

# The EPA's Fiscal Year 2026 Top Management Challenges

May 6, 2026 | Report No. 26-N-0027



## Abbreviations

EPA	U.S. Environmental Protection Agency
FIFRA	Federal Insecticide, Fungicide, and Rodenticide Act
FY	Fiscal Year
IT	Information Technology
OIG	Office of Inspector General
PFAS	Per- and Polyfluoroalkyl Substance
TSCA	Toxic Substances Control Act
U.S.C.	United States Code

## Cover Image

A river and forest embankment. (EPA photo)

**Are you aware of fraud, waste, or abuse in an EPA program?**

**EPA Inspector General Hotline**

1200 Pennsylvania Avenue, NW (2431T)  
Washington, D.C. 20460  
(888) 546-8740

[OIG.Hotline@epa.gov](mailto:OIG.Hotline@epa.gov)

Learn more about our [OIG Hotline](#).

**EPA Office of Inspector General**

1200 Pennsylvania Avenue, NW (2410T)  
Washington, D.C. 20460  
(202) 566-2391

[www.epa.gov/oig](http://www.epa.gov/oig)

Subscribe to our [Email Updates](#).

Follow us on X [@EPAoig](#).

Send us your [Project Suggestions](#).



# At a Glance

## The EPA's Fiscal Year 2026 Top Management Challenges

### What Are Management Challenges?

The Reports Consolidation Act of 2000 requires each inspector general to prepare an annual statement summarizing what the inspector general considers to be "the most serious management and performance challenges facing the agency" and to briefly assess the agency's progress in addressing those challenges. To that end, the Office of Inspector General for the U.S. Environmental Protection Agency has prepared this statement, which identifies what we consider to be the six most serious management and performance challenges facing the EPA in fiscal year 2026. These challenges represent the Agency's vulnerabilities to fraud, waste, abuse, and mismanagement, as well as the most significant barriers to the EPA accomplishing its mission.

### The top management challenges consider the EPA administrator's five guiding pillars:

- *Pillar 1: Clean air, land, and water for every American.*
- *Pillar 2: Restore American energy dominance.*
- *Pillar 3: Permitting reform, cooperative federalism, and cross-agency partnership.*
- *Pillar 4: Make the United States the artificial intelligence capital of the world.*
- *Pillar 5: Protecting and bringing back American auto jobs.*

Address inquiries to our public affairs office at (202) 566-2391 or [OIG.PublicAffairs@epa.gov](mailto:OIG.PublicAffairs@epa.gov).

[List of OIG reports.](#)

### We identified six top management challenges for the EPA:

- **Managing contracts, grants, and associated data systems.** Grants and contracts constitute a significant portion of the EPA's annual budget. Effectively monitoring and managing grant and contract awards requires the EPA to maintain quality data that can be used to measure and track performance; ensure compliance with funding requirements; and reduce the risk of fraud, waste, and abuse. In addition, Agency data systems that have poor quality data inhibit our ability to provide effective oversight of grant and contract awards.
- **Meeting statutory requirements for ensuring the safe use of chemicals.** The public must be able to depend on the EPA's ability to identify the risks of using chemicals and pesticides. Resource constraints, inefficient review processes, statutory deadlines, and expanded requirements for assessments and testing challenge the EPA's ability to protect human health and the environment from potential chemical and pesticide risks.
- **Managing information technology modernization.** The EPA may encounter challenges when modernizing its data systems and platforms, including when updating its numerous legacy systems, implementing cybersecurity measures, automating its processes, and adopting new AI technology. Ensuring continued support for EPA data systems and platforms is critical to preserving the quality of the Agency's scientific and programmatic data.
- **Maintaining mission efficiency and effectiveness during organizational change.** As part of a broader initiative to reduce the size of the federal government while also increasing accountability, the EPA reduced its workforce and initiated a comprehensive restructuring effort. The EPA needs to effectively manage the risks that the restructuring may have on its mission and operations, as well as ensure that its statutory mandates are fulfilled.
- **Managing cooperative federalism and state oversight.** The EPA often delegates the primary responsibility of implementing and enforcing federal environmental laws to states. The EPA oversees these delegated responsibilities to ensure that state implementation meets minimum federal standards and that states expend federal dollars appropriately. The EPA needs to manage cooperative federalism principles to ensure that states consistently implement and enforce federal environmental laws.
- **Preparing for and responding to natural and manmade disasters.** The EPA has prioritized increasing the speed, efficiency, and effectiveness of the Agency's response efforts to natural and manmade disasters. Disasters like wildfires, flooding, train derailments, and hurricanes can adversely affect environmental infrastructure and leave behind hazardous materials. The frequency and costs of these events may challenge the Agency's ability to adequately prepare for and respond to disasters that could impact critical environmental infrastructure and human health.



**OFFICE OF INSPECTOR GENERAL**  
U.S. ENVIRONMENTAL PROTECTION AGENCY

May 6, 2026

**MEMORANDUM**

**SUBJECT:** The EPA's Fiscal Year 2026 Top Management Challenges

**FROM:** Nicole N. Murley, Deputy Inspector General performing the duties  
of the Inspector General *Nicole N. Murley*

**TO:** Lee Zeldin, Administrator

This report provides an overview of what the U.S. Environmental Protection Agency Office of Inspector General views as the top management challenges facing the EPA in fiscal year 2026, consistent with the Reports Consolidation Act of 2000. The Act requires that I prepare an annual statement summarizing what we consider to be the "most serious management and performance challenges facing the agency" and briefly assessing the EPA's progress in addressing these challenges. By virtue of the OIG's statutory responsibilities under that Act and the Inspector General Act of 1978, as amended, we have an independent and objective perspective about what challenges could hinder the EPA's accomplishment of its mission to protect human health and the environment. We also have the directive to share our perspective with the EPA. I am therefore pleased to present this report on the EPA's FY 2026 top management challenges.

To identify the Agency's top management challenges, we reviewed our body of work, surveyed all EPA headquarters offices, solicited senior EPA leadership input, and held outreach meetings with Agency offices. We also considered the U.S. Government Accountability Office's work and the interests of this administration and Congress, as well as public statements that EPA leaders made to the press or Congress. This report presents our assessment of the issues on which the Agency will need to focus its resources. It also charts a path for purposeful oversight, which will serve as a basis for us to plan audits, evaluations, inspections, and investigations aimed at helping the EPA mitigate these challenges and accomplish its mission economically, efficiently, and effectively.

This year, we identified six challenges that the Agency faces in FY 2026. While none of these challenges is more significant than the others, some directly address the administration's priorities.

We hope you find this report useful and insightful. Thank you for your continued efforts to address these challenges.

# *Table of Contents*

## **Sections**

<b>Introduction.....</b>	<b>1</b>
<b>Challenge 1: Managing Contracts, Grants, and Associated Data Systems.....</b>	<b>2</b>
<b>Challenge 2: Meeting Statutory Requirements for Ensuring the Safe Use of Chemicals.....</b>	<b>5</b>
<b>Challenge 3: Managing Information Technology Modernization.....</b>	<b>8</b>
<b>Challenge 4: Maintaining Mission Efficiency and Effectiveness During Organizational Change.....</b>	<b>11</b>
<b>Challenge 5: Managing Cooperative Federalism and State Oversight.....</b>	<b>13</b>
<b>Challenge 6: Preparing for and Responding to Natural and Manmade Disasters.....</b>	<b>16</b>
<b>Appendix: Agency Response to the Draft Report.....</b>	<b>19</b>

# Introduction

---

This report provides Congress and the U.S. Environmental Protection Agency with an independent and objective assessment of the top management and performance challenges facing the Agency in fiscal year 2026. The Reports Consolidation Act of 2000 requires each inspector general to prepare an annual statement summarizing what the inspector general considers to be “the most serious management and performance challenges facing the agency” and to briefly assess the agency’s progress in addressing these challenges. To this end, the EPA Office of Inspector General annually assesses the top management and performance challenges affecting the EPA’s programs and operations. In particular, we consider which EPA programs or management functions may face either greater risks of fraud, waste, abuse, and mismanagement or threats of performance failures that could seriously affect the Agency’s ability to achieve its mission or goals.

As part of our annual assessment, we review congressional hearings and public statements; analyze the U.S. Government Accountability Office’s oversight work, including its identified high-risk areas; and consider media reports and the interests of the administration and Congress. We also consider our prior year’s oversight work and how the EPA’s programs addressed the top management challenges identified in previous fiscal years. In large part, this report represents the Agency’s risk profile.

The FY 2026 top EPA management challenges are as follows:

1. Managing contracts, grants, and associated data systems.
2. Meeting statutory requirements for ensuring the safe use of chemicals.
3. Managing information technology modernization.
4. Maintaining mission efficiency and effectiveness during organizational change.
5. Managing cooperative federalism and state oversight.
6. Preparing for and responding to natural and manmade disasters.

We have numbered these challenges for reference, not as an indication of priority, importance, or magnitude. Each one relates significantly to the EPA’s ability to meet its mission of protecting human health and the environment.



# Challenge 1: Managing Contracts, Grants, and Associated Data Systems



## The Challenge

To carry out its mission, the Agency distributes funds for program activities through grants, contracts, and cooperative agreements to state, local, and tribal governments as well as other eligible partners. The EPA uses data systems to manage its disbursement of these funds and to oversee project progress and results. In addition to annual appropriations, which have ranged from about \$8.1 billion to \$10.1 billion over the past ten years, the EPA received over \$60 billion in supplemental funding from FY 2022 through FY 2026.<sup>1</sup> The influx of supplemental funds alone increases the risk of fraud, waste, abuse, and noncompliance with funding requirements, as it more than doubles the funds the Agency is awarding and distributing. The EPA's recent workforce reductions and grant terminations may compound this risk, as there are fewer staff to provide the required oversight of increasingly complex workloads and considerations. Effective management of grants, contracts, and data systems is thus critical to ensure not only that the EPA is distributing funds to eligible recipients but also that recipients are complying with federal and EPA requirements and accurately and reliably reporting on their project progress and expenditure of funds.

## The EPA's Progress

Throughout FY 2025, the EPA issued several policy and guidance documents to improve and clarify the Agency's grant management processes. Also in FY 2025, the EPA chief financial officer finalized the fraud risk management guidance. The guidance will assist EPA offices in performing fraud risk assessments, implementing effective controls, and responding to suspected instances of fraud. This guidance will also assist Agency leadership in creating a fraud prevention culture through increased awareness, communication, and preparation.

Finally, in September 2025, the EPA updated its grants recertification training for project officers and grant specialists. In the face of recent staff reductions, this updated training may prepare individual project officers and grant specialists to more efficiently process and review grants, which may help them to more effectively manage a potential workload increase. It may also better prepare the collective grants management workforce to manage billions of dollars in active EPA grants.

## Work Remaining

We identified three areas that the EPA needs to address to remain vigilant in its oversight and management of grants, contracts, and data systems.

### ***Ensuring Accurate and Reliable Data***

EPA program managers need accurate data about the Agency's grants to ensure that progress is being made and funds are being expended in accordance with all requirements. Statutes also require some

---

<sup>1</sup> EPA, *EPA's Budget and Spending*, <https://www.epa.gov/planandbudget/budget> (last visited Dec. 3, 2025); EPA Off. of Inspector Gen., *EPA OIG Infrastructure Investments and Jobs Act Oversight*, <https://www.epa.gov/office-inspector-general/epa-oig-infrastructure-investment-and-jobs-act-oversight-0> (last visited Dec. 10, 2025).

programs, such as the Drinking Water State Revolving Fund, to make data accessible to the public, which underscores the importance of having accurate and reliable data.<sup>2</sup>

The EPA relies on grantees to report information as prescribed in policy, regulation, and the award terms and conditions. However, while grantees typically provide sufficient information about their own activities, we have found that they do not always collect or provide the same level of information about their subrecipients. In other words, the Agency may not have visibility into the actions of entities performing work for the grantees, even though these subrecipients are expending federal dollars in furtherance of federal grants.

The EPA has opportunities to address the quality of data provided by its grantees, whether they be state, local, or not-for-profit entities. For example, the EPA depends on state agencies, as the grantees of Clean Water State Revolving Fund and Drinking Water State Revolving Fund programs, to input subrecipient project and loan data into the Agency's State Revolving Fund database. The EPA uses these data in part to ensure that the grantees are meeting Safe Drinking Water Act and Clean Water Act requirements. In 2023,<sup>3</sup> however, we reported that the State Revolving Fund database was missing entries from 11 states about their loan subsidies to subrecipients, making it difficult to determine whether the states had complied with the statutes. Although the EPA did act on our recommendations to provide training to state agencies, this does not completely mitigate the risk that subrecipient data will be inaccurately reported or omitted in the database. While the Agency conducts annual reviews of state revolving fund programs, inaccurate or unreliable reporting of subrecipient data still presents a risk that the Agency either will not have the information it needs to provide effective oversight or will not be able to report accurate information to the American public.

### ***Tracking and Managing Available Funds***

The EPA terminated billions of dollars of grants and contracts across several programs in FY 2025. When grant or contract agreements are terminated, any unspent funds are generally deobligated back to the Agency unless rescinded by law. However, many of the FY 2025 terminations are the subject of ongoing litigation. In addition, Agency policy, federal laws, and federal regulations emphasize the timely obligation of grant funds. The Agency should track the status of both active and terminated grants and contracts—including those in litigation—to ensure its financial systems accurately reflect the obligation and deobligation of funds. Obligating and deobligating funds in a timely manner allows for more effective use of resources to achieve Agency goals.

### ***Mitigating the Impact of Staffing Reductions***

The EPA experienced staffing reductions in FY 2025, which we detail in Top Management Challenge 4, "Maintaining Mission Efficiency and Effectiveness During Organizational Change." As noted above, the termination of grants and contracts has reduced portions of the Agency's grants-related workload. The Agency is yet to realize the full impact of these concurrent changes on its workforce needs. The Agency should use workforce planning tools to identify what staff it needs to maintain adequate oversight of grants, contracts, and data systems. In March 2026, however, we reported that the EPA lacks such a plan to address its grants workforce needs or the challenges associated with the volume of grants

---

<sup>2</sup> 42 U.S.C. § 300j-12 (b)(3)(B).

<sup>3</sup> EPA Off. of Inspector Gen., [23-P-0022](#), The EPA Could Improve Its Review of Drinking Water State Revolving Fund Programs to Help States Assist Disadvantaged Communities (2023).

awarded through annual and supplemental appropriations.<sup>4</sup> We recommended that the EPA (1) develop an agencywide grants workforce plan, (2) reassess and revise the benchmarks for the grant specialist and project officer workloads, (3) document the process used for conducting the workload analyses, and (4) develop a communication strategy to share the workload analyses results with EPA staff involved in grants workforce planning. initiated an audit to determine whether the Agency's grants workforce planning efforts are in accordance with federal requirements and address the workload for grants administered under annual and supplemental appropriations. One corrective action is complete, one corrective action is unimplemented, and two recommendations are unresolved. Ensuring appropriate staffing levels and workload is especially critical given that the Agency will continue to award supplemental Infrastructure Investment and Jobs Act appropriations in FY 2026 and that grants funded by supplemental appropriations will remain active well beyond 2026.

## Conclusion

Without complete and quality data, the EPA cannot provide effective oversight of the billions of dollars of grants that it awards and manages each year. If it does not have the staff or processes to adequately oversee and track its grants, then the EPA cannot effectively serve as a good steward of taxpayer money, and the public's trust in the EPA may be undermined.

---

<sup>4</sup> EPA Off. of Inspector Gen., [26-P-0017](#), Audit of the EPA's Grants Workforce Planning (2026).



## Challenge 2: Meeting Statutory Requirements for Ensuring the Safe Use of Chemicals

---



### The Challenge

According to the EPA, “improving the review process for new chemicals is critical to advancing the agency’s core mission of protecting human health and the environment, boosting our country’s economy, powering innovation and ensuring regulatory certainty for U.S. manufacturers.”<sup>5</sup> With over 70,000 chemicals in commerce; thousands of difficult-to-detect per- and polyfluoroalkyl substances, or PFAS, in widely and frequently used products; and nearly 800 pesticides due for registration review by October 2026, the public must be able to depend on the EPA’s ability to identify the risks of using chemicals and pesticides. However, the EPA’s ability to do so is challenged by ongoing resource constraints, inefficient review processes, and stringent statutory deadlines.

### The EPA’s Progress

Over the past few years, the Agency continued its efforts to identify and assess chemical and pesticide risks under the Toxic Substances Control Act, or TSCA, and the Federal Insecticide, Fungicide, and Rodenticide Act, or FIFRA. Under TSCA, it conducted risk assessments and risk management for hundreds of new chemical exemptions, and it performed various rulemaking activities and made risk determinations related to existing chemicals. In October 2024, the EPA also finalized revisions to the dust-lead hazard standards and dust-lead clearance levels to strengthen requirements for the removal of lead-based paint hazards in pre-1978 buildings and childcare facilities, which will annually reduce exposures for 178,000 to 326,000 children under age six.<sup>6</sup> Under FIFRA, the EPA completed seven registration reviews in the first quarter of FY 2025.<sup>7</sup>

According to the EPA, the Agency “is tackling PFAS contamination through better testing and detection, direct community support, enforcement, clear public education, commonsense regulation, and cutting-edge research.”<sup>8</sup> The Agency took several actions in 2024 specifically related to PFAS, a group of thousands of manmade chemicals used for nonstick cookware, stain-repellant clothing, food packaging materials, detergents, cleaning products, firefighting foams, and other purposes. Current scientific research suggests that exposure to certain PFAS may lead to adverse health outcomes. The Agency issued final rules limiting maximum concentrations of certain PFAS in drinking water and released a new method to test for forty PFAS compounds in wastewater, surface water, and other potentially contaminated

---

<sup>5</sup> [News Release](#), EPA, EPA Accelerates Review of New Chemicals used in Low Volumes and Slashes Backlog of these Submissions (Aug. 11, 2025).

<sup>6</sup> [News Release](#), EPA, EPA Strengthens Standards to Protect Children from Exposure to Lead Paint Dust (Oct. 24, 2024).

<sup>7</sup> EPA, *Completed Registration Review Actions for FY 2025 Quarter 1*, <https://www.epa.gov/pesticide-reevaluation/completed-registration-review-actions-fy-2025-quarter-1> (last visited Oct. 21, 2025).

<sup>8</sup> [News Release](#), EPA, Trump EPA Highlights Major Year One PFAS Actions to Combat Risks and Make America Healthy Again (Feb. 6, 2026).

media.<sup>9</sup> The EPA also announced \$1 billion of supplemental Infrastructure Investment and Jobs Act funds to help states and territories implement PFAS testing and treatment at public water systems and to help owners of private wells address PFAS contamination.<sup>10</sup>

## Work Remaining

### ***Frank R. Lautenberg Chemical Safety for the 21st Century Act***

The 2016 Lautenberg Act amended TSCA and expanded the EPA’s regulatory authority beyond the review of new chemical formulations to also encompass the prioritization, selection, risk assessment, and potential regulation of the 70,000-plus existing chemicals already in commerce. TSCA, as amended by the Lautenberg Act requires the EPA to assess and eliminate unreasonable risks to potentially exposed or susceptible subpopulations, including workers. It also requires the EPA to make affirmative risk determinations on 100 percent of new chemical notices submitted under TSCA, which represents about a fivefold increase in the Agency’s workload. However, the EPA Office of Chemical Safety and Pollution Prevention’s staffing level has not kept pace with the added workload demands. In August 2023, we reported that the EPA’s reviews of new chemicals under TSCA were not being completed within the statutory time frame because of a lack of staff resources.<sup>11</sup> We recommended that the EPA create a plan to regularly review guidance documents for new chemical reviews, periodically assess the effectiveness of the official recordkeeping system for TSCA, develop and implement a plan to identify root causes for frequent technical issues within the TSCA Confidential Business Information systems, and periodically review the New Chemicals Division workforce and workload analysis. The EPA agreed to all recommendations, and as of November 2025, corrective actions were pending.

### ***Federal Insecticide, Fungicide, and Rodenticide Act***

As stated in FIFRA, the EPA is responsible for regulating the distribution, sale, use, and registration of pesticides to prevent “unreasonable adverse effects on the environment.”<sup>12</sup> The Agency reviews each registered pesticide at least every 15 years. In FY 2026, a total of 799 pesticide cases were due for review by the end of the fiscal year. However, the EPA has lagged in completing registration reviews, and the backlog prevents a reassessment of older pesticides. The Pesticide Registration Improvement Act, which appears at section 33 of FIFRA, establishes a user-fee program to fund the chemical registration process and was reauthorized through 2027 by Congress in December 2022. The Pesticide Registration Improvement Extension Act of 2018 expanded the number of covered categories and established new reporting requirements, among other things. These updated Pesticide Registration Improvement Act requirements may contribute to the EPA’s ongoing challenges in achieving timely registration and reregistration assessments of new and existing pesticide applications. If these challenges are not addressed, they may hinder the Agency’s ability to effectively protect human health and the environment from pesticide risks.

---

<sup>9</sup> PFAS National Primary Drinking Water Regulation, 89 Fed. Reg. 32,532 (Apr. 26, 2024); EPA, *Key EPA Actions to Address PFAS*, <https://www.epa.gov/pfas/key-epa-actions-address-pfas> (last visited Oct. 21, 2025).

<sup>10</sup> EPA, *Per- and Polyfluoroalkyl Substances (PFAS): Final PFAS National Primary Drinking Water Regulation*, <https://www.epa.gov/sdwa/and-polyfluoroalkyl-substances-pfas> (last visited Oct. 21, 2025).

<sup>11</sup> EPA Off. of Inspector Gen., 23-P-0026, *The EPA Lacks Complete Guidance for the New Chemicals Program to Ensure Consistency and Transparency in Decisions* (2023).

<sup>12</sup> FIFRA, 7 U.S.C. § 136a(a).

### ***Per- and Polyfluoroalkyl Substances***

PFAS are difficult to detect, making it inherently challenging for the EPA to study and assess the potential human health and environmental risks associated with these “forever chemicals.” A 2022 Government Accountability Office report found that available technologies were able to detect and quantify only about 50 of the thousands PFAS in existence.<sup>13</sup> While, as discussed above, the EPA recently has taken several PFAS-related actions, the Agency needs to continue its efforts to identify and address the risks from PFAS compounds, as well as continue its research on existing and potential PFAS destruction technologies.

### **Conclusion**

To effectively protect public health from the risks of using chemicals and pesticides, the EPA will need to conduct credible and timely chemical risk assessments and reviews. The EPA, however, is challenged by a lack of resources, stringent statutory deadlines, and continued research on PFAS.

---

<sup>13</sup> U.S. Gov’t Accountability Off., [GAO-22-105088](#), Persistent Chemicals: Technologies for PFAS Assessment, Detection and Treatment (2022).



## Challenge 3: Managing Information Technology Modernization



### The Challenge

Issued almost a decade ago in 2017, Executive Order 13800, *Strengthening the Cybersecurity of Federal Networks and Critical Infrastructure*, holds federal agencies responsible for strengthening the cybersecurity of their networks as they modernize their information technology, or IT, assets. In 2025, the Government Accountability Office reiterated the need for federal agencies, including the EPA, to modernize their legacy IT systems to not only address known cybersecurity vulnerabilities but to also ensure that the systems can effectively accomplish their intended purpose.<sup>14</sup> Additionally, EPA Administrator Lee Zeldin has prioritized the Agency’s use of AI, making it one of five pillars to guide the EPA’s work.<sup>15</sup> As the EPA works toward IT modernization, from updating its legacy IT systems to automating its business processes and implementing AI technology, it must preserve the integrity of its scientific and programmatic data.

### The EPA’s Progress

In 2023, the EPA awarded a seven-year, \$522 million task order to a contractor to help modernize its enterprise IT systems and develop new technologies.<sup>16</sup> In addition, over the past several years, the EPA has made great strides in modernizing at least two of its legacy systems.<sup>17</sup> In fact, in 2025, after reviewing 11 legacy IT systems across the federal government, including one at the EPA, the Government Accountability Office recognized the EPA’s modernization plan as one of only three conforming to government and industry best practices.

The EPA has also worked to verify that some data and processes underlying its IT modernization efforts are complete and accurate. For example, in 2024 and 2025, after we reported issues regarding the EPA’s inventories of its IT assets, the Agency implemented internal controls to validate and verify those inventories.<sup>18</sup> The Agency is also inventorying its generative AI use-cases in compliance with Executive Order 13960, *Promoting the Use of Trustworthy Artificial Intelligence in the Federal Government*. An AI use-case is a specific application or project where AI technology will be used to solve a problem or improve operations. Also, recognizing the challenges and risks of AI, the EPA has created various internal

<sup>14</sup> U.S. Gov’t Accountability Off., [GAO-25-107795](#), Agencies Need to Plan for Modernizing Critical Decades-Old Legacy Systems (2025).

<sup>15</sup> [News Release](#), EPA, EPA Administrator Lee Zeldin Announces EPA’s “Powering the Great American Comeback” Initiative (Feb. 4, 2025). AI is Pillar 4, “Make the United States the Artificial Intelligence Capital of the World.”

<sup>16</sup> [News Release](#), CGI, CGI to advance environmental regulatory mission, modernize systems, technology for U.S. Environmental Protection Agency under \$522.6 million multi-year contract (Oct. 18, 2023).

<sup>17</sup> U.S. Gov’t Accountability Off., [GAO-25-107795](#), Agencies Need to Plan for Modernizing Critical Decades-Old Legacy Systems (2025). CGI, *Case Study: EPA modernizes portfolio, moves 160+ applications and services to the cloud*, <https://www.cgi.com/en/case-study/federal-government/epa-to-the-cloud> (last visited Dec. 8, 2025).

<sup>18</sup> EPA Off. of Inspector Gen., [25-P-0023](#), Audit of EPA’s Compliance with the Federal Information Systems Modernization Act for Fiscal Year 2024 (2025); EPA Off. of Inspector Gen., [24-P-0052](#), The EPA Needs to Develop and Implement Information Technology Processes to Comply with the Federal Information Security Modernization Act for Fiscal Year 2023 (2024).

governance councils and subcommittees to address AI implementation and develop AI processes that establish the security and ethical use of AI systems.

In just one year, from 2023 to 2024, the EPA reported a six-fold increase in generative AI use-cases—from three to 18. Among the ways that the EPA is using AI are information summarization, policy development and analysis, scientific data analysis, and environmental monitoring. For example, the Agency is now using AI to efficiently categorize and summarize thousands of public comments on proposed rulemaking, which previously took months and often required the use of outside contractors.

## Work Remaining

The EPA's restructuring and staff reduction efforts, which we detail in Top Management Challenge 4, "Maintaining Mission Efficiency and Effectiveness During Organizational Change," impact the ownership of a significant amount of the Agency's data. For example, over 41,518 terabytes of data related to a range of environmental considerations, such as air quality, chemical safety, and water sustainability, were managed by the now-dissolved Office of Research and Development. As the Agency works to shift ownership of that data, it must consider where the data should be located, how much it will cost to store the data, and who should be able to access the data.

The EPA must also ensure that its data, both existing and new, are of high quality and integrity. For example, in 2025, we reported that the EPA's web-based Central Data Exchange, which allows regulated entities to electronically submit their environmental data to 30 Agency programs, contained unverified users, inactive accounts, and questionable data.<sup>19</sup> Without remediating such high-risk vulnerabilities, the EPA cannot provide assurance that its environmental data are accurate and reliable, plus it leaves the Agency's network open to threat actors. The EPA must implement strong data governance and management practices to achieve successful outcomes.

Maintaining scientific and programmatic data integrity is necessary not only for programmatic purposes but also for automating existing processes and implementing new technologies like AI. As the chief information officer stated, to ensure the effective use of AI, the EPA must first look at the processes and the data and then define strict requirements.<sup>20</sup>

The EPA must also ensure that it properly documents and oversees its modernization efforts. Like it did for its IT assets, the EPA must identify and inventory its data assets. It must continue to build its AI use-case inventory, identify barriers and opportunities for automation or AI, and develop an implementation strategy. To effectively mitigate the risks associated with implementing AI, the EPA must conduct pre-deployment testing, complete an impact assessment, continuously monitor its AI applications and projects, adequately train staff, design an appeals process for individuals negatively affected by AI-enabled decisions, and incorporate feedback from end users and the public.<sup>21</sup> The EPA's internal AI governance councils must also continue to oversee the risks of AI and work to improve how

---

<sup>19</sup> EPA Off. of Inspector Gen., [25-P-0028](#), Audit of the EPA's Central Data Exchange System (2025).

<sup>20</sup> Complete AI Training, [EPA IT Chief Urges Caution: AI Isn't a One-Size-Fits-All Solution](#) (Jul. 9, 2025).

<sup>21</sup> Off. of Management and Budget, [M-25-21](#), Accelerating Federal Use of AI through Innovation, Governance, and Public Trust (2025).

data assets are identified and inventoried across the Agency. For example, the EPA needs to implement procedures to validate inventory data from the regional and program offices.

## **Conclusion**

To successfully modernize its IT and adopt AI, the EPA must ensure the ownership, quality, integrity, and security of its data. It must simultaneously plan for the future and establish processes and rules that will keep future technology not just effective but safe and ethical.



## Challenge 4: Maintaining Mission Efficiency and Effectiveness During Organizational Change



### The Challenge

In accordance with executive orders and as part of a broader initiative to decrease the size of the federal government while also increasing accountability, the EPA reduced its workforce and initiated a comprehensive restructuring effort in FY 2025. In July 2025, the EPA announced a workforce reduction of nearly 23 percent, from 16,155 to 12,448 staff,<sup>22</sup> and the final stage of the Agency’s reorganization efforts became effective November 16, 2025. The Agency stated that with these organizational improvements, it is better equipped to deliver on its core mission while being a responsible steward of tax dollars. The restructuring efforts were expected to save \$748.8 million. The EPA will need to manage any risk that its reduced staffing levels and restructuring could have on its mission and operations, as well as ensure that its statutory mandates are fulfilled. For example, a loss of institutional knowledge and workforce reassignments could affect operational efficiency and effectiveness and create internal control weaknesses—all of which may hinder the EPA’s mission.

### The EPA’s Progress

When the Agency previously restructured in FY 2014, we highlighted the need to monitor the impact, effectiveness, and value of the restructuring effort.<sup>23</sup> Furthermore, the GPRA Modernization Act of 2010 requires each agency head to publish a strategic plan on its website one year after each presidential inauguration and notify the president and Congress when the plan is available.<sup>24</sup> According to the EPA website, the EPA “is developing the FY 2026-2030 Strategic Plan, which will align with the administrator’s 5 pillars.”<sup>25</sup> If the Agency incorporates the elements required by the GPRA Modernization Act into its plan, it would establish a foundation for internal controls that can gauge how its restructuring efforts are supporting its mission, goals, and objectives.

### Work Remaining

While the Agency may initially achieve some level of cost savings with its workforce reductions, such reductions carry inherent operational risks, including a loss of technical expertise, historical understanding, and practical experience that EPA employees develop through years of service. Such institutional knowledge supports the Agency’s ability to implement environmental statutes; administer regulatory programs, such as air and water quality standards; manage hazardous waste and chemical safety; conduct scientific assessments; provide support to the regional offices; and apply lessons learned from prior enforcement actions and environmental response efforts. Institutional knowledge

<sup>22</sup> [News Release](#), EPA, EPA Announces Reduction in Force, Reorganization Efforts to Save Taxpayers Nearly Three-Quarters of a Billion Dollars (July 18, 2025).

<sup>23</sup> EPA Off. of Inspector Gen., [17-P-0140](#), EPA’s 2014 Early-Out and Buyout Activities Aided Workforce Restructuring Goals, and Continued Monitoring of Progress Can Show Value of Restructuring (2017).

<sup>24</sup> Pub. L. No. 111-352 (2011). GPRA stands for Government Performance and Results Act.

<sup>25</sup> EPA, *EPA Strategic Plan*, <https://www.epa.gov/planandbudget/strategicplan> (last visited Dec. 3, 2025).

develops over time, making it difficult to replace once it is lost. Without deliberate strategies to capture, identify gaps in, and rebuild institutional knowledge, the EPA faces potential and widespread capability challenges.

The Agency's workforce reduction may constrain the EPA's ability to accomplish its mission, goals, and objectives. The EPA should conduct a workforce analysis to understand its current workforce, identify its future needs, and plan how to develop a workforce that can meet those needs. For example, in 2021,<sup>26</sup> we reported that declining enforcement resources, including personnel, resulted in declining compliance monitoring activities and enforcement actions. We noted that if the EPA did not conduct a workforce analysis, it would be unable to align staffing levels with capacity requirements, thereby preventing it from maintaining a strong and effective enforcement presence. These findings are not new. A report we issued more than a decade earlier identified that the EPA could not demonstrate that it had the right number of resources to achieve its mission because it had not developed a workload assessment methodology.<sup>27</sup> If the Agency does not conduct a workforce analysis and develop a workforce plan, it cannot ensure that it is aligning its staffing levels with its mission, goals, and objectives.

The EPA is also undergoing reorganization efforts while downsizing. Many of these reorganization efforts involve staff reassignments, which the EPA should also consider as part of a workforce analysis. For example, the EPA has:

- Reorganized the Office of the Chief Financial Officer and most of the Office of Mission Support to establish the Office of Finance and Administration. The Office of Finance and Administration will also gain the Office of the Greenhouse Gas Reduction Fund, which was formerly part of the Office of the Administrator and which will be renamed the Oversight of Greenhouse Gas Reduction Fund Division.
- Moved Office of Research and Development scientific staff to program offices.
- Established the Office of Applied Sciences and Environmental Solutions within the Office of the Administrator to "align research and put science at the forefront of the agency's rulemakings and technical assistance for state and local partners."<sup>28</sup>

## Conclusion

While the aim of the Agency is for efficiency and cost savings, the cumulative effects of workforce reduction and workforce restructuring may reduce the EPA's technical capacity, slow program execution, and impair the Agency's ability to effectively carry out its environmental protection responsibilities. The EPA needs to develop internal controls to monitor how its activities are progressing its goals and objectives. It also needs to ensure that its workforce has the knowledge, staffing, and policies necessary to accomplish its mission in support of, and with the trust of, the American public.

---

<sup>26</sup> EPA Off. of Inspector Gen., [21-P-0132](#), Resource Constraints, Leadership Decisions, and Workforce Culture Led to a Decline in Federal Enforcement (2021).

<sup>27</sup> EPA Off. of Inspector Gen., [11-P-0031](#), EPA Needs to Strengthen Internal Controls for Determining Workforce Levels (2010).

<sup>28</sup> EPA, [EPA Consolidations, Reorganizations, Realignment, or Other Transfer of Resources](#) (Sep. 25, 2025).



## Challenge 5: Managing Cooperative Federalism and State Oversight



### The Challenge

States are key partners with the EPA in protecting human health and the environment. Under the cooperative federalism framework, the EPA can delegate to a state the primary responsibility to implement and enforce some environmental laws, as long as federal requirements for delegation of authority are met.<sup>29</sup> The EPA has the responsibility to oversee these delegated programs to ensure that state implementation meets applicable federal requirements and that states appropriately expend any federal dollars that they may receive to fund those programs. The EPA needs to manage its cooperative federalism to ensure that states consistently implement and enforce federal environmental laws and ensure that federal funds provided to the states are used effectively and in accordance with applicable requirements.

### The EPA's Progress

In February 2025, the EPA included cooperative federalism as part of the five pillars that will inform its anticipated FY 2026–2030 strategic plan.<sup>30</sup> Well before then, however, the EPA had delegated many portions of environmental laws to states, including portions of the Clean Air Act, Clean Water Act, Safe Drinking Water Act, and the Resource Conservation and Recovery Act, as shown in Figure 1 on the next page. According to the EPA, states have assumed more than 96 percent of environmental authorities delegable under federal law.<sup>31</sup>

Delegated states execute the day-to-day operation of the programs, such as permitting, compliance monitoring, and enforcement. The EPA, meanwhile, retains oversight responsibility. Specifically, the EPA is to monitor the delegated programs to ensure that they meet the applicable federal requirements and that, where relevant, they are spending federal dollars appropriately. Absent delegation, the EPA operates the federal programs within the states and on tribal lands, ensuring that all statutory and regulatory requirements are met.

The EPA's 2025 reorganization efforts support the EPA's cooperative federalism framework. For example, in May 2025, the EPA announced the formation of the Office of State Air Partnerships within the Office of Air and Radiation.<sup>32</sup> This new office will work with state air permitting agencies to improve the EPA's processing of state implementation plans and to resolve air permitting concerns.

---

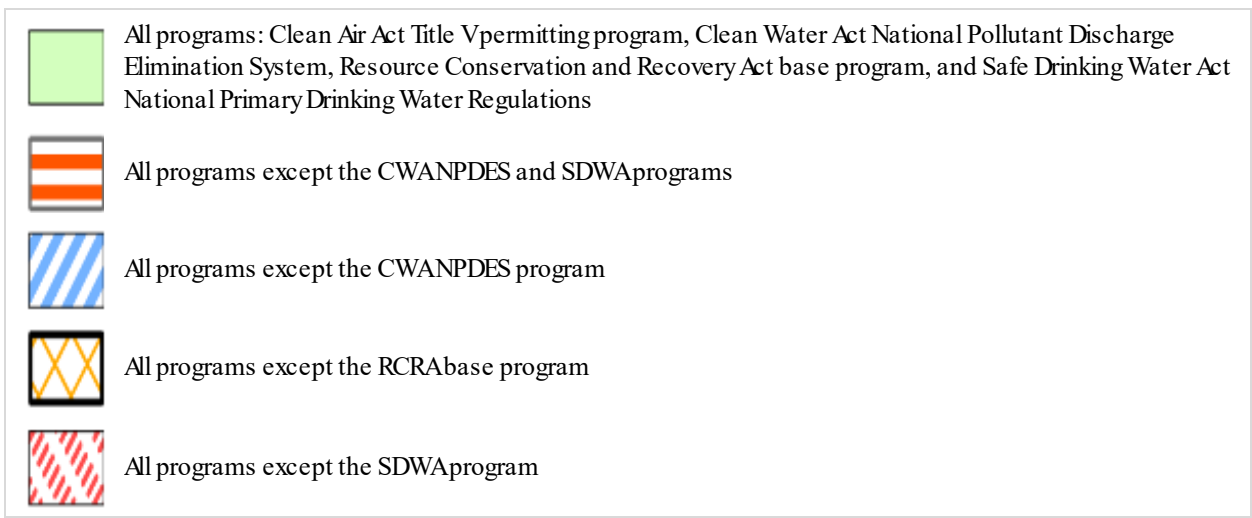
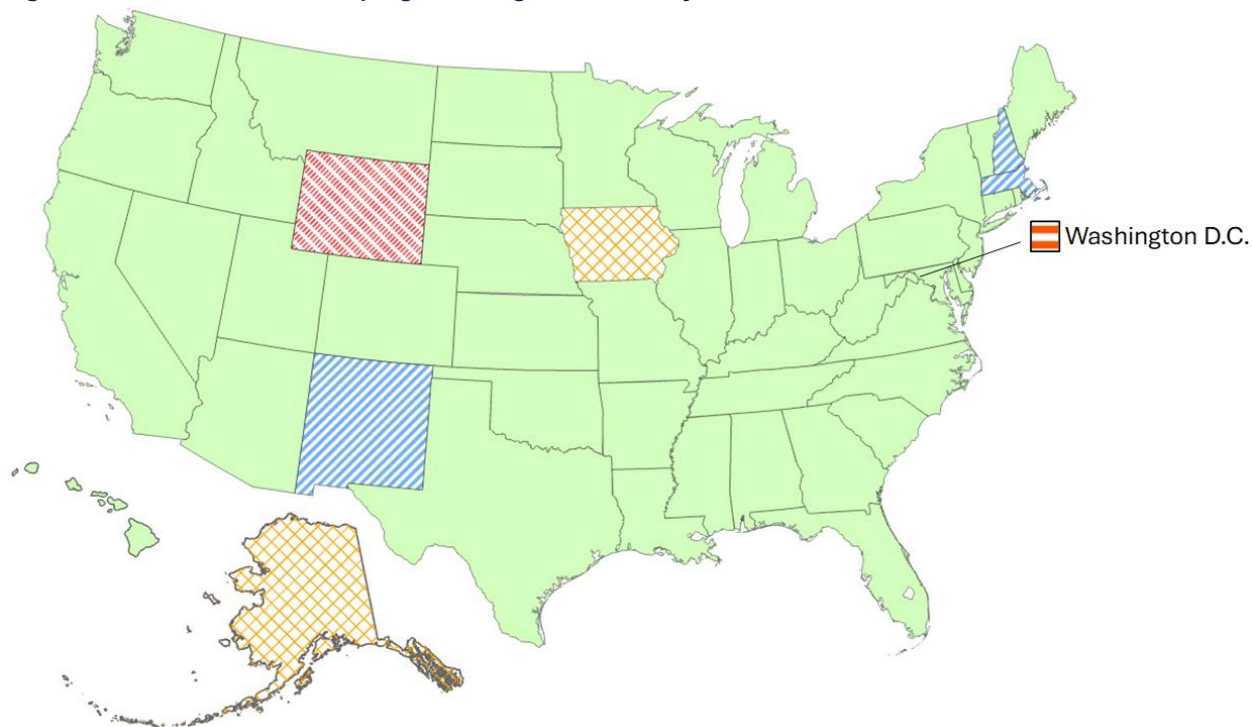
<sup>29</sup> Some federal environmental laws use the term “delegate,” while others use “authorize.” In this report, we use “delegate” for consistency and simplicity.

<sup>30</sup> [News Release](#), EPA, EPA Administrator Lee Zeldin Announces EPA's “Powering the Great American Comeback” Initiative (Feb. 4, 2025). Cooperative federalism is part of Pillar 3, “Permitting Reform, Cooperative Federalism, and Cross-Agency Partnership.” EPA, EPA Strategic Plan, <https://www.epa.gov/planandbudget/strategicplan> (last visited Oct. 21, 2025).

<sup>31</sup> EPA, [Working Together: FY 2018-2022 U.S. EPA Strategic Plan](#) (2019).

<sup>32</sup> [News Release](#), EPA, EPA Announces Next Phase of Organizational Improvements to Better Integrate Science into Agency Offices, Deliver Clean Air, Land, and Water to All Americans (May 2, 2025).

**Figure 1: Select environmental program delegation status by state**



Source: EPA OIG analysis. (EPA OIG image)

Note: Clean Water Act National Pollutant Discharge Elimination System includes partial authorizations.

### Work Remaining

The EPA needs to manage its cooperative federalism to ensure that states consistently implement and enforce federal environmental laws. When delegated programs are not implemented effectively or in accordance with federal requirements, there is an increased risk that federal funds are not being used for their intended purposes, which could lead to waste or abuse of taxpayer dollars. For example, our 2025 evaluation of the EPA’s oversight of delegated state lead-based paint programs demonstrated that the EPA is not consistently monitoring the adequacy of delegated state programs.<sup>33</sup> Specifically, we

<sup>33</sup> EPA Off. of Inspector Gen., [25-E-0042](#), Evaluation of the EPA’s Oversight of Authorized State Lead-Based Paint Programs (2025).

found that the EPA did not verify that delegated state lead-based paint programs remain at least as protective of human health and the environment as their federal counterparts, nor did the EPA verify that the state programs provided adequate enforcement after obtaining their initial delegation of authority. Instead of conducting periodic adequacy evaluations that met regulatory requirements, the EPA relied on the information that the delegated programs submitted through required reports. However, these reports did not provide the necessary data for the EPA to determine the overall adequacy of the state lead-based paint programs.

As another example, our 2024 evaluation of the City of Jackson’s public water system found that Mississippi, which received EPA delegation in 1977 to implement the state’s Safe Drinking Water Act program for drinking water regulations, did not consistently enforce the Act or provide adequate oversight of Jackson’s water system.<sup>34</sup> In our report, we identified that the city likely began having issues with its water as early as October 2014, and by 2015, water samples indicated that the water contained an exceedance of lead action levels. However, because Mississippi did not have implementation procedures for Safe Drinking Water Act compliance and enforcement, the state did not take formal enforcement actions to compel Jackson to comply with the Act. Furthermore, because Mississippi did not report Jackson’s water deficiencies in a timely manner to the EPA, the Agency was unaware of the extent of issues until it conducted an on-site inspection in February 2020. Ultimately, the city’s water distribution system failed for the second time in August 2022, and on August 30, 2022, the Mississippi governor and the president declared an emergency. Although the EPA became more involved at Jackson after the on-site inspection results, we found that the Agency may have taken enforcement action sooner had the state conveyed information to the EPA in a more timely and accurate manner.

States face limitations that affect environmental protection, such as varied technical capacities, resource levels, and permitting practices, in addition to external influences, such as industrial composition and social and political factors. For example, during our 2021 audit of EPA enforcement trends, many current and former EPA enforcement personnel expressed skepticism that states had the technical and operational capacity—as well as the political will—to enforce environmental laws consistently and equitably across the country.<sup>35</sup> Similarly, our 2024 and 2025 evaluations of how New Mexico and South Carolina, respectively, manage and administer their Clean Water State Revolving Funds indicated that they have capacity limitations.<sup>36</sup> The EPA needs to work with its state partners to overcome these capacity limitations and ensure that all states met applicable statutory and regulatory requirements.

## Conclusion

Together, the EPA works with the states to accomplish the Agency’s mission of protecting human health and the environment. The success of the cooperative federalism environmental protection enterprise will depend on how the EPA manages and oversees its partnership with the states.

---

<sup>34</sup> EPA Off. of Inspector Gen., [24-E-0055](#), State Program Deficiencies and Inadequate EPA Oversight of State Enforcement Contributed to the Drinking Water Crisis in Jackson, Mississippi (2024).

<sup>35</sup> EPA Off. of Inspector Gen., [21-P-0132](#), Resource Constraints, Leadership Decisions, and Workforce Culture Led to a Decline in Federal Enforcement (2021).

<sup>36</sup> EPA Off. of Inspector Gen., [24-E-0042](#), New Mexico’s Capacity to Effectively Manage Clean Water Infrastructure Funds Faces Challenges (2024); EPA Off. of Inspector Gen., [25-E-0035](#), Evaluation of the South Carolina Clean Water State Revolving Fund Program’s Capacity to Manage Infrastructure Investment and Jobs Act Funding (2025).



## Challenge 6: Preparing for and Responding to Natural and Manmade Disasters



### The Challenge

According to past data tracked by the National Oceanic and Atmospheric Administration, the number of significant disasters in the United States has increased significantly over the past 45 years, along with the associated response and recovery costs and human health, environmental, and infrastructure impacts. Both natural and manmade disasters—from wildfires, floods, and hurricanes to oil spills and chemical, biological, and other homeland security incidents—threaten the EPA’s ability to ensure that every American has access to clean air, land, and water. These potential disasters may cause releases of hazardous substances, contaminate drinking water, and result in harmful air emissions. In the first of five pillars underpinning the EPA’s “Powering the Great American Comeback Initiative,” Administrator Zeldin stressed the Agency’s commitment to “ensuring emergency response efforts are helping Americans get back on their feet in the quickest and safest way possible.”<sup>37</sup> To carry out this commitment, the EPA must understand the risks that natural and manmade disasters pose to each of its programs and focus on preparing for disaster responses agencywide.

### The EPA’s Progress

Data collected by the National Oceanic and Atmospheric Administration from 1980 through 2024 indicate that significant natural disasters have increased in frequency, scope, and cost. The number of disasters that cost more than \$1 billion in total economic damages in the United States nearly doubled between 2018 and 2024—from 14 to 27. In addition, between 1980 and 2024, the United States sustained 403 weather-related disasters that individually reached or exceeded \$1 billion in damages, with the cumulative cost for these 403 events exceeding \$2.915 trillion.<sup>38</sup>

The EPA’s Emergency Response Program mobilizes for a range of incidents, from local oil spills to national emergencies. The EPA provides support when requested or when state and local first responder capabilities are overwhelmed. The EPA also provides resources and expertise to oversee and coordinate the removal of hazardous substances, the disposal of waste and debris, and the resilience of drinking water and wastewater utilities and systems.<sup>39</sup>

Two recent disasters highlight the EPA’s responsibilities in a response effort: Hurricane Helene and the Los Angeles County wildfires. Hurricane Helene made landfall on September 27, 2024, as a Category 4 hurricane, causing flooding across the southeastern United States, an estimated \$78.7 billion in damages, and at least 219 fatalities. The EPA assisted the Federal Emergency Management Agency, the North Carolina Department of Environmental Quality, the U.S. Army Corps of Engineers, and local health

<sup>37</sup> [News Release](#), EPA, EPA Administrator Lee Zeldin Announces EPA’s “Powering the Great American Comeback” Initiative (Feb. 4, 2025).

<sup>38</sup> National Oceanic and Atmospheric Admin., *Time Series*, <https://www.ncei.noaa.gov/access/billions/time-series> (last visited Dec. 10, 2025).

<sup>39</sup> EPA, *EPA’s Role in Emergency Response*, <https://www.epa.gov/emergency-response/epas-role-emergency-response> (last visited Dec. 2, 2025).

departments by removing and processing hazardous material containers, assessing damage to drinking water and wastewater systems, testing private wells, and advising residents about boil water advisories.<sup>40</sup> In early January 2025, Los Angeles County experienced a series of wildfires that destroyed more than 12,000 structures and 40,000 acres. The Federal Emergency Management Agency tasked the EPA with removing and disposing of hazardous materials from areas affected by the fire, providing water infrastructure technical assistance, and assisting with long-term recovery. According to the EPA, its hazardous materials mission for Los Angeles County comprised the biggest wildfire cleanup that the Agency has ever conducted.<sup>41</sup>

In addition to responding to natural disasters, the EPA has had an emergency response role for nationally significant manmade disasters under the National Response Framework over the past 50 years.<sup>42</sup> Manmade disasters pose acute and long-term threats to surrounding communities and natural areas. A recent example of a manmade disaster requiring the EPA's response is the derailment of a freight train carrying hazardous materials in East Palestine, Ohio, on February 3, 2023. Approximately 50 train cars were affected by the derailment, with some catching fire and releasing hazardous materials and others spilling chemicals into nearby streams and fields.<sup>43</sup> In response to the disaster, the EPA collaborated with state, local, and federal partners and has collected more than 100 million air monitoring data points and over 35,000 samples of air, water, and soil in and around the community.<sup>44</sup> While the cleanup was ongoing in November 2025, the remaining area for cleanup was shrinking. As another example, a supply fire in Roseland, Louisiana, which was caused by an explosion in above-ground chemical storage tanks on August 22, 2025, led to a one mile evacuation radius. In responding to the incident, the EPA-led cleanup crews used containment booms, skimmers, and vacuum trucks to remove waste from the nearby river and ponds, and the Agency deployed air monitors to track volatile organic compounds.<sup>45</sup>

## Work Remaining

In August 2025, we issued a report summarizing 26 prior oversight reports related to past disaster response actions taken by the Agency.<sup>46</sup> Our review of these 26 reports revealed seven broad areas for the Agency to consider for its future disaster responses: (1) interagency and external stakeholder cooperation, (2) risk communication to the public, (3) data collection and characterization of risks, (4) policy development, (5) resource limitation, (6) contract management, and (7) resilience of contaminated sites and infrastructure. Within each of these seven areas, we identified specific findings that systemically appeared across multiple reports, representing lessons that may help the EPA be

---

<sup>40</sup> [News Release](#), EPA, EPA announces completion of Hurricane Helene response in western North Carolina (Mar. 27, 2025).

<sup>41</sup> [News Release](#), EPA, EPA Completes Household Hazardous Materials Cleanup in response to Los Angeles Wildfires (Feb. 26, 2025).

<sup>42</sup> FEMA, *National Response Framework*, <https://www.fema.gov/emergency-managers/national-preparedness/frameworks/response> (last visited Dec. 18, 2025).

<sup>43</sup> EPA, *East Palestine, Ohio Train Derailment: Background*, <https://www.epa.gov/east-palestine-oh-train-derailment/background> (last visited Dec. 10, 2025).

<sup>44</sup> EPA, *2023 Emergency Management Accomplishments Report*, <https://www.epa.gov/emergency-response/2023-emergency-management-accomplishments-report> (last visited Dec. 10, 2025).

<sup>45</sup> EPA, *Smitty's Supply Fire*, <https://www.epa.gov/la/smittys-supply-fire> (last visited Dec. 10, 2025).

<sup>46</sup> EPA Off. of Inspector Gen., [25-N-0054](#), *Lessons Learned from Prior Oversight of the EPA's Disaster Response Efforts* (2025).

better prepared for and more efficiently and effectively respond to future disasters. For example, we noted that 14 reports said cooperation between the EPA and other government agencies could be improved by clarifying roles and responsibilities or conducting interagency exercises, while four reports stated that the EPA needs to help build capacity and improve the resilience of existing infrastructure on contaminated sites; at water treatment facilities; or within drinking water systems, particularly small, rural drinking water systems. Vulnerable infrastructure could further increase the risks of disasters to the public and environment. To provide additional context to the threats of disasters, we recently published two evaluations on risks to federal facility Superfund sites from inland flooding and wildfires.<sup>47</sup>

Responding to disasters is costly for the EPA. According to data provided by the Agency, the EPA spent approximately \$115 million to respond to disasters from FY 2021 through FY 2024, with an average of about \$23 million per fiscal year. These values include contractual, payroll, and travel costs. Furthermore, the Government Accountability Office found that the increasingly concurrent nature of disasters limited the capacity of the disaster workforce, and undertrained surge responders posed challenges to federal agencies' emergency responses. In February 2025, the Government Accountability Office's High-Risk Series—which highlights areas in the federal government that need change or that are highly susceptible to fraud, waste, abuse, and mismanagement—identified the delivery of federal disaster assistance as a new high-risk area.<sup>48</sup> The EPA will need to have sufficient capacity and resources to address the increased need for disaster responses.

## Conclusion

It is important for the EPA to develop and implement strategies that effectively address the human health and environmental challenges posed by the increasing numbers and costs of natural and manmade disasters. The EPA may also need to enhance its disaster response capabilities to better protect people and the environment from these increasing threats and to ensure that it is prepared to handle future disasters effectively.

---

<sup>47</sup> EPA Off. of Inspector Gen., [26-E-0019](#), Evaluation of Risks to Federal Facility Superfund Site Remedies from Inland Flooding (2026); EPA Off. of Inspector Gen., [26-E-0020](#), Evaluation of Risks to Federal Facility Superfund Site Remedies from Wildfires (2026).

<sup>48</sup> U.S. Gov't Accountability Off., *High-Risk List*, <https://www.gao.gov/high-risk-list> (last visited Dec. 10, 2025).

# Appendix: Agency Response to the Draft Report



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
WASHINGTON, D.C. 20460

April 23, 2026

OFFICE OF THE  
ADMINISTRATOR

## MEMORANDUM

**SUBJECT:** Fiscal Year 2026 Top Management Challenges Draft Report

**FROM:** Travis Voyles, Associate Deputy Administrator

A handwritten signature in black ink, appearing to read "Travis Voyles".

**TO:** Nicole Murley, Deputy Inspector General  
Office of the Inspector General

The following presents the U.S. Environmental Protection Agency's response to the Office of Inspector General's draft Fiscal Year 2026 Top Management Challenges report. EPA concurs that significant environmental and public health challenges persist, including but not limited to air quality, chemical safety, scientific integrity and the stewardship of infrastructure resources and business operations.

These and other priorities are articulated in the agency's "Powering the Great American Comeback" initiative, which provides a detailed roadmap for advancing our mission. In addition, EPA intends to seek appropriations through the FY 2027 President's Budget to expand work across these and other priority areas. The responses below summarize the major topics identified in the report.

**Challenge 1: Managing contracts, grants and associated data systems.** Grants and contracts constitute a significant portion of EPA's annual budget. Effectively monitoring and managing grant and contract awards requires the agency to maintain quality data that can be used to measure and track performance; ensure compliance with funding requirements; and reduce the risk of fraud, waste and abuse. In addition, agency data systems that have poor-quality data inhibit our ability to provide effective oversight of grant and contract awards.

**Agency Response:** EPA is strengthening governance, stewardship and oversight of grants and contracts through coordinated modernization of data systems, enhanced internal controls and enterprise-level compliance reviews. EPA recognizes its legacy grants-management system may pose challenges to effective programmatic and administrative grants monitoring and data management. Under OFA leadership, the agency is advancing grants system modernization to align with evolving OMB and

executive order requirements and to improve records management and data integrity. Concurrently, the agency leverages EPA's Acquisition System, real-time acquisition dashboards, Contract Management Assessment Program reviews, national purchase card oversight and EPA's core financial system to ensure performance visibility and regulatory compliance with the DATA Act, FMFIA and OMB Circular A-123. Together with Treasury's Do Not Pay verification, senior-level review controls and acquisition policy automation initiatives, these coordinated modernization and oversight actions enhance EPA's ability to manage grant and contract awards effectively while mitigating fraud risk and strengthening accountability and data-driven decision-making.

**Responsible Agency Official:** C. Paige Hanson, Chief Financial Officer and Chief Administrative Officer, Office of Finance and Administration

**Challenge 2: Meeting statutory requirements for ensuring the safe use of chemicals.** The public must be able to depend on EPA's ability to identify the risks of using chemicals and pesticides. Resource constraints, inefficient review processes, statutory deadlines and expanded requirements for assessments and testing challenge EPA's ability to protect human health and the environment from potential chemical and pesticide risks.

**Agency Response:** We recognize that stringent statutory deadlines and the complex nature of PFAS challenge EPA's ability to meet statutory requirements for ensuring the safe use of chemicals. EPA is taking steps toward addressing these challenges by focusing on alignment with statutory requirements and using gold-standard science as the underpinning for chemical risk assessments. The EPA Office of Chemical Safety and Pollution Prevention's reorganization at the beginning of FY 2026 added more than 180 experts who have expertise in toxicology, exposure science, bioinformatics, computational toxicology, New Approach Methods for testing chemicals, ecotoxicology, cheminformatics and other specialties. Adding this expertise provides additional resources to help ensure we are using the best science and latest tools to improve our chemical programs and better support our statutory requirements. In addition, EPA's TSCA new chemicals program is deploying continuous improvement strategies to improve the way new chemical submissions are reviewed. From October 1, 2025, through February 28, 2026, EPA completed 161 risk assessments and 150 risk management actions. In parallel, the agency is advancing pesticide-related actions as demonstrated in 2025 through the release of the final Insecticide Strategy describing practical protections while providing flexibility for pesticide users and growers and reporting a backlog reduction of pesticide submissions under review by more than 5,200.

**Responsible Agency Official:** Douglas Troutman, Assistant Administrator, Office of Chemical Safety and Pollution Prevention

**Challenge 3: Managing information technology modernization.** EPA may encounter challenges when modernizing its data systems and platforms, including when updating its numerous legacy systems, implementing cybersecurity measures, automating its processes and adopting new AI technology. Ensuring continued support for EPA data systems and platforms is critical to preserving the quality of the agency's scientific and programmatic data.

**Agency Response:** EPA is committed to advancing its mission and recognizes the importance of modernizing our data systems and platforms, including the implementation of safeguards to defend against increasingly sophisticated cybersecurity threats. EPA is actively investing in updating legacy systems and processes while also enhancing cybersecurity measures to maintain the confidentiality, integrity and availability of our data. As the agency integrates advanced technologies like automation and artificial intelligence, we are establishing robust governance frameworks that prioritize data ownership, quality, security and resource efficiency. These frameworks also include active engagement with stakeholders and rigorous testing procedures to reduce risks and threats to EPA's data and operations. EPA's strategic modernization efforts will maintain the effectiveness and safety of our technological advancements and preserve the quality and security of our scientific and programmatic data resulting in accurate and dependable data and systems that ensure secure and dependable mission delivery.

**Responsible Agency Official:** Carter Farmer, Chief Information Officer, Office of Finance and Administration

**Challenge 4: Maintaining mission efficiency and effectiveness during organizational change.** As part of a broader initiative to reduce the size of the federal government while also increasing accountability, the EPA reduced its workforce and initiated a comprehensive restructuring effort. EPA needs to effectively manage the risks that the restructuring may have regarding its mission and operations, as well as ensure that its statutory mandates are fulfilled.

**Agency Response:** The agency is focused on achieving the statutory mandates as outlined in law. An important part of achieving this is the strategic restructuring of EPA to strengthen mission delivery, streamline operations and seize opportunities to modernize how we work. We are actively managing change to maintain a healthy, resilient workforce and to ensure clear roles, efficient processes and sustained capability to perform our mission at a high standard. For FY 2026, priorities include accelerating hiring to fill critical supervisory positions and enhance leadership stability; aligning workforce structure and FTE levels to mission requirements as defined by statute; modernizing performance management to meet revised OPM requirements; and expanding supervisory training and support. We are also investing in retention by actively gathering and acting on employee feedback to ensure highly skilled staff can thrive.

**Responsible Agency Official:** C. Paige Hanson, Chief Financial Officer and Chief Administrative Officer, Office of Finance and Administration

**Challenge 5: Managing cooperative federalism and state oversight.** EPA often delegates the primary responsibility of implementing and enforcing federal environmental laws to states. The agency oversees these delegated responsibilities to ensure that state implementation meets minimum federal standards and that states expend federal dollars appropriately. EPA needs to manage cooperative federalism principles to ensure that states consistently implement and enforce federal environmental laws.

**Agency Response:** EPA's policies reflect a commitment by the agency to work together with states as co-regulators to protect human health and the environment, leveraging the strengths and capabilities of both federal and state authorities. EPA's program offices will work with colleagues across the agency, as well as state and tribal partners, stakeholders and the OIG to address the issues presented by this Top Management Challenge. EPA will ensure that federal authority is used appropriately by states and tribes that have taken delegated authority, that states and tribes receiving federal funds to implement federal environmental laws do so consistently with the law and sound program administration and that the agency plays an appropriate role on federal issues.

**Responsible Agency Official:** Jeffrey A. Hall, Assistant Administrator, Office of Enforcement and Compliance Assurance

**Challenge 6: Preparing for and responding to natural and manmade disasters.** EPA has prioritized increasing the speed, efficiency and effectiveness of the agency's response efforts to natural and manmade disasters. Disasters like wildfires, flooding, train derailments and hurricanes can adversely affect environmental infrastructure and leave behind hazardous materials. The frequency and costs of these events may challenge the agency's ability to adequately prepare for and respond to disasters that could impact on critical environmental infrastructure and human health.

**Agency Response:** Key goals include better coordination with state and local resources, improved adherence to the National Incident Management System including staffing of the Incident Command Structure, clearer response planning with realistic timelines, increased data collection for transparency, improved internal operations and information coordination and risk communication. A central feature of the initiative is the creation of a Rapid Response Task Force, which will be developed in phases to create a deployable team that can mobilize within 24 to 48 hours of an incident to ensure the key goals above are fully integrated into an agency-led response.

**Responsible Agency Official:** Steven Cook, Principal Deputy Assistant Administrator, Office of Land and Emergency Management

If you have any questions, please contact Meshell Jones-Peeler, Controller, Office of Financial Operations and Management, at [Jones-Peeler.Meshell@epa.gov](mailto:Jones-Peeler.Meshell@epa.gov).



## Whistleblower Protection

U.S. Environmental Protection Agency

*The whistleblower protection coordinator's role is to educate Agency employees about prohibitions against retaliation for protected disclosures and the rights and remedies against retaliation. For more information, please visit our [website](#).*

### Contact us:



**Congressional & Media Inquiries:** [OIG.PublicAffairs@epa.gov](mailto:OIG.PublicAffairs@epa.gov)



**EPA OIG Hotline:** [OIG.Hotline@epa.gov](mailto:OIG.Hotline@epa.gov)



**Web:** [epa.gov/oig](http://epa.gov/oig)

### Follow us:



**X:** [@epaoig](https://twitter.com/epaoig)



**LinkedIn:** [linkedin.com/company/epa-oig](https://www.linkedin.com/company/epa-oig)



**YouTube:** [youtube.com/epaoig](https://www.youtube.com/epaoig)



**Instagram:** [@EPA\\_OIG](https://www.instagram.com/EPA_OIG)



[www.epa.gov/oig](http://www.epa.gov/oig)