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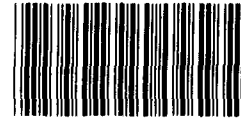
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Creation of a Department of the Environment



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Statement for the Record of
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Mr. Chairman and Members of the Committee:

We appreciate the opportunity to present our views on the creation of a Department of the Environment and on Senate Bill 171.

We are pleased to see that attention is still focused on creating a Department of the Environment and that you have again introduced legislation to this end. As we said in testifying on predecessors to S. 171,¹ we believe that conferring Cabinet status on the Environmental Protection Agency (EPA) would not only enhance the status of environmental protection issues on the nation's agenda but also enable the nation to respond more effectively to the complex environmental challenges it faces.

In summary, we continue to support the creation of a Cabinet Department of the Environment for the same reasons that we have cited in the past. These reasons include

- the growing importance of EPA and of environmental issues,
- the interrelationship of environmental protection issues and other issues represented by Cabinet departments, and
- the ability of the proposed elevation to Cabinet status to meet other recognized criteria for elevation, such as improving the agency's oversight and accountability.

We would like in this testimony to review these reasons as well as organizational and management issues that, in our view, have an important bearing on the legislation before this Committee.

GROWING IMPORTANCE OF EPA AND OF ENVIRONMENTAL ISSUES

It is important to understand how different the EPA of 1993 is from the EPA of 1970. Today, the agency administers a dozen or so major environmental statutes. Most of these statutes had not yet been enacted when EPA was created. Even those that were on the books, such as the Clean Water Act, were completely revamped in the 1970s. From first-year expenditures of \$384 million, EPA's annual outlays have risen to almost \$6 billion. As a percentage of total federal outlays, EPA's share has more than doubled since 1970. Furthermore, EPA spends about as much each year as the Department of the Interior--and more than the Departments of State and Commerce.

Of greater significance than the size of federal outlays for environmental protection, however, is the effect of EPA's programs on our national economy. Environmental control measures have cost the nation approximately \$1 trillion thus far. We now spend about

¹Creation of a Department of Environmental Protection (GAO/T-RCED-89-52, June 21, 1989) and Creation of a Department of the Environment (GAO/T-RCED-90-26, Feb. 8, 1990).

\$115 billion a year, or about 2 percent of our gross domestic product (GDP), on controlling and regulating pollution. In fact, a whole new sector of the economy has grown around pollution control. In the early 1970s, federal programs controlled the most visible types of pollutants--what comes out of smokestacks or goes into sewers. Since then, the federal government has assumed responsibility for regulating less visible, but more pervasive, sources of pollution: toxic chemicals, hazardous waste disposal, and chemically contaminated lands and water.

In the future, the federal role in environmental protection is likely to grow larger, especially as environmental problems become increasingly international. Although we have reduced air and water pollution, we have not solved these problems. The cleanup of hazardous waste sites is clearly going to continue well into the next century, as are efforts to reregister pesticides. And even as we move to try to solve old problems, we discover new ones, like global warming and indoor air pollution. Moreover, resolving some of these problems--like global warming and the depletion of the stratospheric ozone layer--will require unprecedented international cooperation. To sum up, the number, scope, and persistence of environmental problems argue strongly in favor of representing environmental issues in the Cabinet.

INTERRELATIONSHIP OF ENVIRONMENTAL PROTECTION AND OF ISSUES REPRESENTED IN THE CABINET

As our awareness of environmental problems has increased and EPA's role has expanded, environmental policy has increasingly shaped other domestic and foreign policies. The 1990 Clean Air Act Amendments, for example, which called for switching to cleaner fuels and cleaner coal-burning technologies, are directly linked to the nation's energy policies. The United States' participation in the international agreement to phase out production of chloroflourcarbons (CFCs) illustrates the integration of our environmental policies with our trade and foreign policies. As we begin to address global climate change, we will have to examine interrelationships among policies in many areas, including energy, agriculture, overseas assistance, foreign trade, and national security, among others.

Because EPA is the federal organization responsible for identifying and representing environmental interests before the rest of the government, EPA interacts regularly with the Departments of Agriculture, Defense, Energy, Interior, State, Transportation, and so on. Elevating EPA to Cabinet status would ensure that the head of the agency is able to deal as an equal with his or her counterparts both within the federal government and the international community. Compared with many other federal departments' interests and responsibilities, EPA's are equally wide-ranging.

Moreover, numerous GAO reviews have demonstrated that other federal agencies do not always provide the support and cooperation necessary to further environmental policy goals. Instead, roadblocks are often created by jurisdictional conflicts, organizational structures, and cultures that are not conducive to cooperation with EPA or that place a low priority on environmental protection. In some cases, the effect of these roadblocks has been serious. We see, for example, that years of ignoring environmental consequences at Defense and Energy Department facilities have jeopardized the health of neighboring communities and are likely to cost the federal government close to \$200 billion to correct. It is therefore important that the United States have an organization at the Cabinet level that is designed to ensure, as far as possible, that agency managers will consider and actively support national environmental policy goals as they make decisions about programs for which they are responsible.

ABILITY TO SATISFY OTHER ASSESSMENT CRITERIA

In recent years, when other agencies have been proposed for Cabinet status, concerns have been expressed that increasing the number of Cabinet members reporting to the President would make the Cabinet more cumbersome and less useful. While these concerns are not without merit, we believe that they are overshadowed by the significant impact of environmental decisions on our economy, the importance of environmental issues, and the interrelationship of environmental issues and other national issues--most of which are represented by agencies with Cabinet status.

Furthermore, the proposal to elevate EPA to Cabinet status meets many of the criteria for elevation developed by the National Academy of Public Administration (NAPA) during consideration of a proposal to create a Department of Veterans Affairs. These criteria include improving program visibility to achieve a broad national goal, facilitating the achievement of cross-cutting national policy goals, and improving an agency's oversight and accountability. We believe that establishing a Cabinet department of the environment would support the broad national goal of protecting our environment, and its structure would allow consolidation of functions now located in other executive branch agencies.

Although we have not analyzed the cost associated with implementing the provisions of S. 171, the Congressional Budget Office had calculated that the costs of converting EPA to a department would be relatively small. The bill now under consideration contains additional features that could add to the conversion's costs--specifically, the creation of a Bureau of Environmental Statistics and a Commission on Improving Environmental Protection. However, the creation of such entities could help to resolve some long-standing concerns, discussed below,

and the associated costs could, in the long run, more than pay for themselves.

ORGANIZATION AND MANAGEMENT ISSUES

From our reviews of individual programs at EPA as well as a 1988 general management review,² we conclude that several problems would remain to be addressed even if EPA were elevated to Cabinet status. Among other things, the agency would need better means for measuring the effectiveness of its programs, better financial and other management information systems, and better internal controls, as well as an organizational structure that could better reflect what are considered to be the most important environmental problems.

We are therefore pleased to see that S. 171 would establish a Bureau of Environmental Statistics within the Department of the Environment, as well as a commission to study organizational and jurisdictional issues. Both throughout the agency and within specific programs, as we have stated, EPA lacks both performance measures and information for assessing the effectiveness of its programs in improving or protecting environmental quality. We commend you Mr. Chairman and Mr. Roth, for taking a strong position on the need for performance measurements throughout the federal government and for introducing legislation (S.20) that would create a pilot program. EPA could benefit from participating in such a program. Although environmental programs are designed to clean up or prevent unacceptable levels of pollution, EPA has not had the information necessary to judge the success of its programs. While the agency has developed some measures of environmental outcomes--meeting national air quality standards, for example--EPA has generally relied on activity-based indicators, such as numbers of permits issued or enforcement actions taken, to track its progress. Because EPA has traditionally considered itself primarily a regulatory agency, it has focused its attention and resources almost exclusively on setting standards and issuing permits rather than on developing the information necessary to measure results.

EPA has made some effort to refocus its management information systems on results and has begun to develop environmental indicators to use in this system, but considerable work remains to be done. A central unit for collecting, analyzing and disseminating environmental data, such as a Bureau of Environmental Statistics, could therefore be very helpful in this effort. We would add that developing a reliable set of environmental indicators, which would allow EPA to judge the nation's progress in

²Environmental Protection Agency: Protecting Human Health and the Environment Through Improved Management (GAO/RCED-88-101, Aug. 16, 1988).

meeting environmental goals, should be one of the new Bureau's top priorities.

We also, in our general management review of EPA and in our analysis of proposals to elevate EPA to Cabinet status, raised questions about an appropriate organizational structure for EPA and about the need for a unified environmental statute that might eliminate some of the conflicts and inconsistencies among many environmental statutes for which EPA is responsible. Because EPA was created under an executive reorganization plan, it has no formal, overarching legislative mission. Instead, its statutory responsibilities are set forth in a dozen or so separate pieces of legislation that tend to assign pollution control responsibilities according to environmental medium (such as water or air) or category of pollutant. These numerous legislative mandates have led to the creation of individual program offices that have tended to focus solely on reducing pollution within the particular environmental medium for which each office has responsibility than on reducing overall emissions. If, however, EPA's statutory responsibilities were consolidated into a single unified environmental statute, the agency might find it easier to set priorities and allocate resources in response to its evolving understanding of environmental issues. A commission to study this possibility could provide an important public service by finding answers to these questions.

We also believe it would be worthwhile for a study commission to consider the most appropriate and effective organization for the department. For example, in an examination of alternative enforcement organizations for EPA,³ we argued that the choice of an organizational structure for enforcement at EPA ought not to be made in isolation but in conjunction with an examination of the future organizational structure of the agency as whole. We therefore continue to support the creation of a study commission that the Congress can call upon for ideas about how to organize the whole department, including the enforcement functions. The commission might, for example, consider whether to reorganize the department entirely by function, so that instead of having program offices dedicated to environmental media, the department might have a single office of regulatory development, an office of enforcement, an office of science and research, and so on. Alternatively, the department might be organized by pollution sectors--industry, transportation, and municipalities, for example. The commission could also consider the roles and responsibilities of headquarters and regional offices.

³Environmental Enforcement: Alternative Enforcement Organizations for EPA (GAO/RCED-92-107, Apr. 14, 1992).

CONCLUSION

In summary, we believe that elevating EPA to Cabinet status would affirm the prominence and permanence of the federal role in environmental protection. With the additions proposed under S. 171, a Department of the Environment could ultimately provide the United States with a far more effective organization for addressing the difficult environmental agenda awaiting us in the years ahead.

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