



At a Glance

Why We Did This Review

The Office of Inspector General received a hotline complaint concerning the U.S. Environmental Protection Agency's (EPA's) 2008 Lead; Renovation, Repair, and Painting Rule (Lead Rule). We conducted this review to evaluate how EPA determined the costs and benefits of the Lead Rule.

Background

The purpose of the Lead Rule was to address lead-based paint hazards created by renovation, repair, and painting activities that disturb lead-based paint in target housing. Under the rule, regulated businesses that perform renovation, repair, or painting activities must obtain EPA certification and training, and ensure that lead-safe work practices are used for projects that disturb lead-based paint. Federal agencies are required to analyze the costs and benefits of significant regulatory actions.

For further information, contact our Office of Congressional and Public Affairs at (202) 566-2391.

The full report is at:
www.epa.gov/oig/reports/2012/20120725-12-P-0600.pdf

Review of Hotline Complaint Concerning Cost and Benefit Estimates for EPA's Lead-Based Paint Rule

What We Found

Although EPA stated that its economic analysis underwent extensive intra-Agency review and was approved by the Office of Management Budget prior to publication, EPA used limited data to develop its cost and benefit estimates for the Lead Rule. We did not conclude that EPA violated policies or failed to follow requirements in conducting its analysis. Rather, EPA conducted its economic analysis under time pressures and subsequently used its discretion to complete its analysis using some limited data and approaches. EPA's economic analyses were limited in that:

- The estimated cleaning and containment work practice costs to comply with the rule were not based on a statistically valid survey.
- EPA did not quantitatively analyze or include other costs outlined in Agency guidance, such as costs due to increased consumer prices, costs of unemployment, and costs to markets indirectly affected by the rule.
- EPA did not include the cost to renovation businesses of securing additional liability insurance.
- EPA recommended additional work practices in a training program that, while not required by the rule, would likely result in additional cost because the regulated community would view these practices as required.

Further, an EPA science advisory committee reported that limitations in the Agency's data for estimating intelligence quotient changes in children exposed to lead dust during renovations would not adequately support a rigorous cost benefit analysis. In our opinion, the data limitations in EPA's analyses limit the reliability of the rule's stated cost and benefits. In public rulemaking documents, EPA acknowledged several of the limitations. EPA's obligation under terms of a settlement agreement to issue the Lead Rule by March 2008, the use of discretion in conducting the economic analysis, and EPA's subsequent assumption that the costs of the rule were low limited EPA's approach in estimating the cost and benefits of the rule.

Recommendations/Agency Corrective Actions

We recommend that EPA reexamine the costs and benefits of the 2008 Lead Rule and the 2010 amendment to determine whether the rule should be modified, streamlined, expanded, or repealed. We also recommend that EPA add a disclaimer to its training program materials to communicate the differences between required and recommended work practices. In its response to the draft report, EPA disagreed with the first recommendation. EPA agreed with the second recommendation to clarify required work practices and made revisions.