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Environmental Protection
Agency

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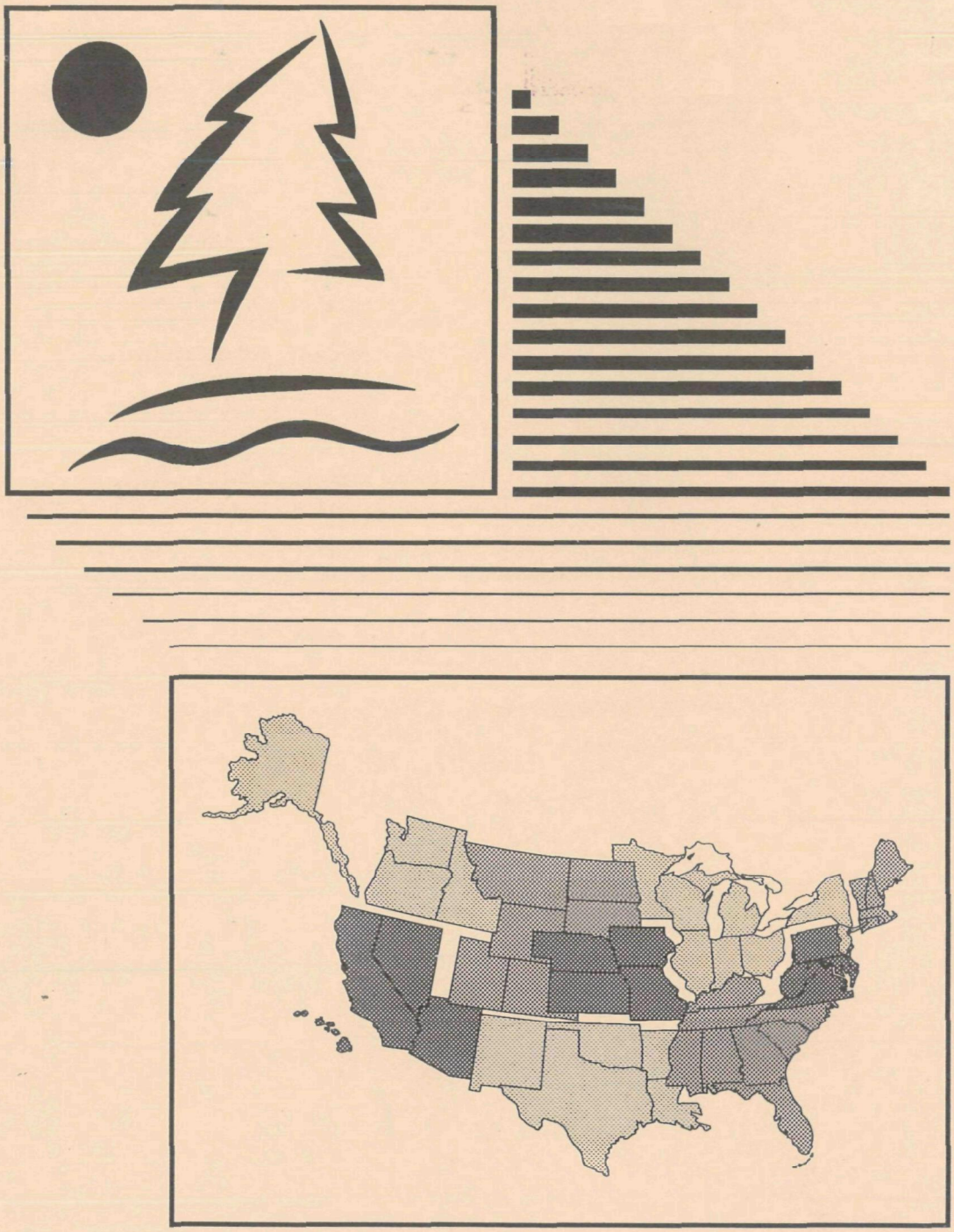
EPA

Pollution Prevention Media Grant Guidance



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Pollution Prevention Media Grant Guidance

"[P]rograms can be designed to allow for significant flexibility at the state or local level. The federal government can define the mission and the outcomes it wants, but free lower governments to achieve these outcomes as they see fit. What we really need is a new model of grant program built around the principles of entrepreneurial government."

Reinventing Government
David Osborne and Ted Gaebler

The Pollution Prevention Act of 1990 charts a bold new course for environmental protection. This innovative law requires the Environmental Protection Agency to emphasize reducing or eliminating waste at the source, rather than trying to manage waste after its creation.

Source reduction offers a unique combination of benefits: pollution prevention protects the environment and saves money by improving manufacturing efficiency and conserving raw materials. The Pollution Prevention Act directs the EPA to pursue the environmental and economic advantages of source reduction by promoting pollution prevention throughout the Agency's programs.

One way EPA has responded to the challenge of the Pollution Prevention Act is through a creative new policy that encourages states to invest federal environmental grant funds in innovative pollution prevention projects. This document is meant to answer basic questions about the new policy, which is expressed in an Agency-wide guidance issued in November of 1992. A sampling of pilot projects is also included to illustrate some of the many state pollution prevention initiatives already supported under EPA's traditional grant proposals.

For easy reference, the following documents are included at the end of this pamphlet:

- The text of EPA's new media grant guidance, which takes effect in FY94;
- An example of how one program (the Office of Air and Radiation) is applying the guidance principles to its grant-making process;
- EPA's definition of pollution prevention, which should be used in applying the grant guidance.

** A list of key contacts is provided on page 10

"The Minnesota Pollution Control Agency (MPCA) views pollution prevention as a cornerstone of environmental protection, and we are attempting to integrate pollution prevention into the entire fabric of environmental regulation at the MPCA. We applaud efforts of the EPA to foster this integration at the federal level."

Charles W. Williams
Commissioner
Minnesota Pollution Control Agency

Why is the Pollution Prevention Grant Guidance Important?

Each year, EPA disburses about $500 million in state grants for permitting, inspections, enforcement activities, and carrying out other federal mandates under laws such as the Resource Conservation Recovery Act, the Clean Air Act, and the Clean Water Act. These payments help offset the financial burden for states that have assumed the responsibility for implementing federal law. In practice, EPA cannot hope to encourage pollution prevention in permitting, inspection, and other areas delegated to states without allowing the grants that support these activities to be used for source reduction.

Some states are boldly leading the transition from pollution control to pollution prevention through inventive approaches that challenge the traditional administrative requirements for federal grants. To the extent permitted by law, EPA wants to recognize and encourage this experimentation through a flexible grant guidance that reflects a more equal partnership between EPA and the states.

What are the Objectives of the Pollution Prevention Media Grant Guidance?

- **To support state pollution prevention activities by ensuring flexibility in grant requirements:** The grant guidance gives EPA programs and regions the flexibility to exercise administrative discretion to reward states that have forged ahead with creative new investments in pollution prevention.
- **To promote pollution prevention in federally-funded state programs:** EPA staff and state grant personnel are expected to promote pollution prevention in federally-supported state programs as a matter of policy and regulation. The guidance includes a set of principles to help define appropriate objectives for states receiving grant funds.
- **To share information on successful programs, and identify statutory or other barriers to pollution prevention:** EPA programs will collect information about pollution prevention activities funded under the more flexible grant guidelines, and share this information with states. All activities funded with federal grants must, of course, meet any legal restrictions that govern expenditure of such grants.
- **To build self-sustaining pollution prevention programs:** Finally, grants may be used to support ongoing administrative functions of state pollution prevention offices when those functions are consistent with statutory requirements for use of federal grant dollars.

Does EPA's Grant Guidance Supersede Existing Law?

The guidance does not change requirements under existing laws or regulations. It does, however, authorize EPA programs to encourage pollution prevention by modifying schedules or development of grant work plans that lie within EPA's discretion. It also requires EPA programs to document any statutory or regulatory barriers that inhibit using federal grants to finance state pollution prevention projects. Ongoing negotiations between EPA and states will help resolve the question of which types of proposals can be supported with federal funds under existing law.

Pollution Prevention Defined

The EPA defines pollution prevention as source reduction and other practices that reduce the amount of pollutants entering a waste stream prior to out-of-process recycling, treatment, energy recovery, or disposal. Prevention includes improvements in manufacturing, such as the substitution of non-toxic hazardous materials, redesign of products to reduce environmental impacts, in-process recycling, modification of equipment, and housekeeping measures such as improved maintenance. It also encompasses increased efficiency in the use of energy and water, and other practices that protect natural resources through conservation.

How Will the Guidance Objectives Be Implemented?

The new pollution prevention guidance has already been incorporated into the annual Agency operating guidance, which establishes general guidelines for funding. The guidance will be further implemented in the following ways:

- Program-specific guidances, to be finalized by each EPA program office in the summer of 1993, will tailor EPA's pollution prevention commitment to each grant program. (See appendix for demonstrations on how the Office of Air and Radiation is applying the pollution prevention guidance principles to its own grant program.)
- Once each program office has completed its own guidance, EPA's regions and states will negotiate work plans that outline specific objectives each state must meet in exchange for receiving federal grant dollars. This is the critical stage at which state proposals for pollution prevention must be examined against existing grant requirements. The pollution prevention grant guidance includes three provisions to provide incentives for pollution prevention in the work plans:
  - **Flexibility Options**, within the parameters of statutory requirements, will help states integrate single media projects into multimedia state prevention programs. Work plans should be adjusted to accommodate needs and ease EPA/state interaction.
  - **National Principles** are included in the guidance (see appendix) to help guide the development of EPA/state work plans.
  - **Annual Accomplishment Reports** will help determine the success of the guidance and how state pollution prevention efforts can be expanded. These Regional Office reports will help assess the Agency's progress in supporting pollution prevention work plans and initiatives. The reports will document successes, identify barriers, and recommend changes in the grant-making process to improve flexibility and ensure more effective use of grant funds.

State Pollution Prevention Initiatives

The following is a sample of some of the many innovative state pollution prevention programs that are already receiving some federal grant support under RCRA, the Clean Air Act, or the Clean Water Act. EPA recognizes that these projects do *not* reflect the full range of current activities but merely represent a small glimpse of future possibilities. EPA plans to share future state grant project information when it becomes available. To provide EPA with information about state pollution prevention projects funded through media grants, please contact **Lena Hahn at 260-2237**.

POLLUTION PREVENTION GOAL: Integrated Enforcement Program

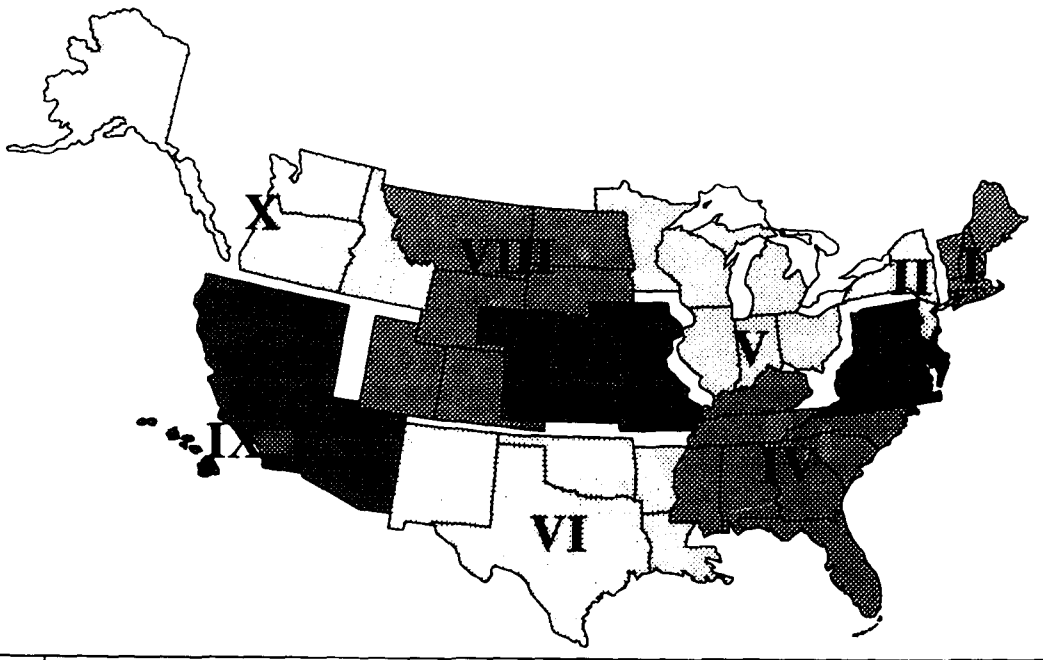
STATE: California Environmental Protection Agency (Cal/EPA)

PROJECT: Integrated Enforcement Programs: Federal, State, and Local Coordination

CONTACT: William W. Carter, Cal/EPA– 916-445-3846
Jesse Baskir, EPA Region IX–415-744-2190

The California EPA is designing and implementing creative enforcement policies to promote the simultaneous identification and correction of all environmental problems resulting from any given violation at a location or facility. Coordinated enforcement activities are key to preventing pollution because they discourage cross-violations.

This unique approach is being applied statewide toward two purposes. First, it ensures that significant environmental violations and impacts are not overlooked by regulators at problem facilities and that such problems are satisfactorily resolved. Second, this coordinated approach should relieve businesses from the burden of having a constant stream of regulators from several different state agencies conducting independent, sometimes conflicting, enforcement actions. EPA media grants fund inspections and enforcement activities which facilitate the prevention activities outlined in this integrated enforcement program.



POLLUTION PREVENTION GOAL: **Source Reduction to Achieve Compliance**

STATE: **Massachusetts Department of Environmental Protection (DEP)**

PROJECT: **Multi-media, Prevention-based, Facility-wide Enforcement Inspections**

CONTACT: **Lee Dillard, Massachusetts DEP -617-556-1075**
Mark Mahoney, EPA Region I -617-565-1155

The Massachusetts Department of Environmental Protection first piloted a multimedia prevention-based inspection and enforcement program in 1986 known as the Blackstone Project.

Based in part on the outstanding results of the Blackstone Project, Massachusetts has a prevention based approach to compliance and enforcement for all industrial sources called the Waste Prevention F.I.R.S.T. (Facility-wide Inspections to Reduce Sources of Toxics) Initiative.

In FY93, Waste Prevention FIRST's initial year, EPA Region I granted the Massachusetts DEP flexibility to identify alternate inspection goals. Consequently, Massachusetts's DEP was able to reduce the number of EPA-specified inspections in exchange for an increase in Massachusetts-specified inspections; these state specified inspections were completed at facilities where unpermitted waste streams were likely to exist or where there was a high risk of non-compliance. Waste Prevention FIRST encompasses compliance and enforcement on all industrial sources, including those supported by EPA media grants. The effect of this flexibility to encourage prevention was to allow a refocusing of the Massachusetts program while still achieving statutory goals.

POLLUTION PREVENTION GOAL: **Program Integration**

STATE: **Alaska-Department of Environmental Conservation (ADEC)**

PROJECT: **Redirection of federal grant and state matching dollars to support pollution prevention activities.**

CONTACT: **David Wigglesworth, ADEC -907-563-6529**
Steven Torok EPA Region X-907-586-7619

In FY93, the Department of Environmental Conservation and the US EPA initiated a long-term process of securing the resource base necessary to sustain pollution prevention activity in the state of Alaska. The ADEC and the EPA agreed to direct 3% of eligible federal grant and state match dollars to support prevention activities coordinated by the Department's Pollution Prevention Office. The "pollution prevention set-aside" is intended to gradually increase to 5% by FY95.

The initiative seeks to advance pollution prevention as both a core part of the missions of the various media programs and to foster a stream-lined Pollution Prevention Office to 1) coordinate pollution prevention activity and 2) provide technical support to Department employees, businesses, and the general public. EPA funding for this project is provided from RCRA, Water, Pesticides, and Air grant programs.

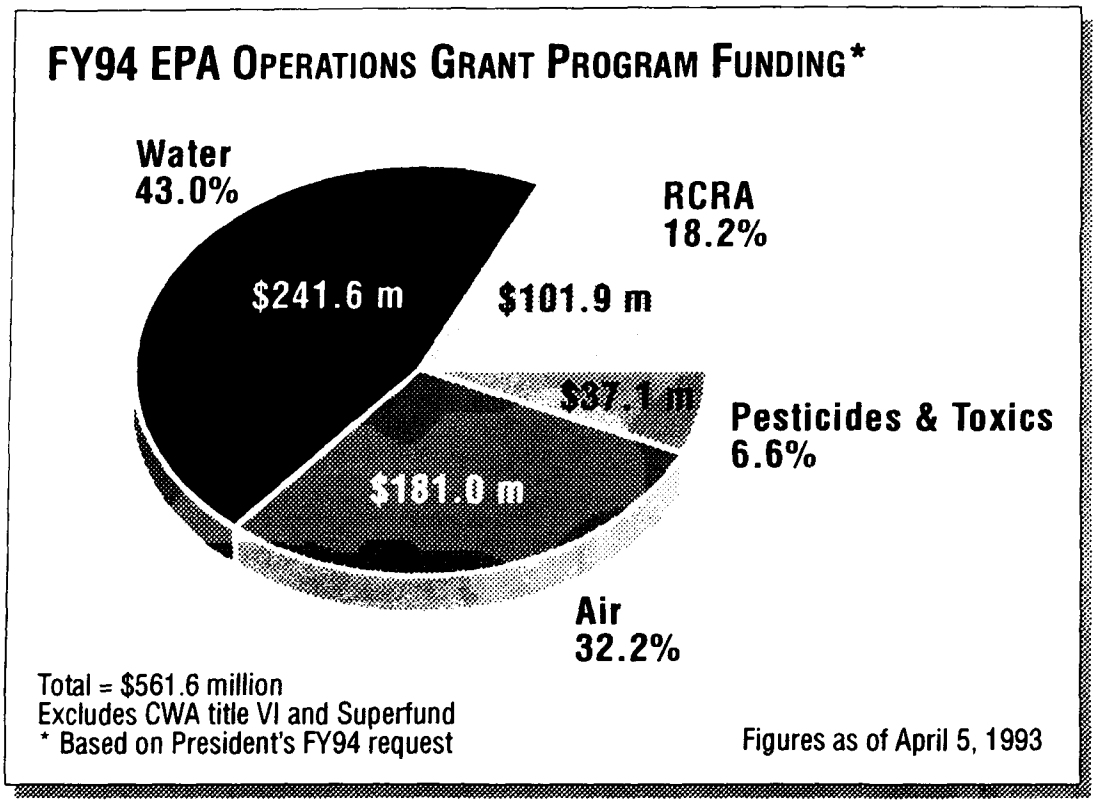
Which Media Grant Programs Are Affected by the Guidance?

Beginning with the FY94 EPA grants cycle, the guidance will apply to all of the Agency's media-specific state grant programs, including the following:

- **The Clean Air Act** §105 — Air Pollution Planning and Control;
- **The Resource Conservation and Recovery Act** §3011 — Hazardous Waste;
- **The Federal Insecticide, Fungicide, and Rodenticide Act** §23(a)(1)—Pesticides;
- **The Toxic Substances Control Act** §28 — Enforcement Activities under § 313 of the Emergency Planning and Community Right-to-Know Act;
- **The Clean Water Act** — §106 — Surface Water, §104(b)(3) — Wetlands and Water Quality Management, and §319(h) — Non-point Source Management.

The law does not apply to Superfund grants, which are specifically targeted to remedial action rather than prevention.

Prevention in State Grants



EPA also administers a small grant program to help support state pollution prevention programs. The Pollution Prevention Incentives for States (PPIS), which requires a 50% match from applicants, provided approximately $4.5 million to states in FY93. For further information about how to apply for funding under this program, please call **Lena Hann at 202-260-2237**.

Are There Tradeoffs Under the Guidance?

Federal grant programs typically identify certain tasks that states must complete in exchange for receiving federal funds. The pollution prevention grant guidance clearly authorizes the substitution of new pollution prevention measures in exchange for administrative procedures not required by statute or regulation. These changes may be negotiated in the work plan approval process. EPA will work with states to evaluate statutory and regulatory barriers identified in the Annual Accomplishment reports produced at the end of the FY94 grant cycle.

"I believe that building pollution-prevention flexibility into media grant programs is the most important single policy action that EPA can take to provide incentives for states to integrate pollution prevention into existing programs...EPA has taken a bold step in the right direction through its guidance on pollution prevention flexibility in media grant programs."

John R. Weingart
Assistant Commissioner
New Jersey Department of Environmental Protection and Energy

How Can States Help Implement the Guidance?

The pollution prevention grant guidance is only the first step in achieving new successes in innovative state pollution prevention programs: ultimate success depends on the EPA Regions and states finding practical ways to take advantage of the new flexibility. The work plans negotiated by each state with EPA Regions can help test application of the guidance, and provide models for other states to follow.

EPA is committed to sharing information and identifying common state concerns to strengthen the guidance as it is implemented. Tom Looby, Director, Office of Environment (Colorado Department of Health) has agreed to help coordinate state input in his capacity as Chairperson of the Strategic Planning Subcommittee. EPA will also sponsor workshops to share information as the guidance develops, with the first to be held at the semi-annual meeting of the Pollution Prevention Roundtable on April 28, 1993 in San Diego, California.

"Indiana is extremely supportive of your efforts to inject sufficient flexibility into program grants for the purpose of encouraging and facilitating pollution prevention activities. The draft "FY94 States Grants Guidance: Integration of Pollution Prevention" is a case in point; we fully support the conceptual approaches framed by this grants guidance..."

Kathy Prosser
Commissioner
Indiana Department of Environmental Management

Who Can I Contact for More Information?

- For general information about the media grant guidance process, call **Tom McCully at 202-260-8617**. Tom will also help put you in touch with the appropriate EPA regional staff if you have questions about the work plan for your specific state.

- For information about providing state input into the implementation of the guidance, contact **Parry Burnap or Kate Kramer at 303-692-3003**.

- To apply for a Pollution Prevention Incentives for States (PPIS) grant, or receive more information, contact **Lena Hahn at 202-260-2237**.

- To provide or obtain additional information about projects currently funded through EPA media grants, contact **Lena Hahn at 202-260-2237**.

APPENDIX

State Grant Guidance: Integration of Pollution Prevention

Promoting the Prevention of Pollution in State and Local Assistance Programs

Encouragement of Pollution Prevention Through the State Air Grants Program

A Selected List of Source Reduction Strategies Being Pursued Under the CAA and Related Statutes

EPA Definition of "Pollution Prevention"

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

Nov 12, 1992

OFFICE OF
THE ADMINISTRATOR

MEMORANDUM

SUBJECT: State Grants Guidance: Integration of Pollution Prevention

FROM: F. Henry Habicht II

TO: Assistant Administrators
Regional Administrators

This memorandum announces the Agency-wide pollution prevention Guidance, beginning with the FY94 State grants cycle. It has four goals:

- Promoting pollution prevention in State programs supported through Federal grants by establishing National Principles to guide workplans negotiated between Regional Offices and States;
- Ensuring that grant requirements as interpreted by EPA/State workplans are flexible enough to support innovative State pollution prevention activities;
- Establishing a simple accounting process to share information on successful State projects, and identify statutory or other barriers to funding State proposals; and
- Building sustained State capacity in pollution prevention to the extent consistent with statutory grant requirements.

All of these objectives are subject to any statutory and regulatory limitations that apply in specific circumstances.

The Guidance should help integrate pollution prevention into the Agency's activities as required by the *Pollution Prevention Act of 1990*. By emphasizing flexibility, the Guidance complements other Agency efforts to build a productive environmental management system in partnership with the States, and improve coordination with existing State pollution prevention programs.

In general, this Guidance applies to all of the Agency's media-specific State grant programs, but particularly to the following: *Clean Air Act* §105—Air Pollution Planning and Control; *Resource Conservation and Recovery Act* §3011—Hazardous Waste; *Federal Insecticide, Fungicide, and Rodenticide Act* §23(a)(1)—Pesticides; *Toxic Substances Control Act* §28—Enforcement and Enforcement Activities under §313 of the Emergency Planning and Community Right-to-Know Act; and *Clean Water Act* §106—Surface Water, §104(b)(3)—Wetlands and Water Quality Management, and §319(h)—Non-Point Source Management.

Building on the Agency's many successful pollution prevention efforts, beginning in FY94 EPA's grant programs—working with States—should explicitly promote pollution prevention in State workplans (also called agreements). This memorandum will be incorporated into the annual Agency Operating Guidance as well as program-specific Guidance developed this winter with the advice of the State/EPA Operations Committee. Program Guidance, intended to tailor the Agency-wide commitment to each grant program, will be applied by Regional Offices and States in the development of grant-assisted work.

The National Principles stated below should help guide development of EPA/State workplans. There should be reflected in program-specific Guidance, weighed in workplan discussions, and used to qualitatively assess program progress in integrating pollution prevention. In applying these Principles, Regional Offices should use or expand upon the menu of flexibility options below to respond to State needs to the extent possible. Annual accomplishment reports, discussed below, will help assess EPA's progress in supporting pollution prevention-oriented State workplans and initiatives.

National Principles

Guidance for each grant program covered by this document should make clear that pollution prevention—as defined in the Agency-wide memorandum of May 28, 1992 (attached)—is EPA's preferred approach to environmental management where technically and economically feasible. Consistent with the Pollution Prevention Act, the Guidance should further the integration of pollution prevention into State activities—e.g. inspections and permits—that are supported by EPA grants. While pollution prevention is not mandated, the Principles are intended to ensure that it is considered fairly in EPA/State workplans.

Specific proposals from States that are consistent with these Principles should be considered good candidates for funding through the grant programs. In addition, Regional Offices should take the initiative to suggest pollution prevention approaches, drawing upon program-specific Guidance and implementation workshops. Regional Offices and States are expected to use their discretion in applying these Principles; they are not obligatory elements of every negotiated workplan, but rather factors for serious consideration in the negotiation process.

The Principles are:

1) The workplan applies the EPA definition of pollution prevention (see memorandum of May 28, 1992) consistent with the Pollution Prevention Act of 1990 and the 1991 EPA Pollution Prevention Strategy.

2) The workplan reflects an explicit preference for pollution prevention and identifies pollution prevention activities, products, or approaches.

3) The workplan incorporates pollution prevention as a priority in environmental management decisions made by the grantee as part of the grant-assisted activities.

4) The workplan encourages opportunities to modify existing or to develop new equipment, technology, processes, procedures, products, or educational or training materials to promote pollution prevention.

5) The workplan encourages institutional coordination—including coordination with existing State pollution prevention programs—and multi-media opportunities for pollution prevention.

6) The workplan complements or builds upon existing EPA pollution prevention projects (e.g. the work of multi-media industry clusters such as the Source Reduction Review Project, and the use of pollution prevention in enforcement settlements).

7) The workplan identifies and applies measures and ways of documenting pollution prevention progress as part of the grant-assisted activities (e.g. provides opportunities for measurable pollution prevention).

8) The workplan includes activities or approaches that may serve nationally as innovative models for other State or local programs. Workplans also should encourage innovative

approaches already developed by other State or local programs, and improve coordination to build on existing successes.

9) The workplan structures grant output information so that EPA can make pollution prevention data and experience available to other States and the Pollution Prevention Information Clearinghouse.

Clearly, both partners must comply with any applicable statutory or regulatory requirements and take into account other factors that may be important. Regional Offices and States may identify additional Principles to guide workplan requirements.

Flexibility

Many Regional Offices already have made adjustments to accommodate flexibility needs. The purpose of this Guidance is to encourage such flexibility. Whenever possible, workplans should accommodate State flexibility needs associated with incorporating pollution prevention approaches into their grant-assisted activities. That means working within the parameters of statutory and regulatory requirements to arrive at an agreement that is practical and meets the parties' needs. Options for flexibility include (but are not limited to):

a) Adjustments in numbers or types of required outputs including, for example, (1) trade-offs or disinvestment from traditional requirements (non-statutory and non-regulatory) and (2) multiple credit for a single "multi-media" inspection that emphasizes pollution prevention.

- An example of (1) is RCRA's RIP-Flex Guidance, which allows disinvestment from national priority activities and re-investment in Regional or State priorities: up to 25% of enforcement resources in FY92 and '93.

- An example of (2) is being tested in Region One with Massachusetts' Blackstone project. The key issue is how to "bean-count" a single multi-media inspection claiming to satisfy enforcement requirements under multiple statutes and promote pollution prevention technical assistance.

b) Adjustments in timing of non-statutory and nonregulatory EPA deadlines.

c) Identification of a percentage of funds for pollution prevention within each media program, coordinated by a pollution prevention office.

- For example, Region 10 has agreed to Alaska's request to allow the State to identify 3% (5% over the next two years) of grant program monies—RCRA, air, and water—for pollution prevention, to be coordinated by the pollution prevention office. The monies will be reflected in specific activities reasonably related to each program's contribution and statutory objectives. The annual EPA/State Agreement will explicitly identify pollution prevention activities and specific disinvestments in each program.

d) Adjustments in traditional or administrative procedures or schedules to ease EPA/State interaction.

Annual Accomplishment Report

To allow EPA to evaluate progress in integrating pollution prevention into State grant programs, each Regional Office should provide an annual report summarizing pollution prevention accom-

plishments (e.g. activities, products, approaches, etc.), as reflected in grants-assisted work. The report may take any form and may draw upon reports developed to satisfy other requirements.

While program-specific Guidance may elaborate further, each report should identify: a) success stories, including innovative State projects funded under this Guidance; and b) any barriers (statutory or otherwise) that led a program to reject State proposals or to decide against including pollution prevention approaches. In addition, recommendations on regulatory, administrative, or other changes to improve flexibility would be helpful. Your contribution of this information is key to making pollution prevention a reality in EPA's on-going bread and butter work.

Conclusion

Incorporating pollution prevention into EPA's policies and programs is a collaborative effort requiring EPA to work in concert with our State partners. The National Principles and Annual Reports described above will help us to measure our progress and build on our successes.

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

Feb 9, 1993

OFFICE OF
THE ADMINISTRATOR

MEMORANDUM

SUBJECT: Encouragement of Pollution Prevention through the State Air Grants Program

FROM: Michael H. Shapiro
Acting Assistant Administrator

TO: Margo Oge, Director
Office of Radiation and Indoor Air

John Seitz, Director
Office of Air Quality Planning and Standards

Paul Stolpman, Acting Director
Office of Atmospheric Programs

Richard Wilson, Director
Office of Mobile Sources

This memo describes how OAR will implement the Deputy Administrator's guidance on the integration of pollution prevention into media state grant programs. I intend to use OAR's program-specific guidance (PSG) to help encourage states to routinely incorporate prevention of pollution in their programs. I also intend to use the quarterly accomplishments reporting under our Memorandum of Agreement (MOA) process to compile the information necessary for an annual summary of progress in the use of pollution prevention.

The Definition of Pollution Prevention

The Pollution Prevention Act of 1990 (PPA) directed EPA to integrate the prevention of pollution into its ongoing programs. The PPA essentially defined pollution prevention as the reduction of pollution at its source through modification of equipment, technology, processes, or procedures; reformulation or redesign of products; substitution of raw material; and changes to housekeeping, maintenance, training, or inventory programs.

Correspondingly, a primary goal of the Clean Air Act Amendments of 1990 (CAA), in addition to the control of air pollution, is to encourage or otherwise promote reasonable federal, state, and local government actions for the prevention of pollution. The CAA references air pollution prevention as the reduction or elimination, through any measure, of the amount of pollutants produced or created at the source.

Based upon these complementary definitions, pollution prevention can and should be a key strategy for achieving our program objectives. The CAA offers a diverse array of environmental management approaches to attain and protect clean, healthy air — from control strategies intended to correct air pollution problems; to programs designed to encourage energy conservation and efficiency; to programs promoting alternative manufacturing processes, fuels, and technologies (see Attachment A).

The Prevention of Pollution and OAR's Program-Specific Guidance

Guidance Development. The process for the development of OAR's FY 1994 PSG and regional-headquarters MOAs, and the subsequent negotiation of state and local air grants, provides us with the opportunity (a) to more formally articulate the prevention aspects of our current programs, and (b) to seek additional, more far reaching applications with state, local, and tribal agencies than those already being carried out

On December 3, 1992, I sent you a memo initiating the development of the FY 1994 PSG. I asked that each program office submit the overview portion of its guidance by January 29, 1993. OPMO will consolidate the program office drafts into a single document in early February for wider review by headquarters offices, regional offices, and states.[3]

Upon your receipt of the draft consolidated PSG, please identify specific areas that are pollution prevention in nature and designate them as such in your mark-up for the final PSG Also, develop any additional provisions that you believe are needed to implement the Deputy Administrator's guidance OPMO and the Pollution Prevention staff are available to assist you in this effort.

Attachment B includes a brief OAR summary and explanation of the Deputy Administrator's November 12, 1992 guidance on the integration of pollution prevention in media-specific grant programs for FY 1994 and beyond. This explanation will be incorporated in the final PSG to assist regional offices and states in interpreting and effectively applying the guidance

Accomplishments reporting. I want to be able to assess the overall progress of OAR, the regions, and the state in controlling and preventing pollution and be able to report this progress to the Administrator and Deputy Administrator through an annual accomplishments report and, as appropriate, our quarterly management memos. In negotiating FY 1994 MOAs and commitments, please work with the regional offices to provide for accomplishments reporting that will allow us to describe the scope and success of pollution prevention efforts. You may need to identify additional ways to measure progress that are more indicative of the degree of pollution prevented. Again, OPMO and the Pollution Prevention staff are available to assist you in this effort.

Should you have any questions or comments regarding this or the Deputy Administrator's guidance please contact either Bill Houck at FTS 202-260-1754 or Alex Wolfe at FTS 202-260-8594.

Notes:

1. Public Law 101-508, the Pollution Prevention Act of 1990 (November 5, 1990), defines source reduction as any practice which reduces the amount of hazardous substance, pollutant, or contaminant entering any waste stream or otherwise released into the environment (including fugitive emissions) prior to recycling, treatment, or disposal; *and* reduces the hazards to public health and the environment associated with the release of such substances, pollutants, or contaminants.

2. Referenced in Public Law 101-549, Title I, §108(k), 104 Stat. 2468.

3. Unless otherwise indicated, the term state is meant to include state, appropriate multi-state, local, and Indian tribal agencies.

Attachment A

A *SELECTED* LIST OF SOURCE REDUCTION STRATEGIES BEING PURSUED UNDER THE CAA and RELATED STATUTES*

MOBILE SOURCES

- Implementation, acceleration or expansion of alternative fuels for motor vehicles
- Development and use of low emission, high technology vehicles for general public, commercial and government fleet operations
- Development and utilization of alternatively fueled off-road mobile sources
- Assurance of compliance with fuel economy standards
- Inspection and maintenance of motor vehicle emissions systems
- Emissions systems anti-tampering programs
- Reduction of volatility in fuels
- Transportation control measures including use of mass transit, ride sharing, employer incentive programs, pricing incentives and disincentives, etc.
- Vehicle pre-production certification

STATIONARY SOURCES:

- Incorporation of source reduction alternatives and advancements in control technique guidance, national emission standards, rule development and operation permits (i.e., solvents, coatings, degreasing, metal cleaning, combustion, etc.)
- Incorporation of innovative technology resulting in increased energy conservation and efficiency in the utility and manufacturing industries
- Market-based strategies including trading and allowance systems for acid deposition and volatile organic compounds, emission caps and excess emissions fees
- Voluntary reduction in air toxics by industry prior to national regulation
- Materials substitution and emissions cap for CFCs and other ozone-depleting substances

GENERAL

- Public education and outreach (e.g., indoor air quality)
- Innovative enforcement settlements
- Provision of source reduction technical assistance to small businesses through CAA small business technical assistance centers

* NOTE: Source reduction may not only be achieved through implementation of these measures but also in how and where they are applied (i.e., more expeditious, extensive or stringent application than would normally be required relative to an area's attainment status).

Promoting the Prevention of Pollution in State and Local Assistance Programs

[For Inclusion in the FY 1994 PSG]

On November 12, 1992, The Deputy Administrator provided guidance to assist EPA media programs in further integrating pollution prevention considerations within their state and local assistance programs. The guidance, prepared by the Pollution Prevention staff after consultation with a media programs workgroup, includes three elements: (a) expectations of EPA and the states in the formulation, negotiation, and implementation of agreements; (b) a brief list of unique pollution prevention projects or proposals; and (c) a discussion of ways to evaluate and report progress in preventing pollution.

Development of Grant Work Plans

The guidance urges that, subject to statutory and regulatory constraints, the prevention of pollution be a primary thrust of state grant work plans. Within workplans, states should clearly identify prevention activities, including activities or projects that could serve as national models. Where possible, states should expand or complement existing efforts. Accomplishments should be measurable and reported annually. Successful experiences should be disseminated to the wider State and local community.

There was a great deal a of discussion within the media programs workgroup about the degree to which the various media programs can reasonably use prevention as a primary approach to environmental management. This is less of an issues for the air program because pollution prevention is an inherent part of the new CAA.

In grant guidance and negotiations with states, however, regional offices still need to highlight and actively encourage those aspects of our program that are prevention in nature. In addition, we need to be receptive to alternative state proposals that go even beyond the preventive aspects of our statute and that can potentially deliver measurable environmental results through prevention rather than through sole reliance on traditional "end-of-the-pipe" controls. Regional offices should actively solicit such proposals and work with states in fostering them.

Pollution Prevention Activities

As noted previously, states are already involved in a variety of prevention-related activity under current CAA air and radiation requirements (e.g., emission caps, emissions trading, economic incentives and disincentives to encourage source reduction, use of alternative fuels and vehicles, use of rulemaking to encourage substitution of materials and energy conservation, flexible compliance strategies and agreements, public outreach and education, etc.) Regional offices should encourage continuation and expansion of these types of activities and projects.

The Deputy Administrator's guidance suggests a handful of other approaches to consider including multi-media compliance efforts and set-aside grants. Please note that there must be a realization of environmental gain within the air and radiation program area commensurate with the level of resources that we contribute to any such multi-media effort.

In response to questions regarding the use of set-aside funds for competitive awards under separately administered innovative state pollution prevention programs, the General Counsel has previously indicated that this practice is inappropriate for basic grant authorities such as section

105 of the CAA. Funds may be reprogrammed for such purposes, however, under the Agency's research and demonstration grant authorities.

Evaluating and Reporting Progress

The Deputy Administrator has requested that each program articulate its progress in preventing pollution through its state grants programs via an annual accomplishments report. To enable this, regions should include appropriate reporting requirements and measures of progress in negotiated state grant agreements.

Indicators should cover prevention related programmatic and project specific activity and be able to measure environmental results, wherever possible. Information can be provided to OAR via the Memorandum of Agreement Reporting System

Notes:

1. See "Review of State Grant Authority"; R.B. Ludwiszewski, acting General Counsel to Deputy Administrator H. Habicht; March 13, 1992.

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

MAY 28, 1992

OFFICE OF
THE ADMINISTRATOR

MEMORANDUM

SUBJECT: EPA Definition of "Pollution Prevention"

FROM: F. Henry Habicht II
Deputy Administrator

TO: All EPA Personnel

EPA is seeking to integrate pollution prevention as an ethic throughout its activities, in accordance with the national policy expressed in the Pollution Prevention Act of 1990. Your individual efforts to push development of new opportunities, approaches, and processes to prevent pollution are impressive and exciting.

While the concept of pollution prevention is broadly applicable—a tool to accomplish many environmental tasks—this memo attempts to guide more consistent use of the term in our activities and written materials. Pollution prevention requires a cultural change—one which encourages more anticipation and internalizing of real environmental costs by those who may generate pollution, and which requires EPA to build a new relationship with all of our constituents to find the most cost-effective means to achieve those goals.

The following EPA "Statement of Definition" is a formal embodiment of what has been the Agency's working definition of pollution prevention, and is consistent with the Pollution Prevention Act of 1990 and the Agency's 1991 Pollution Prevention Strategy. It makes clear that prevention is our first priority within an environmental management hierarchy that includes: 1) prevention, 2) recycling, 3) treatment, and 4) disposal or release.

While it is subject to further refinement, this definition should provide a common reference point for all of us. As you review and apply the definition in your work, please keep the following points in mind:

- As always, whether the pollution prevention option is selected in any given situation will depend on the requirements of applicable law, the level of risk reduction that can be achieved, and the cost-effectiveness of that option.
- Accordingly, the hierarchy should be viewed as establishing a set of preferences, rather than an absolute judgement that prevention is always the most desirable option. The hierarchy is applied to many different kinds of circumstances that will require judgement calls.
- Drawing an absolute line between prevention and recycling can be difficult. "Prevention" includes what is commonly called "in-process recycling," but not "out-of-process recycling." Recycling conducted in an environmentally sound manner shares many of the advantages of prevention, e.g. energy and resource conservation, and reducing the need for end-of-pipe treatment or waste containment.

As EPA looks at the "big picture" in setting strategic directions for the decade ahead, it is clear that prevention is key to solving the problems that all our media programs face, including the increasing cost of treatment and cleanup. In the common-sense words of Benjamin Franklin, "an ounce of prevention is worth a pound of cure."

Please use the Statement of Definition of Pollution Prevention in all of your EPA activities.

POLLUTION PREVENTION: EPA STATEMENT OF DEFINITION
(pursuant to the Pollution Prevention Act of 1990 and the Pollution Prevention Strategy)

Under Section 6602(b) of the Pollution Prevention Act of 1990, Congress established a national policy that:

- pollution should be prevented or reduced at the source whenever feasible;
- pollution that cannot be prevented should be recycled in an environmentally safe manner whenever feasible;
- pollution that cannot be prevented or recycled should be treated in an environmentally safe manner whenever feasible; and
- disposal or other release into the environment should be employed only as a last resort and should be conducted in an environmentally safe manner.

Pollution prevention means "source reduction," as defined under the Pollution Prevention Act, and other practices that reduce or eliminate the creation of pollutants through:

increased efficiency in the use of raw materials, energy, water, or other resources, or

protection of natural resources by conservation.

The Pollution Prevention Act defines "source reduction" to mean any practice which:

reduces the amount of any hazardous substance, pollutant, or contaminant entering any waste stream or otherwise released into the environment (including fugitive emissions) prior to recycling, treatment, or disposal; and

reduces the hazards to public health and the environment associated with the release of such substances, pollutants, or contaminants.

The term includes: equipment or technology modifications, process or procedure modifications, reformulation or redesign of products, substitution of raw materials, and improvements in housekeeping, maintenance, training, or inventory control.

Under the Pollution Prevention Act, recycling, energy recovery, treatment, and disposal are not included within the definition of pollution prevention. Some practices commonly described as "in-process recycling" may qualify as pollution prevention. Recycling that is conducted in an environmentally sound manner shares many of the advantages of prevention—it can reduce the need for treatment or disposal, and conserve energy and resources.

Pollution prevention approaches can be applied to all pollution-generating activity, including those found in the energy, agriculture, Federal, consumer, as well as industrial sectors. The impairment of wetlands, ground water sources, and other critical resources constitutes pollution, and prevention practices may be essential for preserving these resources. These practices may include conservation techniques and changes in management practices to prevent harm to sensitive ecosystems. Pollution prevention does not include practices that create new risks of concern.

In the agricultural sector, pollution prevention approaches include:

- reducing the use of water and chemical inputs;
- adoption of less environmentally harmful pesticides or cultivation of crop strains with natural resistance to pests; and

  protection of sensitive areas.

In the energy sector, pollution prevention can reduce environmental damages from extraction, processing, transport, and combustion of fuels. Pollution prevention approaches include:

- increasing efficiency in energy use;
- substituting environmentally benign fuel sources; and
- design changes that reduce the demand for energy.

For more information contact:

- **the Pollution Prevention Policy Staff** (202-260-8621), or
- **the Pollution Prevention Division, Office of Pollution Prevention and Toxics** (202-260-3557)