



# BUILDING & INSTITUTING SUCCESS AT EPA

PRESIDENT'S QUALITY AWARD  
2008 APPLICATION

Don't just read about what we're doing,  
**watch** EPA using performance management to  
build and institute success.

An electronic version of this application is  
contained on the CD attached on the inside  
back cover. The PDF file has embedded video  
and active web links.







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SUCCESS AT EPA

PRESIDENT'S QUALITY AWARDS  
2008 APPLICATION

*“The value of achievement lies in achieving.”*

*– Albert Einstein*





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## 2008 PQA NOMINATION FORM

**NOMINATION CATEGORY:** (Please check one only. A separate Nomination Form is required for each category nominated)

Category One Award, falling under:

- |  |   |
|--|---|
| <input type="checkbox"/> Strategic Management of Human Capital | <input type="checkbox"/> Competitive Sourcing           |
| <input type="checkbox"/> Budget and Performance Integration    | <input type="checkbox"/> Improved Financial Performance |
| <input type="checkbox"/> Expanded Electronic Government        |   |

Category Two Award for:

- |  |   |
|--|---|
| <input type="checkbox"/> Strategic Management of Human Capital | <input type="checkbox"/> Competitive Sourcing           |
| <input type="checkbox"/> Budget and Performance Integration    | <input type="checkbox"/> Improved Financial Performance |
| <input type="checkbox"/> Expanded Electronic Government        |   |

Category Three Award

1. Name of Organization (responsible for the project/initiative/process being submitted):

Office of Policy, Economics and Innovation

2. **Name of Parent Department or Agency** (e.g., Department of Labor, Department of Defense, Environmental Protection Agency, etc.):

Environmental Protection Agency

3. **Department/Agency Point of Contact:**

Name: Louise Wise Title: Deputy Assistant Administrator

Mailing Address: 1200 Pennsylvania Avenue NW  
Washington, DC 20460 Mailcode 1804A

Phone Number: 202-564-4332 E-mail Address: Wise.Louise@epa.gov

4. **Certification by Responsible Organization:** The person most senior in the organization responsible for the project must sign below:

I certify that, to the best of my knowledge, the information contained in this application is accurate.

Marcus Peacock \_\_\_\_\_ Deputy Administrator  
Printed name Title

Mailing Address: 1200 Pennsylvania Avenue NW  
Washington, DC 20460 Mailcode 1101A

Phone Number: 202-564-4711 E-mail Address: Peacock.Marcus@epa.gov

 \_\_\_\_\_ 7/25/08  
Signature Date

5. **Head of the Department/Agency:**

Stephen L. Johnson \_\_\_\_\_ Administrator  
Printed name Title

 \_\_\_\_\_ 7/25/08  
Signature Date

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## ORGANIZATIONAL BACKGROUND

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### EPA's Mission: Protect Human Health and the Environment

The Environmental Protection Agency's (EPA) mission is to protect human health and the environment. EPA accomplishes its mission by (1) developing, implementing and enforcing regulations, and (2) establishing partnerships with States, tribes, local governments, businesses, environmental groups, and others.

### EPA Goals

- EPA **protects and improves air quality** including working domestically and internationally to restore the world's atmosphere and reduce greenhouse gas emissions.
- EPA **ensures that water** is safe including protecting drinking water, restoring polluted water bodies, and improving the health of coastal waters.
- EPA **preserves and restores the land**. EPA manages waste, conserves and recovers the value of wastes, prevents the release of chemicals and toxins, responds to emergencies, and cleans up contaminated land.
- EPA **protects the health of people, communities, and ecosystems** by identifying, assessing, and reducing the risks presented by commercial chemicals. The priority is to prevent pollution at its source. EPA also provides risk information to the public.
- EPA encourages governments, businesses, and the public to **exercise environmental stewardship** and adopt practices that are environmentally sustainable.



Photo of US EPA Headquarters, Washington DC

### EPA Serves the Public

EPA's serves the public, which depends on our Agency to protect human health and the environment. This expectation extends to future generations. Other customers include national and international government agencies, States, local governments, and tribes, non-governmental organizations, and educational and research institutions, which rely on EPA for environmental information and tools.



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## EPA Actions

EPA takes a number of actions to protect human health and the environment:

- EPA **develops regulations and standards** that implement environmental laws enacted by Congress. The EPA is utilizing Web-based tools to make rulemaking more efficient for all federal agencies and allow the public greater participation in the rulemaking process.
- EPA is responsible for **assuring compliance with environmental regulations**. EPA delegates some enforcement responsibilities to States and tribes. EPA collaborates with States, tribes and other partners to increase compliance with regulations by utilizing electronic forms and simplifying permitting processes and reporting requirements.
- EPA **provides financial assistance** to States, non-profits and others to support implementation of EPA's programs. EPA partnered with the Environmental Council of States (ECOS) to design a "State Grant Template" to increase accountability and transparency of the results achieved by EPA grants that go to States.
- EPA **manages research projects** in its laboratories across the country and in partnership with States and academic institutions. EPA's Office of Research and Development took the lead among other federal agencies to develop efficiency and evaluation measures for research programs.
- The Agency works through its headquarters and regional offices with over 10,000 industries, businesses, non-profit organizations, and State and local governments, on **voluntary pollution prevention programs** and energy conservation efforts. The progress EPA has made in the Energy Star program is one example of the EPA's success with voluntary programs and partnerships.
- The EPA has deployed a number of Web-based technologies to **broaden public access to environmental information**. EPA's "National Dialogue" is an example of the Agency directly interacting with the public to determine how to provide environmental information that best meets public needs.

## Inside the Agency

EPA employs nearly 17,000 people across the country, including our headquarters offices in Washington, DC, 10 regional offices, and more than a dozen labs. Our staff is highly educated and technically trained; more than half are engineers, scientists, and policy analysts. In addition, a large number of employees are legal, public affairs, financial, information management and computer specialists. The Administrator, who is appointed by the President of the United States, leads EPA.



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## NARRATIVE SUMMARY

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The Environmental Protection Agency (EPA) was awarded the President's *Quality Award for Overall Management* last year. Consistent with last year's award, EPA continues to serve as a model for operating a results-oriented, data-driven, performance management system. Over this past year, EPA has pushed beyond last year's accomplishments. EPA has further integrated its management systems, embarked on new improvement strategies and approaches, set new goals, and accomplished great results to protect human health and environment.

Over the past year, the EPA has instilled a performance management culture throughout the organization. Internally, this evolution led to the creation of a performance management framework that provides consistent and unifying terminology; 'bottom-up' improvement initiatives; more outcome-focused measures; and increased transparency. Externally, the EPA expanded and shared its performance management ethic with key customers and partners to encourage more constructive dialogue on shared goals and priorities. EPA uses performance management and information tools to engage the public, other Federal Agencies and Departments, and its State and Tribal partners. This expanded performance management perspective fosters common goals and expectations, improves management efficiencies, and delivers more cost-effective results.

In a significant accomplishment, this year EPA launched EPAStat, integrating the many elements of the Agency's comprehensive performance management system. This integration provides a common language and fosters a 'clear line of sight' of measures (from our long-term Strategic Plan through annual performance and accountability processes to environmental outcomes) and provides frequent information about how the Agency performs and how our operations can be improved. The Quarterly EPAStat Report and a new Performance and Accountability "highlights" document improved the way EPA communicates performance data to the public. The Agency also established a Performance Management Council, comprised of senior regional and program executives, to provide guidance on incorporating performance tools and data into management systems and linking performance and innovation. Simultaneously, EPA launched new efforts to incorporate States and other partners into planning and operational decisions and to effectively and efficiently collect performance data. Finally, EPA created a new organization to focus exclusively on improving operations and outcomes.

Recognition of EPA's accomplishments in performance management last year was not the epitome of success – it was just the beginning. This year's management outcomes included: EPA receiving "all greens" in the five government-wide management initiatives under the President's Management Agenda; Government Accountability Office acknowledging EPA as an positive "outlier" among federal Agencies and Departments in its use of performance management data; EPA leading development of improved efficiency measures for research projects across government; and working with our State partners to align performance measures. As a result, EPA is increasingly viewed not only as a well-managed organization, but also as a model for making the government more effective and efficient.







## A. EPA'S MANAGEMENT SYSTEMS ARE INTEGRATED

The President charged EPA to “accelerate the pace of environmental protection while maintaining our nation’s economic competitiveness.” This means cost-effectively protecting and enhancing our air, water, and land resources. To achieve this, EPA needs an integrated system that frequently evaluates whether we are achieving our mission and whether there are better ways of getting results. That system is *EPAStat*.

In 2008, EPA formally integrated its management systems under the single name *EPAStat*. This action reinforced links between the Agency’s management systems. An important part of this integration was providing a “clear line of sight” between day-to-day activities and eventual environmental outcomes. EPA also expanded the scope of our management systems to include external partners who help us achieve our mission, such as State environmental agencies, making them part of our integrated system and share our “clear line of sight.” Taken together, the integration of these systems underpins our ability to learn, adopt, adapt and change.

### EPA’s conceptual approach to systems integration

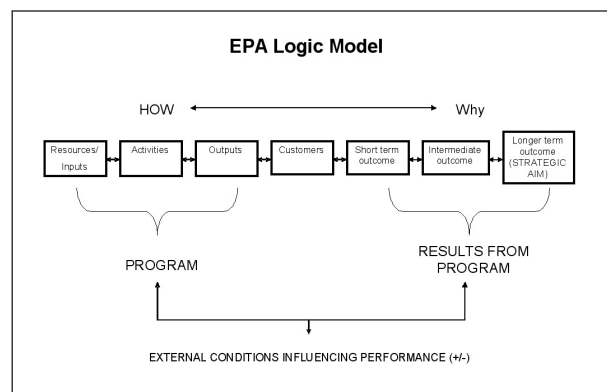
To make sure what we do day-to-day results in real environmental improvement EPA employs logic models. Logic models explicitly show the connections between EPA’s activities and the eventual improvement in environmental and human health we are trying to achieve. The figure below provides an example of such a model.

### EPA Logic Model

In order to test these connections, EPA issues performance reports and other information showing the status of different parts of the model.

These include:

- A Strategic Plan outlining our environmental goals and objectives;
- Annual planning and budgeting processes;
- An annual Performance and Accountability Report (PAR);
- Program Assessment Rating Tool (PART) measures and goals;
- Performance measures (Measures Central); and
- The *EPAStat* Report, providing quarterly management information.



A logic model shows the steps EPA takes to make sure its getting results

How do these all fit together? At EPA we use a metaphor of a fountain to describe the linkage. Start at the top. The water jets that surmount the fountain represent EPA’s mission: To protect human health and the environment. The next level down represents five broad goals that support

the mission such as clean air, clean water, and protecting land. The five goals, in turn, cascade down into 20 more specific objectives. The mission statement, the five goals and 20 objectives are all laid out in EPA's long-term Strategic Plan.

Within this framework, we use our integrated performance management system to figure out whether our day-to-day activities are going to achieve our environmental goals and objectives. The objectives further flow down into a pool of many more sub-objectives that have annual goals and measures. These are tracked once a year using the Performance and Accountability Report, Program Assessment Rating Tool and other measures in a system we call "Measures Central". All these pieces add up to a lot of annual measures – well over 300 of them. We then use these measures to not just track what is going on, but help us learn what is going on so we can improve how we do what we do. Specifically, we hold quarterly management meetings with program and regional executives to review how we are doing on key subsets of measures. We also publish a Quarterly EPAStat Report that updates the public on about 60 key metrics.



EPA's mission cascades down to more specific goals and objectives, like a fountain.

Earlier this year, EPA formally integrated its performance management system under one banner: "EPAStat". For instance, the quarterly performance meetings are now known as EPAStat meetings and the quarterly performance report is the Quarterly EPAStat Report. While some of these performance and management reports and systems grew up independently, all of the elements are now linked together and have matured to the point where they have been integrated under one system. The EPAStat banner encourages all EPA managers and staff EPA to see the whole system as a way to learn and improve.

### **EPAStat –Integrating EPA's systems and processes in practice**

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#### **Why EPAStat?**

Many local and state agencies use the "Stat" label to show they have integrated performance and accountability systems.

The New York Police Department developed the first stat program, CompStat, in 1994. Since then local governments, such as Baltimore and Buffalo (CitiStat), King County (KingStat), and states, such as Maryland (MDStat), have adopted similar systems.

performance and management reports and systems grew up independently, all of the elements are now linked together and have matured to the point where they have been integrated under one system. The EPAStat banner encourages all EPA managers and staff EPA to see the whole system as a way to learn and improve.

EPA is the first *Federal* agency to create a 'stat' program. The EPAStat Program incorporates existing performance management tools including public quarterly reports, regional meetings (regional office heads), and Headquarters meetings (senior-level headquarters managers and staff). In addition there are meetings on specific topics (e.g., evaluating our performance in recruiting new employees) that provide senior management a better understanding of where progress is being made and how our operations can be improved.

EPAS<sub>t</sub> helps the Agency regularly answer the questions ‘how are we doing?’ and ‘how can we do our job better?’ By testing the connections between what we do every day to meet our mission, EPAS<sub>t</sub> fosters data-driven policy-making, enhances collective learning, and ultimately works to improve our outcomes.

### Emphasizing a “clear line of sight” in our processes and systems

A prerequisite to integrating management systems was establishing a “clear line of sight” along our measurement systems. People should understand how an output measure (e.g., approving a water permit) connects to an environmental outcome (e.g., increasing shellfish populations in the Chesapeake Bay). Such alignment is necessary to test logic models and exploit what we learn from EPAS<sub>t</sub> meetings. Consequently, EPA has spent considerable effort establishing a “clear line of sight” in strategic planning, establishing environmental indicators (outcome measures) and annual performance measures, creating Measures Central, fostering accountability, and further integrating performance measurement into Agency ongoing innovation efforts.

Here are several examples of how EPA is improving its “line of sight”:

**Strategic Planning** – EPA updated its 2006-2011 Strategic Plan to include input from State, tribal and other external stakeholders. The Plan now incorporates annual measures that link to activities performed by our regional offices in concert with States, tribes, and others. In this way, regions and our external partners are better able to see how their work connects to the Agency’s long-term goals and ultimate mission.

**Measures Central** – Historically, EPA has collected and housed measures and data in different, unconnected repositories. Last year, EPA consolidated its various systems for storing and accessing data into a central repository now called Measures Central. Each measure is now explicitly linked to one or more specific objectives in our strategic plan.

**Annual Measures** – A “clear line of sight” also requires having meaningful measures. Too many measures and/or poor measures obscure a “clear line of sight.” EPA internally reviewed and streamlined our measures. As a result of both efforts, by the end of FY 2008, EPA will have reduced the number of measures being reported by 15% compared to FY 2005. More importantly, we have made it easier to see what we are doing and how it affects our mission. In addition, EPA launched complimentary efforts with States to review the value of all reporting requirements.



View video of Bob Varney, Regional Administrator for Region 1, describing his regions achievements in the Energy Star and Community Energy Team programs at a regional EPAS<sub>t</sub> meeting.

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“Metrics for reporting don’t mean much, metrics for managing are vital.”

Marcus Peacock, Deputy Administrator, US EPA

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States were asked to identify the top five most burdensome, least value added reporting requirements and any measures that should be modified or eliminated. In addition, the improvement in measures will not stop. All of the measures in Measures Central will now be scrubbed once a year as a part of an annual target setting process. In addition, this year EPA formed an agency-wide senior staff-level “Performance Management Workgroup” which meets regularly to increase collaboration, improve the agency’s measures and enhance performance-based management on an ongoing basis.

Environmental Outcomes – Recently EPA released its first *Report on the Environment and Highlights of National Trends* (<http://cfpub.epa.gov/eroe>). The report focuses on the state of the environment – environmental outcomes – taking measure of conditions at one end of EPA’s logic models. This work helps EPA focus on priorities and sets a benchmark for testing whether our future work leads to concrete environmental results.

Performance Management Council – To make sure all senior managers share and use the “clear line of sight,” EPA established the Performance Management Council (PMC). Led by the Agency’s Performance Improvement Officer, Deputy Administrator Marcus Peacock,

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“Management initiatives are gobbledygook unless they lead to cleaner air, water, and/or land. It’s that simple.”

Marcus Peacock, *Flow of the River* blog  
January 10, 2008.

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this senior-level management group’s mission is to set direction, oversee, champion and communicate the Agency’s efforts to use measures for stronger program and organizational accountability. For example, at the inaugural PMC meeting the Deputy Administrator and senior leaders from the Offices of Water, Research and Development, and Enforcement and Compliance Assurance discussed how performance measures and

results can be used to establish the “clear line of sight” that EPA’s leaders need to manage programs effectively and achieve better environmental results.

The PMC provides policy direction shares best practices and helps achieve stronger central governance of performance systems. Recognizing that innovation is an essential component of performance management, the inaugural meeting of the PMC was jointly held with the Innovation Action Council (IAC), a network of senior-level managers focused on promoting and dispersing innovative practices throughout the Agency. Joint PMC/IAC meetings create the institutional structure for further integrating innovation and performance management in EPA’s management system.



**View video of Deputy Administrator Marcus Peacock explaining how innovation is key to performance management in the opening of the inaugural meeting of the Performance Management Council**

## Expanding our “line of sight” definition to include external partners

EPA’s success relies on its relationships with key partners. For example, States actually implement many of EPA’s programs; over the past year, EPA incorporated these partners into its management systems. For instance:

### 1. EPA is working with the States.

#### a. State Grant Template:

EPA partnered with the Environmental Council of States (ECOS) to design a “State Grant Template” to increase accountability and transparency of the results achieved by EPA grants that go to States.

#### b. Joint Training Workshops:

EPA holds joint training workshops with States to improve program implementation and management. In 2007, EPA Region 7 and four States (Missouri, Iowa, Nebraska, and Kansas) used a ‘Kaizen’ process, first developed in Japan, to systematically look at ways to improve how the government approves water quality standards. The training was a success – the number of steps in Region 7’s approval process was almost cut in half – but more importantly, EPA’s Region 7 and these States now have a mutual understanding of the motivations and restrictions in each other’s processes.

“I am happy to report that using the Kaizen process worked very well for this effort and we were able to streamline Region 7’s internal process for approval.” According to John, they now know that much earlier involvement with the states by the Region and Headquarters will be a key to streamlining this process.

John Askew, Regional Administrator for Region 7

John DeLashmit, Chief of the Water Quality Management Branch in EPA’s Kansas City office, wrote this haiku in his ‘Words from a Kaizensider’ entry into the Agency’s Greenversation blog:

*Kaizen leans our ways  
Set a clear course forward  
Never hesitate*



View video of Acting Regional Administrator, Region 8, Carol Rushin stating the importance of performance management in working with tribes at the National Tribal Conference on Environmental Management

### 2. EPA is working with Tribes.

In July 2007, EPA launched the American Indian Tribal Portal ([www.epa.gov/tribalportal](http://www.epa.gov/tribalportal)), a single point of access for all tribal information. This is the federal website designed to assist tribes and the public in locating tribal environmental information through a single access point. The site includes a calendar and contact system that facilitates faster communication among all the Tribes. For instance the National Tribal Conference on Environmental Management (NTCEM) used the Tribal Portal to seek and



organize attendees. At NTCEM, EPA trained tribal members on everything from proper garbage management to reducing air pollution. The Agency has also worked with Tribes to adopt tribal performance measures, such as the number of uncontrolled dumps that have been closed, to better track progress and identify areas for improvement.

### 3. EPA is working with its federal partners.

Over the last year, EPA has become the leader in identifying how to manage research dollars efficiently. EPA collected best practices from around the government and then worked with the Office of Management and Budget (OMB) to pilot a new approach for measuring research program efficiency. This effort was critical to EPA's success in achieving a green rating on the PMA scorecard for the Performance Improvement Initiative.

At the same time, EPA and OMB asked the National Academy of Sciences (NAS) to identify the 'state of the art' in measuring the efficiency of federal research programs. The report was delivered to EPA in January 2008 and included novel recommendations that will be instrumental in helping research programs across the government improve their ability to assess and improve research efficiency. EPA is currently implementing the NAS recommendations. For example, EPA will be engaging our Board of Scientific Counselors in assessing the efficiency of investments in the Homeland Security Research Program resulting in cost savings. Demonstrating our leadership in this area, in April 2008, EPA and OMB sponsored an interagency panel at which NAS shared its recommendations with other federal agencies and science-based organizations. EPA continues to lead a cross-government dialogue about how best to implement the NAS recommendations at forums such as the Washington Research Evaluation Network and the Interagency Task Group on the Science of Science Policy.



View video of Darren Wong from the Office of Management and Budget and Julie Pollitt from the National Aeronautics and Space Administration testifying to the leadership of EPA in using performance management in research and development programs.

These examples illustrate how EPA integrates the perspectives and expertise of key partners into the Agency's "clear line of sight."

Environmental Protection Agency	2nd Quarter Results - March 31, 2007		2nd Quarter Results - March 31, 2008	
	Status	Progress	Status	Progress
<i>PMA Initiative</i>				
Human Capital	Y	G	G	G
Competitive Sourcing	G	G	G	G
Financial Performance	G	G	G	G
E-Government*	G	G	G	G
Performance Improvement Initiative	G ↑	G	G	G
Eliminating Improper Payments (first reported Q1 2005)	G	G	G	G



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## B. EPA PROVIDES CRITICAL MANAGEMENT INFORMATION TO ALL LEVELS OF LEADERSHIP AND MANAGEMENT

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Achieving our mission is dependent on managers throughout the organization having access to appropriate tools, data, and information. This past year EPA implemented two important changes, unusual to the Federal government, that make us a leader in providing management information to everyone who needs it. First we launched several ‘participatory’ management processes inside EPA and, second, we expanded access to information to our external partners and customers. Each of these two major areas of change is discussed below.

### **More participatory management**

EPA made several improvements to push and pull information to and from managers and staff.

#### **1. Broadcasting EPAStat**

The Agency’s comprehensive performance management system, includes quarterly data-driven meetings between the EPA Deputy Administrator and Regional Administrators (Regional EPAStat Meetings). Beginning in May 2008, these meetings are broadcast live on an internal network so that all EPA managers and staff may view the meetings at their desktop. Meeting materials are made available, via the Continuous Learning Center intranet site (see below), and viewers may submit questions for discussion or future follow up. Broadcasting these Regional EPAStat Meetings provides a valuable opportunity to gain insights on program implementation. They also serve as platforms to build direct dialogue among senior managers across regional offices and with headquarters program offices on best practices and lessons learned.

In July, EPA will broadcast its first topic-specific EPAStat meeting. Evaluating data from EPAStat reports, this meeting will address how EPA can improve the time it takes to fill personnel vacancies. Future EPAStat meeting broadcasts will address EPA’s disaster preparedness and how we can improve the rulemaking process.

#### **2. Continuous Learning Center**

EPA is committed to identifying and adopting successful new practices. That means getting information on ‘best practices’ to managers and staff. This year the EPA created the Continuous Learning Center for Improved Outcomes (Learning Center) to provide, and encourage the use of a range of management tools and information that help to improve outcomes and achieve better results.

The Learning Center is available to all EPA staff through its Intranet site. It includes an extensive library of best management practices available for adaptation, quick links to key management reference documents, information on recent senior-level management meetings and their outcomes, information on Agency partnerships and networks that promote smart management, and other tools and information that facilitate improved outcomes.

The Learning Center allows is interactive so that it can evolve to meet the Agency's changing needs. For example, it invites Agency employees to submit their own successful management approaches and lessons learned. It also invites suggestions for new management tools and systems the Agency could benefit from, as well as changes to existing systems. Finally, it provides links to EPA interactive Web 2.0 tools such as blogs and wikis.

### 3. Real-Time Reports for Managers

EPA's managers have available an electronic financial management tool that allows them to get real time information regarding budget and financial information at their desktop. For example, managers can use this tool to find out the level of unobligated funds they have available which improves the utilization of their resources. This year the tool was modified to be easier to use, provide more timely information, and be more secure. In addition, new reports were developed so that managers can track performance against targets. For example, a report was developed to compare actual results against goals for annual organizational assessments.

### 4. Approach to Strategic Planning

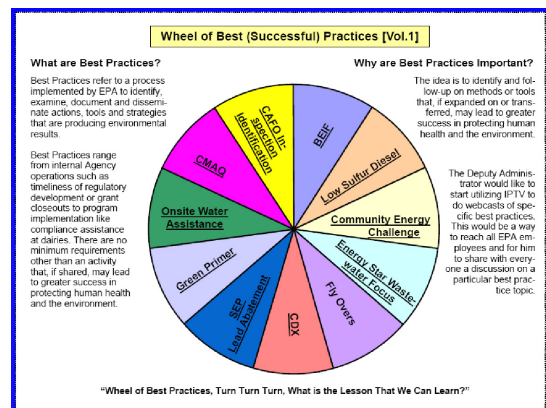
EPA is revising its Strategic Plan by organizing teams of both internal cross-functional personnel as well as external stakeholders. These teams, which are set up around specific goals, include executives, middle managers and key staff inside and outside the Agency. This makes sure managers across EPA as well as people outside EPA take a holistic view of our mission and how to achieve it. Also, by including a cross-section of staff from various EPA programs and management levels, EPA encourages information sharing and discussion of critical management information.

### 5. Measures Central

Over the last year, EPA created Measures Central by consolidating all its strategic planning and annual measures in a central repository. This allows EPA managers a single point of access for all performance information. For example, measures included in the Quarterly EPAStat Report are house in Measures Central.

### 6. The Wheel of Best Practices

EPASat meetings present an opportunity to communicate information in new, innovative and creative ways. The EPASat team developed the "Wheel of Best Practice" to showcase the best practice identified by regions in EPASat meetings so that other regions and programs can learn of and adopt their best practice. The "Wheel of Best Practices" and the associated method of identifying best practices in EPASat meetings improves upon the prior system of soliciting and advertising best practices through memos from the Deputy Administrator because it links best practices to measurable results, provides a forum for a region or program to take ownership for a best practice, and makes submitting and receiving best practices easier and faster.



The Wheel of best practices highlights best practices from regions at Regional EPASat meetings

## Expanding our critical partners access to information.

EPA's success relies on its relationships with key partners. For example, States are delegated responsibility to implement many of the nation's environmental programs; Tribes implement environmental programs on their lands; and EPA's activities are related to those in other Federal Agencies and Departments. Over the past year, EPA has worked to ensure that our partners have access to relevant data and information. This fosters constructive dialogue among EPA and its partners. A few notable examples follow.

### 1. Including our partners in the National Program Annual Guidance to Regions, States and Tribes

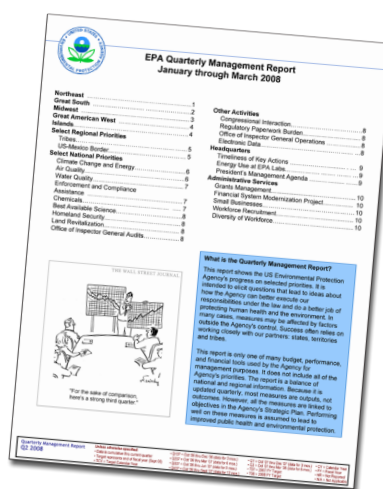
EPA programs and regions rely on an annual guidance process to develop annual goals. This interactive and iterative process facilitates discussion and the sharing of critical management information among EPA national programs, EPA regional offices, State and tribal environmental departments and agencies. The inclusion of regional offices, States and tribes in the goal-setting process provides critical communication for making commitments realistic and aligning priorities. This year, EPA is working with the Environmental Council of States (ECOS) to incorporate States in the guidance process even earlier.

### 2. EPA Notifies Public of Upcoming Rulemaking

This year, EPA has made federal environmental regulation more transparent by providing online information as soon as the agency begins the development of a new rule or other regulatory action. Our Action Initiation Lists, launched in April 2008, (AILs) (<http://www.epa.gov/lawsregs/search/ail.html>) describe those regulatory actions that are approved for commencement each month. Formerly, the public had to wait for EPA's Semiannual Regulatory Agenda (<http://www.epa.gov/lawsregs/search/regagenda.html>) to learn about new regulatory actions. With the introduction of AILs, the public is notified of new actions about two weeks after the Regulatory Policy Officer (RPO) gives approval for their development.

### 3. EPAStat Report Newly Designed for Public

EPA's Quarterly EPAStat Report was launched in 2006 and is now routinely used by EPA executives and managers to track the Agency's progress on a more "fresh and frequent" basis than our traditional budget, performance, and financial reporting mechanisms. The report provides Agency managers and staff the most current data available on a select set of regional and national priorities. Measures include operational activities related to the President's Management Agenda such as: timeliness of hiring (Human Capital); small business contracting (Competitive Sourcing); status of the Agency's selection and deployment of a new financial tracking system (Financial Performance); and electronic transactions (E-Gov). The report also includes program and regional measures that relate to environmental outcomes such as: number of days specific areas exceed the Agency's ozone standard; the number of



The quarterly EPAStat shows the public EPA's progress through quarterly performance measures



water pollution limits set; and the number of contaminated properties cleaned up. Each measure is linked to the Agency's Strategic Plan as outlined in the Performance Improvement Initiative.

In June 2007, the most recent EPAStat Report was made available to the public via the web to further increase transparency and accountability to the public ([http://iaspub.epa.gov/qmrpub/qmr\\_rpts.qmr\\_reports#](http://iaspub.epa.gov/qmrpub/qmr_rpts.qmr_reports#)). A new publicly-oriented design encouraged constructive dialogue with States and partners on how EPA can use performance measures to better protect the environment. The Agency has modified and improved the EPAStat based on substantive feedback from external partners and stakeholders. In March 2008, contextual information for each EPAStat measure was provided to serve as additional background information to the reader. The context fact sheets provide more info on the programs displayed, the detailed results data, relevant web links, and examples of management decisions made as a result of the EPAStat data. This data provides the public with critical information on the EPA's performance that can be the basis of a fruitful dialogue.

## C. EPA RELIES ON ITS INTEGRATED MANAGEMENT SYSTEMS TO MAKE DECISIONS

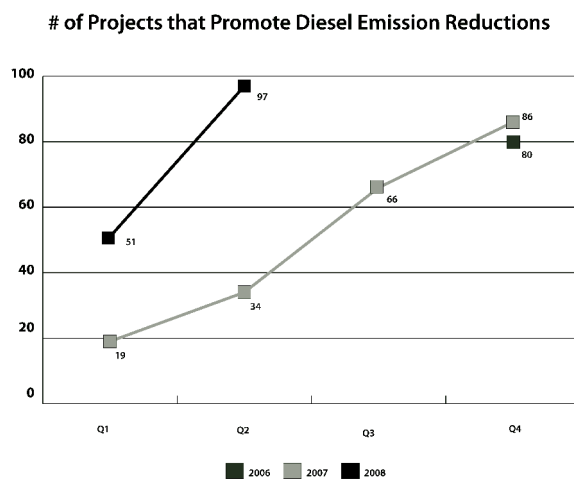
EPA seeks to be 'data-driven' in setting the nation's environmental and human health standards. Appropriate and timely data and analysis are critical to the Agency's efforts to "accelerate the pace of environmental protection while maintaining our nation's economic competitiveness." Over the past two years, EPA has become just as committed to using performance data to inform management decisions as it has been to the use of sound science, economic and policy analysis in regulatory decisions.

For example, each year EPA uses information for its strategic planning processes to align measures and create a "clear line of sight". This includes reviewing previous year's performance and making adjustments in annual targets. Another example of how EPA uses performance data to make decisions is the recently created EPAStat program. EPAStat is designed to facilitate the use of performance management to make better decisions.

The following examples illustrate how EPA has been using performance data in decision-making.

### Best Practice: Congestion Mitigation and Air Quality Improvement Program

In Regional EPAStat meetings, the Midwest Regions were asked to examine how they have sustained progress on reducing pollution from old engines to see if there was a best practice



The diesel projects measure used by Midwest regions in Regional EPAStat meetings

that could be shared and implemented in other regions. Region 5 explained that they have been working with partners on the Midwest Clean Diesel Initiative to utilize funds available through the Department of Transportation's Congestion Mitigation and Air Quality Improvement Program (CMAQ). The use of CMAQ was identified as a best practice and shared through the "Wheel of Best Practices." In the following round of EPAStat Regional meetings, all the regions reported that they all had implemented or were taking steps to implement the CMAQ best practice.

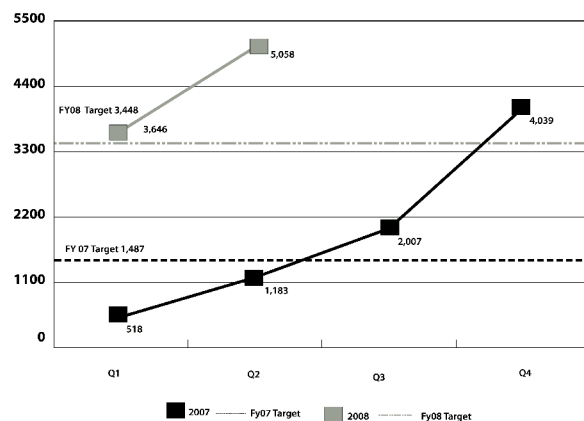
### EPA Links Water Quality Improvement to Management Actions

EPA could count the number of waterbodies that showed water quality improvement but we could not tie these improvements to any management actions. The Agency had no way of measuring incremental improvements in waterbodies, and could not effectively target our work to accomplish this objective. After consulting with senior management, EPA's Region 4 reorganized with the sole purpose of integrating programs to achieve results in watersheds. By the end of FY 07, Region 4 established a process for assessing watershed information that allowed the Region to report on watersheds where water quality is improving, and to understand the management actions associated with those improvements. As a result of these changes, EPA Region 4 was responsible for 10 of the 21 improvements made nationally in impaired waters in 2007.

### Energy Star Water and Wastewater Focus

During a recent Northeast Regional EPAStat meeting, the Deputy Administrator, Marcus Peacock and Bob Varney, EPA's Region 1 Administrator, discussed his region's positive FY 08 increase results in comparison to their FY 07 results as it relates to their measure on number of Energy Star Buildings Benchmarked. Bob Varney explained that the increase was directly related to the inclusion of water and wastewater facilities into the Energy Star program. Both Marcus and Bob decided to market this approach as a best practice to encourage broader adoption nationally. Region 1 documented their program's efforts through the development of the Energy Star Water and Wastewater Focus Best Practice. The Best Practice was shared with all the other Regions through the Wheel of Best in EPAStat meetings.

Number of Energy Star Buildings Benchmarked



An Energy Star measure used by Northeast Regions in Regional EPAStat meetings

### EPAStat Discussion – Diesel Measures

During the most recent Midwest EPAStat Meeting, the Midwest was asked by the Deputy Administrator to account for their sustained progress on their diesel emissions measure. What were they doing that they were able to see the positive results from 2007 levels? Region 5 discussed that they have been working with partners on the Midwest Clean Diesel Initiative to utilize funds

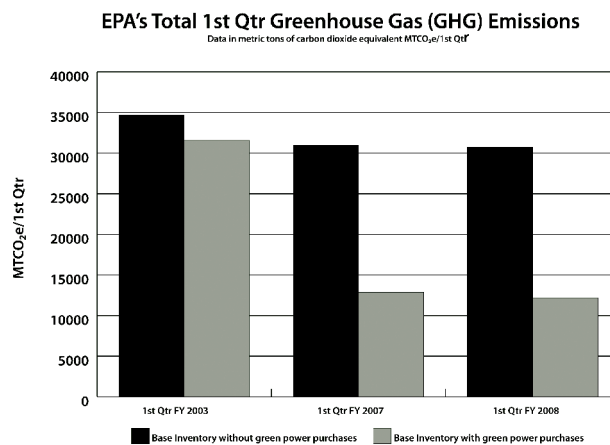
available through the Department of Transportation's Congestion Mitigation and Air Quality improvement Program (CMAQ). The use of CMAQ funds was identified as the key element to their measures sustained progress and was documented as a Best Practice, shared with all the other Regions through the Wheel of Best Practices. As a result of the sharing of this practice, all EPA Regions have begun utilizing CMAQ funds as a tool to meeting emissions reduction goals.

## EPA Calculates Its Carbon Footprint

As part of our mission to protect human health and the environment, EPA considers the impact of our facilities and operations on the local community, as well as our effect on the planet. In order to better understand and manage our carbon footprint, EPA has been working to quantify the Agency's annual greenhouse gas (GHG) emissions and develop a comprehensive strategy for reducing them. Although federal mandates do not currently require specific quantitative GHG emissions reductions, EPA is taking a proactive approach to demonstrate leadership in this area, preparing our management for the possibility of a future GHG inventory requirement.

With support from the Agency's Climate Leaders program, our Facilities Management and Services Division collects energy consumption data from more than 30 reporting facilities, most of which are energy-intensive laboratories, on a quarterly basis. We then calculate the Agency's "carbon footprint" based on these energy consumption data.

The facility management team reviews these data and shares them with senior management as appropriate, using the information to recommend management decisions such as investments in EPA's green power purchasing program. The graphs below illustrate the impact of the Agency's purchase of delivered green power and renewable energy certificates equal to 100 percent of EPA's electricity use.



EPA's quarterly GHG reporting effort is preparing senior managers for the climate change mitigation efforts of tomorrow, helping facility managers target areas for improvement, and informing critical management decisions throughout the Agency.

## Office of General Council Tracks Success of Online Training

EPA requires about half of its employees to take annual ethics training. To gauge the success of training courses, the Office of the General Council (OGC) tracks not only individuals that are required to take trainings, but also every employee who takes ethics training. Tracking the number of employees taking a course allows OGC to determine which courses are particularly successful so that they can examine courses for best practices. Beginning in 2001, EPA's Office of General Council began producing highly acclaimed on-line annual ethics training that is available to all

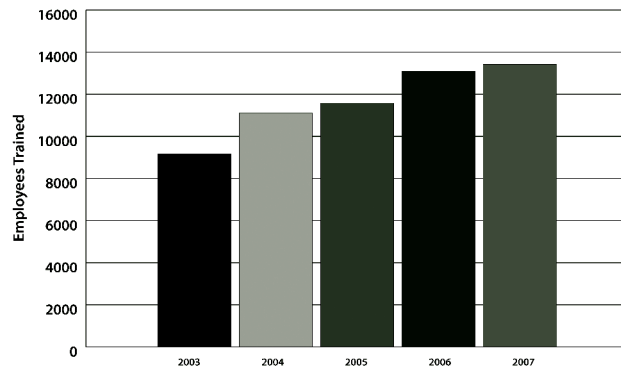


employees. The transition to online courses greatly increased the number of individuals taking ethics courses: from 2003 to 2007, the percentage of all employees taking the annual ethics training jumped from 52% to 79%, well beyond the compliance level.

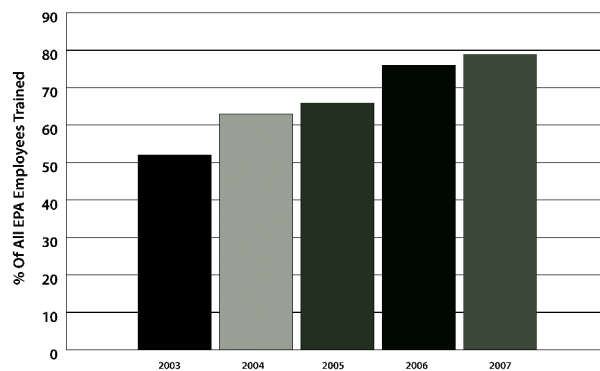
Given our success, EPA is frequently asked to share its training products and resources with other federal agencies, including the Office of Government Ethics (OGE) itself. In March 2007, OGE recognized EPA for its accomplishments with an Outstanding Achievement Award for managing its ethics program. The OGE award to EPA marks the first time ever that OGE has recognized an agency solely because of its achievements and not because of a review. In fact, EPA was the only agency that OGE even considered for this recognition. In presenting the award, the OGE Director complimented EPA for its innovation and creativity in training and outreach to employees.

These examples show how EPA uses performance data to make better decisions.

**EPA Ethics Training: Increasing Customer Service**



**EPA Ethics Training: Going Beyond Regulatory Requirements**



## D. EPA ADDRESSES ISSUES RELATING TO THE PLANNING AND EXECUTION OF WORK THROUGH COMMON MANAGEMENT CULTURE AND LANGUAGE

Until recently performance measures and program analysis was limited primarily to the Agency's budgeting and planning community. The Government Performance and Results Act (GPRA) and OMB's Program Assessment and Reporting Tool (PART) provided some common language but there was a limited performance management culture within the Agency. Over the past two years, that has changed. Two factors have contributed to this change: a consistent and persistent use of performance measurement in the Agency's strategic planning, indicator, and performance management arenas; and *EPAStat* has made performance management principles, tools, uses and results commonplace.

## EPASat

As discussed earlier, EPA's integrated performance management system has evolved to a point where it has been consolidated and is now referred to as a single program: EPASat. This provides a common language and provides Agency employees a shorthand way to communicate information about meetings, reports or materials related to the Agency's performance management system. Best yet, every time a staff member uses the term, the Agency's performance management culture is advanced.

## New Web Tools

EPA's Deputy Administrator launched one of the first Federal blogs, Flow of the River (<http://flowoftheriver.epa.gov/>) a year ago. The use of performance management was a common thread among blog entries and provided the content and framework for subsequent comments and dialogues. In early 2008, the EPA launched an official blog of its own, Greenversations (<http://blog.epa.gov/blog>). Greenversations provides the opportunity for agency-wide dialogue with the EPA staff and the public on everything EPA does.

## Institutionalizing performance management

This year, EPA created a new division, the Program Analysis Division, whose primary mission is to improve operations and outcomes through performance management and program analysis. The group compliments the Agency's existing management processes and focuses on the use of performance management throughout the Agency. Specifically, the group works with EPA regional and program offices to:

- identify and engage customers and stakeholders to define success;
- facilitate and encourage the use and dissemination of program analysis and performance information;
- foster data-driven decisions and policy making at EPA; and
- identify, evaluate, and disseminate successful, results-oriented practices.

This group visits EPA regions to learn about regional performance management activities, discusses performance management and program analysis at mid-management meetings, analyzes performance for regional and program office EPASat meetings; and identifies and shares successful practices identified through program and measure analysis.

## E. EPA'S RESULTS ARE SIGNIFICANT AND QUANTIFIABLE

EPA has steadfastly embraced an integrated performance management culture that delivers results. The creation of EPASat provides the Agency a unifying and reinforcing philosophy that integrates management systems, makes information available to managers and staff in consistent



and meaningful ways, informs decisions in a structured manner, and promotes understanding and common language around a culture of performance management. As a result of this commitment, EPA is delivering environmental results, incorporating the expertise, experience and perspectives of strategic partners into its “line of sight,” and improving its operations. EPA is proud of its accomplishments and is gladly sharing its best practices and lessons learned with the broader Federal government.

Some of these accomplishments include:

- 2007 marked the 20th Anniversary of the Montreal Protocol. Since signing in 1987, the United States has achieved a 90% reduction in the production and consumption of ozone-depleting substances, ending the production and import of more than 1.7 billion pounds of these chemicals per year.
- The 12 most significant enforcement actions taken in 2007 result in an estimated 507 million pounds of reduced, treated, or eliminated sulfur oxides (SOx), and particulate matter (PM), with an estimated \$3.8 billion human health benefit from emissions reductions that will result in fewer premature deaths, non-fatal heart attacks and reduced incidence of bronchitis and asthma attacks.
- EPA’s Brownfield’s and Land Revitalization Program assessed 2,139 properties, cleaned up 91 properties, leveraged 5,504 jobs and \$1.4 billion in cleanup and redevelopment funding, and made 1,269 acres ready for reuse through site assessment or property cleanup.
- Under EPA’s national Pollutant Discharge Elimination System, permits implementing standards for industrial sources, municipal treatment plants, and stormwater prevented discharge of 37 billion pounds of pollutants into waterways.
- EPA met its FY 2007 goals by keeping coastal and Great lakes beaches open 95% of beach season days during the past year’s swimming season.
- EPA made fully operational the first water security contamination warning system pilot to quickly detect and respond to contamination incidents and threats to drinking water distribution systems.
- Through Energy Star, consumers saved more than \$14 billion on their energy bills by purchasing more than 300 million labeled products, constructing almost 200,000 Energy Star new homes, using EPA’s performance rating system to track and improve energy use of over 30,000 commercial buildings, and reducing energy use at hundreds of industrial facilities.

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“You can treat a measurement system like a thermometer or a thermostat. A thermometer just tells you the temperature but gives you no way to change it. Performance management systems should be thermostats not just thermometers. They should be used to produce change so that we become more effective at serving the public.”

Testimony of Marcus Peacock, Deputy Administrator,  
US EPA before the Senate Committee on Homeland  
Security and Governmental Affairs

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The following examples highlight specific EPA results from integrating management systems, providing critical information to partners and the public, using performance data to make decisions, and cultivating a culture of performance management.



## 1. Integrated Management systems

### EPA recognized as a leader for the Performance Improvement Initiative

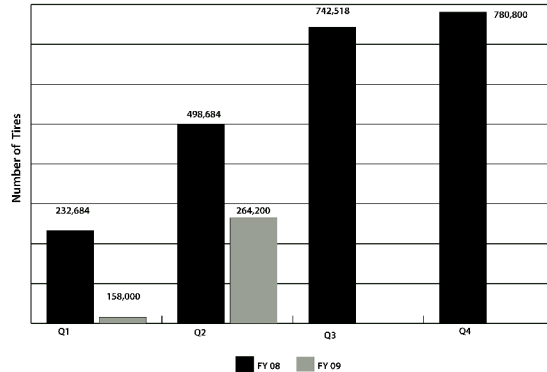
In February 2008, EPA submitted the Agency's Implementation Plan in response to the Executive Order 13450 on Improving Government Program Performance, part of the Performance Improvement Initiative, to the Office of Management of Budget (OMB). While successful integration of management systems is hard to quantify, EPA's Implementation Plan was selected as a model for other federal agencies developing implementation plans for the executive order. OMB declared EPA's Implementation Plan demonstrated progress in strengthening its performance management system by increasing reliance on performance data in Agency planning, budgeting, and accountability processes. The Implementation Plan also laid out the next steps the Agency would take to advance program performance:

### EPA Streamlines Permitting for Endangered Species Act Using Best Practice

In June 2006, EPA surveyed its regional offices to determine the resources expended on consulting with stakeholders on water quality issues under the Endangered Species Act. The survey showed significant expenditures. From 2001-2006, 4 regions conducted 34 consultations, requiring approximately \$4 million dollars in FTEs, and yet the regions thought only two of these consultations led to standards that would better protect a species.

EPA identified the Kaizen process as a "best practice" and has provided Kaizen process trainings to streamline EPA's work to reduce costs and resources and work better with federal partners. The EPA sponsored an ESA Kaizen process workshop in May 2008 with participants from all federal agencies involved in the ESA consultation process. The scope of the workshop was to review the entire formal ESA consultation process culminating in a biological opinion. This streamlined process will significantly reduce costs and resources for the Federal Government, while ensuring that the approval of new and revised State and Tribal water quality standards (WQS) will not jeopardize threatened or endangered species.

Number of Scrap Tires Removed Along the U.S. Mexico Border



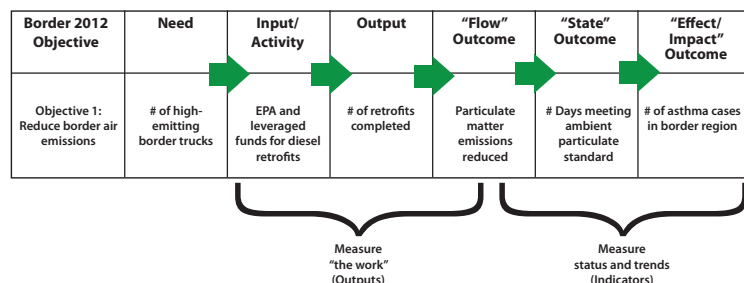
This measure provides performance information on land revitalization along the U.S. Mexico Border

### Environmental Indicators Show the Way

The U.S. Mexico Border Indicators Taskforce, co-chaired by EPA, has developed a border indicator opportunity table that takes a logic-model-based approach to

### Border Indicator Opportunity Tables

Border 2012 Goal 2: Reduce Air Pollution

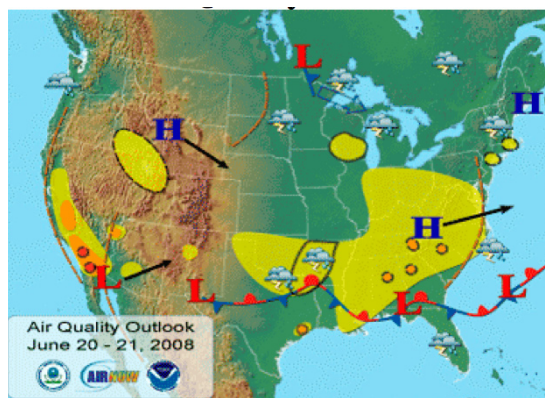


assess existing measures and indicators, relating them directly to specific bi-national Border 2012 objectives, and identifying future indicator priorities. The method has helped break down the artificial division between performance measures and environmental indicators by making clear that both exist on a interconnected continuum of performance measures. As a result, reducing scrap tires in piles along the Border is one example of the performance measures that have been incorporated into the EPAStat process. This has resulted in the removal of approximately 3 million tires.

## 2. Ensuring that partners and public have critical information

### EPA Provides Air Quality Data on Weather Channel and Google Earth®

Poor air quality is a problem difficult for the public to sense and measure. The EPA changed all that when it created the AIRNow program (<http://www.airnow.gov>) in 1998. AIRNow provides managers, scientists, and the public with important real time data, forecasts, and maps. In 2007, AIRNow developed a Google Earth® display allowing air quality data to be easily and seamlessly displayed. Prior to the AIRNow system, data was difficult to get and was often months old. Now, that data can be accessed within an hour after it is measured. Now, managers can “spot check” how ozone readings look for a particular summer month and the public can get a current air forecasts to avoid exposure or even reduce emissions. The media including USA Today, CNN, The Weather Channel, and major Weather Service Providers (WSP) get this data on an hourly basis and use it to inform their constituents. AIRNow has also been used in emergency response, during wildfires in California and Hurricane Katrina.



AIRNow give the public real time air quality information

### Environmental Indicators Gateway

Although EPA has been engaged in its Report on the Environment work since 2001, many indicator projects underway in EPA's many program and regional offices were unknown to others in EPA's indicators community. EPA publicly launched the Environmental Indicators Gateway in 2008 ([www.epa.gov/indicators](http://www.epa.gov/indicators)) as an integrated system for EPA staff, management, or the public to find EPA indicator projects.



The indicators gateway provides a single access point to all indicator projects in the federal government

### EPA's Use of New Technology (Wikis and Blogs) to Improve Access Environmental Information

Providing effective information access to the public and partners for sound decision-making, the increasing demand for timely information and the exploding resources on the Internet means that

EPA must find ways to organize our vast information resources for better access and sharing. We must leverage technologies to support these activities. This means treating environmental information as a strategic asset. The National Dialogue on Access to Environmental Information is EPA's approach to examining how we can better meet our internal and external customers' needs for environmental information.



View video of Associate Administrator for Office of Environmental Information Molly O'Neill describing the National Dialogue

To include our stakeholders in the National Dialogue, EPA holds listening sessions and utilizes Web 2.0 tools such as blogs and wikis to solicit input on how EPA can best provide access to environmental information. For example, EPA also organized the Puget Sound Information Challenge – a two day challenge to gather information on the Puget Sound through Web 2.0 technologies – to further engage our partners. This resulted in more than over 130 registered users contributing over 176 pages of material, 2,456 page edits, and 67 uploaded files.

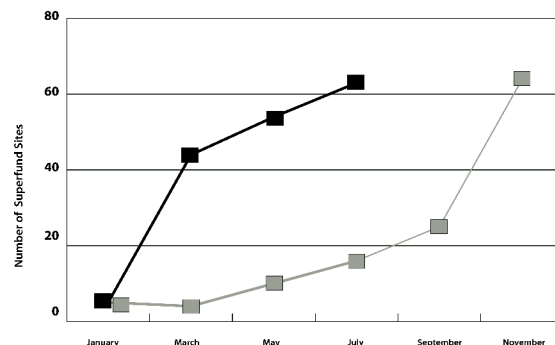
The idea that government should base its decisions on data is not new. What's new is the opportunity created by information technologies."

Daniel C. Esty and Reece Rushing, *Governing by the Numbers*, Center for American Progress.

### Cleaning Up Waste Sites

EPA has made significant progress in cleaning up waste sites over the past year. For example, in FY 2007, the Superfund program met its target for completing the construction phase at 24 sites across the country for a cumulative total of 1,030 (65%) of the sites on the National Priorities List (NPL). In addition, EPA determined that 64 Superfund sites were ready for anticipated use, exceeding the target of 30. In FY08, EPA is on track to exceed last year's achievement with 63 Superfund sites ready for anticipated use. One way the Agency has achieved this by sharing the best practice of focusing on environmental and energy (footprints) of site remediation and reuse. EPA developed a guide (<http://www.clu-in.org/greenremediation>) for managers on the different environmental impacts of environmental remediation options.

Number of Superfund Sites That Are Site-Wide Ready for Anticipated Use



### 3. Learning by Doing

Two examples of how EPA's performance measures have evolved illustrate how the Agency is becoming more data-driven and outcome-focused. The two examples are: improvements related to diesel engine related emissions, and measuring energy efficiency.



## EPAStat results in outcome-based diesel emission reduction measure to show environmental impact of diesel programs

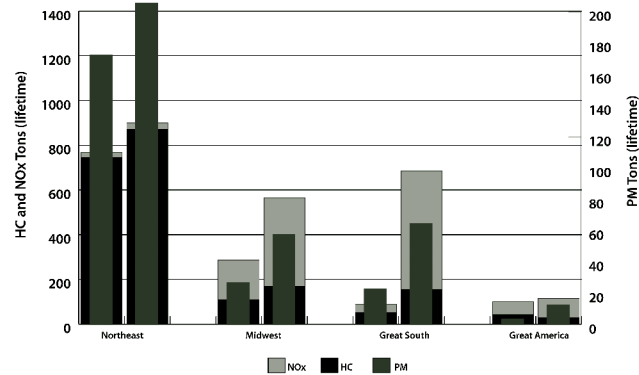
Old diesel engines are a major source of air pollution. EPA works collaboratively across regions and with States and other external parties to address this important source of pollution. Through last year, EPA monitored performance by tracking the number of projects and number of diesel engines that had been modified or replaced. These measures provide a picture of performance but no information related to our desired outcome – clean air. So, through discussion in EPAStat meetings the EPA’s air office develop emission reduction measures.

The Office of Air now tracks the amount of particulate matter (PM), nitrous oxide (NOx), and hydrocarbon (HC) emissions reductions associated with the clean diesel projects implemented in the Regions rather than just the number of projects reducing diesel emissions. By calculating the amount of emissions reduced from the retrofiting, replacement and/or retirement of heavy-duty diesel engines, EPA can better assess its progress towards clean air and protecting human health.

## New EPAStat Energy Star measure shows better environmental results

The quarterly EPAStat report is one of several performance measurement efforts within the Agency’s performance management system. The quarterly EPAStat report has been a driving force in highlighting the need to align performance measures across these activities. The quarterly EPAStat report has also led to more measures becoming outcome-based. For example, prior to this year, the Office of Air benchmarked the number of buildings that completed energy reviews. Energy Star buildings measure. EPA is now reporting the square footage of those buildings. Previously, an area of a few hundred feet was equivalent

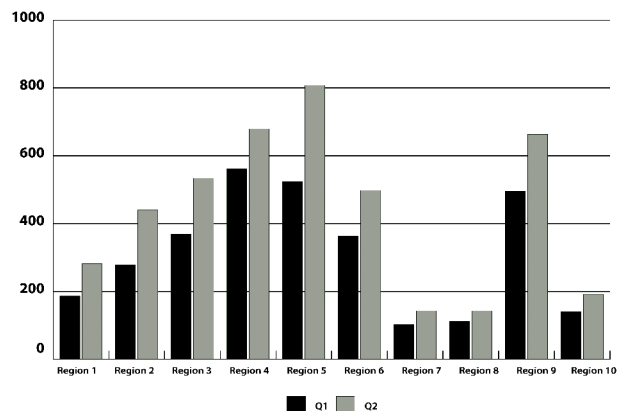
Emissions Reduced from Clean Diesel Activities for 2008



The EPAStat report now includes a diesel emission reduction measure to better show the environmental impact of diesel projects

More than 600 freight carriers and shippers, covering 361,000 heavy duty diesel trucks, are now participating in EPA’s SmartWay Transport Partnership Program. These partners account for approximately 12% of the industry’s greenhouse gas emissions. SmartWay partners are implementing fuel efficiency measures that will reduce greenhouse gas emissions by more than 1.9 MMTCE per year, with annual fuel savings of \$1.7 billion.

Energy Star: Square Footage of Buildings Rated (in Millions) FY 2008



Quarterly EPAStat Report Energy Star Measure

to a building of several hundred thousand feet or more. The new measure provides a better sense of the environmental impact of EPA's Energy Star efforts.

#### 4. Culture and Language

##### **Balanced Scorecard**

One illustration of EPA's improved culture of performance is ORD's Balanced Scorecard initiative. Rather than a top-down management decision to improve performance. This effort was initiated bottom-up as a result management training. In September 2007, ORD developed a balanced scorecard to unify and create clarity surrounding the numerous strategic and management-oriented research goals, multi-year research plans, and performance measures. The scorecard focused around four common goals: 1) Customers—impacting decisions and science, 2) Financial—increasing resources for the core mission, 3) Internal—improving management of operations, 4) Learning/Growth—improving staff effectiveness. Each ORD Lab, Center, and Office provided input on the scorecard alignment.

In the past, initiatives such as this may have been seen as a distraction. ORD senior management recognized this as another opportunity to inspire performance.

## CLOSING STATEMENT

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This year the EPA continues to advance performance management, emerging as a leader among federal agencies. Over the last year, EPA has evolved a culture of performance management by further integrating management systems, embarking on new improvement strategies and approaches, setting new goals, and accomplishing real results to protect human health and the environment.

In creating new management structures, EPA further integrated management systems to provide a "clear line of sight," not only for EPA managers and staff but for our partners and the public as well. This new performance management structure allows EPA to not only use performance data and tools, but also utilize new technologies and include more stakeholders in our decisions. Finally, EPA is getting better information on how we are doing, and improving how we communicate our achievements.

All of these efforts are bringing the EPA results. The Agency is saving resources and performing at a higher level. In the last three quarters the Agency has advanced to earning all greens on the President's Management Agenda initiatives - Competitive Sourcing; Improved Financial Performance; E-Government; and Performance Improvement. EPA's work over the past year to integrate management systems, foster critical information at all levels and drive decisions with quantifiable metrics and benchmarks has resulted in a cleaner environment.

Last year, EPA was recognized as a leader on management. This year we are leading the way in achieving better results for the American people. Management is doing things right; leadership is doing the right things. We are more confident than ever that we are doing the right things.





