

ENVIRONMENTAL  
AND ENERGY  
STUDY INSTITUTE

1992 ANNUAL REPORT

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Wendy Snader, Marketing Assistant  
Carol Werner, Energy Program Director and  
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## EESI Mission Statement

The Environmental and Energy Study Institute is a non-profit organization dedicated to promoting environmentally sustainable societies. EESI believes meeting this goal requires transitions to social and economic patterns that sustain people and the natural resources upon which present and future generations depend.

EESI produces credible, timely information and innovative policy initiatives that lead to these transitions. These products are developed and promoted through action-oriented briefings, workshops, analysis, publications, task forces and working groups.

EESI's target audience is Congress and other national policymakers—and the people who influence them.

EESI enjoys a strategic position with national policymakers as the nation's only independent organization established by Congressional environmental and energy leaders.

# Executive Director's Message

## A healthy environment and a healthy economy ...

In 1992, America was preoccupied with its frail economic health. Yet, for the first time in my memory, public support for environmental protection remained high. Why? I think the American people have come to understand that the economy and the environment are not separate entities—they are intertwined pieces of what makes up our personal and national well-being.

After all, a healthy environment provides the water, air and other natural resources upon which the economy, and life itself, depends.

A healthy economy, for its part, generates the wealth necessary to protect the environment. It produces the innovations that prevent pollution. And it creates the jobs that pull people out of poverty—which is perhaps the worst enemy of the environment.

Of course, all this does not mean it's easy to achieve what many call "environmentally sustainable development." What's frequently missing are the information and ideas needed to bring environmental and economic goals together. And that's where EESI comes in: We seek to generate the information and policy initiatives that lead to environmentally sustainable societies.

In 1992, this mission led us to explore several questions:

How can the economic transitions that lead to a healthy environment, and that create economic opportunities and jobs, be managed to help people whose lives are uprooted by those very same transitions?

Are there new technologies and policy tools that can produce both environmental and economic gains?

How can the evidence that strong environmental standards create a global competitive advantage be reconciled with the reality of U.S. job losses due to competition from countries with weak standards?

How can today's decisionmakers be encouraged to take tough actions when the benefits may not be seen until after the decisionmakers are long gone?

We sought answers to these and related questions, and we saw our efforts pay off in many cases:

- \* Homeowners and landlords will be able to readily buy faucets and other appliances that save water, energy and money.

- \* Utility companies will be encouraged to provide their services at lower costs to their customers, using environmentally sound technologies.

- \* Developing countries will have incentives to preserve their biological diversity, while U.S. companies will be encouraged to invest in medicines and other products created from that biological richness—and generate new jobs in the process.

- \* Groundwater cleanup will be expedited at closing military bases so that adjacent communities can use them to rebuild the local economy.

- \* Communities around the country will gain increased money to support mass transit.

- \* More companies will receive technical assistance to reduce pollution and greenhouse gas emissions, while boosting their bottom line.

Some of our other accomplishments were less concrete, but nonetheless meaningful:

- \* Progress was made toward a pollution prevention goal for underground drinking water supplies.

- \* New strategies were developed to help the United States fulfill its commitments under the global climate convention.

- \* National policymakers paid increasing attention to the links between global environmental threats and national security in the post-Cold War world.

- \* Environmental taxes are increasingly seen as a potent tool for reducing pollution and for financing tax cuts on "good things" like hard work and capital investment.

- \* Citizens' groups all over the country received information and ideas that they used to push for strong U.S. leadership at the historic Earth Summit.

Here's a snapshot of how we did our work during 1992. We held dozens of educational briefings for Members of Congress and others on key issues and policy options, organized several intensive workshops for public and private sector decisionmakers to formulate and advance policy initiatives, produced nine action-oriented publications, made scores of presentations to a wide variety of audiences, spent countless hours on research and analysis, and provided information and technical assistance to hundreds of key people to help shape the policy debate. Overall, more than 20,000 people in the United States and abroad benefited in some fashion from our work.

None of this would have been possible without a first-rate staff, an enthusiastic Board of Directors under the able chairmanship of Bob Blake, and generous and committed supporters. And certainly nothing would have happened without receptive policymakers, who, in the end, make the decisions that transform our work into positive changes in peoples' lives.

To all, a heartfelt thanks.

In late 1992, a new president and a near-record number of new Members of Congress were elected, creating new opportunities and challenges for EESI. The Clinton administration's stated commitment to a healthy environment and a healthy economy should encourage the public, business and government to direct their energies and talents toward that same objective.

We at EESI hope we can help lead the way.



## The country finally is taking steps toward a sustainable energy future.

Twenty years ago the world experienced an “energy crisis,” alerting the United States to the fact that humanity depends in many ways upon energy sources that are neither infinite nor without cost. Today, the United States continues to import a shockingly high percentage of its oil. Still, the country finally is taking steps toward a sustainable energy future.

Certainly the central energy policy event of the year was the passage and signing of the Energy Policy Act of 1992. Major federal legislation rarely springs into existence in a single year or even during a single Congress, and this act was no exception. Legislative proposals have been floating around Capitol Hill for years on ways to encourage greater energy efficiency and hasten the introduction of renewable energy supplies into the marketplace. In 1992, it all came together, and EESI played a key role in the process.

For example, Program Director Carol Werner and Program Associate Drew Kleibrink continued to lead working groups on energy efficiency and renewable energy throughout 1992. These groups brought together Congressional staff, knowledgeable people from public and private organizations, and key people in government. The groups were designed to clarify issues and, whenever possible, to lead toward consensus.

Many initiatives that emerged from these forums were eventually incorporated into the energy bill. A short list includes programs designed to ease mortgage terms on energy-efficient housing, to encourage home energy efficiency improvements, to induce gas utilities to invest in energy conservation and to provide federal grants to improve industrial energy efficiency.

We worked hard, and ultimately successfully, to begin to shift the Department of Energy’s research funding priorities toward energy efficiency and renewables. And finally, we worked with a consortium of groups on a five-part “green” tax package which was incorporated into the Energy Policy Act.

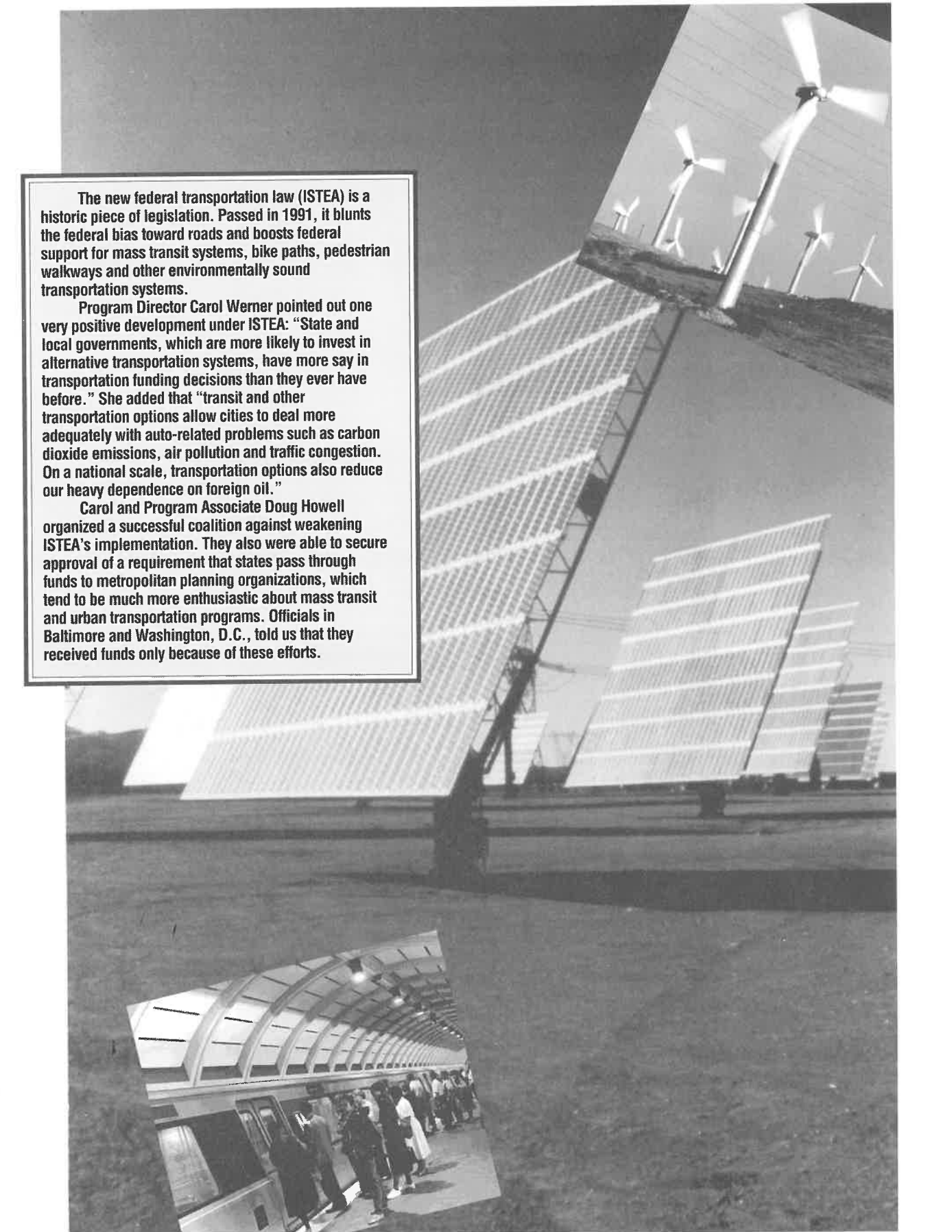
The act has many energy efficiency and renewable energy provisions, which, if fully implemented and funded, will move the U.S. economy toward a more sustainable energy future. Still, it did not, in our view, adequately address transportation energy use. Two-thirds of the oil consumed by the United States today is used to move people and goods in a manner that most concede could stand improvement. Furthermore, an increasing amount of this oil—43 percent in 1992—is imported, raising concerns about national security and the U.S. balance of trade.

During 1992, EESI took advantage of opportunities to focus policymakers’ attention on transportation issues. Program Associate Doug Howell joined with Carl to see that the Intermodal Surface Transportation Efficiency Act (ISTEA), passed in 1991, effectively promotes an efficient and environmentally sound transportation system. Such a system would end the long-standing bias toward roads to the exclusion of important alternatives, such as rail, buses and bikes (see sidebar). Improving the fuel economy of America’s transportation fleet is another essential step if the nation is to significantly decrease its consumption of oil and address attendant environmental problems.

We also worked hard during the year to achieve a \$12 million and a \$50 million increase, respectively, for federal renewable and energy efficiency programs for fiscal year 1993. By providing information and technical assistance to policymakers, we were successful in our effort to increase appropriations by \$1.5 million for the voluntary “green” programs operated by the Environmental Protection Agency (EPA). These programs improve lighting efficiency in workplaces and the energy efficiency of buildings, computers and refrigerators. EPA estimates that workplaces participating in these programs will save \$1 billion in lighting costs alone once they fully implement the energy-saving systems. The programs are critical to fulfilling U.S. commitments under the new climate change treaty, and they will need adequate funding to succeed.

We had less success with securing increased funding for low-income household weatherization assistance, energy conservation in schools and hospitals, and state energy conservation programs. This was a disappointment, since the \$5.9 billion spent by the federal government to date for these programs has produced an estimated \$25 billion in annual energy savings for consumers, businesses, farms, schools, hospitals, and state and local governments and has created roughly 236,000 new state and local jobs. Moreover, the energy savings translate directly into pollution savings.

A healthy environment, a healthy economy and a healthy energy system are inextricably intertwined. The United States is moving in the right direction, but the speed and clarity of its policies need considerable improvement. We will continue to tackle this challenge in 1993 through our work on effective implementation of ISTEA and sufficient funding of programs related to transit, energy efficiency and renewable energy, including the EPA green programs.



The new federal transportation law (ISTEA) is a historic piece of legislation. Passed in 1991, it blunts the federal bias toward roads and boosts federal support for mass transit systems, bike paths, pedestrian walkways and other environmentally sound transportation systems.

Program Director Carol Werner pointed out one very positive development under ISTEA: "State and local governments, which are more likely to invest in alternative transportation systems, have more say in transportation funding decisions than they ever have before." She added that "transit and other transportation options allow cities to deal more adequately with auto-related problems such as carbon dioxide emissions, air pollution and traffic congestion. On a national scale, transportation options also reduce our heavy dependence on foreign oil."

Carol and Program Associate Doug Howell organized a successful coalition against weakening ISTEA's implementation. They also were able to secure approval of a requirement that states pass through funds to metropolitan planning organizations, which tend to be much more enthusiastic about mass transit and urban transportation programs. Officials in Baltimore and Washington, D.C., told us that they received funds only because of these efforts.

A key element of EESI's approach to climate change has been to focus on the benefits of "no regrets" policy options.

The June 1992 United Nations Conference on Environment and Development (also known as UNCED or the Earth Summit) in Rio de Janeiro provided the backdrop for more than 150 countries to sign the first-ever global climate convention. The treaty addresses the issue of global climate change as the result of human activities. As is generally the case with global treaties, most of the real work was done long before the delegates arrived in Rio.

In the months preceding the Earth Summit, Program Co-Directors Carol Werner and Gareth Porter, together with Program Associate Karen Schmidt, worked vigorously to mobilize support for a U.S. commitment to stabilize carbon dioxide (CO<sub>2</sub>) emissions at 1990 levels by the year 2000. Much of our work centered on the economic debate about the consequences of adopting such a goal and on marshaling support for U.S. adoption of the stabilization goal.

A key element of EESI's approach to climate change has been to focus on the benefits of "no regrets" policy options: those steps that help minimize the production of greenhouse gases, while simultaneously serving other important objectives, such as improved economic competitiveness, lower energy costs, less air pollution and reduced dependence on foreign oil.

One of Carol and Karen's valuable accomplishments in 1992 was to focus policymaker and media attention on recent analyses in the United States and Europe of economically and environmentally attractive approaches to reducing greenhouse gas emissions. Dr. Florentin Krause of Lawrence Berkeley Laboratories presented his research on the net economic benefits of limiting CO<sub>2</sub> emissions in Europe at an educational briefing for policymakers in March (see sidebar). This briefing focused attention for the first time on projections sponsored by the Environmental Protection Agency (EPA) that show how the negative macroeconomic impacts of carbon taxes could be eliminated by carefully recycling the tax revenues through the economy.

Carol and Karen organized seven other briefings on climate-related issues, with attendance typically exceeding 100 people from on and off Capitol Hill. Briefing topics included job creation through investments in energy efficiency; European views on the climate convention negotiations; and opportunities for energy efficiency investments in Russia, China and

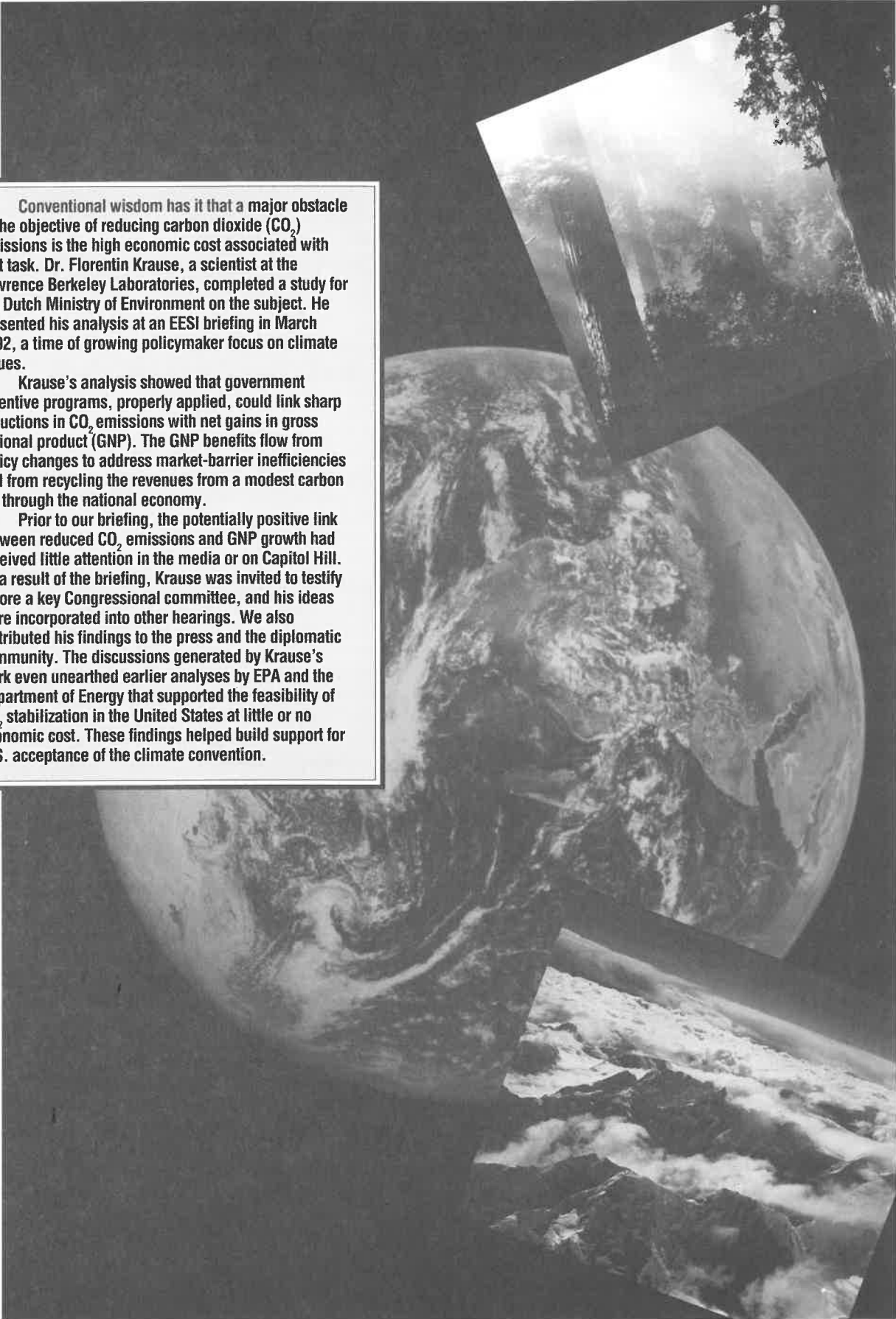
India, all important producers of greenhouse gas emissions.

In other outreach efforts, our Congressional staff working group continued to receive praise for regularly bringing together key Hill staff, many of whom had previously never worked together, to exchange information and to formulate and promote strategies to improve U.S. climate policy. The group's discussions helped advance policy initiatives, including a provision in the Energy Policy Act of 1992 for technical and financial assistance to developing countries, thus helping to fulfill U.S. obligations under the climate convention.

Following the signing of the climate treaty, we brought together key individuals from Congress, federal agencies, state and local government, and the business, scientific, environmental and foundation communities to begin discussing and shaping a U.S. climate policy agenda for the future. The workshop identified some near-term priority issues, including energy and carbon taxes and the preparation of a U.S. national climate action plan. Following up on one priority issue, EESI also co-sponsored, with the Alliance to Save Energy, a workshop for Congressional staff, business leaders and other decisionmakers on the potential role of well-designed energy taxes in setting and achieving multiple national goals.

Energy and environmental taxes can provide an economically and administratively efficient way to reduce environmental problems. Such "green" taxes can be a powerful market-based supplement to traditional regulatory approaches to environmental problems, or a substitute when traditional approaches don't work. Such taxes also are appealing because they can generate very significant revenues, which can be used both to cut taxes on "good things," like labor and capital, discourage "bad things," like pollution and CO<sub>2</sub>, and reduce the federal deficit—three important options for strengthening the economy.

In 1993, we expect to pursue priority initiatives to accomplish the objectives of the climate convention. Among these are implementation of energy efficiency and renewable energy measures in the Energy Policy Act of 1992, EPA's voluntary green programs, and transportation improvements. We also will help prepare recommendations for this country's national climate action plan to help implement the convention and put this nation on a path leading to lower emissions of greenhouse gases.



Conventional wisdom has it that a major obstacle to the objective of reducing carbon dioxide (CO<sub>2</sub>) emissions is the high economic cost associated with that task. Dr. Florentin Krause, a scientist at the Lawrence Berkeley Laboratories, completed a study for the Dutch Ministry of Environment on the subject. He presented his analysis at an EESI briefing in March 1992, a time of growing policymaker focus on climate issues.

Krause's analysis showed that government incentive programs, properly applied, could link sharp reductions in CO<sub>2</sub> emissions with net gains in gross national product (GNP). The GNP benefits flow from policy changes to address market-barrier inefficiencies and from recycling the revenues from a modest carbon tax through the national economy.

Prior to our briefing, the potentially positive link between reduced CO<sub>2</sub> emissions and GNP growth had received little attention in the media or on Capitol Hill. As a result of the briefing, Krause was invited to testify before a key Congressional committee, and his ideas were incorporated into other hearings. We also distributed his findings to the press and the diplomatic community. The discussions generated by Krause's work even unearthed earlier analyses by EPA and the Department of Energy that supported the feasibility of CO<sub>2</sub> stabilization in the United States at little or no economic cost. These findings helped build support for U.S. acceptance of the climate convention.

We helped pave the way for the Clinton administration to sign the biodiversity convention, which will protect the richness of the world's ecosystems, boost biodiversity investments and create U.S. jobs.

The international environmental highlight of 1992—indeed, of the decade—was the United Nations Conference on Environment and Development (also known as UNCED or the Earth Summit). Participants from more than 170 countries gathered at the June conference in Rio de Janeiro to hammer out agreements to combat global environmental threats. Much of their work is embodied in Agenda 21, a workplan for global sustainable development for the next decade and beyond.

In the United States, the Earth Summit provided an opportunity for extensive discussions about the global environment by both Congress and the executive branch. Throughout the year, we played an important role in mobilizing policymaker and public involvement in U.S. preparations for the summit. Subsequently, we helped pave the way for the Clinton administration to sign the biodiversity convention that the United States had refused to sign at the conference.

At the beginning of the year, EESI was instrumental in getting Congress on record in favor of strong U.S. policies at the Earth Summit. Program Director Gareth Porter chaired a working group of non-governmental organizations (NGOs) that drafted resolutions that passed both houses of Congress. Each resolution included important positions that went beyond administration policy on such issues as linking reductions in developing country debt with commitments to developing countries to promote sustainable development.

The International Program helped educate thousands of people inside and outside Washington, D.C., about UNCED through a monthly newsletter, *Earth Summit Update*, that tracked developments in official negotiations related to the conference, U.S. policy in the negotiations and opportunities for policymakers and the public to shape U.S. policies. *Earth Summit Update* was hailed by Congress and U.S. NGOs as the single most important source of information and analysis on UNCED and U.S. participation in it.

The real work began once it came time to translate UNCED commitments into national action. In August 1992, the International Program generated the first comprehensive set of recommendations for U.S. policy to implement the Earth Summit's Agenda 21. EESI published *The Road from Rio: An Agenda for U.S. Follow-up to the Earth Summit*, prepared by Gareth, with Program Associate Inji Islam. They offered a

number of actions and policy initiatives that Congress and the executive branch could carry out on behalf of Agenda 21, including adopting a U.S. national sustainable development strategy.

One of UNCED's major outcomes was the global biodiversity convention, which the United States had rejected. After attending the Earth Summit as an NGO observer, Gareth analyzed the concerns advanced by the Bush administration and biotechnology and pharmaceutical industry groups that the convention would not adequately protect entrepreneurs' intellectual property rights (IPR), and thus should not be signed. Gareth's analysis, published in November by EESI as *The United States and the Biodiversity Convention: The Case for Participation*, concluded that the agreement does provide adequate IPR protection. The report provided the main analysis of the issue for NGOs, Members of Congress and members of the Clinton-Gore transition team.

In late 1992, EESI participated in a small working group of NGOs and biotechnology and pharmaceutical companies that helped find a way for the United States to sign the biodiversity convention. President Bill Clinton referred in his 1993 Earth Day message to the group's effort as an important element in his decision to sign the convention (see sidebar).

EESI took advantage of Congressional and public interest in the Earth Summit to advance the concept that environmental security should be viewed as the third main component of U.S. national security, along with military and economic security. With the help of Program Associate Hayes McCarthy, EESI organized a series of roundtable discussions for key Members of Congress and specialists, moderated by David Gergen, to explore the relationship between the global environment and national security. Some of the themes introduced at these dinners, such as the close links between environmental security and economic security, have been taken up by the many participants, notably including now-Vice President Al Gore, who have since joined the Clinton administration.

In 1993, the International Program will push for U.S. debt relief for Sub-Saharan African countries, advance a new proposal for dealing with international differences in environmental standards, propose ways to strengthen global action to raise the status of women and elaborate on how environmental security could be integrated into U.S. foreign policy.

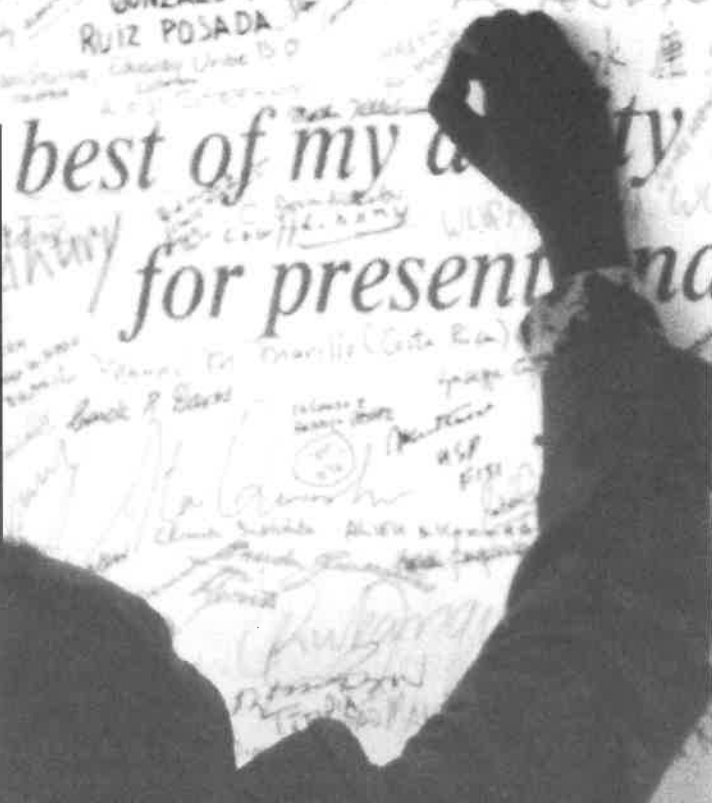


Environment and resources needed

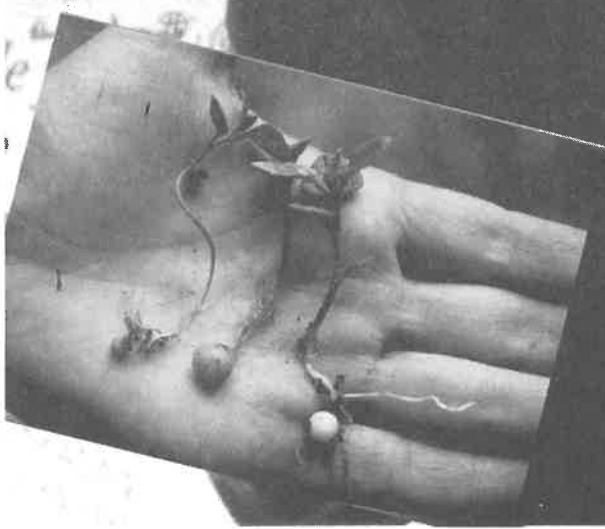
Program Director Gareth Porter calls the working group on the biodiversity convention "a successful effort at building consensus between industry and NGOs on an issue of global environmental policy which had previously been divisive." Originally, the biotechnology and pharmaceutical industries had supported President George Bush's refusal to sign the biodiversity agreement. They cited threats to their intellectual property rights (IPR) in the text. The Clinton-Gore transition team also had problems with the text on that issue as it began to deal with the agreement in late 1992.

Nonetheless, the working group began its negotiations with the blessing of the new White House Office of Environmental Policy. The working group members agreed to call for a U.S. legal declaration of interpretation of the biodiversity agreement that would quiet industry fears on IPR and then to propose language for such a declaration. They submitted the proposal to the White House in February 1993. The proposal drew heavily on the analysis in Gareth's paper on the issue.

The draft interpretation softened the opposition of industry, which ultimately supported the new administration's signing of the agreement. It also was a major factor in easing the anxiety of the new administration about signing the convention. Now that the United States has signed the agreement, the world is a big step closer to protecting the richness and diversity of its ecosystems. Furthermore, U.S. companies will have incentives to invest in biotechnology, formulate new pharmaceuticals and stimulate job creation.



UNITED NATIONS CONFERENCE ON ENVIRONMENT AND DEVELOPMENT  
Rio de Janeiro 3-14 June 1992



Handwritten notes and signatures at the bottom right of the page, including the name "Ana Glorinda Brand" and "Ching A. Soto".

Throughout the year, we sought “win-win” strategies to advance both environmental and economic objectives.

Until the six-year drought ended in the West late in 1992, it seemed that U.S. water supply problems could rival the “energy crises” of the 1970s. While water policy issues may seem less urgent today, it’s important to remember that the time to fix the roof is when the sun is shining, not when the clouds have opened up.

EESI has been deeply involved in water issues since its founding in 1984. EESI’s continuing focus on the need to manage water “holistically,” joining questions of quality and quantity and of surface water and groundwater, has helped to define policy debates and discussions on these subjects. But much more work is needed so government policies, laws and programs respect the interdependence of water quality and water quantity and the intricate relationships between underground and surface waters.

Our 1992 objectives were to elevate the issue of groundwater protection on the national policy agenda, to further encourage the development of sustainable agricultural practices embodied in the 1990 Farm Bill, to build support for promoting greater efficiency in the use of water and to encourage water use efficiency in government facilities and programs.

In an effort to usher in a new era in water policy, Program Director Don Gray and Water Program Attorney Donna Downing provided information that led to a first-ever proposal establishing a national pollution prevention goal for groundwater, which provides more than 50 percent of the U.S. drinking water supply. Unfortunately, the goal ran into time constraints in the closing days of the 102nd Congress and was never enacted.

Throughout the year, we sought “win-win” strategies to advance both environmental and economic objectives. For example, we searched for ways to permit small communities to provide clean water for their citizens, despite limited financial resources. We also sought ways to expedite the cleanup of groundwater contamination at closing military facilities to speed their reuse and offset the severe economic dislocations caused by their closing. Don served as the sole non-governmental organization (NGO) representative on a Congressional task force on this issue (see sidebar).

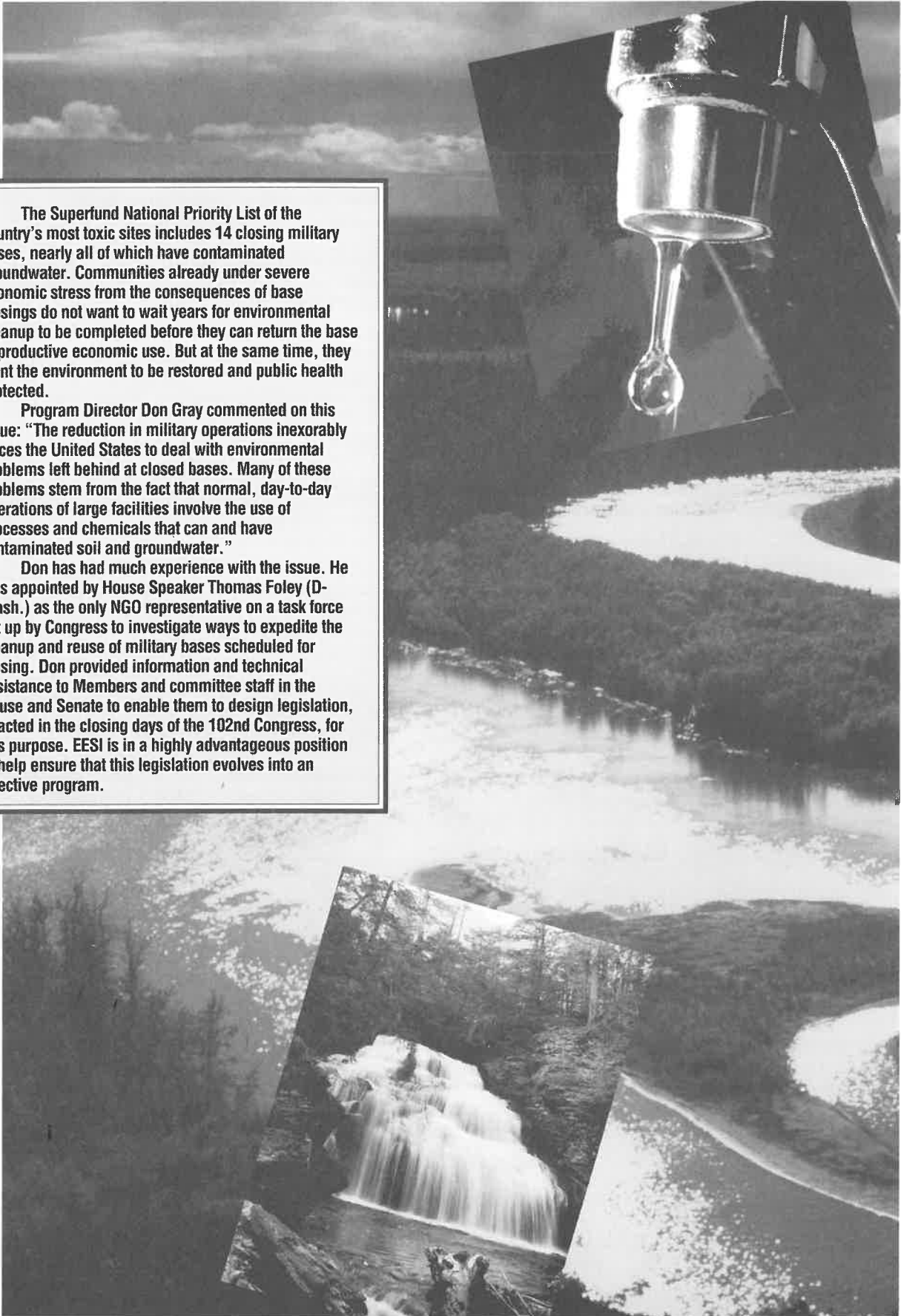
We also continued our cooperative efforts with other interested groups to improve the implementation of, and boost support for, the sustainable agriculture

provisions of the 1990 Farm Bill. We remained disappointed by the long-standing preference of the U.S. Department of Agriculture for conventional, chemically intensive agricultural practices, as well as by inadequate appropriations to fund authorized sustainable agriculture programs. Undaunted, we set out to overcome these obstacles. For example, we began working with members of the sustainable agriculture community to get a jump start on the 1995 Farm Bill.

Our water efficiency work introduced a broader audience to the economic and environmental benefits of increased water use efficiency to meet current and future needs. Don and Program Associate Marilyn Arnold conducted six well-attended policymaker briefings to identify key issues and to explore related policy alternatives. While it is impossible to assess the effect of these briefings, we were pleased that important water conservation provisions were subsequently incorporated into both the Energy Policy Act of 1992 and the Omnibus Water Reclamation Act. We also conducted a highly commended workshop, attended by approximately 80 representatives from federal agencies and other key organizations, which identified ways the federal government can lead the effort to use water more efficiently, thus serving as a model for state and local programs and private sector initiatives.

We remain closely involved with Water Quality 2000, a broad-based effort by more than 80 organizations to reach consensus on protecting U.S. water quality for the next century. The group’s recently released report, *A National Water Agenda for the 21st Century*, outlines a plan for an integrated national water policy and recommends federal legislation and other non-legislative action necessary for such a program. In addition, Don participated in the Long’s Peak Working Group, composed of more than 25 leading water experts from academia, government, the non-profit world and the private sector, which produced a report on national water policy priorities for the incoming Clinton administration.

The major goals of the Water Program during 1993 will be to inform and educate policymakers on the need for better integrated policies and programs to protect and conserve water. We also will develop specific policy options, including pollution prevention and sustainable agriculture strategies, to achieve this objective.



The Superfund National Priority List of the country's most toxic sites includes 14 closing military bases, nearly all of which have contaminated groundwater. Communities already under severe economic stress from the consequences of base closings do not want to wait years for environmental cleanup to be completed before they can return the base to productive economic use. But at the same time, they want the environment to be restored and public health protected.

Program Director Don Gray commented on this issue: "The reduction in military operations inexorably forces the United States to deal with environmental problems left behind at closed bases. Many of these problems stem from the fact that normal, day-to-day operations of large facilities involve the use of processes and chemicals that can and have contaminated soil and groundwater."

Don has had much experience with the issue. He was appointed by House Speaker Thomas Foley (D-Wash.) as the only NGO representative on a task force set up by Congress to investigate ways to expedite the cleanup and reuse of military bases scheduled for closing. Don provided information and technical assistance to Members and committee staff in the House and Senate to enable them to design legislation, enacted in the closing days of the 102nd Congress, for this purpose. EESI is in a highly advantageous position to help ensure that this legislation evolves into an effective program.

## Justice and Conversion

As we continued to focus on a healthy economy and a healthy environment, we launched new cross-cutting initiatives to complement our existing programs. Of special note was our work in 1992 on environmental justice and economic conversion.

The multi-racial, interdisciplinary environmental justice movement seeks to minimize the disproportionate exposure to health and economic risks borne by any segment of the population, especially low-income communities and communities of color. These risks can result from environmental threats—or the policy responses to those threats. For example, hazardous waste siting regulations do not typically consider a community's total exposure to contaminants from all nearby sources, while “green” taxes and water pricing reforms could hurt poor families.

During 1992, we sought opportunities to incorporate justice concerns more visibly into our ongoing programs. In addition, Diane Schwartz, EESI Director of Development and Special Projects, initiated consultations with a number of organizations and concerned individuals to define a “value-added” niche for EESI on this critical issue.

We took advantage of another opportunity in 1992 to promote gains in environmental and economic health. International military threats were down, pressure to cut the defense budget was up, and the economy was stuck in a recession. Congress debated how much to cut the defense budget and how the newly available money would be spent. To help minimize wrenching economic disruptions, a significant number of economic conversion and adjustment packages were proposed. These multi-billion dollar packages included worker retraining, research and development, public-private sector ventures, tax incentives for industries and other initiatives.

With our Energy Program taking the lead, we worked to showcase ways to use economic conversion to steer the United States toward an environmentally and economically sustainable future. At informal strategy sessions with policymaker staff and more formal educational briefings, we placed a special emphasis on how to channel resources toward improved technologies that would save energy and clean up groundwater at closing military bases, while enhancing economic development.

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## Interns

Assistant Program Coordinator Wesley Dowling arranged for 19 interns to join EESI in 1992. Our interns' responsibilities varied greatly. They completed research projects for their specific program areas, reported back on Congressional meetings and compiled information for EESI publications and projects. They also helped us keep the wheels moving by assisting the various program departments with administrative jobs.

After working at EESI, our interns came away with a better understanding of environmental policy and regulations, as well as the ins and outs of the non-profit and policymaking worlds. As one said, “I would encourage anyone who is looking for an internship to apply, for the experience to be gained is immeasurable. Not only does one learn about their specific program, but one learns the inner workings of a non-profit organization.”

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## Leadership Development

The 1992 Congressional Leadership Dinner honored Rep. Phil Sharp (D-Ind.). A member of the House Committee on Energy and Commerce, Phil chairs the Subcommittee on Energy and Power. He also is the second-ranking Democrat on the House Interior and Insular Affairs Committee. Among the issues he has been active on are energy-efficient transportation and the Clean Air Act Amendments of 1990. In these and other areas, he has received much praise for joining economic development and environmental protection concerns.

We paid tribute to Phil primarily because of his leadership on the Energy Policy Act of 1992, the most comprehensive energy legislation enacted in almost 15

years. The act contains broad conservation and efficiency programs, dramatic changes in electricity regulation and other provisions to significantly reduce conventional air pollution and carbon dioxide emissions that contribute to climate change. Phil was the key person who helped move the bill forward in the House.

EESI's Leadership Program supported more than 25 educational initiatives in 1992 with hundreds of Members of Congress and their staff participating. EESI Marketing Assistant Wendy Snader and consultant Suzanne Hammelman ably carried out the arrangements for the dinner.

# Programs and Reports

## Outreach

Effective policymaking requires practical, innovative ideas and timely, reliable information. Our publications and educational programs provided two highly effective ways of getting out such ideas and information. We also continued to publish selected reports prepared by the Congressional Environmental and Energy Study Conference. Assistant Program Coordinator Wes Dowling, Publications Manager Michael Fallon,

Publications Assistant Gregory Hamilton, Administrative Assistant Holly Patrick, Printer Ken Sharp, Marketing Assistant Wendy Snader and Program Coordinator Michael Witt worked long and hard so a broad spectrum of people would know about these documents and activities. For more information, please call the EESI Publications Office at (202) 628-1400.

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## Selected Programs and Reports

Lester Brown Discusses "State of the World 1992," Jan. 15, 1992

Fuel Cells: Energy Without Combustion, Jan. 16, 1992

Water Efficiency in the Agricultural Sector, Jan. 31, 1992

Earth Summit Update: Volumes 6–10, February–July, 1992

Energy and Climate Policy in China, Feb. 13, 1992

How Should UNCED's Agenda 21 Be Financed?, Feb. 28, 1992

Meeting Environmental Needs for Water: The Role of Water Use Efficiency, March 6, 1992

Buying Insurance Against Greenhouse Risk: A Least-cost Approach to Climate Stabilization, March 6, 1992

Intermodal Surface Transportation Efficiency Act of 1991: Turning New Opportunities into Realities, March 20, 1992

Federal Options for Increasing Municipal Water Efficiency, April 6, 1992

Final Round of Climate Negotiations Nears: Industrial Countries Await U.S. Move, April 10, 1992

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Surface Water Quality: Have the Laws Been Successful?, June 18, 1992

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The Road from Rio: An Agenda for U.S. Follow-up to the Earth Summit, August 1992

Status of EPA's "Green" Programs, Aug. 7, 1992

Creating Jobs Through Investment in Energy Efficiency, Oct. 5, 1992

The United States and the Biodiversity Convention: The Case for Participation, November 1992

An Energy and Economic Blueprint for the New Administration, Nov. 13, 1992

Environment, Economics and Security in the Post-Cold War World: A Roundtable Series, December 1992

Clinton's First Global Environmental Test: The Biodiversity Convention, Dec. 11, 1992

# Independent Auditors' Report

## To The Board of Directors Environmental and Energy Study Institute

We have audited the accompanying Balance Sheet of the Environmental and Energy Study Institute as of December 31, 1992, and the related Statements of Revenue, Expenses and Changes in Fund Balance and Cash Flows for the year then ended. These financial statements are the responsibility of the Institute's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial

statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Environmental and Energy Study Institute as of December 31, 1992, and the results of its operations and cash flows for the year then ended in conformity with generally accepted accounting principles.

BOYARSKY, SILBERT AND SILVERMAN  
Rockville, MD  
March 4, 1993

### Balance Sheet at December 31, 1992

<b>ASSETS</b>		
<b>Current Assets</b>		
Cash in Banks	\$1,569,168	
U.S. Government Securities	737,735	
Grants Receivable	426,207	
Prepaid Expenses	8,501	
<b>Total Current Assets</b>		\$2,741,611
<b>Fixed Assets</b>		
Property and Equipment	\$ 192,029	
Less: Accumulated Depreciation	128,320	
<b>Total Fixed Assets</b>		63,709
<b>Other Assets</b>		
Security Deposits		25,725
<b>Total Assets</b>		<u>\$2,831,045</u>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>Current Liabilities</b>		
Deferred Revenues	\$1,140,759	
Accrued Expenses and Taxes	65,051	
Accounts Payable	19,823	
<b>Total Current Liabilities</b>		\$1,225,633
<b>Fund Balance</b>		
Fund Balance		1,605,412
<b>TOTAL LIABILITIES AND FUND BALANCE</b>		<u>\$2,831,045</u>

### Statement of Revenue, Expenses and Changes in Fund Balance for the Year Ended December 31, 1992

<b>Operating Revenues</b>		
Project Grant Revenue	\$810,100	
Subscriptions	428,586	
Leadership Fund Revenue	289,848	
Operating Grant Revenue	128,431	
Reports	60,722	
Printing	37,954	
Other Revenue	2,637	
<b>Total Operating Revenue</b>		\$1,758,278
<b>Less: Direct Project Expenses</b>		1,371,483
<b>Operating Revenue After Direct Expenses</b>		\$ 386,795
<b>Less: Indirect Expenses</b>		135,316
<b>Excess of Operating Revenue over Expenses</b>		\$ 251,479
<b>Add: Other Income</b>		
Interest Income	-\$113,710	
Miscellaneous	1,071	
<b>Total Other Income</b>		\$ 114,781
<b>Excess of Revenue Over Expenses</b>		366,260
<b>Fund Balance, January 1, 1992</b>		\$1,239,152
<b>FUND BALANCE, DECEMBER 31, 1992</b>		<u>\$1,605,412</u>

Copies of EESI's complete audited financial statements are available upon request from EESI.

## Grants and Contributions

Our 1992 achievements were made possible by our growing number of supporters. We are especially grateful to the following people and organizations who contributed more than \$1,000, and to others who contributed directly to EESI or through their workplace giving campaigns.

If you'd like to support EESI's work directly or through a workplace giving program, please contact Diane Schwartz, EESI Director of Development and Special Projects, at (202) 628-1400.

### \$20,000 or more

Congressional Leadership Dinner  
Earth Share  
Education Foundation of America  
Energy Foundation  
Environmental Protection Agency  
Ford Foundation  
George Gund Foundation  
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William Penn Foundation  
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Summit Foundation  
Surdna Foundation  
Waste Management, Inc.

### \$5,000 to \$19,999

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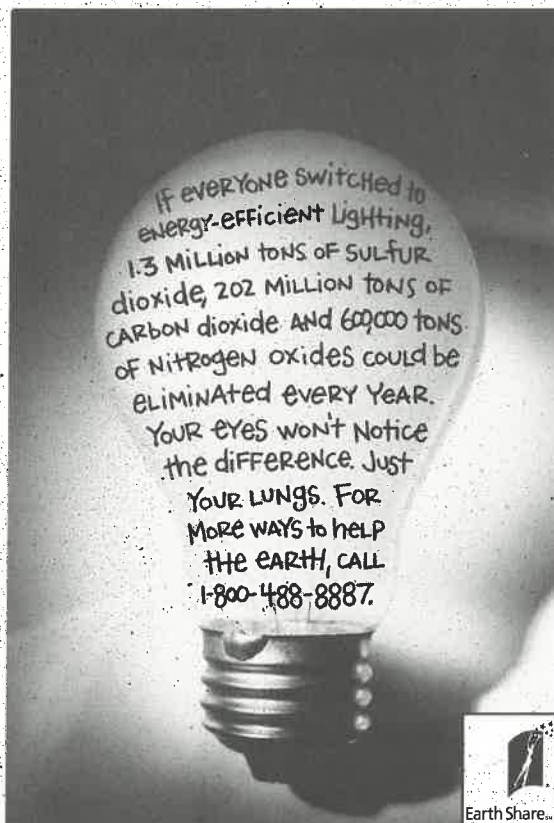
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## Statement on Tax-Exempt Status

EESI is a private, non-profit, tax-exempt 501(c)(3) corporation, dedicated to promoting environmentally sustainable societies. We are pleased to accept contributions from all individuals, foundations and private corporations that share our mission. All contributions to EESI are tax deductible to the full extent of the law.

## Earth Share

A portion of EESI's financial support comes from its membership in Earth Share, a federation of publicly supported environmental and conservation charities. Earth Share seeks to expand the financial support and the involvement of people, particularly at the workplace, to advance its affiliates' efforts to protect public health and welfare and to conserve natural resources for future generations.



# E E S I

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