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APR 23 1974

U1 The Honorable J. Kenneth Robinson
House of Representatives

Dear Mr. Robinson:

In accordance with your request and subsequent arrangements made with your office, we surveyed selected Federal agencies to determine whether information and records could be developed within the Federal establishment to show the costs of preparing the environmental impact statements required by the National Environmental Policy Act of 1969 (NEPA) (42 U.S.C. 4332 (c)).

As we discussed with you on December 10, 1973, our survey included
1 discussions with officials at the Council on Environmental Quality (CEQ), 509
2 the Environmental Protection Agency (EPA), the Federal Aviation Admin- 24
3 istration (FAA), the Department of the Interior, the Atomic Energy 30, 33, 70,
4, 5, Commission (AEC), and the Corps of Engineers. We obtained estimates 305
6 of AEC's costs of preparing environmental impact statements for the construction of nuclear powerplants under its Regulatory Program (Regulatory). Also, we asked the Corps to accumulate the total costs for all environmental requirements, including those required by NEPA, for the Corps' Civil Works Program for fiscal year 1973 and the total costs projected for fiscal years 1974 and 1975.

In addition, as you requested, we determined the estimated costs of two studies contracted for in June 1973 by CEQ for detailed evaluations of the influence of NEPA on agency decisionmaking processes. One contract costing \$139,600 was entered into with VTN Consolidated and was to cover the Forest Service, Department of Agriculture, and the Bureau of Land Management, Department of the Interior. The second, with Presearch Incorporated, at an estimated cost of \$48,300, was to cover the Department of the Navy. The two contracts required

--an analysis of selected projects' case histories to identify the stages in the decisionmaking process at which environmental issues were integrated into the planning processes,

--an analysis of the relationship between procedures for planning and implementing agency projects and those for preparing environmental impact statements,

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- development of a cost allocation scheme that distinguishes between costs attributable to preparing environmental impact statements and costs attributable to preparing material for compliance with agency programs and project planning procedures, and
- an analysis of the effectiveness of the environmental impact statement review and comment process.

At the time of our survey, both contractors were preparing reports with final conclusions and recommendations.

SURVEY RESULTS

Guidelines for preparing the environmental impact statements required by NEPA were prepared by CEQ. All of the agencies we contacted, except CEQ, prepared impact statements and also reviewed environmental assessments submitted by private or public organizations with their applications requesting approval to develop projects under Federal programs. The projects included commercial nuclear powerplants, airport and highway construction and improvement, and water resources projects. CEQ, the Interior, and EPA reviewed impact statements prepared by other agencies.

None of the agencies had an accounting system designed to disclose the total costs of preparing and reviewing environmental impact statements. Such costs were not differentiated in the accounting records from other costs. However, because of increasing congressional interest in the Federal costs of preparing environmental impact statements, certain agencies, such as AEC, the Forest Service, the Navy, and the Bureau of Land Management, had initiated efforts to accumulate such data.

Agency officials advised us that the total costs incurred under all environmental requirements could be more readily accumulated than those specifically attributable to preparing the environmental impact statement required by NEPA. They noted that certain agencies operate under legislation which has requirements for environmental impact assessment similar to NEPA requirements. They cited the Interior's Fish and Wildlife Coordination Act (16 U.S.C. 662), the Bureau of Public Roads' Highway Act (49 U.S.C. 1653 (f)), and FAA's Airport and Airways Development Act (49 U.S.C. 1716 (c) (4)). They stated, however, that environmental costs could be identified and assigned to NEPA if an accounting system designed to disclose such costs were established.

Agency officials informed us that certain costs, such as those incurred for studies required specifically by NEPA, could be readily identified. As examples, they cited AEC studies of alternate types of reactor systems and locations, including studies of the nonradiological effects of nuclear powerplants on the environment, and Corps and Interior studies of fish and wildlife inventories. They stated that the costs for offices established and individuals employed by an agency because of NEPA, as well as those for public hearings and inspections required by the act, could be easily determined.

Agency officials indicated that, if a suitable account coding system were established, costs for the above categories could be accumulated. In addition, other costs, such as those incurred in preparing, publishing, and distributing the environmental impact statements, including travel costs of personnel involved in producing the statements and manpower costs for personnel whose time was not wholly attributable to preparing environmental impact statements, could be similarly determined. Agency officials stated also that a percentage of total agency overhead and administrative costs could be reasonably allocated on a percentage basis to environmental impact statement preparation.

Agency officials indicated that other costs would be much more difficult to accurately attribute to NEPA requirements. They cited environmental costs for additional detailed efforts, required since passage of the act, on studies, public hearings, inspections, and monitoring activities. They stated also that costs may result from delays caused by NEPA requirements, but that frequently delays caused by public opposition, although attributed to NEPA, may be based on other reasons, such as esthetic and economic considerations.

Agency officials stated that, although the costs of reviewing impact statements could be identified if a suitable account coding system were established, the additional work would not be warranted. They pointed out various complicating elements, such as the fact that the review process frequently includes a technical as well as an environmental review. Also, more than one project may be reviewed at one time, which would result in some difficulty in determining the review costs attributable to individual environmental impact statement work.

Many officials stated that NEPA or other environmental costs should not be shown separately in agency budgets. They stated that the costs of preparing environmental impact statements, as well as the cost involved in other environmental requirements, should be considered a part of good planning and included with project planning costs.

They noted that the costs of complying with legislation, such as the Fish and Wildlife Coordination Act, the Airways and Airports Development Act, and the Federal Water Pollution Control Act Amendments (33 U.S.C. 1251), all of which require certain agency studies, including certain environmental assessments, were not being accumulated separately and presented apart from total project development costs.

In the opinion of these officials, it was NEPA's intent that environmental costs not be separated from total project development costs. Some officials expressed concern that, if such costs were presented separately, they could become a target for reduction without adequate evaluation of the benefits derived from such costs. They stated that, although NEPA resulted in higher project planning and decisionmaking costs, no estimate was being made of the resulting benefits. They stated that the benefits could be substantial in terms of better planned projects which are more responsive to community needs and to the general public and in terms of the avoidance of environmental damage.

AEC COSTS OF PREPARING ENVIRONMENTAL IMPACT STATEMENTS

Organizationally AEC is divided into two major sections, the Office of the General Manager and the Director of Regulations. The Office of the General Manager is responsible for AEC's operational activities. The Office promotes the use of nuclear energy and conducts agency research and development activities. Its operations require the preparation of only a few environmental impact statements.

The Director of Regulations is responsible for approving the construction and operation of commercial nuclear powerplants. Most environmental impact statements developed by AEC are prepared by Regulatory. Since passage of NEPA on January 1, 1970, through December 31, 1973, AEC issued 73 draft and 62 final environmental impact statements on commercial nuclear powerplants.

Before beginning the construction or operation of a nuclear powerplant, AEC requires that the initiating organization submit an environmental report which contains the applicant's assessment of the environmental impact of the proposed powerplant. The environmental report should be sufficiently detailed to enable Regulatory to make an independent assessment and prepare an environmental impact statement. A permit to begin construction and a license to operate are required before a nuclear powerplant can be put into operation. Regulatory must prepare separate environmental impact statements before issuing the construction permit and the operating license.

At the time of our survey, 26 project managers and 18 other supervisory and support personnel were spending nearly 100 percent of their time in managing and coordinating Regulatory's preparation of environmental impact statements for nuclear powerplants. About two-thirds of the technical analysis and evaluation associated with preparing such statements had been completed under contractual arrangements between Regulatory and three AEC national laboratories and one outside contractor. The remaining one-third of the technical work was being done at Regulatory headquarters.

AEC's Atomic Safety and Licensing Boards are responsible for conducting public hearings and deciding on the issuance of construction and operating licenses. These Boards also review the environmental impact statements prepared by Regulatory.

At the outset of our survey, we determined that AEC did not account separately for NEPA costs and that it would be difficult to identify all such costs under AEC's accounting system. In cooperation with AEC, we identified an estimated minimum direct cost of \$9.8 million incurred by AEC in fiscal year 1973, including costs incurred by three AEC national laboratories and by an outside contractor, for the preparation of environmental impact statements on nuclear powerplants. Indirect costs, such as overhead, travel, overtime, and other costs incurred as the result of a combined safety and environmental review, as well as certain direct costs which could not be readily estimated, were not included in this amount.

During fiscal year 1973, Regulatory published 43 final environmental impact statements for nuclear powerplants. On the basis of information provided by AEC, we estimated an average cost of \$150,000 to \$250,000 for the statements in fiscal year 1973, depending on the treatment of indirect costs.

Other costs which could be included in implementing NEPA include the reviews of AEC's environmental impact statements made by other Federal and State agencies. AEC's Regulatory staff informed us that its draft environmental impact statements on nuclear powerplants are routinely forwarded for comment to 11 Federal agencies. The Interior and EPA, the two agencies we contacted that reviewed AEC statements, could not readily provide the costs they incurred in reviewing AEC's statements.

At the conclusion of our survey officials of AEC's Regulatory staff stated that, in the future, they expected about 20 applications annually to construct nuclear powerplants. They stated that Regulatory had changed its accounting system as of fiscal year 1974 to facilitate identification of environmental costs.

CORPS OF ENGINEERS' CIVIL WORKS PROGRAM--
COSTS ATTRIBUTABLE TO
ENVIRONMENTAL REQUIREMENTS

We asked the Corps to develop the costs it incurred in fiscal year 1973 and those it projected for fiscal years 1974 and 1975 to carry out all environmental requirements under its Civil Works Program. To be included were the costs of (1) preparing environmental impact statements in draft, revised, and final forms, (2) special meetings or workshops with the public which relate to environmental issues, (3) plant and animal life inventories that were required, and (4) reviews of other agencies' environmental impact statements. The Corps had compiled these costs as of September 1, 1973.

We were informed that, for fiscal year 1973, of a total net expenditure of about \$1.5 billion for the Corps' Civil Works Program, about \$20 million, or about 1.4 percent, had been spent on environmental requirements. The Corps estimated fiscal year 1974 expenditures for the Civil Works Program's environmental requirements at about \$30 million and for fiscal year 1975 at about \$29.4 million. The increased expenditures from fiscal year 1973 to 1974 will be incurred because of the preparation of environmental impact statements for the backlog of projects. Although expenditures were estimated at the same level--about \$30 million--for fiscal years 1974 and 1975, Corps officials informed us that, once the Corps' backlog in statement preparation had been reduced, total costs, the majority of which are attributable to NEPA, should be greatly reduced.

The Corps of Engineers informed us that, as of March 14, 1973, staffing to implement NEPA requirements comprised 156 full-time staff personnel and 296 staff personnel who devoted about 25 percent or more of their time to NEPA-related work.

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We do not plan to distribute this report further unless you agree or publicly announce its contents.

Sincerely yours,


Comptroller General
of the United States