

TABLE OF CONTENTS

About This Report	v
Letter From the Administrator	vii
Message From the Chief Financial Officer.....	ix
SECTION I MANAGEMENT’S DISCUSSION AND ANALYSIS	1
1. INTRODUCTION.....	2
What EPA Does	3
What EPA Is.....	3
How EPA Works: Collaborating With Partners and Stakeholders	3
Working With States	7
Working With Tribes	7
How EPA Works: A Framework for Performance Management.....	7
Improving Performance Measures and Performance Management	8
EPA Receives President’s Highest Quality Award	9
2. FY 2008 PROGRAM PERFORMANCE	11
Overview of Performance Trends and Results	11
Performance Measures Met	11
Performance Measures Not Met.....	11
Data Unavailable	12
Data Now Available	12
Highlights of Program Performance by Goal.....	12
STRATEGIC GOAL 1 – CLEAN AIR AND GLOBAL CLIMATE CHANGE.....	13
STRATEGIC GOAL 2 – CLEAN AND SAFE WATER	18
STRATEGIC GOAL 3 – LAND PRESERVATION AND RESTORATION	21
STRATEGIC GOAL 4 – HEALTHY COMMUNITIES AND ECOSYSTEMS.....	25
STRATEGIC GOAL 5 – COMPLIANCE AND ENVIRONMENTAL STEWARDSHIP	30
3. FINANCIAL ANALYSIS AND STEWARDSHIP INFORMATION	33
EPA’s Sound Financial Management: Good for the Environment, Good for the Nation	33
EPA’s Financial Statements for Fiscal Year 2008.....	34
EPA’s Balance Sheet and Statement of Net Cost Highlight EPA’s Overall Financial Condition	34
Responsible Financial Stewardship for the Nation.....	37
Financial Management for the Future	37
Government–Wide Financial Performance Measurements.....	38
Limitations of the Principal Financial Statements	39
4. IMPROVING MANAGEMENT AND RESULTS.....	40
The President’s Management Agenda.....	40
The Program Assessment Rating Tool (PART)	43
Grants Management.....	43
Office of Inspector General Audits, Reviews, and Investigations	44
5. EPA HOLDS ITSELF ACCOUNTABLE: SYSTEMS, CONTROLS, AND LEGAL COMPLIANCE	46
Federal Managers’ Financial Integrity Act (FMFIA).....	46
Management Assurances.....	48
Federal Financial Management Improvement Act (FFMIA).....	48
Federal Information Security Management Act (FISMA).....	48
Inspector General Act Amendments of 1988	49
SECTION II PERFORMANCE RESULTS.....	54

INTRODUCTION TO PERFORMANCE SECTION.....	55
GOAL 1: CLEAN AIR AND GLOBAL CLIMATE CHANGE.....	56
Goal at a Glance	56
Goal Purpose: Clean Air and Global Climate Change	57
Data Trends.....	58
Contributing Programs.....	60
Objective 1.1: Healthier Outdoor Air	61
FY 2008 Resources for Program Projects Supporting This Objective**	63
Additional Information Related to Objective 1	64
Objective 1.2: Healthier Indoor Air	67
FY 2008 Resources for Program Projects Supporting This Objective**	68
Additional Information Related to Objective 2	70
Objective 1.3: Protect the Ozone Layer	71
FY 2008 Resources for Program Projects Supporting This Objective**	72
Additional Information Related to Objective 3	73
Objective 1.4: Radiation	74
FY 2008 Resources for Program Projects Supporting This Objective**	76
Additional Information Related to Objective 4	77
Objective 1.5: Reduce Greenhouse Gas Intensity	78
FY 2008 Resources for Program Projects Supporting This Objective**	81
Additional Information Related to Objective 5	82
Objective 1.6: Enhance Science and Research.....	83
FY 2008 Resources for Program Projects Supporting This Objective**	84
Additional Information Related to Objective 6	85
Goal 1: Clean Air and Global Climate Change.....	87
GOAL 2: CLEAN AND SAFE WATER.....	105
Goal at a Glance	105
Goal Purpose: Clean and Safe Water.....	106
Data Trends.....	107
Contributing Programs.....	109
Objective 2.1: Protect Human Health.....	110
FY 2008 Resources for Program Projects Supporting This Objective**	112
Additional Information Related to Objective 1	113
Objective 2.2: Protect Water Quality.....	114
FY 2008 Resources for Program Projects Supporting This Objective**	115
Additional Information Related to Objective 2	116
Objective 2.3: Enhance Science and Research.....	118
FY 2008 Resources for Program Projects Supporting This Objective**	121
Additional Information Related to Objective 3	121
Goal 2: Clean and Safe Water.....	123
GOAL 3: LAND PRESERVATION AND RESTORATION	139
Goal at a Glance	139
Goal Purpose: Land Preservation and Restoration.....	140
Data Trends.....	141
Contributing Programs.....	143
Objective 3.1: Preserve Land	144
FY 2008 Resources for Program Projects Supporting This Objective**	146
Additional Information Related to Objective 1	147
Objective 3.2: Restore Land	149
FY 2008 Resources for Program Projects Supporting This Objective**	151
Additional Information Related to Objective 2	152

Objective 3.3: Enhance Science and Research.....	154
FY 2008 Resources for Program Projects Supporting This Objective**	155
Additional Information Related to Objective 3	156
Goal 3: Land Preservation and Restoration.....	157
GOAL 4: HEALTHY COMMUNITIES AND ECOSYSTEMS.....	170
Goal at a Glance	170
Goal Purpose: Healthy Communities and Ecosystems.....	171
Data Trends.....	172
Contributing Programs.....	174
Objective 4.1: Chemical, Organism, and Pesticide Risks.....	175
FY 2008 Resources for Program Projects Supporting This Objective**	180
Additional Information Related to Objective 1	181
Objective 4.2: Communities.....	183
FY 2008 Resources for Program Projects Supporting This Objective**	186
Additional Information Related to Objective 2	187
Objective 4.3: Ecosystems	188
FY 2008 Resources for Program Projects Supporting This Objective**	193
Additional Information Related to Objective 3	194
Objective 4.4: Enhance Science and Research.....	196
FY 2008 Resources for Program Projects Supporting This Objective**	201
Additional Information Related to Objective 4	202
Goal 4: Healthy Communities and Ecosystems	204
GOAL 5: COMPLIANCE AND ENVIRONMENTAL STEWARDSHIP	247
Goal at a Glance	247
Goal Purpose: Compliance and Environmental Stewardship.....	248
Data Trends.....	249
Contributing Programs.....	250
Objective 5.1: Improve Compliance	251
Explanation of the Missed Measures	254
FY 2008 Resources for Program Projects Supporting This Objective**	254
Additional Information Related to Objective 1	255
Objective 5.2: Improve Environmental Performance Through Pollution Prevention and Innovation.....	256
FY 2008 Resources for Program Projects Supporting This Objective**	260
Additional Information Related to Objective 2	261
Objective 5.3: Improve Human Health and the Environment in Indian Country	263
FY 2008 Resources for Program Projects Supporting This Objective**	264
Additional Information Related to Objective 3	265
Objective 5.4: Enhance Society's Capacity for Sustainability through Science and Research.....	266
FY 2008 Resources for Program Projects Supporting This Objective**	267
Additional Information Related to Objective 4	268
Goal 5: Compliance and Environmental Stewardship	270
ENABLING SUPPORT PROGRAMS	283
 SECTION III FINANCIAL STATEMENTS	 304
FINANCIAL STATEMENTS.....	307
NOTES TO FINANCIAL STATEMENTS.....	316
REQUIRED SUPPLEMENTARY INFORMATION	362
REQUIRED SUPPLEMENTARY STEWARDSHIP INFORMATION (UNAUDITED)	364

SUPPLEMENTAL INFORMATION AND OTHER REPORTING REQUIREMENTS (UNAUDITED).....	365
AUDIT OF EPA's FY 2008 & 2007 CONSOLIDATED FINANCIAL STATEMENTS (supplemental)	
SECTION IV OTHER ACCOMPANYING INFORMATION	376
MANAGEMENT CHALLENGES AND INTEGRITY WEAKNESSES	375
EPA's Progress in Addressing FY 2008 Weaknesses	376
Material Weaknesses	376
Agency-Level Weaknesses	377
Significant Deficiencies.....	382
FY 2008 Key Management Challenges Identified by the Office of Inspector General and EPA's Response	384
The Office of Inspector General's List of Key Management Challenges for FY 2008 ...	385
EPA's Response to Office of Inspector General Identified Management Challenges ...	402
IMPROPER PAYMENTS INFORMATION ACT OF 2002 REPORTING DETAILS	409
Risk Assessments	409
Statistical Sampling Process	409
Corrective Action Plans	409
Grants	410
Contracts.....	410
Commodity Payments	411
Payroll	412
Travel Card/Purchase Card	412
Improper Payment (IP) Reduction Outlook FY 2005 – FY 2009.....	412
Ensuring Management Accountability.....	412
Information Systems and Infrastructure	413
Statutory and Regulatory Barriers	413
Conclusions.....	413
APPENDIX A PROGRAM EVALUATIONS COMPLETED IN FY 2008	414
APPENDIX B PUBLIC ACCESS	435
APPENDIX C ABBREVIATIONS.....	437