

**AN OVERVIEW
BY THE LEGISLATIVE AUDITOR OF THE
GENERAL AUDIT OF THE OFFICE OF ENVIRONMENTAL QUALITY CONTROL**

INTRODUCTION

This overview summarizes the major findings from our audit of the Office of Environmental Quality Control (OEQC) which was undertaken in response to a legislative request to assess whether the office has effectively carried out its responsibilities for coordinating, stimulating, and expanding efforts to protect and enhance the quality of Hawaii's environment.

We evaluated the programs and the operations of the office and those of two environmental agencies whose work OEQC supports, the Environmental Council and the Environmental Quality Commission (EQC). The Environmental Council is a 15-member body chaired by the director of OEQC. It serves as liaison between OEQC and the general public. The Environmental Quality Commission administers the State's environmental impact statement (EIS) system. It is part of the Governor's office and the ten members are appointed by the Governor.

SUMMARY OF MAJOR FINDINGS

General Program Effectiveness

OEQC has two principal functions: (1) to coordinate the environmental programs of state agencies as well as those of the private sector and (2) to stimulate and expand efforts at maintaining environmental quality. OEQC has been ineffectual in carrying out its major functions.

OEQC has not effectively coordinated the activities of state agencies so that common environmental objectives can be attained. It has not made a concerted effort to foster communication and exchange of information among the agencies, and it has not provided guidance in bringing together the diverse programs of agencies.

The office has failed to maintain effective liaison with those agencies whose activities and decisions have substantial environmental implications. For example, while it is widely accepted that land use planning offers a vehicle for coordinating a wide range of activities

in growth management and pollution control, OEQC has formulated no position or policy on land use issues, and it has no system for reviewing decisions on changes in land use and assisting agencies in assessing the impact of land use decisions on the environment. Thus, its involvement with the two major agencies responsible for land use, the Board of Land and Natural Resources and the Land Use Commission, has been minimal and uninfluential.

OEQC's other main responsibility is to educate and stimulate. The Environmental Council, which is chaired by the director of OEQC, was established to stimulate interest in environmental issues by soliciting information, opinions, complaints, recommendations, and advice concerning ecology and environmental quality. For a while, the council was effective in stimulating public interest and participation in environmental matters. The council was instrumental in establishing the Temporary Commission on Environmental Planning (TCEP) in 1973, a broadly represented body whose work led to the passage of significant environmental legislation. Since then, council activities have not received much public notice and there is some dissatisfaction and concern among council members regarding their present functions and activities. OEQC has not given much thought as to how the council can be made effective. It has not provided assistance or direction to the council to enable it, on its own, to develop programs and activities to become a vigorous body, voicing the environmental concerns of the general public as well as educating the public on environmental issues.

The Environmental Impact Statement System

Prior to 1974, OEQC was responsible for administering an EIS system for state agencies under a 1971 executive order. In 1974, a state environmental impact statement law was enacted which restructured the system. The Environmental Quality Commission (EQC) is now responsible for administering the new EIS system. Although OEQC has no statutory responsibility for administering the EIS system, the Governor instructed the office to provide all necessary support to the part-time commission.

OEQC has not properly supported the work of EQC. Instead, it has sought to usurp the powers of EQC and to control and operate the state EIS system. In so doing, it has acted contrary to legislative intent and it has detracted from effective administration of the EIS system. Its actions have created confusion among agencies as to the respective authority of EQC and OEQC.

A formal agreement was reached by EQC and OEQC in August 1975 on their working relationship. Under the agreement, EQC was to have a separate staff which would be responsible for administering the EIS system. OEQC was to provide EQC with clerical and professional support when requested, to include sufficient funds for EQC in its budget request, to account for EQC funds, and to prepare job descriptions and other personnel matters subject to the approval of EQC.

OEQC has not lived up to its end of the agreement. It has not provided EQC with accurate information on the funds available for its operations. In the past, OEQC has led EQC

to believe that funds were insufficient. This resulted in EQC making some unnecessary curtailments in its operations, such as cutting subscriptions to its *EQC Bulletin*, which announces EIS actions. Under the agreement, all personnel actions were to be subject to EQC approval. However, OEQC has changed job descriptions, made salary adjustments, and even hired personnel for EQC without informing the commission of actions taken.

Although OEQC has no authority for administering the EIS system, it has issued instructions and orders to agencies which are contrary to those issued by EQC. For example, OEQC has developed new procedures governing joint state/federal environmental impact statements which differ from those approved by EQC. This was done without the knowledge or the approval of EQC.

We believe that the objectives of the environmental impact statement law can be furthered if the total dependency of EQC on OEQC for staffing and funds is eliminated and EQC is provided with a budget of its own. Further, since the functions of EQC are line rather than staff, it would be better situated for administrative purposes in a line department, such as the Department of Land and Natural Resources or the Department of Health.

Research Management

OEQC is responsible for research in environmental quality. Its principal research effort to date has been on carrying capacity, i.e., the capacity of environmental resources to sustain a given population in a stable manner. The Legislature passed a number of resolutions requesting that criteria and mechanisms be developed for defining the carrying capacity of the State's environmental resources. Since 1974, OEQC has expended over \$400,000 in consultant contracts for carrying-capacity research.

OEQC's approach to research has been inept and undisciplined. Despite the time and money invested in research, there are no readily usable data on the carrying capacity of the environment, nor is there a usable methodology that can be employed to measure the carrying capacity of environmental resources.

OEQC had no research strategy and it failed to establish a foundation for its research program. Contracts were let without specifications defining the problem to be investigated or the objectives to be attained. Consequently, each contractor supplied its own definition of the problem and study objectives, a situation pretty much of the tail wagging the dog.

Contract administration was similarly loose. Contractors frequently deviated from the ostensible purposes of the contract. For example, early in the project the efforts of contractors were diverted toward securing federal funds for the carrying-capacity project. Contract work was insufficiently monitored and evaluated, and OEQC's scattered records make it impossible to verify whether all work products called for in contracts have actually been submitted.

Despite the decided lack of progress in carrying-capacity research, OEQC has consistently misrepresented the success of its research program. OEQC has said that basic research had been completed and that the concept was ready for implementation when such statements could not be justified. Its latest contracts illustrating carrying-capacity implementation are economic development studies rather than examples of carrying capacity.

CONCLUSION

Both the director of OEQC and the chairman of EQC agree generally with the recommendations made to correct the deficiencies found in the audit. Disagreements are few and are on relatively minor points. The new director of OEQC reports that during the past year procedures have been instituted to alleviate many of the concerns identified in the audit and that OEQC will be initiating further corrective actions as appropriate.

With respect to the major recommendation that the environmental impact statement system be strengthened by removing it entirely from OEQC and transferring EQC to a line agency, such as the Department of Land and Natural Resources or the Department of Health, the chairman of the Board of Land and Natural Resources reports that he has no objection to the recommendation. Moreover, the chairman believes that "the proposed separation of [EQC and OEQC] will remove a great deal of confusion regarding the two roles. We hope that relieving OEQC of routine administration will free it for leadership and coordinative tasks." OEQC also does not object to EQC being placed in another department, and EQC agrees with the recommendation.

Under new direction, we hope that OEQC will begin to make greater progress toward fulfilling its assigned responsibilities to coordinate, stimulate, and expand efforts at maintaining environmental quality in Hawaii.

Clinton T. Tanimura
Legislative Auditor
State of Hawaii

March 20, 1979