

HOLLAND & KNIGHT LLP

2100 Pennsylvania Avenue, N.W.
Suite 400
Washington, D.C. 20037-3202

202-955-3000
FAX 202-955-5564
www.hklaw.com

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Honorable Carol M. Browner
Administrator
U.S. Environmental Protection Agency
1200 Pennsylvania Avenue, NW
Washington, D.C. 20460

November 27, 2000

Dear Administrator Browner:

It is my pleasure to submit the EPA Sector Program Plan 2001-2005 and the recommendations developed by the National Advisory Council for Environmental Policy and Technology's (NACEPT) Standing Committee on Sectors. The EPA Sector Program Plan includes a revised vision, as recommended below by the Sector Committee members. Comments from the NACEPT Council are also enclosed. It is my understanding that the Council's comments will be taken under consideration as the Agency moves forward with the Plan.

As the national program manager for the federal advisory committee management program in EPA and in keeping with the requirements of the Government Performance and Results Act (GPRA) to ensure measurable outcomes and results, the Office of Cooperative Environmental Management (OCEM) will monitor the impact and use of recommendations and advice provided by the Council. Agency feedback on the use of recommendations and advice is critical to ensuring increased communication between the Council and its subcommittees.

The Sector Committee reviewed and heartily endorses EPA's Sector Program Plan 2001-2005. The Committee agrees that the plan will move sector-based approaches forward in positive, concrete ways. While the Committee endorses the plan, it must point out that in many ways it understates the very significant potential of multimedia sector approaches to foster dramatic advances in environmental performance.

The Committee embraces the vision of the EPA Plan, but recommends that it be revised to provide a more focused and powerful message in support of future sector activities by including the following concepts:

- Integration of environmental and economic objectives
- Continuous improvement in pursuit of environmental excellence.

The Committee recommends the following themes for EPA to pursue as part of its programs.

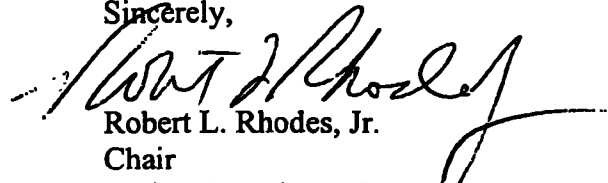
1. Aggressive implementation. To extend the transformative potential of the document, the Committee recommends the Agency's top management challenge core programs

to use sector approaches to further the Agency's overall mission. Sector analysis is an essential tool. In particular,

- Sectors with the greatest environmental and human health impacts ought to be greater priorities in the planning and budgeting of agency resources.
 - Where it reveals crosscutting or multimedia issues, the Agency should undertake enhanced coordination in rulemaking to achieve more effective and efficient environmental programs.
 - It significantly contributes to a complete picture of pollution loading to communities and enables permitting to reach a more comprehensive reduction of adverse environmental impacts.
2. EPA program directors should consider sector opportunities as part of their annual planning. While the Sector Plan builds consideration of sector approaches into EPA planning processes, successful integration into EPA mainstream programs requires full and proactive participation by agency management, at all levels.
 3. Leadership support for change. As the plan indicates, sector approaches are already in use with success in the Agency. This plan begins the process of institutionalizing sector-based experiments. Because many future environmental improvements would benefit from this approach, US EPA leadership must support this shift in Agency program activity.
 4. Removing Roadblocks. This Committee recognizes the significant forward-looking perspective this sector plan represents. However, it is concerned that the Plan does not go far enough in identifying specific barriers and recommending changes necessary to allow sector-based approaches to become a mainstream agency activity. New US EPA leadership must encourage such a rigorous analysis and take the forceful actions to increase the efficiency and effectiveness of the agency's programs.
 5. Build on existing efforts. EPA should build upon many prior sector approaches, both internal to EPA and outside the agency, including a greater willingness by all stakeholder groups to embrace a non-adversarial, collaborative approach to address environmental problems more effectively.
 6. Ensure the quality and public availability of sector information. The Plan recognizes the need to share existing data on sector programs, but it is important to incorporate new data and knowledge into specific sector activities and to assure the quality of the information used. EPA should look for appropriate ways to provide robust, accessible, and understandable public information on the environmental challenges, opportunities, and track record of priority industry sectors.

On behalf of the NACEPT Council and Sector Committee, we look forward to your response to the recommendations.

Sincerely,



Robert L. Rhodes, Jr.
Chair
National Advisory Council for
Environmental Policy and Technology

Enclosures

**Comments from NACEPT Council Member:
Mr. Charles Jones, Commissioner/Douglas County Kansas**

chsJones@idir.net
10/24/00 01:56 PM

To: Kathleen Bailey/DC/USEPA/US@EPA, Julie Frieder/DC/USEPA/US@EPA
cc: Gwen Whitt/DC/USEPA/US@EPA, Sonia Altieri/DC/USEPA/US@EPA,
William Rice/RGAD/R7/USEPA/US@EPA

Subject: Comments: Sector Plan Review Draft

Hi. I'm a member of NACEPT, which was asked to review your draft document. By way of background, I would note that for several years I ran the environmental regulatory program in Kansas.

I think it's terrific and congratulate you on the effort. I would offer the following thoughts, and let you decide if, where and how those thoughts should fit into the document.

1. Sharing the Responsibility:

Of the three dominant sectors in Kansas -- agriculture, municipalities and industry -- the industrial sector has both the highest degree of technical capacity and the strongest environmental ethic. They also have support of the legislature, which is often not true of environment-related governmental agencies.

In Kansas, it would make sense for industry to be brought in at the ground level in building EPA's annual priority list. The sense that key industrial sectors are fully integrated and sharing the responsibility would lend great political and technical resources to solution of environmental problems.

One example: Kansas agriculture interests have resisted effort to upgrade our water quality standards. At some level, failure to control non-point source interests is compensated for by increasing the restrictions on point sources. It might, therefore, be an effective water quality improvement strategy to get industrial sectors more active -- influencing the governor and legislature -- on the overall control of non-point source pollution.

2. Defining the Problem

My sense, in reading this document, is that EPA defines the problem and provides sectors with more flexibility in resolving those EPA-defined problems. This needs to be done. But there is remarkable inventiveness in some industrial sectors which might be thwarted if EPA is too exclusive in defining the problem.

For example: solid waste disposal may not be a direct issue for the electronics industry, and might never come up in a sector-based discussion. But a electronics product take-back program could be a significant solid-waste solution, and might be made cost-effective to the sector through an infusion of tipping fees collected by the state to fund its solid waste management activities.

I would encourage EPA to partner with sectors in defining priorities and offering solutions.



THE BAUMAN FOUNDATION

Jewett House • 2040 S Street • Washington, D.C. 20009-1110
202-328-2040 • FAX 202-328-2003

MEMO

To: Gwendolyn C.L. Whitt
From: Patricia Bauman
Re: Comments on EPA Sector Program Plan
Date: Nov. 8, 2000

Stakeholder participation is an important part of EPA's sector program. This includes not only affected industry, but also other stakeholders, including state & local governments, nonprofit organizations, as well as the general public and affected communities. Accordingly, in discussing stakeholder participation, it is important that EPA's Sector Program Plan reflect this reality. However, there are some parts of the plan that fall short in this respect, and could be enhanced by acknowledging the full diversity, and importance, of stakeholders. Specifically, this includes:

- *The "Vision" statement on the first page of the Executive Summary, as well as p. 1 of the Plan.* Currently it reads: "Over the next five years, better understanding and cooperation among industry, government and citizen stakeholders..." This list should be broadened to: industry, government, NGOs, affected communities, and the general public.
- *The second bullet at the bottom of the first page of the Executive Summary.* The second sentence should be its own bullet, and it should read: "Collaboration with stakeholder and community groups is essential to strengthening sector programs, and must become an integral part of EPA's activities."
- *The second page of the Executive Summary, as well as p. 16 of the Plan, under "Enhance performance measurement of sector programs."* There should be a bullet that says: "Involve stakeholders in developing performance measures." There should also be mention of stakeholder involvement as part of the planning discussion on p. 7.
- *The last page, last bullet, where it reads, "Expand sector point of contact program."* EPA should identify "points of contact" not only for selected industries, but for all stakeholders. Moreover, the third sentence of this bullet should be thought through more carefully, and developed as a separate point. This lays out a rather expansive role for the "point of contact," including leading effort to "find innovative solutions." There needs to be further clarification about how this would work – apart from the point of contact – as well as assurances that the point of contact would not be acting as an industry advocate, but rather would play a neutral role.

Another important part of EPA's Sector Program should be the dissemination and management of information. In this regard, there are several areas where the Plan can be strengthened. Specifically, this includes:

- *The top of the second page of the Executive Summary.* There should be a bullet that reads: "Access to accurate, timely information is a critical component to improving environmental protection and may ultimately result in less burdens imposed on the regulated community." This should also be discussed in more detail in the plan itself.
- *The second page of the Executive Summary, as well as p. 16 of the Plan, under "Enhance performance measurement of sector programs."* There should be a bullet that reads: "Make performance measures and data used to assess such measures publicly accessible to verify and validate the results."
- *Page 15, under "Gather and Share Sector Information."* There should be two more bullets added here. First, there should be a bullet that reads: "Use new technologies to help with submission of information." This would help to reduce burdens on industry without hurting environmental protection. In fact, it may help with more timely, accurate information available to the agency. Second, there should be a bullet – similar to the second one – that reads: "Make sector tools and training more available for NGOs." This might include finder tools or cross-media linkages.

Finally, there are a number of other changes that EPA should make to its plan. This includes:

- *The last sentence of the "Vision" statement on the first page of the Executive Summary, as well as p. 1 of the Plan.* The goals of reducing pollution, waste, environmental and human health impacts may be at odds with reducing regulatory burden. Certainly EPA should look for ways to reduce burden on industry, but not at the expense of environmental protection. This could include electronic reporting, for instance. But the sentence should be changed to answer the seeming contradiction.
- *The second page of the Executive Summary, at the bottom of the page, where it says "Establish sector-based customer service functions."* First, the word "customer" should be struck. The EPA is not a business; it serves the public, not customers. Second, there should be a bullet under this section that reads: "Create an 'intervener fund' from fines and fees to support intermediary groups' involvement in regulatory, science, and research proceedings." Unlike industry, other stakeholders often have difficulty participating in EPA activities because of lack of funds. To get the diversity of stakeholders that is needed to develop responsible policy, it may be necessary for EPA to provide those funds in some cases.

EPA Sector Program Plan 2001-2005

**As endorsed by the National Advisory
Council for Environmental Policy
and Technology (NACEPT)
and
the NACEPT Sector Committee**

U.S. Environmental Protection Agency
Office of Policy, Economics, and Innovation
December 11, 2000

Executive Summary

The EPA Sector Program Plan 2001-2005 takes sector programs a step forward at the Environmental Protection Agency, completing the transition from an experimental phase to the routine use of sector approaches as part of the Agency's mainstream activities.

The Plan describes the ways in which sector approaches now are used by EPA and other government agencies to achieve enhanced environmental protection with less regulatory burden. It also identifies a set of strategic actions to enhance EPA's work with industry sectors.

The Sector Program Plan builds upon lessons from earlier sector pilot programs and ongoing activities, inside and outside the Agency. It considers all types of sector tools and approaches, whether they are voluntary or regulatory, single-medium or multi-media, issue-specific or industry-wide. The Plan addresses the interests and roles of government co-implementers – EPA's state, local, and tribal environmental protection partners -- as well as other stakeholder groups.

The Sector Program Plan has a five year time horizon. By implementing the actions in this Plan, EPA can achieve long-term goals for industrial sector environmental protection, captured in the following vision statement:

Vision: EPA Leadership Enables Environmental Excellence by U.S. Industries

Over the next five years, better understanding and cooperation among industry, government, and citizen stakeholders will help large numbers of facilities in a variety of industrial sectors make continuous improvement toward environmental excellence. Stakeholder-supported environmental strategies for industry sectors will bring marked reductions in pollution, waste, environmental and human health impacts, and regulatory burden.

The Plan reflects the lessons learned from sector program evaluations, plus the input of many stakeholders within EPA and outside the Agency. Several recurring themes derived from these sources provide a foundation for the actions in this Plan:

- Sector approaches are increasingly common. Successful sector programs are found in EPA's voluntary and regulatory functions and in all program offices and regions. They are used throughout EPA and by state, local, and tribal co-implementers to achieve better environmental protection.
- Effective partnerships between EPA and government co-implementers are crucial for success in implementing sector approaches. Collaboration with stakeholder and community groups further strengthens these programs.
- There is a challenge in reconciling the interests and needs of single-medium versus multi-media sector programs.

- There is an inherent tension between the need for flexibility to allow innovative sector approaches to address shifting priorities, and the need to “lock in” sector program plans for purposes of EPA planning and budgeting.
- Many opportunities exist to enhance the ability of the Agency and government co-implementers to plan and implement sector programs.

The Plan identifies six general opportunities and twelve related actions to enhance the effectiveness of sector activities and fully integrate sector activities into the Agency’s work:

Opportunity: Integrate sector approaches into EPA’s strategic planning

Action:

- Identify sector approaches as strategies to achieve EPA’s Strategic Goals

Opportunity: Coordinate planning and implementation of multi-media sector programs

Actions:

- Designate EPA staff “catalysts” to identify multi-media sector opportunities
- Recognize government co-implementer priorities during sector program planning
- Coordinate selection of priority sectors for cross-Agency attention
- Design and implement multi-media sector programs to address priority environmental problems
- Expand the use of Performance Partnership Agreements and other agreement tools to promote the use of sector approaches by government co-implementers

Opportunity: Gather and share sector information

Actions:

- Develop a sector programs data source
- Make sector tools and training more available for state and local governments

Opportunity: Enhance performance measurement of sector programs

Actions:

- Develop a training program and toolbox for performance measurement
- Implement performance measures to assess the environmental results of enforcement and compliance assurance activities

Opportunity: Provide resources to support new sector work

Action:

- Establish a sector innovation fund to create a strong incentive for EPA programs to consider sector approaches to achieve their program goals

Opportunity: Establish sector-based customer service functions

Action:

- Identify EPA “points of contact” for selected industry sectors

Table of Contents

Vision Statement

1. Introduction

- Scope and Purpose of the Plan
- Definitions and Essential Elements
- Value of Sector Approaches
- Historical Context
- Themes of the Plan
- Organization of the Plan

2. Use of Sector Approaches by EPA and Government Co-Implementers

- Use of Sector Approaches in EPA Functions
- Use of Sector Approaches by Government Co-Implementers

3. Opportunities to Enhance the Effectiveness of Sector Activities

- Integrate Sector Approaches into EPA's Strategic Planning
- Coordinate Planning and Implementation of Multi-Media Sector Programs
- Gather and Share Sector Information
- Enhance Performance Measurement of Sector Programs
- Provide Resources to support New Sector Work
- Establish Sector-based Customer Service Functions

Companion Documents

Summary of Sector Activities: EPA and Government Co-Implementer Programs

Toolbox for Sector Program Performance Measurement (DRAFT)

EPA Sector Program Plan, 2001-2005

Vision Statement

EPA Leadership Enables Environmental Excellence by U.S. Industries

Over the next five years, better understanding and cooperation among industry, government, and citizen stakeholders will help large numbers of facilities in a variety of industrial sectors make continuous improvement toward environmental excellence. Stakeholder-supported environmental strategies for industry sectors will bring marked reductions in pollution, waste, environmental and human health impacts, and regulatory burden.

1. Introduction

Scope and Purpose of the Plan

The EPA Sector Program Plan 2001-2005 takes sector programs a step forward at the Environmental Protection Agency, completing the transition from an experimental phase to the routine use of sector approaches as part of the Agency's mainstream activities.

The Plan describes the ways in which sector approaches now are used by EPA and other government agencies to achieve enhanced environmental protection with less regulatory burden. It also identifies a set of strategic actions to enhance the effectiveness and efficiency of sector programs at EPA.

The Sector Program Plan builds upon lessons from earlier sector pilot programs and ongoing activities, inside and outside the Agency. It considers all types of sector tools and approaches, whether they are voluntary or regulatory, single-medium or multi-media, issue-specific or industry-wide.

The Plan addresses the interests and roles of government co-implementers – EPA's state, local, and tribal environmental protection partners -- as well as other crucial stakeholder groups: industry trade associations, environmental public interest and labor organizations, environmental justice and community groups.

The Sector Program Plan has a five year time horizon. By implementing the actions in this Plan, EPA can achieve long-term goals for industrial sector environmental protection, captured in the vision statement, above.

This document is not a detailed work plan. It is a package of strategic actions designed to help achieve environmental results more cost-effectively by integrating sector programs into EPA's core functions.

Definitions and Essential Elements

An industry “sector” is any discrete production system in the U.S. economy. In this plan the term “sector” is broadly construed to include traditional industrial sectors as well as non-traditional sectors such as service industries (e.g., dry cleaning or automotive repair).

A “sector approach” to environmental protection focuses on a sector as the basic analytical unit for identifying cost-effective ways to reduce industrial contributions to environmental problems. Sector approaches enable EPA and government co-implementers to frame regulatory and/or voluntary solutions that focus on unique sector issues. The industry sector focus can be extended to include related economic entities through the supplier-producer-customer chain and other networks that directly impact a sector.

A sector approach can address air, water, or land issues separately, or it can cover all environmental media. Sector approaches often encourage pollution prevention, and typically involve problem solving by a broad group of stakeholders. They are applied in conjunction with other types of environmental approaches, such as place-based watershed programs.

Sector approaches can lead to a number of types of actions, including the development of sector tools, changes in Agency policy, regulation development, and the creation of new, sector-based environmental programs. Sector tools are specifically designed to meet the needs of a sector. Tools may include research and development, compliance assistance, or other forms of technical assistance (e.g., pollution prevention).

Sector approaches are not always the appropriate response to an environmental problem. Where a sector approach does seem appropriate, there are certain elements that increase the likelihood of successful outcomes. These elements include:

- Willingness of an industry’s leaders to engage in dialogue to solve problems;
- Prior effort by EPA and government co-implementers to learn about an industry sector and understand factors that affect facilities’ performance;
- Full engagement and support of necessary stakeholders in problem-solving;
- Recognition that the benefits will outweigh the cost of the sector program – making stakeholders more willing to “invest” in the work.

Value of Sector Approaches

Through various pilot programs and their accompanying evaluations, EPA has learned that sector approaches can add value in many ways. The examples below are drawn from the previous Sector Action Plans and from the interviews that were conducted for this Plan.

- Sector approaches can improve the efficiency and effectiveness of existing regulatory programs.

- Sector approaches can be used to develop regulatory and/or voluntary environmental performance strategies customized to the characteristics and needs of a sector.
- Sector approaches can improve compliance through targeted technical assistance and enforcement.
- Sector approaches address the special needs of industries composed predominantly of small and medium-sized businesses.
- Sector approaches provide a forum for addressing environmental problems from industrial sources that are not currently subject to regulation.
- Sector approaches can be used to engage all interested and affected parties in identifying and acting on solutions, thereby serving as a catalyst for improvement and building trust among stakeholders.
- Sector approaches offer multiple and versatile tools for state, local, and tribal co-implementers to augment existing programs.
- Sector approaches offer a means to promote innovation in EPA programs, as called for in the Agency's Strategic Goals.

There is considerable support for sector programs among EPA's external stakeholders. Industry and public interest groups have stated that they view sector approaches as valuable ways to enhance environmental performance. External stakeholders have noted that sector approaches can lead to cost-savings and efficiencies without compromising environmental protection. Stakeholders also value the opportunities that many sector-based programs provide for their involvement in policy dialogue and program planning. The working relationships and trust that have developed between EPA personnel and outside participants in sector programs appear to be leading to better environmental performance.

Historical Context

EPA has used sector approaches for many years to address environmental problems. Regulations often focus on a specific industry's impacts under the jurisdiction of a single statutory authority. Examples include Maximum Achievable Control Technology (MACT) standards under the Clean Air Act and effluent guidelines under the Clean Water Act.

In the 1990s, EPA initiated multi-media sector programs. For example, EPA created Cross-Media Clusters in 1990 to coordinate action by industries and government programs that have responsibility for a particular environmental problem. The Sustainable Industry Program pioneered multi-media performance improvement programs for industry sectors. The Design for the Environment Program provided technical assistance to industry sectors on best practices for pollution prevention.

In 1994, EPA launched the Common Sense Initiative (CSI). In this experimental program, the Agency worked with six industry sectors and other stakeholders to find innovative ways to achieve “cleaner, cheaper, smarter” environmental performance. The sectors addressed by CSI were metal finishing, petroleum refining, printing, automobile manufacturing, computers and electronics, and iron and steel. The four-year CSI effort produced over 40 sector projects and one sector-wide stewardship initiative: the Metal Finishing Strategic Goals Program.

Through the shared experiences of CSI and other sector programs, leaders from government, industry, and citizen groups now are more willing to sit down together to look for solutions to today’s environmental challenges in a non-adversarial way. With this growing knowledge of how to use sector approaches to tackle tough problems, EPA began a process in 1998 to integrate sector work into Agency core functions.

Sector Action Plans were developed for FY1999 and FY2000 to guide this effort. This new EPA Sector Program Plan completes the transition planning. It provides a blueprint for the mainstream use of sector approaches by EPA, in close partnership with government co-implementers at the state, local, and tribal levels.

The recommendations for action in this Plan are based on information and suggestions drawn from program evaluations, other studies and written materials, as well as meetings with over 100 staff and managers from EPA program offices, regional offices, and co-implementer organizations. A cross-Agency workgroup helped to guide the process internally. The National Advisory Council for Environmental Policy and Technology’s Standing Committee on Sectors provided a forum for external stakeholder participation.

Themes of the Plan

Background research for this Plan highlighted several recurring themes that affect the planning and use of sector approaches to enhance environmental protection. These perspectives are widely held among stakeholders who participate in sector programs. The following five themes provide the basis for opportunities and actions presented in Chapter 3:

- Sector approaches are increasingly common. Successful sector programs are found in EPA’s voluntary and regulatory functions and in all program offices and regions. They are used throughout EPA and by state, local, and tribal co-implementers to achieve better environmental protection.
- Effective partnerships between EPA and government co-implementers are crucial for success in implementing sector approaches. Collaboration with stakeholder and community groups further strengthens these programs.
- There is a challenge in reconciling the interests and needs of single-medium versus multi-media sector programs.

- There is an inherent tension between the need for flexibility to allow innovative sector approaches to address shifting priorities, and the need to “lock in” sector program plans far in advance for purposes of EPA planning and budgeting .
- Many opportunities exist to enhance the ability of the Agency and government co-implementers to plan and implement sector programs.

Organization of the Plan

The remainder of the Plan is organized into two sections. The next section reports on a sample of ongoing sector activities at EPA and within government co-implementer organizations. The final section outlines opportunities and actions to facilitate the use of sector approaches over the next five years.

Two companion documents will also be available with the final draft of the Plan.

The first, *Summary of Sector Activities: EPA and Government Co-Implementer Programs*, describes in greater detail the current use of sector approaches and tools by EPA and co-implementer organizations. This document includes reports on many activities that were initiated under the Common Sense Initiative and were included in the preceding two Sector Plans. While not a complete inventory of sector activities, the Summary helps illuminate the range of programs and versatility of sector approaches.

The second document is a *Toolbox for Sector Program Performance Measurement*. With input from appropriate offices, the draft Toolbox will be further developed and tested over the coming months.

2. Use of Sector Approaches by EPA and Government Co-Implementers

Sector programs are used throughout EPA and state, local, and tribal co-implementing organizations. The discussion below illustrates the diversity of sector programs in use at these organizations. A more complete description and examples of sector programs are included in the companion document entitled *Summary of Sector Activities: EPA and Government Co-Implementer Programs*. This information was helpful in providing a context and rationale for the actions outlined in Chapter 3.

Sector activities can vary along the following dimensions:

- *Environmental media.* Some activities focus on a single medium, such as air, water, or solid waste, while others are multi-media in scope.
- *Stakeholder involvement.* Some activities emphasize broad stakeholder involvement, while others include a narrow group of stakeholders or allow stakeholders a more limited role.
- *Regulatory vs. voluntary.* Some activities have regulatory components, others promote voluntary performance improvements, and some sector activities combine voluntary and regulatory components.

While sector programs may vary along each of the above dimensions, they tend to fall into three categories:

- The first category includes *single-medium regulations* that are developed for particular sectors. For example, EPA's Office of Air and Radiation and Office of Water use this approach for many of their regulations.
- The second category includes *comprehensive multi-media programs*, such as Sustainable Industry, that evaluate issues and opportunities across an entire industry and then develop sector-wide performance improvement programs.
- The third category consists of *focused voluntary programs* that address a limited number of issues related to a sector. Programs such as Design for the Environment provide assistance that is tailored to the needs of a particular industry.

Use of Sector Approaches in EPA Functions

Sector activities sponsored by EPA's program offices tend to focus on a single-medium and a specific regulation or problem. Multi-media activities generally are carried out by offices with cross-cutting responsibilities, such as the Office of Enforcement and Compliance Assurance (OECA), the Pollution Prevention Division of the Office of Pollution Prevention and Toxics (OPPT), and the Office of Policy, Economics, and Innovation (OPEI).

This section summarizes the current types of sector work ongoing at EPA.

Planning

EPA's planning and budgeting process includes the development of a Strategic Plan every three years as well as Annual Performance Plans and Performance Reports. These plans contain goals and objectives that describe the Agency's public commitments for environmental improvements. Among the Agency's strategic goals are clean air, clean and safe water, pollution prevention, better waste management, citizen right-to-know, and greater compliance with environmental laws and regulations.

Currently, sector programs are identified as a strategy to achieve *Goal 8: Sound Science, Improved Understanding of Environmental Risk, and Greater Innovation to Address Environmental Problems*. Although sector approaches are used to help achieve the other goals, they are not explicitly mentioned as "means and strategies" to achieve those objectives.

Sector strategies also are evident in other Agency planning processes, such individual program office and regional work planning, development of memoranda of agreement and other management agreements between EPA headquarters and regional offices, and negotiation of Performance Partnership Agreements with state agencies.

Regulation Development

A narrowly defined single-medium sector approach is inherent in many rulemakings. Examples include the Office of Air and Radiation's MACT (Maximum Achievable Control Technology) standards and the Office of Water's effluent guidelines. The processes for conducting these types of rulemakings are well established. Occasionally there are opportunities for coordination among rulemakings for a specific sector, within a single program or among different programs, but these opportunities are rare due to scheduling and other constraints.

Permitting

Permits are written for individual facilities. As a result, permitting innovations to date have been tested on the facility level rather than on the sector level. EPA now is exploring ways to replicate permit innovations for entire sectors, working in cooperation with industry trade associations, state and local permitting authorities, and other stakeholders.

Enforcement and Compliance Assurance

EPA has an enforcement and compliance assurance process for identifying priority sectors for enhanced attention. EPA has found that using a sector approach is an effective way to address chronic non-compliance. The sectors denoted as priority sectors receive increased enforcement, opportunities to carry out self-audits and correct violations, and/or compliance assistance to help facilities understand and comply with the law.

Technical Assistance

EPA has found that sector-specific technical assistance can be particularly effective since it addresses technologies, processes, and environmental concerns that are unique to or tailored for a specific sector. Examples of sector-based technical assistance include guidance manuals, training, workshops, and internet-based compliance assistance and pollution prevention materials.

Multi-Media Performance Improvement Programs

These programs are characterized by the broad sector-wide, multi-media focus of their activities. EPA analyzes the needs and opportunities for an entire industry sector, covering the full range of performance: from the environmental leaders who consistently operate beyond compliance, to those firms that are in compliance and want to go further, to facilities that are consistent non-compliers. Voluntary in nature, these stakeholder-driven programs can lead to a tailored set of regulatory or non-regulatory incentives, tools, and actions to improve performance by a large number of facilities within a sector.

Voluntary Sector Programs

There are other voluntary sector programs that focus on one or a limited number of environmental issues and enlist companies or entire sectors to engage in pollution prevention or control. These programs have many of the same values and benefits as the multi-media performance improvement programs. They enable EPA to address issues or companies that are outside of the regulatory framework and encourage the regulated industry to go beyond compliance.

Research and Development

Much of the work of EPA's Office of Research and Development is basic scientific research, although the office also promotes the development of new technologies. Current sector research is directed to identification of best practices in a sector, assessment of a specific problem within a sector, and development of new technologies or pollution prevention methods to address a problem in a sector.

Regional Programs

There are varying levels of support for innovation and sector programs in EPA's regional offices. Some regions, such as Region 1, have very active sector programs that offer compliance and technical assistance, environmental recognition awards, and enforcement. Sectors chosen by EPA Headquarters for enforcement or voluntary programs may not be a high priority in a given region, making it difficult to assign staff and resources to these programs.

Performance Measurement

The Government Performance and Results Act (GPRA) requires EPA to measure the results of its programs. EPA must prepare annual reports that describe the environmental effects of its programs, based on the goals and objectives articulated in the Agency's Strategic Plan and Annual Performance Plans.

Currently performance measurement of sector programs is focused on "output" measures, such as the number of reports produced or workshops conducted, rather than "results" measures, such as reductions in emissions or discharge of pollutants. Without "results" measures it is difficult to assess and demonstrate the environmental value of sector programs.

Information and Coordination

Although there is a significant number of sector activities at EPA, there is limited coordination or sharing of information among them. Little information is available on the results of some sector programs, and the information that is available from various EPA activities is not being placed in a central repository. Current EPA databases demonstrate varying abilities to retrieve available information by sector. As a result, it can be difficult to obtain the data needed for sector programs.

Barriers to Sector Approaches at EPA

The types of sector work mentioned above indicate that there are successful and effective sector approaches in EPA programs. However, institutional barriers remain that can limit the effectiveness of sector-based activities. The culture change to fully integrate sector approaches into EPA's core functions is an ongoing effort – part of the Agency's own continuous improvement. Data gathering for this Plan highlighted several barriers of note:

- ***Strategic planning:*** EPA's structure, statutory mandates, and results-based planning architecture present challenges for multi-media programs and voluntary programs. Sector work is not yet well integrated into the Agency's strategic planning process under the Government Performance and Results Act (GPRA). Sector approaches may not receive necessary resource support because they are not directly linked to primary Agency goals.

- **Program planning:** There is inadequate information exchange, planning, and coordination among sector programs, and between voluntary and regulatory Agency programs. As a result, programs may find themselves working at cross-purposes, based on different program mandates. Opportunities for multi-media sector projects may be missed, or be acted upon without a foundation of cross-office support.
- **Measurement:** While sector approaches have the potential to achieve environmental results more effectively and efficiently, EPA lacks measurement tools to demonstrate the impact of the sector approach on the outcome achieved. This lack of sector program performance data makes it more difficult to make future planning decisions.
- **Resources:** Planning and measurement barriers make it more difficult to define resource needs and justify expenditures for sector approaches, especially multi-media sector programs. Yet innovative new sector approaches often have the greatest need for “seed” resources to support stakeholder dialogues, data gathering and analysis, pilot projects, and other start-up activities.

Use of Sector Approaches by Government Co-Implementers

State, local, and tribal government co-implementers are responsible for carrying out most environmental policies and regulations. Each state, local, or tribal co-implementer agency has its own set of specific authorities and roles. Some of them carry out policies handed down from higher levels of government and have limited discretion as to how to apply these policies to their local conditions. Others implement non-mandatory programs that allow discretion, but may be constrained by resource availability and regulatory barriers.

This section summarizes the different ways that government co-implementers commonly use sector approaches.

State and Local Co-Implementers

State and local environmental agencies commonly use sector approaches in rulemaking, technical assistance and pollution prevention activities. At the state level, use of sector approaches is closely related to the way state agencies perform their rulemaking, permitting, enforcement, and assistance activities. In larger municipalities and industrialized smaller municipalities, the sector approach is used with regulated industries concentrated in the community. Local water treatment authorities are important regulators of industrial sources.

Planning

Some state and local co-implementers consider sector approaches in their planning processes and evaluation of priorities. In the process of negotiating compliance and enforcement priorities via Memoranda of Agreement with EPA’s Office of Enforcement and Compliance

Assurance, both states and EPA regions consider sectors in setting priorities. Sector approaches also can be incorporated in Performance Partnership Agreements (PPAs), which set joint priorities between EPA and individual states.

Regulation Development

Co-implementers often apply a single-medium sector approach similar to that used by EPA's program offices. A sector approach allows for a more substantive dialogue with state and local industry groups, and can provide opportunities for other stakeholder groups, including community organizations, to participate in regulation development in a more substantial, focused manner.

Permitting

In many states and large local agencies, permit engineers specialize in specific sectors, developing the expertise needed to carry out their responsibilities. A sector approach has been used on a limited basis in writing permits. An example of this is use of general permits under the National Pollutant Discharge Elimination System (NPDES) to permit Concentrated Animal Feeding Operation (CAFO) facilities.

Enforcement and Compliance Assurance

In larger state and local agencies, the compliance inspectors, like the permit engineers, often specialize in specific sectors to address concentrations of industry. Priority sectors are included in the MOAs between EPA and the state agencies; these priorities reflect EPA's national and regional priorities.

Technical Assistance

Technical assistance, including pollution prevention assistance, is often developed for use by entire sectors because facilities within a sector have similar processes, materials, rules, and business conditions. Also, sector-based technical assistance can be delivered effectively through trade associations. Co-implementers' assistance programs are particularly valuable for small business dominated sectors that may not be subject to federal regulation.

Multi-Media Performance Improvement Programs

Co-implementers may use a sector approach in their multi-media performance improvement programs. State and local environmental agencies also are essential partners for EPA to be able to design, create, and put its own multi-media performance improvement programs into place. EPA and its co-implementer partners face a challenge in linking these programs with regional, state, and local environmental priorities.

Tribal Co-Implementers

There are 560 tribal nations in the United States. Not much information is available on the use of sector approaches in Indian Country. However, one of the objectives of EPA's Indian Program is to complete Tribal and EPA Environmental Agreements (TEAs) with every tribe; 119 are currently in place. EPA is also assessing environmental conditions in Indian Country to provide information with which to set priorities and a baseline from which to measure progress; 219 assessments are scheduled to be completed by the end of FY 2001.

The Agency's American Indian Environmental Office provides multi-media coordination for Indian programs, so there is a mechanism in place to support sector approaches. Currently mining and forestry are sectors of concern to many tribes; others will be identified during the assessment process and development of TEAs.

Barriers to Sector Approaches by Government Co-Implementers

Government co-implementers have identified the following barriers to sector approaches in their jurisdictions.

- *Inconsistent priorities:* EPA sector priorities may be inconsistent with state and local sector priorities. Co-implementers suggest that they should have more input in federal priority-setting for sector opportunities, and that EPA sector programs should take into account regional and state differences in environmental issues.
- *Communication:* States perceive a lack of communication between different EPA programs, between EPA Headquarters and Regions, and among state agencies themselves. Poor communication can lead to poor coordination of the objectives of sector programs and missed opportunities to work together toward shared goals.
- *Lack of flexibility:* Co-implementers see a lack of flexibility in interpreting regulations as a barrier to further progress in sector work. This lack of flexibility can prevent them from addressing specific problems of industries in their states. They suggest that greater input from co-implementers during regulation development would help EPA identify opportunities for flexible implementation.
- *Lack of tools:* State and local government co-implementers often lack tools for working effectively with industry sectors – tools such as data sources, planning aids, measurement and tracking systems, and guidance on the use of new techniques like Environmental Management Systems.
- *Culture change:* Many government co-implementers of sector programs see a traditional command-and-control "mind set" that permeates EPA programs, as well as their own agencies, and limits the use of innovative sector approaches. The traditional perspective can affect all programs by limiting opportunities for negotiation, multi-stakeholder participation, and performance based standards.

3. Opportunities to Enhance the Effectiveness of Sector Activities

This Plan identifies six opportunities and twelve related EPA actions to improve the Agency's use of sector approaches to achieve its Strategic Goals, enhance partnerships with government co-implementers, and better address stakeholder concerns in general. The opportunities and actions reflect conclusions drawn from several CSI evaluations, plus information gathered from recent interviews with EPA and external stakeholders. The actions would bolster EPA's capacity to use sector tools in both traditional regulatory programs and innovative multi-media performance improvement programs.

The opportunities are:

- Integrate sector approaches into EPA's strategic planning
- Coordinate planning and implementation of multi-media sector programs
- Gather and share sector information
- Enhance performance measurement of sector programs
- Provide resources to test and implement new sector approaches
- Establish sector-based customer service functions.

Each of these opportunities is described in more detail below. In the discussion, some actions specify the Office of Policy, Economics, and Innovation (OPEI) as the lead organization. For these items, OPEI is prepared to dedicate resources to implement the action. Other proposals outlined in this chapter require further Agency review, discussion, and endorsement. We anticipate that this review process will yield additional ideas and revisions. The final actions will be elevated to EPA's Reinvention Action Council before final presentation to the Administrator.

Integrate Sector Approaches into EPA's Strategic Planning

Under the Government Performance and Results Act, EPA must update its Strategic Plan every three years. EPA also must produce an annual plan that outlines activities to achieve the goals in the Strategic Plan. Items included in these planning documents become part of the formal set of "deliverables" for which the Agency is accountable to Congress. One of the objectives of GPRA is to link the Agency's planning and budgeting functions with accountability. Consequently, items included in the formal planning documents gain visibility.

Currently, sector programs are addressed only under Goal 8 of EPA's Strategic Plan: *Sound Science, Improved Understanding of Environmental Risk and Greater Innovation to Address Environmental Problems* and in a Chapter on cross-cutting programs. It therefore is difficult to integrate sector approaches into the Agency's strategies for achieving its single-media goals, and it is difficult to foster multi-media sector approaches that address all of the goals.

Action:

- ***Identify sector approaches as strategies to achieve EPA's Strategic Goals.*** OPEI will designate a sector representative to participate on each Agency goal team during the strategic and annual planning processes. This representative will help identify ways that sector approaches can be used to achieve each strategic goal. EPA also will address the possible use of sector approaches in the implementation sections of EPA's annual plans. By more directly connecting sector approaches with annual planning, Agency program offices will become more aware of sector tools to help them achieve program priorities.

Coordinate Planning and Implementation of Multi-Media Sector Programs

In addition to the strategic and annual planning processes discussed above, EPA uses many other planning processes to identify priorities and direct Agency work. Examples include the regulatory agenda, memoranda of agreement and management agreements between headquarters and regions, performance partnership agreements between EPA and states, and environmental agreements between EPA and tribes.

While sector program planning does take place within these processes on an ad hoc basis, there is no coordinated effort to ensure that sector activities address EPA priorities. There is an opportunity to foster an integrated planning and implementation process for sector programs to ensure that EPA and co-implementer priorities are addressed.

Actions:

- ***Designate EPA staff "catalysts" to identify multi-media sector opportunities.*** OPEI will dedicate staff to be internal monitors of the Agency's priority issues, upcoming regulatory agenda, and other activities to identify cross-office sector program opportunities. These sector "catalysts" will establish cross-office information flow and "seed" multi-media projects. For example, the "catalyst" will review EPA's regulatory agenda to look for opportunities to couple upcoming regulatory action with voluntary beyond compliance activities in a given sector.
- ***Recognize government co-implementer priorities during sector program planning.*** EPA will establish sector liaisons with co-implementers to gather information on regional, state, and local environmental priorities. The Agency will coordinate with the Environmental Council of States (ECOS), Association of Metropolitan Sewerage Agencies (AMSA), and other co-implementer organizations, to jointly identify opportunities for sector approaches. EPA's sector program planning will take into account these co-implementer priorities.
- ***Coordinate selection of priority sectors for cross-Agency attention.*** OPEI will coordinate with Agency program offices, regional offices, and government co-implementers to analyze candidate industry sectors that may warrant Agency-

wide attention because they are strongly linked to multi-media priorities and public concerns. As part of the annual EPA planning cycle, OPEI will report its analysis of opportunities to the Agency's Multi-Media Pollution Prevention (M2P2) Forum and the Reinvention Action Council (RAC). These senior leadership groups will select industry sectors for comprehensive, cross-Agency program planning and development, based on their potential to address important problems more effectively through a comprehensive multi-media approach. (Note, this planning process will not preclude EPA work with other industry sectors to address more narrowly focused environmental issues.)

- ***Design and implement multi-media sector programs to address priority environmental problems.*** Once an industry sector is selected as a multi-media priority for EPA, OPEI will convene a stakeholder process to design a sector-wide program to promote performance improvement. This process will include analysis of sector issues across all media, problem-solving to define program plans, and implementation of regulatory and non-regulatory projects. OPEI will provide ongoing support for planning, stakeholder dialogue, program start-up, and measurement.
- ***Expand the use of Performance Partnership Agreements and other agreement tools to promote the use of sector approaches by government co-implementers.*** To help government co-implementers better understand how to use sector approaches to address their priorities, EPA will develop a chapter on "implementing innovations" for inclusion in the Performance Partnership Agreements Primer.

Gather and Share Sector Information

EPA's creation of a new Office of Environmental Information (OEI) demonstrates that information issues are a priority for the Agency. Retrieving information about industry sectors and specific sector programs within EPA is difficult, because information is widely dispersed. Consequently, sector programs are not able to use information. There are a number of immediate actions which can help federal, state and local programs make better use of sector information to achieve environmental protection.

Actions:

- ***Develop a sector programs data source.*** OPEI will develop an improved data resource to provide regular updates on the progress of select sector programs and contact information for ongoing sector activities. This data will be maintained on EPA's Internet site and available to EPA programs, government co-implementers, and the general public. EPA will work with co-implementers to establish links to relevant assistance resources such as: the Small Business Administration's Development Centers, the National Institute of Standards and Technology, Manufacturing Extension Partnerships, EPA's Compliance Assistance Clearinghouse, and the Pollution Prevention Resource Exchange (P2Rx).

- ***Make sector tools and training more available for state and local governments.*** EPA will help build co-implementer's interest in sector programs by using existing tools and developing new tools and training as needed. Tools may include:
 - sector contact lists,
 - primers on when and how to use sector approaches and how to create incentives for industry participation,
 - best practice case studies and lessons learned,
 - tools for cost-benefit analysis and performance measurement, and
 - sector-based guidance for environmental management systems.

Enhance Performance Measurement of Sector Programs

Voluntary sector stewardship projects have the potential to address important environmental problems and achieve significant environmental gains, but many of these programs have not been able to measure their actual environmental results. Consequently, some sector programs cannot quantify their contribution to the Agency's mission.

Actions:

- ***Develop a training program and toolbox for performance measurement.*** OPEI is currently designing an internet-based Sector Program Performance Measurement Toolbox that will assist sector program managers with the design of statistically meaningful measurement systems. The Toolbox will include "smart forms" to guide users through menus of potential measures and data sources. See the companion document entitled *Toolbox for Sector Program Performance Measurement*.
- ***Implement performance measures to assess the environmental results of sector-based enforcement and compliance assurance activities.*** As part of the 1997 National Performance Measurement Strategy, EPA will develop statistically valid noncompliance rates for several industry sectors during Federal Fiscal Years 2000-2001. The initial work will use self-reported data from current and former MOA priorities and track this information over several years in order to examine the relationships between activities and compliance.

Provide Resources to Support New Sector Work

In spite of their potential to deliver environmental results and save resources over time, many sector approaches are not directly funded. Given EPA's many statutory mandates and established programs, Agency program offices and regions find it difficult to free up resources for new sector initiatives, particularly those that are not required by statute or court order. Often, resources must be taken from mandated activities to fund new programs.

Moreover, many sector programs require up-front “seed” funding to test innovative new approaches during implementation. As a consequence, many sector activities are constrained or curtailed before they have a chance to take root, despite having broad stakeholder support. There is an opportunity for EPA to overcome resource constraints and build incentives for multi-media sector work by establishing a dedicated fund for promising sector initiatives.

Action:

- ***Establish a sector innovation fund to create a strong incentive for EPA programs to consider sector approaches to achieve their program goals.*** The sector innovation fund would support initial work on multi-media sector initiatives at EPA, including pilot programs in states and localities. Prospective projects would be required to demonstrate measurable environmental results, a strong link to the EPA’s Strategic Goals, and a clear resource need.

Establish Sector-Based Customer Service Functions

EPA is actively expanding customer service functions in order to be more responsive to the regulated community and the public. Sector approaches provide an opportunity to enhance EPA’s customer service. The regulated community sometimes finds it difficult to gain access to EPA. Improved customer service would make it easier for stakeholders to engage in constructive dialogue with the Agency. Good customer service is necessary for cost-effective environmental improvements.

Action:

- ***Expand sector point of contact program.*** EPA will identify individual “points of contact” for selected industries. These industry desk representatives will be knowledgeable experts about their respective industry sectors and will facilitate dialogue, answer questions, provide information, and help address issues. They would help convene and build relationships among stakeholders in an industry sector, EPA, state and local governments, and environmental and community groups, then help these groups find innovative solutions to problems affecting the sector.