

July 1997

REGULATORY REINVENTION

EPA's Common Sense Initiative Needs an Improved Operating Framework and Progress Measures





United States
General Accounting Office
Washington, D.C. 20548

**Resources, Community, and
Economic Development Division**

B-277140

July 18, 1997

Congressional Requesters

In response to your request, this report examines the progress of the Environmental Protection Agency's (EPA) Common Sense Initiative toward its goal of finding "cleaner, cheaper, smarter" ways of reducing or preventing pollution and the methods EPA uses to measure progress.

We are sending copies of this report to other appropriate congressional committees; the Administrator, EPA; and the Director, Office of Management and Budget. We will also make copies available to others upon request.

Please call me at (202) 512-4907 if you or your staff have any questions. Major contributors to this report are listed in appendix III.

A handwritten signature in black ink, appearing to read 'Peter F. Guerrero'. The signature is stylized and cursive, with a long horizontal flourish extending to the right.

Peter F. Guerrero
Director, Environmental Protection
Issues

B-277140

List of Requesters

The Honorable John Chafee
Chairman, Committee on Environment
and Public Works
United States Senate

The Honorable Christopher Bond
Chairman, Subcommittee on VA, HUD,
and Independent Agencies
Committee on Appropriations
United States Senate

The Honorable Tom Bliley
Chairman, Committee on Commerce
House of Representatives

The Honorable Michael G. Oxley
Chairman, Subcommittee on Finance
and Hazardous Materials
Committee on Commerce
House of Representatives

The Honorable Bud Shuster
Chairman, Committee on Transportation
and Infrastructure
House of Representatives

The Honorable Sherwood Boehlert
Chairman, Subcommittee on Water
Resources and Environment
Committee on Transportation
and Infrastructure
House of Representatives

The Honorable Jerry Lewis
Chairman, Subcommittee on VA, HUD,
and Independent Agencies
Committee on Appropriations
House of Representatives

B-277140

The Honorable David M. McIntosh
Chairman, Subcommittee on National
Economic Growth, Natural Resources,
and Regulatory Affairs
Committee on Government Reform
and Oversight
House of Representatives

Executive Summary

Purpose

Although the United States has made significant progress in environmental protection, the Environmental Protection Agency (EPA) believes that resolving future environmental challenges will require a fundamentally different approach, which the agency calls “regulatory reinvention.” In July 1994, EPA began its Common Sense Initiative—termed the “centerpiece” of its regulatory reinvention efforts—with a goal of finding “cleaner, cheaper, smarter” ways of reducing or preventing pollution and recommending changes in the existing approach to environmental management, including the existing statutes and regulations. To accomplish this goal, EPA established an advisory forum with industry and other affected stakeholders to achieve both higher environmental protection standards than are currently required and more cost-effective results for industry and the public.

Congressional committees and others have questioned the progress of EPA’s reinvention efforts and of the Common Sense Initiative in particular. To better understand the Initiative and the progress it has made, Senate and House Committee and Subcommittee Chairmen asked GAO to assess (1) EPA’s progress in achieving the goal the agency set for the Initiative and (2) the methods EPA uses to measure the progress of the Initiative toward its goal.

Background

EPA’s Common Sense Initiative was designed to achieve greater environmental protection at less cost by creating strategies for controlling and preventing pollution for individual industries rather than for individual pollutants, as is currently done. The Initiative is organized under the Federal Advisory Committee Act (FACA) and consists of a Council and specialized subcommittees that focus on selected industrial sectors and carry out studies and projects to develop recommendations, based on consensus among stakeholders, for administrative, regulatory, and statutory changes.

EPA administers the Initiative, determines its multistakeholder membership, and publicly reports on its FACA-based operations, activities, and costs, as well as on the results of Council and subcommittee meetings. EPA selected six industrial sectors—automobile manufacturing, computers and electronics, iron and steel, metal finishing, petroleum refining, and printing—to participate in the Initiative. As of April 1997, the Council’s industrial sector subcommittees were carrying out about 40 projects in areas such as pollution prevention, streamlined permitting and reporting, enhanced public participation in environmental management, the use of

innovative technologies, and the setting of environmental goals and indicators.

In reviewing EPA's progress in achieving the Initiative's goal, GAO applied concepts underlying the Government Performance and Results Act of 1993. The act—known as GPRA or the Results Act—focuses on program outcomes, comparing the results of a program activity to its intended purpose rather than focusing on activity levels and tasks completed. GAO applied the concepts to 15 of the Initiative's 36 projects that were ongoing in September 1996.

Results in Brief

In the almost 3 years the Initiative has been under way, it has produced three formal recommendations to EPA, none of which has suggested the types of changes in the existing approach to environmental management that EPA expected. Although stakeholders have begun to work collaboratively on environmental solutions, progress toward the Initiative's goal has been limited by several factors, such as the length of time needed to collect and analyze data; the difficulties stakeholders have had in reaching consensus on the approaches needed to address large, complex issues or policies; and variations in stakeholders' commitments of time and understanding of the technical aspects of environmental issues. In addition, the Council and its subcommittees and workgroups have spent considerable time discussing how they would carry out their work and developing their own operating standards. An improved operating framework that better defined the Initiative's goal and expected results and included specific guidance on how the Initiative would accomplish its work would enable the Council and its industrial sector subcommittees and workgroups to concentrate more of their effort on substantive issues.

EPA gauges the progress of the Initiative primarily on the basis of accomplishments associated with its various processes or activities, such as stakeholder meetings, and not on the basis of its results. Although such process-oriented information is important, it does not measure the agency's progress in meeting the Initiative's goal, consistent with GPRA's intent. As a result, EPA cannot determine the extent to which the Initiative may cost-effectively reduce or prevent pollution or ascertain whether such improvements are due to changes in the agency's approach to environmental management. In addition, the Initiative's projects typically do not establish or provide for performance measures to gauge the extent to which they are decreasing pollution and/or reducing costs. GAO found

that 11 of the 15 ongoing projects it reviewed did not provide for measuring results. Without such measures, it is difficult to assess progress or demonstrate whether a project's expected outcome has occurred.

Principal Findings

Several Factors Have Limited the Progress of the Initiative Toward Its Goal

EPA expected that, within the first year, the Common Sense Initiative Council would make recommendations for changes that would provide the basis for a new approach to environmental management. Such recommendations have not been made, in part because the subcommittee workgroups that conduct the studies and projects to develop recommendations need considerable time to gather data and to design, test, and analyze reinvention alternatives. Most of the projects that were ongoing as of April 1997 were initiated during 1995, the Council's first full year of operation. Furthermore, primarily because their participants hold diverse viewpoints, many of the workgroups have not been able to reach agreement on the objectives for their projects or on the approaches needed to address big issues or policies and have therefore tended to undertake more narrowly focused projects. At this point, it is uncertain how EPA and other stakeholders will address broad, complex issues and whether the stakeholders will be willing and able to provide the time and resources necessary to carry out the program.

Various subcommittees and workgroups have also spent considerable time on process-related issues, such as how consensus is defined, when and at what level it is necessary, and whether all stakeholder groups need to be represented in projects and workgroups. Such issues raise questions about the adequacy of the guidance and of the operating framework that EPA provided for carrying out the Council's and subcommittees' activities. Because progress has been slow, some stakeholders have expressed concerns about the time and resources required and the lack of tangible results, and some industry representatives have questioned their continued participation in the program. Another factor that could affect the Initiative's future progress is uncertainty about the degree of flexibility in existing federal, state, or local laws and regulations and about whether legislative or regulatory changes will be required before some pilot projects can be carried out. For example, statutory and regulatory permitting requirements that differ for the various environmental laws

could make it more difficult to develop and implement a multimedia permit program.

Results-Oriented Measures Are Needed to Assess Progress

The agency has not yet established results- or outcome-based measures for assessing the extent to which the Initiative has reduced or prevented pollution at less cost to industry and the taxpayer through regulatory reinvention. A 1997 EPA contractor study¹ of the Initiative identified the program's complexity and relatively early stage as key reasons why EPA has not yet established such measures. EPA is considering the study's findings and conclusions; however, at the time of GAO's review, it was not clear what changes would be forthcoming.

In the absence of results-oriented performance measures for assessing progress, EPA has focused, for the most part, on processes and activities—such as meetings, workshops, and conferences—and not on the results and outcomes that are expected under the Initiative. In addition, the industrial sectors' projects, which are the program's principal means for testing regulatory reinvention alternatives, typically do not contain, or provide for in their design, performance measures to gauge their progress toward achieving their individual objectives. The 1997 EPA contractor study stressed the importance of developing appropriate results-oriented performance measures for assessing the extent to which the Initiative's goal and individual projects' objectives are achieved. EPA needs such measures to accurately track the Initiative's progress.

Recommendations

To permit the Initiative's subcommittees and workgroups to devote more of their attention to substantive issues, GAO recommends that the Administrator, EPA, provide an improved operating framework that (1) more clearly defines the Initiative's "cleaner, cheaper, smarter" environmental protection goal—including its expected results—and (2) specifies how the Council and its subcommittees and workgroups will accomplish their work, clarifying issues such as how and when consensus will be achieved, how the Initiative's goal should be interpreted and applied to individual projects, and to what extent representatives of all stakeholder groups should be included in activities at each level of the Initiative, including its projects and workgroups.

To provide a basis for evaluating the progress of the Initiative in cost-effectively reducing or preventing pollution, GAO recommends that the

¹Review of the Common Sense Initiative, The Scientific Consulting Group, Inc. (Feb. 19, 1997).

Administrator, EPA, require the development of results-oriented performance measures for assessing the extent to which the Council's and subcommittees' actions have produced real, measurable environmental improvements at less cost to industry and the public.

Agency Comments

EPA provided written comments on a draft of this report (see app. II). EPA agreed with the report's recommendations and stated that the agency has begun to address the recommendations in the changes being implemented and considered for the Initiative. However, EPA expressed concern that the focus of GAO's review on the Initiative's progress in accomplishing regulatory, statutory, or administrative changes (1) does not adequately recognize the breadth of the Initiative's accomplishments and (2) is an unfair measure of the Initiative's progress at this point in its development.

GAO recognizes that the Initiative is complex and that its success is dependent on accomplishing numerous tasks and activities. GAO believes, however, that emphasizing the statutory, regulatory, and administrative changes expected to result from the Initiative is appropriate and that this report adequately recognizes the breadth of the accomplishments that EPA is reporting for the Initiative. GAO believes its focus is appropriate, given that EPA (1) considers the Initiative "the centerpiece" of its regulatory reinvention efforts and (2) established a goal for the Initiative of finding "cleaner, cheaper, smarter" ways of reducing or preventing pollution and recommending changes in the existing approach to environmental management, including existing statutes and regulations. Also, as the report points out, GAO used an approach that applies the concepts underlying GPRA, which focuses on program outcomes, comparing the results of a program activity to its intended purpose rather than focusing on activity levels and tasks completed. As the report states, the accomplishments reported by EPA include various processes and activities that the Initiative has undertaken to achieve its goal. Although GAO did not discuss all of these accomplishments, the report summarizes them and recognizes their importance and utility as a means for achieving the expected statutory, regulatory, and administrative changes.

GAO agrees that it takes time to identify, test, and evaluate innovative approaches to achieving environmental improvements. However, GAO also believes that the report fairly assesses the progress of the Initiative toward its stated goal at the time of GAO's review and discusses the factors that prevented the Initiative from achieving the Administrator's expectation—namely, that it would bring about a fundamental change in

the approach to environmental protection and achieve tangible results in the first year. The report points out that the progress of the Initiative to date has been slow in view of the high expectations EPA set for it and discusses a number of factors that contributed to this slow progress. In its comments on GAO's draft report, EPA agreed that it underestimated the time required to do the things needed to allow the development of recommendations for regulatory, statutory, or administrative changes. It said, however, that barriers had to be reduced before environmental results could be accomplished.

Contents

Executive Summary		4
Chapter 1		12
Introduction	Status of the Common Sense Initiative	12
	Objectives, Scope, and Methodology	15
	Agency Comments and Our Evaluation	16
Chapter 2		18
Several Factors Have Limited the Initiative's Progress in Bringing About Changes in Environmental Management	Recommendations for Change Were Expected in the Initiative's First Year	18
	Several Factors Have Contributed to the Initiative's Limited Progress	19
	EPA and the Council Are Considering Options to Address Issues Identified in a Contractor's Review	26
	Need for Legislative or Regulatory Changes Is Unclear and Could Delay Some Projects' Implementation	26
	Conclusions	27
	Recommendation	28
Chapter 3		29
Results-Oriented Measures of Progress Are Needed	Initiative Promises Significant Regulatory Reinvention	29
	Accomplishments Focus Principally on Processes and Not on Regulatory Changes	30
	EPA Lacks Results-Oriented Measures for Assessing Progress Toward Achieving the Initiative's Goal	35
	Conclusions	41
	Recommendation	41
Appendixes	Appendix I: GAO's Performance Measurement Model and the Projects Reviewed	42
	Appendix II: Comments From the Environmental Protection Agency	46
	Appendix III: Major Contributors to This Report	49
Figure	Figure I.1: GAO's Performance Measurement Model	43

Contents

Abbreviations

DFO	designated federal officer
EPA	Environmental Protection Agency
FACA	Federal Advisory Committee Act
FTE	full-time equivalent
GPRA	Government Performance and Results Act
NPR	National Performance Review
R&D	research and development
VOC	volatile organic compound

Introduction

While the current system of environmental regulation in the United States is the most advanced in the world, it is complex and prescriptive and often results in conflict and gridlock. This regulatory structure has impaired EPA's ability to experiment with innovative and more cost-effective ways of reducing pollution (such as preventing pollution by eliminating or minimizing it at its source, instead of containing it at the end of the pipe) or using market-based incentives (such as taxing pollution or trading emission "rights"). In addition, the structure has restricted EPA's ability to exercise flexibility with regulated entities, states, environmental groups, and other "stakeholders" in the regulatory process. EPA has reported that it is subject to over 600 lawsuits at any given time and that the current process often diverts valuable resources from the real work of protecting the environment and public health.

In response to various legislative mandates, EPA has organized its activities around environmental media (such as air, water, or land) and the substances it regulates (such as hazardous waste, pesticides, and toxic substances)—resulting in a regulatory structure that closely parallels the statutes authorizing its activities. Each of EPA's program offices focuses primarily on implementing the medium-specific or substance-specific responsibilities detailed in individual statutes, rather than addressing the full range of pollution sources in a cross-cutting manner. The agency's medium-specific focus can result in both the intended and unintended transfer of pollution from one medium to another. For example, removing contaminants from public sewage systems or industrial smokestacks can create sludge and waste that themselves can be toxic and lead to further air, water, or land pollution. As a result, EPA and others have acknowledged a need for increased attention to such intermedia transfers to ensure that the agency's pollution reduction strategies have the best overall impact on the environment.

To fundamentally reexamine and reshape its efforts to protect the environment, EPA is attempting to apply common sense, flexibility, and creativity through a number of initiatives designed to move beyond the "one-size-fits-all system of the past" and better protect public health and the environment at a reduced cost. In 1994, as part of the agency's new approach to "reinvent" environmental protection, EPA began its Common Sense Initiative (Initiative).

Status of the Common Sense Initiative

The goal of EPA's Common Sense Initiative—termed the "centerpiece" of the agency's regulatory reinvention efforts—is to find "cleaner, cheaper,

“smarter” ways of reducing or preventing pollution and to recommend changes in the existing approach to environmental management, including the existing statutes and regulations. According to EPA, “cleaner” means that participating industries would achieve real, measurable improvements in environmental protection; “cheaper” means that tailoring environmental protection requirements to individual industries would save billions of dollars; and “smarter” means that giving industry more flexibility in meeting strong environmental goals would promote creativity and encourage the development of innovative technology.

The Initiative was designed to achieve greater environmental protection at less cost by creating strategies for controlling and preventing pollution for individual industries rather than for individual pollutants, as is currently done. EPA selected six industrial sectors—automobile manufacturing, computers and electronics, iron and steel, metal finishing, petroleum refining, and printing—to participate in the Initiative.

The Initiative is organized under the Federal Advisory Committee Act (FACA) and comprises a Council and six specialized subcommittees, each of which focuses on a particular industrial sector and carries out studies and projects to develop recommendations to the EPA Administrator for administrative, regulatory, and statutory changes. EPA administers the Initiative; determines its multistakeholder membership; and publicly reports on its FACA-based operations, activities, and costs, as well as on the results of Council and subcommittee meetings.

Initiative’s Charter and Organization

In accordance with the requirements of FACA, a charter establishing the Council was filed with the Congress in October 1994. According to the charter, the Initiative is designed to bring affected stakeholders together to find “cleaner, cheaper, smarter” environmental management solutions. The objectives and scope of the Council’s activities include holding meetings, analyzing issues, conducting reviews, performing studies and site-specific projects, producing reports, and making consensus recommendations on issues related to the following program elements: regulation; pollution prevention; recordkeeping and reporting; compliance and enforcement; permitting; and environmental technology. The charter also provides for expanding activities to include additional elements.² While the Initiative’s charter was originally established for 2 years, it was renewed for 2 more years in October 1996.

²Current projects are also addressing issues such as community technical assistance/community involvement, brownfields, publicly owned treatment works, access to capital, and industry strategic planning.

Under the charter, the Council consists of a group of independent experts appointed by the EPA Administrator. These experts are selected from industry; state and local regulatory agencies; national and local environmental groups; and other stakeholder categories such as labor, tribal, environmental justice, and community organizations. Members are sought in a variety of ways, including consultation with affected stakeholders, industries and industry associations, senior EPA managers, agency staff involved in supporting the Council, Council members, and the general public.

The charter also provides for the Administrator to designate members to serve as the Chair and Vice-Chair of the Council and its subcommittees. Currently, the Council is chaired by the EPA Administrator and cochaired by the Deputy Administrator, while each subcommittee is cochaired by an EPA assistant administrator and regional, or deputy regional, administrator. The Council and its subcommittees are supported by a team of headquarters and regional EPA staff.

Among other policies, FACA requires open meetings of the Council and its subcommittees and provides for interested persons to attend Council meetings and appear before or file statements with the Council. EPA employees act as the designated federal officers (DFO) for the Council and its subcommittees, and the DFO assigned to each committee is present at all federal advisory committee meetings.

Initiative's Activities

As of April 1997, the Council's subcommittees were testing new concepts in about 40 projects addressing such areas as pollution prevention, streamlined permitting and reporting, enhanced public participation in environmental management, brownfields³ redevelopment, the use of innovative technologies, and the setting of environmental goals and indicators. The Council and its subcommittees anticipate that these projects will lead to significant recommendations for changes in regulatory structure and approach, which will result in "cleaner, cheaper, smarter" environmental management.

Initiative's Costs

Each year, EPA is required to report the costs associated with its federal advisory councils to the General Services Administration, which in turn prepares a report on all federal advisory committees for the Office of

³Brownfields are abandoned or underused facilities, usually in industrial or commercial areas, where redevelopment is hampered by real or perceived environmental contamination.

Management and Budget. For fiscal year 1995, EPA reported that the Council incurred costs of \$2.8 million and employed 19.6 full-time equivalent (FTE) staff. For fiscal year 1996, reported costs and staffing were \$3.6 million and 27.3 FTEs. The costs reported by EPA, however, include only the costs directly associated with the scope and duties of the Council and its subcommittees—such as portions of the salaries of the designated federal officers and other administrative costs for scheduling meetings, funding invitational travel, and complying with other reporting requirements under the act—and do not include such items as grants or the costs of contracts for the individual subcommittee projects, which are funded by EPA’s program offices. For fiscal year 1997, EPA estimated costs of \$4.3 million and staffing of 30.4 FTEs for the Council.

Objectives, Scope, and Methodology

To address questions about EPA’s Common Sense Initiative and the progress it has made, the Chairman, Subcommittee on VA, HUD, and Independent Agencies, Senate Committee on Appropriations; Chairman, Senate Committee on Environment and Public Works; Chairmen, House Committee on Commerce and its Subcommittee on Finance and Hazardous Materials; Chairmen, House Committee on Transportation and Infrastructure and its Subcommittee on Water Resources and Environment; Chairman, Subcommittee on VA, HUD, and Independent Agencies, House Committee on Appropriations; and the Chairman, Subcommittee on National Economic Growth, Natural Resources, and Regulatory Affairs, House Committee on Government Reform and Oversight, asked GAO to assess (1) EPA’s progress in achieving the goal the agency set for the Initiative, and (2) the methods EPA uses to measure the progress of the Initiative toward its goal.

To address these objectives, we reviewed the Initiative’s program and project files and interviewed program officials and staff, as well as subcommittee sector officials and project team leaders. We also attended meetings of the Council, its subcommittees, and project workgroups. In addition, we obtained program information from EPA’s Common Sense Initiative World Wide Web Internet site.⁴

We also reviewed reports on the Initiative, including a February 1997 EPA-funded study, a March 1996 EPA Inspector General’s report discussing increases in FACA-related costs, and two reports critical of the

⁴EPA’s Common Sense Initiative Internet address is: <http://www.epa.gov/commonsense>

Initiative—one by the House Transportation and Infrastructure Committee on EPA's reinvention efforts and the other by Resources for the Future.⁵

In addition, we identified and reviewed the goals and objectives for 36 of the Initiative's projects that were ongoing as of September 1996. We further reviewed 15 of the 36 projects using a results-oriented performance measurement model to aid in determining whether the projects were designed to (1) achieve the Initiative's cleaner, cheaper environmental management objectives and (2) measure progress toward achieving those objectives. Our model applies the concepts underlying the Government Performance and Results Act (GPRA) of 1993, which focuses on program outcomes, comparing the results of a program activity to its intended purpose rather than focusing on activity levels and tasks completed. The act—known as GPRA or the Results Act—also incorporates performance measurement as one of its most important features. Appendix I describes our performance measurement model and lists the projects reviewed using this model. Our detailed review of 15 projects represents a cross section of projects from each of the six industrial sectors and 10 of the program elements (e.g., permitting, innovative technology, compliance, and pollution prevention) addressed by the projects.

We conducted our work from July 1996 through June 1997 in accordance with generally accepted government auditing standards.

Agency Comments and Our Evaluation

We provided a draft of this report to EPA for review and comment. EPA provided written comments, which are reproduced in appendix II. EPA agreed with the report's recommendations and stated that the agency has begun to address the recommendations in the changes being implemented and considered for the Common Sense Initiative. However, EPA expressed concern that our review's focus on the Initiative's progress in accomplishing regulatory, statutory, or administrative changes (1) does not adequately recognize the breadth of the Initiative's accomplishments and (2) is an unfair measure of the Initiative's progress at this point in its development.

⁵Review of the Common Sense Initiative, The Scientific Consulting Group, Inc. (Feb. 19, 1997); EPA FACA Committees' Costs Increase, EPA, Office of Inspector General (Audit Report No. E1XMG5-13-0071-6100147, Mar. 29, 1996); An Assessment of EPA's Reinvention, House Committee on Transportation and Infrastructure (Sept. 17, 1996); and Industry Incentives for Environmental Improvement: Evaluation of U.S. Federal Initiatives, Resources for the Future (Sept. 1996). Resources for the Future is an independent nonprofit organization that conducts research and public education on natural resources and environmental issues.

We recognize that the Initiative is complex and that its success is dependent on accomplishing numerous tasks and activities. We believe, however, that our emphasis on the statutory, regulatory, and administrative changes expected to result from the Initiative is appropriate and that we have adequately recognized the breadth of accomplishments that EPA is reporting for the Initiative. We believe our focus is appropriate, given that EPA (1) considers the Initiative “the centerpiece” of its regulatory reinvention efforts and (2) established a goal for the Initiative of finding “cleaner, cheaper, smarter” ways of reducing or preventing pollution and recommending changes in the existing approach to environmental management, including the existing statutes and regulations. Also, as our report points out, we used an approach that applies the concepts underlying GPRA, which focuses on program outcomes—the results of a program activity compared to its intended purpose—rather than activity levels and tasks completed. As our report states, the accomplishments reported by EPA include various processes and activities that the Initiative has undertaken to achieve its goal. Although we did not discuss all of these accomplishments, the report summarizes them and recognizes their importance and utility as a means for achieving the expected statutory, regulatory, and administrative changes.

We agree that time is required to identify, test, and evaluate innovative approaches to achieving environmental improvements. However, we also believe that our report fairly assesses the progress of the Initiative toward its stated goal at the time of our review and discusses the factors that prevented it from achieving the Administrator’s expectation—namely, that it would bring about a fundamental change in the approach to environmental protection and achieve tangible results in the first year. Our report points out that the progress of the Initiative to date has been slow in view of the high expectations EPA set for it and discusses a number of factors that contributed to this slow progress. In its comments on our draft report, EPA agreed that it underestimated the time required to do the things needed to allow the development of recommendations for regulatory, statutory, or administrative changes. It said, however, that barriers had to be reduced before environmental results could be accomplished.

Several Factors Have Limited the Initiative's Progress in Bringing About Changes in Environmental Management

EPA expected the Common Sense Initiative to result in significant improvements to current regulations, as well as proposals for the Congress to consider when legislative reform might be required. The Administrator, recognizing that some changes would take longer, expressed her belief that the Council could recommend tangible changes in the first year. Although the Initiative's six subcommittees moved quickly to identify issues and develop projects, few recommendations have been developed. To date, the Council has made three formal recommendations to EPA. None of these recommendations suggested the types of changes in existing regulations or legislation that EPA had expected. (The recommendations are discussed further in ch. 3.)

Several factors have contributed to the Initiative's slow pace in developing recommendations to EPA. Some of these factors include (1) the time needed to collect and analyze data; (2) stakeholders' difficulty in obtaining consensus on projects addressing broad, complex issues; (3) stakeholders' time commitments and differences in stakeholders' understanding of the technical aspects of environmental issues; and (4) the time spent resolving questions about work processes.

The lack of tangible results has caused some industry representatives to question their continued participation in the Initiative. To determine the effectiveness of the Initiative's process, EPA contracted for an independent review. The contractor reported that, overall, the Initiative has value, but identified several areas where improvements in the process could be made. EPA and the Council are now considering various options for correcting problems in the process identified by the contractor.

Recommendations for Change Were Expected in the Initiative's First Year

In July 1994, when the EPA Administrator announced the establishment of the Common Sense Initiative, she said that consensus proposals generated by the Initiative would be designed to better protect the environment, reduce U.S. pollution overall, and reduce the costs that industries face by billions of dollars. Consistent with the Administrator's belief that the Council could make recommendations for change within the first year, soon after the Council and its six subcommittees were established and began meeting in late 1994 and early 1995, the senior EPA officials who chair each of the subcommittees challenged their groups to quickly define issues and develop projects to carry out their mission. In opening remarks to the May 1995 meeting of the computers and electronics subcommittee, the EPA assistant administrator cochairing the meeting said that the success of the Initiative depends, in part, on the development and

implementation of concrete activities that represent a new way to do business. In this meeting, as well as in another subcommittee meeting, the senior EPA officials indicated that the subcommittee members should try to have proposals or recommendations to the full Council within 6 to 12 months.

Several Factors Have Contributed to the Initiative's Limited Progress

The subcommittees have had difficulty completing projects that provide a basis for making recommendations to the Council. Many of the projects initially undertaken by the subcommittees' workgroups are still in progress. Twenty-nine of the 38 projects we identified as ongoing as of April 1997 were begun in 1995—the first full year of the Council's operation. Several factors, as discussed below, have contributed to the length of time it is taking to complete projects that provide a basis for the subcommittees to make recommendations to the Council.

Data Collection and Analysis Add Time to Process

As some workgroups began projects, they found that the information they needed to carry out the projects was not readily available. In some cases, the information could be obtained by doing a literature search. For example, within the automobile manufacturing sector, the team working on the alternative sector regulatory system/community technical assistance project found that it needed to gather information on community and plant interactions into a database to inform the project's process. Through on-line research, the team developed a bibliography that met its needs.

In other cases, however, workgroups needed considerable time to develop information through surveys of stakeholders or contracted studies. Obtaining the information has, in some cases, taken months. For example, in 1995, the reporting and information access workgroup in the computers and electronics sector undertook a project to develop a combined uniform report for the environment. They then decided to develop this report through a pilot project in one state. First, they had a contractor identify all of the reporting requirements that a computer and electronics firm in the state would have to meet. Next, they began to identify the environmental information needs of the various stakeholder groups. A contractor is developing this information through the use of focus groups. Gathering information for the needs assessment alone is expected to take about 6 months. Several more steps, which will take more than a year, are planned before the project can be completed.

Chapter 2
Several Factors Have Limited the Initiative's
Progress in Bringing About Changes in
Environmental Management

Other information requested by workgroups and subcommittees—only some of which is readily available, particularly by industry—includes information on wastes, hazardous waste sites, accidents and spills, human health and safety, environmental effects, chemical use and releases, water and energy use, compliance histories, descriptions of processes, profiles of stakeholders, demographic information, cost accounting information needed to determine environmental costs, reviews of environmental programs, and existing laws and regulations.

EPA is not always able to provide the information requested by the workgroups. In some instances, the information is difficult for the agency to obtain. For example, if EPA requests data through a survey of 10 or more entities, it must have the survey approved by the Office of Management and Budget and must estimate the paperwork burden associated with the request. In these instances, EPA has suggested that stakeholder groups obtain the information by polling their members. In other instances, the information may be confidential and EPA cannot release it. For example, a subcommittee that wanted to assist EPA in developing effluent guidelines for the iron and steel industry asked whether the results of a survey to be conducted could be made available to the subcommittee's members. Because the survey's results would contain confidential business information, EPA could not release the results without separating the data from specific facilities. According to an EPA official, this effort might take a year. Subsequently, the workgroup decided not to pursue this project.

Stakeholders Have Had
Difficulty Obtaining
Consensus on Approaches
to Projects

Although some projects have been designed to address complex multimedia issues, some workgroups have not been able to reach agreement on specific objectives for their projects or on the approach to be used, particularly when complex issues are involved. In some cases, to reach agreement, the project's scope or the product has been modified or narrowed. For example, in March 1995, the iron and steel subcommittee was considering a proposal by one of its workgroups to develop and pilot-test a multimedia permit for a plant. The subcommittee sent the proposal back to the workgroup for reassessment, expressing concern about the feasibility of the project, in part because (1) EPA was currently developing new air-permitting requirements that alone would be difficult to implement and (2) EPA had tried and failed to develop a less extensive consolidated permit approach in the 1980s. The subcommittee suggested that the workgroup talk to individuals who had been involved in the earlier process or focus on a smaller facility, or a limited process within a facility.

Chapter 2
Several Factors Have Limited the Initiative's
Progress in Bringing About Changes in
Environmental Management

The proposed project was subsequently modified to, among other things, be tested in a smaller facility, and it is now in progress.

When the automobile manufacturing subcommittee met in February 1996, the spokesperson for one project team, commenting on two interim reports from the team, said that the team was looking for potential recommendations, but he questioned the ability of the team to reach consensus on any recommendations. The subcommittee plans to submit these two reports without recommendations to the Council at its July 1997 meeting.

At an August 1996 meeting of the automobile manufacturing subcommittee, some members expressed concern about the complexity of the issues being dealt with in project teams, the lack of common understanding among the team members, and the slow pace of dealing with complex issues. To address these concerns, the EPA cochair of this subcommittee noted that a variety of technical assistance and support continued to be available for those who needed it. At that same meeting, another participant suggested that the Initiative's whole process was too abstract and that the goal of designing a new system was beyond the subcommittee's abilities; therefore the group should focus on developing the new system one project at a time. Still another participant noted that the subcommittee is attempting to address the big picture and suggested that the group might be more comfortable working at a more pragmatic level. As discussed in the next section, stakeholders' difficulty in achieving consensus on projects that involve broad, complex issues has resulted, in part, in narrowing the scope of some projects.

Narrow-Scope Projects
Have Achieved Some
Success

Generally, subcommittees have had more success in designing and implementing narrow-scoped projects. For example, one such project within the computers and electronics sector appears to be making progress and will likely result in a recommendation to the Council. This project, undertaken by the computers and electronics subcommittee's reporting and public access workgroup in 1996, was designed to streamline the emergency response planning process. It will do this by consolidating various requirements for an emergency response plan so that only one document will meet the needs of all stakeholders (including emergency responders, the community, facility workers, and regulatory agencies). This project, which could be completed within the year, has an objective similar to that of the project to develop a combined uniform report for the environment (discussed earlier in this chapter). However,

Chapter 2
Several Factors Have Limited the Initiative's
Progress in Bringing About Changes in
Environmental Management

because this project addresses only one reporting requirement for emergency response plans, it will be completed much sooner than the combined uniform report for the environment, which addresses all environmental reporting requirements for firms in the computers and electronics industry. One workgroup member compared the two projects, saying that the emergency response project was “just the toe of the elephant,” whereas the combined uniform report for the environment project was “the entire elephant.”

Whether narrowly scoped projects, such as those designed to provide information alone, will produce results consistent with the Initiative's goal of developing recommendations for change is unclear. For example, a workgroup in the iron and steel subcommittee sponsored a spent pickle liquor⁶ workshop for the subcommittee members, and a workgroup in the computers and electronics subcommittee cosponsored, with the National Safety Council, an electronic product recovery and recycling conference. The primary purpose of both of these projects was to provide a forum for exchanging and disseminating information. Although the information obtained in these forums may assist the workgroups in making recommendations to the Council and ultimately to EPA, neither of these projects was designed to result in recommendations to the Council.

Stakeholders' Time
Commitments and
Understanding of
Technical Issues Vary

Limits on stakeholders' time commitments and understanding of the technical aspects of various environmental issues have also slowed the pace of projects. EPA has recognized that participating in the Council requires a large commitment of time and effort from its members, but once they were selected, they were expected to participate. However, sporadic attendance and attrition have been problems for the Council and some of its committees and workgroups. In the computers and electronics subcommittee, for example, the cochair noted in August 1995 that some individuals did not attend enough meetings to completely understand what was going on and were therefore slowing down the decision-making process.

In addition, stakeholders' understanding of the technical aspects of environmental issues varies, and insufficient understanding on the part of some has slowed some projects. After hearing from some workgroup members that they did not fully understand the issues being discussed, the cochair of the automobile manufacturing subcommittee promised to slow

⁶Pickle liquor is the acidic chemical solution used to remove surface scale and other impurities from steel. It becomes spent after its effectiveness has been exhausted.

the current pace of the subcommittee and its workgroups to accommodate individuals who needed time to become familiar with the technical aspects of the issues.

The Council recognized that people have different amounts of time to invest in projects. To correct the problem of poor or sporadic attendance, an EPA official proposed undertaking fewer projects in order to make sure that they had adequate resources. Reducing the number of projects could, however, limit the range of issues that the Initiative is able to address.

Work Process Issues Have Consumed Considerable Time

In addition to discussing substantive work on projects, subcommittee and workgroup members have spent much of their meeting time discussing processes. In particular, they have discussed (1) the definition of consensus and how it would be applied within the subcommittees and workgroups; (2) the scope of the standard individual projects or groups of projects had to meet—whether “cleaner, cheaper, and smarter” criteria or a “cleaner, cheaper, or smarter” criterion—and, (3) the representation of stakeholders on subcommittees, workgroups, and projects. Because EPA’s guidance for the Initiative did not adequately clarify these issues, the subcommittees and workgroups took time to develop their own answers.

Although the Council’s operating principles, published in June 1996, contain an operating definition of consensus, stakeholders are not certain whether the same definition applies to workgroups. As late as August 1996, the automobile manufacturing subcommittee was discussing whether workgroups needed to reach consensus. The workgroups were encouraged to bring issues on which they could not agree to the full subcommittee for discussion. One subcommittee member pointed out, however, that consensus is difficult to obtain unless projects contain something for everyone. In order to facilitate reaching agreement on projects, the sector decided that members of workgroups who were not also members of the subcommittee could sit at the subcommittee table to present their views.

In some instances, reaching consensus on which projects should be undertaken was difficult or impossible because workgroup and subcommittee members held differing views on whether and how the Initiative’s “cleaner, cheaper, smarter” environmental management goal should be incorporated into projects and the overall work of the subcommittees and workgroups. In carrying out the Initiative, “cleaner” is seen as the principal interest of the environmental representatives and

Chapter 2
Several Factors Have Limited the Initiative's
Progress in Bringing About Changes in
Environmental Management

“cheaper” is seen as the principal interest of the industry representatives. In several groups, a project’s approval or progress was hindered as members discussed the need for balance between these elements. For example, in an iron and steel subcommittee’s workgroup considering multimedia permitting, the workgroup was able to reach consensus on solutions for 12 of the 50 permit issues it had identified. According to a workgroup member, the solutions developed through the process included cleaner, cheaper, and smarter elements. The need to consider all three of these elements was also a factor discussed during the process for approving a project within another of the iron and steel subcommittee’s workgroups, which was considering alternative compliance strategies. Subcommittee members expressed concern that under the project’s plan, the project would provide regulatory relief (cheaper) but would not provide for increased environmental protection (cleaner). In this case, the problem was resolved by eliminating any reference to potential solutions until an initial data-gathering and analysis phase could be completed.

For one of the automobile manufacturing subcommittee’s workgroups, a team considering regulatory initiatives tentatively agreed on a proposal that a regulatory determination requiring the use of the best available control technology be based on the best technology available at the time the application for a permit is submitted. However, because some members of the team believed the proposal addressed the “cheaper” and possibly the “smarter” but not the “cleaner” element, they would not allow the proposal to be brought to the subcommittee until a package of proposals addressing all three elements could be developed. The activities of that workgroup were later suspended, and that proposal was not forwarded to the subcommittee.

The representation of stakeholders within workgroups has also been the subject of much discussion. In designing a project to identify regulatory, statutory, and administrative barriers that hinder the development and implementation of technology, a workgroup within the iron and steel subcommittee proposed to address the definition of solid waste as one of those barriers. At meetings where the proposal was discussed, members of both the subcommittee and the workgroup were concerned because no representative of an environmental group was included in the workgroup. Initially, efforts to recruit an environmental stakeholder for this workgroup failed. According to one subcommittee member, the difficulty in getting a representative from an environmental group to participate in this workgroup was directly related to the issue of defining solid waste. This member said that the issue is highly contentious and could not

previously be resolved through consensus; therefore, environmental groups do not want to be drawn into a debate on it again. Without a representative from an environmental group, the workgroup proposed that it would limit its work to discussing the issue and would not develop recommendations. Members of the subcommittee suggested, however, that the workgroup stop working on the issue until an environmental stakeholder could be recruited. After about 5 months, an environmental representative was found. Two months later, the workgroup reported that the solid waste issue was being dropped because consensus could not be reached.

In another industrial sector, in July 1996, after discussing the need for including representatives of all stakeholder groups in a proposed pilot project, a workgroup decided to seek the subcommittee's guidance on which stakeholder groups needed to be represented in a pilot project to ensure a credible process and a high-quality outcome. The group also asked about providing financial support to ensure participation and about EPA's determination that it was not legal to provide grant funds to support a local nongovernmental organization's participation in an Initiative workgroup.

Subcommittees and workgroups also discussed other work process issues such as (1) how funding levels for projects were determined; (2) what types of projects were appropriate for workgroups to undertake, what types of products were appropriate to forward to the Council, and how the success of the products and of the subcommittees would be determined; and (3) how the Initiative's projects would be coordinated with the work of other EPA programs addressing the same issues.

Slow Progress Has Led Some Industry Representatives to Question Their Continued Participation

The difficulty in making progress within certain subcommittees has led the representatives of some industries to question the value of their continued participation in the Initiative. In early 1997, groups representing two industrial sectors—automobile manufacturing and petroleum refining—indicated that their members would not participate in any new sector activities. Some representatives of these two industrial sectors stated that their companies could not justify their continued participation without tangible results. Since the Initiative began, the two sectors have forwarded only one recommendation to the Council.

Although some individual members chose not to continue their participation in the Initiative, most of them did agree to continue for

another year so that they could judge whether changes in the Initiative, expected in response to our review and the contractor's (described below), would allow the Council to function more effectively.

EPA and the Council Are Considering Options to Address Issues Identified in a Contractor's Review

Recognizing that some of these factors had slowed the Council's progress, EPA, in November 1996, retained a contractor to perform an independent review of the Initiative. The purpose of the study was to review the Initiative after 2 years of operation, determine its level of success, and identify any changes needed to maximize its effectiveness. The contractor's report, issued on February 19, 1997, concluded that the Initiative has significant value, particularly as a tool to improve environmental policy and management. Its value for developing more effective environmental protection approaches, according to the report, is that it includes all relevant stakeholders in a nonadversarial, consensus-based forum to address environmental issues by industrial sectors in a comprehensive, multimedia fashion.

According to the contractor's report, the Initiative could not realistically be expected to establish itself; form working relationships among disparate stakeholders; and accomplish changes in regulations, reductions in reporting burdens, or other time-intensive changes in the relatively short term of its existence. The report identified four major unresolved issues—consistent with those we identified during our review—including (1) the Initiative's lack of specific objectives, (2) the lack of a clearly defined role for the Council, (3) the perceived need for unanimity to obtain consensus, and (4) the slow pace of the process. However, the report did not make any recommendations to resolve these issues. EPA and the Council are now considering a number of options for addressing the issues identified in the contractor's report.

Need for Legislative or Regulatory Changes Is Unclear and Could Delay Some Projects' Implementation

Nine of the Initiative's 38 projects ongoing as of April 1997 involve developing pilot projects to test multimedia permitting, reporting, or flexible regulation. Stakeholders and others involved in these types of projects have raised questions about whether EPA has the legislative or regulatory authority to carry out such pilot projects. In one pilot multimedia permitting project, for example, a February 1997 contractor's report⁷ to EPA said that the state where the pilot project is located was considering legislation that would provide for enforceable agreements with facilities that would modify or waive existing statutory or regulatory

⁷Multi-Media Permit Process Report, Eastern Research Group, Inc. (Feb. 1997).

requirements if the proposed pollution prevention, reduction, or control strategies resulted in equivalent or greater overall benefits to human health and the environment. The contractor's report noted that the proposed state legislation could eliminate any potential problems for a multimedia permit with state statutory or regulatory requirements; however, it would not eliminate any potential conflicts with federal statutory or regulatory requirements. For example, federal statutes and regulations governing the various environmental media may impose different monitoring, reporting, and other requirements that may make it more difficult for a multimedia permit program to be developed and implemented.

Generally, EPA has maintained that it has the authority to carry out these types of pilot projects under the current statutory framework. However, whether regulatory or legislative changes will be needed to carry out specific Initiative projects has not been fully evaluated. Uncertainty about the degree of flexibility in existing federal, state, or local regulations could delay some projects, particularly those involving multimedia permitting, reporting, or flexible regulatory approaches. As we noted in an earlier report, this issue affects other EPA reinvention programs as well as the Initiative.⁸ According to the Deputy Administrator of EPA, the agency will reexamine this issue when it receives the recommendations of a key advisory group (the Enterprise for the Environment) later this year.

Conclusions

Although some projects are under way to test approaches for reinventing EPA's regulatory approach to environmental protection, the progress of the Initiative has been slow in view of the high expectations EPA set for it. In setting these expectations, EPA underestimated the time required to (1) gather and analyze the information needed as a basis for developing recommendations and (2) establish the relationships among the various stakeholder groups needed for them to reach agreement on complex issues. Although most stakeholders have agreed to continue their participation in the short term, now that the process is taking longer than expected, it is unclear whether stakeholders, as a group or individually, will be willing and able to invest the resources required by a longer-term process. We believe that the process could be expedited if EPA would provide an improved operating framework better defining the Initiative's goal and expected results and including specific guidance on how the Initiative will accomplish its work.

⁸Environmental Protection: Challenges Facing EPA's Efforts to Reinvent Environmental Regulation (GAO/RCED-97-155, July 2, 1997).

Recommendation

To permit the Initiative's subcommittees and workgroups to devote more of their attention to substantive issues, GAO recommends that the Administrator, EPA, provide an improved operating framework that (1) more clearly defines the Initiative's "cleaner, cheaper, smarter" environmental protection goal—including its expected results—and (2) specifies how the Council and its subcommittees and workgroups will accomplish their work, clarifying issues such as how and when consensus will be achieved, how the Initiative's goal should be interpreted and applied to individual projects, and to what extent representatives of all stakeholder groups should be included in activities at each level of the Initiative, including projects and workgroups.

Results-Oriented Measures of Progress Are Needed

The Environmental Protection Agency considers the Initiative to be the most significant cross-program, multimedia initiative ever undertaken. The agency believes that its Council and subcommittees will make significant consensus recommendations to the EPA Administrator for changes in regulatory structure and approach. Moreover, according to the agency, the Initiative has already produced significant accomplishments on several fronts. The accomplishments, however, primarily reflect the completion of steps in the Initiative's process—such as stakeholder meetings, pilot projects, and various other subcommittee work products or activities. Although such accomplishments are important, they do not reflect the agency's progress in meeting the Initiative's goal, consistent with GPRA's intent to have federal agencies focus on program results and outcomes. EPA has not yet established results- or outcome-based measures for assessing the extent to which the Initiative has reduced or prevented pollution at less cost to industry and the taxpayer through regulatory reinvention. The 1997 EPA contractor study of the Initiative noted that the program's complexity and relatively early stage were key reasons why EPA did not have such measures.

Without performance-based measures for assessing the progress of the Initiative in achieving its expected outcomes, EPA cannot determine to what extent the Council's or subcommittees' activities have reduced or prevented pollution at less cost to industry and the public. Particularly for the subcommittee projects used to test reinvention alternatives, such measures are needed to demonstrate that an expected outcome has been achieved and that a subcommittee's resulting recommendation for administrative, regulatory, or statutory change is warranted.

Initiative Promises Significant Regulatory Reinvention

In launching the Initiative in July 1994, the EPA Administrator established high expectations for its success, describing it as unprecedented in scope and almost immediate in impact. According to the Administrator, the Initiative is the "centerpiece" of the agency's regulatory reinvention effort and a new paradigm for environmental management and regulatory reform. The Administrator presented the Initiative as a multifaceted alternative to the status quo—capable of producing significant improvements in environmental protection rather than incremental successes, substituting recommendations based on consensus for command and control regulation, and achieving tangible results within the first year.

EPA also said that all aspects of environmental policy—from reporting requirements to significant statutory reform—would be on the table and that consensus solutions within EPA’s control would be implemented immediately. EPA further stated that if agreement emerged for legislative change, then the EPA Administrator would use that support in working with the Congress to change the law.

Clearly, EPA’s expectation for the Common Sense Initiative was that it would bring about fundamental change in the approach to environmental protection and achieve tangible results in the first year. As discussed below, however, the accomplishments reported by EPA appear to emphasize steps in the Initiative’s process rather than the achievement of the fundamentally “cleaner, cheaper, smarter” environmental solutions that EPA expected.

Accomplishments Focus Principally on Processes and Not on Regulatory Changes

In the almost 3 years since the Common Sense Initiative’s start, EPA has reported significant results on many levels, including six recommendations made by subcommittees to the Council. Three of these recommendations were formally approved by the Council and forwarded to EPA for implementation. For the most part, however, the accomplishments that EPA reported are steps in the process that EPA designed to produce recommendations for the Council’s and, ultimately, the EPA Administrator’s, consideration. Generally, they are not the significant “cleaner, cheaper, smarter” outcomes or results that EPA said it expects from the process.

Subcommittees’ Recommendations to the Council

According to EPA, at the time of our review, four of the six subcommittees had formally presented recommendations to the Council for approval. In order of presentation to the Council, they were as follows:

- In October 1995, the metal finishing subcommittee recommended that EPA remove iron and aluminum from the list of pretreatment standards for its then-proposed metals products and machinery phase I effluent limitations guidelines.
- In October 1995, the computers and electronics subcommittee recommended that EPA establish a process to ensure that EPA’s regulatory interpretations and determinations—intended to affect the environmental management practices of the regulated community—be compiled, made easily accessible, and publicized to interested stakeholders.

- In October 1995, the auto manufacturing subcommittee recommended that EPA expeditiously implement the streamlining of the 1990 Clean Air Act's title V permit process as outlined in a July 1995 EPA white paper.⁹
- In March 1996, the iron and steel subcommittee recommended that the Council transmit to EPA 10 guiding principles that the subcommittee proposed for EPA to apply, as appropriate, in establishing principles for use in the development of iron and steel brownfields sites.
- In June 1996, the computers and electronics subcommittee recommended that the Council (1) endorse the vision, goals, and objectives contained in its proposed outline for a facility-based alternative system of environmental protection for the computers and electronics industry and (2) pass its proposal forward to EPA to be used as a framework for the many reinvention efforts going on at EPA.
- In February 1997, the metal finishing subcommittee requested that the Council support its national metal finishing environmental research and development (R&D) plan, which recommended that (1) EPA and other federal agencies use the plan to coordinate and support research and development directed toward the needs of the metal finishing industry and (2) EPA use the plan as a possible approach for other industrial sectors' research and development plans.

Of the three recommendations presented in October 1995, all but the metal finishing subcommittee's recommendation were approved by the Council and, according to EPA, were being implemented by the agency at the time of our review. EPA reported that the Council also approved the metal finishing subcommittee's recommendation in concept but returned it to the subcommittee for further work needed to resolve a technical issue that prevented consensus from being reached at the subcommittee level. According to EPA officials, however, the agency's Office of Water was independently implementing the proposed recommendation as a result of the Council's discussion of its merits.

The Council also returned both of the 1996 recommendations to their respective subcommittees for further work. According to Council documents,

- the iron and steel subcommittee's guiding principles for the development of brownfields sites were returned with improvements suggested during the Council's discussion and the principles' formal transmission to EPA was

⁹White Paper for Streamlined Development of Part 70 Permit Applications, EPA, Office of Air Quality Planning and Standards (July 10, 1995).

- postponed so that the subcommittee could respond to the Council's suggestions and test the guidelines in planned pilot projects and
- the computers and electronics subcommittee's proposed alternative system of environmental protection was returned for pilot testing at the subcommittee level.

In reviewing the guiding principles for the development of iron and steel brownfields sites, Council members expressed concern about their language and policy implications and decided to send the guidelines back to the subcommittee describing the Council's concerns and stressing the need for testing. According to the Council's chair (the EPA Administrator), the Council acted appropriately, given the diverse responses to the subcommittee's proposal, and EPA had already benefited from the discussion even without formally sending the recommendation forward.

Responding to the computers and electronics subcommittee's recommendation, the Council indicated its support for the subcommittee's vision for an alternative system of environmental protection but wanted further development of alternative regulatory strategies through pilot projects addressing issues raised during the Council's discussions. The Council urged other sectors to use the subcommittee's vision document, as appropriate and consistent with the Council's comments, in their discussion of alternative strategies. Of specific concern to the Council was the need to establish criteria for determining which facilities would qualify for an alternative system.

According to EPA officials, the Council granted the metal finishing subcommittee's February 1997 request for support of its national metal finishing environmental R&D plan. Instead of discussing the subcommittee's recommendation, the Council provided its members with a copy of the plan and a "review and mail-back" form on which they were asked to indicate whether they did or did not support the plan and whether they had any comments. According to EPA officials, all of the responses supported the plan and the subcommittee was notified of the Council's approval, which will be officially recorded at the Council's next meeting, scheduled for July 1997. According to the subcommittee, with the Council's support, the plan will be sent to senior management and research and development leaders in federal agencies and private-sector organizations and meetings will be arranged to discuss the plan's implementation.

We observed during our review that, for the most part, the six subcommittee recommendations forwarded to the Council for approval generally did not request changes in existing regulation or a basic change in the way EPA carries out its programs. In fact, the iron and steel subcommittee specifically requested in its recommendation on the iron and steel industry's brownfields sites that its proposed guiding principles not be formalized by EPA as a policy directive or regulation. Instead, the subcommittee believed that the principles should be regarded as a group of goals to be reached when considering what a brownfields policy should accomplish. We also observed during our review that none of the three recommendations approved by the Council and forwarded to EPA suggested the types of changes in the existing approach to environmental management that EPA expected.

Although the recommendations approved thus far have not suggested changes in existing statutes or regulations, EPA believes that some of the Initiative's current projects will result in such recommendations. In May 1997, EPA identified two ongoing projects that the agency believes will lead to recommendations for regulatory or statutory change in 1997 and nine projects that could lead to such recommendations between now and 1999.

Initiative's Processes and Activities

In addition to counting formal recommendations, EPA also measures the Initiative's progress by the various processes and activities that the Initiative has undertaken to achieve its stated purpose. According to EPA, these include

- the Initiative's ability to draw diverse stakeholders—some of them traditional adversaries—to the table with a commitment to work together to build trust in areas where, historically, there has been little gain or interaction;
- more than 300 meetings held by the Council and its subcommittees and their workgroups during fiscal years 1995 and 1996 to first "sort out the process" and then to achieve common ground and develop new ways of achieving stronger, yet more flexible and cost-effective ways to protect public health and the environment;
- almost 40 sectorwide projects that are under way and have the potential for significant change in environmental policy and management at all levels;
- products and activities that are a part of the sectorwide projects, such as the pilot projects being used to test alternatives for achieving regulatory

- flexibility and streamlined permitting or reporting processes or the development of tools for sharing information and providing guidance;
- various other actions taken by subcommittees that did not require support from the Council or changes by EPA and are being implemented directly by the subcommittees, such as collaborative information exchange activities that involve trade associations, community organizations, government agencies, and others and include the establishment of advisory groups and cosponsored conferences; and
 - “catalytic benefits” that occurred, EPA said, only because stakeholders came together as part of the Initiative and include improved working relationships between domestic and international manufacturers on environmental matters and new customer-supplier relationships involving the recycling and recovery of certain materials.

Such process-oriented activities make up the majority of the accomplishments that EPA reported for the Initiative at the time of our review. However, such measures of progress are not focused on outcomes and do not clearly indicate what specific contributions the activities have made or are expected to make in bringing about the ambitious results that EPA has established as expectations for the Initiative. For example, one of the claimed accomplishments is a subcommittee’s production of a draft guidance document. This document is intended to assist firms in meeting their environmental requirements and to encourage their adoption of alternatives for preventing pollution. Eventually, when the document has been finalized and its guidance has been implemented, it may produce outcomes consistent with the Initiative’s goals, including improved compliance and reduced pollution. At this stage, however, the document’s production is simply a step in the process of implementing the Initiative and counting its production as an accomplishment does not measure the Initiative’s progress in terms of environmental results.

The formal recommendations acted on by the Council and the process-oriented accomplishments together appear to provide the principal measures of success that EPA is using to assess the Initiative’s progress. For example, they are the measures of progress that EPA has used in official status reports prepared to recharter the Council and to annually report its progress under FACA’s requirements. Also, as discussed below, EPA officials told us they had not yet established results-oriented performance measures for assessing the extent to which the Initiative or many of its subcommittees’ projects have produced the expected “cleaner, cheaper, smarter” environmental protection solutions.

EPA Lacks Results-Oriented Measures for Assessing Progress Toward Achieving the Initiative's Goal

Although the Congress, the administration, and EPA have stressed the importance of establishing results-oriented performance measures for evaluating programs' success, EPA has not yet established performance measures for assessing the Initiative's results. According to the 1997 EPA contractor study of the Initiative, the program's complexity and relatively early stage were key reasons why EPA did not have such measures. Our review found that the subcommittees' projects, like the Initiative as a whole, generally do not establish or provide for performance measures to gauge their progress toward finding cleaner, cheaper approaches to environmental management.

In an era of tight budgeting, the federal government is emphasizing results-oriented performance and requiring agencies to demonstrate the outcomes their programs are accomplishing with the funds appropriated to them. In 1993, before EPA established the Initiative, the Congress enacted GPRA and the administration put in place the National Performance Review (NPR), both of which called for establishing performance measures to assess programs' results. Specifically, GPRA requires agencies to clearly define their missions, set goals, link activities and resources to goals, measure their performance, and report on their accomplishments in a manner that focuses on programs' expected outcomes and measurable results. In addition, a number of NPR recommendations were intended to achieve more results-oriented management. These included a recommendation that EPA establish measurable environmental goals and develop performance measures for selected goals and strategies consistent with GPRA. Collectively, these actions seek to focus federal management and oversight on the outcomes or results of federal programs.

In November 1993, EPA established the National Environmental Goals Project, which was designed, in part, to address GPRA's and NPR's objectives. In December 1996, EPA issued a draft report¹⁰ on the project's results for government agencies to review. It stated the importance of having clear, measurable environmental goals for establishing tangible results that national environmental programs, such as the Initiative, should aim to deliver, and for assessing real environmental progress. The draft report specifically stated that such goals provide an environmental results context for the Initiative and establish a basis for measuring its environmental progress and effectiveness.

According to EPA officials and the agency's February 1997 contractor study of the Initiative, EPA has not established results-oriented performance

¹⁰Environmental Goals for America With Milestones for 2005, EPA draft proposal (Dec. 20, 1996).

measures for the Initiative, in part because of the Initiative's complexity and the need for a range of measures to gauge performance. EPA officials said that they found it difficult to measure successes under the Initiative and have "agonized over how to evaluate" its projects. According to the February 1997 study, several factors made it difficult to develop and apply valid and appropriate measures of the Initiative's success. The factors include the following:

- The Initiative is at a relatively early stage. Most activities are still in process and their effects have not yet been felt.
- The Initiative lacks measurable objectives, and participants bring their own agendas and objectives to the table.
- It is difficult to demonstrate that the Initiative has caused particular environmental effects. Many factors affect environmental performance, and distinguishing the Initiative's effects from other influences will always be difficult.

The study also noted that the Initiative is a complex program that cannot measure success by a few quantitative indicators. The study concluded that

- a wide variety of measures are needed to capture the Initiative's effectiveness;
- the Initiative should be evaluated at all levels, from individual projects to overall activities, and specific measures should be established for each of these levels;
- evaluation and self-assessment should be built into the Initiative's components and used to indicate success as well as to improve processes and products;
- only a few aspects of the Initiative—its individual projects, for example—can be measured quantitatively using traditional measures of output and effect unless its goals for such things as environmental improvements or reductions in reporting burdens are made more specific and are quantified; and
- good ideas on measures of success should be shared within the Initiative and with other reinvention efforts that are facing similar measurement challenges.

To emphasize the importance of developing appropriate quantitative and qualitative measures for the Initiative and its individual projects, the study cautioned against generating numbers and statistics on activities that do not capture the Initiative's important aspects. It noted, for example, that

counting the numbers of projects initiated or meetings held has some limited utility but does not reflect the quality of the projects or their appropriateness to an individual sector or to the Initiative as a whole. Instead, the Initiative should measure its success in terms of results achieved. According to the study, quantitative measures of success will be most feasible at the project level. For example, some projects will be able to estimate emission reductions, cost savings, or other measurable targets. As discussed below, however, our detailed review of individual projects found that few had such measures, either in place or included in their design.

**Success of Individual
Projects Is Difficult to
Determine Because
Projects Lack Performance
Measures**

The Initiative's subcommittees are to carry out studies and projects to develop recommendations for administrative, regulatory, and statutory changes. The recommendations and other ideas developed by these subcommittees are to be presented to the Council, which in turn will deliberate and provide advice directly to the EPA Administrator. While the subcommittees' projects are typically designed to find cleaner and cheaper approaches to environmental management, we found that the projects do not typically establish or provide for performance measures to gauge their progress toward achieving this goal.

We identified and reviewed the goals and objectives of 36 projects that were ongoing as of September 1996. We further reviewed 15 of the 36 projects using a results-oriented performance measurement model (discussed in app. I) to help determine whether the projects were designed to (1) achieve the Initiative's cleaner, cheaper environmental management objectives and (2) measure progress toward achieving those objectives. The projects we reviewed were typically designed to develop methods of reducing pollution and/or reducing the cost and burden associated with pollution prevention; however, the projects did not typically establish or provide for performance measures to gauge their progress toward achieving either their own objectives or the Initiative's goal.

Minimizing and/or preventing pollution was a common goal for the subcommittee projects we reviewed, and reducing or minimizing the costs and burdens associated with preventing pollution was frequently cited as an expected outcome, as in the following examples:

- The iron and steel subcommittee's multimedia permitting project is expected to, among other things, develop a permitting system that will create opportunities for preventing pollution, will be less costly than the

individual medium-specific permits issued currently, and will reduce the paperwork and administrative burdens imposed on facilities and regulators by the current system.

- The computers and electronics subcommittee's consolidated emergency response reporting project is expected to streamline the emergency response planning process by consolidating the requirements for various emergency response plans into one document that meets the needs of all stakeholder groups (e.g. emergency responders, the community, facility workers, and regulatory agencies).

These projects, like all of those we reviewed, were generally designed to find ways to reduce or prevent pollution and/or reduce its associated costs. However, the previously described projects were among those that had not established performance measures to gauge the extent to which they would reduce pollution and/or its costs. For example, the iron and steel subcommittee's project describes the advantages of a multimedia permitting approach (e.g., time and cost savings, reduced paperwork and administrative burden, and pollution prevention opportunities) but does not provide for measuring the extent to which the project would reduce pollution or its costs.

Few Projects Provide for Measuring Performance to Demonstrate Their Success

Of the 15 projects we reviewed in detail, 4 appeared to provide clearly for measuring the extent to which pollution would be decreased and/or its costs would be reduced. For example, the petroleum refining subcommittee's equipment leaks project is expected to result in the more focused monitoring and control of the components that are most likely to leak, as well as more cost-effective operations for individual refineries that are given the flexibility to meet particular performance standards. This project's design includes the development of a performance-based audit system for assessing whether the use of an alternative approach has cost-effectively improved environmental performance and reduced emissions. In addition, the subcommittee's one-stop reporting and public access project for developing a sector-based air emissions reporting system includes in its design an assessment of the time and cost savings expected from the revised system.

Although performance measures were not specifically built into another project's design, this project appeared to be establishing such measures. The printing subcommittee's New York education project, whose goal is to incorporate the philosophy of pollution prevention into everyday work

practices through education and outreach, currently has a “measurement team” working on how to measure the project’s success.

A fourth project provides for measuring the cumulative performance of all of the metal finishing subcommittee’s projects. The subcommittee’s strategic goals initiative—essentially a strategic planning project to pull together the sector’s various activities and findings—was designed to establish performance measures to assess the cumulative effects of the subcommittee’s other ongoing projects. This project is examining methods for benchmarking performance for metal-finishing facilities and for the industrial sector. For example, measures planned for facilities include percentage improvements in resource utilization, percentage reductions in water and energy use, percentage reductions in organic and inorganic hazardous emissions, and reductions in compliance costs.

While the metal finishing subcommittee is establishing performance measures to assess the cumulative effect of all of its projects through its strategic goals initiative, the subcommittee’s other projects apparently do not have performance measures to allow the subcommittee, and subsequently the Council, to gauge their individual success and assess whether a recommended change is warranted. Of the three other metal finishing subcommittee projects we reviewed, none specified individual performance measures for assessing whether the expected outcome was achieved.

- The subcommittee expects that the widespread use of its metal finishing guidance manual will lead to improved compliance rates throughout the industry, particularly among smaller, information-poor shops. The project does not, however, provide for assessing whether the manual’s use has been widespread or has improved compliance rates throughout the industry and among specific industry segments.
- The subcommittee’s promoting improved performance flexible track project is designed to promote improved performance through an alternative regulatory program for top-tier firms that might receive flexibility and incentives to seek ambitious environmental goals. The project is expected, among other things, to maximize environmental improvements and minimize costs. Although project data included some quantified “cleaner” and “cheaper” benefit goals, it was not clear how progress toward those goals would be measured. According to an EPA official, such measures will be part of test facilities’ project plans and memorandums of agreement that were not yet developed at the time of our review.

- The subcommittee expects that the reengineered compliance reporting process, developed through the regulatory information inventory team evaluation project, will provide measurable benefits for regulators, industry, and nongovernmental organizations. The expected benefits include some quantified forms consolidation improvement goals, and the project's workgroup has identified the need to develop a benchmarking mechanism for evaluating the project's success. However, the project's design did not specify how progress toward the expected outcomes would be assessed.

EPA Is Considering Performance Measurement Needs

As noted previously, EPA's February 1997 contractor study concluded that specific measures should be developed for evaluating the Initiative's success at all levels of activity, including the project level—which should lend itself best to the use of quantitative measures for assessing emission reductions, cost savings, or other measurable targets. Such measures will likely be needed for projects to demonstrate that an expected cleaner and/or cheaper outcome has been achieved and that a recommended change is needed. Currently, although the subcommittees' projects are generally designed to achieve cleaner, cheaper environmental performance and to lead to recommendations for administrative, regulatory, or statutory change, the projects' success will be difficult to demonstrate without appropriate performance measures. Consequently, the projects that do not have appropriate performance measures and cannot otherwise demonstrate the achievement of their expected outcomes will not likely have a sufficient basis for recommending a change in environmental approach.

At the time of our review, EPA officials and other Initiative stakeholders were considering the February 1997 study's findings and conclusions and the results of the Council's mid-February 1997 meeting, which focused on opportunities for strengthening and improving the Initiative's process and the Council's role. In addition, EPA has asked an advisory committee¹¹ to identify criteria for evaluating the progress and success of the agency's various reinvention efforts—including the Initiative. The Council's next meeting is scheduled for July 1997, and it is not clear what changes will be forthcoming.

¹¹The committee is part of EPA's National Advisory Council for Environmental Policy and Technology. The Council is a federal advisory committee organized under the Federal Advisory Committee Act to provide information and advice to the EPA Administrator and other EPA officials on policies for managing the environment. The Council's members include senior-level representatives of a wide range of EPA's constituents, including business and industry; academic, educational, and training institutions; federal, state, and local government agencies and international organizations; environmental groups; and nonprofit entities.

Conclusions

While EPA's Common Sense Initiative has made some progress in bringing stakeholders together to work collaboratively on the Council and its subcommittees, the agency does not have results-oriented performance measures for assessing whether or to what extent the Council's or subcommittees' activities have reduced or prevented pollution at less cost to industry and the public through expected fundamental changes in EPA's regulatory approach. In the absence of such measures, much of the success that EPA claims for the program is being measured by the completion of activities or products that are a part of the Initiative's process for achieving desired goals or desired outcomes but are not focused on outcomes. However, the February 1997 EPA contractor study of the Initiative recognizes the limited usefulness of such measures for assessing progress. Although the measures have value and involve important elements, they focus on the means to the outcome that the Initiative is trying to achieve and not on the "cleaner, cheaper, smarter" environmental results that are its goal. In addition, EPA itself acknowledges the importance of outcome-based performance measures for assessing program progress, consistent with GPRA's emphasis on the need for agencies to focus on and achieve measurable program results.

Although EPA recognizes the need for outcome-based performance measures, the agency has not developed such measures, in part because of the Initiative's complexity and the need for a range of measures to gauge performance. While we agree that the program's complexity makes establishing performance measures difficult, in our opinion, results-oriented performance measures focused on the program's expected outcomes are essential for EPA and others to assess the progress of the Initiative toward its goal, at both the Council and the subcommittee levels, and to determine whether subcommittee projects have achieved their expected outcomes. Such outcomes are intended to provide a basis for subcommittees, and subsequently the Council, to recommend that an administrative, regulatory, or statutory change is warranted.

Recommendation

To provide a basis for evaluating the progress of the Initiative in cost-effectively reducing or preventing pollution, GAO recommends that the Administrator, EPA, require the development of results-oriented performance measures for assessing the extent to which the Council's and subcommittees' actions have produced real, measurable environmental improvements at less cost to industry and the public.

GAO's Performance Measurement Model and the Projects Reviewed

GAO's performance measurement model, shown in figure I.1, applies the concepts underlying the Government Performance and Results Act of 1993, which focus on program outcomes—the results of a program activity compared to its intended purpose—rather than activity levels and tasks completed. GPRA also incorporates performance measurement as one of its most important features. The model provides the basis for assessing the extent to which a project is results-oriented and has a mechanism for measuring the degree to which an expected outcome has been achieved.

In applying our model, we answered the following questions for each of the Initiative's 15 projects (see pp. 43-45) that we reviewed:

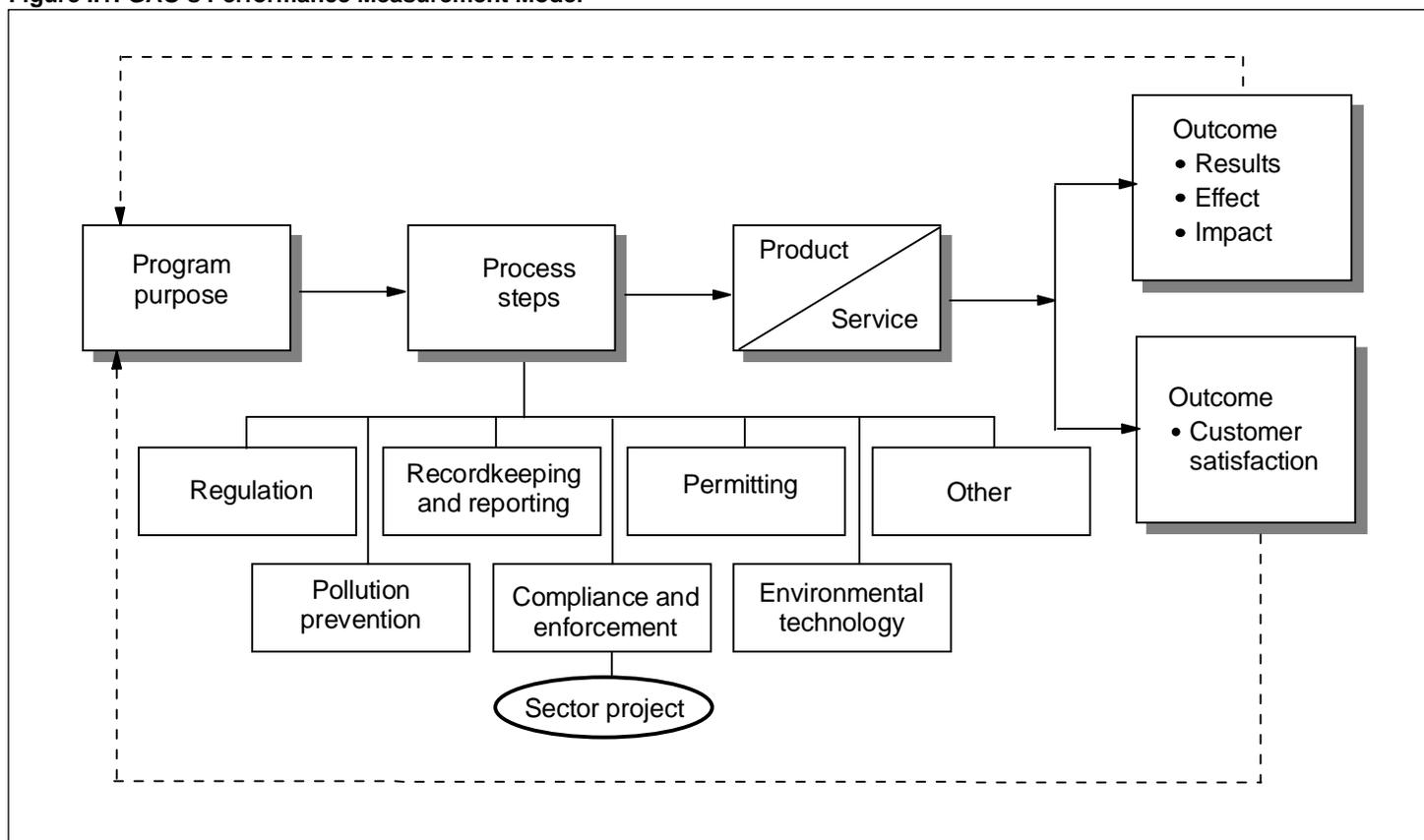
1. To which of the Initiative's program element(s) has the project been linked and what is the program element's stated purpose? (Program elements are discussed on p. 13.)
2. What is (are) the project's stated objective(s)?
3. Is there a clear link between the project's stated objective(s) and the program element's stated purpose?
4. What is the project's design and status of completion?
5. What product or service will result (e.g., guidance manual, modified reporting process, streamlined permitting)?
6. What is the project's expected outcome (i.e., result, effect, impact)—as distinguished from its product or service?
7. Does the project's design include a results-oriented mechanism to measure whether and to what extent the project has achieved its expected outcome(s)?
8. Is there a clear link between outcome(s) of the project and the program element(s)? Does the project's design provide a mechanism for assessing the degree of such linkage or agreement?
9. Will the project result in fundamental change (e.g., regulatory reinvention, legislative reform) or a redesigned process (e.g., streamlined permitting or reporting)?

**Appendix I
GAO's Performance Measurement Model
and the Projects Reviewed**

10. Does the project measure whether the outcome reduced or prevented pollution at less cost to industry and the taxpayer?

11. Is the project linked to any other Initiative or non-Initiative project(s)?

Figure I.1: GAO's Performance Measurement Model



We applied our model to the following 15 projects, which are grouped according to the subcommittee sponsoring each project:

Automobile Manufacturing Subcommittee

Alternative Sector Regulatory System/Community Technical Assistance Project to develop alternative regulatory system principles that will provide the basis for plant-specific implementation and to encourage better understanding of and greater participation in environmental quality

and economic development issues by the potentially affected communities.

Regulatory Project Team Area/vocs Mini-Group Project to determine whether a more flexible and easier-to-implement surface area approach for calculating and establishing emission limits for the volatile organic compounds (voc) associated with specific processes (e.g., painting operations) used in the automobile manufacturing industry could replace or enhance the existing method for calculating and establishing those limits.

**Computers and Electronics
Subcommittee**

Consolidated Emergency Response Reporting to streamline the emergency response planning process by consolidating various emergency response plan requirements so that only one document will meet the needs of all stakeholder groups (including emergency responders, the community, facility workers, and regulatory agencies).

Consolidated Uniform Report for the Environment to design and test a new comprehensive environmental report and to provide streamlined and consolidated reporting while providing for electronic reporting and increased public access to information.

**Iron and Steel
Subcommittee**

Brownfields Demonstration Project to develop, pilot test, and document a process for redeveloping iron and steel brownfields sites.

Multimedia Permitting Project to develop a multimedia permitting process covering air, water, and waste for a steel mini-mill.

Spent Pickle Liquor Workshop to convene a 1-day workshop at which panelists and technical consultants will inform all stakeholders about the problems (technical and regulatory) associated with spent pickle liquor.

**Metal Finishing
Subcommittee**

Promoting Improved Performance (Metal Finishing 2000) Flexible Track Project to promote improved performance through an alternative regulatory program for top-tier firms (i.e., tier 1 and tier 2 industry performance leaders) that might receive flexibility and incentives to seek ambitious environmental goals.

Metal Finishing Guidance Manual Project to create a shop floor “how to” tool for facilities to maintain compliance and pursue pollution prevention.

Regulatory Information Inventory Team Evaluation Project to examine federal, state, and local reporting requirements for metal finishers across all environmental media and to explore ways to reduce paperwork burden, improve public access to data, and promote better environmental performance.

Strategic Goals Initiative Project to develop a set of national performance goals along with an implementation plan for the metal finishing industry and the government and public entities that interact with the industry.

**Petroleum Refining
Subcommittee**

One-Stop Reporting and Public Access Project to examine federal and state air emission reporting requirements for petroleum refiners to identify and recommend modifications to duplicative and/or obsolete requirements and improve community access to and understanding of reported data.

Equipment Leaks Project to reduce the loss of process fluids/vapors through equipment leaks more efficiently.

Printing Subcommittee

New York Education Project to achieve fundamental change within the printing sector to incorporate the philosophy of pollution prevention into everyday work practices through education and outreach.

Multimedia Flexible Permitting Pollution Prevention Project to develop a permit system applicable to printers that (1) allows for operational flexibility; pollution reduction across all media; and improved protection of the environment, workplace, and community and (2) is simpler to implement and manage for regulatory agencies and businesses alike to ensure compliance and access to the public.

Comments From the Environmental Protection Agency



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

JUL 3 1997

Mr. Peter F. Guerrero
Director, Environmental Protection Issues
Resources, Community, and Economic
Development Division
U.S. General Accounting Office
Washington, DC 20548

Dear Mr. Guerrero:

Thank you for the opportunity to review and comment on the draft GAO report GAO/RCED-97-164 entitled "Regulatory Reinvention: EPA's Common Sense Initiative Needs an Improved Operating Framework and Progress Measures." The Agency agrees with GAO's recommendations that EPA: 1) more clearly define the Common Sense Initiative's goals and expected results, 2) specify how the CSI Council and its Subcommittees will accomplish their work, and 3) require the CSI Council and Subcommittees to develop results-oriented performance measures. In fact, based on the results of internal Agency deliberations, feedback from CSI stakeholders, and the independent contractor review of CSI, EPA has already begun to address those areas in changes being implemented and considered for CSI (e.g., stronger leadership from EPA, greater clarity on the role of the CSI Council, better understanding of consensus and how it should be used, and development of workplans for Subcommittee projects focussing on timeframes and expected outcomes). We thank GAO for the support your review has provided EPA in pursuing improvements to CSI.

We have concerns, however, with two areas on which GAO has chosen to focus its review. The independent contractor's report on their review of CSI states the success of CSI should be measured in terms of process (e.g., group dynamics, levels of trust and respect, participation); product (e.g., projects implemented, reports prepared, tools developed, recommendations forwarded, recommendations approved); effects (e.g., changes in regulations, statutes, or administrative procedures; changes in industry procedures; changes in stakeholder strategies or tactics for addressing environmental issues; changes in patterns and levels of participation and willingness to participate); and impacts or outcomes (e.g., improvements in the environment, quality of life, or health; reduction in burden; improvements in productivity). In addition, the Reinvention Criteria Committee of the National Advisory Council for Environmental Policy and Technology looked at several Agency reinvention initiatives and developed recommendations for criteria that EPA might use to measure the progress and success of such initiatives. They recommended EPA consider "short, intermediate, and long term measures of success including, but not limited to, measures of environmental quality improvement, stakeholder involvement and

**Appendix II
Comments From the Environmental
Protection Agency**

satisfaction, and maintenance of public confidence.” The Government Performance and Results Act of 1993 found Federal programs should “focus on results, service quality, and customer satisfaction.” GAO’s own Performance Measurement Model in the back of the report lists results, effects, impacts, and customer satisfaction as outcomes to be measured when assessing a program’s effectiveness. GAO’s review, however, has chosen to focus on measuring the success of CSI by the number of regulatory, statutory, or administrative changes it has produced. By limiting attention to other accepted measures of a program’s success, we believe the review does not adequately recognize CSI’s accomplishments.

In addition, to focus almost exclusively on the number of regulatory, statutory, or administrative changes is an unfair measure at this point in CSI’s development. The independent contractor review of CSI stated it is too early to expect effects or impacts such as immediate changes in regulations or reductions in reporting burden. In fact, the contractor stated, “EPA rulemakings generally require at least 5 years; it was unrealistic to expect CSI to get itself established, form working relationships among disparate stakeholders, and yield changes to existing regulations in 2 years.”

On July 20, 1994, the Administrator of EPA stated that one of the main objectives of the Common Sense Initiative was to “transform the current process of environmental regulation into a comprehensive system for strengthened environmental protection.” In that regard a very significant, but non-quantifiable, accomplishment of CSI has been reducing barriers between formerly adversarial parties. A major success of CSI has been getting the parties to the table; getting them to agree to talk; getting them, in fact, to engage in substantive discussions on issues in a mutually respectful manner; and having the parties willingly agree to continue to invest their own time and energy to maintain and enhance the discussions. It is true the Agency underestimated the time required to do the things needed to allow development of recommendations for regulatory, statutory, or administrative changes, but reducing the barriers had to happen first to transform the “current process of environmental regulation” before environmental results can be accomplished. This reduction in barriers between parties has led to very real improvements in group dynamics, levels of trust, and customer satisfaction through strong stakeholder participation and involvement. This accomplishment is not simply focussed on process. It truly is a fundamental change and improvement in the way environmental problems are addressed in the United States, and would not have happened without the interactions that have occurred because of the Common Sense Initiative.

GAO’s nearly exclusive focus on regulatory, statutory, or administrative changes also glosses over the other types of CSI’s accomplishments to date, for example: 1) things that have come directly from the Subcommittees, that did not require recommendation by the CSI Council to EPA since they did not require EPA to change anything, and that are being implemented by the industrial sectors directly (e.g., a technical assistance directory for New York City printers; establishment of a conference and ongoing Roundtable on recovery, reuse, and recycling of computer and electronic products; education for publicly owned treatment works on better methods to deal with wastewater from the metal finishing industry; and communication of an existing, but not well known, policy on handling spent lead solder that has reduced costs for the computers and electronics industry and reduced potential lead exposure for communities); 2)

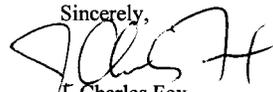
**Appendix II
Comments From the Environmental
Protection Agency**

catalytic benefits that happened only because stakeholders came together in the CSI arena (e.g., better working relationships between domestic and international auto manufacturers on environmental matters; new customer-supplier relationships between computer and electronic product manufacturers and recycling and recovery operators resulting in more computers and electronic products recovered, reused, and recycled; and support for a national pollution prevention training course for metal finishers); and 3) unexpected outcomes, such as changes in other EPA initiatives, like Project XL, the One-Stop Reporting Program, and the Permits Improvement Team, based on lessons learned through CSI about the benefits of stakeholder involvement.

Our second area of concern is the limiting focus on immediate, concrete results. One of the main goals of “reinventing government” is to develop better, more cost-effective ways for programs to operate through taking risks and trying new approaches. If those new approaches work better we should adopt them; if they don’t work better we should either modify them and try again or try something entirely different. But the point is to take risks and try new things, thereby identifying better, more cost-effective ways for government programs to operate. A focus solely on immediate results has the strong potential for a chilling effect on willingness to take risks and try new things. The approaches that will be tried will only be those guaranteed to work and produce immediate results, thus reducing the chances for bigger gains from riskier approaches. Such a focus will encourage narrow thinking rather than the innovative, “outside the box” thinking CSI was intended to encourage. Many times, in fact, we learn more from the unexpected outcomes of activities than from those we had expected. While concrete environmental improvements are the ultimate goal of CSI, it takes time to identify, test, and evaluate new, innovative approaches to achieving those environmental improvements.

EPA is committed to being a leader in the evolution to a government that works better, costs less, and is results-oriented. We look forward to continuing to work with GAO as we pursue that goal. If you have questions concerning our response to your draft report, please call me at 202/260-1849, or Robert English at 202/260-5995.

Sincerely,



J. Charles Fox
Associate Administrator
Office of Reinvention

Major Contributors to This Report

**Resources,
Community, and
Economic
Development
Division, Washington,
D.C.**

Susan D. Kladiva
J. Kenneth McDowell
Raymond M. Ridgeway
William H. Roach, Jr.
Elizabeth R. Eisenstadt
Martin H. Emmrich

**Office of General
Counsel**

Karen K. Keegan

**General Government
Division, Washington,
D.C.**

Curtis W. Copeland
Edward G. Joseph

Ordering Information

The first copy of each GAO report and testimony is free. Additional copies are \$2 each. Orders should be sent to the following address, accompanied by a check or money order made out to the Superintendent of Documents, when necessary. VISA and MasterCard credit cards are accepted, also. Orders for 100 or more copies to be mailed to a single address are discounted 25 percent.

Orders by mail:

U.S. General Accounting Office
P.O. Box 6015
Gaithersburg, MD 20884-6015

or visit:

Room 1100
700 4th St. NW (corner of 4th and G Sts. NW)
U.S. General Accounting Office
Washington, DC

Orders may also be placed by calling (202) 512-6000 or by using fax number (301) 258-4066, or TDD (301) 413-0006.

Each day, GAO issues a list of newly available reports and testimony. To receive facsimile copies of the daily list or any list from the past 30 days, please call (202) 512-6000 using a touchtone phone. A recorded menu will provide information on how to obtain these lists.

For information on how to access GAO reports on the INTERNET, send an e-mail message with "info" in the body to:

info@www.gao.gov

or visit GAO's World Wide Web Home Page at:

<http://www.gao.gov>

**United States
General Accounting Office
Washington, D.C. 20548-0001**

**Bulk Rate
Postage & Fees Paid
GAO
Permit No. G100**

**Official Business
Penalty for Private Use \$300**

Address Correction Requested

