



OFFICE OF INSPECTOR GENERAL

Catalyst for Improving the Environment

Evaluation Report

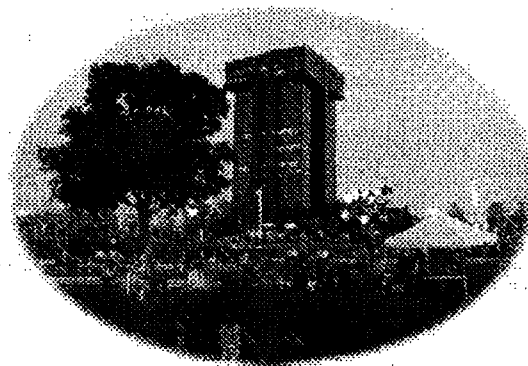
EPA Can Better Manage Brownfields Administrative Resources

Report No. 2005-P-00017

June 7, 2005



Before



After

Report Contributors

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Abbreviations

EPA	Environmental Protection Agency
EPM	Environmental Programs and Management
ESP	Enabling Support Program
FTE	Full-Time Equivalent
FY	Fiscal Year
OA/OPEI	Office of the Administrator/Office of Policy, Economics, and Innovation
OARM	Office of Administration and Resources Management
OBCR	Office of Brownfields Cleanup and Redevelopment
OCFO	Office of the Chief Financial Officer
OECA	Office of Enforcement and Compliance Assurance
OEI	Office of Environmental Information
OGC	Office of General Counsel
OIG	Office of Inspector General
OSWER	Office of Solid Waste and Emergency Response
OUST	Office of Underground Storage Tanks
STAG	State and Tribal Assistance Grants

Cover photos: In Springfield, Missouri, a Brownfields assessment pilot grant helped leverage the resources needed to redevelop the former Jordan Valley Corridor into the Jordan Valley Park (*Photos courtesy of EPA*).



At a Glance

Catalyst for Improving the Environment

Why We Did This Review

We conducted this review in response to a congressional request to evaluate the administrative and program costs being used to carry out the Brownfields program and identify options to reduce administrative costs. This report includes answers to five specific questions.

Background

In January of 2002, the President signed the Small Business Liability Relief and Brownfields Revitalization Act. This Act created a new Brownfields program fostering Brownfields redevelopment, and authorized up to \$250 million per year through Fiscal Year 2006 to implement the new program. Estimates indicate there are between 450,000 and a million Brownfields sites that need to be assessed and cleaned up.

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/olc/reports/2005/20050607-2005-P-00017.pdf

EPA Can Better Manage Brownfields Administrative Resources

What We Found

We provide answers to congressional questions about EPA's Brownfields program: the distribution and type of staff; budget for Fiscal Year 2003 and 2004; grant and contract management responsibilities and workload; the number and type of Brownfields conferences; and the workload model used to staff the program.

In evaluating this data, we determined that EPA's ability to effectively manage Brownfields resources is challenged by policy and organizational impediments. Because the authority for Brownfields resources is dispersed, offices with responsibility for program resources are not in alignment in their efforts to define and track Brownfields costs, and staff resources cannot be accounted for and efficiently utilized. Close alignment of offices that support the Brownfields program is needed to effectively and efficiently manage program resources.

We also found that EPA expends significant financial and personnel resources on Brownfields outreach at conferences and meetings, without evaluating or prioritizing these efforts. An analysis of these efforts offers the potential to identify savings.

What We Recommend

We recommend the Deputy Assistant Administrator for the Office of Solid Waste and Emergency Response, with assistance from other accountable Assistant Administrators, as appropriate: (1) more closely align themselves in support of an accountable entity effectively to distribute, manage, account for, and optimize Brownfields resources, consistent with program needs and goals; (2) define Brownfields administrative and programmatic payroll costs and establish a system to identify and track them; (3) provide documentation to account for all Fiscal Year 2003 administrative resources; (4) revise the regional staffing model to support current workload, develop a workload model for allocation of Brownfields headquarters staff, and develop a schedule for regularly updating the workload model; (5) evaluate Brownfields staff that are not certified Project Officers to determine how many should become certified, and take necessary steps to complete their certification; (6) hold the EPA-sponsored Brownfields conference once every two years rather than annually; and (7) develop a process to evaluate conferences and meetings to determine which conferences or meetings Brownfields staff need to attend. The Agency did not agree or disagree with our recommendations, and in several cases, disagreed with our analysis.



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

THE INSPECTOR GENERAL

June 7, 2005

MEMORANDUM

SUBJECT: Evaluation Report: EPA Can Better Manage Brownfields
Administrative Resources
Report No. 2005-P-00017

TO: Thomas Dunne
Acting Assistant Administrator
Office of Solid Waste and Emergency Response

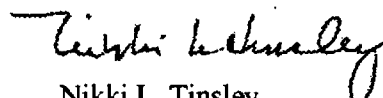
This is our final report on the subject evaluation conducted by the Office of Inspector General (OIG) of the U.S. Environmental Protection Agency (EPA). This evaluation report contains our findings that describe the problems the OIG has identified and corrective actions the OIG recommends. This evaluation report represents the opinion of the OIG and the findings contained in this report do not necessarily represent the final EPA position. Final determinations on matters in this evaluation report will be made by EPA managers in accordance with established procedures.

We met with Office of Solid Waste and Emergency Response (OSWER) staff on February 16, 2005, to discuss our preliminary findings, and obtain feedback. In addition, EPA provided official written comments on our draft report on April 15, 2005. We have included EPA's response in its entirety as Appendix A.

Action Required

In accordance with EPA Manual 2750, as the action official, you are required to provide this office with a written response to this report within 90 calendar days of the final report date. Your response should address all recommendations and must include your concurrence or nonconcurrence with all recommendations. For corrective actions planned but not completed by the response date, please describe the actions that are ongoing and provide a timetable for completion. If you do not concur with a recommendation, please provide alternative actions addressing the findings reported. For your convenience, this report will be available at <http://www.epa.gov/oig/>

If you or your staff have any questions regarding this report, please contact Kwai Chan at (202) 566-0827 or Carolyn Copper at (202) 566-0829.


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Chapter 1

Introduction

Purpose

This evaluation was conducted in response to a July 30, 2004, congressional request from the Chairman of the Subcommittee on Water Resources and Environment, House Committee on Transportation and Infrastructure. The congressional request asked that we address five specific questions related to the Environmental Protection Agency's (EPA) use and management of Brownfields resources. In addition, our overall objective was to identify any options to reduce administrative costs. The specific questions were:

1. What are the type, distribution, and function of all Brownfields Full Time Equivalent (FTE) (staff) in EPA headquarters and regional offices, including how time is charged and tracked?
2. What is the complete budget breakdown for all Brownfields functions for EPA headquarters and regional offices?
3. What are the grant and contract management and oversight responsibilities for EPA headquarters and regional offices, including associated workload?
4. What are the number and type of annual Brownfields conferences and meetings held, including FTE usage, attendance, and responsibilities?
5. What is the workload model utilized by the Brownfields program, including the parameters used, the origin of the parameters, and how the workload model is used for budgeting and allocation functions?

Background

The Small Business Liability Relief and Brownfields Revitalization Act was signed in 2002. The Act created a new environmental program that fosters Brownfields redevelopment, and authorized Congress to appropriate up to \$250 million per year through Fiscal Year (FY) 2006 to implement the new program. Congress also changed the definition of Brownfields to "real property, the expansion, redevelopment, or reuse of which may be complicated by the presence or potential presence of a hazardous substance, pollutant, or contaminant." There are an estimated 450,000 to 1 million Brownfields sites in the United States.

EPA's Office of Brownfields Cleanup and Redevelopment (OBCR), within the Office of Solid Waste and Emergency Response (OSWER), is the lead office for

implementing and managing the Brownfields program, including the grant selection and competition process for grants. During FY 2003 and 2004, EPA awarded 272 assessment grants, 161 cleanup grants, and 46 revolving loan fund grants, totaling more than \$148 million. Also, EPA awarded \$4.4 million in job training grants and about \$100 million in assistance to States and tribes.

Scope and Methodology

We conducted our evaluation from October 2004 to February 2005 and generally complied with *Government Auditing Standards*, issued by the Comptroller General of the United States (limitations are explained below).

Our general approach for answering the five questions was to request information from EPA for Fiscal Years 2003 and 2004. To address the overall objective, we attempted to identify benchmarks, or relevant points of comparison, to compare the EPA Brownfields program on factors, including administrative costs to implement and run a Brownfields program or similar grant program, conference attendance, and Brownfields grant workload. We interviewed officials in the Department of Housing and Urban Development regarding its Federal Brownfields program for possible comparison against EPA's Brownfields program, but were unable to use this program as a point of comparison because the program receives very little administrative resources and, with a staff of only two, has limited workload.

We also considered comparing EPA's Brownfields program to other Federal competitive grant programs (Brownfields and non-Brownfields) that the Office of Management and Budget has rated as effective, moderately effective, or adequate as a result of a Program Assessment Rating Tool review. Also, we tried to identify other EPA programs to use as benchmarks or points of comparison. However, we were unable to identify another Federal competitive grant program or similar EPA program that would have provided useful comparison.

We used information from six State Brownfields programs (Massachusetts, Michigan, New Jersey, Ohio, Pennsylvania, and Wisconsin) to benchmark a definition of Brownfields administrative costs. All six States we spoke to identified personnel costs (payroll and benefits) as components of their administrative costs. The States also identified travel, supplies, operating costs, legal costs, and outreach costs as administrative. We based our selection of States on a recommendation from the EPA Brownfields Program Director and a report by the National Association of Local Government Environmental Professionals that characterizes effective State Brownfields programs.

The Brownfields Environmental Programs and Management (EPM) appropriation funds activities that are most similar to the administrative activities States identified. EPM resources are allocated for costs associated with the implementation of the Brownfields program, including payroll and benefits,

travel, Working Capital Fund services, contracts, outreach support, data system and Web site management, grants, and other expenses (supplies, printing costs, equipment, rent, and utilities). The EPM appropriation also provides funding for some programmatic costs, such as programmatic contracts, grants and Working Capital Fund services.¹ Because some programmatic costs could not be separated from administrative costs, we evaluated all activities funded by the Brownfields EPM appropriation to identify options for costs savings.

Since we could not identify any benchmarks of administrative costs for comparison with EPA's Brownfields program, we evaluated how the program has managed and made use of its administrative resources. In addition, we considered the program's needs for certain administrative activities that we were specifically asked about (e.g., conferences) based on how the program has evolved and progressed since the Brownfields Act was signed in 2002. Specific steps we followed to answer each of the five questions are detailed below.

For Question 1, we asked OBCR to provide a list of Brownfields staff, including the type, function, and distribution of FTE data for all offices that received Brownfields resources. Information related to FTE allocation, type, distribution, and utilization was compiled and provided by OBCR and Office of the Chief Financial Officer (OCFO) and does not necessarily reflect all staff. Time charging and tracking information was obtained from OBCR.

For Question 2, we relied on data provided by OCFO and OBCR. OCFO provided data from EPA's Budget Automation System for the Agency's Enacted Operating Plan (the detailed budget approved by congressional appropriation committees each year). OCFO also provided obligations from EPA's Integrated Financial Management System for all offices that received resources in the Enacted Operating Plan (budget). OBCR provided data for the State and Tribal Assistance Grants (STAG) resources (Brownfields grant resources) obligated each year.

For Question 3, we used information provided by OBCR and EPA's Integrated Grant Management System. We also used OCFO payroll charging data for FY 2003 and 2004 to identify which appropriation funded the payroll for non-Brownfields EPA staff who manage Brownfields grants but who did not charge their time to Brownfields. We discussed contract information with OBCR during fieldwork and agreed that due to the resources required to provide detailed information about all the contracts it managed in FY 2003 and 2004, a general description of contracts would be acceptable. For this question, we focused on

¹ OSWER could not provide us with information on costs associated with all programmatic functions (e.g., personnel costs) because this information is not tracked. Early in our fieldwork, we informed the Agency that we were defining administrative costs of the Brownfields program as all costs funded by the EPM appropriation. We asked the Agency several times to define and provide data on the administrative costs of the Brownfields program, but this was not provided to us.

program contracts, which accounted for a large portion of overall contract dollars obligated (53% of contracts in FY 2003 and 98% in FY 2004).

For Question 4, we asked EPA to provide a list of EPA-supported Brownfields conferences, non-EPA-supported Brownfields conferences, and EPA-supported grants workshops and meetings, along with staff involved in the events and their responsibilities as planners, presenters, and/or attendees. Due to variations in the data received from EPA, we grouped the data in the form of EPA Brownfields-sponsored, other EPA-sponsored, and non-EPA-sponsored. Staff responsibilities were identified as attendee, participant, speaker, presenter, and more than one responsibility, or were not identified. The information provided included Brownfields and some non-Brownfields staff.

For Question 5, we obtained and analyzed the Region 10 FY 2000 Brownfields resources analysis, the FY 2003 regional staffing model, the FY 2005 regional workload model (staffing model), the FY 2005 options analysis, and other documents. We used this and other information to assess FTE resource allocation, distribution, and utilization rates.

We obtained information about the Brownfields program, including internal policy memos, guidance, and draft action plans, from EPA headquarters and regional officials. We interviewed various people within EPA, including staff in OSWER; OBCR; OECA; OCFO; Office of the Administrator/Office of Policy, Economics, and Innovation (OA/OPEI); and Office of Environmental Information (OEI). We also interviewed regional staff in all 10 regions to obtain regional perspectives of the Brownfields program.

In addition, we reviewed previous studies of the Brownfields program conducted by the EPA Office of Inspector General (OIG), including "Substantial Progress Made, But Further Actions Needed in Implementing Brownfields Program," (Report No. 2004-P-0020, issued June 21, 2004), and reports by EPA OIG and the Government Accountability Office about EPA's grants management. Also, the EPA OIG recently issued a report, "Brownfields Competition Process for Awarding Grants Complied with Act" (Report No. 2005-P-00009, issued March 7, 2005).

Limitations

We generally complied with *Government Auditing Standards*, but with limitations. We relied on the Integrated Financial Management System as the primary system for obligation data. An EPA OIG report, "EPA Needs to Improve Change Controls for Integrated Financial Management System" (Report No. 2004-P-00026, issued August 24, 2004) found "a general breakdown of security controls that could undermine the integrity of Integrated Financial Management System software libraries and financial system data." We also relied on the Integrated Grant Management System for grant data, and the Government

Accountability Office found inaccuracies in that system and recommended that EPA comprehensively review it to ensure the accuracy of the information in the system ("Grants Management: EPA Needs to Strengthen Efforts to Provide the Public with Complete and Accurate Information on Grant Opportunities," February 3, 2005). Also, we did not test internal controls, conducted limited work regarding fraud, and used Agency data without independent verification of the data.

Chapter 2

Answers to Five Questions

Following are discussions and answers to each of the five questions in the congressional request.

Question 1: What are the type, distribution, and function of all Brownfields FTE in EPA headquarters and regional offices, including how time is charged and tracked?

To support the Brownfields program, the type (title), distribution, and work function of FTE vary, reflecting the function of OBCR, the regions, and the following offices that support Brownfields: OECA, OEI, and OA/OPEI.

In FY 2003, the Agency allocated 127 FTE to the Brownfields program, including 89.2 to EPA regions and 37.8 to EPA Headquarters (22 to OBCR; 1 to the Office of Underground Storage Tanks (OUST); 5 to OECA; 5.8 to OA/OPEI; and .2 to OEI) and 3.8 FTE to Enabling Support Programs (ESPs).² Table 2-1 shows the distribution of staff by their title and location and estimated FTE for FY 2003. OBCR provided data on 227 staff that charged their time toward 123.2 FTE.

Table 2-1: Brownfields FTE Type/Title, Distribution and Estimated FTE* for FY 2003

Staff Type and Title	Headquarters Offices -FTE-	Regional Offices -FTE-	Total Estimated -FTE-
Director / Deputy Director / Branch Chief	2.24	1.62	3.86
Attorney / Legal Advisor	0.95	1.30	2.25
Workforce Strategist	1.12		1.12
Program Analyst	10.28	1.03	11.31
Environmental Protection Specialist / Program Specialist / Scientist / Engineer	13.31	82.18	95.49
Information Technology Specialist		0.11	0.11
Quality Assurance Coordinator		0.08	.08
Office Manager / Admin. Assistant/Clerk	1.09	2.94	4.03
Public Affairs Specialist		0.24	0.24
Chemist		2.06	2.06
Other (Contract Specialist, Economist, Toxicologist, Information Officer, Geologist etc.)		2.65	2.65

* FTE estimates are based on utilization data and may not equal total FTE per office.

² We did not evaluate the FTE that were allocated to ESPs because they were indirectly charged to Brownfields. As part of the Agency's five-goal structure implemented in FY 2004, support programs (e.g., Office of General Counsel and Office of Acquisition and Resources Management, among others) no longer have their own goals, but instead are allocated to EPA's five goals. ESP charges are spread across EPA's five goals and periodically are allocated back (e.g., to Brownfields) for financial statement purposes.

Brownfields staff perform a broad range of roles and responsibilities to address the workload in OBCR, the regions, and other EPA offices. Brownfields staff perform: supervision; review of competing grant applications and proposals; contract management; budget coordination, oversight, management and analysis; project coordination and management; grants management (Project Officer); legal counsel; program and policy development and implementation; environmental justice support; community involvement; analytical services support; administrative support; quality assurance reviews; and information technology support, among others.

OBCR is the lead office for managing the Brownfields program, and is responsible for:

- Developing all Brownfields-related policy;
- Overseeing the grant selection and award process;
- Coordinating with other agencies on their redevelopment programs;
- Serving as a liaison with States and other EPA offices;
- Serving as the primary Agency co-sponsor of the annual Brownfields conference;
- Overseeing the OSWER Brownfields budget, including distribution of funds to the 10 regional offices; and
- Managing training, research, and technical assistance grants provided to nonprofit entities for all socio-economic Brownfields research.

Each region reviews and ranks grant applications for assessment, cleanup, and revolving loan fund for its own region and as part of the nationwide grant selection and competition process. Regions also review and rank applications for job training grants. In addition, Brownfields staff in the regions manage Brownfields grants and provide technical support and outreach to grant recipients, communities, States, and tribes.

OECA (as well as the Office of General Counsel) staff implement Brownfields enforcement provisions, and consult with Brownfields program staff on grant eligibility issues. In addition, OECA staff develop Brownfields policy actions, provide regional support, and participate in drafting guidance documents. OPEI staff assist with smart growth redevelopment, and manage projects and grants. OEI staff provide regional technical support for the development of automated data processing systems.

Brownfields program staff followed the Agency's policies and procedures for time and attendance. For each pay period, OBCR staff at headquarters and the regions submitted a timesheet to a timekeeper and supervisor. EPA uses the Employee Personnel and Payroll System and the Combined Payroll Redistribution and Reporting System to document time and attendance. EPA tracks time charged to the OBCR account using the Budget Automation System, Management

and Accounting Reporting System (MARS), and Combined Payroll Redistribution and Reporting System. Acquisition and Resources Management Support reviewed the payroll reports for OBCR to track and manage time charged to the OBCR Brownfields account.

Question 2: What is the complete budget breakdown for all Brownfields functions for EPA headquarters and regional offices?

EPA's Brownfields budget included resources from two appropriations: the EPM appropriation and the STAG appropriation. EPM resources (referred to as administrative resources) fund the costs of implementing the program and STAG resources (referred to as grant resources) fund targeted Brownfields assessments and grants to eligible entities for Brownfields activities. EPA budgeted a total of \$166.6 million in FY 2003 and \$167.6 million in FY 2004.

EPM resources (administrative resources) were allocated to EPA offices to cover program implementation costs, including:

- Payroll and benefits;
- Travel;
- Working Capital Fund services;
- Contracts (communications and outreach support, including the annual Brownfields conference);
- Grants (awarded for surveys, studies, research and development, and the Senior Environmental Employment program); and
- Other expenses (supplies, printing costs, equipment, rent, and utilities).

In FY 2003, OSWER, OECA, OA/OPEI, OEI, OCFO, Office of Administration and Resources Management (OARM), and Office of General Counsel (OGC) received Brownfields administrative resources. In FY 2004, OSWER, OECA, OA/OPEI, and OEI received Brownfields administrative resources.³ OBCR and regions distributed grant resources. Tables 2-2 and 2-3 show administrative and grant resources budgeted and obligated by headquarters and regional offices in FY 2003 and 2004.

Table 2-2: FY 2003 Brownfields Budget and Obligations

FY 2003	Administrative Resources		Grant Resources	
	Budget	Obligations	Budget	Obligations
Headquarters	\$17,411,500	\$12,951,163	\$9,240,913	\$6,335,767
Regions	\$9,611,500	\$8,719,987	\$130,355,887	\$125,949,539
Totals	\$27,023,000	\$21,671,150	\$139,596,800	\$132,285,306

³ In FY 2004, as a result of the Agency's change to a five-goal structure and the creation of ESPs, OCFO, OARM, and OGC did not charge directly to the Brownfields program.

Table 2-3: FY 2004 Brownfields Budget and Obligations

FY2004	Administrative Resources		Grant Resources	
	Budget	Obligations	Budget	Obligations
Headquarters	\$15,206,400	\$8,536,303	\$10,480,414	\$5,105,026
Regions	\$9,732,100	\$9,943,581	\$132,166,186	\$123,813,750
Totals	\$24,938,500	\$18,479,884	\$142,646,600	\$128,918,776

During FY 2003, headquarters and regions obligated 95 percent (\$132.3 million) of grant resources and 80 percent (\$21.6 million) of administrative resources budgeted. During FY 2004, these offices obligated 90 percent (\$128.9 million) of grant resources and 74 percent (\$18.4 million) of administrative resources budgeted.

Question 3: What are the grant and contract management and oversight responsibilities for EPA headquarters and regional offices, including associated workload?

Grant Management Responsibilities and Workload

Both OBCR and regions manage and oversee Brownfields grants. These offices work with EPA's Grants Management Office to approve, award, and manage grants. For Brownfields grants, OSWER ensures grants meet scientific, technical, and programmatic requirements. The Grants Management Office is responsible for cradle-to-grave administration of grants. We did not examine whether headquarters or regional officials fulfill all grant management responsibilities or whether grant management is of sufficient quality.

The Project Officer plays a key role in ensuring the proper expenditure of grant funds and is designated in the assistance agreement as the program contact with the recipient. Also, the Project Officer is responsible for ensuring the Brownfields grant meets scientific, technical, and programmatic requirements. The Grants Specialist is EPA's administrative contact with the grant recipient and provides administrative guidance and direction.

Workloads vary across offices. OBCR manages training, research, and technical assistance grants, which are provided to non-profit entities for all socio-economic research related to Brownfields. The 10 regions manage assessment, cleanup and revolving loan fund grants, job training, and the State and Tribal Response Program grants. Table 2-4 shows the number of active Brownfields grants managed by office.

Table 2-4: Workload Associated with Active Brownfields Grants (from 2/03 to 1/05)

Region / Office	No. of Project Officers *	Total Grants Managed	Average No. of Grants per Project Officer
OBCR	12	21	1.8
Region 1	9	91	10.1
Region 2	7	43	6.1
Region 3	9	35	3.9
Region 4	10	47	4.7
Region 5	7	119	17.0
Region 6	7	36	5.1
Region 7	11	32	2.9
Region 8	8	50	6.3
Region 9	17	79	4.6
Region 10	11	50	4.5
Total	108	603	5.6

We could not evaluate the significance of headquarters and regional differences in grants managed per Project Officer. There is no indicator, baseline, or standard for the number of grants that could be managed per Project Officer in the Brownfields program or any other EPA competitive grant program. Currently, EPA is analyzing the grants management workload to determine the most efficient use of existing resources.

Some regional Brownfields staff are concerned about the Brownfields program workload. We reported in 2004 that EPA was resource constrained and “overwhelmed” when implementing the Brownfields program in 2003.⁴ During this review, we interviewed staff from all 10 regions, and staff in 4 of the regions expressed concerns about the workload and doing all the tasks that are necessary or required. When asked how the region would employ additional staff, 5 of the 10 regions indicated they would perform more grant management activities and/or do a better job managing grants. One region reported that it cannot ensure that grantees are in compliance because its staff cannot meet with grantees or tribes (i.e., perform site visits).

We also reported in 2004 that the work required to select grantees and award grants reduced EPA’s ability to oversee existing Brownfields projects and that OBCR had reduced the two-step application process to a single-step application for FY 2004. While we did not assess the impact of the application review process on grants management responsibilities, some regions indicated that the review process is still time-consuming. In one region, staff stated they “spend 100 percent of their time on the competition process for 3-4 months a year to the detriment of grants management.” OBCR explained that in an effort to reduce the

⁴ EPA OIG Report No. 2004-P-0020, *Substantial Progress Made, But Further Actions Needed in Implementing Brownfields Program*, June 21, 2004.

workload involved with reviewing grant applications, it worked with regions to streamline the process in FY 2005.

Contract Management Responsibilities and Workload

OBCR Project Officers and Work Assignment Managers follow the procedures for contract management and oversight outlined in the Agency's Contract Management Manual. OBCR typically prepares the annual funding package, which includes a procurement request, in early August. In addition, Project Officers and Work Assignment Managers evaluate work plans; monitor contractor performance by reviewing progress reports; and track, inspect, and accept or reject contractor deliverables. OBCR stated that if a product is not adequate, it reassesses the work assignment or sends the product back for additional work. Almost all OBCR contracts are "best effort contracts," meaning if the product is delivered on time and as described in the contract, then the work is accepted.

OBCR manages several contracts for EPA's Brownfields program. These contracts support communication and outreach efforts, the grant application process, records management, Web site development, and training contractor support. Regions manage Interagency Agreements with the U.S. Army Corps of Engineers and other contractors who perform targeted Brownfields assessments.

Question 4: What are the number and type of annual Brownfields conferences and meetings held, including FTE usage, attendance, and responsibilities?

We identified over 480 conferences and meetings in the FY 2003 and 2004 data provided by OBCR. Attendance at nearly every conference and meeting included less than 10 Agency personnel. EPA does not separately track travel costs or other expenses individually for conferences and meetings. This limited our ability to analyze this data for potential savings.

We classified conferences and meetings into two general categories: (1) EPA Brownfields-sponsored and (2) "Other," which includes other EPA-sponsored and non-EPA-sponsored. We classified 189 conferences and meetings as EPA Brownfields-sponsored. Most of these conferences and meetings were conducted or attended by regional staff. Table 2-5 shows the distribution of Brownfields-sponsored meetings and conferences.

Table 2-5: EPA Brownfields-Sponsored Meetings and Conferences*

No. of Agency Personnel in Attendance	No. of Meetings and Conferences Identified by Regions	No. of Meetings and Conferences Identified by Headquarters	Total No. of Meetings and Conferences
1 to 4	124	51	175
5 to 9	4	0	4
10 or more	8	2	10
Total	136	53	189

* Table includes 9 conferences and meetings which more than one Region/Headquarters Office attended. OECA data not included because data was not in the form requested.

The largest EPA Brownfields-sponsored conference is the annual Brownfields conference, and is included as an example of our findings. OBCR budgeted over \$2.7 million in FY 2004 for this conference and more than 4,500 people attended. OBCR provided data indicating 116 EPA staff (most were Brownfields staff) attended the 2004 conference. Of these staff, 50 percent stated their role was attendee. Staff time spent planning the annual conference is not tracked by OBCR.

Besides the annual Brownfields conference, other examples of EPA Brownfields-sponsored meetings and conferences include annual regional grant outreach workshops, and meetings to develop the All Appropriate Inquiry rule.

We classified the remaining conferences and meetings as "Other." Examples of non-EPA-sponsored conferences and meetings include the National Association of Local Government Environmental Professionals meeting, the National Brownfields Association conference, and the Wild Life Habitat Conference. Examples of other EPA-sponsored meetings include the Office of Underground Storage Tank National Conference, and the National Site Assessment Conference. Table 2-6 shows the distribution of Other meetings and conferences.

Table 2-6: Other Meetings and Conferences*

No. of EPA Attendees	No. of Meetings and Conferences Identified by Regions	No. of Meetings and Conferences Identified by Headquarters	Total No. of Meetings and Conferences
1 to 4	183	129	312
5 to 9	5	0	5
10 or more	0	0	0
Total	188	129	317

* Table includes 5 conferences and meetings which more than one Region/Headquarters Office attended. OECA data not included because data was not in the form requested.

Question 5: What is the workload model utilized by the Brownfields program, including the parameters used, the origin of the parameters, and how the workload model is used for budgeting and allocation functions?

To determine where Brownfields FTE should be placed, EPA prepared a regional workload model (regional staffing model) for FY 2003 – the first year of the program's national authorization. EPA used the regional staffing model to distribute FTE to the regions only, because the staffing model does not include a plan to distribute FTE to headquarters offices (OBCR, OECA, OA/OPEI, OEI). The distribution of FTE to EPA headquarters offices is based on historical allocations.

The FY 2003 regional staffing model was based on a FY 2000 Brownfields staffing plan. This plan was developed to address the needs of the Brownfields pilot program, beginning with a core of FTE that was increased based on presumed complexities, such as number and types of grants, tasks, and functions associated with activity factors. The resource plan identified 30 tasks and core activities considered necessary to run the Brownfields program, and estimated a range of FTE necessary to complete each of the 30 tasks. The activity factors included: 1) the number of assessment and job training pilots per region, 2) the number of revolving loan fund pilots per region, 3) the number of States and territories per region, and 4) the number of (proposed) targeted Brownfields assessments per region.

In response to a recommendation in our 2004 report to evaluate workload and FTE distribution, EPA developed a FY 2005 regional staffing model and FY 2005 options analysis. According to OBCR, activity factors were updated to reflect the number of grants awarded through FY 2003, including the number of cleanup grants awarded, the number of revolving loan fund grants and the number of grant applications received in FY 2004.

While OBCR's updates to its Brownfields staffing plan are good progress, additional updates are needed. EPA has not updated the core activities, including the 30 tasks, with new staff responsibilities, such as additional State and tribal outreach efforts, and new Agency policies related to ongoing grant management activities. For example, EPA developed a comprehensive post-award management policy effective in January 2003, including requirements for pre-award assistance to grantees and performance of baseline monitoring, which has not been factored into the regional staffing model.

Chapter 3

Obstacles Impact EPA's Ability to Effectively Manage Brownfields Resources

EPA's management of Brownfields program resources is challenged by policies and organizational impediments. The authority for Brownfields resources is dispersed across numerous headquarters and regional offices, impeding close alignment and oversight. As a result, EPA does not consistently define and track Brownfields costs, and staff resources can not be accounted for and efficiently utilized. Specific impacts include: (1) EPA does not know what its administrative costs are, as the responsible offices do not track costs according to an agreed-upon definition of administrative costs; (2) not all FY 2003 administrative resources could be explained; (3) EPA financial managers and Brownfields program managers report different costs for some Brownfields contracts; (4) EPA uses an incomplete and outdated staffing model to allocate Brownfields resources; (5) EPA offices do not efficiently utilize staff resources; and (6) EPA does not account for the program work of non-Brownfields staff. The obstacles we identified prevent EPA from adequately accounting for Brownfields resources and effectively managing the Brownfields program for performance.

Brownfields Costs Are Not Consistently Defined and Tracked

EPA offices use different definitions of Brownfields administrative costs, preventing the Agency from accurately identifying and accounting for its administrative costs. OCFO, which manages the Agency's accounting system, defines administrative costs differently than OBCR. OCFO includes all payroll costs as administrative, regardless of whether the activity is purely administrative or not. Contrary to their assertions, OBCR does not define administrative costs – specifically personnel costs – consistently with Agency policy. OBCR has stated repeatedly that while it follows Agency-wide practice and adheres to the Agency's definition of administrative costs, it considers Brownfields regional staff costs to be programmatic costs; therefore, OBCR does not follow Agency policy regarding administrative costs. The lack of an agreed-upon definition of administrative costs prevents EPA from identifying and analyzing these costs.

EPA does not track Brownfields administrative and programmatic payroll costs separately, which prevents the Agency from identifying these costs and effectively managing them. Although OCFO stated that there are systems available to track payroll costs according to administrative and programmatic costs, neither OSWER, the primary program management office for Brownfields, nor OCFO track these costs separately. Payroll costs accounted for 49 percent of total administrative costs in FY 2003 and increased to 64 percent of total administrative costs in FY 2004.

In our analysis of Brownfields administrative and programmatic costs, we reviewed allocated resources for FY 2003 and 2004. We were unable to fully describe the FY 2003 Brownfields resources because it is unclear how \$310,030 in FY 2003 Brownfields administrative resources was used.⁵ OCFO explained that the \$310,030 was reprogrammed out of the Brownfields sub-objective. Although we asked for clarification and data on several occasions, clear and sufficient evidence to support this explanation was not provided to us.

In addition, OCFO and OBCR reported different costs for program contracts obligated in FY 2004 (program contracts accounted for 98% of all contracts obligated that year). OBCR provided information to us it had pulled from EPA's Management and Accounting Reporting System (MARS) and reported that it only spent \$1,464,400 on program contracts in FY 2004. However, OCFO's data from EPA's Integrated Financial Management System showed that OBCR had obligated \$4,759,640 on program contracts. OBCR did not agree with OCFO's data until OSWER provided official comments on our draft report. This lack of alignment and agreement among the EPA offices responsible for managing Brownfields resources is an obstacle to managing the program for performance and accountability.

Brownfields Staff Resources Are Not Efficiently Utilized or Accounted For

EPA's management tools and dispersion of authority for Brownfields prevent the Agency from effectively allocating, utilizing, and accounting for staff resources. EPA's regional staffing model is based on outdated assumptions, and there is no model for distributing resources to EPA headquarters. Some Brownfields staff resources are underutilized while others are overutilized. In addition, work conducted by dedicated Brownfields staff does not fully account for all work on the program. The inability to fully account for staff costs and needs presents obstacles to managing the Brownfields program for performance and results.

Staffing Model Is Not Effective

EPA's current regional staffing model is based on FY 2000 Brownfields workload assumptions, and there is no model for the distribution of FTE to EPA headquarters offices. While the Brownfields workload has evolved since FY 2000, the regional staffing model does not reflect current tasks, workload conditions, and other parameters. Based on a conservative workload identified by OBCR, the change in FTE – using current workload assumptions – could range from 17 percent fewer staff (1.7 staff) to 22 percent more staff (2.7 staff) in specific regions. Because some regions have few FTE, for example Region 10 is allocated 6.3 FTE, a change in 2 or 3 FTE could be significant. In addition, while EPA headquarters accounts for about 30 percent of all Brownfields FTE, these

⁵ EPA carried over \$5,351,850 in FY 2003 administrative resources and in FY 2004, EPA obligated all of the carryover except for \$310,030.

FTE are distributed according to historical allocations instead of using a staffing model.

The utilization rates of all staff working on and/or charging time to Brownfields is an indicator of the effectiveness of FTE distribution. Where the utilization rate is below 100 percent, existing FTE capacity is not being used. Where the utilization rate is above 100 percent, the region has exceeded its distributed FTE capacity. Under the current workload model, utilization rates varied across regions:

- In FY 2003, 2 of the 10 regions exceeded their FTE allocation. For example Region 3 used 21 percent more staff than allocated.
- In FY 2004, 5 of the 10 regions exceeded their FTE allocations. For example, Region 9 used 10 percent more staff than allocated.

Also, some regions did not use all the FTE they were allocated. In FY 2003, Region 4 used 35 percent less than its allocated staff, and in FY 2004, Region 4 used 18 percent less than its allocated staff. As shown in Table 3-1 below, FTE utilization by OECA, OEI and OA/OPEI was below what was allocated.

Table 3-1: Other EPA Offices' Allocation and Utilization of FTE for FY 2003-2004

Program Office	FTE Allocation	FY 2003 FTE Utilization	FY 2003 Utilization Rate	FY 2004 FTE Utilization	FY 2004 Utilization Rate
OECA-HQ	1.0	0.6	60.0%	0.6	60.0%
OECA-Regions	4.0	0.5	12.5%	2.2	55.0%
OEI-Regions	0.2	0.1	50.0%	0.0	0.0%
OA/OPEI-HQ	5.8	4.2	72.4%	5.0	86.2%
Total	11.0	5.4	49.0%	7.8	70.9%

According to OSWER, the Brownfields program could not make full use of the new statutory opportunities for hiring additional personnel until funds became available thereby affecting utilization of FTE.⁶

⁶ OSWER indicated that during the first year of the program, EPA operated at FY 2002 funding and FTE levels until May 2003, when FY 2003 funding became available. OSWER stated that due to the delay in funding, the Brownfields Program could not fully use its resources in FY 2003.

Program Work of Brownfields and Non-Brownfields Staff Is Not Accurately Accounted For

OA/OPEI did not charge the salaries of some of their Brownfields staff to Brownfields accounts during FY 2003 and 2004. This could compromise management's ability to determine the overall level of effort applied to the program and make informed changes in how these resources are managed. It is unclear whether the coding errors that caused this situation would have been identified if it were not for our evaluation because there is not close alignment or agreement among offices with responsibility for Brownfields resources. In this case, we were serving to marshal and align the information from multiple EPA offices and, therefore, uncovered the problem.

Also, EPA headquarters and regional offices indicated that time charged by Brownfields staff does not accurately reflect all work being done to implement the program. OCFO and OBCR were unable to account for all staff doing work for the Brownfields program. From interviews in the regions, we learned that staff from other EPA programs, and another federal agency, worked on Brownfields, but did not charge their time to the program. This included staff from the following EPA offices and one federal agency:

- Office of the Administrator
- Office of Underground Storage Tanks
- Office of Water
- Office of Superfund Remediation and Technology Innovation
- Resource Conservation and Recovery Act
- Agency for Toxic Substances and Disease Registry

Assistance from these offices and agency included reviewing grant applications, workplans, site evaluations and assessments, as well as efforts related to environmental justice and community relations.

In addition, other EPA staff assisted with the management of Brownfields grants. Twenty-four percent (26 of 108) of Brownfields Project Officers were not Brownfields staff and did not charge their time to Brownfields in either FY 2003 or 2004. These Project Officers manage 30 percent (181 of 603) of all active Brownfields grants. OCFO was unable to identify all the programs to which the 26 staff charged their time. Eight staff charged all their time to Superfund, three staff charged all or some time to Leaking Underground Storage Tanks, and other staff charged to the Resource Conservation and Recovery Act, Water, or the Office of the Administrator.

We are concerned about the program work non-Brownfields staff perform because: (1) OBCR stated that the main function of Brownfields regional staff is to manage grants; and (2) we observed that in every region with non-Brownfields staff functioning as Brownfields Project Officers, there are Brownfields staff that

are not Project Officers.⁷ OBCR stated that Project Officer duties have been assigned to other personnel because the grants managed by each region continue to increase while the Brownfields workforce has remained static. Because the program work performed by non-Brownfields staff is not accounted for (staff do not charge Brownfields), management is unable to accurately determine the overall level of effort applied to the program and identify staffing needs.

Conclusions

In a complex program like Brownfields, close alignment of offices that support the program, and produce cost and performance data, could help EPA manage the program more effectively. Headquarters and regional offices either follow different policies and procedures or implement rules inconsistently, which is an obstacle to managing the program for performance and achieving the environmental goals and results Brownfields resources are provided for. The inability to fully account for staff resources limits EPA's ability to accurately account for Brownfields program costs, while the use of non-Brownfields staff to support the program and over or underutilization of staff suggests challenges with staff resource management or estimation of staffing needs. With better alignment, Brownfields program and financial managers marshal information to accurately account for program costs, select alternative actions to achieve program goals, and establish a measurement system to determine whether the program is achieving its goal and spending resources efficiently.

Recommendations

We recommend that the Deputy Assistant Administrator for OSWER, with assistance from other accountable Assistant Administrators, as appropriate:

- 3-1 More closely align themselves in support of an accountable entity to effectively distribute, manage, account for, and optimize Brownfields resources, consistent with program needs and goals.
- 3-2 Define the costs associated with Brownfields administrative and programmatic payroll functions, and establish a system that would allow identification and tracking of these costs, as a first step to effectively managing these costs.
- 3-3 Provide supporting data and documentation that clearly shows that the \$310,030 in FY 2003 administrative resources was used on Brownfields activities by the end of FY 2004.

⁷ We did not determine why some regional Brownfields staff are not certified Project Officers and managing these Brownfields grants.

- 3-4 Revise the regional staffing model parameters to support current workload and associated tasks, develop a workload model for allocation of Brownfields headquarters staff, and develop and communicate a clear and consistent schedule for regularly updating the workload models.
- 3-5 Evaluate regional Brownfields staff that are not Project Officers to determine how many of these staff should become certified. Complete appropriate certifications.

Agency Comments and OIG Evaluation

The Agency did not address all our findings and recommendations and disagreed with our analysis in several cases. EPA did not provide clarification and data to support their positions on our analysis. The Agency's complete response and our evaluation of that response are included in Appendix A. We made changes to the report as appropriate.

Our draft report contained a recommendation to evaluate unused Brownfields administrative resources on an annual basis to (1) redirect or reprogram them for obligation on an appropriate Brownfields activity, or (2) reduce the Brownfields administrative budget based on the amount not used each fiscal year. OSWER stated that it currently examines resources in the EPM account and performs reprogrammings as necessary throughout each fiscal year and expressed concerns that our draft report did not reflect the nature of EPM funding as two-year funding which allows funds from one year to carry over for use in the second year. We have revised the report to reflect this and encourage EPA to continue to monitor the use of Brownfields administrative resources on an annual basis to ensure carryover funds are used for Brownfields activities and within the two-year time period. However, because OSWER did not provide clear or sufficient evidence to demonstrate that \$310,030 of FY 2003 administrative funds were obligated on Brownfields activities by the end of FY 2004, we recommend that OSWER clarify how these funds were used.

We revised a recommendation to evaluate the sufficiency of staffing and FTE levels at regional, headquarters, and other EPA offices, and develop and communicate a clear and consistent schedule for regularly evaluating a new workload model.

In our draft report, we recommended that OSWER evaluate the appropriateness of other EPA staff functioning as Project Officers for Brownfields grants and determine if additional staff should become certified Project Officers. We revised the recommendation to be more specific.

Chapter 4

EPA Should Evaluate Brownfields Conference and Meeting Outreach

EPA has not determined the appropriate resources to devote to Brownfields conferences and meetings. Each year, EPA devotes significant financial and personnel resources – not all of which are tracked separately – to Brownfields outreach, without establishing the return on investment. By holding the annual Brownfields conference every other year and attending fewer meetings and conferences, EPA could potentially save \$2.7 million every other year and avoid lost staff time working on the conference.

EPA Could Reduce the Frequency of the Annual Brownfields Conference and Other Conference Attendance

EPA could potentially save \$2.7 million every 2 years by holding the Brownfields conference only every other year. OBCR budgeted \$2.6 million in FY 2003 and \$2.7 million in FY 2004 in contracts for the annual Brownfields conference.

The annual Brownfields conference, as well as other conferences and meetings, addresses one of the four primary goals of the Brownfields program. The four main goals that EPA Brownfields program provides financial and technical assistance for are:

- Protecting the environment by addressing Brownfields to ensure the health and well-being of America's people and environment;
- Promoting partnerships by enhancing collaboration and communication essential to facilitate Brownfields cleanup and reuse;
- Strengthening the marketplace by providing financial and technical assistance to bolster the private market; and
- Sustaining reuse by redeveloping Brownfields to enhance a community's long-term quality of life.

We believe the Brownfields conference primarily meets the second goal. EPA co-sponsors the annual Brownfields conference and described the 2004 conference as a leading educational and networking event, focused entirely on Brownfields. The final evaluation report on the Brownfields 2003 conference identified that "by most accounts the conference was a success and participants found the various events, educational opportunities, and networking to be beneficial." This report also stated that past attendees mentioned "networking" in some form as one of the greatest benefits to the conference.

OBCR does not track the amount of time spent planning the Brownfields conference, but we were told that planning for this event takes time away from other work. The host region for the 2005 conference (Region 8) reported that time would be spent planning the conference with no additional resources being provided. The host region is responsible for all planning and coordinating efforts, including the outreach and marketing efforts for all the regions and States, as well as regional media and press efforts. With some regional staff already reporting concerns with their workload, the additional task of planning the annual Brownfields conference will add to the workload of the host region and delay other work.

EPA could also reduce attendance at other conferences and meetings to reduce administrative costs. Brownfields staff attend a wide variety of conferences and meetings that are not mandated by the Brownfields Act. Of the remaining conferences and meetings identified, there was wide variation in the type of events and staff attendance at them. Based on data provided by the Agency, attendance at nearly all of the conferences and meetings was fewer than 10 Agency personnel. OBCR stated that none of the conferences or meetings are mandated, and that the Brownfields Act does not require EPA to conduct or attend any meeting.

OBCR stated that EPA does not track travel and other costs for each individual conference and meeting separately, so the financial and workload impacts of outreach are unknown. OBCR stated that it believes that the Brownfields program would hardly be successful without outreach and meetings. We agree that outreach is important to facilitate awareness and participation in the program. However, Brownfields program activities have been ongoing since 1995 when the pilots began. It has been a showcase EPA program since its authorization in 2002, receiving support and attention from the President and EPA Administrators. Evidence suggests that awareness of the program is already established. For example, in FY 2004, the program received 756 Brownfields proposals requesting funding; nearly three times the amount of proposals that were selected to receive grants. In FY 2005, the program received 673 proposals requesting funding.

Conclusions

Though EPA has not determined the appropriate resources to devote to Brownfields outreach, significant financial and personnel resources are expended on conferences and meetings. Since outreach via meetings or conferences is not mandated by the Brownfields Act, and because these efforts take staff time away from doing other program work, we feel an analysis of these efforts offers the potential to identify savings.

Recommendations

We recommend that the Deputy Assistant Administrator for OSWER, with assistance from other accountable Assistant Administrators, as appropriate:

- 4-1 Hold the annual EPA-sponsored Brownfields conference once every two years rather than annually.
- 4-2 Develop a process to evaluate and prioritize each conference and meeting and determine which conferences or meetings Brownfields staff need to attend to implement the Brownfields program.

Agency Comments and OIG Evaluation

The Agency did not clearly agree or disagree with these recommendations, but disagreed with parts of our analysis. However, OSWER did agree to conduct a thorough cost-benefit analysis of the annual Brownfields conference. OSWER stated that a Brownfields Program Priorities Memorandum is under development that will require each region to evaluate and determine the best methods of outreach in that region. OSWER stated that it will continue to stress the need for EPA offices to look for strategies and cost effective opportunities with respect to Brownfields staff attendance or participation in conferences and meetings.

Agency Response to Draft Evaluation Report

MEMORANDUM

SUBJECT: Inspector General's Evaluation Report entitled Opportunities Exist to Improve Management of Brownfields Administrative Resources. Assignment No. 2005-00073.

FROM: Thomas P. Dunne,
Deputy Assistant Administrator
Office of Solid Waste and Emergency Response

TO: Kwai Chan
Assistant Inspector General for Program Evaluation
Office of the Inspector General

I am transmitting the Environmental Protection Agency's (EPA) response to the Office of Inspector General's (OIG) Evaluation Report entitled Opportunities Exist to Improve Management of Brownfields Administrative Resources. (Assignment No. 2005-00073.) The OIG was asked to conduct this review in response to a congressional request to evaluate the administrative and program costs being used to carry out the Brownfields program and identify options to reduce administrative costs.

The Office of Solid Waste and Emergency Response (OSWER) has concerns with the report's recommendations and conclusions. OSWER believes the OIG draft report does not take into consideration the challenges presented in implementing the Small Business Liability Relief and Brownfields Revitalization Act (the Brownfields law) in the first two years following its passage. In addition, we feel strongly that OIG needs to recognize the constraints imposed by the timing of the receipt of appropriations for the program. For example, the enactment of the Brownfields Law on January 11, 2002, but did not carry with it Fiscal Year (FY) 2002 funding. The changes created by the Brownfields Law resulted in a shift in the FY 2003 appropriations from the Superfund account to the EPM account. In addition, the program was constrained by operating under a Continuing Resolution for FY 2003. This meant that the program was restricted to using Superfund appropriations at the same funding and FTE levels that had been received in FY 2002. The program was not funded at the increased levels provided in the statute using both Environmental Program & Management (EPM) and State and Tribal Assistance Grants (STAG) funds until Congress passed an appropriations law for FY 2003 in February of 2003. And, an operating plan for the Agency was received in late May 2003.

Regional and Headquarters offices that had previously charged only Superfund appropriations were required to put in place new accounts. In addition, to delay from funding availability and the hiring and merit promotion procedures, the Brownfields program could not

fully utilize the new FTE ceiling in the remaining months of FY 2003. Consequently, in its first year, the Brownfields program could not make full use of the new statutory opportunities for hiring additional personnel, process funding documents to provide additional contracts, or engage in other technical work until the funds became available.

The draft OIG report does not take into account the nature of the EPM funding as two-year funding which allows funds from one year to carry over for use in the second year. The draft report makes recommendations regarding the "unused" carryover funds, and seems to recommend returning to one-year funding for the Brownfields program. This would not be consistent with the direction provided to EPA when Congress created the EPM account. For example, the FTE ceiling for the Regions, changed from approximately 59 FTE to 102 FTE; however, in accordance with the two-year funding available for EPM accounts, OBCR and the Regions have the spending flexibility needed to use carryover funding in the following fiscal year and address funding lags. OSWER in partnership with OCFO believes it now has in place sufficient tools to ensure that implementation of all aspects of the Brownfields law and its appropriations are used efficiently and effectively.

Finally, OSWER is concerned that the draft report repeatedly advises OBCR and OSWER to exceed the scope of their respective authority and to adopt definitions and systems of accounting that are outside of the Agency-wide systems, definitions and procedural norms. The draft report equates "administrative costs" with funding in the EPM account. This is inaccurate and not consistent with the definition of the EPM account provided to EPA in the 1996 Appropriations Conference Report. The Office of Chief Financial Officer (OCFO) provided OIG with information on those FY2003 and FY2004 expenditures for the Brownfields Program that meet the definition of administrative costs in the Agency's Funds Control Manual. However, OSWER strongly believes that the majority of the HQ and regional FTE perform programmatic functions such as conducting grant evaluation, competition, management, outreach, tribal, and environmental justice activities. The Agency's Resources Management Directives Manual requires that "obligations that cannot be segregated, justified, and directly charged to a programmatic object class will still have to be charged to an administrative object class. Thus, in transitioning from the Superfund account all PC&B and travel expenses for all media and programs of the Agency, except Superfund, LUST, Oil Spills, and the OIG must be paid for out of EPM. The Brownfields program is limited to either EPM or STAG appropriations to carry out its program. The draft report does not distinguish our programmatic activities from administrative costs and the entire EPM account.

The Agency's specific comments are arrayed under each of the seven recommendations made. We have also added a separate listing of miscellaneous comments. Thank you for the opportunity to review the OIG draft report. We hope the OIG will give serious consideration to the comments presented.

EPA - OSWER Responses to OIG Recommendations

OIG made seven recommendations. OSWER and other offices have specific concerns with the findings, conclusions and recommendations.

Recommendation #1

OIG recommended the Deputy Assistant Administrator for OSWER "have greater control over distributing Brownfields resources based on program needs, and track, manage and optimize Brownfields administrative resources consistent with goals.

EPA Response: The draft OIG report appears to recommend that OSWER exercise control over the distribution of all brownfields resources and track, manage, and optimize Brownfields administrative resources. This is not consistent with how resources and programs are managed across the Agency. OSWER feels strongly that the resources provided to other offices further the goals of the Brownfields program.

For example, the work performed by the Office of Enforcement and Compliance Assurance (OECA) as well as the Office of General Counsel (OGC) are highly necessary to the implementation of the grants program and implementation of Subtitle B of the Brownfields law. OECA, for example, is the primary EPA office responsible for implementing the Brownfields Amendments that relate to enforcement, and provides a critical consultation role, pursuant to the Delegation of Authority 14-45, to the Brownfield program on Brownfield grant eligibility issues. OECA implements the many enforcement and liability related provisions of the Superfund statute, including the Brownfields Amendments provisions related to, for example, the liability of contiguous property owners and bona fide prospective purchasers, and the ability of EPA to obtain a windfall lien at certain remediated sites.

The Brownfields Amendments also created a grants program that requires an assessment of the enforcement activities, and the potential liability of applicants, at sites. The Administrator's Delegation of Authority 14-45 requires that OECA headquarters staff and regional enforcement personnel must be consulted with by the Brownfield program on the Brownfield grant eligibility determinations. This consultation role provides OECA/Office of Site Remediation Enforcement (OSRE) and the regional enforcement personnel a critical process for ensuring that Brownfield grant eligibility decisions, recommendations, and policy do not negatively impact EPA Superfund enforcement authorities, policy and activities. Shifting the responsibility for evaluating the sufficiency of, and managing the resources for, headquarters and regional enforcement personnel out of OSRE, impedes the ability of OECA and the Regions to meet these important requirements. In addition, it is unclear that such a shift would provide any significant improvement to Brownfields administrative resources management.

Finally, OSWER believes that the work done by the Office of Planning, Economics and Innovation (OPEI) contributes greatly to the planning functions for smart growth redevelopment. Initially, when management of the Policy Office's FTE and PC&B, including the Brownfields resources was centralized in the Office of the Administrator, a number of problems were created

including reduced utilization of OPEI's brownfields FTE in FY 2003 and FY 2004. (P16.) The problem was a coding issue that was not caught and addressed until recently. The problem has now been fixed. In FY 2005, the Agency is projecting almost full utilization of those FTE by OPEI: 5.6325. The FY 2004 and FY 2005 data should not be interpreted as OPEI not valuing and needing their Brownfields FTE, but rather a coding error that has been addressed. OBCR and OPEI will continue to address coding issues on an on-going basis.

OIG Response:

OSWER did not clearly agree or disagree with this recommendation. We did, however, revise our recommendation to recommend that the Deputy Assistant for OSWER, with assistance from other accountable Deputy Assistant Administrators, more closely align themselves to distribute, manage, account for, and optimize Brownfields resources, consistent with program needs and goals. OSWER stated it is inconsistent with Agency practice for OSWER to exercise control over all Brownfields resources, but EPA does have the ability within its current organizational structure to manage Brownfields resources differently. In a complex program like Brownfields, close alignment of offices that support the program, and produce cost and performance data, could help program and financial managers marshal information to accurately and consistently account for program costs, select alternative actions to achieve program goals, and establish feedback mechanisms to determine whether the program is achieving its goal and spending resources efficiently.

We did not evaluate or report whether the functions performed by other offices were necessary.

Recommendation #2

OIG recommended that EPA define administrative costs of the Brownfields program and establish an accounting system that would allow identification and tracking of Brownfields administrative costs, including payroll and program contract expenses.

EPA Response: The draft report equates "administrative costs" with funding in the Environmental Program & Management (EPM) account. This is inaccurate and not consistent with the definition of the EPM account provided to EPA in the 1996 Appropriations Conference Report. OCFO provided OIG with information on those FY2003 and FY2004 expenditures for the Brownfields Program that meet the definition of administrative costs in the Agency's Funds Control Manual. However, OSWER strongly believes that the majority of the HQ and regional FTE perform programmatic functions such as conducting grant evaluation, competition, management, outreach, tribal, and environmental justice activities. The Agency's Resources Management Directives Manual requires that "obligations that cannot be segregated, justified, and directly charged to a programmatic object class will still have to be charged to an administrative object class. Thus, in transitioning from the Superfund account all PC&B and travel expenses for all media and programs of the Agency, except Superfund, LUST, Oil Spills, and the OIG must be paid for out of EPM. The Brownfields program is limited to either EPM or STAG appropriations to carry out its program. The draft report does not distinguish our programmatic activities from administrative costs and the entire EPM account.¹

¹ Resources Management Directives, Administrative Control of Appropriated Funds, Chpt. 4. I.1 C.1 and J.

Congress initiated the appropriations account structure in the late 1990's that was intended to allow EPA greater flexibility to manage its programs. Specifically, Congress eliminated the Program & Research Operations account (which mainly funded administrative expenses, salaries, etc.) and the Abatement, Control and Compliance accounts (which funded activities including standards development and permitting). The new EPM account provided for administrative and *programmatic* support for regulatory, technical assistance, education and enforcement activities "providing the Agency with increased flexibility to meet personnel and programmatic requirements." (See Conference Committee Report 104-384, p. 63). In addition since FY 2003, EPA has consistently requested EPM fund for management of the Brownfields program to support both programmatic and administrative functions.

The OIG should revise the draft report to reflect the following:

1. Page 5, 2nd paragraph. OSWER is concerned that the OIG is not differentiating between FTE and people (on-boards). In addition, we are concerned that the OIG report appears to place the bulk of the HQ FTE in OBCR. OSWER suggests revising the report to clarify that "in FY2003, the Agency allocated 127 FTE to the EPA Brownfields program, including 112.2 to OSWER headquarters and regions (22 to OBCR; 1 to OUST; 89.2 to regions) and 11 FTE to other offices (5 to OECA; 5.8 to OA/OPEI; and .2 to OEI)".
2. The OIG draft report does not describe how the OIG derived the number of 'people' charged to the brownfields account. OSWER is concerned that OIG is combining the FY 2003 and 2004 on-board count to total the 227 on-boards rather than accounting the number of on-boards for each respective fiscal year. Combining the number of people or on-boards charging to the Brownfields program is not an accurate comparison to the number of FTE received each fiscal year.

OIG Response:

OSWER did not clearly agree or disagree with this recommendation. OSWER misstated our recommendation from the draft report. We recommended "the Deputy Assistant Administrator for OSWER, with assistance from other accountable Assistant Administrators, as appropriate: define the administrative costs of the Brownfields program and establish an accounting system that would allow identification and tracking of Brownfields administrative costs, including payroll and program contract expenses, as a first step to effectively managing these costs."

We have eliminated the reference to program contracts and revised the recommendation to recommend that OSWER define the costs associated with Brownfields administrative and programmatic payroll functions, and establish a system that would allow identification and tracking of these costs, as a first step to effectively managing these costs. Because some EPA offices have different definitions of Brownfields administrative costs, the Agency is challenged in being able to accurately identify and account for its administrative costs. As we stated in the report, OCFO, which manages the Agency's accounting system, defines administrative costs differently than OBCR. OCFO's definition of administrative costs includes all payroll costs, regardless of whether the payroll activity is purely administrative or not. OBCR stated it follows Agency-wide practice and adheres to the Agency's definition of administrative costs, but it

considers Brownfields regional staff costs to be programmatic costs. Therefore, OBCR does not follow Agency policy regarding administrative costs. As a first step to effectively managing administrative costs, EPA needs to define and track administrative and programmatic payroll costs.

Contrary to the Agency's statement, OCFO provided obligation data, not expenditure data.

We have revised the report to reflect that funding in the EPM account is used for both administrative and programmatic costs. Early in our fieldwork, we informed the Agency that we were defining administrative costs of the Brownfields program as all costs funded by the EPM appropriation. We asked the Agency several times to define and provide data on the administrative costs of the Brownfields program, but this was not provided to us. Because some programmatic costs could not be separated from administrative costs (e.g. payroll costs) we evaluated all activities funded by the Brownfields EPM appropriation to identify options for costs savings.

The following points address OSWER's numbered points above:

- 1. We have revised the report to differentiate between FTE and people (on-boards) indicating that the information provided by OBCR for 227 staff that charged time toward 123.2 FTE allocated to the Brownfields program. We have revised the report to states that, in FY 2003, the Agency allocated 127 FTE to the Brownfields program, including 89.2 to EPA regions and 37.8 to EPA Headquarters (22 to OBCR; 1 to the Office of Underground Storage Tanks (OUST); 5 to OECA; 5.8 to OA/OPEI; and .2 to OEI) and 3.8 FTE to Enabling Support Programs (ESPs).² Table 2-1 shows the distribution of staff by their title and location and estimated FTE for FY 2003.*
- 2. As indicated in the report, FTE information was compiled and provided by OBCR. Staff charging to the Brownfields program for FY 2003 is presented in the report and is not combined fiscal year data.*

Recommendation #3

OIG recommended that the Agency evaluate unused Brownfields administrative resources on an annual basis and redirect or reprogram them for obligation on an appropriate Brownfields activity, or reduce the Brownfields administrative budget.

EPA Response: OSWER believes the Agency financial systems provide sufficient definition of costs, and that the need to separate programmatic functions out of the payroll system is not effective but rather would hamper the agency as a whole in managing its resources in the most efficient and effective manner possible. The current approach to the EPM account

² We did not evaluate the FTE that were allocated to ESPs because they were indirectly charged to Brownfields. As part of the Agency's five-goal structure implemented in FY 2004, support programs (e.g., Office of General Counsel and Office of Acquisition and Resources Management, among others) no longer have their own goals, but instead are allocated to EPA's five goals. ESP charges are spread across EPA's five goals and periodically are allocated back (e.g., to Brownfields) for financial statement purposes.

accords with Congressional intent in constructing that account. Because of the initial lag in funding the startup of the program and the fact that the EPM account is a two-year appropriation, there will inevitably be some carryover funds. OSWER looks at the EPM account throughout each fiscal year and performs reprogrammings as necessary. Because EPM funds may be used for both programmatic and administrative related costs, OBCR is constantly evaluating the EPM account and working with Regional budget contacts to ensure proper funds control.

1. Page 10, footnote states that "OBCR was unable to provide detailed information for all the contracts it managed in FY 2003 and FY 2004" and page 13, 3rd paragraph states "EPA offices have conflicting data on the costs associated with Brownfields Program contracts." OBCR has reviewed the OCFO report provided to the OIG and concurs with the FY 2004 obligated amount of \$4.8 million. OBCR has reviewed the reports generated by OCFO and concluded that the amounts for FY 2003 and 2004 programmatic contracts (\$4.8 million) are correct. The reports that OBCR previously submitted to OIG were derived from MARS which reflect on-going IFMS changes. Thus, the information submitted to OIG may vary from an OCFO report depending on the date that report was generated. It has been determined that the OCFO report is based upon the end of the year data for FY 2003 and 2004, while the MARS report generated by OBCR provides data with changes throughout FY2005. The differences between the data used by OIG and OBCR can be significant depending on the date reports are generated and should be given consideration in the OIG report.
2. Page 13, 3rd paragraph states, "EPA does not have a firm understanding of the administrative costs and needs of the Brownfields program and does not have a system to measure costs. EPA does not have an agreed-upon definition of administrative costs for the Brownfields program, or an accounting system to measure them." OSWER follows agency-wide practice and adheres to the Agency's definition for administrative cost. Further, the statement should not be taken to mean that personnel do not perform programmatic functions related to brownfields assessment and cleanup.
3. Page 13, 3rd paragraph states "In FY 2003 and 2004 EPA, respectively, has \$5.4 and \$6.4 million in unused administrative resources that carried over into the following fiscal year." OSWER believes the draft OIG report does not acknowledge a key contributing factor to the amount of carryover funds. At the start of FY 2003, the year in which the Brownfields program first received the EPA appropriation, the Agency was operating under a Continuing Resolution (CR). Under the requirements of a CR, existing programs must maintain funding at the previous fiscal year level with no funding for new programs. Therefore, the Brownfields Program remained at its FY 2002 *Superfund* funding and FTE level. The Brownfields Program did not receive the increase in EPM funding and FTE as a new program until May 2003. The constraints of operating a new program under a CR created an inevitable delay in funding leading to the \$5.4 million and \$6.4 million in FY 2003 and FY 2004 EPM carryover.

OSWER also questions the use of the FY 2003 and FY 2004 enacted budget against the respective budget fiscal years obligations to determine the amount of EPM

carryover. Use of the enacted budget does not include Agency reprogrammings completed throughout the fiscal year.

4. Page 14, 1st paragraph states "The Agency's accounting system does not allow personnel costs to be broken down or analyzed by administrative or programmatic function." This is not an accurate statement. Systems are available to track such information. In addition, OSWER believes the Agency financial systems provide sufficient definition of costs, and that the need to separate programmatic functions out of the payroll system is not effective but rather would hamper the agency as a whole in managing its resources in the most efficient and effective manner possible.
5. Page 14, 4th paragraph. Again, OBCR questions the use of the FY 2003 enacted budget against the obligated amounts to determine the unused FY 2003 Brownfields EPM funds.
6. Page 15, 1st paragraph. OSWER is concerned by the inference in the report that funding levels decreased in FY 2004. The cited FY 2003 enacted budget includes funding later allocated in the FY 2004 enacted budget to the Agency's Enabling Support Programs.

OIG Response:

OSWER did not clearly agree or disagree with this recommendation. OSWER misstated our recommendation from the draft report. We recommended "the Deputy Assistant Administrator for OSWER, with assistance from other accountable Assistant Administrators, as appropriate: "evaluate unused Brownfields administrative resources on an annual basis and redirect or reprogram them for obligation on an appropriate Brownfields activity, or reduce the Brownfields administrative budget (based on the amount not used each fiscal year)."

Based on OSWER's statement that it currently examines the EPM account and performs reprogrammings as necessary throughout each fiscal year, and the nature of EPM funding as two-year funding (which allows funds from one year to carryover for use in the second year), we dropped this recommendation. However, we recommend OSWER provide supporting data and documentation that clearly shows that the \$310,030 in FY 2003 administrative resources was used on Brownfields activities by the end of FY 2004.

The following points address OSWER's numbered points above:

1. *In our two previous requests to OBCR for information on the \$4.8 million obligated on program contracts in FY 2004, we stated that we were using information from OCFO pulled from IFMS (which is data that was provided to OBCR staff at the same time it was provided to us). We did not request or specify that OBCR use data it pulled from EPA's Management and Accounting Reporting System (MARS). Also, it was not until the written response to our draft report that OSWER agreed with OCFO's data showing approximately \$4.8 million obligated in FY 2004. Even after the formal response, we had to request again that OBCR provide a general description of the contracts, which then was provided to us. We eliminated the reference to program contracts in recommendation #2.*

2. *Because some EPA offices have different definitions of Brownfields administrative costs, the Agency is challenged in being able to accurately identify and account for its administrative costs. As we stated in the report, OCFO, which manages the Agency's accounting system, defines administrative costs differently than OBCR. OCFO's definition of administrative costs includes all payroll costs, regardless of whether the payroll activity is purely administrative or not. OBCR stated it follows Agency-wide practice and adheres to the Agency's definition of administrative costs, but it considers Brownfields regional staff costs to be programmatic costs. Therefore, OBCR does not follow Agency policy regarding administrative costs. As a first step to effectively managing administrative costs, EPA needs to define and track administrative and programmatic payroll costs.*
3. *We acknowledge OSWER's position regarding the delay in funding EPA experienced and revised the report where appropriate. OSWER questioned our analysis and stated that this analysis did not include reprogrammings that occurred throughout the years. We gave EPA several opportunities to clarify and provide data to support their position, but clear and sufficient evidence was not provided to us. Therefore, we did not modify our budget analysis or make changes to the budget tables in the Supplementary Report and we recommend that OSWER clarify how \$310,030 in FY 2003 administrative resources were used.*
4. *We have revised the report to accurately reflect the capabilities of the Agency's systems. However, since EPA does not track Brownfields administrative and programmatic payroll costs separately, it cannot identify these costs and effectively manage them. As we stated earlier, as a first step to effectively managing administrative costs, EPA needs to define and track administrative and programmatic payroll costs.*
5. *As we stated earlier, OSWER questioned our analysis and stated that this analysis did not include reprogrammings that occurred throughout the years. We gave EPA several opportunities to clarify and provide data, but clear and sufficient evidence was not provided to us.*
6. *Our draft report did not state that "funding levels" decreased from FY 2003 to FY 2004; rather, we stated that the amounts in the "administrative budget" decreased. Based on information OSWER provided about Enabling Support Programs, we revised the report as appropriate.*

Recommendation #4

OIG recommended that EPA evaluate the sufficiency of staffing regional, headquarters, and other EPA offices and FTE levels, and develop and communicate a clear and consistent schedule for regularly evaluating a new workload model.

EPA Response. EPA has revised the regional FTE workload model in past years to reflect the changes in brownfields workload. OBCR, however, is committed to conducting periodic reevaluations to determine whether current FTE distributions are effective. In developing the OSWER Brownfields Priorities Memorandum, the OSWER will require EPA regions to look closely at their organizations and to determine whether their current structures are the most efficient to address the goals of the Brownfields program.

- Page 12, 2nd paragraph states that "Since FY 2000, the needs of the Brownfields program have changed; however, the FY 2003 staffing mode parameter have not been substantially revised to support current workload." As noted on page 23 of the Supplemental Report, cleanup grants are a new type of grant and *are* included in the workload model factors. OBCR feels that the conclusion drawn by OIG did not reflect the changes made by OBCR.

Further, EPA will include guidance regarding the Brownfields Program Priorities to address regional resources and workload allocations. OBCR will encourage regional Division Directors to consider, as part of the priority setting for FY06, the structure of regional brownfields program management and its effectiveness.

OIG Response:

OSWER did not clearly agree or disagree with our recommendation, and did not address staffing and FTE at headquarters and other EPA support offices. We asked the Agency on several occasions to clarify the regional staffing model. We have revised the final report to reflect that the regional staffing model was updated to include revolving loan fund grants and cleanup grants. However, as indicated in the report, the core activities, including the 30 associated tasks, have not been updated to accurately reflect the level of effort associated with current workload.

Recommendation #5

OIG recommended that EPA evaluate whether the use of other EPA staff as Brownfields Project Officers is appropriate, and evaluate the function of brownfield staff in the regions to determine if additional Brownfields staff should become certified Project Officers.

EPA Response: The draft OIG report states that OCFO (page 17) could not identify where several brownfields project officers in the EPA regions charged their time in FY 2003 and FY 2004. OCFO would note that this is based on very limited information (often including a listing of employee by 'nickname') provided by the OIG to OCFO. Analysis was incomplete because of this approach.

In addition, OSWER sees overlap in a wide variety of areas of Superfund and brownfields statutory authorities. We believe that it is entirely appropriate that staff from other program areas may be addressing issues related to brownfields. OSWER does agree with the OIG recommendation that all brownfields grant project officers should be certified POs.

- OSWER has included guidance relevant to this issue in Brownfields Program Priorities Memorandum that is under development. Regional Brownfields teams, in particular, face an ever increasing workload, primarily due to the management of new and existing grants awarded through the annual competition process and through the state and tribal allocation process. New agency policies require project officers to play a significant role in on-going grant management activities. It is through post-award, technical assistance that project officers can ensure grantees have the tools they need to accomplish tasks and report on their accomplishments.
- OBCR will continue to streamline the national grant competition to reduce time spent on the annual review process. In addition, the program will continue to look for ways to clarify the competition guidelines to ensure applicants understand the program's expectations, especially related to applicants ability to manage grants.
- OSWER intends to focus support on existing grantees to ensure they have the technical support needed to complete the work under their cooperative agreements in a timely and protective manner. Annual, Regional grantee workshops continue to be a proven way to communicate this information.

OIG Response:

OSWER did not clearly agree or disagree with this recommendation, misstated part of the recommendation, did not address all the recommendation issues, but "agreed" with a recommendation we did not make.

We recommended "the Deputy Assistant Administrator for OSWER, with assistance from other accountable Assistant Administrators, as appropriate: evaluate whether the use of other EPA staff as Brownfields Project Officers is appropriate, and evaluate the function of Brownfields staff in the regions to determine if additional Brownfields staff should become certified Project Officers. Take corrective action as needed and appropriate." OSWER stated "OSWER does agree with the OIG recommendation that all Brownfields grant project officers should be certified POs." However, this is a mischaracterization of our recommendation. OSWER did not address the part of our recommendation that stated OSWER should "evaluate the function of Brownfields staff in the regions to determine if additional Brownfields staff should become certified Project Officers."

OSWER believes there is an overlap between Superfund and Brownfields in a wide variety of areas and that "it is entirely appropriate that staff from other program areas may be addressing issues related to Brownfields." We question the appropriateness of other EPA staff functioning as project officers and OSWER's characterization of our finding, "that staff from other program areas may be addressing issues related to Brownfields." As we stated in our report, 24 percent of Brownfields Project Officers are not Brownfields staff and these Project Officers manage

30 percent of all active Brownfields grants. These staff are not merely "addressing issues related to Brownfields" but rather are performing a major program function. In every region where non-Brownfields staff are functioning as Project Officers there are Brownfields staff that are not certified Project Officers. In addition, since the program work performed by non-Brownfields staff is not accounted for (staff do not charge Brownfields), EPA management is unable to accurately determine the overall level of effort applied to the program and identify staffing needs. We revised our recommendation for OSWER to evaluate the function of all regional Brownfields FTE that are not certified Project Officers and determine how many should become certified Project Officers and to complete the appropriate certifications.

It is incorrect for the Agency to state that we provided "very limited information" to OCFO regarding the identification of several Brownfields Project Officers. The list of staff names we provided to OCFO came directly from EPA's Integrated Grant Management System (IGMS), which is the extent of information available to identify staff working on grants. We used the Agency's only available data.

Recommendation #6

OIG recommended that EPA hold the sponsored Brownfields conference only once every 2 years rather than annually.

EPA Response: In response to the recommendation, OSWER will conduct a thorough cost-benefit analysis of holding the Brownfields Conference every 11-15 months. The recommendation to hold the Brownfields conference only once every 2 years rather than annually appears to stem from your premise (page 18 paragraph 3) that "the Brownfields conference primarily meets the second goal [of the four Brownfields Program goals]." We disagree with this premise, and believe that the Conference promotes the attainment of all four of the Brownfields Program goals. We are examining a number of options and believe a cost-benefit analysis will aid us in making an appropriate decision on the future of the conference.

- Although the Brownfields Conference is the Program's largest single expense each year, and is therefore an obvious target for cost cutting, holding the Brownfields conference every two years (or less) may not result in savings to equate with the benefits which would be forfeited. A thorough cost-benefit analysis is required to more systematically assess this recommendation.
- Successful Brownfields assessment, cleanup and redevelopment encompasses enormously complex tasks which require a vast variety of stakeholders with extensive knowledge and experience in many areas (public policy, law/regulations, financing, cleanup technology, community involvement/environmental justice, sustainable development/green building design, real estate, public health, economic development/planning, among others) to work together in a collaborative manner. The Brownfields Conference empowers such a wide array of stakeholders (who typically attend the Conference) with this requisite knowledge and experience and supporting the four goals of the program.

- The cooperative agreement recipient who leads the planning and implementation of the Brownfields Conference has each year generated a comprehensive evaluation/feedback document. This evaluation/feedback document is generated directly from a significant portion of conference participants. This document has in the past, overwhelmingly indicated a very productive and useful conference for participants. This, coupled with the fact that the Brownfields Conference has grown each year in the number of participants (starting with 700 back in 1996 to over 4500 in 2004) has generated the policy decision to continue holding the Conference every 11-15 months to date.

OIG Response:

OSWER did not clearly agree or disagree with this recommendation and mischaracterized our findings. OSWER stated that it would conduct a thorough cost benefit analysis of holding the Brownfields conference every 11 to 15 months, and use the cost benefit analysis to aid them in making an appropriate decision on the future of the conference. OSWER incorrectly stated that our recommendation was based on our findings that the conference meets one of the four goals of the Brownfields program. However, we identified other reasons, including that planning the conference takes staff time from doing program work and the number of grant applications received since the program's authorization demonstrates good and continuing progress on successful outreach -- the primary goal of the Annual Conference. OSWER stated that the Brownfields Annual Conference meets all four of the program's goals, but did not provide sufficient evidence in support of this.

Recommendation #7

OIG recommended that EPA develop a process to evaluate each conference and meeting and determine for which Brownfields staff attendance or participation is necessary to implement the Brownfields Program.

EPA Response: OBCR is concerned that the list of conferences and meetings may not accurately capture the type of meeting/conference attended and the number of EPA attendees based upon the compiled submissions. It appears that the list of conferences and meetings provided by OBCR and the regions had duplicate entries, resulting in an inaccurate count of the number of conferences and meetings attended and the number of attendees for particular meetings. We undertook a limited review of the data supplied and have identified more than 50 duplicate entries; for example, the Western Regional Brownfields Workshop was a combined meeting by Regions 8, 9 and 10 with brownfields grantees and is listed separately for each Region. As another example, the list includes at least 13 meetings of the All Appropriate Inquiry (AAI) federal advisory committee; however, the committee met only 6 times leading to the conclusion that many of the listings are redundant. (We believe this error resulted from the fact that 2 OBCR employees participated in the AAI FACA.

The Brownfields Law increased grant funds, expanded eligibility and provided new liability protections. Implementing the new Brownfields Law pushed EPA to increase outreach and technical assistance efforts in FY 2003 and 2004. As a result, reaching out to affected communities and key stakeholders was a critical part of implementing the program. The Brownfields Law significantly increased the need for EPA to interact with stakeholders to

explain newly developed policies for implementation. This led to an increase in meetings at the national, regional, state and local level. The Brownfields Program Priorities Memorandum, under development, requires each region to evaluate and determine the best methods of outreach in that region. We feel the regions and other offices (including OSWER/OBCR) have already made great strides in this regard by sending a single representative to many state or outside stakeholder meetings rather than multiple attendees. We will nevertheless, continue to stress the need for EPA offices to look for strategies and cost effective opportunities with respect to brownfields staff attendance or participation in conferences and meetings.

- Page 10, Paragraph 3. We disagree with the statement "Nearly all of the conferences and meetings has less than 15 people attending." The statement may be misconstrued to imply that fewer than 15 attendees were at some of the meetings. To the contrary, the report should clearly state that generally only a single EPA staff member has been in attendance to represent the entire program and that is in fact an effective use of limited resources to reach a breadth of brownfields stakeholders.

OIG Response:

OSWER did not clearly agree or disagree with this recommendation. OSWER stated that a Brownfields Program Priorities Memorandum is under development that will require each region to evaluate and determine the best methods of outreach in that region. OSWER stated that it will continue to stress the need for EPA offices to look for strategies and cost effective opportunities with respect to Brownfields staff attendance or participation in conferences and meetings.

OSWER disagreed with the statement that "Nearly all of the conferences and meetings have less than 15 people attending." They were concerned that the statement may be misconstrued to imply that fewer than 15 total attendees were at some meetings. We have clarified the report to indicate that attendance at nearly all the conferences and meetings had less than 10 Agency personnel.

OSWER expressed concern that the list of conferences and meetings may not accurately capture the type of meeting/conference attended and the number of attendees due to duplicate entries and a limited timeframe for compilation. However, our notification memo sent at the beginning of our evaluation stated one of our questions was "What are the number and type of annual Brownfields conferences and meetings held, including FTE usage, attendance, and responsibilities?" We obtained the data directly from the Agency to answer this question. We have reviewed the data, looking separately at the conferences and meetings identified as Brownfields-sponsored, and Other with this in mind, and have modified the report where needed. The total number of conferences and meeting identified went from over 510 to over 480.

OSWER was also concerned that meetings attended by more than one office were listed separately. We reviewed the data with this in mind and identified 9 conferences and meetings identified as EPA Brownfield-sponsored conferences and meetings, and 5 Other conferences and meetings in which more than one office attended, but were listed separately. We made changes to the report where needed.

Miscellaneous Issues

- Page 16. Table 3-2

The draft OIG report separates the discussion of FTE utilization between OSWER and other offices. Since the reasons for utilization rates are similar for all offices with staff resources supporting the Brownfields Program, it would appear that combining these sections and information into Table 3-2 might make the issue clearer.

OIG Response:

While we recognize the reasons for various utilization rates, distinguishing between offices serves the purpose of clearly isolating the utilization of the subject offices. Combining these would obscure the data and distort the facts.

In addition, when the Policy Office was merged with the Office of Reinvention in the Office of the Administrator, management of the Policy Office's FTE and PC&B, including the Brownfields resources, was centralized in the Office of the Administrator. This change created a number of problems, including reduced utilization of OPEI's brownfields FTE in FY 03 and FY 04. The problem was a coding issue that was not caught and addressed until recently. The problem has now been fixed. In FY 05, the Agency is projecting almost full utilization of those FTE by OPEI: 5.6325. The FY 04 and FY 05 data should not be interpreted as OPEI not valuing and needing their Brownfields FTE, but rather a coding error that has been addressed.

(Note: Pay Period Range: 200501 to 200513; RPIO = 11; Program = 402M43C)

BFY	Fund	ORG	PRC	Benf %	YTD Base Paid	YTD OT Paid	YTD Other Proj.	YTD Other Paid	YTD Benefits
20052006	B	11	402M43C	28.79	\$204,449	\$91	0	0	\$58,865
Total					\$204,449	\$91	0	0	\$58,865

YTD FTES	Current PP FTES	FTEs projected to YE	Total Proj YE FTES	Base+Ben Proj top YE	Total Proj Y/E Base+ben
2,5917	.2172	3.0408	5.6325	\$319,562	\$582,966
2,5917	.2172	3.0408	5.6325	\$319,562	\$582,966

- Page 16. Table 3-2

The draft report indicates that OECA (OSRE) Headquarters and regional offices significantly under-utilize the allocated FTE (approx. 60% headquarters and 20% for the regions). See Report, Chapter 3, page 16, table 3-2. OSRE recognizes the need, and is developing improvements, to better track and allocate Brownfield resources at headquarters and in the regions. In this regard, OSRE requests that the report provide some background and context to the numbers referenced in Table 3-2. OSRE headquarter and regional enforcement personnel work on a variety of activities related to the implementation of the Brownfields Amendments (e.g., developing and implementing policy guidance on the liability provisions). As noted in our response to report recommendations 3-1 and 3-4 above, some of the headquarters

and regional personnel that work on enforcement and liability related provisions of the amendments also work on the grants eligibility related provisions. Because of the interrelated nature of some of these activities, it is a continuing challenge to fully track the enforcement resources as either "Brownfields" or as traditional "Superfund." However, based on a poll of regional enforcement personnel working on Brownfields issues, and considering the number of Headquarters and regional personnel involved, and the percentage of time each spends on Brownfields (including Brownfields grant eligibility), OSRE and regions not only fully utilize, but likely exceed the total FTEs allocated. As noted above, OSRE is developing a process to improve the tracking of our Brownfield resources at headquarters and in the regions.

OIG Response:

We used Agency data to calculate the utilization rates. OSWER indicated in its response that OSRE and the regions not only fully utilize but likely exceed the total FTEs allocated. However, OSRE and the regions did not charge the Brownfields account to reflect OSRE and the regions overall efforts for the Brownfields program. This impacts management's ability to determine the overall level of effort applied to the Brownfields program.

- Page 18, Paragraph 3. We disagree with the following statement "The Brownfields conference primarily meets the second goal."

The Brownfields Conferences have promoted the attainment of all four of the Brownfields Program's goal.

Successful Brownfields assessment, cleanup and redevelopment encompasses enormously complex tasks which require a vast variety of stakeholders with extensive knowledge and experience in the following areas (among others) to work in a collaborative manner.

- Environmental Management
- Sustainable Development and Green Building
- Public Policy, Law, and Regulation
- Financing and Investment
- Cleanup Technology Innovations
- Community Involvement,
- Environmental Justice
- Public Health
- Real Estate Dealmaking
- Economic Development and Planning;
- Federal Facilities and Tribal lands.

By providing countless lessons learned and real world examples of collaboration in all these areas through case studies, hands on exercises, facilitated/interactive discussions, mobile workshops, and a real estate transaction forum, the Brownfields Conference empowers such a wide array of stakeholders (who typically attend the Conference) to work collaboratively. In doing so, the Brownfields Conference clearly promotes:

Protecting the environment by addressing Brownfields to ensure the health and well-being of America's people and environment; Promoting partnerships by enhancing collaboration and

communication essential to facilitate Brownfields cleanup and reuse; Strengthening the marketplace by providing financial and technical assistance to bolster the private market; Sustaining reuse by redeveloping Brownfields to enhance a community's long-term quality of life.

OIG Response:

OSWER disagreed with our premise that the Brownfields Conference primarily meets the second goal of the four Brownfields program goals, indicating that the Brownfields conferences has promoted the attainment of all four of the Brownfields program's goals. OSWER did not provide convincing support for their position.

The following comment refers to supporting data, not included in this report, which we developed and provided to EPA as part of our evaluation.

- TABLE 19 Region 8, page 17. Administrative Resources FY 2003 and FY 2004
Below is a corrected table submitted by Region 8.

Region 8							
	FY2003 Enacted Operating Plan	FY2003 Actuals (obligations)	FY2003 Carryover (oblig in FY04)	Difference	FY2004 Enacted Operating Plan	FY2004 Actuals (obligations)	Difference
EPM							
Payroll	\$628.4	\$511.8		\$116.6	\$688.9	\$714.9	-\$26.0
SEE employees	\$60.0	\$60.0		\$0.0	\$72.1	\$62.1	\$10.0
WCF	\$4.8	\$0.5		\$4.3	\$0.2	\$0.7	-\$0.5
Travel: conferences other	\$33.4	\$37.4		-\$4.0	\$59.2	\$46.2	\$13.0
other expenses/contracts:	\$25.0	\$35.1		-\$10.1	\$26.3	\$25.1	\$1.2
TOTAL:	\$751.6	\$644.8		\$106.8	\$846.7	\$849.0	-\$2.3
STAG	\$10,634.5				\$10,549.3		
Assessment grants		\$1,050.0				\$1,200.0	
Cleanup Grants			\$200.0			\$982.5	\$195.0
Revolving Loan Fund**		\$1,600.0	\$150.0				
Targeted Brownfields Assessments (includes Contract Laboratory Program (CLP))		\$190.0				\$325.0	
Job Training K-6, Training, Research grants		\$200.0					
State/Tribal Response Programs		\$6,612.1	\$362.0			\$7,570.1	\$127.0
Interagency Agreements:							
BOR		\$140.0				\$34.5	
Indian Health Service		\$120.0				\$90.0	
USGS						\$25.5	
Habitat for Humanity							
Other - Contracts		\$10.0				\$0.0	
TOTAL:	\$10,634.5	\$8,822.1	\$712.0		\$10,549.3	\$10,227.6	\$321.7

**FY03 Revolving Loan Fund obligations in column 2 include \$1,000.0 that was first obligated in FY03, then deobligated, recertified and obligated in FY04.

OIG Response:

OSWER did not provide contextual information regarding Region 8's data, including what system the data was pulled from, the date the information was pulled, or the parameters used to pull the data. In order to provide a consistent view of the Brownfields budget (data provided to us by OCFO and OBCR during fieldwork), which includes data pulled from IFMS at the same time for all offices, we did not replace Region 8's table in our supporting materials.

Distribution

Office of the Administrator

Deputy Assistant Administrator, Office of Solid Waste and Emergency Response

National Program Director, Office of Brownfields Cleanup and Redevelopment

Acting Deputy Director, Office of Brownfields Cleanup and Redevelopment

Acting Assistant Administrator for Enforcement and Compliance Assurance

Acting Associate Administrator for Office of Policy, Economics, and Innovation

Assistant Administrator for Office of Environmental Information

Agency Followup Official (the CFO)

Agency Followup Coordinator

Deputy Chief Financial Officer

Associate Administrator for Congressional and Intergovernmental Relations

Associate Administrator for Public Affairs

Audit Followup Coordinator, Office of Solid Waste and Emergency Response

Audit Followup Coordinator, Office of Enforcement and Compliance Assurance

Audit Followup Coordinator, Office of the Administrator

Audit Followup Coordinator, Office of Environmental Information

Audit Followup Coordinator, Office of the Chief Financial Officer

General Counsel

Inspector General