

Proposed Outlines for Future Regulation Support

Regulatory Impact Analysis

Background:

A concern expressed by a number of stakeholders in response to previous rulemakings was a perceived lack of clarity in rule support documentation. Commenters sometimes could not ascertain the rationale for a particular conclusion, nor what data were considered. Whole sections of analysis, such as waste disposal costs, were sometimes overlooked. Further, the lack of organization often made it difficult for the Environmental Protection Agency (EPA) to highlight meaningful differences in assumptions and estimates with its commenters.

The reauthorization of the Safe Drinking Water Act (SDWA) and issuance of a number of other statutory directives (e.g. Small Business Regulatory Enforcement Fairness Act and the Unfunded Mandates Reform Act) have expanded the analyses to be performed and background information considered in the Agency's decision-making process. This expansion will further complicate the task of understanding the Agency's rationale for particular regulatory actions.

To address the above concerns, the Agency is proposing a standardized format for future regulatory support documentation. While individual rulemakings may have additional sections necessitated by special provisions in their efforts (e.g. radon alternative maximum contaminant level), a core framework is being proposed. The proposed set of outlines seeks to organize document formats around the major standard development subject matter areas of historical interest. Analytical documents, such as the Regulatory/Economic Impact Analysis, are organized to focus on the specific aspects of the decision-making process. It is hoped that adopting a standard set of "books" will facilitate better understanding and communication with respect to future rulemakings.

Activities:

Attached are a draft set of proposed outlines for five of the seven books to be provided in support of future rulemakings. These drafts have been prepared after an extensive review of past comments. Not included in this set are the Health Effects and Exposure document which will be developed by the EPA Office of Science and Technology and the Implementation Guidance Manual which will be developed on a rule specific basis in conjunction with State and EPA Regional personnel (between rule proposal and promulgation). A statement of purpose for each of the five documents is contained in its description. Through this stakeholder meeting, we are seeking comment on the organization and content of the documents. More detailed descriptions of individual sections will be developed in cooperation with individual regulation managers over the coming months.

A related effort is the development of reference works that will detail our principal programmatic assumptions and models. These "works" are viewed as stand alone references that will detail the foundations for our cost and benefit modeling efforts. It is intended that they would be revised, as appropriate, after the promulgation of major groups of regulations. Specifically, the following works are proposed:

Model Systems (Marc Parrotta, lead)- A description of the water industry breakdown and subcategorization for National modeling efforts.

Baseline (Brian Rourke, lead)- A summary of the full range of baseline assumptions with respect to utilities, governmental units and consumers. It builds on the Model Systems document and distributes populations to the Model System categories. It also details the Agency's rationale for the definition of the National Affordability criterion.

Technology Design Manual (Kin Chao, lead)- A comprehensive summary of the bases for treatment device cost estimation. National technology costing differs substantially from site specific costing. This document is intended to detail the Agency's assumptions and foundations for cost estimation.

Benefits Assessment Manual (John Bennett, lead)- Documents the analytical approaches and assumptions to be applied in the estimation of non-health related benefits (Health benefits assessment practices are being detailed in some Agency-wide documents under development).

Data Quality Objectives (Judy Calem, lead)- Details our methodologies for the conduct of sensitivity and uncertainty analyses. Presents rationale for the identification of critical modeling factors and our targets for input data quality.

Separate sessions in the stakeholder meeting will address the development of these documents.

Schedule:

Draft regulation support documents - September, 1997

Incorporation of internal and external comments - January, 1998

Draft reference works - (to be scheduled by lead personnel)

Questions:

1. Do stakeholders prefer the approach of creating a relatively standardized format for future regulation documentation?
2. Do the proposed documents address the major categories of information needs?
3. Is the information organized in a manner that effectively illuminates the decisionmaking process?
4. From what additional reviewers should we be seeking comment?