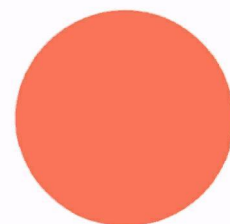




Annual Report to the President

The Protection of Our Environment

Anne M. Gorsuch
Administrator



**The Honorable
Ronald Reagan**
The White House
Washington, D. C.

Dear Mr. President:

This month marks the completion of my first year serving as your Administrator of the U.S. Environmental Protection Agency. This report summarizes some of the major efforts and accomplishments during that time to further the mission for which the Agency was founded: the protection of our environment, and to do so within the framework of the initiatives of your Administration—regulatory reform, better science, state and local involvement, and improved, more efficient management. With your enthusiastic support, EPA has made progress in pursuing its critically important mandate.

Significant environmental gains have been registered in the following broad and important categories:

The Health of Our Citizens. First and foremost, EPA is pledged to safeguarding the health and welfare of the American people and the protection of their environment. Our reforms, in all instances, hone true to that objective. Improved efficiency at EPA translates directly into better environmental protection.

Better Science. Sound environmental regulation can only be as good as the scientific foundation upon which it is based. The Agency frequently finds itself at the frontier of health-related research, in an ongoing effort to determine the risks to humans posed by synthetic substances and waste products. To assure the best possible scientific information, EPA has undertaken a number of reforms in the area of research and development.

Regulatory Reform. Regulatory reform is one of the major pillars of your economic recovery program and an area in which EPA is making a substantial contribution. The Agency has actively been reviewing its entire body of regulations to eliminate needless red tape. The result of this effort conservatively will add up to a savings of \$6 to 7 billion as a result of our first year's work.

Elimination of Backlogs. One of the most immediate and pressing tasks confronted upon taking charge of EPA was the elimination of costly, time-consuming delays as the Agency ground down under the weight of its own backlog of paperwork. With the adoption of procedural reforms and more businesslike management structures, all backlogs have been addressed and many have been drastically reduced.

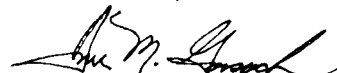
State Partnerships. We are strengthening positive working relationships with state and local governments. The major laws EPA administers provide for delegation of key program responsibilities to the States, should they decide to accept. In accordance with your philosophy of New Federalism, we want to make sure that the responsibilities transferred are substantive, and not token.

Improved Management. Finally, we are improving the basic organizational structure of the Agency. We have initiated reforms that promise to produce a more streamlined organization—one that will be more responsive in delivering the highest quality environmental protection at the lowest practical public expenditure.

Such innovations in environmental protection are a traditional Republican mainstay. EPA was founded under a Republican Administration. Seven of its 11 years of existence have been under GOP leadership, and the cause of national conservation goes back to President Theodore Roosevelt, a Republican. This Administration carries forward that tradition. I am confident that the quality of America's land, air and water will be better for our efforts.

We have only made a start in this first year, but it is a start in which we take pride.

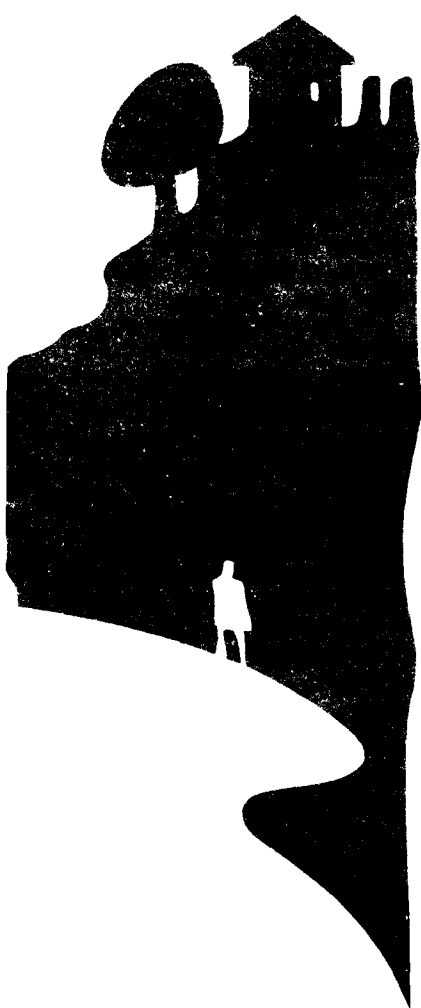
Sincerely,



Anne M. Gorsuch

May 1982

Introduction



The creation of the U.S. Environmental Protection Agency ("EPA") on December 2, 1970, was the product of an effort to streamline the Federal Government and a desire to respond positively to the environmental concerns of the country.

Prior to EPA, the Federal Government's environmental control functions had been spread across several federal departments and agencies, including Interior, Agriculture, Health, Education and Welfare, and the Atomic Energy Commission. Fifteen programs were brought together to make up the new Agency, which began with a Fiscal Year 1971 operating budget of \$303 million and 7,198 permanent employees. Today EPA's operating budget is approximately \$1.3 billion and employs just under 10,000 permanent employees.

EPA is charged with protecting the nation's environment by:

- administering laws passed by Congress,
- ensuring compliance with those laws, and
- performing research to support its activities.

EPA is responsible for ensuring compliance with these laws and is committed to a vigorous enforcement program. The Agency's enforcement philosophy is to encourage voluntary compliance by communities and private industry, but to adopt a firm posture where cooperation is not forthcoming. Most laws administered by EPA contemplate a partnership with States to perform direct enforcement activities needed to meet environmental standards. States now shoulder a substantial share of this enforcement responsibility.

Science provides much of the base for environmental protection. EPA's research activities span the spectrum of research interests: developing and standardizing techniques to detect pollutants; assessing their impact on human health and the environment; developing and evaluating techniques for pollution control; and transferring information to the public.

These functions constitute the principal work of EPA. Its activities enter into nearly every aspect of daily life, just as the environment it protects affects all Americans, as well as citizens of our neighboring countries.

The major laws administered by EPA include:

- Clean Water Act, as amended, is the basic authority for water pollution control programs. The goal of the Act is to make national waters fishable and swimmable.
- Safe Drinking Water Act, as amended in 1977, permits EPA to regulate the quality of water in public drinking water systems and the disposal of wastes into injection wells.
- The Resource Conservation and Recovery Act of 1976 ("RCRA") authorizes EPA to establish regulations and programs to ensure safe waste treatment and disposal.
- Federal Insecticide, Fungicide and Rodenticide Act ("FIFRA"), as amended, directs EPA to regulate the manufacture, distribution, and use of pesticides and conduct

research into their health and environmental effects.

- Toxic Substances Control Act of 1976 ("TSCA"), provides authority to regulate the manufacture, distribution and use of chemical substances.
- Clean Air Act, as amended in 1977, provides the basic legal authority for the nation's air pollution control programs, and is designed to enhance the quality of air resources.
- Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("Superfund") establishes a program to deal with release of hazardous substances in spills and from inactive and abandoned disposal sites.
- Marine Protection, Research, and Sanctuaries Act of 1972 permits EPA to protect the oceans from the indiscriminate dumping of waste.

The Health of Our Citizens

Every program directly affects the air we breathe, the food we eat, the water we drink and swim in, and the land on which we live.

Of all the tasks, large and mundane, for which EPA is responsible, the overriding goal is the protection of the physical health of the American people. Every program administered by the Agency directly affects the air we breathe, the food we eat, the water we drink and swim in, and the land on which we live—in short, all those things which directly affect human health.

The Agency takes pride in the substantial progress which has been made during the past year toward making our world a healthier, and therefore more pleasant one in which to live.

Some of the Agency's most notable accomplishments can be found in the actions EPA has taken in response to the health threats posed by disposal of pollutants, including hazardous waste. Under the Resource Conservation and Recovery Act (RCRA):

- The almost 58,000 generators of hazardous wastes are now required to properly identify these wastes, ensure they are sent to legitimate hazardous waste management facilities, properly package and label them, and maintain vital records of the amounts, types, and ultimate disposition of these materials.
- Over 14,000 transporters of hazardous wastes are required to comply with a manifest system to ensure that shipments are sent to and received by legitimate hazardous waste management facilities.
- Almost 10,000 hazardous waste facilities are now registered with EPA. To determine

if these facilities are meeting EPA's standards, over 2,000 inspections have been carried out by EPA Regional personnel.

- Over half the states have been authorized to carry out their own hazardous waste programs on an interim basis.

As part of EPA's efforts to administer RCRA, EPA had, by March 1982:

- Issued compliance orders at 300 facilities, with penalties in appropriate cases.
- Filed 62 civil actions in Federal court.

One of EPA's priorities in 1981 was also its newest duty: to administer the Superfund program which was enacted by Congress in December 1980 to deal with the release of hazardous substances in spills and from inactive and abandoned disposal sites.

To implement Superfund, EPA first had to establish an effective organizational system. To this end, the Agency:

- Supervised the merging of the RCRA and Superfund programs under a newly established Assistant Administrator for Solid Waste and Emergency Response.
- Began new accounting procedures to ensure proper fund management.
- Instituted a Superfund community relations program to promote the local support that is crucial to achieving Superfund's goals.

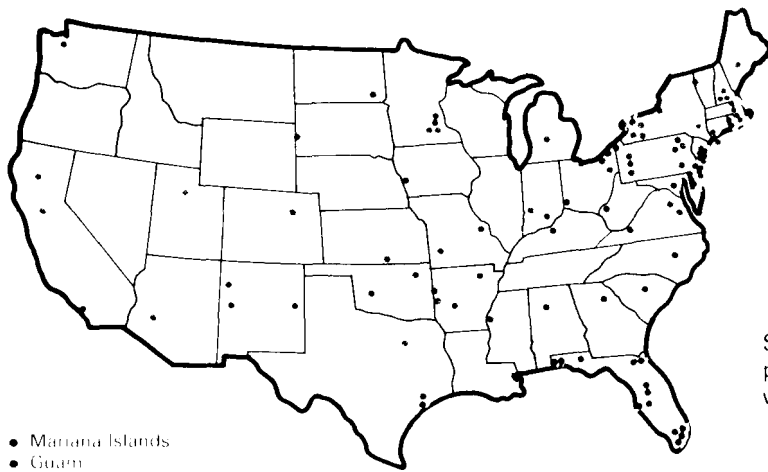
Under Superfund, EPA can take either removal or remedial action. Removal actions are

short-term or emergency in nature, similar to those undertaken to clean up accidental spills of oil and hazardous substances. To date, EPA has authorized \$20.8 million for removal actions at 61 locations.

The remedial program is intended to clean up problem hazardous waste sites. By April 1982, the Agency had:

- Allocated over \$45 million for cleanup at 48 sites.
- Compiled and published (in October 1981) an Interim Priority List of 115 sites. Depending on current circumstances at each site, funds are available and clean-up work can begin.

EPA revised the National Oil and Hazardous Substance Response Plan to reflect and implement the new authorities under the Superfund legislation. In addition to streamlining the existing oil response mechanism under the Clean Water Act, the new plan sets out the criteria and procedures for using Superfund money to respond to hazardous substance spills and sites. The revision is the cornerstone of the



- Mariana Islands
- Guam
- American Samoa

Superfund's 115 top priority hazardous waste sites

Superfund program and is written in the spirit of regulatory reform. The provisions are concise, its language is nontechnical and the requirements are flexible. In addition, the plan establishes a strong federal-state partnership for implementing the Superfund program.

Hazardous waste sites are evaluated by state and EPA personnel, including Field Investigation Teams stationed at EPA Regional Offices. Staffed under contract by 180 trained professionals with a breadth of technical skills, the teams carried out 2,347 preliminary assessments, 1,769 site inspections, and 279 field investigations during 1981.

Making the most out of the limited monies in Superfund requires that every effort be made to have any private

parties responsible for a site, manage and finance its clean-up.

The Superfund legislation authorizes judicial and administrative action to compel responsible parties to undertake clean-up. Where use of these mechanisms does not abate hazards, the Agency will proceed with remedial actions and is empowered to seek recovery of all the funds expended. EPA established a task force in February 1982 to notify as many responsible parties as had then been identified of their potential liability should fund monies be used at sites with which they were associated. EPA believes these communications give a clearer picture of whether prelitigation private-party cleanup, administrative or judicial orders to compel clean-up, or fund-response with cost-recovery, would be appropriate at individual sites. As of April 1982, EPA had:

- Issued notice letters to over 850 individuals or firms at 75 sites on the list.

- Issued notice letters to 29 responsible parties at 7 sites not on the list.

While Superfund and the related solid waste clean-up activities received considerable publicity in 1981, there were other less publicized, but nonetheless important, activities taken by EPA to help protect the health of our citizens.

- EPA set in place a coordinated fish monitoring strategy to determine levels of toxic contamination in the Great Lakes, and surveyed sediments in 17 harbors and river mouths on the Great Lakes to determine toxic sources and trends.

- EPA prepared eight health advisory documents to inform state authorities and water facility operators of health risks posed by unfamiliar contaminants. These include toxicological information as well as monitoring and removal data.

- EPA initiated the review of ocean dumping regulations to assess the comparative risks of land versus ocean disposal.

- To protect our water, EPA conducted 110 on-scene oil response actions, monitored over 5,000 removals, completed over 2,000 spill prevention inspections and conducted 25 damage assessments.

- Final standards for disposal of Uranium Mill Tailings at inactive sites are complete.

- In EPA's toxics program, actions are being taken to obtain more testing data when valid concerns about new chemicals are raised. EPA banned importation of two

new potentially dangerous chemicals pending submission of additional data.

- Emphasis has been placed on finding acceptable PCB disposal methods. Two high-temperature commercial incinerators for PCBs have been approved, as well as incineration aboard the ship Vulcanus. EPA also has approved two chemical destruction processes which reduce PCBs to easily disposable substances and allow the residual oil to be cleaned and reused.

- In January 1982, the U.S., including two EPA representatives, participated in an international meeting of experts concerning protection of stratospheric ozone. Further cooperation is anticipated in this area.

- EPA has released a long-awaited study of environmental pollution in the Niagara frontier which affects both the U.S. and Canada. This comprehensive review reveals that substantial progress has been made in controlling many of the water contamination problems in the Niagara frontier. EPA is undertaking additional actions to provide further assistance in the area.

- Both the Administrator and Deputy Administrator have been personally involved in high-level and technical meetings with Mexican officials to further U.S.-Mexican cooperation on environmental issues and to develop new approaches to the existing air and water pollution problems.



Better Science

EPA's new administration firmly believes that there cannot be good regulation without good science. Without adequate scientific understanding, steps necessary for the protection of human health might never be taken and, conversely, wholly unnecessary regulations might be foisted upon the public. To avoid these pitfalls, EPA is taking steps to improve the scientific basis of its regulations, including selecting 15 to 25 rule proposals each year for special review by its Science Advisory Board.

Other activities to produce better scientific and technical understanding include:

- Insisting that any proposed regulation whose rationale depends on scientific assumptions undergo a thorough peer review by knowledgeable scientists to test the validity of those assumptions; and
- The production of certain Air Quality Criteria documents that serve as the primary scientific basis for the establishment or revision of national ambient air quality standards under the Clean Air Act: CO (Carbon Monoxide), NO_x (Nitrogen Oxides), HC (Hydrocarbons), SO_x/PM (Sulfur Oxides and Particulate Matter).

Comprehensive health assessments are near completion for seven chemical solvents: Carbon Tetrachloride, Methyl Chloroform, Methylene Chloride, Chlorofluorocarbon 113, Tetrachloroethylene, Trichloroethylene, and Toluene. This information will be submitted to the Science Advisory Board for public and peer review.

Without adequate scientific understanding, steps necessary for the protection of human health might never be taken and, conversely, wholly unnecessary regulations might be foisted upon the public.

This is the first time EPA has prepared a single document which addresses the varied scientific health assessment needs of EPA's many regulatory programs.

Several projects (which influence the Agency's approach to health and risk assessment) are in varying stages of completion:

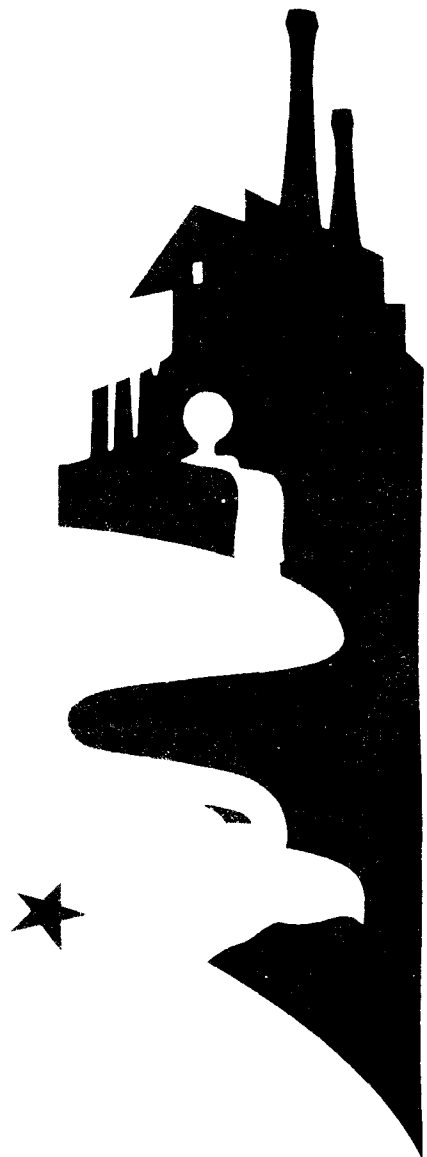
- Exposure assessment guidelines have been developed for Agency-wide use.
- Guidelines for mutagenicity risk assessment have been reviewed and are being revised based on the public comments. They will receive peer review by the Science Advisory Board.
- Guidelines for risk assessments on reproductive toxicity are under development. A workshop has been successfully completed and proceedings have been published. Notably, this workshop included prominent academic and industry scientists and is a cornerstone for the continued development of the Agency's reproductive toxicity guidelines.

These projects serve to bring uniformity and consistency to future Agency risk assessment activities. The peer and public reviews afford increased opportunity for industry and academic involvement

in the development of the risk assessment process.

Further steps toward better science include the following:

- EPA sponsored an International Hazardous Waste Symposium in October 1981. The Symposium contributed significantly to advancing world-wide knowledge of proper methods for dealing with the hazardous waste disposal problem.
- EPA participated in the Organization for Economic Co-operation and Development ("OECD") Chemicals Program. In June 1981, the OECD Council reached an agreement binding on member countries that test data on chemicals produced in one country will be accepted as valid in all others for assessment purposes.
- Under the U.S.-Canada Memorandum of Intent on Transboundary Air Pollution, five bilateral work groups under EPA chairmanship are providing technical support for the negotiations. The final technical reports will assist the Administration in its negotiations and in the resolution of major scientific uncertainties concerning acid precipitation.
- EPA completed analysis of 14 chemicals leading to the development of water quality criteria documents; initiated research on the toxic effects of some organic compounds; and gathered additional scientific data to revise criteria documents for the 65 water pollutants which will form the basis for the development of water quality standards.



Regulatory Reform

When the Reagan Administration took over EPA management, it found that success in protecting the environment appeared to be measured by the ever-increasing amounts of tax dollars being spent on producing regulations. A program of vigorous regulatory reform and relief was clearly necessary. The Agency's potential to provide regulatory relief to the American economy amounts to as much as \$6-7 billion in direct costs. Within this opportunity, top Agency management had two goals:

- To focus on activities that would produce significant environmental protection without stifling economic growth; and
- To revise existing regulations to provide industries and states greater flexibility in meeting our nation's environmental goals.

Since beginning its regulatory reform program, EPA has produced significant pay-offs. Without compromising its responsibility to protect the environment, EPA has successfully implemented the following regulatory reform and relief measures:

- EPA responded to the President's request for regulatory relief for the auto industry by announcing the Agency's intent to change several regulatory requirements. As a result, air quality protection is being achieved at a greatly reduced regulatory cost burden. Relief measures taken include: consolidating the CO and NO_x waiver proceedings; assuring adequate time to meet regulatory requirements; al-

A program of vigorous regulatory reform and relief to the American economy

lowing manufacturers to self-certify high-altitude vehicles and forego assembly-line testing at high altitude; reducing the number of annual assembly-line tests; streamlining the preproduction testing program; deciding not to pursue on-board controls for refueling hydrocarbon emissions, and deferring the 1983 truck noise standard to 1986. These initiatives, and others planned to be taken, should save manufacturers and consumers more than \$4 billion over the next five years.

- EPA has made progress on paperwork reduction. In October 1981, the Agency completed an inventory of its information collection activities, and for the first time, now has a complete information collection budget linked to its fiscal budget. In specific program areas, improvement has been dramatic. For example, reporting burdens under RCRA have been reduced by about 3 million hours without affecting program quality.
- The Agency established a small business ombudsman in EPA's Office of Policy Analysis to help small businesses that experience difficulties in meeting or understanding regulatory requirements.
- EPA is aggressively moving to expand the cost savings from emissions trading. The best known example of

emissions trading is the use of "bubble" trades—so named because a firm is allowed to place an imaginary bubble over all its sources of air pollution at a particular site and develop its own alternative for reducing air pollution to the total amount allowed under the bubble. These trades can be accomplished within a plant or firm or by transactions among firms.

To date, 19 air "bubbles" have been approved by EPA. These will save industry approximately \$40 million. At least 90 others are under development and could produce savings of \$200 million. In addition, the adoption of generic emissions trading rules by many states will produce greater reliance on the trading process and is expected to produce savings of nearly \$1 billion.

- EPA has reduced the time it takes for the Agency to act on State Implementation Plan (SIP) revisions through new processing techniques that include conducting administrative procedures in parallel with the state. EPA now comments on proposed SIPs concurrently with the state's public comment period (instead of after). The improved techniques have resulted in a savings of up to 70% over the previous average time.
- EPA's toxics program is encouraging negotiated testing agreements as substitutes for rulemaking, to allow appropriate and necessary testing to begin earlier and test data to be generated more quickly.
- Similarly, the Agency's toxics program is issuing test

methodologies as guidelines rather than as requirements. This provides greater flexibility as well as the ability to take advantage of the latest test methodologies.

- Progress has been made in overhauling the much criticized and expensive sewage treatment construction grants program. This regulatory reform is based on the idea of producing *only* those regulations that are mandated by law or which are necessary for effective program management. Guidances are to be discretionary—not regulations in disguise. A serious problem in years past was lack of local funds to provide plant maintenance. EPA's new regulations require the approval of a user-charge system before a community receives money for certain grants. This approach will foster fiscal responsibility and should provide environmental benefits for many years to come.

Major reforms in the construction grants program were accomplished through EPA's 1981 legislative initiatives to streamline the program, redirect its focus from public works to environmental needs, and reduce the long-term federal commitment by 60% from \$90 to \$36 billion. As a result of prompt Congressional action on this effort, the program was reauthorized for FY 83-85 at \$2.4 billion annually (down from \$5 billion in FY 82). Over a three-year phase-in period, eligibility categories will be restricted to present treatment needs, the Federal share will be reduced to 55%, and states will be given greater flexibility in allocating funds.

State and Local Involvement

EPA's new leadership views the Agency's relationship with states and localities as a true partnership. The previous pattern of EPA dictating to the states, treating them at best as junior partners, not only makes for bad relations—it also makes for bad regulations, and, therefore, poor environmental protection. This Administration believes that the people most affected by a problem should have a significant voice in deciding the solution. Therefore, one of EPA's primary goals in this first year has been to increase the involvement of state and local governments in the Agency's decisionmaking and actual operation of programs for pollution abatement and control. In seeking to delegate more authority and decisionmaking to the states, EPA has accomplished the following:

- More than doubled the number of states which now operate the New Source Performance Standards program.
- Increased by 50% the states which operate the Hazardous Air Pollutant program.
- Increased by 60% the states which have interim RCRA Phase I authorization.

Perhaps most importantly, a combination of Federal programs and state initiatives have built, over the last decade, a highly-trained, well-motivated workforce in state and local environmental agencies across the country. The air quality program alone has invested nearly one-half billion dollars in state programs. States have moved into this

area strongly, strengthening their statutes and providing real financial support, to the point where Federal contributions now represent less than half of the operational costs of state environmental programs.

Solid Waste

Under RCRA, the states have the primary responsibility for managing solid, including hazardous, waste. The first task is to gear up the priority hazardous waste regulatory programs for which Congress intended states to be primarily responsible. In FY-1981 and 1982, EPA will provide a total of \$71.7 million to the states for developing their own regulatory programs and will complete the basic regulatory framework.

The second major task facing states under RCRA is to evaluate nonhazardous waste disposal facilities on the basis of EPA criteria which place restrictions on facilities that allow open burning or are in wetlands, floodplains, habitats of endangered species, or recharge zones for principal sources of local drinking water. EPA has published the first installment of an inventory of nonhazardous disposal facilities that fail to meet the criteria.

The third task is to develop and implement comprehensive plans for managing non-hazardous solid waste. Development of the state plans has been a long and arduous process. To aid these efforts in FY-1981, EPA:

- Provided technical assistance and \$8 million in financial assistance to the states to help them develop their plans.

The program of state involvement in the program should have a significant voice in deciding the solution.

- Received state plans from over half the states for review according to EPA guidelines.
- Approved 14 state plans with the remainder expected to be approved in 1982 and 1983.

Water

As the result of a recent legal settlement between EPA and a number of industries, the burden of underground injection control regulations has been lessened without weakening their effectiveness.

- There are now more flexible standards for judging the mechanical integrity of injection wells, a reduction in routine monitoring requirements by well operators and greater leeway for states to define the extent of their underground drinking water sources. These changes are expected to result in economic savings of \$65 to \$75 million over the next five years.
- During 1981 seven additional states agreed to accept delegation of the construction grants program, bringing the total to 45. This is an important step toward the President's goal of a New Federalism.

Toxics and Pesticides

Improved information flow among states has been fostered. Through a grant to the National Governors Association ("NGA"), states now have access to the computerized Chemical Substances Information Network. NGA also acts as a clearinghouse to publicize state toxic substances management practices and to allow experts from one state to advise their counterparts in another.

EPA has employed retired engineers in its ten Regional Offices to help states and local districts inspect asbestos in schools and advise on appropriate containment or removal techniques where warranted.

Air, Noise and Radiation

Work is underway to transfer from EPA to the states responsibility for ensuring that new plants satisfy new source performance standards ("NSPS") and National Emission Standards for Hazardous Air Pollutants ("NESHAPS"). Currently, approximately 67% of the NSPS and NESHAPS compliance work is being administered either partially or fully by the states. Systems now in place will result in this figure totalling over 87% by the end of FY 1982.

In addition to the Clean Air Act, the Office of Air, Noise, and Radiation also administers and manages national programs relating to noise abatement and control and radiation programs. In 1981, the Office of Noise Abatement and Control began phasing out the Federal noise program.

Reduction of Backlogs

- Twenty-one states requested training assistance as EPA transfers control of noise programs to them. Nine state training sessions have already been conducted with 16 more scheduled in FY 82. Approximately 500 state and local noise officials will have been trained before the noise program is completely phased out as a federal responsibility.
- Approximately \$1.5 million in noise control equipment was made available to states, localities, and universities from EPA.
- Fifteen states requested assistance from EPA in designing public support programs.
- Twenty-four states will have active noise abatement programs in place by September 1982.
- EPA provided support to the Conference of State Radiation Program Directors in the form of technical expertise and financial grants.
- The Agency has assisted several states and Indian nations on special radiation surveys by direct involvement or by equipment loan.

An unglamorous, but nonetheless important, task facing EPA's new leadership in 1981 was the elimination of backlogs which had accumulated throughout Agency programs. Were these backlogs allowed to stand, or worse, to continue growing, opportunities for innovation and reform in environmental protection would have been thwarted. This was not permitted to happen. Significant progress has been made in this area.

- In the past three months, the Office of Pesticides and Toxic Substances has reduced its backlog of chemical reviews from 417 to 123, a 71% reduction. Similarly, the backlog of amended registration reviews has been reduced 56%.
- EPA is now firmly on schedule to produce six effluent guidelines standards this fiscal year and an additional ten next year. In the previous five years, only one such guideline, although required by law, had been produced.
- In 1979, the Agency received 70 applications for 301h waivers under the Clean Water Act. These are requests from publicly owned treatment works for a variance from secondary treatment requirements when discharging into marine waters. Of these 70 applications, 30 involved discharges of more than 16 million gallons per day. When the new Administration took office last year, a few of these applications were finally coming to

Were backlogs allowed to stand, opportunities for innovation and reform in environmental protection would have been thwarted.

completion, but the majority still remained incomplete. Under the new leadership, half of the 30 major projects were completed by the end of calendar year 1981 and the remaining major projects are scheduled for completion by October 1, 1982. The 40 smaller projects can be evaluated by the end of December 1982.

- The backlog of State Implementation Plans for air quality was reduced by more than 63% between August 1981 and April 1982 and should be eliminated altogether by mid-1982.
- In May 1981, EPA had approximately 500 wastewater treatment construction grant projects on which final audit issues had not been resolved. The backlog had accumulated in spite of the fact that each audit was supposed to be resolved within six months. Prompt action was required. As of February 15, 1982, there were only 14 projects which had not been resolved within the six-month period.

- Prior to the current Administration, EPA had missed five legislative deadlines for decisions on testing of priority chemicals. The Agency is now on schedule in addressing the backlog of testing decisions and responding to new recommendations.

- The Office of Toxic Substances' publication of notices of receipt of pre-manufacture notices and its review of exemptions for test marketing new substances have been streamlined and now comply with statutory deadlines.
- Some of the most dramatic reductions in backlogs have been achieved in EPA's pesticide program. All registration programs have seen reductions (ranging from 40% to 100%) in the backlogs which existed when the new Administration took office.

Improved Management

Effective environmental protection requires that every dollar be spent wisely and efficiently. We owe it not only to our environment, but also to the American taxpayers.

Accordingly, new procedures have been instituted to control costs, eliminate fraud, waste and abuse, and streamline operations to make them more efficient, effective and responsive.

Some of the more noteworthy management accomplishments at EPA during the first year of the Reagan Administration include:

Budget Reform

The 1983 budget increases funding for hazardous waste and Superfund by \$36 million, maintains a strong enforcement program, preserves essential research and development, maintains the wastewater treatment construction grants program at \$2.4 billion, and substantially reduces the regulatory burden on state and local governments.

The 1983 budget is a sound and effective environmental protection plan which will cost \$85 million less than in 1982 and \$237 million less than in 1981. Reductions in the last two years are in marked contrast to the increases which had occurred in every prior year of EPA's existence.

Management Accountability

The Agency designed and began operating the Administrator's Accountability

System, which enables the Administrator to identify at a glance:

- major initiatives being carried out on schedule,
- areas where successful performance may require additional attention, and
- the specific manager responsible for results.

Grants Administration

The Agency is revising grant regulations and procedures to strengthen management and simplify administrative requirements for recipients. This will streamline the process while better guarding against waste, fraud, and abuse. The revisions will also eliminate unnecessary requirements, limit the paperwork required of grantees, and develop consistency across all of EPA's financial assistance programs.

Contracts Administration

EPA has institutionalized the review and approval of contract expenditures at the highest Agency levels (Assistant Administrators) to ensure that Agency resources are used in the most efficient and cost effective manner.

General Administrative Procedures

The Agency has eliminated or simplified many of its forms and records, is automating aspects of its personnel and financial management systems, and has refined and fully automated the Merit Pay System.

Consolidated Financial Assistance

A consolidated financial assistance program will make it easier for states to do business with EPA. The consolidation allows a single application for all program funds, a single comprehensive public review, a coordinated EPA review, consolidated reporting by the grantee, a single evaluation, and an integrated audit. The mechanism is flexible so that a state may consolidate some of its assistance while continuing to be eligible for categorical awards under other programs.

Efficiencies concerning cash management, overtime, leased space, publication distribution, audit resolutions, telephones, travel expenses, procurement, contract processing, library subscriptions, printing and the purchase of capital equipment have been undertaken, resulting in savings of hundreds of thousands of dollars to the American taxpayer.