



# At a Glance

*Catalyst for Improving the Environment*

## Why We Did This Review

This report addresses efforts of the Environmental Protection Agency (EPA) to implement financial assurance requirements at hazardous waste facilities regulated under the Resource Conservation and Recovery Act (RCRA). Regulators have expressed concern that some of the methods used to ensure that facilities have sufficient funds to cover facility closure costs are limited, may not be effective, and may financially impact EPA and States.

## Background

RCRA hazardous waste facilities are required to provide assurance that they have sufficient financial assets to cover closure costs for all permitted and interim status units as well as post-closure costs for all land-based units. EPA has authorized all but two of the States (Iowa and Alaska) to implement these requirements.

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

**To view the full report, click on the following link:**

[www.epa.gov/oig/reports/2005/20050926-2005-P-00026.pdf](http://www.epa.gov/oig/reports/2005/20050926-2005-P-00026.pdf)

## ***Continued EPA Leadership Will Support State Needs for Information and Guidance on RCRA Financial Assurance***

### **What We Found**

EPA does not have adequate data on financial assurance at hazardous waste treatment, storage, and disposal facilities regulated under RCRA. Unlike many other types of permit information, basic financial assurance information has not been reported into EPA's national database. This hampers efforts to evaluate the effectiveness of current financial assurance mechanisms and make adjustments to ensure facilities have sufficient funds for closure and post-closure costs.

State and EPA financial assurance officials need to improve communication mechanisms to share financial assurance information. EPA also needs to update guidance, particularly for insurance, and needs to uniformly oversee State programs. Such actions will improve the ability of States to make informed decisions on the adequacy of financial assurance mechanisms. Further, States and EPA staff have expressed concern with aspects of the financial test and other financial assurance mechanisms. Although States and regions expressed concerns about financial assurance, we noted few examples in which failures occurred.

EPA is taking positive steps to address various issues. The Office of Enforcement and Compliance Assurance formally identified financial assurance as a program priority. EPA is incorporating some necessary financial assurance data elements into its information system, and recently implemented a successful financial assurance training program for States. EPA has asked its Environmental Financial Advisory Board to study and make recommendations on financial assurance issues of concern. Our work supports EPA's efforts and identifies additional improvement opportunities.

### **What We Recommend**

We recommend that EPA implement financial assurance data elements after ensuring the information needs will be satisfied by these elements; actively engage States and regions in developing communication mechanisms and guidance; continue support of financial assurance training; develop mechanisms to ensure adequate EPA regional oversight of State programs; and clarify goals, milestones, and timelines for addressing financial assurance modifications. EPA generally agreed with our recommendations, and made suggestions that we incorporated into the report. The Agency's full response to the recommendations is in Appendix A.