Strategic Goal 5: Compliance *and* Environmental Stewardship

Improve environmental performance through compliance with environmental requirements, preventing pollution, and promoting environmental stewardship. Protect human health and the environment by encouraging innovation and providing incentives for governments, businesses, and the public that promote environmental stewardship.

Goal Purpose

EPA ensures that government, business, and the public comply with federal laws and regulations by monitoring compliance and taking enforcement actions that result in reduced pollution and improved environmental management practices. To accelerate the nation's environmental protection efforts, EPA works to prevent pollution at the source, to advance other forms of environmental stewardship, and to employ the tools of innovation and collaboration.

Effective compliance assistance and strong, consistent enforcement are critical to achieving the human health and environmental benefits expected from our environmental laws. EPA monitors compliance patterns and trends and focuses on priority problem areas identified in consultation with states, tribes, and other partners. The Agency supports the regulated community by assisting regulated entities in understanding environmental requirements, helping them identify cost-effective compliance options and strategies, and providing incentives for compliance.

Clean Air Act Settlement: Cargill, Inc.

EPA and the U.S. Department of Justice reached a Clean Air Act (CAA) settlement with Cargill, Inc. that addresses CAA violations at 27 facilities in 5 EPA regions and requires a cumulative reduction of 24,950 tons of pollutants per year. Under the settlement, Cargill, Inc. will install or optimize pollution controls for volatile organic compounds (VOCs), nitrous oxides, carbon monoxide, sulfur dioxide, and solvents.

This settlement results in environmental performance for solvent levels better than that required under the CAA Maximum Achievable Control Technology Standard for oilseed plants. Cargill's North Dakota facility will install $4.4 million in better pollution control equipment. One of Cargill's Supplemental Environmental Projects (SEPs) will eliminate gaseous sulfur dioxide at corn mill plants in Blair, Nebraska; Cedar Rapids and Eddyville, Iowa; Dayton, Ohio; and Memphis, Tennessee. Other SEPs will reduce VOC and hazardous air pollutants in Memphis, Tennessee and eliminate emissions of ozone-depleting substances in Eddyville, Iowa and Blair, Nebraska, helping to protect people from skin cancer. Community-based SEPs will improve air quality through the Mid-South Clean Air Coalition diesel retrofit program in Shelby County, Tennessee. Cargill will also conduct dune and wetland restoration projects in Eddyville and Cedar Rapids, Iowa. Nationwide, settlements with Cargill will result in emission reductions of nearly 1.2 million pounds of VOCs and 400,000 pounds of carbon monoxide. The cumulative civil penalty amount agreed to is $1.6 million and $4.4 million in SEPs. (Data Source: US EPA. Integrated Compliance Information System (ICIS), http://www.epa.gov/compliance/data/systems/modernization/index.html.)

EPA promotes the principles of responsible environmental stewardship, sustainability, and

accountability to achieve its strategic goals. Collaborating closely with other federal agencies, states, and tribes, the Agency identifies and promotes innovations that assist businesses and communities in improving their environmental performance. EPA works to improve and encourage pollution prevention and sustainable practices, helping businesses and communities move beyond compliance and become partners in protecting our national resources and improving the environment and our citizens' health. It works with businesses to increase energy efficiency, find environmentally preferable substitutes for chemicals of concern, and change processes to reduce toxic waste. EPA promotes improved communication through data sharing and collaboration and conducts research on pollution prevention, new and developing technologies, social and economic issues, and decision making to help promote environmental stewardship. EPA also works with other nations as they develop their own environmental protection programs, leading to lower levels of pollution in the United States and worldwide.

Improving environmental performance in Indian country is an important component of the Agency's efforts to ensure compliance and promote stewardship under this goal. EPA continues to support approximately 513 federally recognized tribes in assessing environmental conditions on their lands and building environmental programs tailored to their needs. The first stewards of America's environment, tribes, provide an invaluable perspective on environmental protection, which benefits and strengthens all of our stewardship programs.

Contributing Programs

- Compliance Assistance Program
- Compliance Incentives Program
- Monitoring and Enforcement Program
- Toxic Substances Compliance Grant Program
- Pesticide Enforcement Grant Program
- Sector Grant Program
- Pollution Prevention Program
- State and Tribal Pollution Prevention Grants
- National Center for Environmental Innovation
- American Indian Environmental Office
- Tribal General Assistance Program
- Environmental Technology Verification Program
- Resource Conservation Challenge
- National Partnership for Environmental Priorities
- Economic Decision Sciences Research
- Sustainability Research

In the Years Ahead. . .

EPA's annual performance goals are stepping stones to longer-range results. These results are specified in a series of "Strategic Targets" that lay out the work we intend to accomplish over the next several years to achieve our objectives under Goal 5. Meeting our annual performance goals moves us closer to such Strategic Targets as:

By 2011, maximize compliance to protect human health and the environment through enforcement and other compliance assurance activities by achieving a 5 percent increase in the pounds of pollutants reduced, treated or eliminated by regulated entities, including those in Indian country. (Baseline: 3-year rolling average FYs 2003-2005: 900,000,000 pounds.)

By 2011, save $791.9 million through pollution prevention improvements in business, institutional, and governmental costs cumulatively compared to the 2002 baseline of $0.0 saved.

By 2011, reduce 4 million pounds of priority chemicals from waste streams as measured by National Partnership for Environmental Priorities contributions, Supplemental Environmental Projects, and other tools used by EPA to achieve priority chemical reductions.

By 2011, the participating manufacturing and service sectors in the Sector Strategies Program will achieve an aggregate 10 percent reduction in environmental releases to air, water, and land working from a 2004 baseline and normalized to reflect economic growth. (Baseline and normalization factors to be developed in December 2006.)

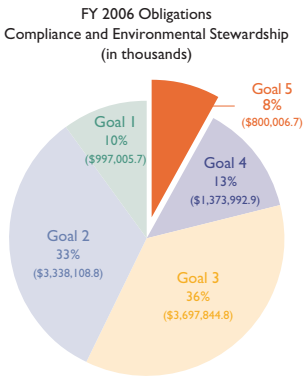
By 2011, increase the percent of tribes implementing federal environmental programs in Indian country to 9 percent. (FY 2005 baseline: 5 percent of 572 tribes.)

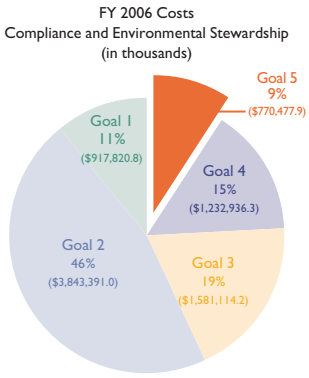
For a complete list of strategic targets, see EPA's new *2006–2011 Strategic Plan*, available at http://www.epa.gov/ocfo/plan/htm.

Goal 5 At a Glance

FY 2006 Annual Performance Goals (APGs)

Met = 1 Not Met = 6
Data Available After November 15, 2006 = 1
(Total APGs = 8)





Goal 5 FY 2006 Performance and Resources

Strategic Objective	APG Status	Obligations	Costs
 **Objective 1—Improve Compliance** By 2008, maximize compliance to protect human health and the environment through compliance assistance, compliance incentives, and enforcement by achieving a 5 percent increase in the pounds of pollution reduced, treated, or eliminated, and achieving a 5 percent increase in the number of regulated entities making improvements in environmental management practices.	1 Goal Met 2 Goals Not Met	$513,705.4	$489,415.2
 **Objective 2—Improve Environmental Performance Through Pollution Prevention and Innovation** By 2008, improve environmental protection and enhance natural resource conservation on the part of government, business, and the public through the adoption of pollution prevention and sustainable practices that include the design of products and manufacturing processes that generate less pollution, the reduction of regulatory barriers, and the adoption of results-based, innovative, and multimedia approaches.	1 Data Available After 11/15/06 2 Goals Not Met	$130,492.3	$123,829.1
 **Objective 3—Build Tribal Capacity** Through 2008, assist all federally recognized tribes in assessing the condition of their environment, help in building their capacity to implement environmental programs where needed to improve tribal health and environments, and implement programs in Indian country where needed to address environmental issues.	1 Goal Not Met	$80,197.8	$80,905.1
 **Objective 4—Enhance Science and Research** Through 2008, strengthen the scientific evidence and research supporting environmental policies and decisions on compliance, pollution prevention, and environmental stewardship.	1 Goal Not Met	$75,611.2	$76,328.2
GOAL 5 TOTAL	8 APGs	$800,006.7	$770,477.6

Strategic Objective 1—Improve Compliance

By 2008, maximize compliance to protect human health and the environment through compliance assistance, compliance incentives, and enforcement by achieving a 5 percent increase in the pounds of pollution reduced, treated, or eliminated, and achieving a 5 percent increase in the number of regulated entities making improvements in environmental management practices.

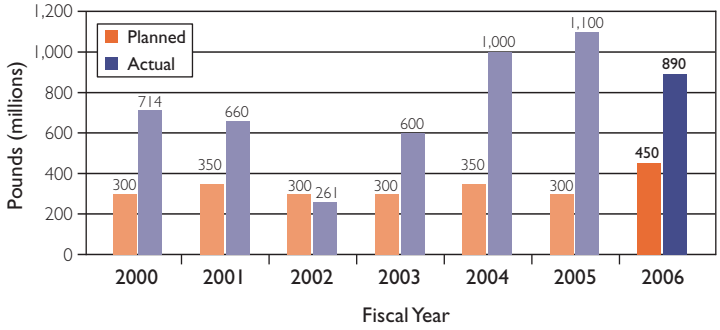
EPA provides assistance to help members of the regulated community understand environmental regulations, improve their environmental management practices (EMPs), and reduce the amount of pollution they produce or discharge. The Agency offers compliance assistance directly, through onsite visits and training, and through its Compliance Assistance Centers. EPA uses inspections, investigations, and enforcement actions to identify egregious violations and return violators to compliance as quickly as possible, greatly reducing impacts on sensitive populations. To increase compliance and improve EMPs, EPA encourages facilities to identify, disclose, and correct violations through incentives such as reduced or eliminated penalties.

STRATEGIC OBJECTIVE 1—IMPROVE COMPLIANCE		
APG #	APG Title	APG Status
5.1	Regulated Communities	✔ Goal Met
5.2	Compliance Incentives	✗ Goal Not Met for FY 2006
5.3	Non-Compliance Reduction	✗ Goal Not Met for FY 2006

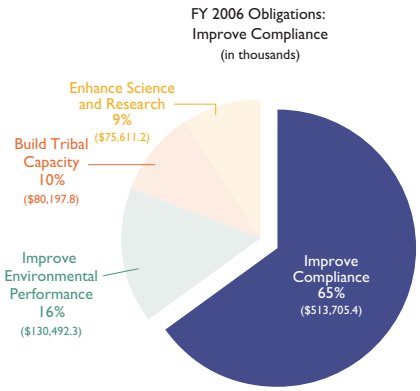
Detailed information on these APGs is provided in Section II.2—Annual Performance Goals and Measures: Detailed Results FY 2003–FY 2006, pages 178–180. Additionally, the data that EPA has used to measure its performance are described in the "Supplemental Information" to this report, provided on the Internet. See pages B-90–B-108 at http://www.epa.gov/ocfo/finstatement/2006PAR.

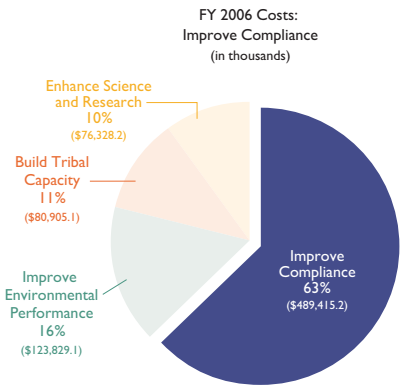
EPA's progress toward this objective can be demonstrated through a few key performance accomplishments. EPA has reduced, treated, or eliminated 890 million pounds of pollution through enforcement actions in FY 2006. That represents an increase of 97.78 percent over the performance target of 450 million pounds. EPA significantly exceeded the FY 2006 performance target of 450 million pounds of pollutants due to a greater than anticipated pollutant reduction from Clean Air Act settlements that account for nearly 50 percent of the total 890 million pound pollutant reduction reported this year. Pollutant reduction totals show large variations from year to year due to the fact that reductions tend to be driven by the results in a few very large cases. For additional information on recent air enforcement cases, please visit EPA's web site: http://www.epa.gov/compliance/resources/cases/index.html. As a result of concluded enforcement actions, violators have committed to spending $5 billion dollars to improve their environmental performance or improve their EMPs. Seventy-four percent of facilities receiving direct compliance assistance from EPA have improved their EMPs.

Millions of Pounds of Pollutants Reduced Through Enforcement Actions



GOAL 5: OBJECTIVE 1—IMPROVE COMPLIANCE—FY 2006 RESOURCES





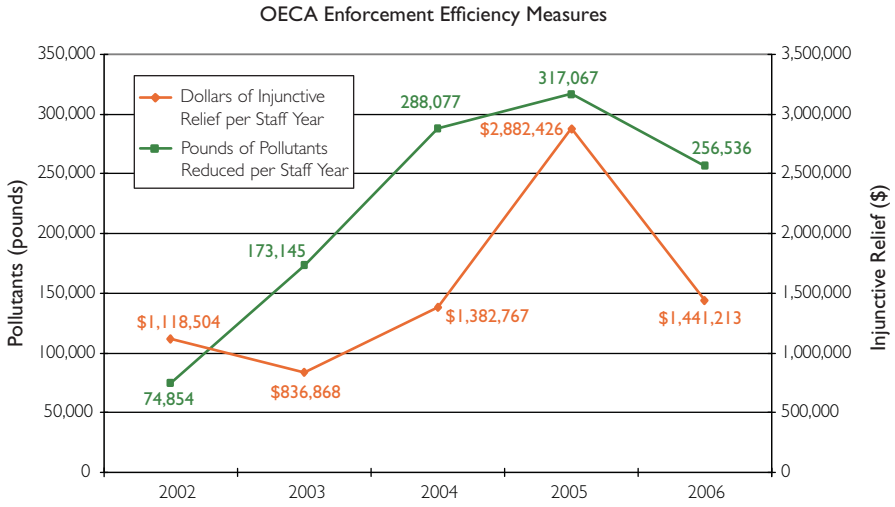
FY 2006 Resources for Program Projects Supporting this Objective*

Program/Projects are EPA's fundamental unit for budget execution and cost accounting, and they serve as the foundation for the Agency's budget. Frequently, program/projects support multiple APGs and objectives. This table lists the program/projects and associated resources that support this objective.

PROGRAM PROJECT	FY 2006 OBLIGATIONS	FY 2006 COSTS
Categorical Grant: Pesticides Enforcement	$21,110.5	$19,814.7
Categorical Grant: Toxics Substances Compliance	$5,715.5	$5,101.2
Categorical Grant: Sector Program	$1,905.2	$1,152.4
Civil Enforcement	$119,478.2	$122,555.3
Compliance Assistance and Centers	$27,861.0	$28,063.9
Compliance Incentives	$8,557.8	$9,127.1
Compliance Monitoring	$88,138.5	$80,691.0
Congressionally Mandated Projects	$423.6	$761.8
Criminal Enforcement	$51,194.3	$51,856.7
Enforcement Training	$3,246.7	$3,199.8
Homeland Security: Communication and Information	$928.2	$855.6
Homeland Security: Critical Infrastructure Protection	$4,426.5	$4,434.4
Homeland Security: Protection of EPA Personnel and Infrastructure	$2,216.9	$2,865.4
International Capacity Building	$754.3	$879.7
Administrative Law	$676.8	$670.8
Alternative Dispute Resolution	$200.1	$233.1
Central Planning, Budgeting, and Finance	$9,294.2	$8,664.0
Civil Rights / Title VI Compliance	$1,825.2	$1,958.8
Congressional, Intergovernmental, External Relations	$9,426.1	$9,994.0
Exchange Network	$4,940.9	$2,343.2
Facilities Infrastructure and Operations	$82,940.0	$81,510.0
Acquisition Management	$4,809.0	$4,520.0
Human Resources Management	$6,412.6	$6,262.1
Information Security	$424.9	$375.7
IT / Data Management	$38,386.6	$23,134.0
Legal Advice: Environmental Program	$6,634.2	$6,739.6
Legal Advice: Support Program	$2,211.8	$2,288.5
Audits, Evaluations, and Investigations	$2,596.8	$2,654.1
Regional Science and Technology	$733.9	$696.6
Science Advisory Board	$704.2	$748.8
Small Minority Business Assistance	$296.6	$362.0
Financial Assistance Grants / IAG Management	$2,661.3	$2,587.7
Regulatory/Economic-Management and Analysis	$2,573.0	$2,313.2
TOTAL	**$513,705.4**	**$489,415.2**

*Resources associated with Program Projects may not match the Goal and Objective obligations and costs exactly due to rounding.

To measure and communicate its enforcement and compliance assurance performance results more effectively, EPA is examining ways to move toward a problem-based approach. Currently, the compliance objective tracks results associated with EPA's four tools for improving and maintaining compliance: compliance assistance, incentives, monitoring, and enforcement. While this approach clearly communicates the strategies we use, linking the results of these tools directly to changes in environmental conditions and human health is challenging. By altering enforcement and compliance assurance performance measures to focus on environmental compliance problems (for example, wet weather or air toxics noncompliance), it will be possible to more clearly link results to precise changes in environmental conditions. If preliminary studies show that we can demonstrate environmental results in a more compelling way, EPA may develop new performance measures and long-term strategic sub-objectives that focus on environmental and human health problems for the Agency's *2009-2014 Strategic Plan*.



"Injunctive relief" is the term used to describe the steps a defendant must carry out, as part of a settlement agreement, to return to compliance such as improving or replacing pollution control equipment.

Explanation of the Missed Goal (see Section II.2 for performance results and trend information):

APG 5.2: Pollutant reductions through compliance incentives vary widely from year to year based on a small number of audit settlements. In FY 2006, the Agency did not meet the performance target for the pounds of pollutants reduced as a result of audits because fewer facilities reporting large pollutant reductions chose to participate in this voluntary compliance incentive program in FY 2006 than initially anticipated when the Agency set our 0.4 million pound target. EPA determines appropriate performance targets for the enforcement and compliance assurance program based on past performance. In FY 2005, EPA reduced a record 1.9 million pounds of pollutants through compliance incentives due to a single audit settlement that reduced pollution by an estimated 1.5 million pounds. To increase the pounds of pollutants reduced through the EPA compliance incentive program in future years, the Agency will be exploring ways to increase the number of facilities participating in this program by encouraging companies to participate in our program following mergers and acquisitions, which are often some of the largest pollutant reduction audit settlements from participants in our program.

EPA did not meet the performance target for the percentage of cases that require pollutant reductions because of a one-time

initiative by which the Agency reached 2,568 enforcement settlements with farms that chose to participate in the Animal Feeding Operations (AFO) Air Compliance Agreement for Animal Feeding Operations. The Agency is currently unable to accurately calculate pollutant reductions for a new type of pollutant reduction associated with animal feeding operations non-compliance under the Clean Air Act that represents forty percent of our cases this year. In order to accurately estimate the percent of cases requiring pollutants to be reduced, treated, or eliminated for animal feeding operations in FY 2006, EPA will conduct a two-year monitoring study to estimate the air emissions from AFOs and determine individual AFO emissions under the Clean Air Act (CAA). EPA would have met this performance target if the result for this measure excludes animal feeding operation cases for which data are currently unavailable until FY 2008.

APG 5.3: EPA missed the performance target for complying actions taken during on-site inspections and evaluations due to low levels of complying actions. The absolute number of facilities that took complying actions reported went from 947 in FY 2005 to 1,234 in FY2006. The percentage of complying actions reported went down because the number of facilities with a deficiency increased by 50 percent —from 5,061 to 7,749. While inspectors communicated deficiencies to 7,749 facilities, not all deficiencies can be corrected immediately. The data shows a wide range between media programs, indicative of whether deficiencies associated with a specific program can be corrected immediately. For example, results for complying actions taken during mobile source inspections and evaluations fluctuate greatly from year to year from 80 percent in 2003 to 4 percent in FY 2006. The Agency plans to take the following steps to address the failure to meet the performance target by expanding the type of corrective actions reported to include those which occur after the inspector leaves and prior to an enforcement action and reevaluating the appropriateness of this measure for specific programs.

ADDITIONAL INFORMATION RELATED TO OBJECTIVE 1:

PROGRAM EVALUATIONS: EPA Performance Measures Do Not Effectively Track Compliance Outcomes. Additional information on this report is available in the Program Evaluation Section, Appendix A, page A-21.

GRANTS: Categorical Grants—Pesticides Enforcement; Toxic Substance Compliance.

PART: *The EPA Enforcement of Environmental Laws (Civil) program was first assessed in the 2002 PART process and initially received a rating of "results not demonstrated." The program was reassessed in the 2004 PART process and received a rating of "adequate." In response to the PART process, the program is conducting follow-up actions which include developing questions and criteria for evaluating the civil enforcement program and identifying potential outside independent parties to conduct the evaluation. The program is also evaluating the historical use of recidivism rates in the civil enforcement program to determine whether to begin using the measure again.*

The Enforcement of Environmental Laws (Criminal) was first assessed in the 2003 PART process and received a rating of "results not demonstrated." The program was reassessed in the 2004 PART process and received a rating of "adequate." In response to the PART process, the program is conducting follow-up actions which include developing recidivismbaselines and targets for criminal enforcement.

The Pesticide Enforcement Grant program was assessed in the 2004 PART process and received a rating of "ineffective." In response to the PART process, the program is conducting follow-up actions which included finalizing outcome performance measures in March 2005 and negotiating state and tribal cooperative agreements in 2006. The program will also develop baseline and targets for the performance measures and will evaluate the cost-effectiveness of the program.

Web Links:
http://www.epa.gov/compliance
http://www.epa.gov/compliance/data/results/index.html

Strategic Objective 2—Improve Environmental Performance Through Pollution Prevention and Innovation

By 2008, improve environmental protection and enhance natural resource conservation on the part of government, business, and the public through the adoption of pollution prevention and sustainable practices that include the design of products and manufacturing processes that generate less pollution, the reduction of regulatory barriers, and the adoption of results-based, innovative, and multimedia approaches.

During fiscal year 2006, EPA made significant progress in encouraging government, business, and the public to adopt pollution prevention and sustainable practices; in reducing regulatory barriers; and in promoting results-based, innovative, and multimedia approaches. Progress was particularly notable with respect to preventing pollution at the source: As of early November 2006, businesses, institutions, and governments participating in EPA's pollution prevention programs reduced their use of hazardous materials by 482.7 million pounds, reduced their use of energy by 13.3 trillion BTUs, and conserved 5.0 billion gallons of water—exceeding associated 2006 performance targets while achieving $20.6 million in cost savings.[1, 2]

These substantial pollution prevention results were achieved entirely through EPA-directed voluntary and collaborative action. For example:

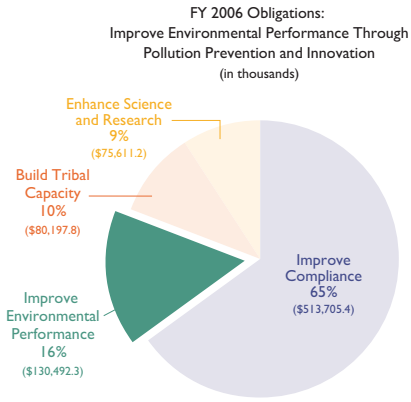
STRATEGIC OBJECTIVE 2—IMPROVE ENVIRONMENTAL PERFORMANCE THROUGH POLLUTION PREVENTION AND INNOVATION		
APG #	APG Title	APG Status
5.4	Reducing PBTs in Hazardous Waste Streams	FY 2006 Data Available in FY 2008
		✗ Goal Not Met for FY 2004
5.5	Reduction of Industrial /Commercial Chemicals	✗ Goal Not Met for FY 2006
		✗ Goal Not Met for FY 2004
5.6	Innovation Activities	✗ Goal Not Met for FY 2006

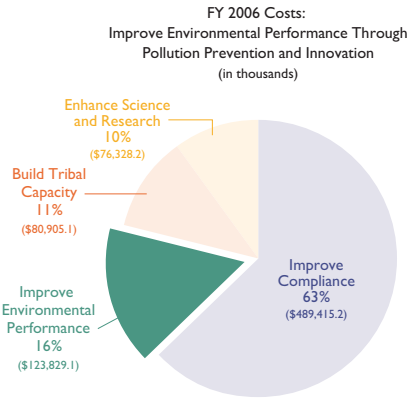
Detailed information on these APGs is provided in Section II.2—Annual Performance Goals and Measures: Detailed Results FY 2003–FY 2006, pages 180–182. Additionally, the data that EPA has used to measure its performance are described in the "Supplemental Information" to this report, provided on the Internet. See pages B-135–B-147 at http://www.epa.gov/ocfo/finstatement/2006PAR.

- In response to the Presidential Green Chemistry Challenge, businesses and academia developed safer chemicals and processes.
- In response to the Federal Electronics Challenge, government agencies increased their purchasing of environmentally preferable products.
- Through the Green Suppliers Network, the National Institute of Standards and Technology expanded the Lean Manufacturing business paradigm and associated technical assistance to include pollution prevention practices.
- Under the Design for the Environment Program, partners collaborated to develop safer and effective substitutes for tin lead solder and safer detergents.

These results were accomplished despite numerous challenges. While many were overcome, some will require further effort:

GOAL 5: OBJECTIVE 2—IMPROVE ENVIRONMENTAL PERFORMANCE THROUGH POLLUTION PREVENTION AND INNOVATION—FY 2006 RESOURCES





FY 2006 RESOURCES FOR PROGRAM PROJECTS SUPPORTING THIS OBJECTIVE*

Program/Projects are EPA's fundamental unit for budget execution and cost accounting, and they serve as the foundation for the Agency's budget. Frequently, program/projects support multiple APGs and objectives. This table lists the program/projects and associated resources that support this objective.

PROGRAM PROJECT	FY 2006 OBLIGATIONS	FY 2006 COSTS
Categorical Grant: Pollution Prevention	$4,079.1	$5,462.8
Categorical Grant: Environmental Information	$19,574.5	$16,672.4
Congressionally Mandated Projects	$5,679.4	$3,061.2
Homeland Security: Communication and Information	$154.6	$143.0
Homeland Security: Protection of EPA Personnel and Infrastructure	$639.4	$827.3
NEPA Implementation	$13,680.7	$13,464.2
Pollution Prevention Program	$17,506.5	$17,981.6
RCRA: Waste Minimization & Recycling	$2,446.6	$3,066.0
Regulatory/Economic-Management and Analysis	($278.1)	$899.0
Regulatory Innovation	$20,040.0	$18,524.2
Administrative Law	$110.5	$109.5
Alternative Dispute Resolution	$31.2	$37.2
Central Planning, Budgeting, and Finance	$2,052.9	$1,914.8
Civil Rights / Title VI Compliance	$257.7	$277.4
Congressional, Intergovernmental, External Relations	$1,171.8	$1,257.0
Environmental Education	$8,434.5	$10,008.6
Exchange Network	$817.2	$380.9
Facilities Infrastructure and Operations	$15,777.0	$15,751.5
Acquisition Management	$681.8	$679.4
Human Resources Management	$1,344.8	$1,294.9
Information Security	$134.5	$116.4
IT / Data Management	$9,377.5	$4,868.4
Legal Advice: Environmental Program	$1,110.7	$1,150.7
Legal Advice: Support Program	$411.8	$436.6
Audits, Evaluations, and Investigations	$733.6	$786.6
Regional Science and Technology	$92.8	$97.4
Science Advisory Board	$115.0	$122.3
Small Minority Business Assistance	$48.4	$59.1
Financial Assistance Grants / IAG Management	$1,346.4	$1,334.7
Small Business Ombudsman	$2,499.2	$2,666.3
Regulatory/Economic-Management and Analysis	$420.2	$377.7
TOTAL	**$130,492.2**	**$123,829.1**

*Resources associated with Program Projects may not match the Goal and Objective obligations and costs exactly due to rounding.

- EPA needs consistent, reliable performance information from all components of its Pollution Prevention Program, including its ten regional offices and numerous state pollution prevention programs. The Agency made significant progress on this front in FY 2006 by implementing the State P2 Results Reporting System under a cooperative agreement with the National Pollution Prevention Roundtable. The reporting system will provide initial data covering 2004 and 2005 in the spring of 2007 and will provide 2006 and subsequent years' results approximately a year after the close of each calendar year.

Explanation of the Missed Goal (see Section II.2 for performance results and trend information):

APG 5.5: The Pollution Prevention program no longer collects data on these performance measures and are developing new metrics under the PART process that are "intervention-based", which track results of the program's direct interactions with its business, government, and institutional customers and provide more useful data on program performance and management. Therefore this goal is not met due to data collection interruption. Delayed 2004 data from EPA's Toxics Release Inventory (TRI) reporting system made available in FY 2006 indicated that (after controlling for production changes in the U.S. manufacturing sector) while 106 million pounds of non-recycled TRI wastes were reduced in 2004—a 1.8 percent reduction from 2003 levels—the program still fell shy of its FY 2004 target of a 2 percent decline. Due to the difficulty in making a sufficient causal connection between Pollution Prevention (P2) program activities and changes reported in TRI, the Pollution Prevention Program stopped using that performance measure in FY 2005 and has moved away from TRI-based measures in its performance measures currently under development.

Mercury Switches

The National Vehicle Mercury Switch Recovery Program is designed to capture the mercury switches from old automobiles that wind up in scrap yards to be shredded and melted to make new steel. Mercury switches contribute at least half of the mercury emitted by electric arc furnaces, which are the nation's fourth largest source of mercury air emissions. Removing the switches can help to prevent the mercury emissions that result from steel manufacturing—up to 75 tons of mercury emissions over the next 15 years.[3] Working with the Agency's Offices of Policy, Economics, and Innovation; Air; and Solid Waste, the Pollution Prevention Division of EPA's Office of Pollution Prevention and Toxics, provided the expertise needed to build an effective pollution prevention program around this environmental issue.

ENVIRONMENTALLY PREFERABLE PURCHASING

EPA made considerable progress in promoting environmentally preferable purchasing by federal agencies.[4] The federal government is the world's largest purchaser of information technology products and services. In FY 2006, as a result of improvements made in response to EPA's Federal Electronics Challenge and use of the Electronics Products Environmental Assessment Tool (EPEAT), the federal government will have decreased its use of hazardous materials by at least 2.7 million pounds, conserved 250 billion BTUs of energy, and saved $5.6 million.[5] EPA expects that as EPEAT criteria become a final American National Standard in 2006, EPEAT's benefits will expand significantly in the future, rising to 18 million pounds,

1.6 trillion BTUs, and nearly $35 million annually by 2011.

Leading by example, EPA used a blanket purchasing agreement to increase its purchase of environmentally safer products and became the first federal agency to purchase renewable energy, or "green power," equivalent to 100 percent of its annual electricity needs. The Agency totaled nearly 300 million kilowatt hours per year of direct green power delivery or renewable energy certificates, enough renewable energy to provide electricity for 27,970 homes for an entire year. EPA's total green power purchases will offset more than 600 million pounds of carbon dioxide annually—an amount equivalent to that emitted by nearly 54,000 cars over the course of a year.[6]

GREEN SUPPLIERS NETWORK

EPA's Green Suppliers Network (GSN) is a collaborative venture with industry and the Department of Commerce's National Institute of Standards and Technology Manufacturing Extension Partnerships, Working with all levels of the manufacturing supply chain, the GSN achieves environmental, economic, and social benefits by leveraging a national network of manufacturing technical assistance resources. In FY 2006, the GSN expanded efforts to include the aerospace, automotive, healthcare/pharmaceutical, and office furniture economic sectors. By the end of 2006, the GSN completed 36 technical reviews, identifyng over $22.4 million in potential cost savings from lean and environmental opportunities.[7]

PRESIDENTIAL GREEN CHEMISTRY CHALLENGE PROGRAM

The Presidential Green Chemistry Challenge Program fosters the development of new chemistries that cost less, eliminate or reduce hazardous chemical usage and waste, and eliminate the need for potentially dangerous processes and end-of-pipe controls. Winners in the program's five FY 2006 award categories collectively accounted for 145 million pounds of hazardous materials reduction. Since its inception in 1995, the program has cumulatively reduced hazardous materials by 750 million pounds and saved 550 million gallons of water.[8]

DESIGN FOR THE ENVIRONMENT PROGRAM

Collaborating with industry and nongovernmental organizations to reduce risk from chemicals, the Design for the Environment (DfE) Program promotes opportunities for pollution prevention and stewardship in the design and use of chemical products and formulations. Since 1997, DfE's Formulator Program has reviewed and recognized more than 130 products, leading to reductions in the use of approximately 37 million pounds of hazardous chemicals. In FY 2006, reductions resulted specifically from the use of 22.5 million pounds of safer laundry detergents and 44 million pounds of lead-free solder. DfE Program efficiency has increased to the point where the program's cost per pound of reduction has fallen to two cents.[9]

NATIONAL PARTNERSHIP FOR ENVIRONMENTAL PRIORITIES

The National Partnership for Environmental Priorities (NPEP) works to reduce priority list chemicals in the hazardous waste stream. During 2006, NPEP partners committed to reducing priority chemicals by a total of 1.5 million pounds over the period 2007 to 2011. In June, NPEP reached a milestone in accepting Tinker Air Force Base (OK) as its

100th partner. Tinker has committed to reducing over 1,000 pounds of priority chemicals—including trifluralin, pendimethalin, naphthalene, cadmium, and mercury—by December 2007 through replacement of old equipment and product substitution. In FY 2006, NPEP also accepted its first municipal partner; Blacksburg, VA joined NPEP with a commitment to reduce 325 pounds of priority chemicals by implementing a comprehensive chemical management plan in facilities throughout the municipality.

Explanation of the Missed Goal (see Section II.2 for performance results and trend information):

AGP 5.4: The FY 2006 results for priority chemical reduction are not currently available due to a two-year lag in data reported in the Toxics Release Inventory (TRI). As of August 2006, actual reductions reported for FY 2004 totaled 941,000 pounds against the target of 1,200,000 pounds. TRI, NPEP's measurement tool, is highly influenced by external factors such as industrial production. When industrial production increases, TRI releases and waste stream numbers tend to increase. Beginning in 2007, NPEP will measure progress by program achievements, rather than by TRI. The new measure will allow EPA to more accurately report what the NPEP program has achieved, rather than what TRI reports regarding national industrial production trends.

PERFORMANCE TRACK

In FY 2006, Performance Track members made environmental contributions in all six of the target areas: water use; energy use; materials use; solid waste; air releases; and discharges to water. As it intended, Performance Track is showing that facilities of all types and sizes are willing and able to identify and commit to important, beyond-compliance environmental performance improvement opportunities and to share their results with the public. In five out of the six target areas, the number of Performance Track members demonstrating improved performance grew between FY 2005 and FY 2006. (The number of water use improvements grew from 80 to 105; energy use improvements grew from 96 to 129; materials use improvements grew from 36 to 42; solid waste improvements increased from 116 to 127; and the reductions in air releases grew from 104 to 113. The number of improvements under the water discharge indicators stayed steady at 19.) In fact, in four out of six areas, the number of improvements has grown steadily every year since FY 2003. This growth reflects not only an increase in Performance Track membership, but also the program's increasing emphasis on key performance areas.

Explanation of the Missed Goal (see Section II.2 for performance results and trend information):

APG 5.6: In FY 2006, Performance Track members with commitments in the six target areas demonstrated the following achievements: 1.7 billion fewer gallons of water use; 4.3 million fewer MMBtus of energy use; 24,719 fewer tons of materials use; 48,200 fewer tons of solid waste; 24,400 fewer tons of air releases; and 16,903 fewer tons of discharges to water.

Three of these results (water use, materials use, and discharges to water) meet the program's specific targets for the year. Performance Track's APG was to meet all six targets. In FY 2007, Performance Track will begin to report normalized data.

FY 2006 results are not a factor of fewer positive results, but of the effect that large facilities have on the aggregate results.

Large facilities' use of materials and their associated impacts can be many orders of magnitude larger than those of other facilities, so their annual results, whether positive or negative, can easily dominate the overall results.

Similarly, the number "high magnitude" results contained in a data set can affect the order of magnitude of the aggregated results. For example, this year's solid waste results contained no changes (positive or negative) that exceeded 100,000 tons, where as the FY 2005 results contained three such "high magnitude" pieces of data, and the FY 2000 results contained one. It is not surprising, then, that despite the significantly greater number of improvements shown by member facilities in FY 2006, the aggregated results are an order of magnitude lower than the target.

As Performance Track does not dictate members' selection of commitment indicators, and as it cannot control the size of the facilities that apply to the program, it cannot be determined exactly when the program will meet these targets. However, with the programs' increasing emphasis on the target areas as well as a growing interest in the program from large companies such as Intel, the program will believe it will be on track with the targets by FY 2007.

ADDITIONAL INFORMATION RELATED TO OBJECTIVE 2:

PROGRAM EVALUATIONS: Office of Policy, Economics, and Innovation: An Evaluation of the California Dairy Quality Assurance Program (CAQAP) and the Livestock and Poultry Environmental Stewardship (LPES) Curriculum. Additional information on this report is available in the Program Evaluation Section, Appendix A, page A-22.

GRANTS: Pollution Prevention Categorical Grants and Source Reduction Assistance Grants contribute directly and significantly to the 400 million pounds of hazardous materials use, 900 billion BTUs of energy use, 1.8 billion gallons of water use and nearly 40 million dollars of business, institutional and government cost reductions targeted by the Pollution Prevention Program in FY 2006. These grants are expected to account for 9 percent of the pounds results, 62 percent of the BTUs results, 15 percent of the gallons results, and 40 percent of the cost savings. These grants also support the eight Pollution Prevention Resource Exchange (P2Rx) Centers.

PART: *The Pollution Prevention program is being assessed in the 2006 PART process and results will be included in the FY 2008 President's Budget.*

Web Links:
www.epa.gov/oppt
http://www.federalelectronicschallenge.net/report.htm
http://www.epa.gov/epaoswer/hazwaste/minimize/partnership.htm
http://www.greensuppliers.gov
http://www.epa.gov/opptintr/greenchemistry/
http://www.epa.gov/opptintr/dfe/
http://www.epa.gov/opptintr/greenengineering/
http://www.epa.gov/oppt/p2home/index.htm
http://www.epa.gov/Networkg
http://www.p2.org/workgroup/Background.cfm

Strategic Objective 3—Build Tribal Capacity

Through 2008, assist all federally recognized tribes in assessing the condition of their environment, help in building their capacity to implement environmental programs where needed to improve tribal health and environments, and implement programs in Indian country where needed to address environmental issues.

EPA is working to develop core tribal environmental program capacity critical to protecting human health and the environment in Indian country as required by the Indian General Assistance Program (GAP) and the EPA Indian Policy. Tribal capacity-building

STRATEGIC OBJECTIVE 3—BUILD TRIBAL CAPACITY		
APG #	APG Title	APG Status
5.7	Tribal Environmental Baseline/Environmental Priorities	✗ Goal Not Met for FY 2006

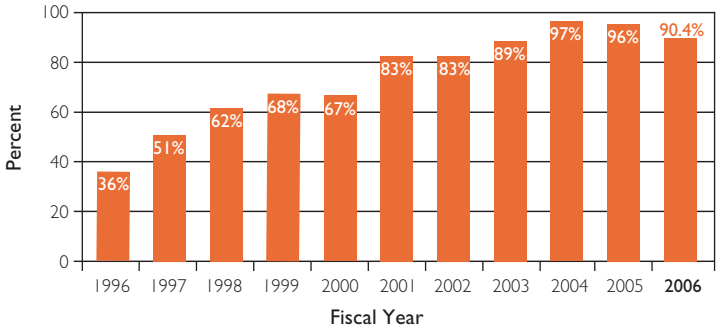
Detailed information on these APGs is provided in Section II.2—Annual Performance Goals and Measures: Detailed Results FY 2003–FY 2006, pages 183–184. Additionally, the data that EPA has used to measure its performance are described in the "Supplemental Information" to this report, provided on the Internet. See pages B-147–B-150 at http://www.epa.gov/ocfo/finstatement/2006PAR.

performance measures track EPA's progress toward building the capacity of Indian tribal governments and intertribal consortia to administer environmental management activities and implement multimedia programs that address environmental issues in Indian country. In addition, the Agency works to establish the internal infrastructure needed to assess environmental conditions and improve environmental stewardship in Indian country.

By inclusion of the air quality system (AQS) air monitoring database, the national emissions inventory (NEI, air), and the Tribal Association of Solid Waste and Emergency Response (TASWER) Hazardous Waste Sites Database into the Tribal Program Enterprise Architecture (TPEA), the Agency is continuing to meet the commitment to develop and/or integrate EPA and interagency data systems to facilitate the EPA TPEA information in setting environmental priorities and informing policy decisions. In addition, the Agency's Indian Environmental GAP is continuing to eliminate data gaps for environmental conditions for major water, land, and air programs as determined through the availability of information in the EPA TPEA by including ambient air monitoring, air toxics, populations served by community water systems that meet standards, and population served by adequate sewer facilities. The Agency continues to increase its implementation of environmental programs in Indian country (cumulative total) as determined by program delegations, approvals, or primacies, or by EPA direct implementation, and in fact exceeded its goal in FY 2006. In addition, the Agency will continue to exceed our goal and increase the number of EPA-approved quality assurance environmental monitoring and assessment activities. Finally, EPA continues on track to use agreements with holistic program integration and traditional use of natural resources. EPA exceeded its efficiency measure target for number of environmental programs implemented in Indian country per million dollars.

It is uncertain if EPA will be able to meet our strategic objectives of providing all of the federally-recognized Indian tribes the capacity and tools to assess their environmental/public health conditions and building capacity to implement environmental/public health programs. Challenges exist in developing underlying baseline capacity in a limited number of tribes; in addition, stabilization in or reduction of available funding. The Agency continues to target funding to those areas where there is the likelihood of environmental/public health improvement.

Percent of Tribes with Access to an Environmental Presence



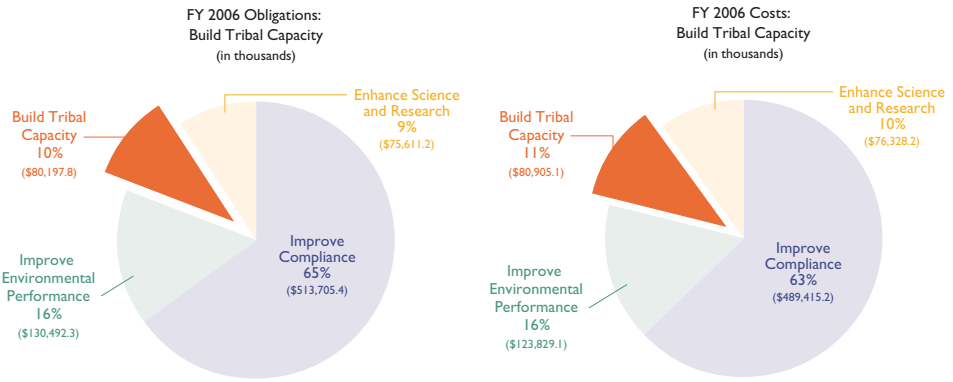
Source: US EPA, American Indian Environmental Office. "Target 1 Program Performance Report." Goal 5, Objective 5.3 Reporting System, Available: https://oasint.rtpnc.epa.gov/TATS/tats_prv/entry_page.

Explanation of the Missed Goal (see Section II.2 for performance results and trend information):

APG 5.7: EPA did not meet the overall annual performance goal due to challenges caused by competing funding needs as well as our need to continue working with more tribes in capacity development. Working with the tribes, the Agency, was unable to meet the goal of assisting 96 percent of federally recognized Indian tribes obtain an environmental presence in Indian country. This goal provides tribes with the capacity and tools to protect the environment and public health in Indian country, consistent with EPA's Indian Policy. Missing this goal means that fewer tribes were able to obtain an environmental presence.

The performance measure to increase tribes ability to develop environmental program capacity by ensuring that Federally recognized tribes have access to an environmental presence achieved 90.4 percent of the 96 percent promised. Consequently, fewer tribes had an environmental

GOAL 5: OBJECTIVE 3—BUILD TRIBAL CAPACITY—FY 2006 RESOURCES



FY 2006 Resources for Program Projects Supporting this Objective*

Program/Projects are EPA's fundamental unit for budget execution and cost accounting, and they serve as the foundation for the Agency's budget. Frequently, program/projects support multiple APGs and objectives. This table lists the program/projects and associated resources that support this objective.

PROGRAM PROJECT	FY 2006 OBLIGATIONS	FY 2006 COSTS
Categorical Grant: Tribal General Assistance Program	$61,096.5	$62,217.6
Congressionally Mandated Projects	$396.8	($467.7)
Homeland Security: Communication and Information	$34.6	$32.0
Homeland Security: Protection of EPA Personnel and Infrastructure	$58.0	$74.9
Tribal—Capacity Building	$11,834.6	$12,835.3
Administrative Law	$24.7	$24.5
Alternative Dispute Resolution	$7.0	$8.3
Central Planning, Budgeting, and Finance	$412.4	$388.8
Civil Rights / Title VI Compliance	$68.1	$72.7
Congressional, Intergovernmental, External Relations	$304.0	$324.1
Exchange Network	$182.8	$85.2
Facilities Infrastructure and Operations	$2,955.2	$2,878.0
Acquisition Management	$80.7	$81.1
Human Resources Management	$214.1	$213.9
Information Security	$12.2	$10.5
IT / Data Management	$1,204.8	$779.4
Legal Advice: Environmental Program	$244.5	$246.7
Legal Advice: Support Program	$72.2	$74.9
Audits, Evaluations, and Investigations	$564.2	$604.9
Regional Science and Technology	$33.1	$28.9
Science Advisory Board	$25.7	$27.3
Small Minority Business Assistance	$10.8	$13.2
Financial Assistance Grants / IAG Management	$266.9	$266.0
Regulatory/Economic-Management and Analysis	$94.0	$84.5
TOTAL	**$80,197.9**	**$80,905.0**

*Resources associated with Program Projects may not match the Goal and Objective obligations and costs exactly due to rounding.

presence. The Agency was unable to meet this measure due to funding priorities.

The performance measure to increase the percent of EPA agreements with tribes that reflect holistic (multimedia) program integration and traditional use of natural resources was not met. The agency achieved 80 percent of the targeted 104 percent promised. We were unable to meet this measure because some of the tribes are continuing to focus on a single program.

The performance measure tracking the percent of tribes with EPA-approved multimedia workplans achieved 33 percent of the promised 39 percent. Six percent was not achieved because some of the tribes are continuing to focus on a single area.

The performance measure of percent of tribes with delegated and non-delegated programs achieved 42 percent of the 48 percent promised. The measurement of percent of tribes does not reflect our continued efforts to reach out to smaller less advantaged tribes.

EPA did not meet PART measures related to the percentage of tribes with EPA-reviewed monitoring and assessment occurring, the percentage of tribes with delegated and non-delegated programs, or percentage of tribes with EPA-approved multimedia workplans. We will continue to increase our efforts to work with more tribes, providing for improvement in these measures.

ADDITIONAL INFORMATION RELATED TO OBJECTIVE 3:

PROGRAM EVALUATIONS: Indian Tribes: EPA Should Reduce the Review Time for Tribal Requests to Manage Environmental Programs. Additional information on this report is available in the Program Evaluation Section, Appendix A, page A-22.

GRANTS: Categorical Grant—Tribal General Assistance Program, authorized by the Indian General Assistance Program Act of 1992, as amended, 42 USC 4368(b).

PART: *The Tribal General Assistance Program was first assessed in the 2002 PART process and initially received a rating of "results not demonstrated." The program was reassessed in the 2003 PART process and received a rating of "adequate." In response to the PART process, the program is conducting follow-up actions which include developing ambitious performance targets for its annual and efficiency measures and working to increase the implementation and delegation of environmental programs on Indian lands.*

Web Links:
www.epa.gov/indian

Strategic Objective 4—Enhance Science and Research

Through 2008, strengthen the scientific evidence and research supporting environmental policies and decisions on compliance, pollution prevention, and environmental stewardship.

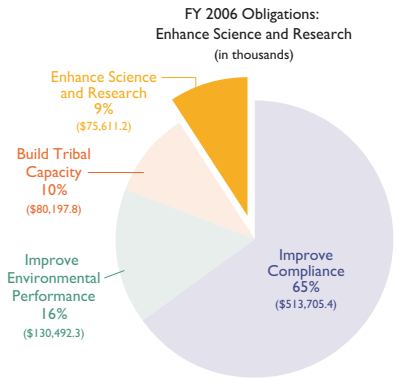
EPA continues to strengthen the scientific evidence and research supporting environmental policies and decisions on compliance, pollution prevention, and environmental stewardship.

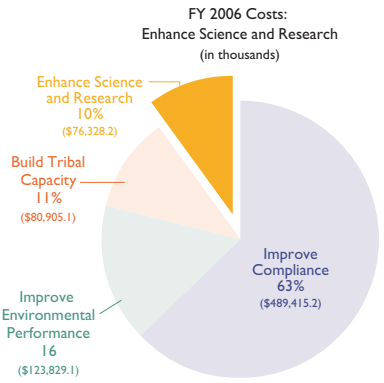
STRATEGIC OBJECTIVE 4—ENHANCE SCIENCE AND RESEARCH		
APG #	APG Title	APG Status
5.8	New Technologies	✗ Goal Not Met for FY 2006

Detailed information on these APGs is provided in Section II.2—Annual Performance Goals and Measures: Detailed Results FY 2003–FY 2006, pages 184–185. Additionally, the data that EPA has used to measure its performance are described in the "Supplemental Information" to this report, provided on the Internet. See page B-151 at http://www.epa.gov/ocfo/finstatement/2006PAR.

In 2006, EPA sustained its work on the Shepherd Creek Urban Watershed Management pilot project, collecting hydrologic, ecological, and water quality monitoring data in Cincinnati, Ohio's Shepherd Creek. This year, EPA completed a detailed assessment of all impervious areas within in the creek, and has scheduled an experimental auction in 2007 that will employ market-based economic incentives to home-owners in the Shepherd Creek Watershed who purchase stormwater best management practices (BMPs). These BMPs are the methods determined to be the most effective, practical means of preventing or reducing pollution from nonpoint sources. EPA presented its research on the Shepherd Creek Urban Watershed at several national, international, and academic conferences in 2006, and published both a related journal article and conference proceeding.[10, 11]

GOAL 5: OBJECTIVE 4—ENHANCE SCIENCE AND RESEARCH—FY 2006 RESOURCES





FY 2006 Resources for Program Projects Supporting this Objective*

Program/Projects are EPA's fundamental unit for budget execution and cost accounting, and they serve as the foundation for the Agency's budget. Frequently, program/projects support multiple APGs and objectives. This table lists the program/projects and associated resources that support this objective.

PROGRAM PROJECT	FY 2006 OBLIGATIONS	FY 2006 COSTS
Congressionally Mandated Projects	$10,101.1	$10,888.7
Forensics Support	$16,850.4	$16,776.3
Homeland Security: Communication and Information	$82.6	$75.4
Homeland Security: Protection of EPA Personnel and Infrastructure	$520.2	$625.3
Research: Environmental Technology Verification (ETV)	$2,775.5	$2,651.1
Research: Pollution Prevention	$7,477.3	$18,296.7
Administrative Law	$63.8	$63.2
Alternative Dispute Resolution	$21.20	$23.4
Central Planning, Budgeting, and Finance	$1,305.9	$1,191.5
Civil Rights / Title VI Compliance	$106.3	$115.5
Congressional, Intergovernmental, External Relations	$361.0	$411.0
Exchange Network	$449.0	$223.5
Facilities Infrastructure and Operations	$2,478.8	$1,991.6
Acquisition Management	$1,254.5	$1,148.3
Human Resources Management	$1,084.0	$1,073.7
Information Security	$120.3	$128.3
IT / Data Management	$6,069.3	$1,204.9
Legal Advice: Environmental Program	$590.4	$626.6
Legal Advice: Support Program	$245.3	$268.1
Audits, Evaluations, and Investigations	$470.3	$465.4
Regional Science and Technology	$16.7	$34.4
Science Advisory Board	$66.3	$70.5
Small Minority Business Assistance	$27.9	$34.1
Financial Assistance Grants / IAG Management	$330.0	$320.1
Research: Economics and Decision Science(EDS)	$491.3	$463.3
Research: Sustainability	$22,009.5	$16,939.5
Regulatory/Economic-Management and Analysis	$242.4	$217.9
TOTAL	**$75,611.3**	**$76,328.3**

*Resources associated with Program Projects may not match the Goal and Objective obligations and costs exactly due to rounding.

EPA also held its annual People, Prosperity and the Planet (P3) Award Competition, an effort intended to benefit people, promote prosperity, and protect the planet by rewarding innovative designs that address challenges to sustainability in the developed and developing world. The P3 Competition has advanced both economic competitiveness and environmental protection through engineering design innovations; small business startups; improved recruitment and retention in science and technology disciplines; development projects for the poorest countries; and realized reductions in emissions, energy use, and finite resource consumption. In 2006,

EPA also published a report synthesizing the scientific innovations, environmental results, and economic benefits derived from the Technology for a Sustainable Environment (TSE) grant program, in which EPA partnered with NSF, from 1995 through 2003.

Explanation of the Missed Goal (see Section II.2 for performance results and trend information):

APG 5.8: The environmental technology verification program (ETV) committed to provide appropriate and credible performance information about new, commercial-ready environmental technology that influences users to purchase effective environmental technology in the United States and abroad. This commitment was to be assessed by the percentage of respondents to survey vendors of ETV-verified technologies stating that ETV information positively influenced sales and/or vendor information. However, the measurement of this goal was discontinued due to poor contractor performance. Because of subsequent budget constraints, funds were shifted to other higher priority needs. This work will not be resumed.

Additional Information Related to Objective 4:

PART: *The Pollution Prevention and New Technologies Research Program was assessed in the 2003 PART process and received a "Results Not Demonstrated" rating. In its PART follow-up actions, the program committed to developing a multi-year plan with an improved strategic focus and clear goals and priorities. The program has completed drafts of both the ORD Sustainability Research Strategy and the Science and Technology for Sustainability Multi-Year Plan. These documents will undergo revisions following the recently completed Science Advisory Board (SAB) review and an external review by the program's stakeholders. Final drafts of both documents are expected by the fall of 2006. In conjunction with the development of the MYP, the program has also begun to discuss and develop performance measures, which will be used for the program's re-PART.*

Web Links:
http://www.epa.gov/sustainability/
http://www.epa.gov/ord/

NOTES

1. Pollution Prevention (P2) Programs: http://www.epa.gov/oppt/p2home/index.htm.
2. The annual performance measures cited are revised versions of the Program's original FY 2006 performance measures, developed and made retroactive through the program's successful FY 2006 Performance Assessment Rating Tool assessment and included in EPA's 2006-2011 Strategic Plan.
3. http://www.epa.gov/mercury/switch.htm.
4. Executive Order (E.O.) 13101 requires all federal procurement officials to engage in environmentally preferable purchasing.
5. Federal Electronics Challenge: http://www.federalelectronicschallenge.net/report.htm; Environmental Products Environmental Assessment Tool: http://www.epeat.net/docs/Agreement.pdf.
6. www.epa.gov/greeningepa/greenpower.htm.
7. Data available in March, 2007 through NIST survey responses. Green Suppliers Network (GSN): http://www.greensuppliers.gov.
8. Green Chemistry (GC): http://www.epa.gov/opptintr/greenchemistry/.
9. Design for the Environment (DfE): http://www.epa.gov/opptintr/dfe/.
10. Retrofit stormwater management: Navigating multidisciplinary hurdles at the watershed scale. 2006. Roy AH, H Cabezas, MP Clagett, NT Hoagland, AL Mayer, MA Morrison, WD Shuster, JJ Templeton, HW Thurston. Stormwater Magazine, May-June 2006.
11. Simulated rain garden effectiveness and performance in response to synthetic and natural rainfall patterns. 2006. WD Shuster, HW Thurston, Y Zhang, Proceedings IDM-WSUD, Melbourne Australia, April 2006. Volume 2, 285-292.