

**GAO**

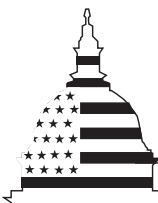
Report to the Ranking Minority  
Member, Subcommittee on VA, HUD,  
and Independent Agencies, Committee  
on Appropriations, U.S. Senate

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July 2001

# HUMAN CAPITAL

## Implementing an Effective Workforce Strategy Would Help EPA to Achieve Its Strategic Goals



**G A O**

Accountability \* Integrity \* Reliability

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## Abbreviations

EPA	Environmental Protection Agency
FTE	Full-time equivalent
GAO	General Accounting Office
GPRA	Government Performance and Results Act
OECA	Office of Enforcement and Compliance Assurance
OMB	Office of Management and Budget
OPM	Office of Personnel Management
SES	Senior Executive Service



United States General Accounting Office  
Washington, DC 20548

July 31, 2001

The Honorable Christopher S. Bond  
Ranking Minority Member,  
Subcommittee on VA, HUD, and  
Independent Agencies  
Committee on Appropriations  
United States Senate

Dear Senator Bond:

During the past decade, as most federal agencies reduced their staffing, the Environmental Protection Agency's (EPA) workforce grew by about 18 percent. Much of this growth occurred in EPA's 10 regional offices (regions), which carry out most of the agency's actions to encourage or compel industry compliance with environmental regulations. Currently, EPA's workforce of scientists, engineers, lawyers, environmental protection specialists, mission-support staff, and others consists of over 17,000 people across the country, and some Members of Congress have questioned whether EPA is giving sufficient attention to managing this large and diverse workforce. Particular interest has been expressed regarding the workforce management practices of EPA's Office of Enforcement and Compliance Assurance (OECA)—which takes direct action against violators of environmental statutes and oversees the environmental enforcement activities of states—because enforcement activities span all of EPA's programs and regions.<sup>1</sup>

As we reported in March 2000,<sup>2</sup> while EPA has implemented several initiatives during the past decade to better organize and manage its workforce, they have not received the resources and senior-level management attention needed to realize their goals. In June 1998, EPA initiated a study to assess its workforce. While this study identified the general competencies, such as communication and computer skills, needed to carry out EPA's missions, it was not designed to result in a

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<sup>1</sup>In this report we refer to EPA's activities to enforce environmental regulations and to encourage industries to voluntarily comply with these regulations as "enforcement" activities.

<sup>2</sup>*Human Capital: Observations on EPA's Efforts to Implement a Workforce Planning Strategy* (GAO/T-RCED-00-129, Mar. 23, 2000).

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workforce planning system for determining how many employees needed such competencies or how they should be deployed among strategic goals, across program areas, and in various parts of the country. Building on its workforce assessment project, in November 2000, EPA developed a strategy to refine its human capital policies and practices. This strategy identifies the agency's vision for its employees and six major human capital objectives for the next 2 years, including the development of a workforce planning system. In addition, it discusses implementation plans for achieving these objectives and identifies the agency units responsible for carrying out the implementation plans.

In response to your continuing interest in EPA's management of its human capital, we reviewed (1) the extent to which EPA's strategy includes the key elements associated with successful human capital strategies and (2) the major human capital challenges EPA faces in the successful implementation of its strategy. In addition, we reviewed one specific aspect of human capital management within OECA: how it deploys the enforcement workforce among EPA's 10 regions to ensure that federal environmental requirements are consistently enforced across regions either by OECA or by states with enforcement programs that OECA oversees.

To address these issues, we reviewed EPA's human capital strategy and analyzed the nature and status of EPA's key human capital management initiatives. We discussed these initiatives with officials of EPA's Office of Human Resources and Organizational Services, OECA, and each of EPA's 10 regions. In this regard, we asked agency officials to respond to questions based on GAO's human capital self-assessment "checklist,"<sup>3</sup> an assessment tool that identifies human capital elements and underlying values that are common to high-performing organizations. We used the checklist as a framework for organizing and evaluating their responses. Furthermore, we obtained and analyzed data from EPA's 10 regions on their enforcement workforce and workload. (See app. I for details on our scope and methodology.)

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<sup>3</sup>*Human Capital: A Self-Assessment Checklist for Agency Leaders* (GAO/OCG-00-14G; Sept. 2000).

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## Results in Brief

EPA's November 2000 human capital strategy is a promising first step towards improving the agency's management of its workforce. However, it lacks some of the key elements that are commonly found in the human capital strategies of high-performing organizations. EPA's strategy identifies the agency's vision, core values, and six major human capital objectives for the next 2 years; discusses implementation actions for achieving its human capital objectives; and identifies the EPA units responsible for carrying out the actions. Despite these positive features, the strategy does not (1) explain how achieving its human capital objectives will improve the agency's performance in meeting its strategic goals for protecting the environment, (2) identify the resources needed and the specific milestones for implementing the human capital objectives, or (3) provide results-oriented (outcome) measures that track the agency's progress and evaluate its success in achieving these objectives. Filling these gaps in its strategy would allow EPA to better ensure the most effective use of its workforce. This report recommends that the Administrator, EPA, link the agency's human capital strategy to the fulfillment of EPA's strategic goals, identify the milestones and resources needed to implement the strategy, and establish results-oriented performance measures for human capital objectives.

Like many other federal agencies, EPA faces major human capital management challenges in implementing its strategy. These challenges involve assessing the work requirements for its employees, ensuring continuity of leadership within the agency, and hiring and developing skilled staff. Specifically, EPA currently (1) does not know the appropriate size, skills-mix, and deployment of staff needed to achieve its strategic goals; (2) is unprepared for the potential loss in leadership and institutional knowledge that is likely to occur as more than half of its senior executives become eligible to retire over the next 5 years; and (3) has no systematic means to recruit and develop staff with the scientific and technical skills needed to effectively carry out environmental programs. Although EPA's human capital strategy recognizes these challenges, the agency has yet to implement actions to meet them. This report recommends that, while developing plans to implement EPA's human capital strategy, the Administrator, EPA, ensure that specific actions are taken to remedy problems in the agency's workforce allocation and deployment system, succession plans, and recruitment and training practices, consistent with the best practices for these areas followed by high-performing organizations.

OECA does not systematically deploy its workforce in a way that ensures the consistent enforcement of federal regulations throughout all EPA

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regions. In this regard, it bases deployment decisions on outdated and incomplete information on key regional workload factors. For example, workforce deployment decisions do not fully consider changes that have occurred over the past decade in the extent to which states enforce federal environmental laws. Nor is information available on the amount of time required for EPA staff to oversee the state enforcement activities. Without current and complete information on the enforcement workload, OECA cannot determine the proper size of its enforcement staff relative to the regions' enforcement workload. As a result, workload imbalances may exist and contribute to inconsistencies in EPA's enforcement efforts. Furthermore, the lack of information on the enforcement workload and the current utilization of staff limit EPA's ability to systematically determine where staffing increases or reductions—such as the 8-percent reduction proposed for fiscal year 2002—should be made. This report recommends that the Administrator, EPA, obtain and use workforce-planning data needed to provide a firm basis for deploying regional enforcement staff in a manner to ensure greater consistency and effectiveness in enforcing environmental requirements. Furthermore, in redirecting enforcement resources to states and tribes, we recommend that the Administrator, EPA, before reducing the enforcement staff by 270 positions, collect and review more complete and reliable workforce-planning information than is currently available on the enforcement workload and the workforce capabilities of EPA's 10 regional offices.

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## Background

EPA is organized into 13 major headquarters offices (including OECA) that are located in Washington, D.C. (App. II shows EPA's organizational structure.) These offices receive administrative, investigative, and laboratory support from numerous headquarters field offices located throughout the country.<sup>4</sup> EPA also maintains 10 regional offices to implement federal environmental statutes and to provide oversight of related state activities. EPA's staff or full time equivalents (FTEs) grew by about 18 percent from fiscal year 1990 through fiscal year 1999 (see fig. 1).<sup>5</sup> Over this period, the staff in EPA's headquarters—including headquarters field offices located outside of Washington, DC—and its regions grew at

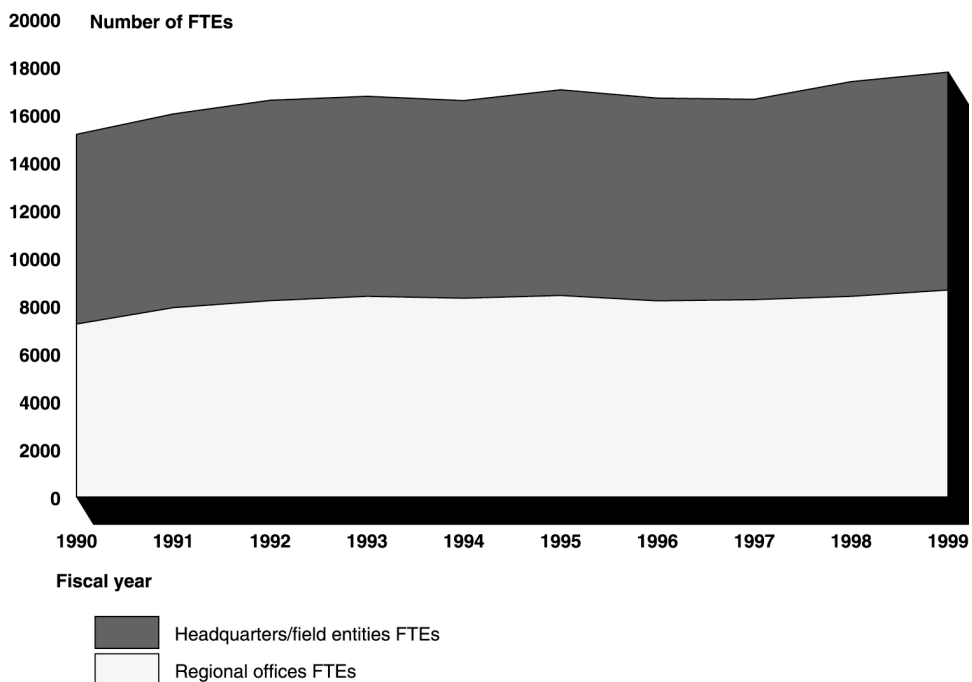
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<sup>4</sup>EPA's headquarters field offices include scientific laboratories, data processing centers, and other similar facilities.

<sup>5</sup>Full-time-equivalent (FTE) is a measure of staff hours equal to those of a full-time employee working 40 hours per week over the course of a year.

about the same pace, with less than half of the agency's total staff located in the regions.

**Figure 1: EPA's Total FTEs, by Organizational Unit, Fiscal Years 1990-1999**



Source: GAO's analysis of EPA data.

Data from the Office of Personnel Management (OPM) indicate that, as of the end of fiscal year 2000, about 35 percent of EPA's permanent staff were located in its Washington headquarters, 17 percent in headquarters field offices, and 48 percent in its regional offices.

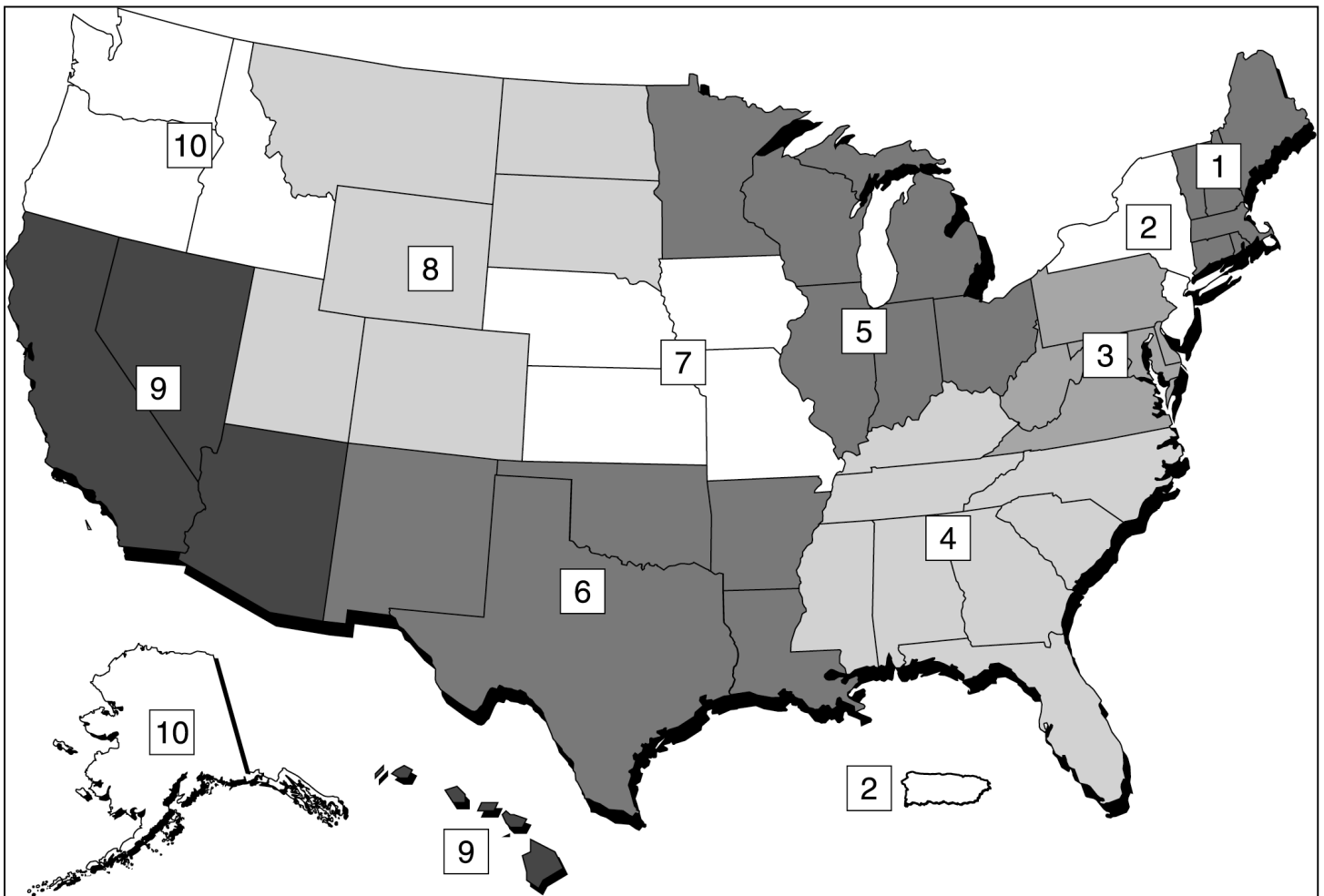
EPA uses contractors to perform much of its work. The agency estimates that it would need an additional 11,000 to 15,000 employees if it did not receive appropriations to fund contractors. Therefore, EPA's workforce must be adept both at delivering services directly and at effectively managing the cost and quality of services delivered by third parties on the government's behalf.

OECA, with more than 3,500 FTEs nationwide, is responsible for developing policies to ensure that industries and other entities that are regulated under environmental statutes comply with the requirements of the law. Over 2,600 of these FTEs are allocated to implement enforcement



policies in each of EPA's 10 regions (see fig. 2). The regional enforcement staff are specifically responsible for (1) inspecting and monitoring certain industrial and other facilities that are regulated under federal environmental statutes; (2) taking enforcement actions against those who have violated environmental statutes and regulations; (3) helping industries comply with environmental regulations; and (4) overseeing enforcement activities that EPA has delegated to states. (App. II discusses OECA's enforcement process and activities in greater detail.)

**Figure 2: Geographic Areas Serviced by EPA's Ten Regional Offices**



Source: EPA

As reflected in GAO's human capital checklist, our past work has demonstrated that effective performance-based management depends on

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senior managers' willingness and ability to strategically manage all of the agency's resources—including its human capital—to achieve its missions and goals. Specifically, it requires aligning strategic and program planning systems with explicit strategies for identifying (through workforce planning) the needed mission-critical competencies,<sup>6</sup> and for recruiting, hiring, and training leaders and staff to fill identified competency gaps. These are critical components of effective human capital management and among the building blocks to achieving an organization's mission and strategic goals (see app. I).

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## EPA's Human Capital Strategy Is a Promising First Step but Lacks Key Elements

EPA's human capital strategy is a promising initial effort to develop a framework for managing the agency's workforce. Nevertheless, it does not include all of the key elements that we have identified as essential components of an effective human capital strategy. In this regard, EPA's strategy does not (1) fully integrate its human capital objectives with its strategic environmental goals; (2) identify the specific activities, milestones, and resources needed to implement the strategy; and (3) establish results-oriented performance measures to track the strategy's implementation and success. By including these elements in its strategy, EPA could better ensure that its workforce is deployed to effectively meet its strategic goals. (App. III summarizes the current status of EPA's human capital management practices and its efforts to implement its human capital strategy).

EPA and federal agencies in general have not given adequate attention to human capital management in the past. However, EPA is among the agencies that have become more acutely aware of challenges facing the government in the human capital area and have taken steps to improve their approaches to building and managing their workforces. EPA's strategy recognizes the importance of better managing the agency's human capital. As we noted in our human capital checklist, an agency should develop strategies to enhance the value of its employees and focus its efforts on the agency's shared vision—its mission, vision for the future, core values, and goals and objectives. Overall, EPA's strategy is detailed and addresses most of the issues that we identified in our checklist. For example, the strategy clearly identifies the agency's vision for its people, its core values, and six major human capital goals for the next 2 years, such as attracting and retaining a highly skilled workforce and improving

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<sup>6</sup>Competencies are knowledge, skills, and abilities and other characteristics.

teamwork and collaboration among its employees. In addition, the strategy (1) discusses implementation plans, including actions for achieving each of its six human capital goals; (2) identifies the units within the agency that are responsible for developing and carrying out the implementation plans; and (3) for the most part, directly links the implementation plans to each human capital objective (see table 1).

**Table 1: Objectives and Planned Implementation Actions of EPA's Human Capital Strategy**

Human Capital Objective	Implementation Action
<b>EPA attracts and retains a diverse and highly skilled workforce.</b>	<ul style="list-style-type: none"> <li>• Develop and implement an agency workforce planning system.</li> <li>• Develop and implement national and local recruitment strategies based on workforce plans.</li> <li>• Develop strategic approaches to retaining employees with critical expertise and competencies.</li> <li>• Maximize flexibility in using workplace programs that contribute to EPA's attractiveness as an employer and that help employees achieve a balance between work and non-work life.</li> </ul>
<b>EPA's people perform to their highest potential.</b>	<ul style="list-style-type: none"> <li>• Link employee development to mission needs.</li> <li>• Instill a culture of continuous learning, ethical behavior, and professionalism.</li> <li>• Build effective leadership at all levels within the agency.</li> <li>• Strengthen EPA's performance management programs to reinforce accountability at all levels of the organization.</li> <li>• Identify the effects of implementing the 1:11 average span of control (manager-to-staff ratio) and take action to fix problems.</li> </ul>
<b>Innovation, creativity, and risk-taking are demonstrated by all EPA people at all levels of the organization.</b>	<ul style="list-style-type: none"> <li>• Create and set expectations that innovation, creativity, and risk-taking are demonstrated by all employees throughout the agency</li> <li>• Institute new ways to share information on innovations and creative approaches within EPA and across organizational boundaries.</li> </ul>
<b>The respect with which people and their contributions are treated affects performance, productivity, and retention.</b>	<ul style="list-style-type: none"> <li>• Fully apply and comply with the Merit Principles in selection, promotion, development, recognition, and work assignment decisions.</li> <li>• Institute processes to recognize and embrace differences that each employee brings to the organization; facilitate the contribution by all employees to the work of the organization.</li> <li>• Institute feedback mechanisms that facilitate full and open communication and accountability at all levels in the agency.</li> </ul>
<b>Teamwork and collaboration are routinely practiced with internal and external partners.</b>	<ul style="list-style-type: none"> <li>• Build consensus and constructive labor/management relations through improved communication and information sharing.</li> <li>• Improve and support teamwork within organizations and across organizational boundaries.</li> </ul>
<b>EPA's human resources systems are integrated with planning, budgeting, and accountability processes.</b>	<ul style="list-style-type: none"> <li>• Institute mechanisms to ensure that workforce impact and support needs are identified and planned for early in strategic planning, preparations for new initiatives, and other planning processes.</li> <li>• Align administrative and support plans and resources with the agency's mission priorities.</li> </ul>

Although the strategy is a positive step towards addressing the agency's key human capital issues, it falls short in several areas. First, it does not fully integrate its human capital objectives with the agency's 10 strategic

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goals for protecting human health and the environment. These goals, which are identified in EPA's strategic plan prepared under the Government Performance and Results Act (GPRA), are shown in table 2.

**Table 2: EPA's Strategic Goals**

<b>Goal 1</b>	Clean Air
<b>Goal 2</b>	Clean and Safe Water
<b>Goal 3</b>	Safe Food
<b>Goal 4</b>	Preventing Pollution and Reducing Risk in Communities, Homes, Workplaces, and Ecosystems
<b>Goal 5</b>	Better Waste Management, Restoration of Contaminated Waste Sites, and Emergency Response
<b>Goal 6</b>	Reduction of Global and Cross-Border Environmental Risks
<b>Goal 7</b>	Quality Environmental Information
<b>Goal 8</b>	Sound Science, Improved Understanding of Environmental Risk, and Greater Innovation to Address Environmental Problems
<b>Goal 9</b>	A Credible Deterrent to Pollution and Greater Compliance with the Law
<b>Goal 10</b>	Effective Management

While EPA acknowledges the importance of effectively managing the agency's staff to meet its strategic goals, it does not describe how various human capital activities will help the agency to achieve these goals. EPA officials told us that, in updating the agency's strategic plan, they will integrate EPA's human capital objectives and strategies with specific strategic environmental goals. Under GPRA, the strategic plan must be updated by September 30, 2003, and may be updated earlier at EPA's discretion. EPA officials told us that they have not yet made a decision on whether to update the plan before the date required under GPRA.

Second, EPA has not identified the specific activities or time required to implement its strategy. EPA's strategy identifies 18 implementation actions and related tasks for achieving its six human capital objectives. For example, to achieve the human capital objective of attracting and retaining a diverse and highly skilled workforce, EPA's strategy contains an action to develop and to implement a workforce planning system. One of the general tasks for developing this system is to establish standardized workforce planning requirements and a methodology to be used throughout the agency. During 2001, EPA plans to undertake tasks related to 11 of the 18 implementation actions. However, EPA's strategy does not identify specific milestones for completing any of the implementation actions or their related tasks.

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Finally, like many other federal agencies, EPA has found it difficult to establish results-oriented performance measures to track the implementation of the strategy and its success in meeting human capital objectives. EPA's fiscal year 2002 annual performance plan and budget justification identifies a number of performance measures for its workforce improvement activities under the "Effective Management" strategic goal. These measures include, among others, the number of (1) interns hired, (2) candidates in the Senior Executive Service (SES) Candidate Program, and (3) competencies addressed through training and development activities. While these measures are useful for tracking EPA's progress, they do not reflect the programmatic outcomes that the agency would like to achieve as a result of investing in human capital improvements for the strategic goal. As we, the Office of Personnel Management, and others have found, federal agencies in general have experienced difficulties in defining practical, meaningful measures that assess the effectiveness of human capital management. Yet, such measures are crucial to effectively managing for results and holding managers accountable. EPA officials told us that they plan to develop specific outcome measures, although they have yet to establish time frames for doing so.

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## **EPA Faces Agencywide Human Capital Challenges That, if Not Addressed, Will Limit Its Ability to Achieve Its Mission**

EPA has begun to recognize the importance of strategic human capital management to mission accomplishment and has taken steps to align the agency's human capital with its mission. However, EPA, like many other agencies, still faces serious challenges that will require the sustained attention and commitment of its leaders. As EPA takes steps to implement its human capital strategy, it will face a number of challenges throughout the agency with regard to assessing workforce requirements, ensuring continuity of leadership, and hiring and training skilled staff. Specifically, EPA has not determined the number of employees it needs to accomplish its strategic goals, the competencies and technical skills they should possess, and the deployment of its current and future workforce among strategic goals, across program areas, and in various areas of the country. In addition, EPA has not prepared for the anticipated losses in leadership, institutional knowledge, and expertise that will likely occur as potentially large numbers of its senior executives retire in the near future. Nor has the agency fully addressed the need to maintain and develop mission-critical skills in areas such as environmental protection, environmental engineering, toxicology, and ecology.

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## EPA Has No Systematic Means for Assessing Workforce Needs

High-performing organizations identify their current and future human capital needs—including the appropriate number of employees, the key competencies for mission accomplishment, and the appropriate deployment of staff across the organization—and then create strategies for identifying and filling the gaps. To better plan for meeting the agency's future human capital needs, in June 1998, EPA initiated a study to identify the competencies needed to meet the agency's current and future missions. While a positive step, the study (completed in May 1999) identified only general competencies for all EPA employees, such as effective communication and collaboration. However, the study did not determine the number of employees with the identified competencies needed either agencywide or in individual organizational or geographical units.

Since completing its study, EPA has made little progress in determining the right size, skills needs, or deployment of its workforce to achieve its strategic goals. As a result, it lacks the detailed information needed to make informed workforce deployment decisions, including information on (1) the relationship between its budget requests for full-time-equivalents (FTEs) and its ability to meet individual strategic goals and (2) any excesses or gaps in needed competencies within the agency's various headquarters and field components.

As part of EPA's recent human capital strategy, the agency plans to develop and to implement a workforce planning system. The strategy calls for (1) linking workforce planning to the agency's strategic planning efforts, (2) securing essential competencies by recruiting and developing staff and providing incentives to retain highly competent employees, (3) continually monitoring and assessing the workforce, and (4) evaluating the effectiveness of actions taken. EPA officials told us that the agency received 20 percent less funding than requested for workforce planning in fiscal year 2001. With these funds, EPA has benchmarked other federal agencies' workforce planning activities and is investigating the possibility of partnering with another agency to develop a model for workforce planning.

The importance of taking such actions is emphasized in the Office of Management and Budget's (OMB) May 8, 2001, bulletin on "Workforce Planning & Restructuring."<sup>7</sup> As a first step toward restructuring federal

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<sup>7</sup>*Workforce Planning and Restructuring*, Bulletin No. 01-07, Office of Management and Budget, May 8, 2001.

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workforces to streamline federal organizations, OMB asked agencies to identify, by June 29, 2001, supervisors and managers by occupational title, grade level, location, and the number of people that they oversee; evaluate the skills of the workforce; and provide demographics of the workforce by age, grade, retirement eligibility, and expected retirements over the next 5 years. However, because EPA has not yet performed a comprehensive workforce assessment, EPA human resource managers told us that they relied on past work, such as its workforce assessment project completed in 1999, and information provided by its headquarters and regional offices to meet OMB's June 2001 deadline. According to these managers, while this analysis provides a valuable "snapshot" of EPA's workforce and serves as a starting point for a detailed workforce assessment, it is not as comprehensive as the workforce planning effort the agency plans to conduct under its human capital strategy. Because EPA submitted its analysis to OMB as this report was being processed, we were unable to obtain and review it in time to include our evaluation of it in this report.

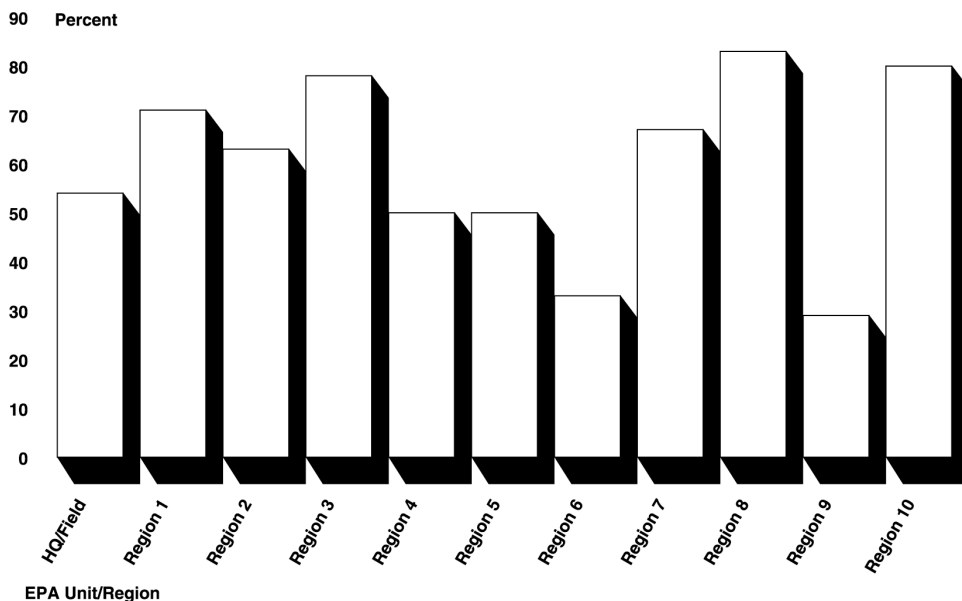
While such information provides a general overview of the structure of EPA's workforce, EPA cannot ensure the accuracy of this information or the reliability of the information systems it uses for its human capital management. The agency has no reliable means to determine how its employees spend their time—information that is critical to assessing an agency's workforce requirements. In March 2000, we reported that EPA needs to more accurately determine how employees spend their time in order to ensure that they are being used for designated purposes. We pointed out that EPA officials had yet to assess the accuracy of the data collected under its cost accounting system, which it used to determine the number of FTEs that the agency devotes to each of its strategic goals and objectives. Furthermore, in November 2000, EPA's Inspector General noted that EPA needed to follow through on improving its cost accounting systems and that resources that EPA headquarters budgeted for environmental programs should be controlled and accounted for—including better tracking of how employees spend their time—to ensure that they are being used for designated purposes. Without accurate workforce data, EPA cannot determine (1) the appropriate number of people and competencies needed to effectively accomplish its mission or (2) the costs of carrying out its strategic goals and objectives.

## EPA Is Not Prepared for the Potential Loss of Leadership and Institutional Knowledge

Agencies need to aggressively pursue comprehensive succession planning and executive development actions to address the potential loss of leadership continuity, institutional knowledge, and expertise in the Senior Executive Service (SES) ranks. These actions include (1) developing a formal succession plan based on a review of the agency's current and emerging leadership needs in light of its strategic and program planning, and (2) identifying sources of executive talent both within and outside the agency. However, EPA does not currently have in place a succession plan to ensure continuity in the agency's leadership and to prepare for the management losses that will likely occur as potentially large numbers of its senior executives retire in the near future.

Fiscal year 2000 data on EPA's workforce indicate that 57 percent of the agency's 255 senior executives are eligible to retire before fiscal year 2006. As shown in figure 3, potential retirements may create particularly severe shortages in some EPA units and regions, such as Region 8 (Denver) in which up to 83 percent of executives are eligible to retire over the next 5 years.

**Figure 3: Percentage of Total Senior Executive Service Staff Eligible to Retire By 2006, By EPA Unit/Region**



Source: GAO's analysis of OPM data.

EPA human resource managers believe that the agency is adequately prepared for a potentially large number of retirements in the near future.



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These managers told us that, in general, EPA has 7 to 10 qualified and experienced candidates within the agency for each SES position advertised, as well as a pool of qualified external candidates. Historically, according to these managers, SES recruitment efforts draw from 30 to 50 applicants for each vacancy, many of whom are internal candidates. Nevertheless, EPA currently has no formal succession plan based on a comprehensive workforce assessment, which could provide it greater assurance of leadership continuity.

EPA has initiated a number of activities aimed at ensuring the continuity of its leadership, such as establishing an SES mentoring program and beginning a review of executive succession needs. In addition, under its human capital strategy, EPA plans to reinstitute an SES candidate program and develop a leadership succession-planning program. In these endeavors, as in many of the other positive efforts under EPA's human capital strategy, the agency has made limited progress and it is too early to determine whether its initiatives will be successful.

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### **EPA's Recruiting and Training Policies Do Not Fully Address Potential Shortages in Mission-Critical Skills**

While EPA acknowledges that it faces significant challenges in maintaining a workforce with the highly specialized skills and knowledge required to accomplish the agency's work, it has yet to fully address the need to hire and develop staff with mission-critical skills in key technical areas. In order to function as a high-performing organization, an agency needs to hire and retain a dynamic, results-oriented workforce with the talents, multidisciplinary knowledge, and up-to-date skills to ensure that it is equipped to achieve its mission. Similarly, it is crucial that agencies invest in training and developing staff to develop mission-critical skills. However, EPA currently has neither a recruiting and hiring strategy that is targeted to fill identified gaps in skills, nor a training and employee development strategy that explicitly links the agency's curricula with the specific technical skills needed to achieve the agency's mission.

Moreover, as discussed above, EPA has not yet completed the crucial first step in developing these strategies: identifying the agencywide critical skills needed for mission accomplishment, the number of needed staff with these skills, and their appropriate geographical and organizational locations. According to EPA officials, once this effort is completed it will serve as the basis for targeted recruitment and training strategies to fill the identified gaps. However, EPA's human resource managers do not know when the workforce assessment will be completed.

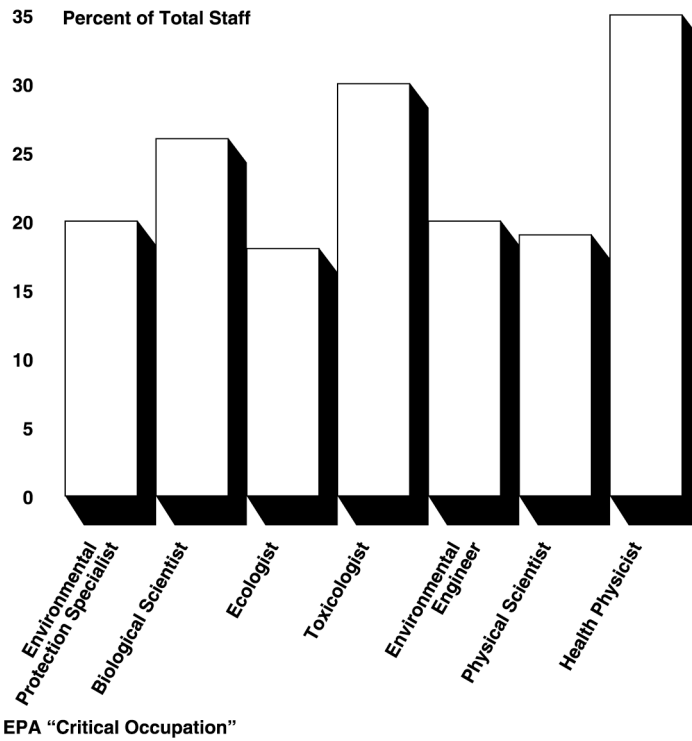
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Although the agency has not completed its assessment of skills, it has identified a number of "critical occupations" that are needed to achieve its mission. These include, among others, environmental protection specialists, general biological scientists, ecologists, toxicologists, environmental engineers, general physical scientists, and health physicists. The scientists in these seven job categories accounted for 45 percent of EPA's total staff of almost 18,000 employees at the end of fiscal year 2000. About 20 percent of these scientists will be eligible for retirement before fiscal year 2006.

The National Research Council recently reported on EPA's difficulty in managing its scientific workforce. The Council pointed out that EPA's scientific performance has been criticized many times in reports released by the Council, EPA's Science Advisory Board, GAO, and other organizations and "in countless criticisms and lawsuits from stakeholders with interests in particular EPA regulatory decisions." While noting EPA's significant improvements during the past decade in some of its scientific practices, the Council expressed concerns about EPA's science capabilities, including its ability to attract first-rate talent. For example, it concluded that hiring freezes within the agency and intense job market competition from the private sector and academic institutions have made it "extremely difficult" to recruit or even retain the talent needed to sustain and enhance its research workforce.

The shortage in mission-critical staff could worsen as scientists reach retirement age and consider leaving the agency. Over the next 5 years, for example, EPA faces the potential loss of much of the technical expertise, which it needs to achieve its strategic goals, as potentially large numbers of the agency's scientists in some key technical areas become eligible to retire. Figure 4 shows the percentage of EPA staff in each critical occupation who will be eligible to retire by fiscal year 2006.

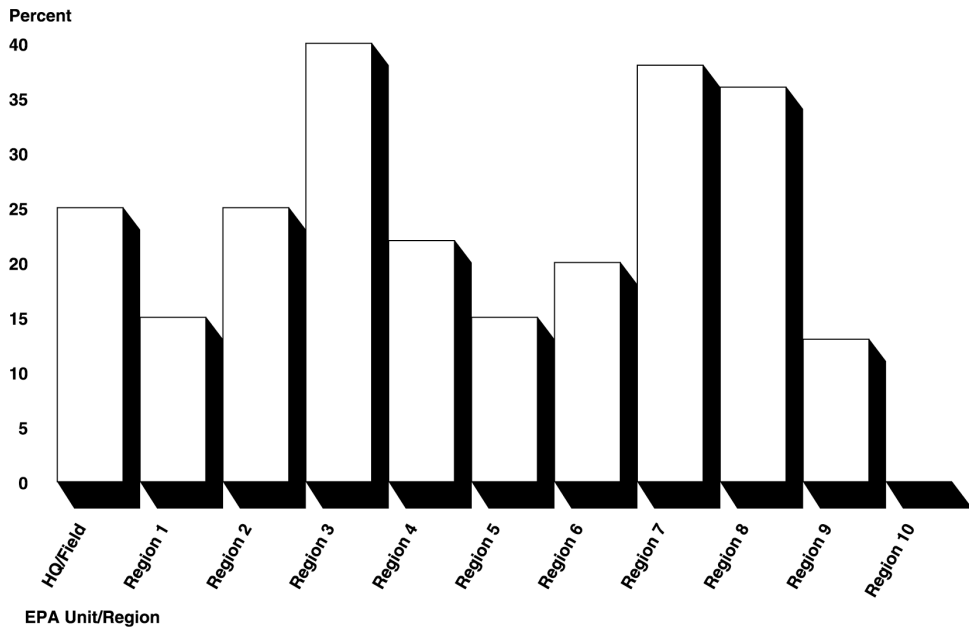
**Figure 4: Percentage of EPA Staff in Selected Scientific/Technical "Critical Occupations" Eligible To Retire By 2006**



Source: GAO's analysis of OPM data.

Furthermore, some EPA organizational units may be more severely affected than others by the impending retirements of staff with critical scientific and technical skills. For example, figure 5 shows the effects of potential retirements of biological scientists on EPA's organizational units.

**Figure 5: Percentage of Biological Scientists Eligible to Retire by Fiscal Year 2006, By EPA Unit/Region**



Source: GAO's analysis of OPM data.

EPA can fill the gaps in scientific and technical skills that may arise from these pending retirements through (1) targeted recruiting efforts to hire outside expertise and (2) training to ensure that current staff develop the needed technical skills. EPA has continued its recruitment efforts in recent years, placing emphasis on achieving diversity goals. Furthermore, while EPA acknowledges the need to invest in EPA employees through training, it has yet to develop an employee development strategy to meet specific scientific and technical skill gaps. EPA's Office of Inspector General emphasized the need for such a strategy in November 2000, when it identified EPA's training and employee development as a fiscal year 2000 management control weakness.

To address these concerns, EPA proposes to directly link employee development to mission needs by, among other actions, developing and testing a rotational assignment program and implementing a workforce development strategy. However, EPA received no funding in fiscal year 2001 for the rotational assignment program and its workforce development strategy aims to enhance general competencies, such as communication and collaboration, rather than specific mission-critical technical skills.

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## OECA's Workforce Deployment Does Not Ensure the Consistent Enforcement of Environmental Requirements Across Regions

Managing EPA's enforcement workforce is particularly challenging because enforcement activities pervade the agency's programs and regions. Enforcement responsibilities are centralized within OECA, which is responsible for monitoring the compliance of facilities regulated by federal environmental laws and ensuring that violations are reported and that actions are taken against violators when necessary. OECA provides overall direction on enforcement policies to the regions, which carry out enforcement actions and oversee the enforcement activities of states that EPA has authorized to enforce federal environmental regulations. While OECA recognizes that the regions need to maintain an appropriate level of consistency in enforcing requirements and overseeing state enforcement programs, it acknowledges that some regional variation in environmental enforcement activities is to be expected for a number of reasons. For example, differences exist in (1) the opinions of enforcement staff about the best way to achieve compliance with environmental regulations and (2) state laws and enforcement authorities and the manner in which individual regions respond to such differences. In addition, OECA's decisions on how to deploy its enforcement staff to the regions can affect its ability to ensure the consistent enforcement of federal environmental requirements throughout the country. In this regard, we found that OECA's deployment decisions are hampered by two interrelated problems:

- Workforce deployment decisions do not fully consider workload changes that are known to have occurred over the past decade, such as the number of regulated facilities in individual regions that are subject to environmental inspections.
- Information is not collected and analyzed for key regional workload factors, such as the extent to which specific enforcement-related functions are performed and the time required to perform them.

Without such information, OECA cannot determine the appropriate size, skills-mix, and location of the regional enforcement staff needed to ensure that regulated industries receive consistent, fair, and equitable treatment throughout the nation. OECA also cannot ensure effective oversight of state programs, which share with EPA responsibility for enforcing federal environmental requirements. Furthermore, without this information, OECA has no basis for systematically determining where staffing increases or reductions—such as the 8-percent reduction proposed for fiscal year 2002—should be made.

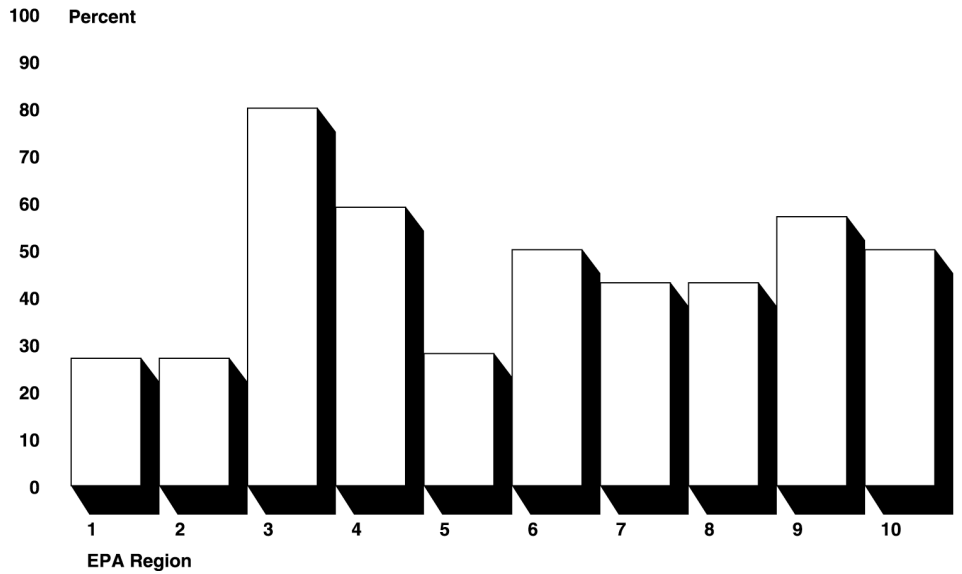
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## OECA's Enforcement Workforce Deployment Is Not Based On Current Workload Information

OECA deploys its enforcement workforce largely on the basis of outdated workload models that were developed over a decade ago and not updated since 1989. In general, the workload models were based on the number of regulated facilities in each region and the type and amount of enforcement activities required for a particular program. While the workload models may have been an appropriate tool for allocating enforcement personnel during the 1980s, many critical changes affecting the enforcement workload have occurred over the past decade. Since the workload models were developed, (1) the number of environmental laws, regulations, and programs has increased; (2) the focus and requirements of several environmental programs have shifted; (3) states have assumed a greater role in environmental enforcement; and (4) technological advances have affected the skills and expertise needed to conduct enforcement actions. OECA officials told us that they are currently examining how OECA's headquarters resources can best be deployed to meet their strategic goals and are working to develop a more comprehensive plan for deploying enforcement resources in the regions.

EPA regions currently vary in the extent to which they enforce environmental requirements and oversee state enforcement activities. For example, as figure 6 indicates, the number of inspections conducted under the Clean Air Act in fiscal year 2000 relative to the number of facilities in each region subject to EPA's inspection under the act varied from a high of 80 percent in Region 3 to a low of 27 percent in Regions 1 and 2.

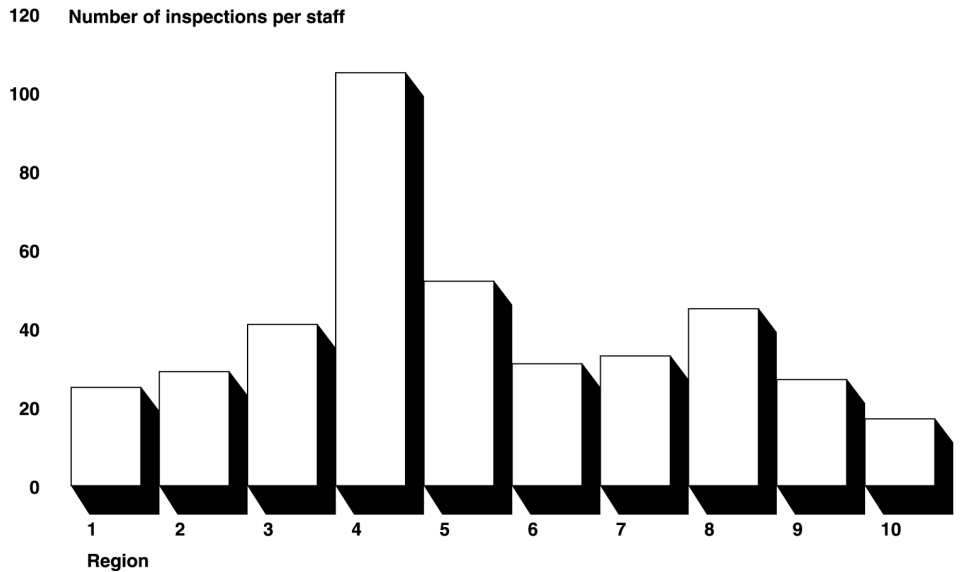
**Figure 6: Percentage of Total Regulated Facilities Inspected Under the Clean Air Act During Fiscal Year 2000, by EPA Region**



Source: GAO's analysis of EPA data.

Furthermore, the number of regional enforcement staff available to oversee state programs varies significantly among the 10 regions, raising questions about some regions' ability to provide consistent levels of oversight. As figure 7 indicates, differences exist in the number of state inspections performed in relation to individual OECA staff assigned to monitoring activities, which include overseeing state activities.

**Figure 7: Number of State Inspections Under the Clean Water Act During Fiscal Year 2000 per EPA Staff Available to Oversee Such Inspections, by EPA Region**



Source: GAO's analysis of EPA data.

While federal and state enforcement officials agree that basic enforcement activities should be largely consistent, some variation among regions is to be expected and, under certain circumstances, encouraged. According to EPA, for example, differences are appropriate in how each region targets its resources to address the most significant compliance issues in the region. However, OECA has not determined whether and to what extent variations in enforcement activities across regions represent (1) an exercise of flexibility in adapting national program goals to local circumstances or (2) a deployment problem that needs to be analyzed and remedied.

## OECA Lacks Sufficient Enforcement Information

OECA cannot fully determine the causes and appropriateness of the variations in regional enforcement activities because it does not have complete and reliable workforce planning information on these activities. Specifically, OECA does not have accurate information on (1) the universe of entities subject to regulation under federal environmental laws and (2) the time required to perform enforcement-related activities, such as assisting facilities to comply with environmental regulations.

Determining the size of the universes regulated under various environmental statutes is a difficult process that relies heavily on the



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accuracy of EPA's data systems. However, the reliability of these systems has been challenged from sources both inside and outside of the organization. The universes regulated under various EPA statutes are based on state-provided information that is subject to change as companies are created, go out of business, reach thresholds for chemical emissions that bring them under EPA's regulatory authority, or reduce their emissions of certain chemicals to levels that are not subject to regulation. Furthermore, many state enforcement programs maintain their own databases to manage their programs and do not use EPA's national databases. Consequently, keeping the information in the EPA databases current has been a low priority for the states in an environment of limited resources. In March 2001, OECA recognized the seriousness of providing inconsistent information when reporting universes and their sizes and initiated efforts to improve the data. OECA also recognized that determining the universe of regulated entities under individual statutes will be difficult because of the complexities of environmental regulations and the number of entities involved—approximately 41 million entities ranging from community drinking water systems to pesticide users to major industrial facilities. Once it completes its initial efforts, OECA plans to periodically review its data to keep the universes as current as possible.

In addition, OECA headquarters and regional managers agree that to develop an accurate workforce planning system, key fact-based information is essential to enable managers to account for the time of their enforcement staff. The data most needed include the amount of time spent in performing inspections, providing oversight of state inspections, assisting states and industrial facilities to comply with environmental requirements, and taking various legal actions when necessary to require compliance. Such managerial accounting information is generally not available to OECA's managers.

The lack of such workforce planning information limits OECA's ability to determine whether regions and states are consistently meeting the requirements of EPA's enforcement program and whether significant variations from these requirements exist and should be corrected. Limitations in OECA's data on its regional activities also hamper its ability to assess the number of staff it needs; the knowledge, skills, and abilities they should possess; and where they should be deployed. With such information OECA could ensure that the right number and types of people are being hired during times of growth and that they are systematically allocated among programs and locations according to need. The information is also needed when operations are being downsized to ensure

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that staff reductions can be absorbed with minimal impacts on the effectiveness of operations.

The administration's fiscal year 2002 budget request for enforcement activities illustrates the importance of having accurate enforcement information that can be used to inform workforce decisions. The administration proposes a new grant program under which it intends to redirect \$25 million of funding for enforcement activities. Rather than using these funds to perform its enforcement activities, EPA would provide the funds to states and tribes for their enforcement efforts. An April 2001 internal OECA memorandum indicated that EPA did not expect that all states would receive grants. According to this memorandum, the agency believed that grants should be awarded based on the quality of state proposals, and estimated that approximately 15 to 25 states would receive none of this additional funding. However, subsequently, OECA received comments on the proposal from states and tribes and in July 2001, OECA officials told us that they are reconsidering their initial approach for awarding the grants. The agency is currently developing guidance that will address how the grants will be awarded.

As part of the administration's proposal, EPA would reduce its enforcement staff by 270 people, or about 8 percent. EPA officials told us that staffing for OECA's headquarters and the regions will be reduced by about 51 FTEs and 219 FTEs, respectively. The staff reductions within the regions will likely be proportional to the number of staff currently assigned to them (that is, a region employing 10 percent of EPA's total regional enforcement staff would absorb 10 percent of the regional reductions, or about 22 FTEs). However, as we have noted, EPA allocates its regional enforcement staff on the basis of outdated information. EPA contends that it can absorb the staff reductions without jeopardizing its ability to effectively perform enforcement activities and to oversee the state programs to ensure that they consistently and fairly enforce environmental laws and regulations across the nation. However, without accurate workforce planning information on factors such as the amount of time required to perform inspections and oversight functions, EPA cannot demonstrate that the staff reductions will be absorbed without impairing its effectiveness. Furthermore, in some states, particularly those states that may not receive additional grant funds, it is possible that the level of enforcement activity may actually be reduced as a result of the grant program.

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## Conclusions

EPA, like most federal agencies, has not consistently made strategic human capital management an integral part of its strategic and programmatic approaches to accomplishing its mission. Nonetheless, to its credit, EPA recently has recognized the importance of strategic human capital management, and is now in a good position to move forward during the next few years toward implementing the human capital practices that are associated with high performing organizations. Although EPA has recently made substantial progress in developing a strategy to more effectively manage its workforce, substantial issues remain and must be addressed to increase the likelihood of the strategy resulting in tangible programmatic results. One such issue involves integrating human capital objectives with EPA's strategic environmental goals to ensure that implementing these objectives will bear directly on the fulfillment of the strategic goals. Other issues that need to be addressed include determining when and at what cost the human capital strategy will be implemented and how its success will be measured.

EPA's human capital strategy recognizes the need to deal with the major human capital management areas, such as workforce planning and employee development, that pose substantial challenges to its success. Previous initiatives to confront some of these challenges, such as obtaining accurate workforce planning data and attracting top-level scientists for the agency's research programs, have met with only limited success. Effectively implementing a strategy to overcome such challenges in a large and complex organization like EPA is not something that can be done quickly or easily. EPA will need to formulate appropriate remedies, and senior managers will need to provide sustained attention and commitment to providing sufficient priority and resources needed to carry out the corrective actions.

EPA's enforcement activities, carried out by OECA, have changed greatly during the past decade as new environmental laws were enacted; the focus of existing environmental programs has changed; and the states have assumed a greater role in enforcing federal environmental regulations. The impact of these changes on the enforcement workload cannot be determined because OECA does not have complete and reliable data on the specific enforcement functions performed by regional staff and the time required to perform them. Without such data, it is not possible for OECA to strategically deploy its staff to ensure that enforcement activities are performed more consistently throughout the nation. (Similarly, other EPA entities might benefit from such data for their respective activities.)

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The need for complete and reliable data on the agency's regional enforcement workload, functions, and capabilities is highlighted by the administration's proposal to use \$25 million of EPA's fiscal year 2002 budget for a new enforcement grant program and to eliminate 270 of EPA's enforcement staff positions. EPA currently cannot tailor such staff reductions in a manner to minimize potential adverse impacts on its enforcement program because it has no basic workforce-planning information on the number of enforcement staff it needs; the knowledge, skills, and abilities they should possess; and where they should be deployed.

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## Recommendations for Executive Action

To ensure that EPA's human capital policies and practices are most effectively directed toward achieving the agency's mission, we recommend that the Administrator, EPA, build upon the agency's substantial progress in more effectively managing its workforce by revising the agency's human capital strategy to (1) link the strategy's action steps with the fulfillment of EPA's strategic goals, (2) identify the milestones and needed resources to implement the strategy, and (3) establish results-oriented performance measures to determine progress toward meeting the strategy's objectives.

Furthermore, as EPA implements its human capital strategy over the next few years, we recommend that the Administrator better align the strategy with those of high-performing organizations by working toward

- developing a system for workforce allocation and deployment that is explicitly linked to the agency's strategic and program planning efforts and that is based on systematic efforts of each major program office to accurately identify the size of its workforce, the deployment of staff geographically and organizationally, and the skills needed to support its strategic goals;
- designing succession plans to maintain a sustained commitment and continuity of leadership within the agency based on (1) a review of current and emerging leadership needs and (2) identified sources of executive talent within and outside the agency;
- targeting recruitment and hiring practices to fill the agency's short- and long-term human capital needs and, specifically, to fill gaps identified through EPA's workforce planning system; and
- implementing training practices that include (1) education, training, and other developmental opportunities to help the agency's employees build the competencies that are needed to achieve EPA's shared vision, and (2) an explicit link between the training curricula and the competencies needed for mission accomplishment.

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In addition, to ensure that OECA deploys its resources most effectively and efficiently to achieve the agency's strategic goals for enforcement, we recommend that the Administrator, EPA, establish, within the context of the agency's human capital strategy, a systematic method for deploying resources to address the agency's enforcement workload in the regions. An effective methodology should take into account the workforce-planning information needed to analyze the enforcement workload and the workforce capabilities of its 10 regions. Specifically, this would include information on (1) the level of resources (FTEs) that are currently being allocated to specific enforcement activities; (2) the factors that determine the enforcement workload in each region, including, among others, the size of the regulated universe and the extent to which states conduct enforcement/compliance activities that would otherwise be EPA's responsibility; (3) the specific skills that are needed to address each region's enforcement workload and the number of employees in each region who currently possess such skills. To develop such a methodology, OECA needs to establish mechanisms for obtaining more complete and reliable data on these factors. Furthermore, this methodology would be most effective if it were linked to agencywide recruiting, hiring, and training policies and practices in order to fill identified gaps in the skills needed to perform effective enforcement actions.

Finally, in redirecting enforcement resources to states and tribes, we recommend that the Administrator, EPA, before reducing the enforcement staff by 270 positions, collect and review more complete and reliable workforce-planning information than is currently available on the enforcement workload and the workforce capabilities of EPA's 10 regional offices.

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## Agency Comments

We provided EPA with a draft of this report for review and comment. EPA officials, including the Acting Deputy Director, Office of Human Resources and Organizational Services and the Director, Administration and Resources Management Support Staff, Office of Enforcement and Compliance Assurance, provided comments on the draft. These officials generally agreed with our findings and recommendations and offered a number of detailed clarifications, which we have incorporated where appropriate.

As arranged with your office, we plan no further distribution of this report for 10 days from the date of this letter unless you publicly announce its contents earlier. At that time, we will send copies to the Chairman, Subcommittee on VA, HUD, and Independent Agencies, Senate Committee

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on Appropriations; the Chairmen and Ranking Minority Members of the Senate Committee on Environment and Public Works and the House Committee on Energy and Commerce; other interested Members of Congress; the Administrator, EPA; the Director of the Office of Management and Budget; and other interested parties. We will make copies available to others upon request. The letter will also be available on GAO's home page at <http://www.gao.gov>.

If you have any questions about this report, please contact me at (202) 512-3841 or Edward Kratzer at (202) 512-6553. Key contributors to this report were Vincent P. Price, Bernice Dawson, Alyssa Hundrup, Ken McDowell, Ellen Rubin, and Gregory Wilmoth.

Sincerely yours,

A handwritten signature in black ink, reading "John B. Stephenson". The signature is written in a cursive style with a long horizontal flourish extending to the right.

John B. Stephenson  
Director, Natural Resources  
and Environment

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# Appendix I: Scope and Methodology

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Our objectives for this review were to determine (1) the extent that EPA's strategy to improve its human capital management includes the key elements associated with successful human capital strategies, (2) the major human capital challenges facing EPA in successfully implementing its strategy, and (3) the extent to which EPA's deployment of its enforcement workforce ensures that federal environmental requirements are consistently enforced across regions. To address the first two objectives, we reviewed the EPA publication "Investing in Our People: EPA's Strategy for Human Capital, 2001 through 2003," and analyzed information on the nature and status of EPA's key human capital management initiatives. In this regard, in July and August 2000, we asked agency officials in EPA's Office of Human Resources and Organizational Services, Office of Enforcement and Compliance Assurance, and each of its ten regions to respond to questions based on GAO's human capital self-assessment "checklist" and used the checklist as a structure for organizing and evaluating their responses.<sup>1</sup> The checklist is an assessment tool that identifies the key human capital elements and underlying values that are common to high-performance organizations (see table 3).<sup>2</sup> We also obtained information from EPA's Office of Human Resources and Organizational Services on the status of the agency's efforts to implement the strategy.

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<sup>1</sup>*Human Capital: A Self-Assessment Checklist for Agency Leaders* (GAO/OCG-00-14G; Sept. 2000).

<sup>2</sup>See also *Human Capital: Key Principles From Nine Private Sector Organizations* (GAO/GGD-00-28, Jan. 31, 2000).

**Table 3: GAO's Human Capital Framework**

<b>Strategic Planning</b>	Establish the agency's mission, vision for the future, core values, goals and objectives, and strategies. <ul style="list-style-type: none"> <li>• Shared vision</li> <li>• Human capital focus</li> </ul>
<b>Organizational Alignment</b>	Integrate human capital strategies with the agency's core business practices. <ul style="list-style-type: none"> <li>• Improving workforce planning</li> <li>• Integrating the human resources function</li> </ul>
<b>Leadership</b>	Foster a committed leadership team and provide for reasonable continuity through succession planning. <ul style="list-style-type: none"> <li>• Defining leadership</li> <li>• Building teamwork and communications</li> <li>• Ensuring continuity</li> </ul>
<b>Talent</b>	Recruit, hire, develop, and retain employees with the skills needed for mission accomplishment. <ul style="list-style-type: none"> <li>• Recruiting and hiring</li> <li>• Training and professional development</li> <li>• Workforce deployment</li> <li>• Compensation</li> <li>• Employee-friendly workplace</li> </ul>
<b>Performance Culture</b>	Empower and motivate employees while ensuring accountability and fairness in the workplace. <ul style="list-style-type: none"> <li>• Performance management</li> <li>• Performance incentives</li> <li>• Continuous learning and improvement</li> <li>• Managers and supervisors</li> <li>• Job processes, tools, and mission support</li> <li>• Information technology</li> <li>• Inclusiveness</li> <li>• Employee and labor relations</li> </ul>

Finally, to determine the extent to which EPA's deployment of its enforcement workforce ensures that federal environmental requirements are consistently enforced across regions, we obtained and analyzed data from EPA's 10 regions on their enforcement workforce and workload. In this regard, from August through November 2000, we worked with enforcement officials and staff in OECA's headquarters office and EPA's Region 4 to develop a comprehensive instrument to obtain information by major program on, among other factors, (1) the number and type of each region's regulated facilities, (2) the nature and number of individual enforcement activities (such as inspections and oversight activities) conducted in each region by EPA and the states, and (3) the number of staff conducting these activities. We received and began analyzing information from most regions in January and February 2001. Our analysis showed that, overall, the data were incomplete and inconsistent across regions and programs because of differences in definitions, reporting



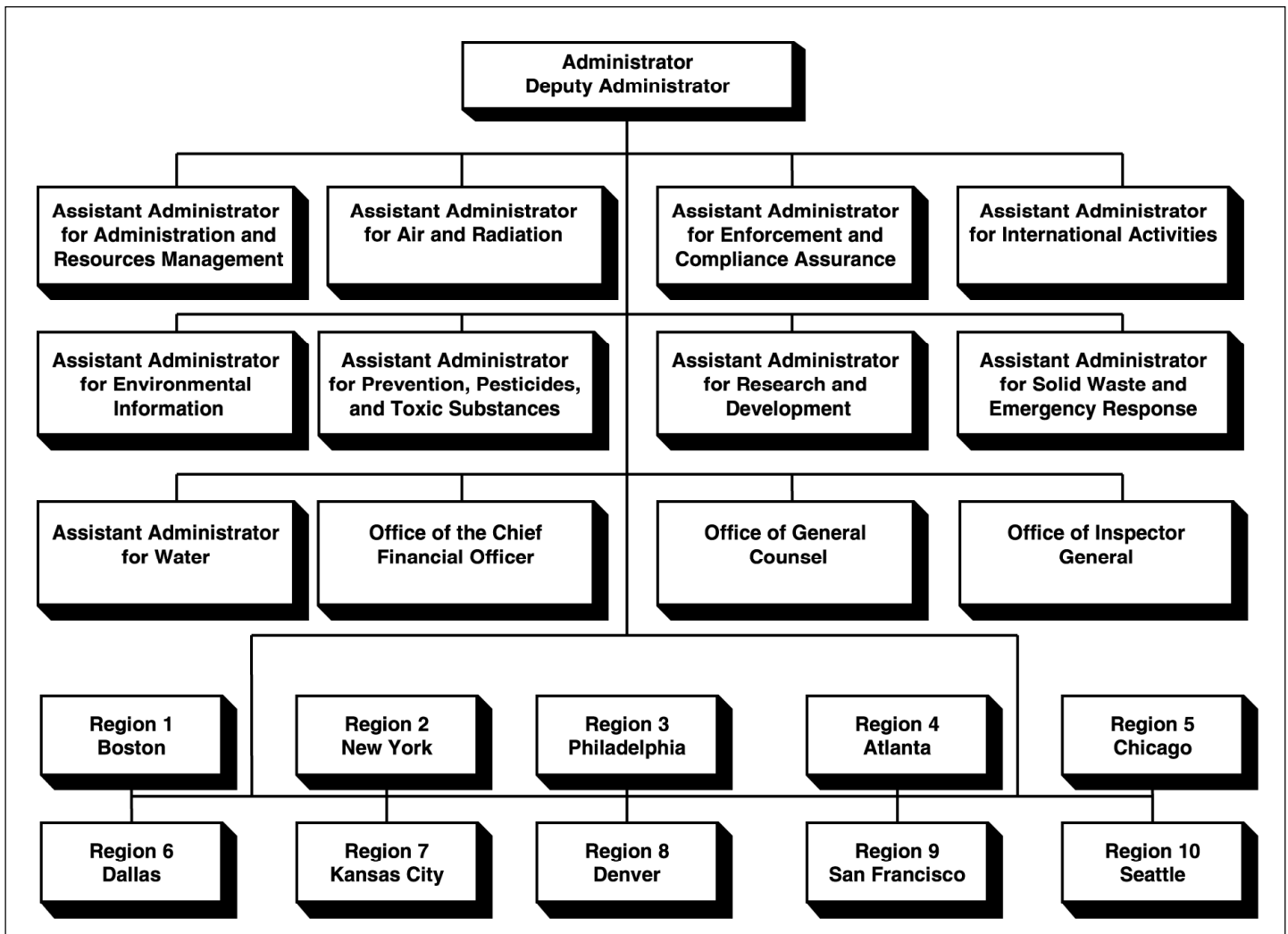
requirements, and states' willingness to provide data voluntarily. For these reasons, we were generally unable to rely on these data for drawing conclusions relating to EPA's enforcement workforce and workload. As an alternative, for our analysis on workload variations and imbalances, we relied primarily on information from OECA headquarters on enforcement FTEs in each region and standard Program Review Status reports produced annually by OECA. Our comparative analysis of these data with the information from the regions further confirmed the inconsistency of EPA's enforcement data.

Our work for this review was conducted between June 2000 and July 2001 in accordance with generally accepted government auditing standards.

# Appendix II: EPA's Structure and Environmental Enforcement Activities

EPA is organized into 13 major headquarters offices (including OECA), located in Washington, D.C. (see fig. 8). These offices receive administrative, investigative, and laboratory support from numerous headquarters field entities located throughout the country. EPA also maintains 10 regional offices to implement federal environmental statutes and to provide oversight of related state activities.

Figure 8: EPA's Organizational Structure



Source: EPA

EPA has been responsible for enforcing the nation's environmental laws since it was created in 1970. This responsibility has traditionally involved monitoring the compliance of those in the regulated community (such as factories or small businesses that release pollutants into the environment or use hazardous chemicals), ensuring that violations are properly identified and reported, and ensuring that timely and appropriate enforcement actions are taken against violators when necessary. Under many major federal environmental statutes, EPA gives states that meet specified requirements the authority to implement key programs and to enforce their requirements. In such cases, EPA establishes by regulation the minimum components of state enforcement authority, such as the authority to seek injunctive relief and civil and criminal penalties. EPA also outlines by policy and guidance its views as to the elements of an acceptable state enforcement program, such as necessary legislative authorities and the type and timing of the action for various violations, and tracks how well states comply. EPA may also take appropriate enforcement action against violators.

EPA administers its environmental enforcement responsibilities through its headquarters Office of Enforcement and Compliance Assurance (OECA). While OECA provides overall direction on enforcement policies and sometimes takes direct enforcement action, it carries out much of its enforcement responsibilities through its 10 regional offices. These offices are responsible for taking direct enforcement action and for overseeing the enforcement programs of state agencies in those instances in which EPA has approved a state program.

Although EPA acknowledges that some variation in environmental enforcement is necessary to take into account local conditions and local concerns, core enforcement requirements must nonetheless be consistently implemented. EPA also maintains that to ensure fairness and equitable treatment, like violations in different regions of the country should be met with comparable enforcement responses.

Many major federal environmental statutes allow EPA to authorize states to administer environmental programs.<sup>1</sup> One of the key conditions for authorizing state programs is that the state acquire and maintain adequate authority to enforce the federal law. For example, to obtain EPA approval

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<sup>1</sup>For some programs, EPA is responsible for carrying out directly all enforcement and compliance activities.

to administer the Clean Air Act's title V permitting program for major air pollution sources, states must have, among other things, adequate authority to ensure compliance with title V permitting requirements and to enforce permits, including authority to recover civil penalties and provide appropriate criminal penalties. Similarly, the Clean Water Act allows EPA to approve state water pollution programs under the National Pollutant Discharge Elimination System if the state programs contain, among other things, adequate authority to issue permits that ensure compliance with applicable requirements of the act, and to abate violations, using civil and criminal penalties and other means of enforcement.

EPA develops enforcement policies for these programs. The enforcement policies outline EPA's traditional regulatory approach to enforcement, including what constitutes a violation, especially the significant violations that are likely to require an enforcement action. When a violation is discovered, the policies generally require an escalating series of enforcement actions, depending on the seriousness of the violation and the facility's level of cooperation in correcting it. Actions might start with a verbal warning, or a warning letter, and escalate to administrative orders requiring a change in the facility's practices. These enforcement policies also define timely and appropriate enforcement actions for various types of violations. In the most serious cases, EPA or the states can assess penalties or refer the case to the U.S. Department of Justice or a state's Office of Attorney General for prosecution. The monetary penalties that EPA assesses include two amounts: one amount based on the seriousness of the violation and the other amount designed to remove any financial advantage the violator obtained over its competitors through noncompliance. EPA may also pursue criminal enforcement action if the situation warrants.

Whether EPA or state personnel take the lead in taking enforcement actions depends on whether the state has been authorized to administer the program. If EPA retains the program, the cognizant EPA regional office generally takes the lead in monitoring compliance and taking enforcement actions, often with support and/or guidance of EPA headquarters program offices, OECA, and the Office of General Counsel.

EPA's policies provide guidance to the states that have been authorized to administer the enforcement program. Moreover, EPA's regions and the states work together each year to establish enforcement expectations and lay out their respective roles. EPA also provides grant funds to states to assist in the implementation of the federal programs and, under certain

circumstances, conditions receipt of grant funds on compliance with EPA guidance.

EPA oversees the states' enforcement in a variety of ways, including reviewing inspection reports and enforcement actions and accompanying state inspectors. EPA also requires states to report information on various aspects of their enforcement efforts, such as the number and type of inspections the state has taken, the results of those inspections, and any enforcement actions resulting from discovered violations. EPA's enforcement policy under the Clean Air Act and Clean Water Act concentrates primarily on large facilities and large sources of pollution. States have more autonomy in determining how they will enforce the law at smaller sources and smaller facilities.

EPA officials use a number of methods to oversee regional and state enforcement programs. An important first step is the biennial Memorandum of Agreement between EPA headquarters and the regions, which contains the core program requirements and national priorities that both headquarters and the regions agree must be addressed. In addition to the national priorities, the agreements with each individual region contain region-specific priorities that OECA reviews and approves. The regions share this agreement with their states so that all key parties understand the regions' goals and commitments with headquarters. Senior OECA managers visit the regions during the year to review regional progress in meeting the agreed-upon enforcement goals and commitments in the memorandum and to make mid-year corrections. OECA also sponsors national meetings, schedules routine conference calls between headquarters and regional media program staff, and conducts periodic evaluations of regional enforcement programs. EPA regional enforcement program staff frequently communicate with state enforcement staff through routinely scheduled telephone conferences. In addition, a number of regions have implemented protocols for overseeing state performance.

# Appendix III: Information Reported by EPA on the Status of the Agency's Human Capital Management

In July 2000, we submitted a set of questions based on our human capital self-assessment "checklist" to officials in EPA's Office of Human Resources and Organizational Services. We asked these officials to provide us with information on the extent to which EPA's human capital policies and practices exhibited the principals that we had identified as being associated with high-performing organizations. The following table provides a summary of their responses, organized by the key elements as defined in our checklist. The table also provides information, as of June 2001, on the status of EPA's efforts to implement its human capital strategy as they relate to each checklist element.

**Table 4: Status of EPA's Human Capital Management Activities, as Reported by Agency Officials**

Human Capital Management Element	Status of Human Capital Management/Activities Reported By EPA
<b>STRATEGIC PLANNING:</b>	Establish the Agency's Mission, Vision for the Future, Core Values, Goals and Objectives, and Strategies
<p>High-performance organizations define what they want to accomplish and what kind of organization they want to be. They define a "shared vision"—a mission, a vision for the future, core values, goals and objectives, and strategies—and communicate it clearly, constantly, and consistently. The agency's shared vision provides the standard for assessing the appropriateness and effectiveness of everything the agency does. In the area of human capital, the agency should develop strategies to enhance the value of its employees and focus their efforts on the agency's shared vision. The effect should be in the best interests of employer and employee; the agency's capacity to achieve its shared vision will increase, while its employees will benefit from the incentives of working for a high-performance organization.</p>	
<p><b>"Shared Vision"</b></p> <p>A clearly defined and well-communicated mission, vision for the future, core values, goals, and objectives, and strategies by which the agency has defined its direction and expectations for itself and its people</p>	<p>EPA's 1997 and 2000 Strategic Plan, its Annual Performance Plans, and Annual Performance Reports all include discussions of EPA's mission and "shared vision."</p> <ul style="list-style-type: none"> <li>• In its Strategic Plans, EPA developed a series of 10 strategic, long-term goals, which identify outcomes in the environment and within the organization. These goals define EPA's vision for the future, directions and expectations.</li> <li>• EPA's Annual Performance Plans present the agency's goals, objectives, and strategies for accomplishing them.</li> <li>• EPA's Annual Performance Reports further discuss the agency's progress toward its goals and objectives by providing a goal-by-goal discussion, focusing on the agency's accomplishments with regard to its annual performance goals.</li> </ul> <p>Specifically with regard to human capital, EPA's human capital strategy states that, to achieve the mission of protecting human health and safeguarding the natural environment, EPA established the following vision, values, and strategic goals:</p> <ul style="list-style-type: none"> <li>• "EPA's people are highly skilled and motivated, creative in seeking solutions, and committed to achieving excellence.</li> <li>• EPA respects and values integrity, the trust and confidence of the public, diversity of cultures and thinking, competence, innovation, continuous learning, and sound science. We treat our people fairly and with respect, and encourage a spirit of teamwork and the consistent practice of these values."</li> </ul>
<p><b>Human Capital Focus</b></p> <p>A framework of human capital policies,</p>	<p>EPA has made investing in human resources a high priority because it recognizes that such investments are fundamental to achieving the agency's strategic goals and objectives. EPA's Strategy for Human Capital, completed in November 2000,</p>

**Appendix III: Information Reported by EPA  
on the Status of the Agency's Human Capital  
Management**

<b>Human Capital Management Element</b>	<b>Status of Human Capital Management/Activities Reported By EPA</b>
<p>programs, and practices specifically designed to steer the agency toward achieving its shared vision, integrated with the agency's overall strategic planning</p>	<p>addresses the following issues:</p> <p><b>Strategic Planning:</b> The strategy describes EPA's human capital vision, values, goals, and strategies and its plans to use human capital to accomplish the agency's mission.</p> <p><b>Organizational Alignment:</b> Goal 1 of the strategy—to attract and retain a diverse and highly skilled workforce—calls for an agencywide workforce planning system to identify the skills offices and regions will need, inventory the skills of the current workforce, identify existing gaps, forecast staffing needs, and develop strategies for recruitment, retention, and employee development.</p> <p><b>Leadership:</b> EPA's strategy includes plans for ensuring continuity of leadership through succession planning, reinstating a Senior Executive Service candidate program, and improving efforts to develop EPA's leaders under Goal 2—ensuring that EPA's people perform to their highest potential. EPA's strategy also aims to create "a sense of community, where differences are recognized as contributing to the whole, all employees' contributions are appreciated, and all views are solicited and welcomed" (Goal 4) and ensuring that "teamwork and collaboration are routinely practiced with internal and external partners" (Goal 5).</p> <p><b>Talent:</b> EPA's strategy includes plans for recruiting and developing employees that are linked to the mission under Goals 1 and 2.</p> <p><b>Performance Culture:</b> Goals 2 and 4 of the strategy include plans to (1) strengthen EPA's performance management systems to recognize good performance and better hold employees accountable, (2) assess the impact of EPA's existing system, (3) provide more and better tools to managers for dealing with poor performers, and (4) reemphasize the Merit Principles and establish two-way communication mechanisms to increase mutual understanding and a sense of fairness in EPA's workplaces.</p> <p>Although the agency's various operating human resources offices are expected to measure the effectiveness of human resources practices established under the strategy, the strategy does not yet include measures for assessing the effectiveness of EPA's plans in achieving the strategy's goals. The strategy also calls for future benchmarking of other organizations in several areas, such as establishing guidelines for span of control and encouraging innovation.</p>

**ORGANIZATIONAL ALIGNMENT: Integrate Human Capital Strategies With the Agency's Core Business Practices**

High-performance organizations choose the best strategies for integrating their organizational components, activities, core processes, and resources to support mission accomplishment. High-performance agencies also align their human capital management systems—from the organizational level down to individual employees—with their strategic and program planning. The goal is to maximize value while managing risk. In the human capital area, this requires workforce planning that is explicitly linked to the agency's shared vision. It also requires that the "personnel" or "human resources (HR)" function undergo a fundamental reorientation, from being a strictly support function involved in managing personnel processes and ensuring compliance with rules and regulations, to taking a "place at the table" with the agency's top management team. Effective human capital professionals must have the appropriate preparation and experience to provide effective mission support and to participate as partners in developing, implementing, and assessing the agency's human capital approaches.

<b>Workforce Planning</b>	EPA currently has no integrated workforce planning strategy. Nevertheless, EPA human resource managers believe that the agency has made significant progress towards linking its workforce planning strategy and its overall strategic and planning
A strategy, linked to the agency's strategic	

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<b>Human Capital Management Element</b>	<b>Status of Human Capital Management/Activities Reported By EPA</b>
and program planning efforts, to identify its current and future human capital needs, including the size of the workforce, its deployment across the organization, and the knowledge, skills and abilities needed for the agency to pursue its shared vision	efforts and, in particular, in planning for its current and future workforce needs. According to these managers, in 1998, EPA set the foundation for a comprehensive workforce planning system with its Workforce Assessment Project. In this project, EPA assessed the skills and expertise of the agency's workforce, reviewed the internal and external environments driving change that would affect EPA in the future, and identified competencies likely to be critical to the successful accomplishment of EPA's future mission.

**Human Capital Strategy:**

**Strategy 1.1: Develop and Implement an Agency Workforce Planning System**

Develop standardized workforce planning requirements and methodology to be used agencywide, including: (1) Identify technical and other knowledge, skills and competencies needed for the future, and types and numbers of positions needed by series and grade; (2) inventory skills/competencies in the current EPA workforce; (3) examine statistical data on expected attrition by occupational category/grade; (4) compare future needs (both skills/competencies and numbers, by occupation/grade) to existing workforce and identify the gaps; (5) forecast the potential number of new hires by Region/Office taking into account budget projections, and funds needed for training and development; (6) prepare multiyear Workforce Plans to guide decisions on workforce composition, hiring, and employee development efforts at the local and national level.

*Fiscal year 2001 plans:*

Develop standardized workforce planning requirements/methodology.

Status: EPA has formed a project team to develop agencywide standardized workforce planning requirements and methodology and funding has been allocated to let a contract that will support this initiative during the fourth quarter of fiscal year 2001. EPA has benchmarked other federal agencies' planning activities and is looking for a federal partner to jointly develop a workforce planning system. Future implementation plans will depend on the results of work completed in 2001.

**Strategy 6.2: Align administrative and support plans and resources with the Agency's mission priorities.**

- Designate Human Resources and other resources management representatives as members of senior planning teams.
- Allocate Human Resources functional resources to reflect the support to be provided for major program priorities and initiatives.
- Provide the full range of human resources and organizational services to EPA employees.

*Fiscal year 2001 plans:*

1. Provide the full range of human resources and organizational services to EPA employees.

Status: The primary activity under this strategy will be to use the workforce assessment and planning process being developed to assess what is needed to provide EPA's human resources specialists with consultation skills to complement



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<b>Integrating the Human Resource Function</b>	<p data-bbox="651 457 1455 506">their technical skills and fashion developmental responses. EPA has not yet established milestones for this effort.</p> <p data-bbox="594 541 1503 726">According to EPA human resource managers, human capital professionals have been integrally involved in developing the agency's human capital strategy and integrating it into EPA's strategic plan. Similarly, human resources management professionals are involved in developing and implementing EPA's human resources management program and services including, among others, recruitment, staffing, employee development, and labor relations. However, EPA's human resources staff levels have declined in recent years, resulting in skill gaps in the human resource workforce.</p> <p data-bbox="594 758 870 783"><i>Human Capital Strategy:</i></p> <p data-bbox="594 821 1511 894"><b>Strategy 6.1: Institute mechanisms to ensure workforce impact and support needs are identified and planned for early in the strategic planning, preparations for new initiatives, and other planning processes.</b></p> <ul data-bbox="594 926 1511 1167" style="list-style-type: none"> <li>• Develop and institute the "fully funded FTE" model to ensure sufficient funding for human resources initiatives.</li> <li>• Require a workforce impact analysis to be included in planning for new programs and initiatives.</li> <li>• Design and use a facilitated, structured process to do workforce impact analyses and analyses of support needs when conducting strategic planning and planning for new initiatives.</li> <li>• Capture what is spent on human resources and use in budget decisions and in planning for new initiatives.</li> </ul> <p data-bbox="594 1199 837 1224"><i>Fiscal year 2001 plans:</i></p> <ol data-bbox="594 1230 1024 1255" style="list-style-type: none"> <li>1. Develop the "fully funded FTE" model.</li> </ol> <p data-bbox="651 1283 1511 1388"><u>Status:</u> EPA is defining the elements of the "Fully Funded FTE" and developing associated cost factors. EPA will incorporate the final cost factors into the budget formulation process for fiscal year 2002 (Spring 2001) if the senior leadership agrees to this approach.</p>
<b>LEADERSHIP: Foster a Committed Leadership Team and Provide Reasonable Continuity Through Succession Planning</b>	<p data-bbox="105 1482 1511 1717">A committed senior leadership team is essential to fostering an agency's shared vision, aligning organizational components to best pursue this vision, and building a commitment to the vision at all levels of the organization. To become a high-performance organization, an agency needs senior leaders who are drivers of continuous improvement and whose styles and substance are in accord with the way the agency sees its mission and its own character. To create a workforce that shares this vision and is aware of the contribution that each employee can and must make toward achieving it, the agency's senior leaders must work as a team to convey a clear and consistent portrayal of this vision throughout the organization by their words and deeds and the example they set. Political appointees and career managers may bring differing values to the team, but they must work at building mutual understanding and trust and at committing themselves to a shared set of goals for their agency. Because these goals can take years to achieve, the agency must have a succession planning strategy that ensures a sustained commitment and continuity of leadership.</p>
<b>Defining Leadership</b>	<p data-bbox="594 1751 1503 1879">EPA human resource managers stated that the agency expects its leaders to (1) successfully reflect the five Mandatory Executive Core Qualifications outlined by the Office of Personnel Management (OPM)—leading change, leading people, results driven, business acumen, and building coalitions/communication; (2) focus on specific management areas defined by EPA, (for example, human and other resource</p>

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Human Capital Management Element	Status of Human Capital Management/Activities Reported By EPA
	<p>management); and (3) produce results relating to their assigned functional/ programmatic responsibilities. EPA's expectations for its leaders are not explicitly aligned with the agency's mission and strategic goals, but are broader and outlined in more general terms. EPA human resource managers believe that this allows ratings to consider performance in all aspects of the leaders' responsibilities.</p> <p>EPA officials consider executive core competencies, specific management areas, and technical requirements when staffing management positions and making executive development decisions. EPA is reviewing its executive performance management system based on proposed regulations issued by OPM using the balanced-measures concept. As part of this effort, EPA has gathered benchmarking information and will develop additional information with OPM and other federal agencies.</p> <p><b>Human Capital Strategy:</b></p> <p><b>Strategy 2.3: Build effective leadership at all levels within the agency.</b></p> <ul style="list-style-type: none"> <li>• Articulate and disseminate the Agency's leadership philosophy.</li> <li>• Select leadership assessment instruments to be used consistently agencywide.</li> <li>• Convene the EPA SES management team on a regular basis.</li> <li>• Maintain a centralized pool of dollars and staff resources to support local organizational improvement efforts. Convene forums to facilitate the exchange of ideas and networking. Foster improvement of core processes and better environmental results.</li> </ul> <p><i>Fiscal year 2001 Plans:</i></p> <ol style="list-style-type: none"> <li>1. Convene the SES management team on a regular basis. <ul style="list-style-type: none"> <li><u>Status:</u> EPA held an SES management team meeting in 2000 and has scheduled another meeting of the entire EPA SES corps for May 31 and June 1, 2001. Potential topics of discussion include: <ul style="list-style-type: none"> <li>• the Administrator's and senior management's priorities and leadership philosophy;</li> <li>• management challenges facing the agency;</li> <li>• future labor/management relationships;</li> <li>• a new SES performance management system;</li> <li>• integrating human capital considerations into the strategic planning process; and</li> <li>• future EPA strategic plans.</li> </ul> </li> </ul> </li> <li>2. Establish and communicate leadership expectations to supervisors and managers. <ul style="list-style-type: none"> <li><u>Status:</u> EPA plans to communicate expectations for all supervisors, managers, and executives through its Leadership Development program.</li> </ul> </li> </ol>
<p><b>Teamwork and Communications</b></p> <p>Strategy to build teamwork, communicate the agency's shared vision in clear and consistent terms to all levels of the organization, and receive feedback from employees</p>	<p>EPA has no explicit communication strategy. However, according to EPA human resource managers, all Assistant and Regional Administrators meet weekly with the Administrator, and a Senior Management Council meets periodically to address the agency's priorities and other significant business in a comprehensive manner. The Assistant and Regional Administrators are expected to communicate back to their respective organizations. In addition, the Administrator and Deputy Administrator communicate directly with all EPA employees using email regarding important agency</p>

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	<p>matters, such as reorganizations, changes in programmatic directions, major accomplishments, important decisions, and new initiatives.</p> <p>Similarly, EPA has no explicit strategy to build teamwork or to receive feedback from employees on an agencywide basis. However, according to human resource managers, individual EPA program and regional offices have efforts underway to build teamwork and obtain feedback from employees, including plans and efforts to improve team development and activities, training on teams and high performance organizations, employee satisfaction surveys, management assessment surveys, and customer satisfaction surveys.</p> <p><b>Human Capital Strategy:</b></p> <p><b>Strategy 5.2: Improve and support teamwork within organizations and across organizational boundaries.</b></p> <ul style="list-style-type: none"> <li>For organizations that utilize teams, institute a team support program, including internal consultants to advise managers and teams on the benefits of a team-based organization, how to implement teams, and related subjects; training in such team skills as group dynamics, group facilitation, and conflict resolution; and tools to support teams throughout the implementation.</li> </ul> <p><i>Fiscal year 2001 Plans:</i></p> <p>[None reported]</p>
<p><b>Ensuring Continuity: Executive Succession Planning</b></p> <p>Ensure continuity of leadership through executive succession planning; includes a review of its current and emerging leadership needs in light of its strategic and program planning and identified sources of executive talent both within and outside the agency.</p>	<p>EPA does not have an executive succession planning system in place. However, according to EPA human resource managers, all of the agency's organizations are developing potential candidates for executive positions. Typically, in each organization, there are multiple candidates who have experiences and training directly related to the organization's executive positions. When selecting executives, EPA uses merit staffing procedures, including applying rating factors that are directly related to the executive position. EPA is reviewing executive position needs based on projected turnover information, plans to review succession vulnerability organization by organization, and plans to analyze the availability of talent at lower management levels.</p> <p><b>Human Capital Strategy:</b></p> <p><b>Strategy 2.3: Build effective leadership at all levels within the agency.</b></p> <p><i>Fiscal year 2001 Plans:</i></p> <ol style="list-style-type: none"> <li>Develop a leadership succession planning program, including identification of potential leaders and mentoring programs.</li> </ol> <p><u>Status:</u> EPA issued a human resources guide for supervisors and training curriculum guidance in May 1999; a management development resources guide in July 2000; and has completed draft guidance for coaching and mentoring. EPA plans to initiate a course for new supervisors in 2001.</p>
<p><b>Ensuring Continuity: Executive Development Program</b></p>	<p>According to EPA human resource managers, the agency plans to establish a structure to develop managers and executives based on future skill and programmatic needs. The first step towards this end will be to reestablish an SES Candidate Development</p>

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	<p>Program. In addition, EPA (1) has initiated a mentoring program for grade 15 employees; (2) hires Presidential Management Interns; (3) has implemented an intern program that focuses on minority populations; and (4) invests in FEI with 40-50 participants each year.</p> <p>As part of EPA's Workforce Development Strategy, the senior leadership teams of seven EPA organizations were trained in the key functions of organizational leadership; the linkage of vision and values; the alignment of mission, environment, results, and outcomes with operational performance plans; and guidelines for ensuring that this alignment continues.</p> <p><b>Human Capital Strategy:</b></p> <p><b>Strategy 2.3: Build effective leadership at all levels within the Agency.</b></p> <p><i>Fiscal year 2001 Plans:</i></p> <ol style="list-style-type: none"> <li>1. Reinstate the SES Candidate Program.</li> </ol> <p><u>Status:</u> EPA's new SES Candidate Development Program has been approved by OPM. The first two classes of this new program will be selected by January 2002.</p> <ol style="list-style-type: none"> <li>2. Develop a core curriculum for all supervisors/managers, with 80 hours of training for new supervisors, including training in the merit principles, labor-management relations, equal employment opportunity, performance management, and other key human resources management responsibilities, and 80 hours annually of training for experienced managers.</li> </ol> <p><u>Status:</u> EPA's human resources guide for supervisors, distributed to all EPA executives, managers, and supervisors in 1999, details all supervisory responsibilities. It is available on EPA's intranet for continuous updates. Information and training for employees interested in moving into supervisory positions will be available by the end of fiscal year 2001.</p>

**TALENT: Recruit, Hire, Develop, and Retain Employees with the Skills for Mission Accomplishment**

A high-performance organization demands a dynamic, results-oriented workforce with the talents, multidisciplinary knowledge, and up-to-date skills to enhance the agency's value to its clients and ensure that it is equipped to achieve its mission. Because mission requirements, client demands, technologies, and other environmental influences change rapidly, a performance-based agency must continually monitor its talent needs and be alert to the changing characteristics of the labor market. It must identify the best strategies for filling its talent needs through recruiting and hiring and invest in developing and retaining the best possible workforce. Its compensation and benefits programs, flexibilities, facilities, services, and work/life arrangements should be viewed from the perspective of how well they help the agency compete for and retain the best talent available and elicit the best performance from that talent. In addition, this talent must be continuously developed through education, training, and opportunities for continued growth. The agency must match the right people to the right jobs and be prepared to employ matrix management principles, maintaining the flexibility to redeploy its human capital and realigning structures and work processes to maximize economy, efficiency, and effectiveness. Structures and work arrangements must be fashioned to avoid stovepiping (or "siloeing") and draw on the strengths of the organizational components. Cross-functional teams can be used as a flexible means of focusing talent on specific tasks.

<p><b>Recruiting and Hiring</b></p> <p>A strategy that is targeted to fill short-term and long-term human capital needs, and</p>	<p>EPA has no formal agencywide recruitment or hiring plan that is linked to its short and long-term strategic direction. Nevertheless, EPA human resource managers told us that EPA has an active recruitment program, including attending hundreds of recruitment events each year throughout the country. EPA contracted for a state-of-the-art</p>
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specifically, to fill gaps identified through  
workforce planning efforts

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recruitment display and new recruitment materials and has a centralized system to  
track upcoming recruitment events.

***Human Capital Strategy***

**Strategy 1.2: Develop/implement recruitment strategies based on workforce  
plans.**

- Develop and implement coordinated national and local recruitment strategies.
- Expand the EPA Intern Program for recruiting a diverse and talented workforce.
- Establish long-term partnerships with educational institutions to aid future recruiting efforts.
- Utilize compensation options and flexibilities.

*Fiscal year 2001 plans:*

1. Expand the EPA Intern Program.

*Status:* According to EPA, the intern program has brought 79 interns—including minorities and people with disabilities—into the agency. The first class entered the workforce and the 1999 class completes its 2-year program in September 2001. EPA plans to select its next class in July 2001, and to evaluate the program after the 2002 class is completed.

2. Develop/implement coordinated recruitment strategies.

*Status:* In October 2000, EPA hosted the 2nd Hispanic Stakeholders Consultation bringing together stakeholders to discuss implementing EPA's National Hispanic Outreach Strategy. This strategy is intended to promote economic and employment opportunities for Hispanics with the agency. EPA plans to develop recruitment strategies that demonstrate EPA's commitment to fair and equal employment opportunity, including a similar outreach strategy for Asian Americans and Pacific Islanders. Also, in September 2000, EPA developed a plan to increase employment opportunities for individuals with disabilities, which describes how EPA's recruitment, career development and other programs and strategies support its commitment to provide opportunities for individuals with disabilities. EPA's Office of Human Resources and Organizational Services, the Office of Civil Rights, and the Headquarters program offices initiated a diversity outreach partnership to ensure that the goals of affirmative action, diversity, and equity are addressed in the recruitment process. Furthermore, EPA will make recruitment tools available on its Intranet. New state-of-the-art recruitment booths were designed and new recruitment brochures are currently under review.

**Strategy 1.3: Develop strategic approaches to retaining employees with critical  
expertise and competencies.**

- Conduct exit interviews throughout the agency to establish baseline data on retention factors.
- Develop retention strategies aimed at retaining employees with essential skills.

*Fiscal year 2001 plans:*

1. Develop a questionnaire and database for, and conduct, exit interviews.
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Status: Funding was not provided for these activities.

2. Develop retention strategies.

Status: This will be addressed as part of EPA's workforce planning effort.

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**Training and Professional Development**

Training and professional development strategy including education, training, and other developmental opportunities to help its employees build the competencies needed to achieve the agency's shared vision; explicit link between the agency's training offerings and curricula and the competencies identified by the agency for mission accomplishment

EPA's Fiscal Year 1999 Annual Performance Report, among other documents, states that EPA's human capital strategy aims to attract, recruit, and develop employees who can address the critical environmental issues of today and the future. This report also states that increasing employee competencies is an integral element of a comprehensive, inclusive strategy designed to produce an EPA workforce that is prepared for the future.

According to EPA's human resource managers, the agency is implementing developmental programs to build the competencies identified in its 1999 workforce assessment project, beginning with leadership development. The goal of the leadership development program is to develop managerial competencies among mid-level management, focusing on the importance of supervisors fostering leadership skills in their staffs. EPA also plans to begin development programs aimed at administrative support staff and SES candidates.

**Human Capital Strategy:**

**Strategy 2.1: Link employee development to mission needs.**

- Fully fund and implement the Workforce Development Strategy. Ensure that leadership development is a key element of the strategy for all employees at all levels of the organization.
- Utilize Phase II of the Strategy for Mid-Level Development to create a comprehensive career management system linking development of mid-level employees to the mission.
- Develop an agency employee retraining plan to ensure the current workforce possesses the necessary skills to meet current and future work challenges.
- Apply OPM's guide to strategically planning for training to tailor development to organizations' strategic needs.
- Explore and pilot rotational assignment programs, such as assignments to Community-based Environmental Protection (CBEP), to broaden individual employees' range of skills and experience. Rotational assignments will include assignments within organizations, assignments to different organizations (such as cross-media assignments), and assignments in different geographic areas (such as Headquarters to Regions, Region to Region, etc.).
- Use Individual Development Plans (IDP) to link training to the organization's mission.
- Institute local mentoring programs.
- Utilize new systems for training, including technological approaches.

*Fiscal year 2001 plans:*

1. Fully fund and implement the Workforce Development Strategy.

Status: According to human resource managers, EPA's Workforce Development Strategy continues to be a major priority and is funded to carry out the individual project initiatives approved by the EPA Human Resources Council.

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2. Explore and pilot rotational assignment programs.

Status: This project was not funded and is now on hold.

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**Workforce Deployment**

Workforce deployment, with decisions based on ensuring that the workforce is deployed appropriately—both geographically and organizationally—to support organizational mission, goals, and strategies

EPA does not have a workforce deployment strategy or plan in place. Instead, each fiscal year, EPA develops its Enacted Operating Plan, based on congressional action on its appropriations bill. While developing the annual budget, EPA determines its workforce levels according to agency priorities. The workforce levels within a given EPA office or region may shift from year to year to address the most critical environmental needs and to compensate for areas where work is complete or nearing completion.

**Human Capital Strategy:**

[Not directly addressed]

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**Employee-Friendly Workplace**

According to EPA human resource managers, agency management tries to balance the needs of EPA's employees with the requirements of individual work assignments and operational goals. Flexible working arrangements available to EPA employees include

- A choice of regular or compressed work schedules;
- Leave arrangements, such as family-friendly leave and a leave bank for employees with personal or family emergencies; and
- A "flexiplace" program, which permits employees to work up to 2 days every 2 weeks at home or a telecenter location, or, if recovering from an illness, to work up to 6 months at home. EPA participated in a 1990 Office of Personnel Management pilot study on telecommuting and, since then, has expanded the scope of its program, issued policy guidance, and completed related agreements with all unions.

**Human Capital Strategy:**

**Strategy 1.4: Maximize flexibility in using workplace programs that contribute to EPA's attractiveness as an employer and that help employees achieve a balance between work and non-work life.**

- Assess current workplace programs to determine the level of participation and employee satisfaction.
- Educate managers and staff on the benefits of these programs both for employees and organizations.
- Pilot job sharing in offices not currently using this option.
- Advertise EPA's workplace programs on the EPA Web site and sites specifically designed to reach potential job applicants.

*Fiscal year 2001 plans:*

[None reported]

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<b>PERFORMANCE CULTURE: Empower and Motivate Employees While Ensuring Accountability and Fairness in the Workplace</b>	
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High-performance organizations foster a work environment in which people are empowered and motivated to contribute to continuous learning and improvement and mission accomplishment and that provides both accountability and fairness for all employees. A high-performance agency's approach to its workforce is inclusive and draws on the strengths of employees at all levels and of all backgrounds. It maintains a workplace in which honest two-way communications and fairness are a hallmark, perceptions of unfairness are minimized, and workplace disputes are resolved by fair and efficient means. Its line managers and supervisors, who may be given greater human capital decisionmaking authority in a performance environment, must be sufficiently prepared and appropriately trained to be accountable for their decisions. High-performance organizations also recognize that all employees help create organizational value and that job processes, tools, and mission support arrangements must be tailored to support mission accomplishment. A dedication to continuous learning and improvement can help an agency to respond to and anticipate change, create new opportunities for itself, and pursue a shared vision that is ambitious and achievable. Incentives are important in steering the workforce; they must be results-oriented, client-based, realistic, and subject to balanced measures that reveal the multiple dimensions of performance. Incentives should be part of a performance management system under which employees' performance expectations are aligned with the agency's mission, and in which personal accountability for performance is reinforced by both rewards and consequences. Because agencies are increasingly technology-driven and knowledge-based, high-performing agencies ensure that their employees have the right information technology resources to do their work and to gather and share information.

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<b>Performance Management</b>	
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Performance management system designed to steer the workforce toward embodying and effectively pursuing the agency's shared vision	
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	EPA initiated its current PERFORMS performance management system in 1998, in which performance is rated as either successful or unacceptable. According to EPA human resource managers, the supervisor and employee are responsible for developing a performance agreement that is aligned with the agency's strategic plan, stressing results-oriented measures. However behavioral and activity-oriented measures are also permitted in the agreements. The standards for supervisors, team leaders, and resource managers include specific criteria to address their responsibilities and document their accountability. Supervisors are responsible for improving organizational performance and increasing employee productivity by communicating the shared vision and managing employee expectations. Since almost all employees are rated "successful," ratings do not differentiate among performers. Such differentiation is built into the feedback processes throughout the year. EPA has not yet evaluated the system's effectiveness.
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EPA human resource managers told us that the agency has de-linked performance ratings from explicit formulas for cash awards. Instead, cash awards are based on an employee's individual group or team-based accomplishments in relation to generic measures of quantifiable factors, such as dollars saved, or non-quantifiable factors, such as the quality of an analytical study. EPA has emphasized in general terms the importance of results-oriented performance. For example, EPA stresses customer service as a general test of performance at all levels of the agency through explicit customer service-related awards and customer service standards.

***Human Capital Strategy:***

**Strategy 2.4: Strengthen performance management programs to reinforce accountability.**

- Establish a support structure for handling performance problems in which managers can discuss problems with employees in a non-threatening environment.
  - Fully utilize all formal and informal means for recognizing and appreciating good work.
  - Assess PERFORMS' effectiveness in recognizing good performance and improving poor performance. Compare with other systems to determine which are most effective.
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- Establish clear expectations that all managers will recognize good performance and will deal with poor performance through performance improvement and disciplinary processes.
- Balance reviews of managerial performance during discussions between senior managers and subordinate managers to include a review of both program accomplishments and human resources responsibilities, including managers' use of performance management programs and managers' ability to create a work culture that supports, invests in, and involves people.
- Revise and reinforce model performance standards for managers.

*Fiscal year 2001 plans:*

1. Establish clear performance management expectations for managers.
2. Review managers' performance for program accomplishments and human resources responsibilities.

Status: EPA's human resource office will develop guidance for all supervisors, managers, and executives, and include it in all Leadership Development efforts. (For both 1 and 2 above).

**Strategy 4.1: Fully apply and comply with the Merit Principles in selection, promotion, development, recognition, and work assignment decisions.**

- Educate all employees about the Merit Principles and Prohibited Personnel Practices.
- Institute practices to bring about transparency and open communication with regard to organizational decisions affecting employees.

*Fiscal year 2001 plans:*

[None reported]

**Strategy 4.3: Institute feedback mechanisms that facilitate full and open communication and accountability at all levels in the Agency.**

- Establish and implement a 360-degree feedback process beginning with managers; over time, expanding to include all employees.
- Periodically publish workforce profiles and data on hires, promotions, awards, and high profile assignments to foster a climate of openness.
- Use alternative dispute resolution techniques to resolve EEO complaints, grievances, and Unfair Labor Practices before they become formal.
- Conduct periodic surveys of employees to solicit their views on diversity and fairness and the overall quality of work life in their organizations.

*Fiscal year 2001 plans:*

1. Implement a 360-degree feedback process for agency managers.

Status: EPA has been developing such a management/leadership feedback process since the third quarter of fiscal year 2000. All managers are strongly encouraged to seek and follow up on feedback from peers, direct reports, supervisors, and customers. EPA will provide guidance on the 360-degree feedback process to all managers.

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2. Publish workforce profiles/data.

Status: In fiscal year 2001, EPA plans to develop an intranet-based system for accessing workforce profile information and employment demographics as part of the HR Pro Human Resources Information System. When fully implemented, HR-Pro will be EPA's primary source of employee, position, and organizational data.

3. Use alternative dispute resolution.

Status: In 2000, EPA pilot tested a workplace mediation program, assessing whether (1) the location of the program is neutral and independent, (2) use of a co-mediation model and outside mediators is effective, (3) in-house mediators would be perceived as neutral, and (4) management participation is sufficient. EPA mediated 16 cases in 2000. Four of the 16 cases were settled. EPA extended the pilot for another year and awarded a contract for further evaluation of the program. The second year of the pilot will continue to use the co-mediation model, but will allow employees to choose from in-house mediators, Federal Shared Neutrals' mediators, or a combination of the two.

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**Information Technology**

Information technology plan emphasizing the alignment of the agency's information technology programs with its mission, goals, and strategies

EPA's 1995 Information Resources Management Strategic Plan outlines how the agency plans to manage its information resources. This plan supports EPA's strategic goals and recognizes that effective information resources management is essential to a more comprehensive approach to environmental protection. Appendix B of the plan links the plan's eight information technology vision elements with EPA's guiding principles for environmental protection.

The Clinger-Cohen Act of 1996 requires that all EPA information technology investment proposals be justified based on criteria that include their contribution to the agency's mission. According to EPA human resource managers, OMB has cited EPA's implementation of this requirement as an effective process for assessing the value of information technology projects. To better align its information technology program and environmental mission, EPA has, since 1995,

- established an advisory committee to review the agency's information program and provide recommendations on how to ensure that it supports EPA's evolving environmental protection strategies. The committee's recommendations supported EPA's decisions to reorganize the agency's information program to better meet customer needs;
- developed the Reinventing Environmental Information Implementation Plan, a strategy for improving EPA's use of information technology; and
- begun an Integrated Information Initiative to work in partnership with states to develop a plan for a shared environmental information exchange network.

According to EPA, the agency benchmarks its information technology programs and services against those of similar organizations. For example,

- in 1997, EPA compared its programs with best practices identified by GAO;
  - every 3 years, EPA benchmarks its data center services against government and industry standards;
  - an EPA team is assessing the agency's information technology policies and functions, including benchmarking against federal policies and functions best practices.
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**Appendix III: Information Reported by EPA  
on the Status of the Agency's Human Capital  
Management**

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**Human Capital Management Element**

**Status of Human Capital Management/Activities Reported By EPA**

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EPA employees rely extensively on information technology in their jobs, including gathering and sharing knowledge. For example, e-mail is widely used to share documents across the agency, facilitating more efficient and effective work performance. Furthermore, EPA's workforce uses both the agency's Intranet and the Internet to disseminate and collect information. Also, EPA recognizes that training is a key component in assuring that employees can best use information technology. In this regard, EPA

- in 1998, established a training program in partnership with the Department of Defense's National Defense University and Information Resources Management College;
- is partnering with the General Services Administration's Federal Learning Technologies Program to develop an EPA information technology E-Learning Program; and
- has expanded its efforts to enable its information technology workforce to access and utilize research services relating to information technology issues, trends, products, and vendors.

***Human Capital Strategy:***

**Strategy 3.2: Institute new ways to share information on innovations and creative approaches within EPA and across organizational boundaries.**

- Identify information sharing processes in EPA and promote best practices, such as establishing an intranet repository for information about innovative projects around the agency and studying the feasibility of establishing a knowledge management officer or office to share information and lessons learned throughout the agency.

*Fiscal year 2001 plans:*

[None reported]

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**Inclusiveness: Diversity Plan/Policy**

In March 1997, the Administrator, EPA, directed EPA managers to meet with their minority employees to identify employment issues and concerns related to affirmative employment and to develop a plan of action focusing on such issues as hiring, awards, training, promotions, recruitment, and assignments.

EPA human resource managers consider developing team skills to be the most urgent and immediate focus of the Mid-Level Development program component of the agency's Workforce Development Strategy. EPA's "team skills" course includes a module on conflict resolution. EPA has developed 250 teams and customer service facilitators who have been certified to help their organizations move more to a teams-based environment. Many program offices across EPA have emphasized training in conflict resolution and relationship building techniques. EPA has an alternative dispute resolution program to help resolve workplace conflicts.

***Human Capital Strategy:***

**Strategy 4.2: Institute processes to recognize and embrace differences that each employee brings to the organization; facilitate the contribution to the work of the organization by all employees.**

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**Appendix III: Information Reported by EPA  
on the Status of the Agency's Human Capital  
Management**

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**Human Capital Management Element**

**Status of Human Capital Management/Activities Reported By EPA**

- Continue to implement the Diversity Action Plans, annually evaluating progress made, and revising Plans to improve effectiveness.
- Publish an annual report on Diversity/Fairness accomplishments.
- Take steps to ensure that selection processes are transparent and broadly understood for assignments to new programs and projects, temporary promotions, details, assignments outside the Agency, and similar special assignments.
- Include in the core curriculum for supervisors and managers a module on ensuring equal opportunity and equitable treatment within their organizations.
- Develop an Agency survey of organizational health and culture that can be used by all Offices and Regions.

*Fiscal year 2001 plans:*

1. Continue to implement, evaluate, and revise Diversity Action Plans.
2. Publish an annual report on Diversity/Fairness accomplishments.
3. Develop an Agency survey of organizational health and culture.

Status: EPA provided no status information for these activities.

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**Employee and Labor Relations**

EPA has collective bargaining relationships at both the national and local levels. The American Federation of Government Employees (AFGE) has a national consolidated bargaining unit, which covers nonprofessional employees in nine AFGE locals, and a second, separate consolidated unit, which covers professional employees in two locations. EPA also has separate, individual collective bargaining relationships with three National Treasury Employee Union locals, three National Association of Government Employees locals, and two National Federation of Federal Employee locals, and a local of the Engineers and Scientists of California.

According to EPA human resource managers, the relationship with AFGE at the national level is productive and effective, according to EPA human resource managers. The parties have amicably negotiated both a master collective bargaining agreement and memoranda of understanding on issues such as a new two-level performance management system. They are also close to final agreement on a flextime program. Most issues, however, are not national in scope, but are regional or local in nature.

Given the number of separate bargaining units within EPA, the nature of the collective bargaining relationship differs by location, according to EPA human resource managers. In most locations, there is a cooperative relationship, which focuses on partnership and interest-based forms of dispute resolution. However, in a few locations, the relationship is adversarial and characterized by a lack of trust and respect between the parties. Most EPA regions, labs, and offices have excellent relations with their unions and have developed a level of trust and understanding which maintains the relationship even if they disagree on specific items. Most locations have had no unfair labor practices and very few grievances or other formal disputes, according to EPA's human resource managers. The parties discharge their collective bargaining obligations effectively and with an emphasis on the amicable resolution of disputes. They encourage training and the development of skills, which help improve the collective bargaining relationship. Difficult issues such as reorganizations, relocations, compressed and flexible work arrangements, and employee development have been successfully negotiated and/or resolved to the parties' mutual satisfaction.

***Human Capital Strategy:***

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**Appendix III: Information Reported by EPA  
on the Status of the Agency's Human Capital  
Management**

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**Human Capital Management Element**

**Status of Human Capital Management/Activities Reported By EPA**

**Strategy 5.1: Build consensus and constructive labor/management relations through improved communication and information sharing.**

- Implement the Labor/Management Strategic Plan.
- Educate Agency managers on labor/management partnership requirements.

*Fiscal year 2001 plans:*

1. Implement the Labor/Management Strategic Plan.

Status: EPA is reexamining appropriate options for continued labor-management support in light of Executive Order 13203's impact on management/union partnership efforts. EPA plans to continue to foster a collaborative relationship with union representatives.

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**Managers/Supervisors**

One of the fundamental principles of the Workforce Development Strategy is that every job contains a responsibility for "leadership." This principle is based on the findings of EPA's workforce assessment that the agency's entire workforce of the future should have competencies and skills now required for the senior executive service. EPA has offered four mid-level training courses based on the competencies identified for EPA mission accomplishment. Similarly, EPA's administrative support development program is intended to develop the competencies needed at these levels.

The goal of EPA's leadership development enterprise is to provide an opportunity for agency leaders to develop their leadership skills and those of their employees, and to improve managerial competencies throughout the agency.

EPA is conducting pilots to develop and test leadership for both organizational and individual improvement. EPA has completed seven initial pilots and is determining how to apply the results of the pilots in individual agency organizations.

***Human Capital Strategy:***

**Strategy 2.3: Build effective leadership at all levels within the Agency.**

[See "Leadership" above]

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**Continuous learning and improvement**

EPA emphasizes continuous learning and improvement in its strategic plan, annual plans, performance plans, and annual performance reports. EPA's Strategic Plan states that the agency will invest in its employees—through training, education and other means—to ensure that the agency's workforce is of the highest caliber and is fully prepared to deliver national leadership and expertise in environmental protection. In addition, EPA's Fiscal Year 2000 Annual Performance Plan contains annual performance goals and measures for continuous learning and improvement.

As part of its efforts, EPA has a formal suggestion program in which employees may submit suggestions and receive cash awards if their suggestion is adopted. Suggestions are reviewed and adopted as feasible and appropriate, according to EPA human resource managers. More broadly, EPA encourages suggestions, ideas, and comments from employees on programmatic and administrative operations and proposed changes as part of the agency culture. In addition, EPA stresses—in its formal recognition manual and elsewhere—the importance of rewarding the contributions of employees working in groups to accomplish innovative solutions to problems.

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**Appendix III: Information Reported by EPA  
on the Status of the Agency's Human Capital  
Management**

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**Human Capital Management Element**

**Status of Human Capital Management/Activities Reported By EPA**

*Human Capital Strategy:*

**Strategy 2.2: Instill a culture of continuous learning, ethical behavior, and professionalism.**

- Improve orientation programs for employees new to their positions or roles.
- Develop partnerships with universities to bring academic programs into EPA.
- Institute policies, practices, and expectations to make attendance at training sessions the highest priority and to discourage organizations and employees from canceling attendance.
- Increase development and use of online training and other technological approaches to training delivery.

*Fiscal year 2001 plans:*

[None reported]

**Strategy 3.1: Create and set expectations that innovation, creativity, and risk-taking are demonstrated by all employees throughout the agency.**

- Develop a module on innovation and creativity for inclusion in relevant training for all employees (with the "Leading Change" module developed as part of the Workforce Development Strategy as the first step).
- Establish incentives to recognize and reward innovation, creativity, and risk-taking in all aspects of the agency's operations.
- Identify barriers to creativity and remove them.

*Fiscal year 2001 plans:*

[None reported]

**Strategy 3.2: Institute new ways to share information on innovations and creative approaches within EPA and across organizational boundaries.**

- Identify information-sharing processes in EPA and promote best practices, such as establishing an intranet repository for information about innovative projects around the agency and studying the feasibility of establishing a knowledge management officer or office to share information and lessons learned throughout the agency.

*Fiscal year 2001 plans:*

[None reported]

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