

Environmental and Energy Study Institute

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1986 ANNUAL REPORT

AND

1987 PROGRAM PLAN

4/20/87

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INTRODUCTION

The Environmental and Energy Study Institute was founded by the leaders of the Congressional Environmental and Energy Study Conference to meet the critical need for better informed debate, independent analysis and innovative policy ideas.

Since beginning operation in 1985, the Institute has established a successful track record of policymaker education and policy analysis. And in 1986, its policy initiatives began to produce significant results.

The Institute enjoys a special ability to produce results because of its special, trusted relationship with the 360 Members of Congress who belong to the Congressional Conference, their staffs and other national policymakers. These are the people who turn to the Institute for analysis and ideas, who participate in the Institute's work and who champion the Institute's initiatives.

In sum, we have credibility, access and an audience which listens. We are not a lobbying group, but an independent third force which is just as committed to getting the right questions asked as to getting our proposals adopted.

The Institute focuses on timely issues and opportunities where it can make a major contribution and on carefully chosen projects which it is well positioned and well suited to carry out.

We utilize task forces and advisory groups, as well as our strategic position with Congress, to leverage significant additional expertise and resources into our work. In addition, we enjoy cooperative working relationships with key research and interest groups.

Programs and projects are underway in five areas: groundwater protection, hazardous waste management, alternative energy, sustainable development in the Third World and acid rain control. A new, cross-cutting program to stimulate Congressional environmental and energy leadership, a substantial expansion of the energy work and new projects on global climate change and water conservation are priorities in 1987. Alternative agricultural policies related to both groundwater and international development will get new emphasis, and initiatives in the areas of biotechnology and new regulatory strategies will be explored.

This work is guided by strategic and program plans developed and approved by the Institute's Board of Directors.

To insure programs and projects meet real needs, they are designed with extensive input from Institute Board members, policymakers and others.

The Institute's products emphasize assistance to policymakers; timely, on-point issue and option papers; briefings and other educational initiatives; and networking and catalytic activities. Besides its own publications, the Institute publishes the Study Conference's widely respected Weekly Bulletin and Special Reports for people outside Congress. The subscription list reads like a "Who's Who" in environmental and energy policy.

The Conference is an informal, non-advocacy legislative service organization, made up of approximately 80 Senators and 280 Congressmen and Congresswomen -- from both sides of the aisle and across the political spectrum -- and financed by contributions from its Members' official expense allowances. The Conference's reputation for timely, unbiased and authoritative legislative information has helped it become the largest service organization in Congress.

PROGRAM ACCOMPLISHMENTS AND PLANS

GROUNDWATER PROTECTION

The Institute's work in this area is aimed at adoption of effective federal policies and programs to prevent groundwater contamination. Once contaminated, groundwater is expensive, if not impossible, to clean up.

The Institute has sponsored numerous educational initiatives for Members of Congress and staff, including six regional groundwater conferences around the country to get first-hand input from people working to protect groundwater at the state and local level, and produced a comprehensive proposal for federal groundwater legislation based in large part on their insights. Though not a consensus document per se, the proposal represents consensus more often than not. It stresses prevention through federal leadership, technical assistance and information, and state and local implementation -- not a major, new federal regulatory program.

Key Results:

* Awareness among policymakers of the critical need for prevention has been heightened.

* The Institute has established itself and its proposals as a major presence in the national groundwater debate. Our staff is regularly asked to advise Members and committees in Congress and to speak to a wide variety of groups.

* An important bill drawing heavily on our proposal for stepped-up federal technical assistance to states and localities passed the House in 1986 and is moving again in 1987. We have testified on this bill and are providing technical assistance on refinements in the legislation.

1987 Plans:

We plan to emphasize continued policymaker education, follow-up on our proposals and assistance to Congressional committees. For example, we have been asked by key Congressional staff to organize off-the-record workshops to clarify key issues and test out alternative policy responses.

We will kick off the 1987 Congressional debate with a legislative outlook conference in mid-May. This will feature Senator Patrick Moynihan, chairman of the key Senate groundwater

panel, and Senator Quentin Burdick, chairman of the Senate Environment and Public Works Committee, among other Congressional and Executive Branch leaders and interest group representatives.

We plan to expand our educational and analytic work on the role of farm policy and "low-input" agriculture in preventing groundwater contamination.

We believe that 1987 and 1988 offer significant opportunity for progress on our proposals and groundwater protection generally.

We are especially grateful to the Charles Stewart Mott Foundation, the J.N. Pew, Jr., Charitable Trust, the Joyce Foundation, the San Francisco Foundation and the William H. Donner Foundation for their support for our groundwater work.

HAZARDOUS WASTE MANAGEMENT

This program was launched in early 1986 to encourage development and use of safer hazardous waste management practices and technologies. Current reliance on land disposal has contaminated ground and surface waters and threatened human health.

Our focus has been on the land disposal restrictions in the 1984 "RCRA" amendments and the steps that must be taken to develop alternative capacity to treat and dispose of hazardous wastes.

We have carried out a low-key educational effort on alternative technologies targeted on key committee staff, analyzed obstacles and incentives for the use of alternative technologies and conducted a case study in the Midwest. An advisory committee including key Members of Congress, environmentalists, business representatives and federal and state officials has guided our work.

Several "private distribution" options papers have been issued to policymakers on and off Capitol Hill.

Key Results:

* Significantly greater awareness has been created about the critical need for concrete action now so that the land disposal restrictions take effect in a timely manner. If action is not taken now, land disposal could continue largely unabated.

* We have established the Institute as a major presence in the hazardous waste debate. We are regularly asked for information and advice by Congressional committees.

* A series of House hearings has been held on the questions we have raised.

* We have spurred a House oversight committee investigation into whether there will be enough alternative capacity available for the land disposal restrictions to go into effect.

1987 Plans:

In May, we will issue a report containing our final policy recommendations for encouraging alternative waste management practices. We expect to spend the rest of the year on continued education, follow-up on our recommendations, assistance with Congressional oversight activity and analysis of policies to integrate alternative waste treatment with waste reduction strategies.

Our work in 1987 is laying the foundation for the 1988 Congressional debate over renewal of RCRA.

This work has been made possible by generous grants from the George Gund Foundation and the Joyce Foundation.

ENVIRONMENTALLY SUSTAINABLE DEVELOPMENT

This program is aimed at promoting sustainable development and resource management in the Third World. The plight of the poor countries was vividly brought to light by the Ethiopian famine. Although the famine there has eased, many developing countries are in the midst of an environmental crisis which undermines their ability to feed themselves and achieve their aspirations to grow and prosper. And the United States has a direct and growing stake in this situation, for environmental, as well as economic and military, reasons.

The Institute has been carrying out an especially aggressive policymaker education campaign to elevate these issues in Congress and has produced a Congressional agenda for action with 13 specific recommendations. The recommendations represent the consensus of a blue-ribbon panel and range from a new environmental, energy and natural resources policy mandate for U.S. development aid, to natural resource training and R&D transfer, to biological diversity initiatives.

Key Results:

* Congressional concern and commitment to environmentally sustainable development have been strengthened, and awareness of the U.S. stake in the environmental and energy problems of the Third World is up, though much more needs to be done.

* New Congressional leadership has been created.

* The Institute has become a major presence in the debate, and we are regularly asked for advice. We have been asked by key committee and subcommittee chairmen to put together their legislative agendas and to serve as a "broker" with other groups.

* Many of our 13 recommendations have been acted upon or have been incorporated into pending legislation for the long-term development of Africa and into an environmental amendment to the Foreign Assistance Act.

* We have spurred many hearings and initiatives on the issues we've raised and on the recommendations we've developed, and we have testified on numerous occasions.

* Environmental protection is slowly beginning to become accepted as a necessary component in successful development, although again much more needs to be done.

1987 Plans:

We plan to continue our aggressive educational campaign to raise environment and development issues on the Congressional agenda and to follow-up on our 13 recommendations and related proposals.

The year 1987 is ripe for major progress. The Africa and foreign aid bills stand a good chance of passing, and with more hard work, their environmental initiatives should emerge intact.

In addition, we plan to begin work on needed new initiatives, especially on ways to better integrate environment and development. We also plan to place new emphasis on the potential for low-input agriculture, in conjunction with the groundwater program.

We are indebted to the J.N. Pew, Jr., Charitable Trust and the Jesse Smith Noyes Foundation for their support for this program, and also to the Rockefeller Family and Associates for support for the energy component of this work.

The World Resources Institute has made important substantive contributions to this program, for which we are grateful.

ACID RAIN CONTROL

This is our newest effort, initiated in the fall of 1986. A continuing concern about proposed acid rain control legislation, even among some of the sponsors of the legislation, is adverse economic and employment impacts in the Midwest.

In response to interest from key Members of Congress, we began to analyze opportunities to ameliorate the impacts of acid rain

control through energy conservation, "clean coal" technologies and other non-conventional emissions reduction strategies.

The fall of 1986 was devoted to policy analysis.

Key Results:

* We increased awareness of the potential for conservation and other strategies for cost reduction.

* Cost-saving ideas began to be discussed in deliberations over new acid rain legislation.

1987 Plans:

We will be issuing two short reports on innovative strategies this spring, holding a series of intensive workshops to test out the most promising ideas and working to refine the strategies and inject them further into the acid rain debate.

The year 1987 should see movement on acid rain control in the U.S. Senate. The situation in the House of Representatives is uncertain.

ALTERNATIVE ENERGY

Opportunities in the energy area have been extremely limited until recently. Accordingly, we have focused on one of the few areas of opportunity: improved federal agency energy conservation through public-private "shared energy savings" projects. These projects can save the federal government millions of dollars while serving to promote alternative energy technologies at a time when federal support has been cut substantially.

We have emphasized low-key education of committee staff Members and published short reports on legislation and agency implementation.

Key Results:

* Legislation to enable federal agencies to do shared saving projects was signed into law.

* Congressional oversight and guidance have spurred federal agency implementation of the law.

1987 Plans:

We hope to initiate a major expansion of our energy policy work in 1987 because opportunities appear to be growing. Rising oil imports, the Department of Energy national security report (which

concluded that this country still has an energy problem) and the increased odds of a global warming from fossil fuel burning -- all are contributing to renewed interest in energy.

We are now thinking through specific projects.

At the same time, we plan to reduce our shared-savings efforts to minimal levels because federal agencies seem to be moving forward as expeditiously as they can at this point.

The Rockefeller Family and Associates has contributed generous support to our energy conservation and alternative energy work.

GLOBAL CLIMATE CHANGE

Ozone depletion and the "greenhouse effect" are important emerging issues.

The "ozone hole" in the Antarctic has been front page news, and international negotiations on controlling the problem have begun.

The greenhouse effect was once something which scientists thought the earth might experience by the end of the next century. Now, there is a growing scientific consensus that the world will begin experiencing significant global warming much sooner, perhaps as early as the year 2030. The results could be staggering: flooding of cities in coastal areas, dramatic changes in agriculture, unprecedented plant and animal species loss, to name just a few threats that researchers are attempting to assess.

The Institute has been asked by key Members of Congress to undertake a major program to educate policymakers about climate change and to develop near-term strategies for addressing it.

We plan to begin this effort in 1987.

Because many of the potential strategies for dealing with climate change involve energy policy decisions, the two programs will be linked.

LEADERSHIP DEVELOPMENT

It goes without saying that bold, imaginative, problem-solving leadership is needed in Congress to effectively address the issues on which the Institute has chosen to work. This is especially true on issues like Third World environmental problems and climate change which are not major concerns of legislators' constituents but which are extremely important nevertheless.

In recognition of this pressing need, the Congressional Study Conference's Executive Committee asked the Institute to establish a

new program aimed specifically at stimulating and cultivating new, bi-partisan Congressional leadership. And the Institute's Board agreed to make it a top priority in 1987.

This program will cut across the Institute's "issue" programs and substantially strengthen our leadership development efforts. The program will utilize a variety of techniques to activate new leadership, including "Members-only," off-the-record discussions with prominent speakers on emerging issues, intensive retreats with selected staff and staff-level outreach to promising young Members. It also will use a variety of ways to cultivate that leadership, such as putting selected Members on task forces so they can become knowledgeable and develop concrete initiatives which they can champion.

Institute Board Member John Seiberling donated the proceeds of his Congressional retirement dinner to establish the leadership development program.

We are grateful to the more than 250 people and organizations who contributed seed money to the program.

WATER CONSERVATION

In response to rising concern about water shortages and price increases, our Board has approved a modest effort in 1987 to begin educating Congress about the issue and exploring policy options for increased water efficiency.

INITIATIVES UNDER EXPLORATION

We are exploring a small number of other priority issues for possible new programs and projects, including biotechnology and alternative environmental protection strategies.

BOARD OF DIRECTORS AND STAFF

Board:

Joan Z. Bernstein, General Counsel for Chemical Waste Management, Inc.

Robert O. Blake, Chairman of Nominating Committee and Senior Fellow at International Institute for Environment and Development

Lester R. Brown, President of Worldwatch Institute

Carleton D. Burt, Secretary-Treasurer and Chairman of Development Committee, investment banker and consultant

Gerald Decker, Chairman of Decker Energy International, Inc.

Carol E. Dinkins, Houston attorney

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Joseph L. Fisher, Distinguished Visiting Professor of Political Economy at George Mason University, former Democratic Congressman from Virginia

S. David Freeman, General Manager of Lower Colorado River Authority

John Heinz, Senator from Pennsylvania, a founder of Congressional Environmental and Energy Study Conference

Gilbert Gude, Chairman of Program Committee, former director of Congressional Research Service, former Republican Congressman from Maryland, a founder of Environmental and Energy Study Conference

Thomas C. Jorling, Professor at Williams College

C. Payne Lucas, Executive Director of Africare

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Edmund S. Muskie, Washington attorney, former Democratic Senator from Maine

Richard L. Ottinger, Chairman of the Board, Distinguished Professor of Law and Public Policy at Pace University, former Democratic Congressman from New York, founder of Congressional Environmental and Energy Study Conference

Ruth Patrick, Senior Curator, Academy of Natural Sciences of Philadelphia

Frank M. Potter, Jr., Executive Director, Renewable Energy Institute

John R. Quarles, Washington attorney

Roger W. Sant, President of Applied Energy Services, Inc.

John F. Seiberling, Distinguished Visiting Professor at University of Akron Law School, former Democratic Congressman from Ohio

John J. Sheehan, Legislative Director of United Steelworkers of America

James Gustave Speth, President of World Resources Institute

Elvis J. Stahr, Washington attorney, President Emeritus of National Audubon Society

Raul R. Tapia, Washington attorney and businessman

Victoria J. Tschinkel, former secretary of Florida Department of Environmental Regulation

Larry Young, Delegate to the Maryland State Assembly and Chair of Environmental Matters Committee

Staff:

Ken Murphy became the Institute's first executive director and chief executive officer in 1984. He took his B.A. from Michigan State University in economics and political science and did his graduate work at Johns Hopkins University in international economics and comparative politics. He helped organize the Congressional Environmental and Energy Study Conference in 1975, and became its first legislative director and then staff director in 1979.

Judy Campbell Bird is director of the groundwater protection program. She has a degree in chemistry from Salem College. Before coming to the Institute in 1984, she directed citizen action and groundwater protection programs for the Natural Resources Defense Council.

Jon M. Clark is directing the Institute's developing country resources management program. He has a degree in political science from Union College. He came to the Institute in 1985 from the Northeast-Midwest Congressional Coalition, where he was responsible for energy and rural development issues.

Julia N. Foster is administrative assistant. She has a degree in political science from the University of North Carolina and came to the Institute in 1986.

Philip S. Jessup is directing the Institute's acid deposition project. He has degrees from Amherst College and the Johns Hopkins School of Advanced International Studies. He joined the Institute's staff in 1986 after 12 years as environmental program officer and executive vice president with the William H. Donner Foundation.

Katherine N. Probst directs the Institute's hazardous waste management program. She also directed EESI's investigation into the effectiveness of statutory deadlines in federal environmental laws. She received her bachelor's degree in government from Wesleyan University and her master's degree in urban planning, policy and administration from Harvard University. She came to the Institute in 1985 after serving as deputy director of the policy office in the New York City Department of Environmental Regulation.

Pat Raymond is executive assistant and special projects coordinator for the Institute. She received her bachelor's degree in Foreign Service from Georgetown University in 1975 and has done graduate work in political science at Georgetown University and in public relations and marketing at American University. She came to the Institute in 1986 from American University, where she directed the office of special events and media relations. Prior to that, she served on the staffs of two Members of Congress and two subcommittees in the U.S. House of Representatives.

SOURCES OF FINANCIAL SUPPORT

The Institute is a not-for-profit, tax-exempt 501(c)(3) corporation. Its primary sources of funds are publication revenues and foundation grants. Other support comes from individuals, government and corporations. The Institute receives both restricted and unrestricted funds.

The 1986 budget totaled approximately \$500,000. A financial plan adopted by the Board of Directors calls for substantial increases in the budget in order to carry out the agenda outlined above.

The Institute is grateful to the many contributors and supporters who took a chance on a new organization and who made possible whatever successes we have achieved. We will be working hard to earn their continued confidence.

The Institute is indebted especially to the William and Flora Hewlett Foundation, the Atlantic Richfield Foundation, the George Gund Foundation and the Ottinger Foundation for their early general support grants. Without them, the Institute would not now exist.

Grants and contributions in excess of \$1,000 have been received from:

Aluminum Association, Inc.
Applied Energy Services, Inc.
Atlantic Richfield Foundation
Tom B. Babcox
Alan S. Boyd
Communication Workers Of America
Community Foundation of Greater Washington
Alida Rockefeller Dayton
Defenders of Wildlife
William H. Donner Foundation
E.I. duPont de Nemours & Company
Thomas B. Evans, Jr.
Florida Phosphate Council
Goodyear Tire & Rubber Company
William and Mary Greve Foundation
George Gund Foundation
William and Flora Hewlett Foundation
International Business Machines Corporation
Joyce Foundation
Manatt, Phelps, Rothenberg, Tunney & Evans
Merlin Foundation
Charles Stewart Mott Foundation

National Wildlife Federation
National Audubon Society
National Education Association
National Parks and Conservation Association
Nature Conservancy
Jesse Smith Noyes Foundation
Ottinger Foundation
J.N. Pew, Jr., Charitable Trust
Public Lands Institute
Laurance Rockefeller
San Francisco Foundation
Sierra Club
Elvis J. Stahr, Jr.
Pete Stark Foundation
Sun Company
Trust for Public Land
U.S. Department of Energy
U.S. Environmental Protection Agency
United Steelworkers of America
Paul W. Walter
Waste Management, Inc.
Wildcat Foundation
Wilderness Society

We also are grateful to the 241 other people and organizations who have contributed to our accomplishments and to our 700 loyal subscribers.

FINANCIAL INFORMATION

STATEMENT OF FINANCIAL POSITION

	<u>1985</u>	<u>1986</u>
	(in thousands of dollars)	
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash	\$287	\$460
Accounts Receivable	21	15
Prepaid Postage	0	2
Subtotal	<u>308</u>	<u>476</u>
<u>Fixed Assets</u>		
Property and Equipment	19	32
Less: Accumulated Depreciation	<u>- 4</u>	<u>-10</u>
Subtotal	15	22
<u>Other Assets</u>		
Security Deposit	<u>4</u>	<u>3</u>
TOTAL ASSETS	\$328	\$501
<u>LIABILITIES</u>		
<u>Current Liabilities</u>		
Accounts Payable	\$ 3	\$ 2
Accrued Vacation	7	6
Deferred Subscription Revenue	86	83
Deferred Project Grant Revenue	36	129
Deferred Operating Grant Revenue	<u>48</u>	<u>60</u>
Total Current Liabilities	\$181	\$280
TOTAL LIABILITIES	\$181	\$280
<u>FUND BALANCE</u>	\$147	\$221
TOTAL LIABILITIES AND FUND BALANCE	\$328	\$501

STATEMENT OF REVENUES AND EXPENSES

1985 1986
(in thousands of dollars)

REVENUES

Operating

Weekly Bulletin		
Subscriptions	\$164	\$165
Operating grants	199	112
Project grants/ contracts	195	205
Other	<u>3</u>	<u>3</u>
Subtotal	562	486

Other

Interest	<u>20</u>	<u>22</u>
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TOTAL REVENUES	\$582	\$508
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EXPENSES

Direct

Salaries	\$140	\$156
Fringe	66	69
Other direct	<u>134*</u>	<u>94</u>
Subtotal	340	319

Overhead

	<u>149</u>	<u>116</u>
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TOTAL EXPENSES	\$489	\$435
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Additions to Working

Capital Fund	<u>93</u>	<u>74</u>
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GRAND TOTAL EXPENSES	\$582	\$509
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* Included \$70,000 subcontract

Note: Numbers may not add due to rounding. Audited financial statements are available on request.