Local Government
Avoiding Negative Publicity	✓	✓	✓
Cost Savings	✓	✓	✓
Keeping up with Leaders	✓	✓	✓
Consumer Demands	✓	✓	
Grants	✓	✓	
Recognition and/or Rewards	✓	✓	
Strong Organizational Leadership		✓	✓
Avoiding Legal Threats	✓		
"Doing the Right Thing"		✓	
Barriers	Industry	Non-Profit	State and Local Government
Financial Impacts	✓	✓	
Voluntary Standards Become Regulatory Requirements	✓	✓	
Lack of Program Flexibility			✓

Selected Stakeholders Outlined Five Stewardship Roles for EPA

Stakeholders we spoke with saw a variety of roles for EPA to play in continuing to promote and foster stewardship. Many of them are similar to the roles EPA described for itself in staff interviews. The following is a list of the five major roles most frequently suggested by interviewees (not in order of priority):

1. **Be a Model for Stewardship Behavior:** EPA should use its own policies and practices to model environmental stewardship for others, including "leading by example," modeling stewardship behavior, internally implementing environmental purchasing and environmental management systems (EMS), and rewarding employees who think creatively. One interviewee suggested that EPA promote green government operations, as well as green purchasing, because the Agency has tremendous purchasing power.
2. **Provide Technical Expertise to Stewardship Participants:** EPA can provide technical assistance, help create measures, and develop appropriate regulations and procedures. EPA can also develop self-assessment tools that potential participants can use to determine their environmental impacts before a project begins, so they can see how they might apply a stewardship approach. One stakeholder suggested that EPA can provide guidance by setting standards for green design and instituting labeling requirements. Another stated that design standards could ensure the producer's responsibility for the entire life span of a product.
3. **Offer Rewards and Incentives to Participate in Stewardship Activities:** EPA can offer rewards and recognition for participation in stewardship programs. The Agency can encourage creative problem-solving by promoting creativity within the regulated community, and offering incentives and developing policies that encourage participation in stewardship. These incentives could include monetary rewards for developing new stewardship techniques, public recognition, regulatory flexibility, allowing for longer times between inspections, or simplifying permitting processes. One interviewee said that EPA could create a challenge to companies and offer a \$500,000 reward and ceremony for meeting the challenge. An EPA employee added that when the Agency works with and identifies champions of a program, it demonstrates that there can be "respectful" partnerships between EPA and the regulated community.

4. Identify Leaders To Serve as Stewardship Champions: EPA should use environmental leaders to encourage competition and provide direction. These activities could involve cataloguing the behaviors of an effective company and fostering those behaviors in others. EPA Regional staff also agreed that having an advocate or champion can really strengthen the stewardship message.
5. Focus on Stewardship Outcomes and Develop Measurement Processes: EPA should focus on developing techniques for measuring results, and should focus stewardship efforts on identifying measures that verified achievement of specific outcomes. Some suggestions for improved performance measurement were to:
 - a. Start with a system or program that has been effective, and replicate a national program to that standard.
 - b. Identify barriers through conversations with stakeholders, before implementing a program.
 - c. Conduct environmental evaluations of products, so that consumers can make informed choices based on the environmental costs and benefits of the product.
 - d. Improve EPA management of stewardship programs, including better integration of stewardship activities, and creating public policy to encourage more involvement.

In addition to the stewardship roles outlined above, many of the stakeholders we interviewed mentioned the need for EPA to maintain a strong regulatory and enforcement presence. They believed that EPA needed to demonstrate its ability to encourage participation in voluntary programs, while continuing to be a credible deterrent for potential violators. However, some of the selected industry groups cautioned that EPA needs to be careful when addressing regulatory issues with stewardship program participants. These stakeholders said they would be less interested in continuing to participate if EPA attempted to use their voluntarily reduced pollution levels to set new regulatory thresholds.

Conclusion

The stakeholders we interviewed believe benefits exist to implementing environmental stewardship programs, but obstacles continue to prevent some industries and organizations from fully participating in these types of activities. These stakeholders outlined roles that EPA should play in fostering and facilitating stewardship, and provided definitions broader in scope and more diverse than that of EPA. EPA should continue to engage in stakeholder input and feedback processes to fully understand the diversity of participant definitions,

motivations, and obstacles, and continue to refine the roles EPA is expected to play in fostering stewardship behavior. Without addressing the needs of stakeholders, the Agency may not be able to effectively plan, design, or implement stewardship programs that encourage the highest level of participation.

Chapter 3

EPA Has Improved Voluntary Program Management, But Additional Work Needed

EPA has created a strategic goal that utilizes stewardship programs to achieve environmental outcomes and offer ways for participants to move above and beyond compliance. The Agency has also developed a plan to improve managing voluntary programs through better coordination, increased stakeholder interaction, and developing measurement processes. While EPA is working to improve its approach to stewardship and voluntary programs, issues still need to be addressed. The Agency has yet to fully implement internal recommendations to strategically plan, coordinate, and manage its voluntary programs, or implement a process for incorporating these programs into the Agency's mission and its strategic goals and objectives.

2003 Strategic Plan Revision Elevates Voluntary Programs to a Strategic Level

In its FY 2003-2008 Strategic Plan, EPA designated Strategic Goal 5 as "Compliance and Environmental Stewardship." EPA selected a number of voluntary programs to address stewardship, and organized those programs under Goal 5.⁶ Agency planning staff said that including these programs into Goal 5 marked the first time that EPA had identified voluntary programs that could achieve Agency-level strategic targets. However, EPA officials said that the Agency had not developed a "grand plan" for defining or implementing environmental stewardship, so no formal process was in place for including some programs in Goal 5 while excluding others. The strategic planning staff had requested program managers to integrate activities to address strategic targets, but coordinating this planning process between the impacted program offices proved difficult. One of the stewardship program managers explained that EPA "didn't spend a year debating definitions of what was or wasn't stewardship", but went out and started working to encourage stakeholders to participate in these programs.

EPA planning staff said upper managers made the final decision regarding which programs would be included in Goal 5 and then asked the program offices to make their programs fit under the revised goal structure. Program staff also told us that the change in the strategic architecture had not significantly affected EPA's

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In its 2003 Strategic Plan revision, EPA reduced its number of Strategic Goals from 10 to 5.

organizational or management processes. While we recognize that including these programs was the first time the Agency recognized the importance of voluntary programs at the strategic target level, good management principles dictate that a more structured process could lead to increased customer participation, more effective program implementation, and improved program results. The Agency needs to determine whether its Goal 5 management strategies and planning process will lead to these results. A recent assessment of EPA's voluntary programs management addressed and remedied some of these concerns.

EPA Working To Improve Voluntary Program Management

In 2003-2004, EPA's Innovation Action Council (IAC) assessed EPA's voluntary program management processes. The IAC concluded that EPA needed to address customer needs and improve stakeholder feedback and communication, as well as improve program coordination to prevent initiative fatigue among participants. The IAC also determined that enormous variation occurred among EPA's voluntary programs, along with a lack of consensus from Agency management regarding these programs' roles and value in EPA's mission. As a result, the IAC recommended that EPA improve coordination among programs offices, improve measurement processes, and improve strategic management by incorporating these programs into the Agency's mission, goals, and objectives.

During its assessment, the IAC conducted a number of informal discussions to obtain stakeholder opinions in four key areas: (1) value of incentives, (2) interactions with EPA, (3) how well stakeholders recognized the different "brands" of Agency voluntary programs, and (4) strategic issues. Participants included 18 different industrial or professional service companies, 14 EPA headquarters and Regional offices, five industry associations, and four States. The IAC also assessed voluntary program design and effectiveness, program coordination, and measurement. Similar to stakeholders interviewed by the OIG, the stakeholders that participated in the IAC assessment felt that voluntary programs were a good way to do business. The IAC stakeholder participants stated that voluntary programs can:

- serve as a showcase for good corporate citizenship,
- foster innovations in technology,
- create a better communication pathway to EPA,
- provide useful technical information, foster networking, and,
- contribute to advances in environmental research.

The stakeholders the IAC interviewed also believed that EPA should implement its voluntary programs more strategically. They indicated that too many

voluntary programs provide soft benefits, are uncoordinated and time intensive, or are composed of pilots which do not lead to policy changes. These stakeholders wanted smoother, simpler interactions with fewer overall transactions or duplication of effort. They wanted to see greater consistency in reporting and participation requirements, which would enhance the value of "beyond-compliance" actions. They also indicated that real cost and effort is required to participate in voluntary programs, so they needed to receive tangible benefits to justify their participation.

During its voluntary program assessment, EPA also met with several researchers to get outside perspectives on its voluntary programs. These researchers stated that if programs are designed and conducted in different ways, the public can often become confused as to the value or importance of these numerous programs. The researchers indicated that EPA may not be effectively "signaling" the overall importance of voluntary programs to the public. EPA concluded that it needed to overcome challenges regarding their approach to program integration. Often, multiple programs were pursuing the same customers. This situation created confusion and "initiative fatigue" for participants, and potentially diluted the value of Agency recognition and other incentives.

To better manage its voluntary programs, the IAC recommended that EPA should:

- Improve coordination between its voluntary programs, e.g., improve support services, share information on best practices, and help external users to access, understand, and participate in EPA voluntary programs.
- Enhance the accountability of voluntary programs, e.g., develop better measures, improve brand management and program design, and develop more consistent program guidelines.
- Use strategic management processes to assure that voluntary programs target priority environmental needs, and are designed to be analytically sound, cost effective, and valuable to external participants, e.g., incorporating voluntary programs in the Agency's strategic mission, goals, and objectives.

Many of these recommendations are consistent with good management principles.⁷ We believe EPA needs to improve coordination, enhance accountability, and outline a mission and expectations for how voluntary programs will assist the Agency in achieving its overall goals and objectives.

⁷

Effective leadership and strategic management criteria outlined in the Office of Inspector General's *Assessing Organizational Systems* OIG Directive OA-5, December 30, 2004.

To begin implementing these recommendations, the Deputy Administrator issued an April 21, 2004, memorandum outlining changes for managing EPA voluntary programs. This memo included developing a support network for voluntary program managers, a set of guidelines for program design, brand management, and measurement, and an Agency-wide notification process for new voluntary programs. The Office of Policy, Economics, and Innovation was designated as the lead office for managing this new Agency initiative.

The Deputy Administrator continued to advance this process by issuing a June 28, 2004, *Charter for Coordinating and Managing EPA's Voluntary Programs*. This charter formalized developing the voluntary program network, created a voluntary programs workgroup (composed of senior staff from each Program Office and Region), and identified the IAC as the body responsible for the oversight of voluntary program management. This charter also required that annual reports be issued to the Deputy Administrator so that she/he could determine if any new policy directions or additional management improvements were needed. The actions included in this Charter demonstrate initial implementation of the IAC's recommended management improvements, but EPA has yet to adopt the IAC's recommendation to incorporate voluntary programs into the Agency's strategic planning process.

Conclusion

EPA's decision to include stewardship programs into its 2003-2008 Strategic Plan was an important first step towards acknowledging the importance of voluntary programs to the Agency's mission, goals, and objectives. The Agency's internal assessment of managing these programs created efforts to improve program coordination, gather more stakeholder feedback, and develop program measurements. The Deputy Administrator began implementing the recommended changes through the developing a policy memorandum and a voluntary program charter. However, EPA still needs to implement the IAC's recommendations to strategically plan, coordinate, and manage its entire voluntary program effort, and to develop a process for incorporating voluntary programs into the Agency's mission and its strategic goals and objectives.

Recommendations

In order to continue improving the management and implementation of EPA's stewardship and voluntary programs, we recommend that the Acting Assistant Administrator for Prevention, Pesticides and Toxic Substances and the Acting Associate Administrator for Policy, Economics and Innovation, address the following:

- 3-1 Develop a statement that outlines how voluntary programs are expected to assist EPA in achieving its overall mission and its stewardship goals and objectives.
- 3-2 Develop criteria, guidance, and an action plan for assessing how voluntary programs will be included in the next revision of the Agency's Strategic Plan.⁸

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As required by the Government Performance and Results Act (GPRA), each Federal agency must revise its Strategic Plan every 3 years, beginning in 2000. Therefore, EPA's next strategic plan revision is required to be conducted in 2006.

Chapter 4

Further Evaluation Needed To Effectively Manage Stewardship and Voluntary Activities

By 2008, EPA expects that its stewardship programs will reduce billions of pounds of pollution and conserve billions of British Thermal Units (BTUs) of energy.⁹ These programs are also expected to help participants save millions of gallons of water and reduce their operating expenditures by nearly \$400 million.¹⁰ To effectively plan and implement stewardship programs, EPA must incorporate customer-driven goals into well-defined strategies, and understand how effectively these programs achieve environmental results.

EPA should also determine how to measure the outcomes of stewardship activities so it is able to verify that it is achieving its goals. EPA needs to show that the programs it selects to meet its goal are more effective in achieving environmental results than other programs it runs. As we discussed in Chapter 2, the selected stakeholders we interviewed believed that EPA should identify and strengthen the motivators that encourage people to participate in stewardship activities, and reduce obstacles to participation. EPA will not be able to achieve environmental outcomes if it is unable to obtain adequate participation in environmental stewardship activities. To address this issue, EPA should find out how to measure the outputs that encourage these behaviors.

EPA also needs to correctly measure the environmental benefits of these activities. The Agency can begin to address these needs by working to quantify how voluntary behavior change programs can assist EPA improving environmental and human health protection. The Agency recognizes that measuring environmental outcomes from voluntary programs includes its own set of challenges. Currently, only some voluntary programs require participants to commit to reporting outcomes from their activities. EPA expects these participants to provide annual reports with performance information, but each year some do not turn in reports, leaving the Agency without adequate data to assess the efficacy of the program.

⁹ EPA's 2003-2008 Strategic Plan, page 115.

¹⁰ Ibid.

The participants have complained that tracking and reporting is a burden to their companies. This sentiment is a common concern, and leaves EPA with the following measurement challenges:

- Participants must voluntarily agree to supply performance information.
- Program implementation differs from participant to participant, so data collection may not be consistent among participants.
- Results vary by participant, making quantifying overall results a challenge.
- EPA cannot yet track some environmental stewardship program outcomes, though it expects to develop these processes by 2008.

If EPA is unable to overcome these measurement challenges, it will not be able to determine program outcomes. Further evaluations of EPA's stewardship and voluntary programs are necessary to assist the Agency in tracking and measuring these efforts. As a result, the OIG plans to continue evaluating EPA's stewardship and voluntary programs to determine:

1. What motivates participation in stewardship and voluntary programs, and what causes voluntary environmental behavior change to occur.
2. The most efficient way to measure the outcomes and impacts of voluntary programs.
3. Which EPA stewardship and/or voluntary programs are more effective in encouraging voluntary behavior change and achieving environmental results.

Program Information for Selected Voluntary Programs Included in Strategic Goal 5

Program Name	Program Goal	Participants	Year of Operation
Design for the Environment	To facilitate the identification, adoption, and innovation of clean products, processes, technologies, and management systems.	Partnering with 8 industry sectors.	12 Years
Green Chemistry	To promote environmentally benign design of chemical products and processes.	Include industry, academia, government, trade organizations, scientific societies, national labs, and research centers.	12 Years
Green Engineering	To design, commercialize, and use processes and products, which are feasible and economical while minimizing 1) generating pollution at the source and 2) risking human health and the environment.	Primary participants are from academia.	5 Years
Performance Track	To recognize and encourage top environmental performance among private and public facilities, which go beyond compliance with regulatory requirements to achieve environmental excellence.	350 industry and non-industry facilities.	4 Years
Sector Strategies	To work with priority industry and service sectors to promote sector-wide improvement in environmental performance, with greater efficiency of program operations and reduce regulatory burden.	Trade associations, State agencies, and others. The 12 participating sectors are Agribusiness, Cement Manufacturing, Colleges and Universities, Construction, Forest Products, Iron and Steel Manufacturing, Metal Foundries and Die Casting, Metal Finishing, Paints and Coatings, Ports, Shipbuilding and Ship Repair, and Specialty-Batch Chemical Manufacturing.	10 Years
National Partnership for Environmental Priorities	To encourage, through recognition, networking, and case example distribution, minimizing hazardous and industrial wastes, particularly those waste streams containing one or more of the 30 priority chemicals.	Fourteen members are in the partnership program including Dupont, U.S. Steel, and Toyota. Membership is by individual plant within the company as specified in the company's waste minimization goals application.	1 Year
Source: Information provided by US EPA, Office of Policy, Economics and Innovation			

Examples of EPA Voluntary Programs

Voluntary Programs Operated by EPA Headquarters Offices	
Office Air and Radiation (OAR)	
OAR	AgStar
OAR	Best Workplaces for Commuters
OAR	Clean School Bus USA
OAR	Climate Leaders
OAR	Coalbed Methane Outreach Program (CMOP)
OAR	Combined Heat and Power Partnership
OAR	Diesel Retrofit Program
OAR	Energy Star Energy Management
OAR	Energy Star Product Certification
OAR	Green Power Partnership
OAR	HFC 23 Emission Reduction Program
OAR	IAQ "Tools for Schools"
OAR	Landfill Methane Outreach Program
OAR	Mobile Air Conditioning Climate Protection
OAR	Natural Gas Star
OAR	PFC Emission Reduction Partnerships
OAR	SF-6 Emission Reduction Partnership for Electric Power Systems
OAR	SF-6 Emission Reduction Partnership for the Magnesium Industry
OAR	Smart Way Transport
OAR	The SunWise School Program
OAR	Voluntary Aluminum Industrial Partnership
Office Prevention, Pesticides and Toxic Substances (OPPTS)	
OPPTS*	Design for the Environment
OPPTS*	Green Chemistry
OPPTS*	Green Engineering
OPPTS	Green Suppliers Network
OPPTS	High Production Volume Challenge
OPPTS	Hospitals for a Healthy Environment
OPPTS	Pesticide Environmental Stewardship Program
OPPTS	Reduced Risk for Conventional Pesticides
OPPTS	Suppliers Partnership
OPPTS	Sustainable Futures
OPPTS	Voluntary Children's Chemical Evaluation Program
Office of Policy, Economics and Innovation (OPEI)	
OPEI	National Award for Smart Growth Achievement
OPEI*	Performance Track
OPEI*	Sector Strategies
Office of Research and Development (ORD)	
ORD	Environmental Technology Verification Program

Office of Solid Waste and Emergency Response (OSWER)	
OSWER	Carpet America Recovery Effort
OSWER	Coal Combustion Products Partnership (C2P2)
OSWER	GreenScapes
OSWER*	National Partnership for Environmental Priorities (called National Waste Minimization Partnership until April 04)
OSWER	Plug-In To e-Cycling
OSWER	Waste Wise
Office of Water (OW)	
OW	Adopt your Watershed
OW	CAFO Transformation to Animal Feeding Operations
OW	Clean Water Act Recognition Awards
OW	Decentralized Waste Water Systems
OW	EPA's Beach Act program
OW	EPA's Volunteer Monitoring Program
OW	Five-Star Restoration Program
OW	Golf and the Environment
* Indicates Six Examples of EPA Voluntary Programs Included in Strategic Goal 5	
Source: December 2003 Agency-wide voluntary program survey, US EPA, Office of Policy, Economics and Innovation	

Voluntary Programs Operated by EPA Regional Offices	
Region 1 - Regional Programs	
Region 1	Clean Marine Engine Initiative
Region 1	Clean New England Beach Initiative
Region 1	College and University Integrated Strategy
Region 1	Corporate Sponsorship program for Metal Finishes
Region 1	Corporate Wetlands Restoration Partnership (CWRP)
Region 1	Dept. of Public Works Integrated Strategy
Region 1	Urban Environmental Program
Region 2 - Regional Programs	
Region 2	Lead in Drinking Water in Schools and Non-Residential Buildings, Children's Initiative.
Region 2	New York Harbor Private Ferry Emissions Reductions Program
Region 3 - Regional Programs	
Region 3	Businesses for the Bay (B4B)
Region 3	Green Communities
Region 3	Lead Free Drinking Water in Schools and Day Care
Region 5 - Regional Programs	
Region 5	Binational Toxics Strategy
Region 5	DOD/State/EPA P2 Partnerships
Region 5	Greater Chicago Pollution Prevention Alliance
Region 5	Natural Landscaping Workgroup
Region 5	PCB Phasedown Programs
Region 5	Voluntary Chlor-alkali Industry Mercury Program
Region 6 - Regional Programs	
Region 6	Gulf of Mexico Program
Region 6	Healthy Environments and Living Places for Kids (HELP for Kids)
Region 6	Integrated Pest Management in Schools with Texas
Region 9 - Regional Programs	
Region 9	R9 Healthy Schools Initiative
Region 9	Voluntary Mercury Air Emission Reduction Program with Nevada Gold Mines
Source: December 2003 Agency-wide voluntary program survey, US EPA, Office of Policy, Economics and Innovation	

List of Selected Stakeholders We Interviewed

Organization	Organization Type
League of Women Voters, Texas Pollution Prevention Advisory Committee	Non-Profit / Community
Sierra Club Lone Star Chapter	Non-Profit / Community
International City/County Management Association (ICMA)	Non-Profit / Community
National Association of Counties (NACo)	Non-Profit / Community
Northeast Waste Management Officials Association (NEWMOA)	Non-Profit / Community
Alliance for Environmental Innovation	Non-Profit / Community
San Francisco State University Business School	Non-Profit / Community
California Council for Economic and Environmental Balance	Non-Profit / Community
Lodi-Woodbridge Winegrape Commission	Non-Profit / Community
Sustainable Conservation	Non-Profit / Community
California Environmental Dialogue	Non-Profit / Community
Texas Instruments Corporation, Texas Pollution Prevention Advisory Committee	Industry
Fort Worth-Dallas Small Business Advisory Committee	Industry Association
Texas Association of Business	Industry Association
California Association of Winegrape Growers	Industry Association
Hewlett Packard Corporation	Industry
Small Business and Environmental Assistance Office, Texas Commission on Environmental Quality	State/Local Government
Pollution Prevention and EMS Section, Texas Commission on Environmental Quality	State/Local Government
Small Business/Local Government Assistance Program, Texas Commission on Environmental Quality	State/Local Government
Clean Texas Program, Texas Commission on Environmental Quality	State/Local Government
Border Programs Office, Texas Commission on Environmental Quality	State/Local Government
Massachusetts Department of Environmental Protection (MADEP)	State/Local Government
Massachusetts Executive Office of Environmental Affairs	State/Local Government
Office of Sustainability Programs, California EPA	State/Local Government
Department of Pesticide Regulation, California EPA	State/Local Government
California EMS Implementation Group	State/Local Government
City of San Francisco Environment Office	State/Local Government

US EPA, Office of Prevention, Pesticides and Toxic Substances	Federal Government
US EPA, Office of the Chief Financial Officer	Federal Government
US EPA, Office of Policy, Economics, and Innovation	Federal Government
US EPA, Region 6, Dallas, Texas.	Federal Government
US EPA, Office of Tribes	Federal Government
US EPA, Region 1, Boston, Massachusetts	Federal Government
US EPA, Region 9, San Francisco, California	Federal Government

Agency Comments to the Draft Report and OIG Evaluation

MEMORANDUM

SUBJECT: Review of Draft Evaluation Report: "Ongoing Management Improvements and Further Evaluation Vital to EPA Stewardship and Voluntary Programs," (Assignment No. 2003-0001451)

FROM: Stephanie Daigle /s/
Acting Associate Administrator for Policy, Economics and Innovation

TO: Kwai Chan
Assistant Inspector General for Program Evaluation

Thank you for the opportunity to review your draft report, "Ongoing Management Improvements and Further Evaluation Vital to EPA Stewardship and Voluntary Programs," (Assignment No. 2003-0001451). I am responding on behalf of the agency and specifically for the three parties to whom you addressed your transmittal memo of January 21, 2005: Deputy (now Acting) Administrator Stephen Johnson, Acting Assistant Administrator Susan Hazen and (then) Associate Administrator Jessica Furey.

In your report you reviewed some of EPA's recent efforts to encourage environmental stewardship, examining our goals and our management of voluntary programs, as well as some state efforts. You had several general recommendations for how EPA might improve in this area. We understand that this report is the first of what might be several reports on the topic of environmental stewardship, as you continue your work in the months ahead.

We are pleased to say that we generally agree with the findings and recommendations in this draft report. We think that you have picked a topic that is timely and that your evaluation can help us as we develop new approaches for carrying out EPA's mission. We are also pleased that you have included some representative state efforts in your evaluation. We have only a modest number of specific comments on aspects of your report, and we have attached them to this memo.

Of particular interest to you in this regard and as we have discussed with your staff, we are currently beginning a new effort at the direction of Acting Administrator Johnson to determine how we can best encourage environmental stewardship. We accept your report as helpful input to this effort. Our Innovation Action Council (IAC) will be discussing this topic at

its February 23-24 meeting. We have invited your staff to attend this meeting and look forward to such comments on your report as your IAC representative (Rick Linthurst) would like to make.

To allow this discussion of your report to take place, we are sending you this expedited response today in order to accept your staff's offer to finalize the report before February 23. We trust that our favorable response and the limited number of specific comments will make this possible.

More importantly, we look forward to working cooperatively with you and your staff as we both endeavor to improve how the agency encourages the best environmental stewardship possible. Please do not hesitate to contact me, the other addressees of your memo and/or our respective staffs if we can help you in this process.

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