



**Special Account
Implementation Notebook:
*A Reference Tool***

Office of Site Remediation Enforcement
Special Accounts Assistance Team

March 1997



Special Account Implementation Notebook A Reference Tool

NOTEBOOK TABLE OF CONTENTS

- Tab 1:* [Placeholder for memo announcing the notebook.]
- Tab 2:* **Memo "Update and Implementation of the Superfund Reform on Special Accounts"** (February 7, 1997) - advises Regions on designation of past and future costs in settlements; updates them on implementation of the EPA-OMB agreement concerning interest earned on funds in Special Accounts; provides a revised short sheet on creating and using Special Accounts; and discusses current efforts to develop a policy to disburse Special Account funds to parties conducting the response action.
- Tab 3:* [Placeholder for financial guidance: Chapter 15, "**Financial Management of Cashout Special Accounts**," part of EPA's Resources Management Directives System (RMDS), 2550D, Financial Management of the Superfund Program.]
- Tab 4:* **Excerpt from report "Superfund Administrative Reforms Annual Report Fiscal Year 1996"** (December 1996) - presents the status of Rounds 2 and 3 of the Superfund Reforms. Round 3 Reforms include Site Specific Special Accounts, described on pages vii, A-3, and 19-20.
- Tab 5:* **Memo "Requesting Reimbursable Authority for Superfund Special Accounts (Principal and Interest)"** (October 28, 1996) - provides Regions with guidance on how to request principal and interest earned on Special Accounts for use in accordance with their respective settlement agreements. Provides the amount of interest earned on existing Special Accounts through August 1996.
- Tab 6:* **Excerpt from Congress' Conference Report (104-812) for the FY 1997 VA-HUD and Independent Agencies Appropriations Bill** (September 20, 1996)(as excerpted in the memo from Kathryn S. Schmoll, EPA Comptroller, to Administrator Carol Browner and Deputy Administrator Fred Hansen, September 23, 1996) - this report applauds EPA's effort to ensure that interest earned by Special Accounts on settlement funds can be credited to these accounts, so this interest can be made available for specific site cleanup. The Report also urged EPA to implement this Reform as soon as possible. This is the only Superfund Reform mentioned in the Report. (Page 72, paragraph 5)

- Tab 7:* **Excerpt of press release “New EPA Policies Will Accelerate Cleanup of Superfund Sites, Protect Small Waste Contributors from Costly Litigation”** (June 4, 1996) - describes four actions taken by Administrator Carol Browner to deliver on the Clinton Administration’s commitment to make cleanup of toxic waste sites faster, fairer, and more efficient. Actions described include encouraging faster settlements among polluters by setting up interest-bearing accounts whose earnings can help contribute to meeting total cleanup costs.
- Tab 8:* **Memo “Transmittal of Special Account Short Sheet”** (March 27, 1996) - explains how to create and use Special Accounts for settlement funds to be applied to future response actions at the site for which the funds were received. See Tab 1 for the revised short sheet of 1997.
- Tab 9:* **List of Special Account Contacts** (March 1997) - Headquarters and the Regions.
- Tab 10:* **Reserved** (for future documents on Special Accounts)

Table of Contents

1	Introductory Memorandum
2	Update and Implementation of the Superfund Reform on Special Accounts
3	Chapter 15 - Financial Management of Cashout Special Accounts
4	Superfund Administrative Reforms Annual Report Fiscal Year 1996
5	Requesting Reimbursable Authority for Superfund Special Accounts (Principal and Interest)
6	Conference Report (104-812) for the FY 1997 VA-HUD and Independent Agencies Appropriations Bill
7	New EPA Policies Will Accelerate Cleanup Superfund Sites, Protect Small Waste Contributors from Costly Litigation
8	Transmittal of Special Account Short Sheet
9	List of Special Account Contacts
10	Reserved (for future documents on Special Accounts)



United States
Environmental Protection Agency

March 1997

Special Account Implementation Notebook
A Reference Tool

Tab 1
Introductory Memorandum

Placeholder for
Introductory Memorandum

Notes



United States
Environmental Protection Agency

March 1997

Special Account Implementation Notebook
A Reference Tool

Tab 2

Memo

“Update and Implementation of the Superfund Reform on Special Accounts”



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

FEB 7 1997

OFFICE OF
ENFORCEMENT AND
COMPLIANCE ASSURANCE

MEMORANDUM

SUBJECT: Update and Implementation of the Superfund Reform on Special Accounts

FROM: Sandra L. Connors, Director *Sandra L. Connors*
Regional Support Division (2272A)
Office of Site Remediation Enforcement
Office of Enforcement and Compliance Assurance

Elizabeth Craig, Director *Elizabeth Craig*
Budget Division (3302)
Office of the Comptroller
Office of the Chief Financial Officer

Jack L. Shipley, Director *Jack L. Shipley*
Financial Management Division (3303F)
Office of the Comptroller
Office of the Chief Financial Officer

TO: Superfund Policy Managers, Regions I - X
Office of Regional Counsel Superfund Branch Chiefs, Regions I - X
Financial Management Officers, Regions I - X and
Cincinnati Financial Management Center

This memorandum provides an update on the status of the Superfund Reform concerning Special Accounts. In October 1995, the Agency announced its intention to encourage greater use of Special Accounts as a means to ensure that settlement funds received would be used for future response actions at a particular site. In this reform, we also sought to ensure that the interest earned on Special Accounts would be credited to these accounts, and be available for future response actions. In implementing this reform, the Agency has made great progress towards meeting these two goals.



Recycled/Recyclable
Printed with Soy/Candela Ink on paper that
contains at least 50% recycled fiber

In fiscal year 1996 (FY 96), Regions significantly increased their use of Special Accounts over previous years by establishing 23 Special Accounts, for approximately \$78 million dollars. The total number of Special Accounts is now 59, totaling \$226 million in principal. This means that almost 40% of all Special Accounts were established in FY 96 alone! We greatly appreciate the efforts of everyone who has made the success of this reform possible.

As for the second aspect of the reform, in June 1996, EPA reached agreement with the Office of Management and Budget (OMB) and the Department of Treasury that the interest earned by site-specific Special Accounts can be credited to these accounts and used to fund future response actions at the sites in question. This agreement applies to all existing and new Special Accounts. Current calculations indicate that the \$226 million of principal has earned \$35 million dollars of interest. This additional \$35 million is now available for site-specific cleanup at those sites which have Special Accounts.

I. Designation of Past and Future Costs in Settlements

As explained in the attachments, only the portion of settlement funds that represents payment towards future costs can be placed in a Special Account. It is critical to clearly state in the settlement document what portion of the overall proceeds are in recognition of future costs and to be placed in a Special Account.

A. New Settlements

When the Regions are contemplating, negotiating, and finalizing settlements with a cashout component, they should consider how much is to be allocated to past response costs (i.e., cost recovery) and how much to future costs (i.e., future response actions). Ideally, before negotiating with Potentially Responsible Parties (PRPs) for any agreement which may contain past and future cost components, the Regional negotiating team (counsel and program officials) should have a common understanding of how much of the settlement to allocate to past costs and how much to future costs. To determine the amounts to designate for past costs and future costs, Regions should balance competing needs: 1) to reimburse the Agency for past costs and 2) to provide funds for future response actions.

We want to again emphasize that Regions should separately identify the amounts for past response costs and future costs within the settlement document. These amounts may be stated in dollar amounts or percentages. Past costs will always be deposited in the Superfund Trust Fund as a cost recovery. Only those payments designated for future response costs should be considered for earmarking for a Special Account. Designation of how payments are to be treated is essential because, if payments are not identified in this way, then the Regional Finance Office may apply payments in a manner inconsistent with what the settlers originally intended.

For that part of the settlement payment to be designated for future response costs, Regions should consider whether Special Accounts are appropriate. Please keep in mind the definite advantages of using Special Accounts for these settlement funds: accounts can be established quickly; funds earn interest; funds maintain their site-specific character; and funds can be used by EPA without an annual Congressional appropriation, as a permanent and continuing appropriation already exists for these accounts. If a Special Account has already been established for a site, or identified in an existing cashout settlement, then the Region should consider suggesting to new cashout PRPs that their settlement funds be deposited in that site's Special Account.

Attachment 1 sets forth model settlement language, to be used in all new settlements, to designate which portion of a payment is for past costs and which portion is for future costs. Sample language is included for mixed past/future payments, for 100% past payments, and for 100% future payments.

B. Existing Settlements

For existing settlements where the Regions have designated past and future costs in the settlement document, the Region should consider whether to establish a Special Account for the future cost component. Where such situations exist, the Regional Program Office should submit a memorandum to the Regional Finance Office asking them to set up a Special Account for that site, according to the existing procedures for establishing a Special Account.

In discussions with the Regions, we have also found instances where the Federal government did not designate past and future costs in a settlement document, but the supporting documents (prepared to aid the Federal manager responsible for approval of the settlement) identified a portion of the settlement proceeds for future response actions at the site. This is particularly true of settlements such as *de minimis* and other cashout settlements, as well as Remedial Design/Remedial Action (RD/RA) settlements in which the settling parties agree to perform the response action and to fund ongoing EPA oversight of the work through advance payments. In this situation, the Regional Program Office, together with the Regional Finance Office, should submit a memorandum to the Office of Site Remediation Enforcement (OSRE) identifying the sums (by site) from these settlements which should be applied to future site response costs, consistent with Section 122(b)(3) of the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA). OSRE will examine this information and, in consultation with the Office of the Comptroller (OC) and the Department of Justice (DOJ) (if DOJ had an approval role for the settlement), will decide if establishing a Special Account at this time is appropriate. OSRE will then notify the Regional Program Office of the disposition of the request. If the request is deemed acceptable, the Regional Program Office should then follow the existing procedures for establishing a Special Account.

II. Implementation of EPA-OMB Agreement

To implement the June 1996 agreement, EPA developed a methodology to calculate Special Account interest for all existing and new Special Accounts. In October 1996, OMB approved the methodology. Accordingly, OC has updated all existing Special Accounts with the calculated interest. OC also developed a comprehensive database to record Special Account transactions and interest earned for each site.

On October 28, 1996, OC sent a memorandum to the Regions outlining the agreement with OMB, providing the principal and interest balances in existing Special Accounts, and explaining how to access these balances, through requests for reimbursable authority. OC will continue to provide periodic reports to the Regions on current available balances for each Special Account established.

III. Financial Guidance

The Financial Management Division (FMD) in OC is currently developing financial guidance for administering Special Accounts as part of its ongoing revision to the Resources Management Directives System (RMDS), 2550D, Financial Management of the Superfund Program. This guidance will be added to the RMDS 2550D as a new chapter entitled Chapter 15, "Financial Management of Cashout Special Accounts." Chapter 15 will provide guidance and policy pertaining to the financial administration of cashout settlement funds and Special Accounts. Once a draft of this chapter has been completed, the draft will serve as interim policy until it is approved and cleared for publication under the Agency's Directives Clearance Process. FMD is planning to transmit this interim policy document to the Regions in early 1997. If you have any questions concerning the development of Chapter 15, please contact Vince Velez, FMD, at 202-260-6465 (fax at 202-260-7089).

IV. Special Accounts Short Sheet

Due to these and other related developments, we have revised the Special Accounts Short Sheet, first issued on March 27, 1996 (Attachment 2). This Short Sheet contains: 1) the most frequently asked questions and answers; 2) the steps to establish and use Special Accounts; 3) the steps to request reimbursable authority for existing Special Accounts; 4) a list of contacts for various aspects of Special Accounts; and 5) a list of Financial Management Officers.

V. Disbursement from a Special Account to a PRP

CERCLA Section 122(b)(3) authorizes EPA to retain settlement amounts and use such amounts for purposes of carrying out the agreement. This authority enables EPA to provide Special Account settlement funds to a PRP who is performing a

response action, as long as providing such funds to the performing PRP facilitates and expedites site cleanup. We are currently developing policy concerning the disbursement of Special Account funds to PRPs conducting the response action. For questions on this effort, please contact Lynn Holloway at 202-564-4241 (fax at 202-564-0086 or 202-501-0269).

Until a disbursement policy is issued, if a Region contemplates offering to a PRP some, or all of the proceeds from a Special Account, it should first consult with OSRE before making the offer to the PRP. The purpose of this consultation is to allow Headquarters to ensure national consistency in the disbursement of Special Account funds to PRPs; to ensure that appropriate settlement language is used to embody the disbursement agreement; to assist the Regions in accessing the proceeds in a quick and efficient manner; and to identify nationally how many Special Accounts in a fiscal year have funds which are disbursed to PRPs as well as how much money was disbursed to PRPs. For this consultation, Regions should contact Lynn Holloway at the above telephone number.

If you have any questions on this Reform, please contact Filomena Chau at 202-564-4224 (fax at 202-501-0269 or 202-564-0086).

Attachments

cc: Barry Breen, Director, OSRE
Kathryn S. Schmoll, Comptroller

Settlement Payments:
Model Settlement Language and Payment Address

I. Model Settlement Language:

Sample language for a mixed past/future cost payment:

"Of the total amount to be paid pursuant to this Agreement, ['\$ ____' or ' ____%'] shall be deposited in the EPA Hazardous Substance Superfund as reimbursement for response costs incurred and paid at or in connection with the Site as of [insert date] by the EPA Hazardous Substance Superfund, and ['\$ ____' or ' ____%' or 'the remainder'] shall be deposited in the [Insert Site Name] Special Account within the EPA Hazardous Substance Superfund to be retained and used to conduct or finance the response action at or in connection with the Site. Any balance remaining in the [Insert Site Name] Special Account shall be transferred by EPA to the EPA Hazardous Substance Superfund."

Sample language where the entire payment is to be applied towards past costs:

"The total amount to be paid pursuant to this Agreement shall be deposited in the EPA Hazardous Substance Superfund as reimbursement for response costs incurred and paid at or in connection with the Site by the EPA Hazardous Substance Superfund."

Sample language where the entire payment is to be applied towards future costs:

"The total amount to be paid pursuant to this Agreement shall be deposited in the [Insert Site Name] Special Account within the EPA Hazardous Substance Superfund to be retained and used to conduct or finance the response action at or in connection with the Site. Any balance remaining in the [Insert Site Name] Special Account shall be transferred by EPA to the EPA Hazardous Substance Superfund."

II. Payment Address for All 3 Options:

All payments made in accordance with administrative settlements and ~~de minimis~~ settlements (both Administrative Orders on Consent (AOCs) and Consent Decrees (CDs)) should be directed to the Regional Superfund lockbox. All payments made in accordance with non-~~de minimis~~ CDs should be made to the Financial Litigation Unit of the appropriate U.S. Attorney's Office.

SPECIAL ACCOUNTS SHORT SHEET

I. GENERAL BACKGROUND QUESTIONS

1. **What are Special Accounts?**

They are site-specific, interest bearing sub-accounts within the Superfund Trust Fund. Special Accounts are maintained by EPA, and are to be used for future costs of response actions under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (CERCLA).

NOTE: Past response cost reimbursements are to be deposited to the Superfund Trust Fund, and must be appropriated by Congress before they can be expended by EPA.

2. **What authority does EPA have to establish a Special Account?**

CERCLA Section 122(b)(3) "Retention of Funds" authorizes EPA to retain settlement amounts, paid by a Potentially Responsible Party (PRP), and use such amounts for purposes of carrying out the agreement, that is, to carry out future response actions.

3. **When should Special Accounts be established?**

Regions should always consider whether establishing a Special Account is appropriate for that part of the settlement payment to be designated for future response costs. This applies to any type of CERCLA settlement, including but not limited to, de minimis settlements, non-de minimis cashout settlements, ability-to-pay settlements, and bankruptcies.

Establishment of Special Accounts is particularly useful for early de minimis settlements, where EPA anticipates subsequent settlements with major parties. For instance, funds received from a de minimis settlement may be kept temporarily in a Special Account, and if appropriate, monies from the Special Account may be disbursed for work performed at the site by major PRPs under a subsequent settlement agreement with EPA.

Establishment of Special Accounts can also be useful in settlements in which the settling parties agree to perform the response action and to fund EPA oversight. We are working with OGC and other affected agencies to develop guidance on the use of Special Accounts in such settlements.

4. **Does EPA have access to the interest earned on Special Accounts?**

Yes. In June 1996, EPA reached agreement with the Office of Management

and Budget (OMB) and the Department of the Treasury (Treasury) that the interest earned by site-specific Special Accounts can be credited to these accounts and used to fund future response actions at the sites in question.

EPA has worked with OMB and Treasury to implement this agreement. EPA developed a methodology to calculate Special Account interest to all existing and new Special Accounts. In October 1996, OMB approved the methodology. EPA also developed a comprehensive data base to record Special Account transactions and interest earned for each site.

The Office of the Comptroller (OC) updated all existing Special Accounts with the calculated interest. In October 1996, OC sent guidance to the Regions outlining the agreement with OMB, providing the principal and interest balances in existing Special Accounts, and explaining how to access these balances, through requests for reimbursable authority. OC will continue to provide periodic reports to the Regions on current available balances for each Special Account.

The Financial Management Division (FMD) within OC is currently developing financial guidance for administering Special Accounts as part of its ongoing revision to the Resources Management Directives System (RMDS), 2550D, Financial Management of the Superfund Program. This guidance will be added to the RMDS 2550D, as a new chapter entitled Chapter 15, "Financial Management of Cashout Special Accounts." Contact Vince Velez (202-260-6465).

5. Are Special Accounts the only option for holding PRP funds for future site work?

No. Before interest was credited to Special Accounts, various options were often used. Where a settlement with one group of PRPs assures performance of response actions, the settlement may direct the PRPs to place the settlement proceeds in a privately managed trust account, escrow account, or in the registry of the appropriate Federal District Court. These accounts all earn interest.

Although these options continue to be available, since interest is now credited to Special Accounts, it is more likely that the need for these other options may diminish.

6. How many Special Accounts have been established by EPA?

As of September 30, 1996, approximately 59 Special Accounts have been established.

7. How much money is currently in Special Accounts?

As of September 30, 1996, about \$261 million are in EPA's site-specific Special Accounts. This represents \$226 million of principal and \$35 million of interest.

8. Are there advantages to having a Special Account?

Yes. Special Accounts can be established quickly; funds earn interest; funds maintain their site-specific character; and funds can be used by EPA without an annual Congressional appropriation, as a permanent and continuing appropriation already exists for these accounts.

NOTE: Although an annual appropriation is not required, Special Accounts must be supported by reimbursable authority issued by the Headquarters Office of the Chief Financial Officer's (OCFO) Budget Division as apportioned by OMB. For procedures, see Step 4 in the next section.

9. Are Special Accounts established automatically by EPA's financial office when future response costs are received under a settlement?

No. EPA supports use of Special Accounts to finance future response work; however, this is not an automatic process. To learn about the steps to follow when establishing a Special Account, please refer to the next section, "How to Create and Use a Special Account."

10. Who can use Special Accounts and for which sites can we use these accounts?

Special Accounts can be used for response actions in which EPA has the lead (Fund-lead), PRPs have the lead (PRP-lead), or States have the lead (State-lead).

11. Can Special Account funds be used to finance work at a site for which the account was not established?

No. Funds in a Special Account may only be used for the site(s) covered by the settlement agreement. Note that some settlements may cover multiple locations (e.g., bankruptcy settlements or settlements covering stations along natural gas pipelines). The issue of whether to establish multiple Special Accounts for such settlements depends on whether the Agency tracks and bills its costs separately for each location. Thus, e.g., bankruptcy settlements covering multiple sites will generally require multiple accounts, while pipeline settlements will typically require only a single account.

12. After site work is completed, can any remaining funds in the Special Account be used at other sites?

To be used at other sites, the remaining funds must first be returned to the Superfund Trust Fund and appropriated by Congress. For response work at a site to be funded by the Superfund Trust Fund, a site must successfully compete against other sites also being considered for the limited dollars appropriated during a fiscal year.

13. After site work is completed, can any remaining funds in the Special Account be returned to the PRPs who provided the original Special Account proceeds?

- a. There is no statutory prohibition against agreeing (in the Consent Decree (CD), Administrative Order on Consent (AOC), or Administrative Agreement) that a balance in a Special Account be returned to the contributing PRP(s).
- b. However, Special Account funds often come from cashout settlements (with *de minimis* or non-*de minimis* parties) in which the settling parties are not conducting the response action. The Agency's first consideration is the need for the Special Account funds for future response work at the site. This includes future work to be conducted by EPA, by PRPs, or others. Under these circumstances, any remaining funds are usually placed in the Superfund Trust Fund, because parties who enter into cashout settlements accept certain cost assumptions and assume the risk that these estimates sometimes underestimate and other times overestimate expected costs. Furthermore, in cashout settlements, the PRPs receive certain covenants advantageous to them, while the United States assumes certain risks and responsibilities to see that the response action is conducted.
- c. For the special case of settlements in which parties agree to perform the response action and to fund ongoing EPA oversight of the work through advance payments into a Special Account, the settlement may be negotiated to permit return of excess funds to these performing PRPs after completion of the work. Generally, refund of any unused amount of advance payments should be provided to the parties at the time they complete their obligations under the settlement.

14. Have Special Account funds been disbursed to PRPs who are the lead in performing future response actions?

To date, most Special Account disbursement has occurred at Fund-lead response sites. Thus, there have been only a few instances where Special Account funds have been released to a PRP to perform future response actions. In these instances, EPA and the PRPs performing the response action have entered into a CD or AOC, which contained the PRPs' commitment to perform the work and a provision for releasing funds from the Special Account to a private account established by the PRP. The settlements have spelled out how to use the funds, how to accomplish the cleanup work, and the terms and conditions for release of the funds.

OSRE is developing guidance on the disbursement of Special Account funds to PRPs conducting the response action. Contact Lynn Holloway (202-564-4241).

II. HOW TO CREATE AND USE A SPECIAL ACCOUNT

STEP 1: Decide to establish a Special Account for a site.

Before negotiating with PRPs for any agreement which may contain a future cost component, the appropriate officials in the Regional Superfund Program and Counsel offices should, in consultation with the Regional Financial Management Officer (FMO), determine if a Special Account should be established for the site. See attached list of FMOs.

STEP 2: Direct settlement payments into a Special Account.

All new settlement agreements (e.g., Consent Decree (CD), Administrative Order on Consent (AOC), or Administrative Agreement) must separately identify the amounts for past response costs (i.e., cost recovery) and future costs (i.e., cashouts for future response actions) within the settlement document. Only those payments designated for future response costs should be earmarked for a Special Account. Past costs should be deposited in the Superfund Trust Fund as a cost recovery.

Below is specific model settlement language, for designating which portion of a payment is for past costs and which portion is for future costs. Sample language is included for mixed past/future payments, for 100% past payments, and for 100% future payments.

Sample language for a mixed past/future cost payment:

"Of the total amount to be paid pursuant to this Agreement, ['\$____' or '____%'] shall be deposited in the EPA Hazardous Substance Superfund as reimbursement for response costs incurred and paid at or in connection with the Site as of [insert date] by the EPA Hazardous Substance Superfund, and ['\$____' or '____%' or 'the remainder'] shall be deposited in the [Insert Site Name] Special Account within the EPA Hazardous Substance Superfund to be retained and used to conduct or finance the response action at or in connection with the Site. Any balance remaining in the [Insert Site Name] Special Account shall be transferred by EPA to the EPA Hazardous Substance Superfund."

Sample language where the entire payment is to be applied towards past costs:

"The total amount to be paid pursuant to this Agreement shall be deposited in the EPA Hazardous Substance Superfund as reimbursement for response costs incurred and paid at or in connection with the Site by the EPA Hazardous Substance Superfund."

Sample language where the entire payment is to be applied towards future costs:

"The total amount to be paid pursuant to this Agreement shall be deposited in the [Insert Site Name] Special Account within the EPA Hazardous Substance Superfund to be retained and used to conduct or finance the response action at or in connection with the Site. Any balance remaining in the [Insert Site Name] Special Account shall be transferred by EPA to the EPA Hazardous Substance Superfund."

For questions on model settlement language, contact: Janice Linett, (703) 978-3057.

STEP 3: Have PRPs remit payments.

Pursuant to the terms of the settlement, PRPs should remit payment by check, or through electronic funds transfer (EFT). The check, or EFT, should be directed to the location noted in the settlement. In general, all payments made in accordance with administrative settlements and *de minimis* settlements (both AOCs and CDs) should be directed to the Regional Superfund lockbox. All payments made in accordance with non-*de minimis* CDs should be made to the Financial Litigation Unit of the appropriate U.S. Attorney's Office.

The PRP must include on the check, or in a letter accompanying the check, the name and address of the PRP, the site name, the site/spill identification number, and either the EPA docket number for the action (for administrative settlements) or the Department of Justice case number (for CDs).

Once the Regional Finance Office receives the payments, it will forward the portion of the payment for future work to the Cincinnati Financial Management Center (CFMC) by Inter-Office Transfer Voucher (IOTV).

STEP 4: Obtain authority to create a reimbursable account.¹

First, the Regional Program Office initiates a reprogramming request and submits this to the Regional Budget Office (RBO). Second, the RBO submits a request for issuance of reimbursable authority through a reprogramming request to the Headquarters Office of the Chief Financial Officer (OCFO), Budget Division and attaches a copy of the following documents:

¹ When EPA receives funds from an outside source (and not through direct Congressional appropriations), these funds are termed "reimbursable."

- 1) Reprogramming request form
- 2) Inter-Office Transfer Voucher (IOTV) sent to the Cincinnati Financial Management Center (CFMC)
- 3) Settlement check or EFT
- 4) Deposit ticket
- 5) CD, AOC, or Administrative Agreement

Third, the Headquarters OCFO Budget Division obtains reimbursable authority from the Office of Management and Budget (OMB) and approves/completes the Region's reprogramming request, usually within one to two weeks.

Finally, the Headquarters OCFO Budget Division advises the Region and CFMC that reimbursable authority has been issued.

CONTACT: Richard Blackman, Budget Formulation and Control Branch, (202) 260-6629, Headquarters OCFO Budget Division.

STEP 5: Establish the Special Account and obtain a reimbursable account number.

CFMC establishes the Special Account upon receipt of the IOTV and a copy of the following documents:

- 1) CD, AOC, or Administrative Agreement
- 2) Settlement check or EFT
- 3) Deposit ticket

Once the Headquarters OCFO, Budget Division advises CFMC that the required reimbursable authority has been issued, CFMC establishes a reimbursable account (i.e., Special Account) in the Integrated Financial Management System (IFMS) and assigns a unique reimbursable account number.

CONTACT: Connie Ely, (513) 366-2075, Cincinnati Financial Management Center (CFMC).

STEP 6: Using the Special Account.

The Region may now obligate money from the Special Account, always citing the reimbursable account number on all funding documents. Periodically, CFMC will review each Special Account by analyzing the funds expended against the reimbursable account number. CFMC will then adjust the Special Account based on their findings.

CONTACT: Regional FMOs and Connie Ely, (513) 366-2075, CFMC.

III. REQUESTING REIMBURSABLE AUTHORITY FOR EXISTING SPECIAL ACCOUNTS

Since unobligated reimbursable authority expires at the end of each fiscal year, the Regions must request reimbursable authority at the beginning of each year to reactivate existing Special Accounts for use during the new year. CFMC will provide the Regions with reports twice a year indicating the status of balances available for each account. Using this report, the Regions will be able to determine the amount of reimbursable authority that can be requested for a particular account. The Regional Budget Office will submit all requests to the Headquarters OCFO, Budget Division, using a reprogramming request form as discussed in **Step 4**. Since this request is for an existing account, no additional supporting documentation is required.

If the amount of reimbursable authority issued at the beginning of the year is depleted before year-end and work continues at the site, the Region may request additional reimbursable authority, provided that funds are still available in the Special Account. The Regional Budget Office will make requests for additional reimbursable authority in the same manner discussed above.

IV. CONTACTS

FOR GENERAL QUESTIONS:

Filomena Chau (202) 564-4224
Regional Support Division/OSRE/OECA

FOR QUESTIONS ON SPECIFIC ASPECTS:

Vince Velez [Financial Specialist] (202) 260-6465
Financial Management Division/Office of the Comptroller/OCFO

Janice Linett [Model Settlement/Senior Counsel] (703) 978-3057
Regional Support Division/OSRE/OECA

Chad Littleton [Cashout Specialist] (202) 564-6064
Policy and Program Evaluation Division/OSRE/OECA

Tracy Gipson [Ability to Pay Analysis] (202) 564-4236
Regional Support Division/OSRE/OECA

John Wheeler [Bankruptcy] (202) 564-4284
Regional Support Division/OSRE/OECA

V. EPA FINANCIAL MANAGEMENT OFFICERS

Mr. Mike Manlogon, FMO
U.S. EPA - Region I (PFS)
J.F. Kennedy Federal Building
Boston, MA 02203
(617) 565-3344, fax (617) 565-3346

Mr. Ronald Gherardi, FMO
U.S. EPA - Region II (PMFIN)
26 Federal Plaza, Room 934
New York, NY 10007
(212) 637-3456, fax (212) 637-3509

Mr. Noel Schleifman, FMO
U.S. EPA - Region III (3PM30)
841 Chestnut Street
Philadelphia, PA 19107
(215) 566-5183, fax (215) 566-5233

Ms. Carol Williams, FMO
U.S. EPA - Region IV
345 Courtland Street, N.E.
Atlanta, GA 30365
(404) 562-8242, fax (404) 562-8210

Ms. Freddie Howard, FMO
U.S. EPA - Region V
77 West Jackson Blvd. (MF-10J)
Chicago, IL 60604
(312) 886-5947, fax (312) 886-7514

James Wood, FMO
Cincinnati Financial Management Center
U.S. EPA (002)
26 West Martin Luther King Drive
Cincinnati, OH 45268
(513) 366-2080, fax (513) 366-2063

Mr. Douglas Barrett, FMO
Research Triangle Park FMC
U.S. EPA (ADM-102)
Research Triangle Park, NC 27711
(919) 541-3042, fax (919) 541-3055

Mr. John Eagles, FMO
U.S. EPA - Region VI (6RF)
1445 Ross Avenue
Dallas, TX 75202
(214) 665-6535, fax (214) 665-7284

Mr. Gerald Lee, FMO
U.S. EPA - Region VII
726 Minnesota Avenue
Kansas City, KS 66101
(913) 551-7324, fax (913) 551-7579

Mr. Frank MacFadden, FMO
U.S. EPA - Region VIII (8PM-GFM)
999 Eighteenth Street, Suite 500
Denver, CO 82202
(303) 312-6177, fax (303) 312-6684

Ms. Joyce Byres, Acting FMO
U.S. EPA - Region IX (P42)
75 Hawthorne Street
San Francisco, CA 94105
(415) 744-1701, fax (415) 744-1678

Ms. Kathleen Kelley, FMO
U.S. EPA - Region X (MD149)
1200 Sixth Avenue
Seattle, WA 98101
(206) 553-2961, fax (206) 553-4957

Mr. Alan Lewis, FMO
Las Vegas FMC
U.S. EPA
P.O. Box 98515
Las Vegas, NV 89193-8515
(702) 798-2485, fax (702) 798-2423

Ms. Debra Bennett, FMO
Washington FMC
U.S. EPA (3303)
401 M Street, S.W.
Washington, DC 20460
(202) 260-5100, fax (202) 260-0293

Notes

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There is no text or other markings on the paper.



United States
Environmental Protection Agency

March 1997

Special Account Implementation Notebook
A Reference Tool

Tab 3

**“Financial Management of Cashout
Special Accounts”**

Placeholder for
**“Financial Management of Cashout
Special Accounts”**

[illegible]

4



United States
Environmental Protection Agency

March 1997

Special Account Implementation Notebook
A Reference Tool

Tab 4

Excerpt from report

**“Superfund Administrative Reforms
Annual Report Fiscal Year 1996”**



SUPERFUND
ADMINISTRATIVE
REFORMS
ANNUAL REPORT
FISCAL YEAR 1996



ANNOTATED TABLE OF CONTENTS

SUPERFUND ADMINISTRATIVE REFORMS ANNUAL REPORT, FISCAL YEAR 1996

MAJOR ACCOMPLISHMENTS	v
SUMMARY OF STATUS AND NEXT STEPS, ROUND 3	A-1
SUMMARY OF STATUS AND NEXT STEPS, ROUND 2	B-1

SUPERFUND REFORMS ROUND THREE

I. CLEANUPS	1
1. ESTABLISH COST-EFFECTIVENESS THRESHOLDS AND NEW RULES-OF-THUMB	1
1a. <i>Establish National Remedy Review Board</i>	1
EPA created the National Remedy Review Board, composed of senior Agency experts, to review proposed high cost remedies at specific sites to ensure that costs are not disproportionate to cleanup benefits.	
1b. <i>Establish New Remedy Selection Management Flags ("Rules-of-Thumb")</i>	2
The goal of the rules-of-thumb initiative is to develop remedy selection rules that will promote cost-effectiveness and flag potentially "controversial" cleanup decisions for senior management review.	
2. UPDATE REMEDY DECISIONS AT SELECT SITES	3
EPA encourages the Regions to revisit remedy decisions at certain sites where significant new scientific information, technological advancements, or other considerations will achieve the current level of protectiveness of human health and the environment in a more cost-effective manner.	
3. CLARIFY THE ROLE OF COST AND MAINTAIN CONSISTENCY THROUGHOUT THE REMEDY DEVELOPMENT PROCESS	5
3a. <i>Clarify the Role of Cost in the Remedy Selection Process</i>	5
This reform clarifies the role of cost in developing cleanup options and selecting remedies, and promotes the use of policies and guidances in order to assure cost-effectiveness.	
3b. <i>Directive on National Consistency in Remedy Selection</i>	6
This directive emphasizes the critical importance of maintaining appropriate national consistency in the Superfund remedy selection process and requests that program managers make full use of existing tools and consultation opportunities to promote such consistency.	
4. CLARIFY INFORMATION REGARDING REMEDY SELECTION DECISIONS	7
This initiative requires EPA to develop summary sheets that clearly demonstrate the basis for remedy selection at each site. The summary sheet will present the relationship between site risks and response actions, including costs and benefits of cleanup alternatives.	
5. INSTITUTE NEW ROLE FOR STAKEHOLDERS IN RISK ASSESSMENTS	8
5a. <i>Community Participation in Designing Risk Assessments</i>	8
EPA solicits early stakeholder input to identify and make consistent use of current information about the site and site contaminants.	
5b. <i>PRP Performance of Risk Assessments</i>	9
This initiative reaffirms EPA's commitment to allow potentially responsible parties (PRPs) at a site to perform risk assessments under the proper circumstances.	
6. ENSURE REASONABLE AND CONSISTENT RISK ASSESSMENTS	9
6a. <i>Establish National Criteria on Superfund Risk Assessments</i>	9
EPA will issue national criteria to the Regions for review, approval, and reporting of Superfund risk assessments.	
6b. <i>Standardize Risk Assessments</i>	10
This initiative standardizes those components of the risk assessment process that vary slightly from site to site.	

6c. Utilize Expert Work Group on Lead	11
This initiative utilizes an expert workgroup to standardize risk assessment approaches for lead-contaminated Superfund sites.	
7. ESTABLISH LEAD REGULATOR FOR FEDERAL FACILITIES	12
EPA is developing guidance to establish a lead regulator at each site undergoing cleanup activities under competing Federal and State authorities to eliminate overlap and duplication of efforts.	
8. CONSIDER RESPONSE ACTIONS PRIOR TO NPL LISTING	14
This initiative ensures that response actions that have been taken up to the time of listing are considered before listing sites on the National Priorities List (NPL).	
9. DELETE CLEAN PARCELS FROM THE NPL	15
EPA will delete portions of sites from the NPL that have been cleaned up and are available for productive use.	
10. CONDUCT NATIONAL RISK-BASED PRIORITY SETTING	16
10a. Promote Risk-Based Priority Setting at Federal Facility Sites	16
EPA will address the role of risk and other factors in setting priorities at Federal facility sites.	
10b. Promote Risk-Based Priority for NPL Sites	16
EPA has established a National Risk-Based Priority Panel to evaluate the priority order of NPL sites.	
II. ENFORCEMENT	17
11. ORPHAN SHARE COMPENSATION	17
This initiative seeks to compensate parties for a limited portion of the costs attributable to insolvent parties (orphan share) at sites where parties agree to perform the cleanup, subject to the adequacy of funding for the cleanup program.	
12. SITE SPECIFIC SPECIAL ACCOUNTS	19
EPA will direct settlement funds designated for future site costs to be placed in site-specific accounts and ensure that interest is credited to those accounts.	
13. EQUITABLE ISSUANCE OF UNILATERAL ADMINISTRATIVE ORDERS (UAOs)	20
EPA is committed to ensuring that UAOs are issued to all appropriate parties where there is a sufficient basis to include them.	
14. REVISED DE MICROMIS GUIDANCE	21
This reform is intended to improve EPA's ability to resolve very small volume waste contributors' (i.e., de micromis) liability concerns quickly and fairly.	
15. ADOPTING PRIVATE PARTY ALLOCATIONS	23
In order to reduce transaction costs, EPA has committed to adopt private party allocations (including those that identify an orphan share) as the basis for settlement, where such allocations are approved by EPA.	
16. REDUCED OVERSIGHT FOR CAPABLE AND COOPERATIVE PRPs	24
EPA will strive to acknowledge PRPs that consistently perform high quality work by significantly reducing or tiering oversight, thereby reducing transaction costs.	
III. PUBLIC INVOLVEMENT	25
17. PILOT REMEDY SELECTION BY SELECTED STATES AND TRIBES	25
This initiative implements a process whereby qualified States and Tribes would select remedies at certain Superfund sites, consistent with applicable law and regulations governing cleanups.	
18. PILOT COMMUNITY-BASED REMEDY SELECTION PROCESS	26
EPA will explore the use of more "consensus based" approaches that involve community stakeholders in the Superfund remedy selection process.	
19. ESTABLISH SUPERFUND OMBUDSMAN IN EVERY REGION	27
This initiative established an Ombudsman in each Region to serve as a point of contact for the public and help resolve stakeholder concerns.	
20. IMPROVE COMMUNICATION WITH SUPERFUND STAKEHOLDERS	28
This initiative utilizes electronic tools (such as the Internet, multimedia computers, and other electronic means), to both increase communication among all Superfund stakeholders and improve access to Superfund information.	

MAJOR ACCOMPLISHMENTS

Fundamentally Different: How EPA Has Changed Implementation of the Superfund Program

INTRODUCTION

For several years, EPA has been reforming the Superfund program to make it work faster, fairer, and more efficiently. While EPA has been working with Congress to make legislative changes, it also has fundamentally changed the program by implementing a series of far-reaching reforms.

These changes have improved the functioning of a program that addresses thousands of abandoned sites throughout the country. Chemical and radioactive wastes at such sites threaten nearly 70 million Americans – including more than 10 million children – who live within four miles of a Superfund site.

The highlights of EPA's comprehensive effort to restructure Superfund are summarized below. A more detailed description of the status of EPA's reform effort is provided in the attached Annual Report.

THE SUPERFUND PROGRAM TODAY

The collection of initiatives known as "Superfund reforms" has produced basic, permanent changes in the Superfund program, ranging from national programmatic changes to changes impacting individual sites at every stage of the cleanup and enforcement processes. Reforming Superfund has been a continuous process – EPA piloted changes, learned from them, and, where they were successful, made them part of the program. EPA developed these reforms after consideration of the differing perspectives of the various stakeholders in the Superfund process. By listening and responding to these perspectives, changes have been made to the Superfund process that speed it up, reduce costs, and make it fairer. These changes affect the entire process – stretching from the very beginning (when a site is first assessed), to the very end (when construction is completed and any enforcement is concluded).

As a result of Superfund reform, EPA's internal decision-making processes make more sense. The Agency has taken a number of steps to ensure that Federal Superfund resources and protections are focused in the right places. The Agency is prioritizing

cleanups so that the sites posing the worst environmental and health problems are addressed first. EPA is deleting cleaned up portions of sites from the National Priorities List (NPL) instead of waiting for the whole site to be cleaned up so that these sites will not suffer from any limitations imposed by identification as a Superfund site. EPA deleted over 27,000 sites from its inventory of all potential hazardous waste sites in instances where no further response activity is planned for the site. EPA also will encourage comparable State voluntary programs to handle sites that do not rise to the level of Federal attention.

When a site does merit a Federal response, the process for selecting the response is faster and less costly. When determining the risk posed by the site, EPA incorporates the most recent information and reasonable assumptions in its risk-based and remedial decisions. Assumptions regarding current and future land use are developed in conjunction with the affected community. After determining the risk posed by the site, EPA must consider various remedies to address the risk. In conjunction with States and communities, EPA is coordinating the selection of better, more cost-effective remedies. Where EPA has accumulated a body of experience in addressing a particular type of site, it has identified standardized remedies known as "presumptive remedies" to eliminate the need for costly studies and processes that are likely to yield the same choices.

In selecting the right remedy for a particular site, EPA clarified the role that cost plays in affecting that decision. To ensure that costs are given an appropriate role in remedy selection, EPA established a panel of national experts to review high cost remedies. Where a remedy selected in the past may merit reconsideration based on new technological developments, EPA is revising these remedies to ensure that the most cost-effective remedies are considered. The Agency's track record on future cost reductions at every step of the way is remarkable – money is being saved by reviewing remedy selection, updating remedy decisions, applying presumptive remedies, and implementing remedies selected with community participation. Just from the initial implementation of these most recent reforms alone, over \$400 million in reduced future cleanup costs will be achieved.

The enforcement process has also been transformed into a fairer process that results in reduced transaction costs. EPA continues to emphasize "Enforcement First" – using its enforcement authority to assure that viable private parties that created hazardous wastes are held responsible for cleaning them up, so that the Superfund is reserved for truly "orphaned" sites. More than 70% of long-term cleanup actions are now financed by responsible parties. EPA's implementation of this approach, however, has included efforts to enhance equitable treatment for all parties. EPA does not pursue parties whose contribution of waste to the site is extremely small, since the transaction costs these parties would incur in defending themselves would easily exceed whatever minimal contribution they may be expected to make. Parties with slightly larger contributions

(known as *de minimis* parties) are routinely offered cashout settlements early in the process to limit their transaction costs and give them the assurance of being protected from any further involvement at the site. Over 14,000 of these parties have taken advantage of these settlement opportunities to date.

The remaining parties, who bear a larger burden of responsibility at these sites, have also benefited from the enforcement reforms. Where there are parties that are no longer in business or without assets, EPA provides compensation for a portion of those parties' share at sites where the remaining parties agree to perform the work. This past year, EPA offered to compromise over \$57 million at various sites to increase fairness for those parties agreeing to perform cleanups. To reduce the transaction costs that are often incurred where parties cannot agree on what share each party should bear, EPA is testing an allocation process where a neutral party determines each party's share of responsibility and EPA offers settlements to parties based on that allocation. Although these test cases have not been concluded, the Agency has already learned valuable lessons that are already impacting its enforcement process. In addition, EPA has established and utilized interest-bearing "special accounts" to ensure that settlement funds are dedicated for use in achieving cleanup at a specific site. Lastly, where potentially responsible parties (PRPs) have demonstrated their capability and cooperativeness in performing site cleanup, EPA will significantly reduce oversight, and thereby reduce the costs of cleanups, for cooperative responsible parties.

Superfund reforms also have focused the Agency's attention on promoting redevelopment of abandoned and contaminated properties across the country. The Agency has aggressively pursued policies to promote sensible redevelopment of "Brownfields" – those abandoned, idled, or under-used industrial and commercial areas across the country where expansion or redevelopment is complicated by real or perceived environmental contamination. EPA is providing grant money to 76 communities to develop strategies to revitalize local brownfield sites. EPA is stimulating the purchase of property for redevelopment by expanding the opportunity for more agreements promising not to sue those purchasers for any contamination present at the time of purchase. For many parties who may own property that is part of a Superfund site (but they have very little, if any, link to the contamination) EPA stated its intention not to pursue these types of parties. For example, EPA issued policies describing the circumstances under which it will not take enforcement actions for cleanup work or costs against various parties, such as residential homeowners. EPA has had great success restoring contaminated residential properties, working with homeowners to remove contaminants frequently found in residential areas. Additionally, in a recent study of how sites were being re-used, EPA found that of the first 191 construction completion sites, 80 were already in economic reuse in 1995 and 44 additional sites are in some non-economic reuse (e.g., floodplains, wetlands, green space, permanent waste management). These are just a few of the highlights of EPA's extensive Brownfields initiative.

**SUPERFUND REFORMS ANNUAL REPORT FISCAL YEAR 1996
SUMMARY OF STATUS AND NEXT STEPS, ROUND 3**

Administrative Reform	Status	Next Steps
1a. Establish National Remedy Review Board	All Regions and eight other Agency offices have designated representatives to the National Remedy Review Board (NRRB). The RRB has reviewed 12 proposed decisions at 11 sites. Of the 12, five have progressed to "final ROD," and one to "proposed plan." As a result of these six reviews, the Agency expects to realize future cost reductions of approximately \$8 million. Overall, the Board's preliminary analysis indicates potential reductions in the range of \$15 million to \$30 million in total estimated site cleanup costs.	As of October 10, 1996, the RRB estimates there may be as many as 10-20 decisions reviewed in FY97.
1b. Establish New Remedy Selection Management Flags ("Rules-of-Thumb")	EPA developed two fact sheets that were sent out for review by EPA Regional Offices, other Federal agencies, and State environmental agencies in August 1996. The first fact sheet describes remedy selection rules-of-thumb, or key principles and expectations, corresponding to three policy areas in the Superfund remedy selection process. The second fact sheet describes a set of proposed management review triggers to promote nationally consistent remedy selection decision-making.	EPA will revise both fact sheets based on comments received. The rules-of-thumb fact sheet will be issued as guidance to EPA Regional offices as soon as comments have been incorporated (expected timeframe - second quarter FY97). The revised draft of the proposed management review triggers will be presented at a national Superfund program managers' meeting as the basis for a discussion on updating and consolidating management consultation requirements for Superfund remedy selection decisions. The management consultation process will be revised in FY97.
2. Update Remedy Decisions at Select Sites	EPA issued this Reform guidance on September 27, 1996; however, many Regions anticipated its issuance, and completed a number of remedy updates earlier in FY96. During FY96, remedy updates of all types that achieved savings resulted in a total savings of over \$280 million. Of this \$280 million, over \$250 million resulted from updates of the kind identified in the Reform guidance.	Headquarters will continue to work with the Regions on implementation of this reform.
3a. Clarify the Role of Cost in the Remedy Selection Process	EPA issued a fact sheet, "The Role of Cost in the Superfund Remedy Selection Process," on September 10, 1996. Through the distribution of this fact sheet, EPA hopes to ensure that all stakeholders involved in the Superfund process fully understand the important role of cost in remedy selection under existing law and policy and recent initiatives aimed at enhancing the cost-effectiveness of remedial actions.	Implementation of this reform is complete.
3b. Directive on National Consistency in Remedy Selection	The Agency issued a Directive entitled "National Consistency in Superfund Remedy Selection" (from Elliott P. Laws to Regional Division Directors) on September 25, 1996. This directive emphasizes the critical importance of maintaining appropriate national consistency in the Superfund remedy selection process and requests that program managers make full use of existing tools and consultation opportunities to promote such consistency.	EPA begins initiation of efforts to review and consolidate management consultation requirements/activities in fall 1996.
4. Clarify Information Regarding Remedy Selection Decisions	EPA developed a draft summary sheet that was sent out for review by EPA Regional offices, other involved Federal agencies, and State environmental agencies in August 1996. The summary sheet provides a tool for clearly presenting, in a standardized format, the context, basis, and rationale for site-specific Superfund remedy selection decisions.	Once comments are incorporated, EPA will issue the summary sheet as an interim product and explore its use as a suggested format for summarizing critical site information in support of Agency management briefings. Federal Facilities will also be invited to pilot its use in their programs as well.

Administrative Reform	Status	Next Steps
10a. Promote Risk-Based Priority Setting at Federal Facility Sites	Headquarters has obtained internal comments (including Regional input) on guidance drafted for the Regions which will address the role of risk and other factors (e.g., cost, community concerns, environmental justice, cultural considerations) in setting priorities at Federal facility sites. Regions have begun to implement the concept of risk-based priority setting at Federal facility sites.	EPA will issue final guidance in the second quarter of FY97.
10b. Promote Risk-Based Priority for NPL Sites	Projects are evaluated based on five criteria: 1) risks to humans; 2) ecological risks; 3) stability of contaminants; 4) contaminant characteristics; and 5) economic, social, and program management considerations. During FY96, 42 projects totaling over \$276 million were funded in accordance with National Risk-Based Priority Panel (Panel) recommendations. By early FY97, the Panel had ranked projects approaching \$1 billion in cleanup costs. The Panel met in October 1996.	The Panel will reconvene in early spring 1997.
11. Orphan Share Compensation	Interim final guidance was issued on June 3, 1996. A Headquarters assistance team has been established to assist with the implementation of this reform. The team is working closely with DOJ and the Regional staff to implement this reform. The Agency offered over \$57 million in FY96 to potential settling parties in recognition of the orphan share at 24 Superfund sites across the United States.	In FY97, EPA will continue to bear a portion of the orphan share by compromising costs at sites where parties agree to perform cleanups. These agreements follow the Agency guidance issued in June 1996 and are limited by existing appropriations. In addition, EPA will be considering possible changes to the guidance, including applicability to early <i>de minimis</i> settlers, within the bounds of these parameters.
12. Site Specific Special Accounts	In implementing this Reform, the Regions established 23 Special Accounts in FY96, containing a total of \$78 million. As of September 30, 1996, EPA has set up a cumulative total of 59 Special Accounts. The total balance of funds available in Special Accounts is \$261 million, representing \$226 million in principal. Thirty-five million dollars in interest (interest is through August 31, 1996) is also now credited to these accounts and is available for future response actions at each site.	EPA will be providing general program and financial guidance to the Regions in the near future. The Agency will continue to monitor the success of this reform.
13. Equitable Issuance of Unilateral Administrative Orders (UAOs)	EPA issued a memorandum to the Regions in August 1996 that establishes procedures for Regional Staff to document their reasons for proposing that certain PRPs be excluded from UAOs. The guidance also reaffirms EPA policy to issue such UAOs to the largest number of PRPs appropriate.	During FY97, the Agency will establish a process for ensuring that the Regions prepare the necessary documentation.
14. Revised De Micromis Guidance	On June 3, 1996, EPA has issued new guidance and models designed to streamline and simplify the process to protect contributors of extremely small amounts of waste (de micromis contributors) by creating routine settlement practices where practicable.	EPA will continue to identify those sites where implementation of this reform is appropriate.
15. Adopting Private Party Allocations	EPA established a national workgroup to determine the parameters and identify opportunities for implementation of this reform. The Agency has adopted private party allocations at several sites, including the Doecke Holliday Site in Kansas where the PRPs will perform the cleanup of the site and reimburse 100% of EPA response costs.	The workgroup determined that current Superfund policies are adequate for providing direction to implement the reform and, as a result, no new guidance is planned at this time.
16. Reduced Oversight for Capable and Cooperative PRPs	On July 31, 1996, an EPA Regional/Headquarters workgroup issued a six-page directive to implement this new reform. EPA Regions have identified approximately 100 sites where reductions in oversight of ongoing work for cooperative and capable PRPs have occurred or will occur, significantly reducing costs at some of these sites.	Regions will notify cooperative parties that they have already received reduced oversight or will receive reduced oversight. Regions will be encouraged to provide PRPs with an up-front estimate of contractor costs for oversight.

considering possible changes to the guidance, including applicability to early *de minimis* settlers, within the bounds of these parameters.

Contacts: Susan Boushell, OSRE, (202) 564-5107
Deniz Ergener, OSRE, (202) 564-4233

12. SITE SPECIFIC SPECIAL ACCOUNTS

Description: In October 1995, EPA announced its intention to encourage greater use of Special Accounts for settlement funds to be used for future response actions at Superfund sites and to ensure that interest earned by Special Accounts can be credited to these accounts and be available for future response actions at the sites in question.

Status: In March 1996, EPA issued a memorandum to its Regional Offices, encouraging them to use Special Accounts for settlement funds and advising them on the creation and use of these accounts. In June 1996, EPA reached agreement with the Office of Management and Budget (OMB) and the Department of the Treasury that interest earned by Special Accounts can be credited to these accounts and used by the Agency to carry out the settlement agreements. This means that EPA can retain and apply interest as well as settlement funds to clean up specific sites. In October 1996, OMB approved EPA's methodology for calculating Special Account interest. In late October 1996, EPA sent a memorandum to the Regions outlining the agreement with OMB, providing principal and interest balances in Special Accounts and providing directions on how to request these funds.

In FY96, the Regions established 23 Special Accounts, for a total of \$78 million. Overall, as of September 30, 1996, EPA has set up a total of 59 Special Accounts. The total balance of funds available in Special Accounts is \$261 million, representing \$226 million in principal and \$35 million in interest (interest through August 31, 1996).

The following examples illustrate the success of this reform in making site-specific Special Accounts available for response actions at Superfund sites:

- ▶ At the Love Canal Superfund Site in New York (Region 2), \$5 million in Special Account funds will be used for the remaining future work at the site; *i.e.*, revitalization of the site and completion of a health register.
- ▶ At Oronogo-Duenweg Superfund Site in Missouri (Region 7), EPA entered into a \$1 million settlement with an inactive PRP with limited resources. The use of a Special Account at this site allowed the Agency to settle with the PRP before its

assets dwindled further and preserve the funds for future response actions at the site.

- ▶ At the Sharon Steel and Midvale Slag Superfund Sites in Utah (Region 8), most of the \$65 million in Special Account funds from a large settlement for these two contiguous sites has been applied to cleanup at the sites. In addition, the \$11 million in interest recently credited to the account will be applied to future cleanup activities at the sites.
- ▶ At the North Hollywood Operable Unit of the San Fernando Valley-North Hollywood Superfund Site in California (Region 9), five PRPs contributed \$1.8 million to a Special Account which EPA plans to use to pay the operating costs of the ground water treatment system at the site.
- ▶ At the Non-Populated Areas Operable Unit of the Bunker Hill Superfund Site in Idaho (Region 10), one PRP went bankrupt and EPA was able to recover \$8.75 million. Use of Special Account funds allowed the Region to expedite Fund-lead cleanup.

Next Steps: EPA will be providing general program and financial guidance to the Regions in the near future. The Agency will continue to monitor the success of this reform.

Contact: Filomena Chau, OSRE, (202) 564-4224

13. EQUITABLE ISSUANCE OF UNILATERAL ADMINISTRATIVE ORDERS (UAOs)

Description: Concerns have been expressed that EPA has issued unilateral administrative orders (UAOs) under section 106 authority to only a subset of the parties which have been identified for a particular site. In order to assure fair treatment of responsible parties, EPA is committed to ensuring that UAOs are issued to all appropriate parties following consideration of the adequacy of evidence of the party's liability, their financial viability, and their contribution to the site. Accordingly, EPA will identify (for internal management review purposes only), parties excluded from any order proposed to be issued and the basis for their exclusion. Regional staff will ensure that the Regional decision-maker receives sufficient information regarding who will and who will not receive the orders in the package sent to him or her for approval. Specifically, Regional staff will identify the total number of parties EPA has discovered at a site. Where Regional staff recommend that an order not include certain parties, they will include an explanation of the basis for such exclusion in the package.



United States
Environmental Protection Agency

March 1997

Special Account Implementation Notebook
A Reference Tool

Tab 5

Memo

“Requesting Reimbursable Authority for Superfund Special Accounts (Principal and Interest)”



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

OCT 28 1996

MEMORANDUM

SUBJECT: Requesting Reimbursable Authority for Superfund Special Accounts (Principal and Interest)

FROM: Kathryn S. Schmoll *Kathryn S. Schmoll*
Comptroller (3301)

TO: Assistant Regional Administrators
Regional Superfund Policy Managers

The purpose of this memorandum is to provide the Regions with guidance on how to request both the principal and the interest earned on Special Accounts for use in accordance with their respective settlement agreements. Attached to this memorandum is a report that provides the amount of interest earned on existing Special Accounts through August 1996.

BACKGROUND

During the past several years, EPA has worked closely with the Office of Management and Budget (OMB) to determine that the Agency has the authority to establish interest-bearing Special Accounts. While it has always been clear that the Agency had the required statutory authority to establish and maintain Special Accounts, it was not clear if the interest earned by Special Accounts could be credited to these accounts or only to the Superfund Trust Fund. In June 1996, EPA, OMB, and the Department of the Treasury (Treasury) agreed that the interest earned by Special Accounts, in addition to principal, can be credited to these accounts and used by the Agency to carry out the settlement agreements. OMB provided the Agency with a written confirmation of this agreement on October 3, 1996. OMB's confirmation also approved the Agency's interest calculation methodology submitted for their review in September 1996.

INTEREST AVAILABILITY

The Agency has established more than 50 Special Accounts to date, has collected more than \$250 million in settlements, and has earned over \$35 million in interest through August 31, 1996. The attached report prepared by the Cincinnati Financial Management Center (CFMC) provides the status of current available balances by region and site, and includes total receipts/collections, disbursements, interest earned, and obligations. CFMC will provide this report to the Regions twice a year. When reviewing this



Recycled/Recyclable
Printed with Soy/Canola ink on paper that
contains at least 50% recycled fiber

report, please remember that the calculation of interest will be affected by the following factors:

- o Interest begins to accrue on the date cached funds are received by CFMC. (Regions transmit cached funds to CFMC via an Inter-Office Transfer Voucher (IOTV).)
- o Interest is accrued/calculated based on an average daily balance using a monthly interest rate derived from Treasury's *Hazardous Substances Superfund Trust Fund (Trust Fund) Income Statement and Balance Sheet*.
- o The amount of interest accrued to a Special Account will fluctuate due to periodic changes resulting from collections and disbursements.
- o Balances, including interest, remaining in Special Accounts after response actions have been completed revert to the Trust Fund. (Once these funds are placed in the Trust Fund, they must be appropriated before they can be used by the Agency.)

OBTAINING REIMBURSABLE AUTHORITY

As agreed to with OMB, the Agency will issue interest and principal to Regional allowance holders in the form of reimbursable authority. (Reimbursable authority represents non-appropriated funding apportioned to the Agency by OMB.) Accordingly, each Region must request reimbursable authority from the Budget Division before it can begin processing any obligations or disbursements associated with Special Accounts. Since unobligated reimbursable authority expires at the end of each fiscal year, you should request only the amount of reimbursable authority needed to cover current year obligations. Therefore, reimbursable authority must be requested by each Region at the beginning of each new year in order to reactivate existing Special Accounts for that year. Provided below are guidelines for verifying and requesting reimbursable authority:

1. **Verify Availability.** Carefully review the data provided in the CFMC reports to determine the amount of funds currently available for each Special Account.
2. **Estimate Resource Needs.** At the beginning of each new fiscal year, the Regional Program Office should estimate the amount of reimbursable authority required to support ongoing work during the year at sites for which Special Accounts have been established.
3. **Request Reimbursable Authority.** Regions will prepare and transmit their reprogramming requests for reimbursable authority to the Budget Division. When preparing reprogramming requests, please insert the total amount requested in the TO line and provide the name of the site(s) and corresponding amount(s) required in the

justification statement using the language provided below.
(The request does not need to specify whether amount being requested is for interest or principal, or both.)

Generic Justification Language

This reprogramming requests the issuance of Superfund Special Account funds for the following site(s):

Site name:	Amount:
Site name:	Amount:

Contact person:
Phone number:

If the amount of reimbursable authority requested by the Regions is depleted before year-end and work continues at the site, additional reimbursable authority may be requested provided that funds are still available, i.e., principal and/or interest. To obtain additional reimbursable authority the Regions should prepare another reprogramming request.

4. **Using Reimbursable Authority.** The Regions' use of reimbursable authority is limited to the site(s) provided in the reprogramming request. Further, these resources must be used in accordance with the settlement agreement, i.e., principal and interest shall only be used at the site(s) identified in the settlement agreement.

5. **Unused Special Account Funds.** Balances remaining in Special Accounts where all work has been completed and are ready for closeout cannot be transferred to another Special Account(s) to offset costs at that site(s). (Requesting reimbursable authority for this purpose is unallowable.) As discussed earlier, all remaining balances revert to the Trust Fund.

Additional information pertaining to Special Accounts will be distributed shortly by the Office of Site Remediation Enforcement, Office of Enforcement and Compliance Assurance.

If you have any questions concerning reimbursable authority, please contact Jessie Price, Budget Division, at (202) 260-6603. If you have any questions regarding the reports or Special Accounts, please contact Connie Ely, CFMC, at (513) 366-2075.

Attachment

cc: Director, Office of Emergency and Remedial Response
Regional Comptrollers
Director, Office of Site Remediation Enforcement

Special Account
Report for Region 01
As of September 30, 1996

Page: 1

Site ID	Project	Site Name	Receipts	(1) Interest	Disbursements	Current Balance	Unliquidated Obligations	Available Balance
05		OTTATI & GOSS	1,219,529.01	171,335.63	0.00	1,390,864.64	0.00	1,390,864.64
06		KEEFE	1,778,823.88	28,916.31	0.00	1,807,740.19	0.00	1,807,740.19
08		SOLVENTS RECOVERY	566,867.02	31,914.02	0.00	598,781.04	0.00	598,781.04
20		AEROVOX	5,815,497.24	1,183,215.40	0.00	6,998,712.64	0.00	6,998,712.64
22		SILRESIM	28,757,016.82	3,716,594.23	8,497,088.30	23,976,522.75	2,002,911.70	21,973,611.05
30		L&RR	60,000.00	12,796.02	0.00	72,796.02	0.00	72,796.02
43		NEW BEDFORD	58,130,761.61	11,456,583.97	2,583,484.63	67,003,860.95	1,778,766.37	65,225,094.58
45		SAVAGE	204,188.49	9,222.86	0.00	213,411.35	0.00	213,411.35
Total			96,532,684.07	16,610,578.44	11,080,572.93	102,062,689.58	3,781,678.07	98,281,011.51

**** NOTE: (1) Interest was calculated through AUG, 96 ****

Special Account
Report for Region 02
As of Setember 30, 1996

Page: 1

te ID	Project	Site Name	Receipts	(1) Interest	Disbursements	Current Balance	Unliquidated Obligations	Available Balance
01		LIPARI LANDFILL	17,321,222.48	1,394,995.83	107,016.33	18,609,201.98	9,088,714.67	9,520,487.31
05	HA00	LOVE CANAL	3,000,000.00	33,976.96	0.00	3,033,976.96	0.00	3,033,976.96
05	RA07	LOVE CANAL	2,000,000.00	22,651.30	0.00	2,022,651.30	0.00	2,022,651.30
34		KENTUCKY AVE WELLFIELD	595,120.00	12,790.95	595,120.00	12,790.95	0.00	12,790.95
37		MARATHON BATTERY	3,625,000.00	68,080.17	3,625,000.00	68,080.17	0.00	68,080.17
total			26,541,342.48	1,532,495.21	4,327,136.33	23,746,701.36	9,088,714.67	14,657,986.69

**** NOTE: (1) Interest was calculated through AUG, 96 ****

Special Account
Report for Region 03
As of Setember 30, 1996

Page: 1

Site ID	Project	Site Name	Receipts	(1) Interest	Disbursements	Current Balance	Unliquidated Obligations	Available Balance
09		TYBOUTS CORNER	868,693.41	170,076.49	0.00	1,038,769.90	0.00	1,038,769.90
45		DELAWARE SAND & GRAVEL	20,000.00	0.00	0.00	20,000.00	0.00	20,000.00
J4		HEBEIKA AUTO	1,000.00	195.80	0.00	1,195.80	0.00	1,195.80
N2		EASTERN DIVERSIFIED	3,930,469.96	126,007.21	0.00	4,056,477.17	0.00	4,056,477.17
Z8		WM. DICK LAGOON, PA	577,276.74	6,003.03	0.00	583,279.77	0.00	583,279.77
Total			5,397,440.11	302,282.53	0.00	5,699,722.64	0.00	5,699,722.64

**** NOTE: (1) Interest was calculated through AUG, 96 ****

Special Account
Report for Region 04
As of Setember 30, 1996

Page: 1

Site ID	Project	Site Name	Receipts	(1) Interest	Disbursements	Current Balance	Unliquidated Obligations	Available Balance
A7		CITY INDUSTRIES	2,977,950.00	392,797.61	1,641,455.73	1,729,291.88	248,294.76	1,480,997.12
TP		AQUA TECH ENVIRONMENTAL	541,349.89	1,440.39	0.00	542,790.28	0.00	542,790.28
Total			3,519,299.89	394,238.00	1,641,455.73	2,272,082.16	248,294.76	2,023,787.40

**** NOTE: (1) Interest was calculated through AUG, 96 ****

Special Account
Report for Region 05
As of Setember 30, 1996

Page: 1

Site ID	Project	Site Name	Receipts	(1) Interest	Disbursements	Current Balance	Unliquidated Obligations	Available Balance
34		BOFORS NOBEL	7,649,654.49	204,230.11	0.00	7,853,884.60	0.00	7,853,884.60
CX		KING RIVER LIMITED	63,921.75	6,654.28	0.00	70,576.03	0.00	70,576.03
J7		AMERICAN CHEMICAL SERVICE	25,423,254.22	503,489.25	0.00	25,926,743.47	0.00	25,926,743.47
W1		THERMO-CHEM	2,118,478.79	134,845.31	0.00	2,253,324.10	0.00	2,253,324.10
ZX		LEAD BATTERY RECYCLER, OH	222,128.07	1,714.98	0.00	223,843.05	0.00	223,843.05
Total			35,477,437.32	850,933.93	0.00	36,328,371.25	0.00	36,328,371.25

**** NOTE: (1) Interest was calculated through AUG, 96 ****

Special Account
Report for Region 06
As of Setember 30, 1996

Page: 1

ite ID	Project	Site Name	Receipts	(1) Interest	Disbursements	Current Balance	Unliquidated Obligations	Available Balance
04		VERTAC	800,000.00	14,322.65	81,082.22	733,240.43	8,026.80	725,213.63
1J		ALCOA/LAVACA BAY	240,000.00	10,744.24	76,910.30	173,833.94	2,447.31	171,386.63
5Y		GULF COAST VACUUM	2,011,000.10	210,118.82	108,996.77	2,112,122.69	484,123.62	1,627,999.07
8B		CHINO MINES	31,720.00	355.41	4,709.48	27,365.93	66.50	27,299.43
D5		WOLVERINE/AMERAC PAB OIL	634,984.00	23,746.62	3,650.08	655,080.54	213.22	654,867.32
E7		MOSLEY ROAD	717,781.19	87,384.74	21,594.09	783,571.84	432,805.89	350,765.95
G9		CLEVELAND MILL	14,300.00	58.19	36.42	14,321.77	40.02	14,281.75
H8		SOUTH 8TH ST.	150,000.00	1,675.67	456.34	151,219.33	322.67	150,896.66
Z2		ODESSA DRUM	1,106,352.20	26,236.31	871,105.18	261,483.33	120.80	261,362.53
total			5,706,137.49	374,642.65	1,168,540.88	4,912,239.80	928,166.83	3,984,072.97

**** NOTE: (1) Interest was calculated through AUG, 96 ****

Special Account
Report for Region 07
As of Setember 30, 1996

Page: 1

Site ID	Project	Site Name	Receipts	(1) Interest	Disbursements	Current Balance	Unliquidated Obligations	Available Balance
GM		RALSTON	70,000.00	638.00	2,238.13	68,399.87	119.48	68,280.39
P8		MISSISSIPPI RIVER POOL	80,000.00	0.00	0.00	80,000.00	0.00	80,000.00
QL		TRIGGS TRAILER	6,000.00	766.91	0.00	6,766.91	0.00	6,766.91
R8		THOMPSON CHEMICAL	40,000.00	372.48	122.75	40,249.73	437.00	39,812.73
Total			196,000.00	1,777.39	2,360.88	195,416.51	556.48	194,860.03

**** NOTE: (1) Interest was calculated through AUG, 96 ****

Special Account
Report for Region 08
As of Setember 30, 1996

Page: 1

ite ID	Project	Site Name	Receipts	(1) Interest	Disbursements	Current Balance	Unliquidated Obligations	Available Balance
08		LOWRY LANDFILL	5,186,758.83	0.00	382,985.98	4,803,772.85	551,295.36	4,252,477.49
13		CLEAR CREEK	623,000.00	10,470.54	0.00	633,470.54	622,999.00	10,471.54
29		CALIFORNIA GULCH	603,000.00	31,027.35	0.00	634,027.35	431,000.00	203,027.35
38		PORTLAND CEMENT	10,882,335.58	590,049.88	1,110,984.46	10,361,401.00	2,296,744.00	8,064,657.00
40		SHARON STEEL	56,018,129.58	11,016,348.22	36,136,319.48	30,898,158.32	18,904,690.87	11,993,467.45
71		MIDVALE SLAG	5,000,000.00	1,112,453.27	1,205,099.07	4,907,354.20	3,213,195.38	1,694,158.82
87		CHEMICAL SALES	1,699,762.96	78,418.87	0.00	1,778,181.83	0.00	1,778,181.83
99		CLARK FORK RIVER	1,605,807.00	53,688.06	1,073,071.00	586,424.06	91,539.00	494,885.06
F3		PETRO CHEM	8,391,582.72	536,349.47	0.00	9,042,095.39	0.00	9,042,095.39
Total			90,010,376.67	13,428,805.66	39,908,459.99	63,644,885.54	26,111,463.61	37,533,421.93

**** NOTE: (1) Interest was calculated through AUG, 96 ****

Special Account
Report for Region 09
As of Setember 30, 1996

Page: 1

Site ID	Project	Site Name	Receipts	(1) Interest	Disbursements	Current Balance	Unliquidated Obligations	Available Balance
3H		CASMALIA	2,212,008.77	73,820.11	1,684,378.13	217,450.75	12,170.11	205,280.64
4U		STRINGFELLOW	2,330,833.28	233,530.74	1,109,909.28	1,456,954.78	545,620.49	911,334.29
4X		SO. EL MONTE O.U.	500,000.00	17,673.04	0.00	517,673.04	0.00	517,673.04
58		OPERATING INDUSTRIES	330,000.00	8,070.28	46,334.13	291,736.15	4,056.93	287,679.22
89		LORENTZ BARREL & DRUM	1,350,000.51	27,816.19	31,642.57	1,346,174.13	402,180.21	943,993.92
8V		PUENTE VALLEY	28,750.00	640.86	0.00	29,390.86	0.00	29,390.86
AF		GENERAL STEEL & WIRE	2,063,262.13	151,810.95	493,156.71	1,721,916.37	621,147.16	1,100,769.21
B8		HASSAYAMPA	280,000.00	18,330.39	20,738.58	277,591.81	0.00	277,591.81
NI		NORTH HOLLYWOOD UNIT	1,595,864.00	0.00	0.00	1,595,864.00	0.00	1,595,864.00
Total			10,690,718.69	531,692.56	3,386,159.40	7,454,751.89	1,585,174.90	5,869,576.99

**** NOTE: (1) Interest was calculated through AUG, 96 ****

Special Account
Report for Region 10
As of Setember 30, 1996

Page: 1

ite ID	Project	Site Name	Receipts	(1) Interest	Disbursements	Current Balance	Unliquidated Obligations	Available Balance
20		BUNKER HILL	13,561,548.24	988,738.82	2,362,645.07	12,187,641.99	9,537,308.11	2,650,333.88
83		TULALIP LANDFILL	2,360,784.00	0.00	0.00	2,360,784.00	0.00	2,360,784.00
E8		ARTIC SURPLUS	500,000.00	120,633.21	117,611.04	503,022.17	5,381.62	497,640.55
Y4		Bunker Hill	30,000.00	135.93	2,000.00	28,135.93	28,000.00	135.93
otal			16,452,332.24	1,109,507.96	2,482,256.11	15,079,584.09	9,570,689.73	5,508,894.36

**** NOTE: (1) Interest was calculated through AUG, 96 ****

Notes



United States
Environmental Protection Agency

March 1997

Special Account Implementation Notebook
A Reference Tool

Tab 6
Excerpt from
Congress' Conference Report (104-812) for the
FY 1997 VA-HUD and Independent Agencies
Appropriation Bill

Filomena Chau
202-564-4224

**Superfund Administrative Reform
on Site-Specific Special Accounts**

for Steve Herman, Assistant Administrator, OECA
November 5, 1996

- o Congress' Conference Report (104-812) for the FY 1997 VA-HUD and Independent Agencies Appropriations Bill applauds EPA's effort to ensure that interest earned by Special Accounts on settlement funds can be credited to these accounts, so this interest can be made available for specific site cleanup. The Report also urged EPA to implement this Reform as soon as possible. (page 72, paragraph 5)
- o This is the only Superfund Reform mentioned in this Report.
- o Congress urges us to implement this Reform as soon as possible. We have been and will continue to implement this Reform:
 - The Reform's goals are to encourage greater use of Special Accounts for settlement funds intended for future cleanups at Superfund sites and to ensure that interest earned on these accounts can be credited to them and made available for cleanup at those sites.
 - Since announcement of the Reform, EPA has established 23 Special Accounts, totalling \$78 million.
 - As of September 30, 1996, we have established 59 Special Accounts. Total balance of funds available in Special Accounts for site cleanup is \$261 million (\$226 million in principal and \$35 million in interest, interest is through August 31, 1996).
 - The interest available is due to our agreement with OMB and Treasury that interest earned by Special Accounts can be credited to these accounts.
- o Next steps are:
 - To examine the data to determine the amount collected in all Special Accounts, the amount disbursed, and the parties (PRP vs. Fund-lead) receiving disbursements.
 - To provide general program and financial guidance.
- o We will be reporting to Congress on the implementation of this Reform.



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

23 SEP 1996

MEMORANDUM

SUBJECT: Conference Report (104-812) for the
FY 1997 VA-HUD and Independent Agencies
Appropriations Bill

FROM: Kathryn S. Schmolz
Comptroller (3301)

A handwritten signature in cursive script, reading "Kathryn S. Schmolz", is written over the typed name and title.

TO: Carol M. Browner
Administrator (1101)

Fred Hansen
Deputy Administrator (1102)

The House Appropriations Committee filed the Conference Report on the FY 1997 VA, HUD, and Independent Agencies Appropriations Bill on September 20, 1996. Attached are copies of EPA's portion of the Conference Report.

If you have any questions, please let me know. The House is scheduled to take up the Conference Report on Tuesday, September 24, and we expect the Senate to take it up shortly thereafter. We will keep you informed of all Appropriations action as it occurs.

Attachments

cc: Peter D. Robertson
Chief of Staff (1101)

Margaret Schneider
Special Counsel to the Deputy Administrator (1103)

Sallyanne Harper, Acting
Chief Financial Administrator (3101)

Assistant Administrators
Associate Administrators
General Counsel
Inspector General
Regional Administrators

MAKING APPROPRIATIONS FOR THE DEPARTMENTS OF VETERANS AFFAIRS AND HOUSING AND URBAN DEVELOPMENT, AND FOR SUNDRY INDEPENDENT AGENCIES, BOARDS, COMMISSIONS, CORPORATIONS, AND OFFICES FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 1997, AND FOR OTHER PURPOSES

SEPTEMBER 20, 1996. Ordered to be printed

Mr. LEWIS of California, from the committee of conference,
submitted the following

CONFERENCE REPORT

(To accompany H.R. 3666)

CONFERENCE REPORT (H. REPT. 104-812)

The Committee of Conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 3666) "making appropriations for the Departments of Veterans Affairs and Housing and Urban Development, and for sundry independent agencies, boards, commissions, corporations, and offices for the fiscal year ending September 30, 1997, and for other purposes," having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 11, 60, 107, and 112.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 3, 5, 8, 12, 13, 15, 17, 19, 21, 22, 23, 24, 25, 26, 27, 28, 30, 31, 32, 36, 37, 38, 39, 42, 44, 45, 46, 48, 49, 50, 51, 52, 53, 54, 55, 56, 61, 62, 63, 64, 65, 66, 69, 71, 73, 74, 75, 76, 77, 78, 79, 82, 85, 86, 87, 88, 90, 92, 93, 94, 96, 97, 98, 99, 100, 101, 103, 104, 106, 108, 109, 110, 114, 115, 116, and agree to the same.

Amendment numbered 4:

That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert \$700,000,000; and the Senate agree to the same.

Amendment numbered 6:

pursuant to section 561. No funds made available under this heading shall be used to lobby the executive or legislative branches of the Federal Government in connection with a specific contract, grant or loan.

EPA J And the Senate agree to the same.

Amendment numbered 57:

That the House recede from its disagreement to the amendment of the Senate numbered 57, and agree to the same with an amendment, as follows:

In lieu of the matter stricken and inserted by said amendment, insert: *\$542,000,000*; and the Senate agree to the same.

Amendment numbered 58:

That the House recede from its disagreement to the amendment of the Senate numbered 58, and agree to the same with an amendment, as follows:

In lieu of the matter stricken and inserted by said amendment, insert: *\$1,710,000,000*; and the Senate agree to the same.

Amendment numbered 59:

That the House recede from its disagreement to the amendment of the Senate numbered 59, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert: *\$87,220,000*; and the Senate agree to the same.

Amendment numbered 67:

That the House recede from its disagreement to the amendment of the Senate numbered 67, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert: *\$2,875,207,000*; and the Senate agree to the same.

Amendment numbered 68:

That the House recede from its disagreement to the amendment of the Senate numbered 68, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert: *\$1,900,000,000*; and the Senate agree to the same.

Amendment numbered 70:

That the House recede from its disagreement to the amendment of the Senate numbered 70, and agree to the same with an amendment, as follows:

Restore the matter stricken by said amendment, amended to read as follows: *\$136,000,000 for making grants for the construction of wastewater and water treatment facilities and the development of groundwater in accordance with the terms and conditions specified for such grants in the conference report and joint explanatory statement of the committee of conference accompanying this Act (H.R. 3666);* and the Senate agree to the same.

Amendment numbered 72:

That the House recede from its disagreement to the amendment of the Senate numbered 72, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert: *\$1,900,000,000*; and the Senate agree to the same.

Amendment numbered 80:

That the House recede from its disagreement to the amendment of the Senate numbered 80, and agree to the same with an amendment, as follows:

In lieu of the matter proposed by said amendment, insert: *Provided, That notwithstanding any other provision of this paragraph, amounts appropriated herein shall be available for obligation on October 1, 1996: Provided further, That the Director of the Federal Emergency Management Agency (FEMA) shall submit to the appropriate committees of Congress within 120 days of enactment of this Act a comprehensive report on FEMA's plans to reduce disaster relief expenditures and improve management controls of the Disaster Relief Fund;* and the Senate agree to the same.

Amendment numbered 81:

That the House recede from its disagreement to the amendment of the Senate numbered 81, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert: *\$167,500,000*; and the Senate agree to the same.

Amendment numbered 83:

That the House recede from its disagreement to the amendment of the Senate numbered 83, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert: *\$206,701,000*; and the Senate agree to the same.

Amendment numbered 84:

That the House recede from its disagreement to the amendment of the Senate numbered 84, and agree to the same with an amendment, as follows:

In lieu of the matter proposed by said amendment, insert: *The first sentence of section 1376(c) of the National Flood Insurance Act of 1968, as amended (42 U.S.C. 4127(c)), is amended by striking all after "this subsection" and inserting "such sums as may be necessary through September 30, 1997 for studies under this title."*

And the Senate agree to the same.

Amendment numbered 89:

That the House recede from its disagreement to the amendment of the Senate numbered 89, and agree to the same with an amendment, as follows:

In lieu of the matter inserted by said amendment, insert the following: *Upon the determination by the Administrator that such action is necessary, the Administrator may, with the approval of the Office of Management and Budget, transfer not to exceed \$177,000,000 of funds made available in this Act to the National Aeronautics and Space Administration for the International Space Station between "Science, aeronautics and technology" and "Human space flight", to be merged with and to be available for the same purposes, and for the same time period, as the appropriation to which transferred: Provided, That such authority to transfer may not be used unless for higher priority items than those for which originally appropriated: Provided further, That the Administrator of the National Aeronautics and Space Administration shall notify the Congress promptly of all transfers made pursuant to this authority.*

And the Senate agree to the same.

Amendment numbered 91:

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at a conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 3666) making appropriations for the Departments of Veterans Affairs and Housing and Urban Development, and for sundry independent agencies, boards, commissions, corporations, and offices for the fiscal year ending September 30, 1997, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying report.

The language and allocations set forth in House Report 104-628 and Senate Report 104-318 should be complied with unless specifically addressed to the contrary in the conference report or a statement of the managers. Report language included by the House which is not changed by the report of the Senate or the conference and Senate report language which is not changed by the conference is approved by the committee of conference. The statement of the managers, while repeating some report language for emphasis, does not intend to negate the language referred to above unless expressly provided herein. In cases in which the House or Senate have directed the submission of a report, such report is to be submitted to both House and Senate Committees on Appropriations.

TITLE I—DEPARTMENT OF VETERANS AFFAIRS

VETERANS BENEFITS ADMINISTRATION

Amendment No. 1: Appropriates \$18,671,259,000 for compensation and pensions as proposed by the Senate, instead of \$18,497,854,000 as proposed by the House.

Amendment No. 2: Appropriates \$1,377,000,000 for readjustment benefits as proposed by the Senate, instead of \$1,227,000,000 as proposed by the House.

Amendment No. 3: Limits the principal amount of direct loans in the vocational rehabilitation loans program account to not to exceed \$2,822,000 as proposed by the Senate, instead of not to exceed \$1,964,000 as proposed by the House.

VETERANS HEALTH ADMINISTRATION

Amendment No. 4: Delays the availability of \$700,000,000 of the medical care appropriation in the equipment and land and structures object classifications until August 1, 1997, instead of delaying the availability of \$570,000,000 as proposed by the House and \$596,000,000 as proposed by the Senate.

The conference agreement includes medical care funding of \$210,000 to expand services at the existing community-based out-

Amendment No. 50: Limits funds for grants under the National Service Trust, including the AmeriCorps program, to not more than \$215,000,000 as proposed by the Senate, instead of \$201,000,000 as proposed by the House.

Amendment No. 51: Inserts language proposed by the Senate limiting funds for national direct programs to not more than \$40,000,000.

Amendment No. 52: Limits funds for the Points of Light Foundation to not more than \$5,500,000 as proposed by the Senate, instead of \$5,000,000 as proposed by the House.

Amendment No. 53: Limits funds for the Civilian Community Corps to not more than \$18,000,000 as proposed by the Senate, instead of \$17,500,000 as proposed by the House.

Amendment No. 54: Limits funds for the school-based and community-based service-learning programs to not more than \$43,000,000 as proposed by the Senate, instead of \$41,500,000 as proposed by the House.

COURT OF VETERANS APPEALS

Amendment No. 55: Deletes language proposed by the House and stricken by the Senate increasing the salaries and expenses appropriation by \$1,411,000.

Amendment No. 56: Earmarks \$700,000 of the salaries and expenses appropriation for the pro bono representation program as proposed by the Senate, instead of \$634,000 as proposed by the House.

ENVIRONMENTAL PROTECTION AGENCY

SCIENCE AND TECHNOLOGY

Amendment No. 57: Appropriates \$542,000,000 for science and technology activities instead of \$538,500,000 as proposed by the House and \$545,000,000 as proposed by the Senate.

The conferees are in agreement with the following changes to the budget request:

+ \$2,150,000 for the Mickey Leland National Urban Air Toxics Research Center.

+ \$2,500,000 for the American Water Works Association Research Foundation.

+ \$700,000 for continued study of livestock and agricultural pollution abatement.

+ \$750,000 for oil spill remediation research at the Louisiana Environmental Research Center at McNeese State University.

+ \$1,100,000 to continue the PM-10 study in the San Joaquin Valley, California.

+ \$750,000 for continuation of the Resource and Agriculture Policy Systems Program at Iowa State University.

+ \$1,500,000 for EPSCoR.

+ \$1,000,000 for a study of the salinity of the Salton Sea by the University of Redlands.

+ \$1,200,000 for the lower Mississippi River interagency cancer study (LMRICS).

+ \$750,000 for research on environmental lung disease through the National Jewish Center for Immunology and Respiratory Medicine.

+ \$1,000,000 for the Center for Air Toxics Metals.

+ \$300,000 for the clean air status and trends network (CASTNet) monitoring stations in New England.

+ \$1,500,000 for the Water Environmental Research Foundation.

+ \$1,000,000 for research on the health effects of arsenic.

+ \$5,000,000 for the Mine Waste Technology Program.

+ \$250,000 for research and development needs in onsite and alternative water and wastewater systems through the National Decentralized Water Resources Capacity Development Project.

- \$17,600,000 from the Environmental Technology Initiative, leaving \$10,000,000 for technology verification activities.

- \$10,000,000 from the increase proposed for the climate change action plan.

- \$2,200,000 from the EMAP program.

- \$7,000,000 from academic graduate fellowships.

- \$20,398,000 as a general reduction. In determining the level of general reduction under this account, the conferees note that directed reductions were not taken for enforcement and for hiring additional employees. Rather, the conferees agree that this general reduction be taken on an equitable basis from all intramural (salaries and expenses) and extramural (contracts and grants) activities at the Agency, including management and support, research, enforcement, regulatory activities and technical assistance.

The conferees encourage EPA to work with institutions of higher learning to establish and operate small public water system technology assistance centers, the need for which was recognized in the recently enacted Safe Drinking Water Act Amendments.

The conferees support the continuation of the Superfund Innovative Technology Evaluation (SITE) program, which has been moved to the science and technology account, at the budget request level. The program is expected to focus on the validation and verification of the performance of innovative technologies developed by the private sector that will serve to reduce remediation times and costs.

Within 90 days of enactment of this Act, the conferees direct EPA to enter into an agreement with the National Academy of Sciences (NAS) to conduct a comprehensive two-year study of the human health effects of synthetic and naturally occurring substances that may have an effect in humans that is similar to an effect produced by the hormone estrogen, and such other hormone related effects as EPA may designate. The conferees expect this study will examine the occurrence, toxicological data, mechanisms of action, and relative risk of synthetic and naturally occurring hormone related toxicants in the causation of human health problems. Because of the recent enactment of provisions mandating the development of screening programs for these substances, the study should also address issues central to the development of a cost-effective screening program, including how to select and prioritize chemicals for testing, which test or tests to include in a screening program, and the most appropriate way to use the resulting infor-

mation in developing risk estimates. If the EPA has already entered into an agreement or agreements with the NAS with regard to hormone related toxicants, the EPA is expected to merge all such studies into one report. The conferees expect such study to be completed within two years and ask the NAS to transmit the subsequent report to the Committees on Appropriations as well as to the EPA. Prior to release of the study and before proposing any regulations or testing programs that address estrogen or hormone related characteristics, the Agency is directed to thoroughly consult with the NAS and to consider the findings and recommendations of this study. The conferees expect that any written comments submitted by the NAS on a proposed regulation, as well as any EPA response to such comments, will be published as part of any final EPA rulemaking on this matter.

Finally, the conferees agree that of the \$35,000,000 transferred to science and technology from hazardous substance superfund, \$2,500,000 is for the Gulf Coast Hazardous Substance Research Center.

ENVIRONMENTAL PROGRAMS AND MANAGEMENT

Amendment No. 58: Appropriates \$1,710,000,000 for environmental programs and management instead of \$1,704,500,000 as proposed by the House and \$1,713,000,000 as proposed by the Senate.

The conferees are in agreement with the following changes to the budget request:

- + \$2,500,000 for environmental justice activities.
- + \$4,550,000 for rural water technical assistance activities in addition to the levels provided in the budget request, including \$2,100,000 for activities of the National Rural Water Association; \$900,000 for RCAPs; \$150,000 for the GWPC; \$350,000 for the Small Flows Clearinghouse; \$1,000,000 for the National Environmental Training Center; and \$50,000 to establish a regional waste water training center at Vermont Technical College.
- + \$1,000,000 to continue the onsite wastewater treatment demonstration program through the Small Flows Clearinghouse.
- + \$2,500,000 for the Southwest Center for Environmental Research and Policy.
- + \$700,000 to enable the Long Island Sound Office to continue the implementation of the Sound's long-term conservation and management plan.
- + \$250,000 for a study of EPA's Mobile Source Emissions Factor Model to be conducted by the National Academy of Sciences.
- + \$500,000 for ongoing programs of the Canaan Valley Institute.
- + \$900,000 for continuing work on the water quality management plan for Skaneateles, Owasco, and Otisco Lake watersheds.
- + \$300,000 for continuing work on the Cortland County, New York aquifer protection plan.
- + \$1,500,000 for the National Institute for Environmental Renewal for development of an integrated environmental monitoring and data management system.

+ \$3,000,000 for a sludge-to-oil-reactor (STORS) and nitrogen removal system demonstration project in the San Bernardino Valley Municipal Water District.

+ \$1,250,000 for the South Shore Tahoe Transportation demonstration.

+ \$3,500,000 for the Lake Hollingsworth lake dredging technology demonstration, Lakeland, Florida.

+ \$5,000,000 for the West Palm Beach, Florida potable water reuse demonstration project.

+ \$290,000 for an analysis of the perennial yield of good quality groundwater in the Wadsworth Sub-basin for the town of Fernley, Nevada.

+ \$2,000,000 for continuing work on the New York/New Jersey Dredge Decontamination pilot study authorized by section 405 of the Water Resources Development Act of 1992.

+ \$900,000 for continuation of the Sacramento River Toxic Pollutant Control program, to be cost shared.

+ \$500,000 for the small water system cooperative initiative at Montana State University.

+ \$320,000 for the regional environmental finance centers.

+ \$300,000 for recycling and reuse technology development at the Iowa Waste Reduction Center.

+ \$1,000,000 for the non-profit For the Sake of the Salmon to fund watershed coordinators for salmon protection in the Pacific Northwest.

+ \$2,000,000 to continue the leaking above ground storage tank demonstration in the State of Alaska.

+ \$250,000 for the final year of EPA's demonstration program on the Potomac River's north branch of an acid mine drainage remediation project.

+ \$300,000 to continue the evaluation of ground water quality in Missouri.

+ \$1,000,000 for a Missouri watershed initiative cooperative demonstration project with the Food and Agricultural Policy Research Institute to link economic and environmental data with ambient water quality.

+ \$750,000 for the Lake Champlain management plan.

+ \$2,000,000 to demonstrate the latest technology in utilizing reclaimed water from a wastewater treatment facility in Silverton, Oregon.

+ \$500,000 to continue the model coordinated tribal water quality program in Washington State.

+ \$400,000 to continue the Maui algal bloom project.

+ \$400,000 to continue support of the Ala Wai Canal water improvement demonstration project.

+ \$700,000 for the solar aquatic waste water treatment demonstration project in Vermont.

+ \$850,000 for the Nebraska municipal governments mandates initiative.

+ \$525,000 for an early childhood initiative in environmental education.

+ \$1,000,000 for a Federal contribution to the New York City watershed protection program.

+ \$250,000 for the Nature Conservancy of Alaska for protection of the Kenai River watershed.

+ \$1,500,000 for wastewater training grants under section 104(g) of the Clean Water Act.

+ \$200,000 to continue the cleanup of Five Island Lake.

+ \$500,000 for the Alabama Department of Environmental Management to conduct a study on innovations in sewer system development and operation.

+ \$100,000 for a demonstration project on the use of oysters to improve water quality in Chesapeake Bay tributaries.

+ \$1,000,000 for a small business compliance demonstration project pursuant to section 215 of the Small Business Regulatory Enforcement Fairness Act of 1996.

+ \$1,000,000 for a grant program to assist established conservancies to develop or complete stream restoration or watershed management plans as approved by CALFED consistent with the Bay-Delta Category III Program. The conferees expect that the Agency's fiscal year 1998 budget estimates will identify in detail the funds and programs dedicated to implementation of the Bay-Delta Accord, and, in addition, expect that the Agency's 1997 Operating Plan will identify the funding amounts provided all programs and projects which will serve to advance or are consistent with the implementation of the Accord.

+ \$1,000,000 for the Michigan Biotechnology Institute's pilot program for commercializing environmental technologies of national strategic benefit.

+ \$200,000 for the Alabama Water and Wastewater Institute to train and upgrade waste treatment works operators and maintenance personnel as required by the Clean Water Act.

- \$5,000,000 from the new sustainable development challenge grant program.

- \$43,500,000 from the ETI program. The conferees agree that the design for the environment (DfE) initiative should not be treated as part of the ETI program and is thus not included in this reduction.

- \$48,000,000 from climate change action plan programs. The conferees note that these programs will remain funded at nearly \$68,000,000, which is similar to that provided in fiscal year 1996.

- \$500,000 from the Gulf of Mexico program.

- \$2,000,000 from EPA's air programs.

- \$1,000,000 from low priority programs specifically related to NAFTA.

- \$2,500,000 from non-specific regulatory programs as outlined in the budget request.

- \$2,000,000 from the National Service Initiative.

- \$7,000,000 from the Montreal Protocol facilitation fund, thus level-funding this program at the 1996 level.

- \$1,000,000 from the GLOBE program.

- \$121,014,000 as a general reduction. In determining the level of general reduction under this account, the conferees note that directed reductions were not taken for enforcement, management and support, or for new hires. Rather, the conferees agree that this general reduction be taken on an equitable basis from all intramural (salaries and expenses) and extramural (contracts and

grants) activities of the Agency, including management and support, enforcement, regulatory activities and technical assistance.

Of the amounts contained herein, the conferees have provided up to \$500,000 to continue efforts to ensure smooth implementation of notification of lead-based paint hazards during real estate transactions, direct that no less than \$300,000 be allocated to the Northeast States for Coordinated Air Use Management to provide technical assistance and policy guidance to its member States, and expect that the National Environmental Education and Training Foundation will be funded at the same ratio as it was during fiscal year 1996. Within the amount provided for the Office of Small and Disadvantaged Business Utilization, the Agency is encouraged to make training grants to small, minority and women-owned businesses for hazardous waste cleanup; for lead-based paint abatement; for radon activities; and for underground storage tank clean-up.

The conferees note that the implementation of new legislation on drinking water and food safety likely will require some redirection of EPA resources. Given that these bills were only recently enacted, the Committees on Appropriations were unable to consider associated funding requirements. The conferees therefore expect EPA to address any funding requirements for implementation of these important statutes, such as drinking water health effects research, in the Agency's operating plan.

The conferees recognize that leaking aboveground tanks storing petroleum or petroleum products pose complex challenges for communities, and can threaten groundwater, the most critical source of drinking water. The conferees are concerned that EPA has yet to take substantive action on many recommendations made by the General Accounting Office in two reports. The conferees strongly urge EPA to address gaps in the program identified in the GAO reports, including secondary containment, overfill prevention, testing, inspection, compatibility, installation, corrosion protection, and structural integrity of petroleum tanks in excess of 42,000 gallons. EPA is further urged to consider ways of streamlining the administration of the aboveground storage tank program.

The conferees direct the Agency to report to the Committees on Appropriations on the number of chemical waste landfills that have received waivers of the siting requirements under the Toxic Substances Control Act (TSCA), pursuant to 40 CFR 761.75(c)(4), and describe in detail the process by which requests for such waivers are considered and approved. Further, the conferees encourage the Agency to respond thoroughly to all comments filed by local governments and knowledgeable parties on the TSCA permit application for PCB-waste disposal in Wayne County, Michigan, prior to any final action on that application.

The conferees express their support for EPA's continued funding to allow the Sokaogon Chippewa Community to assess the environmental impacts of a proposed sulfide mine project. The conferees expect the EPA to work within existing funds to assist the Sokaogon Chippewa Community in their efforts to contribute adequate and up-to-date information to federal agencies reviewing the mine proposal.

The conferees are aware that the EPA is under court order to make a decision on whether to change the current National Ambient Air Quality Standard for Particulates. The court has ordered the EPA to issue a proposed decision by November 29, 1996, and a final decision by June 28, 1997. The conferees note that at present, there appears to be insufficient data available for the Agency to decide what changes, if any, should be made to the current standard. In particular, some scientists have concluded that current data do not adequately demonstrate causality or provide sufficient information to establish a specific new control strategy. Moreover, the EPA's Clean Air Scientific Advisory Committee is meeting soon to begin to design its recommended particulate research program for the Agency. The conferees further note that, at EPA's request, \$18,800,000 has been included in the conference agreement for research on particulate matter. Given that monitoring and research into causality have only just begun, the conferees believe it may be premature for the Agency to promulgate new particulate standards at this time. The conferees encourage EPA to consider a "no change" option as part of its proposed decision due by November 29, 1996, and for its final decision due in June, 1997. The conferees expect to continue to support the EPA's research and monitoring programs to develop the necessary data as quickly as possible.

The conferees are concerned regarding the practical utility of requiring the submittal of more information from the regulated community associated with EPA's planned expansion of the Toxics Release Inventory (TRI). The conferees understand that the paperwork burden on businesses and state and local government associated with EPA requirements has increased over the past year, despite an initiative to reduce paperwork. Further, EPA has neither an integrated program to manage information nor an inventory of current reporting requirements on the regulated community. Despite new information-gathering initiatives, EPA has proposed no improvement in the collection, analysis, and communication of information to the public on its own priorities, performance, or the effectiveness of such initiatives in improving the public's "right-to-know." Moreover, EPA has not sufficiently considered options to maximize the use of information already reported by facilities and available to citizens locally under the federal Emergency Planning and Community Right-to-Know Act (EPCRA) in its efforts to expand TRI to include more data on chemical uses.

The conferees thus direct a study by the General Accounting Office to:

- (1) Identify options for improving the right-to-know program to more effectively address community concerns regarding risks associated with chemicals and to communicate risks to the public;
- (2) Evaluate EPA information management practices, their utility in implementing the Government Performance and Results Act (GPRA), and their overall effectiveness in reducing paperwork requirements.
- (3) Recommend ways to increase accountability among federal agencies in complying with existing TRI reporting requirements.

(4) Address the effectiveness of current mechanisms required under EPCRA at the local level in providing existing information on chemicals to the public; and

(5) Assess whether existing and new information requirements are designed to support the Agency's planning, budgeting, and accountability system that will implement GPRA.

BUILDINGS AND FACILITIES

Amendment No. 59: Appropriates \$87,220,000 for buildings and facilities instead of \$107,220,000 as proposed by the House and \$27,220,000 as proposed by the Senate.

Amendment No. 60: Inserts language proposed by the House and stricken by the Senate which authorizes construction of a consolidated research facility at Research Triangle Park, North Carolina. Such authorization provides for construction of this new facility through incrementally funded multi-year contracts at a total maximum cost of \$232,000,000, permits obligation of funds provided in this Act, and prohibits EPA from obligating monies in excess of those amounts made available in Appropriations Acts.

The conferees note that of the \$87,220,000, \$27,220,000 is available for necessary repair and maintenance costs at all EPA facilities, as well as renovation and construction costs for EPA's new headquarters facilities. The remaining \$60,000,000, added to the \$50,000,000 appropriated in fiscal year 1996, provides nearly one-half of the total construction costs of this important and necessary new research facility.

HAZARDOUS SUBSTANCE SUPERFUND

Amendment No. 61: Appropriates \$1,394,245,000 for hazardous substance superfund as proposed by the Senate instead of \$2,201,200,000 as proposed by the House, and inserts language proposed by the Senate which provides that \$100,000,000 of the appropriated amount shall not become available until September 1, 1997.

Included in the appropriated level are the following amounts: \$906,238,000 for response action/cleanup activities, including \$36,754,000, the budget request, for brownfields activities.

\$171,194,000, the budget request, for enforcement activities.

\$124,874,000 for management and support, including \$11,000,000 to be transferred to the Office of Inspector General.

\$64,000,000 for the Agency for Toxic Substances and Diseases Registry (ATSDR). Within this amount, the conferees direct that up to \$4,000,000 be used for minority health professions, no less than the fiscal year 1996 level be made available for continuation of the health effects study on the consumption of Great Lakes fish, and \$900,000 be made available for continuation of the cancer cluster study in the Toms River area of New Jersey. The conferees note in this regard that some \$300,000 has previously been expended by ATSDR for this study, thus the \$900,000 made available in this action will bring to \$1,200,000 the amount so far available for this important activity.

\$53,527,000 for the National Institute for Environmental Health Sciences (NIEHS), including \$32,527,000 for research activities and \$21,000,000 for worker training.

\$33,000,000, the fiscal year 1996 level, for transfer to the Department of Justice.

\$9,412,000, the budget request, for reimbursable activities of other Federal agencies, including the U.S. Coast Guard, NOAA, FEMA, OSHA and the Department of the Interior.

\$35,000,000 to be transferred to the science and technology account for necessary and appropriate research activities. Of this amount, the conferees note that \$2,500,000 is available for the Gulf Coast Hazardous Substance Research Center and direct that other such research centers be funded at an appropriate level at least equal to the funding level provided in fiscal year 1996.

The conferees expect the Agency to quickly act on the direction contained in the House report regarding an ATSDR study in Caldwell County, North Carolina. The conferees also direct that all fiscal year 1996 carryover funds be applied to response action/cleanup activities.

The conferees note that on June 4, 1996, EPA announced an administrative reform to allow interest to accrue on site-specific special accounts in which Superfund settlement funds dedicated to specific site cleanups are held. Under this new policy, accrued interest would directly benefit the Superfund site and the community where the site is located, and prevent the funds which parties pay in settlement from losing value over time. The conferees applaud the Agency's decision to move forward with this administrative reform which can control remedy costs, promote cost-effectiveness, decrease litigation, increase fairness in the enforcement process, and reduce transaction costs in the Superfund program. The conferees urge the EPA, as well as the Department of Justice, Office of Management and Budget, and the Department of the Treasury, to move forward to implement this administrative improvement as soon as possible.

Finally, the conferees are concerned about the lack of progress at Pepe Field Superfund Site, Boonton, New Jersey. EPA is directed to finalize the remedial design immediately and to proceed with the construction remedy.

Amendment No. 62: Provides \$1,144,245,000 of the appropriated amount from the superfund trust fund as proposed by the Senate instead of \$1,951,200,000 as proposed by the House.

Amendment No. 63: Provides \$64,000,000 of the appropriated amount for the Agency for Toxic Substances and Disease Registry (ATSDR) as proposed by the Senate instead of \$59,000,000 for ATSDR as proposed by the House.

Amendment No. 64: Deletes language proposed by the House and stricken by the Senate which provided that \$861,000,000 of the appropriated level be available for obligation only upon enactment of future appropriations legislation that specifically makes these funds available for obligation.

Amendment No. 65: Deletes language proposed by the House and stricken by the Senate which provided that \$1,200,000 of the appropriated amount be made available for the ATSDR to conduct a cancer cluster study in the Toms River area of the State of New Jersey. The conferees have provided an additional \$900,000 for this study included in the appropriated amount for the ATSDR.

Amendment No. 66: Appropriates \$60,000,000 for the leaking underground storage tank trust fund as proposed by the Senate instead of \$66,500,000 as proposed by the House.

STATE AND TRIBAL ASSISTANCE GRANTS

Amendment No. 67: Appropriates \$2,875,207,000 for state and tribal assistance grants instead of \$2,768,207,000 as proposed by the House and \$2,815,207,000 as proposed by the Senate.

From within the appropriated level, the conferees agree to the following amounts:

\$625,000,000 for clean water State revolving fund capitalization grants.

\$1,275,000,000 for drinking water State revolving fund capitalization grants.

\$100,000,000 for architectural, engineering, planning, design, construction and related activities in connection with the construction of high priority water and wastewater facilities in the area of the United States-Mexico border.

\$50,000,000 for cost-shared grants to the State of Texas to improve wastewater treatment for colonias.

\$15,000,000 for cost-shared grants to the State of Alaska to address water supply and wastewater infrastructure needs of rural and Alaska Native Villages.

\$136,000,000 for special needs wastewater treatment and groundwater protection infrastructure grants.

\$674,207,000 for state and tribal program/categorical grants. Of this amount, the conferees note that \$28,000,000 is for multimedia tribal general assistance grants or performance partnership grants, at a Tribe's request. The conferees recognize that this level, which is the budget request, exceeds the authorized ceiling of \$15,000,000 included in the Indian Environmental General Assistance Programs Act. The conferees also agree that, within the amount provided for wetlands implementation grants, EPA may make funds available to states to assist them with the routine expenses of conducting section 404 regulatory programs that have been assumed by the States.

Amendment No. 68: Provides \$1,900,000,000 of the appropriated amount for capitalization grants for State revolving funds to support water infrastructure financing instead of \$1,800,000,000 as proposed by the House and \$1,976,000,000 as proposed by the Senate.

Amendment No. 69: Inserts language proposed by the Senate which permits a specific cost-shared grant to the State of Alaska to be used for water supply infrastructure needs of rural and Alaska Native Villages.

Amendment No. 70: Provides \$136,000,000 of the appropriated amount for making specific wastewater, water and groundwater protection infrastructure grants instead of \$129,000,000 as proposed by the House and no funding as proposed by the Senate, and inserts language proposed by the House and stricken by the Senate which makes such funds available in accordance with the terms and conditions set forth in the Conference Report and statement of managers accompanying this Act.

The conferees direct that such grants be used for the following projects in the following amounts:

\$2,550,000 for continued wastewater needs in Bristol County, Mass.;

\$10,000,000 for continued wastewater needs in Boston, Mass.;

\$8,500,000 for continued wastewater needs in New Orleans, La.;

\$11,000,000 for continued water development needs of the Mojave Water Agency, Calif.;

\$8,500,000 for continued development of the Des Plaines River system TARP activity in Chicago, Ill.;

\$16,000,000 for continuation of the Rouge River National Wet Weather Project;

\$13,600,000 for continuing clean water improvements at Onondaga Lake;

\$5,400,000 for wastewater improvements in the East Cooper Area of Berkeley County, S.C.;

\$2,000,000 for sewer infrastructure improvements in Kodiak, Ak.;

\$8,000,000 for water quality improvements to Tanner Creek in Portland, Ore.;

\$2,850,000 for water treatment facility replacement and improvements for the Agua Sana Water Users Association, N.M.;

\$5,000,000 for wastewater treatment improvements in Middlebury, Vt.;

\$1,750,000 for wastewater treatment improvements in O'Neil, Neb.;

\$5,000,000 for the Taney County, Mo. Common Sewer District for its wastewater improvements project;

\$2,000,000 for the Northeast Ohio Regional Sewer District wet weather pollution abatement program;

\$1,700,000 for nine wastewater improvement projects in Essex County, Mass., including \$1,000,000 for the South Essex Sewage District;

\$1,000,000 for water delivery system improvements in the Virgin Valley Water District, Nev.; and

\$1,150,000 for waste water improvement needs in Franklin, Huntington, and Clearfield Counties, Pennsylvania.

The conferees are in agreement that the Agency should work with the grant recipients on appropriate cost-share agreements and to that end the conferees direct the Agency to develop a standard cost-share consistent with fiscal year 1995.

Amendment No. 71: Inserts language as proposed by the Senate which permits the Administrator of EPA to make grants to States, from funds available for obligation in the State under title II of the Federal Water Pollution Control Act, as amended, for administering the completion and closeout of a State's construction grants program. The conferees agree that this provision is needed in many States due to the appropriation of over \$1,800,000,000 since 1991 for wastewater grant projects and in view of the expiration of the section 205(g) reserve for such management activities.

Amendment No. 72: Provides \$1,900,000,000 of the appropriated amount for capitalization grants for State revolving funds to support water infrastructure financing instead of \$1,800,000,000

as proposed by the House and \$1,976,000,000 as proposed by the Senate.

Amendment No. 73: Provides \$1,275,000,000 for drinking water State revolving funds as proposed by the Senate instead of \$450,000,000 as proposed by the House. Public Law 104-134 stipulated that drinking water SRF funds totaling \$725,000,000—\$225,000,000 of which was appropriated in fiscal year 1995 and \$500,000,000 of which was appropriated in fiscal year 1996—would revert to the clean water SRF on August 1, 1996 unless authorization for the drinking water SRF was enacted prior to that date. This authorization was unfortunately not completed until shortly after that date, but too late to prevent the movement of funds to the clean water SRF. Noting that the clean water SRF thus received an infusion of \$725,000,000 just prior to the beginning of fiscal year 1997, the conferees have agreed to reduce the 1997 clean water SRF appropriation by this amount and use the funds to increase the drinking water SRF over the \$550,000,000 they have otherwise agreed upon as the appropriate fiscal year 1997 level.

The conferees note further, however, that because the authorization for the drinking water State revolving fund did not actually occur until just prior to the Senate completing action on the 1997 appropriation legislation, neither Appropriations Committee was able to review fully and make accommodation for all new provisions of this legislation. While the conferees expect that the funds provided for clean water State revolving fund capitalization grants will be distributed by the Agency in a manner similar to such distribution in prior years, the funds provided for drinking water State revolving fund capitalization grants should be distributed to all eligible governmental agencies and should be used solely for such capitalization grants and grants for public water system expenditures.

Amendment No. 74: Deletes language proposed by the House and stricken by the Senate which stipulated that if legislation authorizing a drinking water State revolving fund is not enacted prior to June 1, 1997, the funds appropriated for a drinking water State revolving fund shall immediately become available for making capitalization grants under title VI of the Federal Water Pollution Control Act, as amended. This provision became moot when such legislation was enacted on August 6, 1996.

Amendment No. 75: Inserts language proposed by the Senate which provides that the funds made available in Public Law 103-327 for a grant to the City of Bangor, Maine shall be available to that city as a grant for meeting combined sewer overflow requirements.

Amendment No. 76: Inserts language proposed by the Senate which provides that States which have not received funds allotted from the \$725,000,000 (that, pursuant to law, became available on August 1, 1996) during fiscal year 1996, may still be eligible for reallocation of 1996 funds as long as they receive their allotment of the August 1, 1996 funds during fiscal year 1997.

ADMINISTRATIVE PROVISION

Amendment No. 77: Deletes language proposed by the House and stricken by the Senate which would have permitted the trans-

fer of funds made available to any Environmental Protection Agency account to be transferred to the Science and Technology account for necessary research activities, subject to applicable reprogramming requirements.

The conferees note that this provision was intended to give the Agency flexibility in providing for new research found necessary and appropriate for a particular EPA program which was not known or specifically provided for when the budget was developed and the appropriations process completed. Because of the time lapse between the beginning and end of each fiscal year's overall process, specific research which was not planned for or given a low priority at the beginning of the budget process may become necessary or of much greater importance near the end of the fiscal year. This provision would have permitted limited transfers among EPA accounts to accommodate the changing research needs of the Agency in this circumstance.

In lieu of adopting this provision at this time, the conferees direct that the Agency review their potential need for such a provision and advise the Committees on Appropriations on the results of this review prior to Congressional hearings on the fiscal year 1998 budget request.

EXECUTIVE OFFICE OF THE PRESIDENT

COUNCIL ON ENVIRONMENTAL QUALITY AND OFFICE OF ENVIRONMENTAL QUALITY

Amendment No. 78: Appropriates \$2,436,000 for the Council on Environmental Quality and Office of Environmental Quality as proposed by the Senate instead of \$2,250,000 as proposed by the House.

FEDERAL EMERGENCY MANAGEMENT AGENCY

Amendment No. 79: Appropriates \$1,320,000,000 for disaster relief as proposed by the Senate instead of \$1,120,000,000 as proposed by the House.

Amendment No. 80: Deletes language proposed by the Senate and inserts in lieu thereof language which requires the Director of the Federal Emergency Management Agency to submit a comprehensive report regarding disaster relief expenditures and management controls within 120 days of enactment of this Act. Language is also inserted which makes all disaster relief funds appropriated in this Act available for immediate obligation.

The conferees have provided \$1,320,000,000 in disaster relief funds for fiscal year 1997, and have included language making all such funds immediately available for obligation. When the 1997 appropriation is added to the \$3,700,000,000 appropriated in prior years and still available for obligation, FEMA will have in excess of \$5,000,000,000 to respond to both past and anticipated 1996 disaster situations, including the recent Hurricane Fran. The conferees have been assured that this level of available disaster relief funds makes a disaster supplemental appropriation unnecessary at this time.

The conferees have agreed to a statutory provision requiring FEMA to submit a comprehensive report within 120 days of enact-

ment of this Act on its plans to reduce disaster relief expenditures and improve management controls on the disaster relief fund. The Senate amendment prohibiting the expenditure of disaster relief funds for the repair of yacht harbors or golf courses, tree or shrub replacement except in public parks, and recreational facilities, has been deleted without prejudice, in order to give the Agency an opportunity to address the issue of controlling disaster relief expenditures in a comprehensive manner. The conferees are troubled by the findings of a recent Inspector General report, upon which the Senate amendment was based, which found substantial sums have been awarded from the disaster relief fund to restore golf courses, equestrian trails, and the like. While the Stafford Act may not disallow such expenditures, the conferees believe such disbursements may not be appropriate and can no longer be accommodated. There are many other examples of opportunities for reducing disaster relief expenditures and improving management controls on the fund, some of which can be implemented administratively, and some of which require statutory changes.

The conferees note that the FEMA Director testified before the Senate committee earlier this year that he would submit by October 1, 1996, a proposal for controlling disaster relief expenditures. Because it appears likely that this commitment will not be met, the conferees have included a statutory provision requiring such a submission within 120 days of enactment of this Act.

Last year, FEMA established a disaster resources board to oversee the process of developing and reviewing disaster relief funding requests for activities not associated with a specific disaster. The conferees are concerned that the board has a significant amount of autonomy in deciding whether or not to charge a particular non-disaster specific activity to the fund, and wish to be kept apprised of all activities of the board through reports detailing any decisions made to charge additional non-disaster specific activities to the fund. The first such report should be submitted along with the fiscal year 1998 budget request.

The conferees are aware of efforts in the State of California to develop a disaster response system to integrate local, regional, state, and federal emergency management organizations through the sharing of interrelated data applications which will aid and accelerate efficient planning, coordination, and response to disasters. FEMA is directed to work with the State in the development of this system and determine the type of assistance, both technical and financial, which would be of greatest help to the State in this effort.

Finally, the conferees note that urban search and rescue (USAR) is a critical element of effective response to earthquakes and other disasters, and are very supportive of this program. However, the conferees are concerned that not all of the FEMA USAR teams are considered fully operational at this time, and note that the geographical distribution of the teams appears to be inadequate, particularly in the Midwest. In addition, the conferees are aware of concerns that current funding for each of the teams may be insufficient. The conferees therefore direct FEMA to report within 60 days of enactment of this Act on, (1) the appropriate number and geographical distribution of USAR teams, (2) the process for discontinuing support to teams which are not fully operational, and

struction to maintain the schedule of the space station program. To ensure that there is no adverse effect on any NASA program, the conferees provide general transfer authority of up to \$177,000,000 to be used at the discretion of the Administrator and subject to the case-by-case approval by the House and Senate Appropriations Committees. The conferees note that this authority is required because the current split between development/construction funding and science funding is not properly phased.

NATIONAL SCIENCE FOUNDATION

RESEARCH AND RELATED ACTIVITIES

Amendment No. 90: Appropriates \$2,432,000,000 for Research and Related Activities, as proposed by the Senate instead of \$2,431,110,000 as proposed by the House.

The conferees agree that the reduction from the budget request, \$40,000,000, is to be allocated by the National Science Foundation in accordance with its internal procedures for resource allocation, subject to approval by the House and Senate Committees on Appropriations.

Of the increase provided for Research and Related Activities above the fiscal year 1996 level, the conferees direct the National Science Foundation to make available up to \$1,400,000 to pay any tariff duties assessed on the Gemini project, consistent with Senate language under the Major Research Equipment account. In providing these funds, the conferees direct the Foundation to place them in reserve prior to all directorate allocations made in conjunction with their fiscal year 1997 operating plan.

The conferees note that government policy in the area of duties and/or tariffs on scientific instruments is under review with regard to this program and encourage the U.S. Customs Service to act in a responsible manner by recognizing that any assessed duties on this program will be paid by an arm of the U.S. government, in this case the National Science Foundation, and will do nothing to increase the net financial position of the United States Government.

The conferees are in receipt of a report by the National Science Foundation, requested by the House and Senate Committees on Appropriations, which addresses the possible addition of a new Navy-owned, university-operated Class 1 Oceanographic Research Vessel to the academic fleet. The report concludes that there is no current need to replace any of the four large general purpose oceanographic ships currently in the academic fleet because all of these ships have 10 to 30 years of service life remaining. While the conferees on the Department of Defense Appropriations Bill for fiscal year 1997 have agreed to provide funding for construction of a new large vessel, such a vessel is not needed at this time and the cost of operating the ship will most likely exacerbate an already constrained budget. Therefore, the conferees direct the Office of Naval Research to work with the University-National Oceanographic Laboratory System through its normal review process to ensure that the vessel will fit the needs of the oceanographic community and takes into consideration the overall balance between research funding and ship operations funding.

MAJOR RESEARCH EQUIPMENT

The conferees do not agree with the Senate direction to use \$1,400,000 of funding in the Major Research Equipment account to pay U.S. Customs duties assessed on the Gemini Telescope project. The conferees have addressed this issue elsewhere in the report.

EDUCATION AND HUMAN RESOURCES

Amendment No. 91: Appropriates \$619,000,000 for Education and Human Resources, instead of \$612,000,000 as proposed by the House and \$624,000,000 as proposed by the Senate.

The conference agreement includes the following reductions:

- (1) \$2,000,000 from grants for graduate fellowships;
- (2) \$5,000,000 from grants for undergraduate curriculum development;
- (3) \$2,500,000 from K-12 curriculum and assessment development; and
- (4) \$3,000,000 from research, evaluation and communication.

The conferees agree that these reductions are provided as guidance to the National Science Foundation; these funding levels are subject to established reprogramming procedures, subject to the approval of both the House and Senate Appropriations Committees.

Funding for Informal Science is increased by \$10,000,000 which will result in a total of \$36,000,000 for this vitally important program. The conferees expect that these additional funds will be used to support and strengthen systemic reform efforts funded elsewhere in this account. In addition, the conferees request that the National Science Foundation report back to the Committees on Appropriations of the House and Senate on its plans for implementing this direction. Funding for EPSCoR is increased by \$2,500,000 for a total of \$38,410,000. The increase for EPSCoR is to be used for advanced computing, networking and joint projects.

SALARIES AND EXPENSES

Amendment No. 92: Appropriates \$134,310,000 for salaries and expenses as proposed by the Senate instead of \$125,200,000 as proposed by the House.

NEIGHBORHOOD REINVESTMENT CORPORATION

PAYMENT TO THE NEIGHBORHOOD REINVESTMENT CORPORATION

Amendment No. 93: Appropriates \$49,900,000 for payment to the neighborhood reinvestment corporation as proposed by the Senate instead of \$50,000,000 as proposed by the House.

TITLE IV—GENERAL PROVISIONS

Amendment No. 94: Inserts language proposed by the Senate modifying the travel expense limitation in section 401 to accommodate the change to budget estimates, including object classifications, which have been rounded to the nearest million dollars.

Amendment No. 95: Inserts language proposed by the Senate authorizing benefits for offspring of Vietnam veterans with spina

bifida, and to offset the cost of such benefits by requiring that there be an element of fault as a precondition for entitlement to compensation for a disability or death resulting from health care or certain other services furnished by VA, amended to delay the effective date until October 1, 1997, unless legislation is enacted to provide for an earlier effective date. This delay will provide the committees of jurisdiction an opportunity to address this matter.

Amendment No. 96: Deletes language proposed by the House and stricken by the Senate prohibiting the payment of salaries of personnel who approve acquisition of supercomputing equipment when the Department of Commerce has determined that the equipment is being offered at other than fair value.

The National Center for Atmospheric Research (NCAR), which is operated largely with support from the National Science Foundation, has been conducting a competition for the acquisition of a new supercomputer. NCAR, in its bid process, selected a computer offered by a Japanese company. On August 20, 1996, the Department of Commerce announced that it was initiating an investigation to determine whether Japanese vector supercomputers were being dumped in the United States. Included in this investigation was a bid submitted in the NCAR procurement. On that same date, the National Science Foundation requested that the NCAR procurement be held in abeyance.

On September 11, 1996, the U.S. International Trade Commission determined in a preliminary investigation that there is a reasonable indication that a U.S. industry is threatened with material injury by reason of imports of vector supercomputers that are allegedly sold at less than fair value. As a result of this determination, the Department of Commerce will continue to conduct its anti-dumping investigation on imports of such equipment, with a preliminary determination expected by January 6, 1997, and a final determination by March 1997.

Amendment No. 97: Deletes language proposed by the House and stricken by the Senate prohibiting NASA from providing funds for the National Center for Science Literacy, Education and Technology at the American Museum of Natural History.

Amendment Nos. 98-100: Deletes language proposed by the House and stricken by the Senate prohibiting the use of funds made available by this Act for any institution of higher education which excludes Reserve Officer Training Corps or military recruiting from its campus or any entity that fails to comply with reporting requirements of law concerning the employment of certain veterans.

Amendment No. 101: Deletes language proposed by the House and stricken by the Senate increasing VA's medical care appropriation by \$40,000,000 and general operating expenses appropriation by \$17,000,000, offset by an across-the-board reduction of 0.4 percent. The conferees note that scorekeeping credit was not given for the offset.

Amendment No. 102: Deletes language proposed by the House and stricken by the Senate increasing VA's medical care appropriation by \$20,000,000 and medical and prosthetic research appropriation by \$20,000,000, offset by eliminating all funds for the Corporation for National and Community Service; and inserts language in-

creasing the medical care appropriation carried in title I by \$5,000,000. This amount, together with the funds carried in title I under the medical care heading, will provide \$17,013,447,000 for medical care, an increase of \$5,000,000 above the Administration's budget request.

Amendment No. 103: Deletes language proposed by the House and stricken by the Senate prohibiting the Environmental Protection Agency from using its funds to allow the importation of PCB waste to be incinerated in the United States.

Amendment No. 104: Deletes language proposed by the House and stricken by the Senate prohibiting the Environmental Protection Agency from using hazardous substance superfund funding to implement any retroactive liability discount reimbursement.

Amendment No. 105: Deletes language proposed by the House and stricken by the Senate simplifying downpayment methods on FHA-insured loans, and inserts language proposed by the Senate regarding the calculation of a downpayment on an FHA mortgage originated in Alaska or Hawaii and delegating single family mortgage insuring authority to direct endorsement mortgagees, amended to limit the applicability of the downpayment provisions to fiscal year 1997.

Amendment No. 106: Deletes language proposed by the House and stricken by the Senate prohibiting the National Aeronautics and Space Administration from continued participation in a joint Russia-France-United States cooperative life sciences experiment program known as Bion 11 and Bion 12.

Amendment No. 107: Deletes language proposed by Senate regarding compliance by the Environmental Protection Agency with international obligations under the World Trade Organization. The House bill contained no similar provision.

The conferees have deleted, without prejudice, language expressing the sense of the Senate that EPA should provide a full and open administrative process in the formulation of any final rule regarding the importation of reformulated and conventional gasoline. The conferees note that, in response to a dispute settlement finding against the United States by the World Trade Organization, the United States informed the WTO on June 19, 1996 that the U.S. intends to meet its international obligations with respect to the EPA requirements on imported reformulated and conventional gasoline. The conferees recognize that EPA has initiated an open process to examine any and all options for compliance with international obligations of the United States in which a key criterion will be fully protecting public health and the environment, and fully support such an open process and the involvement of interested environmental and industrial organizations.

However, the conferees expect that this process will not result in the reinstatement of the rule title "Regulations of Fuels and Fuel Additives: Individual Foreign Refinery Baseline Requirements for Reformulated Gasoline" proposed on May 3, 1994 (59 Fed. Reg. 84), or one similar to it. Further, the conferees direct the Administrator of the Environmental Protection Agency, in evaluating any option for compliance with international obligations, to: (1) take fully into account the protection of public health and the environment and the international obligations of the United States as a

member of the World Trade Organization; (2) ensure that the compliance review process does not result in the degradation of gasoline quality required by the Clean Air Act with respect to conventional and reformulated gasoline; (3) not recognize individual foreign refiner baselines unless the Administrator determines that the issues of auditing, inspection of foreign facilities, and enforcement have been adequately addressed; and (4) provide a full and open administrative process in the formulation of any final rule.

Amendment No. 108: Inserts language proposed by the Senate permitting fiscal year 1997 and prior year funds provided under section 320(g) of the Federal Water Pollution Control Act, as amended, to be used for implementation (rather than just development) of conservation and management plans made pursuant to this section.

Amendment No. 109: Inserts language proposed by the Senate requiring a plan for the allocation of VA health care resources so veterans have similar access to such care regardless of where they live.

The conferees recognize that precipitous changes in allocations amongst VA's facilities could be very difficult for individual facilities to manage. While the conferees support VA's efforts to amend its resource allocation methodology based on a capitation model—which is intended to bring about a more equitable distribution of resources—they expect the Department to ensure that fiscal year 1997 serve as a "bridge" in moving to the new system so as to provide an adjustment period for facilities to adapt to the new model. The conferees further expect that no veteran currently receiving care by the VA will be denied VA health care services as a result of the new allocation methodology. The VA is to prepare a report by January 31, 1997, on its progress in adjusting to and impacts of the new methodology, and be prepared to discuss this matter during the fiscal year 1998 budget hearings.

Amendment No. 110: Inserts language proposed by the Senate requiring a General Accounting Office audit on staffing and contracting of the Office of Federal Housing Enterprise Oversight.

Amendment No. 111: Amends language proposed by the Senate prohibiting the consolidation of NASA aircraft based east of the Mississippi River to the Dryden Flight Research Center.

Amendment No. 112: Deletes language proposed by the Senate revising the name of the Japan-United States Friendship Commission.

Amendment No. 113: Inserts new language on separation incentive payments for NASA personnel which had been included in the Senate bill as an administrative provision and modifies the language to restrict its applicability. Modifies language proposed by the Senate authorizing the conveyance of certain real property under the jurisdiction of NASA to the City of Downey, California, amended to assign certain responsibilities to the Administrator of the General Services Administration.

The conferees intend that the concurrence of the Administrator of the General Services Administration in the conveyance by NASA of Parcels III through VI of the NASA Industrial Plant, Downey, California to the City of Downey shall be based upon completion of a disposal screening for possible utilization of the subject parcels

by other Federal agencies initiated by GSA on September 10, 1996. Furthermore, it is the intent of the conferees that nothing in this amendment shall prevent the City of Downey from entering into ground leases for periods in excess of 20 years in order to secure construction financing without triggering the reconveyance provision.

TITLE V—SUPPLEMENTALS

Amendment No. 114: Inserts new heading as proposed by the Senate.

DEPARTMENT OF VETERANS AFFAIRS

VETERANS BENEFITS ADMINISTRATION

Amendment No. 115: Inserts language appropriating a supplemental amount of \$100,000,000 for compensation and pensions as proposed by the Senate.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION

Amendment No. 116: Inserts language providing additional 1996 commitment authority of \$20,000,000,000 in the guarantees of mortgage-backed securities loan guarantee program account as proposed by the Senate.

TITLE VI—NEWBORNS' AND MOTHERS' HEALTH PROTECTION ACT OF 1996

Amendment No. 117: The conference agreement includes the Senate amendment with modifications, including the deletion of off-sets. It incorporates the requirements of the provision and the authority to enforce the requirements into the new part 7 of subtitle B of ERISA and the new title XXVII of the Public Health Service Act as established by P.L. 104-191. It does not include the exception to the requirement for the 48-hour or 96-hour minimum stay in the case that the plan provides for post-delivery follow-up care. It adds a prohibition that a health plan cannot restrict benefits for any portion of the required minimum 48-hour or 96-hour stay in a manner which is less favorable than the benefits providing for any preceding portion of such stay. In addition, the conference agreement provides that nothing in this provision is intended to be construed as preventing a group health plan or issuer from imposing coinsurance, deductibles, or other cost-sharing in relation to benefits for hospital lengths of stay in connection with childbirth for a mother or newborn child under the plan (or under health insurance coverage offered in connection with a group health plan), except that such coinsurance or other cost-sharing for any portion of a period within a hospital length of stay required under subsection (a) may not be greater than such coinsurance or cost-sharing for any preceding portion of such stay. It is the intent of the conferees that cost-sharing not be used in a manner that circumvents the objectives of this title. It provides for a modification to the notice requirements by conforming them to the summary of

Notes

This image shows a full page of white paper with horizontal black ruling lines. The lines are evenly spaced and run across the width of the page. In the top left corner, there is a small, dark, partially visible word that appears to be "Notes". The rest of the page is blank.



United States
Environmental Protection Agency

March 1997

Special Account Implementation Notebook
A Reference Tool

Tab 7

Excerpt of press release

**“New EPA Policies Will Accelerate Cleanup of
Superfund Sites, Protect Small Waste Con-
tributors from Costly Litigation”**



Environmental News

Tuesday, June 4, 1996

NEW EPA POLICIES WILL ACCELERATE CLEAN UP OF SUPERFUND SITES, PROTECT SMALL WASTE CONTRIBUTORS FROM COSTLY LITIGATION

Gwen Brown 202-260-1384 or Lauren Mical 202-260-4358

EPA Administrator Carol M. Browner today issued four major Superfund policies that deliver on the Clinton Administration's commitment to make cleanup of toxic waste sites faster, fairer, and more efficient.

"These steps demonstrate the Clinton Administration's commitment to cleaning up toxic waste sites and protecting the health of the one in four Americans who live near them," Browner said. "With these reforms, we are following through on our efforts to fundamentally improve the Superfund program by limiting the costly role of lawyers and increasing community participation.

"This Administration has taken every possible measure within our power to transform Superfund into a common-sense program that achieves cost-effective results. However, we still need reforms that require reauthorization of the law by Congress. The Clinton Administration remains committed to working with Congress in a good-faith, bi-partisan approach to achieve those reforms," Browner added.

The four actions taken by Browner are:

- 1) Appointment of an ombudsman in all 10 EPA regions to make sure the program is significantly more responsive to the needs and goals of real communities.
- 2) Offering \$50 million in past and other costs this year to speed up cleanups by assuring that financially insolvent polluters are no longer potential obstacles to settlement agreements.
- 3) Encouraging faster settlements among polluters by setting up interest-bearing accounts whose earnings can help contribute to meeting total cleanups costs.
- 4) Increasing the number of small businesses and municipalities no longer liable for cleanup costs.

The establishment of an ombudsman position in each EPA region will help resolve Superfund issues that fall through the cracks in the current system. Through these ombudsmen, who will work closely with the EPA headquarters ombudsman, the public will have access to an EPA employee who will be able to cut through red tape to investigate complaints and arrange meetings with appropriate staff to try to resolve problems. The ombudsmen will have the authority to cut across bureaucratic lines to get answers and resolve problems quickly. (Attached is a list of the ombudsmen in each region with phone numbers and addresses.)

Under a new "orphan share compensation" policy, EPA will help fund a portion of the Superfund cleanup costs attributable to parties that are now financially insolvent. This "orphan share" is currently paid by the financially solvent responsible parties at a Superfund site. Under the Superfund law's strict, joint and several liability provisions, a private party could be held liable for the full cost of the cleanup at a site including those costs associated with contamination caused by insolvent parties. Under this new policy, as much as 100 percent of the "orphan share" will be covered by EPA at Superfund sites where financially capable responsible parties agree to perform the cleanup. By covering the orphan share, EPA will speed up cleanups by making it more attractive for viable responsible parties to enter into cleanup agreements. EPA will offer over \$50 million of past costs and future oversight costs to compensate for a portion of the orphan share.

EPA also has reached agreement with the Office of Management and Budget and the Treasury Department on establishing "special interest bearing accounts" for deposit of settlement funds. EPA now will have the ability to retain in special interest bearing accounts settlement funds to clean up specific Superfund sites. This change will be a further incentive for potentially responsible parties to settle with EPA since interest earned on settlement funds will now be applied for the cleanup of a specific site. Increased use of these special accounts also will increase private party settlements allowing Trust Fund monies to be used for cleanups at sites where responsible parties are financially insolvent or where no responsible parties can be found. EPA has issued memoranda to its 10 regional offices encouraging the use of special accounts.

Another policy announced today increases the number of very small volume waste contributors eligible for "de micromis" settlements. The new policy expands EPA's 1993 de micromis policy by doubling the threshold amount of waste a party contributed to a Superfund site without being held liable for cleanup costs. The new threshold levels are 0.2 percent for municipal solid waste at a site or .002 percent or the equivalent of two drums of materials containing hazardous substances. The new policy relieves these small contributors of having to pay for a portion of cleanup at a site and protects these small volume contributors from "third-party" suits from larger waste contributors.

"For these small parties, many of which are municipalities and small businesses, the cost of legal and other representation services would likely exceed their proportional share of costs to clean up the site," Browner said. "Fairness and common sense dictate that these very small contributors should not be subject to the often complex and lengthy settlement process."

Copies of these policies can be obtained through the RCRA/Superfund hotline by calling 800-424-9346 or locally at 703-412-9810. The information can also be accessed through the Internet at <http://www.epa.gov/superfund/reform>



FACT SHEET:
PROGRESS ON SUPERFUND REFORMS

- Last October, the Agency announced 20 common sense reforms to the Superfund toxic waste cleanup program. The reforms culminated the Administration's multi-year effort to fundamentally redirect Superfund to make it faster, fairer and more efficient.
- The reforms ranged from changes aimed at controlling remedy costs and promoting cost-effectiveness to those intending to increase fairness in the enforcement process.
- Today, EPA is reporting significant progress on several of those reforms.
- Last October, EPA announced that it would seek to compensate parties for a portion of the costs attributable to insolvent parties at sites where parties agree to perform the cleanup. Under CERCLA's joint and several liability system, at sites where there are insolvent or defunct parties who cannot contribute to the cost of cleanup, viable PRPs are required to absorb the shares that may be attributable to such non-viable PRPs. Today, the Agency is announcing a guidance setting in place the implementation process for this fiscal year, so that EPA will share in covering the cost of this orphan share.
- EPA also announced that it would continue to not seek costs from small volume contributors and expand the universe of such small parties by doubling the level previously identified for small party protection. Today, the Agency is announcing a guidance revision that puts this increase protection in place. As a result, of this reform, many small volume contributors will avoid the Superfund enforcement process. If they are threatened with third party lawsuits, EPA will protect them by settling with them for \$0.
- Also included in last October's package was a reform directed at ensuring that settlement funds received at a particular site are dedicated to future work at that site. Today, the Agency, working with the Office of Management and Budget and the Department of Treasury, is announcing that these funds, placed in a site-specific special account, can now bear interest. The benefit to site cleanups is considerable since presently close to \$240 million is held in special accounts.
- Finally, the Agency is also following through on a commitment made in October to establish a direct point of contact for the public on Superfund concerns in each of the 10 Regions. These Regional Ombudsmen, who have now been appointed in each Region, will facilitate resolution of concerns that have not been resolved between regional personnel and stakeholders. The Ombudsmen will have access to top regional management in order to resolve stakeholders concerns.



FACT SHEET:
SPECIAL ACCOUNTS

ACCRUING INTEREST ON SETTLEMENT FUNDS

- Site-specific special accounts set up to hold settlement funds at Superfund sites for use in the future are now interest-bearing. EPA will be able to retain and apply interest from such accounts to clean up the site at which such settlements occur.
- Previously, interest earned on settlement funds was not credited to special accounts, which are accounts set up to receive such funds at individual sites.
- EPA has reached agreement with the Office of Management and Budget (OMB) and the Department of the Treasury that the interest can accrue directly to these accounts. EPA is working with these agencies to implement this agreement.
- Special accounts are site-specific sub-accounts within the Superfund Trust Fund. The Superfund statute provides EPA with authority to retain and use funds received in settlement at the site for future work. Such settlements most commonly include those with small volume contributors (*de minimis* parties) or with parties who are unable to pay their full share.
- Parties at sites interested in settling with the United States will benefit from the agreement reached on interest, because that part of their settlement designated for future site work will retain interest. Parties have been concerned that interest has not accrued directly to the site and that the funds they pay for a settlement will lose value over time.
- The impact of this agreement on cleanups may be considerable -- there is now over \$200 million in special accounts.
- If you have questions, please call Filomena Chau, at 202/564-4224.

Notes



United States
Environmental Protection Agency

March 1997

Special Account Implementation Notebook
A Reference Tool

Tab 8

Memo

“Transmittal of Special Account Short Sheet”



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

MAR 27 1996

OFFICE OF
ENFORCEMENT AND
COMPLIANCE ASSURANCE

MEMORANDUM

SUBJECT: Transmittal of Special Account Short Sheet

FROM: Sandra L. Connors, Director *Sandra L. Connors*
Regional Support Division (2272A)
Office of Site Remediation Enforcement

TO: Superfund Program Branch Chiefs, Regions I - X
Office of Regional Counsel Superfund Branch Chiefs, Regions I - X
Financial Management Officers, Regions I - X and
Cincinnati Financial Management Center

Attached is an informational short sheet on the topic of special accounts. This final document incorporates your comments to the draft short sheet of October 23, 1995. Increased use of Special Accounts was endorsed in the Superfund Reforms, announced on October 2, 1995. This short sheet was developed to familiarize Regional management and staff with Special Accounts and how to create and use them. This document is intended to be revised regularly as new information becomes available. The short sheet is divided into two general areas: 1) answers to the most frequently asked questions; and 2) steps on how to create and use a Special Account.

If you have any questions, please contact Filomena Chau of my staff. She can be reached at 202-564-4224 (fax at 202-564-0086 or 202-501-0269).

Attachment



Recycled/Recyclable
Printed with Soy/Canola Ink on paper that
contains at least 75% recycled fiber

SPECIAL ACCOUNTS Qs & As

GENERAL BACKGROUND QUESTIONS

1. What are Special Accounts?

They are site-specific, non-interest bearing sub-accounts within the Superfund Trust Fund. Special Accounts are maintained by EPA, and are to be used for future costs of response actions under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (CERCLA).

NOTE: Past response cost reimbursements are to be deposited to the Superfund Trust Fund, and must be appropriated by Congress before they can be expended by EPA.

2. What authority does EPA have to establish a Special Account?

CERCLA Section 122(b)(3) "Retention of Funds" provides EPA with the statutory authority to retain monies paid by a Potentially Responsible Party (PRP) for the purpose of carrying out future response actions.

3. Do Special Accounts accrue interest?

No. EPA has reopened discussions with the Office of Management and Budget (OMB) and the U.S. Department of Treasury (Treasury) and hopes that this accounting practice will be modified so that interest can accrue directly to the Special Accounts. EPA still supports the May 6, 1993 opinion by the Office of General Counsel (OGC)(written by Carol A. Cowgill) which concluded that interest may and should accrue on Special Account balances. EPA knows of no new legal development that would affect the opinion. The Superfund Reauthorization Act (SRA) included a provision that would have required Special Accounts to accrue interest; however, the SRA was not passed.

4. Are Special Accounts the only option for holding PRP funds for future site work?

No. For example, where a settlement with one group of PRPs assures performance of response actions, the settlement may direct the PRPs to place the settlement proceeds in a trust account or escrow account managed by the performing PRPs or in the registry of the appropriate Federal District Court. These accounts all earn interest.

5. How many Special Accounts have been established by EPA?

As of January 31, 1996, approximately 36 Special Accounts have been

established. These accounts were set up from cashout settlements entered into with PRPs (e.g., de minimis, ability to pay, etc.).

6. How much money is currently in Special Accounts?

As of January 31, 1996, approximately \$204 million has been collected by EPA for site-specific Special Accounts.

7. Are there advantages to having a Special Account?

Yes. Special Accounts can be established quickly, funds are controlled entirely by EPA, they maintain a site-specific character, and can be used by EPA without any Congressional appropriation.

NOTE: Although an appropriation is not required, Special Accounts must be supported by reimbursable authority issued by the Headquarters Office of Planning, Budgeting, and Accountability's (OPBA) Budget Division as apportioned by OMB. See Step 4 in the next section for procedures.

8. Are there disadvantages to having a Special Account?

Yes. As noted in the answer to question 3, Special Accounts do not accrue interest. This disadvantage would be eliminated if CERCLA were amended to make accrual mandatory, or upon successful discussions with OMB and Treasury.

9. Are Special Accounts set up automatically by EPA's financial office when future response costs are received under a settlement?

No. EPA supports use of Special Accounts to finance future response work; however, this is not an automatic process. To learn about the steps to follow when establishing a Special Account, please refer to the next section, "How to Create and Use a Special Account."

10. When should Special Accounts be used?

Special Accounts should be used for proceeds which EPA receives for projected future costs through any type of CERCLA settlement, including but not limited to, de minimis settlements, non-de minimis cashout settlements, ability-to-pay settlements, and bankruptcies.

Special Accounts are particularly useful for early de minimis settlements, where EPA anticipates subsequent settlements with major parties. For instance, funds received from a de minimis settlement may be kept temporarily in a Special Account, and if appropriate, distributed to the major PRPs when they enter into a Consent Decree (CD) with EPA to conduct a remedy at the site.

Special Accounts can also be useful in settlements in which the settling parties agree to perform the response action and to fund EPA oversight. We are working with OGC and other affected agencies to develop guidance on the use of Special Accounts in such settlements.

11. Who can use Special Accounts and for which sites can we use these accounts?

Special Accounts can be used for response actions in which EPA has the lead (Fund-lead), PRPs have the lead (PRP-lead), States have the lead (State-lead), or where the response action is jointly funded by two or more types of parties.

12. Can Special Account funds be used to finance work at a site for which the account was not established?

No. Funds in a Special Account may only be used for the site(s) covered by the settlement agreement. Note that some settlements may cover multiple locations (e.g., bankruptcy settlements or settlements covering stations along natural gas pipelines). The issue of whether to establish multiple Special Accounts for such settlements depends on whether the Agency tracks and bills its costs separately for each location. Thus, e.g., bankruptcy settlements covering multiple sites will generally require multiple accounts, while pipeline settlements will typically require only a single account.

13. After site work is completed, can any remaining funds be used at other sites?

No. The remaining funds cannot be used at other sites.

For cashout settlements (with de minimis or non-de minimis parties) in which the settling parties are not conducting the response action, if a balance remains in a Special Account after site work has been completed (and after EPA has made any payments it intends to make to work PRPs who have entered into settlements with EPA), this amount will be transferred to the Superfund Trust Fund and will be available to other sites through the regular appropriations process.

For settlements in which parties conducting the work are also funding EPA's future oversight via a Special Account, see the answer to question 14.

14. If a balance remains in a Special Account after site work has been completed, can the remaining funds be returned to the PRPs?

There is no statutory prohibition against agreeing (in the Consent Decree (CD), Administrative Order on Consent (AOC), or Administrative Agreement) that a balance in a Special Account be returned to the contributing PRP(s).

For cashout settlements (with de minimis or non-de minimis parties) in which the settling parties are not conducting the response action, it is Agency policy to transfer all Special Account balances to the Superfund Trust Fund after completion of site work (and after EPA has made any payments it intends to make to work PRPs who have entered into settlements with EPA). All parties enter into cashout settlements with certain cost assumptions and assume the risk that these estimates are sometimes underestimates and other times overestimates. Return of monies to these settling PRPs would unduly disturb the finality of these settlements and would remove from managers of the Trust Fund their flexibility in efficiently using Fund monies.

For settlements in which settling parties agree to perform the response action and to fund ongoing EPA oversight of the work through advance payments into a Special Account, the settlement may be negotiated to permit return of excess funds to the contributing PRPs. EPA is developing guidance on the use of Special Accounts for this purpose.

15. Have Special Account funds been disbursed to PRPs who are the lead in performing future response actions?

To date, most Special Accounts have been established for Fund-lead response actions. Thus, there have been only a few instances where Special Account funds have been released to a PRP to perform future response actions. In these instances, EPA and the PRPs performing the response action entered into a CD or AOC, which contained a provision for releasing funds from the Special Account to a private account established by the PRP. The settlement spelled out how to use the funds, how to accomplish the cleanup work, and the terms and conditions for release of the funds.

OGC is developing a opinion on the legal basis for disbursement of Special Account funds to PRPs who are conducting the response action.

HOW TO CREATE AND USE A SPECIAL ACCOUNT

STEP 1: Decide to establish a Special Account for a site.

The Regional Superfund Program Branch Chief, or an equivalent Regional official, the Regional Counsel Branch Chief, and the Regional Financial Management Officer (FMO) should jointly determine if a Special Account should be established for a site. See attached list of FMOs.

STEP 2: Direct settlement payments into a Special Account.

All new settlement agreements (e.g., Consent Decree (CD), Administrative Order on Consent (AOC), or Administrative Agreement) must identify which payments are for reimbursement of past response

costs, and which are for future response actions. Only those payments designated for future response costs should be earmarked for a Special Account. Past costs should be deposited in the Superfund Trust Fund as a cost recovery.

The following model payment language should be used in new settlements to create a Special Account and to identify the "past" and "future" cost payments.¹

"Of the total amount to be paid pursuant to this [Consent Decree/Consent Order/Agreement], [\$_____ or _____%] shall be deposited in the EPA Hazardous Substance Superfund as reimbursement for response costs incurred at or in connection with the Site as of [insert date] by the EPA Hazardous Substance Superfund, and [\$_____ or _____% or "the remainder"] shall be deposited in the [insert Site name] Special Account within the EPA Hazardous Substance Superfund to be retained and used to conduct or finance the response action at or in connection with the Site. Any balance remaining in the [insert Site name] Special Account shall be transferred by EPA to the EPA Hazardous Substance Superfund."

CONTACT FOR MODEL SETTLEMENT LANGUAGE QUESTIONS:
Janice Linett, (202) 564-5131.

If the Region is contemplating creating a Special Account for an older settlement agreement in which language of this kind was not used, then the Region should contact Filomena Chau to discuss the specific facts of the case, (202) 564-4224.

STEP 3: Have PRPs remit payments.

Pursuant to the terms of the settlement, PRPs should remit payment by check, or through electronic funds transfer (EFT). The check, or EFT, should be directed to the location noted in the settlement. In general, all payments made in accordance with administrative settlements and de minimis settlements (both AOCs and CDs) should be directed to the Regional Superfund lockbox. All payments made in accordance with non-de minimis CDs should be made to the Financial Litigation Unit of the appropriate U.S. Attorney's office.

1 This language is taken from the payment provisions found in the "Revised Model CERCLA Section 122(g)(4) De Minimis Contributor Consent Decree and Administrative Order on Consent," issued on September 29, 1995 and published at 60 FR 62849 (December 7, 1995).

The PRP must include a letter, or other document, clearly identifying the name of the site to which the funds apply and the site/spill ID number.

Once the payments have been received in the Regional Finance Office, the portion of the payment for future work should be forwarded to the Cincinnati Financial Management Center (CFMC) by Inter-Office Transfer Voucher (IOTV).

STEP 4: Obtain authority to create a reimbursable account.²

First, the Regional Budget Office submits a request for issuance of reimbursable authority through a reprogramming request to the Headquarters Office of Planning, Budgeting, and Accountability's (OPBA) Budget Division and attaches a copy of the following documents:

- 1) Inter-Office Transfer Voucher (IOTV) sent to the Cincinnati Financial Management Center (CFMC)
- 2) Settlement check or EFT
- 3) Deposit ticket
- 4) Reprogramming request form
- 5) CD, AOC, or Administrative Agreement

Second, the Headquarters OPBA Budget Division obtains reimbursable authority from the Office of Management and Budget (OMB) and approves/completes the Region's reprogramming request, usually within one to two weeks.

Finally, the Headquarters OPBA Budget Division advises the Region and CFMC that reimbursable authority has been issued.

CONTACT: Jean Price, Budget Formulation and Control Branch, (202) 260-5672, Headquarters OPBA Budget Division.

STEP 5: Establish the Special Account and obtain a reimbursable account number.

CFMC establishes the Special Account upon receipt of the IOTV and a copy of the following documents:

- 1) CD, AOC, or Administrative Agreement
- 2) Settlement check or EFT
- 3) Deposit ticket

² When EPA receives funds from an outside source (and not through direct Congressional appropriations), these funds are termed "reimbursable."

Once the Headquarters OPBA Budget Division advises CFMC that the reimbursable authority has been issued, a reimbursable account is established in the Integrated Financial Management System (IFMS).

CONTACT: Connie Ely, (513) 366-2075, Cincinnati Financial Management Center.

STEP 6: Use the Special Account.

The Region may now obligate money from the Special Account, always citing the reimbursable account number on all funding documents. Periodically, CFMC will review each Special Account by analyzing the funds expended against the reimbursable account number. CFMC will then adjust the Special Account based on their findings.

CONTACT: Regional FMOs and Connie Ely, (513) 366-2075, Cincinnati Financial Management Center.

FOR GENERAL QUESTIONS ON SPECIAL ACCOUNTS CONTACT:

Filomena Chau [Regional Support] (202) 564-4224
Regional Support Division/Office of Site Remediation Enforcement (OSRE)
OECA

FOR QUESTIONS ON SPECIFIC ASPECTS CONTACT:

Vince Velez [Financial Specialist] (202) 260-6465
Financial Management Division/Office of the Comptroller
OPBA

Janice Linett [Model Settlement/Senior Counsel] (202) 564-5131
Regional Support Division/OSRE
OECA

Chad Littleton [Cashout Specialist] (202) 564-6064
Policy and Program Evaluation Division/OSRE
OECA

Tracy Gipson [Ability to Pay Analysis] (202) 564-4236
Regional Support Division/OSRE
OECA

John Wheeler [Bankruptcy] (202) 564-4284
Regional Support Division/OSRE
OECA

EPA FINANCIAL MANAGEMENT OFFICERS

Mr. Mike Manlogon, FMO
U.S. EPA - Region I (PFS)
J.F. Kennedy Federal Building
Boston, MA 02203
(617) 565-3344, fax (617) 565-3346

Mr. Ronald Gherardi, FMO
U.S. EPA - Region II (PMFIN)
26 Federal Plaza, Room 934
New York, NY 10007
(212) 637-3456, fax (212) 637-3509

Mr. Noel Schleifman, FMO
U.S. EPA - Region III (3PM30)
841 Chestnut Street
Philadelphia, PA 19107
(215) 597-6162, fax (215) 597-6185

Ms. Carol Williams, FMO
U.S. EPA - Region IV
345 Courtland Street, N.E.
Atlanta, GA 30365
(404) 347-3278, extension 6724;
fax (404) 347-5206

Ms. Betty Lofton, FMO
U.S. EPA - Region V
77 West Jackson Blvd. (MF-10J)
Chicago, IL 60604
(312) 353-2040, fax (312) 886-7514

James Wood, FMO
Cincinnati Financial Management Center
U.S. EPA (002)
26 West Martin Luther King Drive
Cincinnati, OH 45268
(513) 366-2080, fax (513) 366-2063

Mr. Douglas Barrett, FMO
Research Triangle Park FMC
U.S. EPA (ADM-102)
Research Triangle Park
Durham, NC 27711
(919) 541-3042, fax (919) 541-3055

Mr. Ted Brandt, FMO
U.S. EPA - Region VI (6RF)
1445 Ross Avenue
Dallas, TX 75202
(214)665-6515, fax (214)665-7284

Mr. Gerald Lee, FMO
U.S. EPA - Region VII
726 Minnesota Avenue
Kansas City, KS 66101
(913)551-7325, fax (913)551-7863

Mr. Frank MacFadden, FMO
U.S. EPA - Region VIII (8PM-GFM)
999 Eighteenth Street, Suite 500
Denver, CO 82202
(303)312-6171, fax (303)312-6684

Mr. Dale Calvert, FMO
U.S. EPA - Region IX (P42)
75 Hawthorne Street
San Francisco, CA 94105
(415)744-1725, fax (415)744-1678

Mr. Joseph Neuroth, FMO
U.S. EPA - Region X (MD149)
1200 Sixth Avenue
Seattle, WA 98101
(206)553-2961, fax (206)553-4957

Mr. Alan Lewis, FMO
Las Vegas FMC
U.S. EPA
P.O. Box 98515
Las Vegas, NV 89193-8515
(702)798-2485, fax (702)798-2423

Ms. Debra Bennett, FMO
Washington FMC
U.S. EPA (3303)
401 M Street, S.W.
Washington, DC 20460
(202)260-5100, fax (202)260-0293

Notes



United States
Environmental Protection Agency

March 1997

Special Account Implementation Notebook
A Reference Tool

Tab 9
List of Special Accounts Contacts

**Regional Contacts for
Special Accounts Reform**

Region I

Joan Maddalozzo
617-573-9642, fax 617-573-9662
U.S. Environmental Protection Agency
Region I (HBS)
John F. Kennedy Federal Building
One Congress Street
Boston, MA 02203

Region II

Leslie Peterson
212-637-4298, fax 212-637-4439
U.S. Environmental Protection Agency
Region II (ERRD-PSB)
290 Broadway
New York, NY 10007

Region III

Kathy Hodgkiss
215-566-3151, fax 215-566-3001
U.S. Environmental Protection Agency
Region III (3HW10)
841 Chestnut Street
Philadelphia, PA 19107

Region IV

Greg Armstrong
404-562-8872, fax 404-562-8842
U.S. Environmental Protection Agency
Region IV, Waste Management Division
61 Forsythe Street
Atlanta, GA 30303

Region V

Douglas Ballotti
312-886-4752, fax 312-886-4071
U.S. Environmental Protection Agency
Region V (S-6J)
77 West Jackson Boulevard
Chicago, IL 60604

Region VI

Doretha A. Christian
214-665-6734, fax 214-665-6660
U.S. Environmental Protection Agency
Region VI (6SF-AC)
1445 Ross Avenue
Dallas, TX 75202

Region VII

Cheryle Micinski
913-551-7274, fax 913-551-7925
U.S. Environmental Protection Agency
Region VII
726 Minnesota Avenue
Kansas City, KS 66101

Region VIII

Kelcey Land
303-312-6393, fax 303-312-6409
U.S. Environmental Protection Agency
Region VIII (ENS-T)
999 18th Street, suite 500
Denver, CO 80202

Region IX

Kim Muratore
415-744-2373, fax 415-744-1917
U.S. Environmental Protection Agency
Region IX (SFD-7-B)
75 Hawthorne Street
San Francisco, CA 94105

Region X

Dean Ingemansen
206-553-1744, fax 206-553-0163
U.S. Environmental Protection Agency
Region X (ORC-158)
1200 Sixth Avenue
Seattle, WA 98101

Notes

NOTES