

US EPA ARCHIVE DOCUMENT

**U.S. Environmental Protection Agency
National Advisory Council for Environmental Policy and Technology (NACEPT)
Subcommittee on Promoting Environmental Stewardship (SPES)**

August 18-19, 2009

One Potomac Yard
Conference Center South (1st Floor)
Room S-1204-06
2777 S. Crystal Dr., Arlington, VA 22202

From August 18th to August 19th, 2009, the subcommittee on Promoting Environmental Stewardship (SPES) met at the Environmental Protection Agency in Arlington, Virginia. The meeting was the second in a series of four currently planned meetings of this subcommittee to EPA's National Advisory Council for Environmental Policy and Technology (NACEPT). (For more information on NACEPT, please see www.epa.gov/ocem/nacept/).

I. Welcome, Introduction, and Agenda Review

Regina Langton, SPES Designated Federal Officer (DFO), welcomed the members to the subcommittee meeting. Jennifer Peyser, Facilitator from RESOLVE, opened the meeting by introducing the agenda and desired meeting outcomes:

- Learn key lessons from selected past and current partnership programs at EPA.
- Gain a better understanding of stakeholder motivation for participating in stewardship activities.
- Learn about models used by organizations to integrate stewardship into their core programs.
- Begin shaping potential recommendations of the Subcommittee.

Ms. Peyser also suggested that another meeting outcome could be an initial list of potential recommendation topics for further exploration. She reminded the SPES of Administrator Jackson's interest in frequent communications, and encouraged members to note and discuss any potential recommendations that could be part of a near-term message.

Chuck Kent, Office of Policy, Economics, and Innovation (OPEI), EPA introduced Lisa Heinzerling, EPA Associate Administrator, Office of Policy, Economics and Innovation. Mr. Kent emphasized that Ms. Heinzerling's experience and knowledge will assist EPA in becoming more and more effective at engaging with climate change.

Lisa Heinzerling thanked all participants for attending and taking part in the subcommittee process, and suggested that the recent start to her tenure at OPEI enables her to engage with many different ideas. Ms. Heinzerling explained that OPEI is now encountering an important moment in its history due to the energy of the new presidential administration. She emphasized the renewed sense at EPA for the importance of core regulatory programs and encouraged the SPES to consider that frame in its work. Ms. Heinzerling highlighted that OPEI has the unique opportunity to provide a long-term perspective to regulatory staff; because OPEI has a cross-

office and cross-media perspective unique within the agency, it is a good context in which to situate the work of SPES.

While encouraging independence and creativity on the part of the SPES, Ms. Heinzerling offered a number of convictions held by the Obama Administration and EPA that could be helpful to the subcommittee's work. The first conviction is the commitment to action on climate change and energy. The fundamental nature of these two issues and their connections to other environmental problems draw EPA into many problems at once. Ms. Heinzerling explained that one approach to engaging with this complex problem-set is for SPES to turn its attention to issues that cut across previously distinct areas and longer timeframes. The generational reach of climate issues suggests that stewardship activities should consider a long-term orientation.

Ms. Heinzerling also underscored the link between environmental and economic goals, and that they can be mutually reinforcing rather than exclusive. Action taken to positively affect the environment can also positively affect economic health; tethering environment and economy can generate integrated solutions for both areas. While the link between environment and economy will never be uniform across individuals, companies or sectors, the general principle is a sound basis for moving policy and regulation forward. Ms. Heinzerling reflected that firms and individuals often act in ways that contradict their own economic interests (e.g., buying inefficient cars), suggesting that SPES examine this phenomenon and explore how to make an effective case that environmental and economic interests can align rather than diverge.

The third conviction that Ms. Heinzerling articulated was a deep belief in working across traditional divides to generate eclectic solutions. The corollary, she said, is the ways in which agencies have worked at cross-purposes. She emphasized the effort needed to break down barriers contrary to the goals of achieving sound environmental solutions.

Ms. Heinzerling then posed some concrete considerations for the group. On long-term perspectives, she recommended that the group think about how far out in time environmental stewards should plan, what stewardship really means, and what constitutes a "good" steward. She referenced EPA's limited regulatory authority in some key areas such as climate, highlighting an opportunity for stewardship activities.

Ms. Heinzerling also challenged the group to think about what "beyond compliance" signifies. She sketched some of the nuances of legal regulatory definitions; that compliance and stewardship are not always delineated by unambiguous lines. For example, gaps in regulatory coverage offer opportunities within existing frameworks for good stewardship. Legal norms for evaluating compliance do not always match regulations exactly, either; tort law often calls for do-no-harm even in the absence of clear regulatory statutes. Ms. Heinzerling explained that these complexities should inform and shape any discussion of doing "more" than the law requires. She also urged SPES to have a realistic and productive view of what stewardship means, and encouraged the group to look forward in formulating its suggestions and pursuing its charge. Finally, Ms. Heinzerling thanked the group for its service and encouraged members to step outside of preconceived and familiar frameworks on environmental stewardship.

II. Subcommittee Goals, Charge and Operating Procedures

Following Lisa Heinzerling's opening remarks, Jen Peyser asked SPES members to review and adopt a final version of the proposed charge, operating procedures and meeting summary from the first meeting (June 30 – July 1, 2009).

Charge

Ms. Peyser reviewed the minor changes made to the charge between meetings one and two, based on a member's suggestions. After reviewing these changes, Ms. Peyser asked the subcommittee for questions or objectives. Receiving none, the SPES formally adopted the charge.

Operating Procedures

Ms. Peyser then asked the SPES for questions or issues with the proposed final operating procedures. Discussion arose on the public nature of SPES members' communications. A SPES member raised a question about subcommittee communications – specifically, email communications between two SPES members – and whether these transmittals were subject to public record requests.

Sonia Altieri, Designated Federal Officer (DFO) for the NACEPT, offered to work with SPES DFO Regina Langton and EPA legal staff to provide clarification on this point.

Summary of First SPES Meeting

Ms. Peyser explained that the draft summary had been reviewed by EPA staff, the co-chairs and then the full SPES membership. SPES members raised no objections and adopted the draft meeting one summary as final.

III. Overview of EPA Partnership Programs

Stephan Sylvan, National Center for Environmental Innovation (NCEI), OPEI, EPA, provided the group with an overview of partnership programs at EPA. The objective of the presentation was to assist the group in learning about EPA's partnership programs, resources, and approaches employed to influence and promote stewardship behavior. (Mr. Sylvan's presentation can be found in attachment ____.)

Mr. Sylvan explained that EPA program offices run their respective partnership programs, and OPEI provides a central coordinating function: maintaining the list of programs, developing program design guidelines, measuring performance, promoting information sharing, and evaluating program marketing. NCEI also provides expert advice, working to match programs with experts on key issues, identifying best practices for external initiatives, and collecting sample documents such as memoranda of understanding that can be used as models for other programs.

Mr. Sylvan explored the definition of EPA partnership programs, of which there are currently forty-six. These EPA-led programs proactively target and motivate external parties to take specific environmental action steps. Areas outside this definition include compliance assistance, negotiated legal settlements, initiatives that are primarily grant focused, and initiatives aimed at raising awareness without direct environmental changes or impacts. Award programs are also excluded, as are certain small individual projects with an NGO, a company, or another government.

EPA Partnership Programs must enhance or complement regulatory programs and address problems that are difficult to regulate. The programs are highly diverse in their focus and design, and the program mix is always evolving, with programs being outsourced, sunset and created. The largest five programs represent sixty percent of EPA investment, with a major portion focused on air programs. From the 1980s until 2003, programs were run out of individual offices. Since 2004, EPA has begun some cross-agency management of the programs. The current trend is to push for bundling of EPA partnership programs at the regional level (in sports venues, for example). EPA challenges large venues to adopt a range of programs all at once.

In response to a question on the differences between programs, projects and campaigns, Mr. Sylvan cited EPA's general approach. For example, if an EPA program partners with a few schools on an individual basis, that is a project. If EPA decides to support a year-to-year budget for increasing the interaction with schools, EPA would consider it a program. Within a program, there may be a campaign focusing just on high schools in metro regions, with beginning and end with assigned budget and staff.

SPES members discussed EPA's toolbox on stewardship, including voluntary and regulatory approaches, and questions of how EPA chooses among these tools and evaluates the efficacy of different tools to deal with a specific environmental challenge. One member asked how EPA determines the types of environmental problems for which voluntary programs are the most appropriate tool. Another asked Mr. Sylvan about the organizational theories behind EPA's partnership programs, and the link between partnership program themes such as stewardship with EPA's broader organizational goals. He expressed interest in exploring how the diverse set of partnership programs contribute to EPA's strategic goals.

Mr. Sylvan explained that programs are typically investigated within their unique organizational context rather than with an agency-wide lens; NCEI reviews the body of partnership programs in terms of the policy mix needed to address a particular environmental challenge. However, for EPA's initial evaluation of when to initiate a voluntary program, EPA has a notification process in place; when a new program is being developed, there is a cross agency review requesting feedback on whether a program is the appropriate policy tool.

Considering EPA's efforts to understand the cross-agency consequences and efficacy of its programs, Mr. Sylvan said he was unaware about an existing study that investigates the systemic impact of all partnership EPA programs. Mr. Sylvan mentioned that NCEI has considered conducting a gap analysis to identify aspects of stewardship that are not being currently being addressed and to which EPA could make an important contribution. Chuck Kent also replied, describing the work of the Innovation Action Council (IAC), which contributes to the question of unified dialogue and design at EPA. IAC is investigating ways in which partnership programs can have the greatest impact, including a discussion of environmental management systems and environmental results programs.

A member suggested that the subcommittee explore recommendations on adaptive management; namely, how EPA can move between voluntary and regulatory tools as it assesses the ability of different approaches to effectively deal with a particular environmental issue. Another highlighted EPA's regulatory function as its most powerful stewardship tool, urging that that equating stewardship only with voluntary programs misses the larger opportunity to define

stewardship broadly. This member underscored the NACEPT definition of stewardship that emphasized taking responsibility for choices and the consequences of actions.

On the question of evaluating program efficacy, a member suggested two factors: the extent to which the program can recruit members, and the ability to get members to adopt measures they had not previously considered. The member spoke of the tradeoff between the level of requirements and participation: if the program has many requirements, membership often declines. Mr. Sylvan responded by emphasizing that the tradeoff as described is a very important issue for all EPA programs; the rigor of the standard relative to the participation; he explained that improving the value proposition for partners can increase participation and adoption of the environmental action steps. A key question becomes how to create the biggest possible incentive to make organizations feel compelled not only to join but also to lead in implementing the changes.

Members also asked Mr. Sylvan about EPA's role partnering with external organizers of programs (e.g., Clean Air Minnesota). One asked how programs are spun off from EPA to the outside; specifically whether the mission and/or participation level change, how EPA tracks the program, and whether the EPA's brand remains associated. Mr. Sylvan explained that if EPA is not the final decision-making authority, the initiative cannot be branded as an EPA Partnership Program. There are guidelines for external partners in using the EPA brand; EPA usually remains a senior advisor but there is not language about being started by EPA on materials. However, there are examples of EPA serving as advisors and playing a role in external programs. For example, EPA is increasingly being asked to comment on voluntary standards and products. Many groups and organizations seek EPA comments on program formation. In terms of tracking, Mr. Sylvan said EPA tracks the names of programs that have been sunset or outsourced and tries to maintain some organizational knowledge of their development, but EPA does not have the resources for in-depth studies of these programs. A SPES member suggested that EPA could develop a set of recommendations for the creation of external programs.

At the conclusion of this session, Lisa Heinzerling expressed appreciation for the time, expertise and service of the SPES committee members. She encouraged the group to identify a few simple ideas and principles in their recommendations.

IV. Highlights of Stewardship Program Literature

Eric Ruder, IEC, Inc., provided the group with an overview of key research on promoting environmental stewardship. (For Mr. Ruder's presentation, please see attachment x). Mr. Ruder conveyed information from nine key sources – primarily literature reviews – published between 2004 and 2009. A fundamental point of his presentation was that voluntary programs exist to supplement to command-and-control structures (regulation) rather than as a way to supplant them. He outlined three “taxonomies” of voluntary programs present in the literature: unilateral, bilateral, and public voluntary programs (PVPs). The focus of this literature review was on PVPs.

Mr. Ruder covered background on stewardship program literature, theory and definition of PVPs, design features of such programs, and the motivations of agencies to develop them. He also discussed some challenges of studying PVPs, presented key findings on participation and effectiveness, and finished by addressing the implications existing literature on stewardship programs have for NACEPT and SPES.

Mr. Ruder explained that literature indicates that PVPs do not impose mandatory limits or specific forms of behavior. In the case of government–industry voluntary agreements, the government makes an agreement with a firm(s) for extra-regulatory change of behavior. PVPs invite firms to set and achieve environmental goals. General design features include goal setting, promoting awareness and publicizing responsibility.

Regarding motivations for creating and participating PVPs, the literature indicates that agencies seek common policy objectives, the opportunity to test innovative approaches and a mechanism for responding to problems flexibly and collaboratively. Participants seem to be motivated by a combination of regulatory threats and program incentives, in addition to their particular business strategy. Literature suggests that stringent membership standards and monitoring can lead to better results but reduce participation. He noted that small and medium enterprises (SMEs) often participate in PVPs.

In sharing these findings, Mr. Ruder noted that overall program effectiveness is composed of a set of aggregate effects, and that existing empirical research focuses on individual effectiveness and may underestimate the value of indirect spillover effects. PVPs can be inexpensive ways to test new approaches in a non-adversarial manner, and those that address product design and labeling may show better results than those that address process change.

Mr. Ruder also mentioned some of the challenges of conducting empirical research on voluntary programs, including limited quantitative research and constraints on data collection as well as attribution. The reviewed quantitative academic studies of PVPs suggest limited effectiveness, though it is also important to consider the results from internal evaluations of recent and current programs. He emphasized that there is a wide range of approaches to PVPs to evaluate, and cited Webb (2007), who encouraged implementation of a suite of programs to complement regulatory programs. This environmental protection system would encourage positive behavior as well as address negative behavior.

Following the presentation, SPES members posed a number of questions. One member asked for more information on single-sector versus multi-sector programs. Mr. Ruder responded that different sectors have different economic drivers and barriers; thus, a combination of single and multi-sector programs has value. Regarding Mr. Ruder's comments on the challenge of empirical research on voluntary programs, a member reiterated the difficulty of measuring the effects of stewardship based on the hard data such as emissions measurements.

Multiple SPES members highlighted the distinction between activities designed in reaction to a problem, and those which take a proactive approach in anticipating challenges. One member suggested that many voluntary programs are based on a reactive metaphor, and another member emphasized the importance of ingraining stewardship into organizational culture so programs, activities, and other decisions support broader organizational goals. This member also suggested that the term “voluntary programs” is insufficient because stewardship involves developing new market expectations and incentive programs. Another member echoed these comments and suggested there was resonance for companies on the issue.

V. RAND Evaluation: Lessons of Performance Track Program

Scott Hassell and Noreen Clancy, two members of a research team from the RAND Corporation, presented their preliminary findings of lessons learned from EPA's National Environmental Performance Track program. Katherine Dawes, National Center for Environmental Innovation, EPA, delivered prefatory remarks to help SPES frame the research project and its reporting. Ms. Dawes explained that the ongoing review of Performance Track has been underway since August 2008; the RAND team agreed to share its preliminary findings with the SPES to offer the subcommittee the opportunity to consider the study in its work. Ms. Dawes reminded the SPES that RAND is still engaged in significant analysis and peer review.

Ms. Clancy noted that presentation was designed to address the three points of the SPES charge:

1. What is the range of environmental stewardship practices and behaviors across all environmental aspects that EPA and the states should encourage?
2. What is known, from research and experience, about promoting environmental stewardship and leadership?
3. What should EPA, the states and local government do to promote environmental stewardship and leadership?

On the first question of environmental stewardship practices and behaviors, Ms. Clancy offered a brief survey of benefits that EPA created through Performance Track around best practices, including the coordination of 23 state voluntary programs, information sharing, knowledge transfer, mentoring between firms, facilities learning from one another, and EPA exchanging mutually beneficial learning with the entities engaged in Performance Track. RAND's research suggested that EPA does have a leadership role in leading programs for state and local groups. The positive effects of Performance Track may be instructive for SPES in framing answers to the first question in its charge.

On the second question of learnings from research and experience, Scott Hassell of RAND shared three categories of lessons, including high-level insights, insights from literature on program design, and initial insights from RAND's in-process research on Performance Track. One of RAND's "high level insights" was that stewardship, leadership and performance are nuanced concepts that overlap often but not always. Stakeholders interviewed supported the concept of voluntary programs. Some noted that such programs can create the impetus to improve environmental performance, as well as help change the nature of the relationship between the regulator and the regulated facility. Many facility representatives felt that their historical relationship with EPA was adversarial, and voluntary programs provide a way towards a broader, richer relationship.

Regarding lessons on program design from published literature, the RAND team made a number of preliminary conclusions. In general, RAND found a lack of quantitative evidence on voluntary programs and noted that additional data would be useful for future evaluations. There are also few resources to help program designers decide whether a program should be single-sector or economy-wide. There is, however, an existing body of literature examining why firms join voluntary programs; RAND highlighted the concept of organizational "personality" informed by the extent of its outward focus and interest in external recognition. Mr. Hassell noted that incentives are not uniformly valued by all participants; the personality dimension of organizations and facilities means that different incentives have impact on different firms. According to the RAND team, firms have a better opportunity to reap the benefits of joining voluntary programs than facilities; this may be due to firms' branding and recognition interests and opportunities.

While still in process, RAND shared initial insights from their ongoing research on Performance Track, including observations on program design and participant experiences. On the theme of program design and promising program mechanisms, the RAND team noted that information sharing and networking were universally recognized by interviewees as benefits of Performance Track. Performance Track grew in part due to “spillover”; its supporters publicized the program within their own organizations and across sectors through peer-to-peer recommendations. In some cases, one facility in a corporation would encourage other facilities to join. In other cases, organizations were spurred to join based on interactions with and positive recommendations from a colleague in the same sector.

In addition to information sharing, past participants found great value in recognition of facility efforts and commitments. The idea of using narrow recognition for specific actions was generally supported because concrete action can be clearly linked to demonstrable results. Broad recognition was not as widely supported; some stakeholders highlighted the difficulty of credibly recognizing an entire organization or enterprise when the reach of its operations span a large, complex set of situations and settings. Mr. Hassell explained that, as the scope of recognition increases, so does the burden of proof regarding the merits of such recognition. Provision of regulatory benefits was not universally supported by stakeholders.

RAND explained that site visits are another useful mechanism that can help EPA staff understand how facilities operate and create a great opportunity for feedback between the agency and facility staff. However, RAND acknowledged that having sufficient resources for such activities can be a challenge.

Another set of insights from RAND’s ongoing research of Performance Track included participant experiences of the program, obtained through interviews. RAND’s shared initial conclusions that private sector entities benefited from participation in Performance Track in a number of ways. The program improved employee recruiting, retention and morale, which was important from a competitive hiring perspective. Participating Performance Track facilities appreciated the help EPA provided by supplying basic environmental data. In many cases, data was not available at the facility and EPA was able to not only supply it but also normalize the information against facilities’ operations analysis. Participating in Performance Track also created greater employee awareness of facility impacts and presented managers and employers the opportunity to discuss environmental issues. Performance Track created the opportunity for facilities managers to speak with EPA, establishing a more formal relationship. RAND also found that some improvements associated with Performance Track were made by employees on their own time.

On the third question of what EPA and states and local government do to promote environmental stewardship and leadership, Ms. Clancy focused on a set of general principles of program design drawn from Performance Track that may inform the effective promotion of stewardship. She explained that program designers need to be clear on the desired outcome and goals of new programs. Another critical design aspect is recognition of program activities that are dependent on actors outside the agency for implementation.

RAND stated that another key principle is to identify the way(s) a program will provide incentives to participation; this can be done by the process (e.g., membership status) or the end result (e.g., recognition for completing the program), and Performance Track did both. Programs

should be careful to specify the performance that will be associated with a benefit or level; having a tiered program could be attractive to a wider range of facilities. Process-based performance mechanisms, such as EMS, offer potential benefits and opportunities to move organizations beyond compliance.

Ms. Clancy reported that program designers should also seek to balance flexibility and inclusiveness of participation with the rigor of achievement; when attempting to induce voluntary participation, designers generally seek to keep transaction costs low and maintain a specific goal. Heavy reporting requirements will often discourage participation. The RAND team also found that programs need to be sufficiently clear to stakeholders with different levels of technical expertise, as it becomes more difficult to build grassroots support for complex actions and outcomes.

To protect EPA's brand, RAND recommended evaluating and piloting non-regulatory programs. Ms. Clancy suggested that program evaluation be considered at the program design phase, and that evaluations should be regularly conducted throughout the life of the program. As innovative programs can be complicated and require adjustment over time, RAND underscored pilot programs to be invaluable way of exploring and developing beyond-compliance programs.

Following the presentation, SPES members raised clarifying questions. One member asked about comparisons of Performance Track to other programs; the RAND team explained that although such a comparison was not part of their study, it was clear that similar programs doing similar things can achieve different outcomes based on the way they are designed.

Another member asked whether interviewees voiced broad support for holistic programs such as Performance Track. RAND explained that, while interviewees did not discount holistic approaches to stewardship, broad-scale approaches make program administration and evaluation more complicated. Another challenge of holistic programs is that member facilities can vary greatly in size and available resources. Although the RAND study did not focus specifically on SMEs, they noted that the higher the entry requirements for a program, the more expensive it becomes. Such a dynamic is challenging for smaller firms, which have fewer resources than larger members. One SPES member suggested that Performance Track was useful as a forum for smaller facilities to receive informal mentoring and other spillover benefits by learning from larger firms in their sector.

SPES members and RAND also discussed the impact of variation in facility size and resources on setting and achieving performance goals. Feedback from Performance Track members indicated a lack of agreement on the adequacy of program goals; some members felt goals were too high while others stated that goals were too low. Some reflected that variability of member capacities and resources may affect how well that member can attain the performance goals.

Touching on the recurring theme of stewardship vis-à-vis EPA's overall strategy, a member asked whether EPA has a point of contact for evaluating the overall holistic and systemic value of programs to the agency's mission. Chuck Kent explained that the question has been a topic of frequent conversation at EPA, although such evaluation has not been the task of any single individual. Another member reflected that quantitative criteria are too narrow a tool for understanding environmental stewardship. Another member pointed out the challenge of non-regulated programs constantly proving their worth in light of budget pressures.

Another discussion topic was support for Performance Track within EPA itself. The RAND team explained that they did not find significant opposition towards Performance Track within EPA, although neutral opinions did exist for some EPA staff simply because their focus was taken up by their own programmatic mandates.

SPES members offered observations on additional information they would like to see from a study on Performance Track to address the group's charge. One member also suggested the topic of the value of EPA's brand, and what factors influence its value. Another topic was the importance of understanding spillover effects from voluntary programs; members sought more information on the direct and indirect incentives for business participation, including external factors that influence why they participate. This member also sought information on the resource shift needed for EPA to be able to engage more small businesses.

Another topic raised was how to build share knowledge and communication between EPA and facilities without overstepping the regulator-regulated relationship. RAND explained that Performance Track members noted that the program increased facility managers' comfort level in reaching out to EPA with questions.

VI. Work Group: Learning from Past and Present Programs

The subcommittee listened to reports from each of the three work groups followed by facilitated discussion. Jen Peyser asked each of the groups to present a brief summary of work group discussions, give an overview of draft products, provide potential recommendations for consideration by SPES and finally, request feedback from the group about specific next steps to further develop or finalize potential subcommittee recommendations and products based on the theme of the work group.

Mark McDermid led the reporting session for the Learning from Past and Present Programs Work Group. The group sought to identify the lessons learned which can influence future program design activity. The group consulted with the RAND research team to ensure that the project could inform the work group and undertook a literature review of its own. The group looked at half a dozen programs for which formal evaluations exist to draw out key considerations. Mr. McDermid also spoke with a selection of past Performance Track participants and states about design considerations to consider for future programs. He emphasized that the work group's findings are not final, but rather a draft version intended to stimulate discussion and identify further information needed. (See attachment X for the work group's draft discussion document.)

In the course of its work, the group came to general agreement that there is a role for government in stewardship, although noted that EPA must carefully consider both its resources and influence in deciding how to engage. The group labeled EPA's ideal approach to stewardship as "holistic" rather than strictly programmatic or siloed. The group felt that there is some idea of what is required to attract members to join voluntary programs, although moving members from participation into accomplishment of goals is not as clear. The group did not feel it had identified a "tipping point" for identifying broader impacts or benefits of a program overall. One member explained that most Performance Track members self-select and therefore have positive views of the program due to its voluntary nature. Another theme was the danger of programs failing to evolve and stay current with the context they are designed to impact.

During the facilitated discussion, members discussed availability of data on the impacts of voluntary programs. Some also noted a lack of third-party verification for measuring outcomes of program participation. While there may not be full information on all topics of interest, members pointed out that there are useful models and literature to inform the work of the subcommittee. For example, Performance Track has and can continue to be studied for both its challenges and its areas of success; design, recruitment, and political acceptability of past programs can provide valuable lessons. The relationship between regulations, market forces, and voluntary program participation and stewardship results is also important to review. Members expressed interest in understanding both successful and controversial characteristics of different programs to inform their recommendations.

Members identified several other potential topics to be informed by learnings from past programs, with a particular focus on program participation. One member suggested that identifying the best opportunities for attracting participation could be linked to creative thinking about the ideal size of potential member organizations. For example, a member organization might be relatively small but carry a large environmental footprint. Another member suggested that it is employee involvement which ensures early success of programs like environmental management systems (EMS).

Some members underscored the importance of market forces on participation. One suggested that the SPES study market forces that act as barriers to participation, and consider how those forces might be harnessed in a way that encourages rather than discourages greater stewardship. Another member framed the task as creating market incentives to encourage participation. Concluding this discussion, a SPES member agreed that this work group identified useful information and lessons that should be further considered as the SPES continues its work.

VII. Work Group: Motivation and Behavior

The Motivation and Behavior Work Group delivered its presentation to the subcommittee, offering a summary of its discussions and presenting its draft product. David Vidal provided the first of two presentations from the group, offering an overview of the matrix the group created. (See attachment X for this work group's draft discussion documents.)

Mr. Vidal framed the task of the work group as grasping what "attitude platforms" matter to whom, and identifying and understanding these platforms to affect desired change. The work group conceptualized stakeholder sectors according to four design elements: political, economic, functional, and human design. The matrix outlines points of influence for these groups. Taking representative target groups as audiences, the purpose of the tool is to understand the groups' core values and motivation, the practices and behaviors they exhibit that exemplify stewardship, and the government's ability to control and influence these groups. Target groups include a variety of government entities, businesses, agricultural communities, ethnic groups, environmental activist and just groups, academicians, faith based groups and media outlets. Two additional categories of critical stakeholders are supporters of the sunset Performance Track program and skeptics of stewardship at EPA. The work group felt it important to learn from these key groups.

The work group supported a focus on areas of influence rather than methods of control alone, as there are more opportunities and potential targets for influence than there are for regulatory

approaches. The intent of a study on motivation is to craft stewardship messages in ways that different constituents can understand and identify benefits. The work group explained that the matrix could inform action plans for each target group to inform EPA's outreach to these constituencies.

Aseem Prakash then presented on "Motivations for stewardship via voluntary programs" (see Attachment ____). The presentation covered environmental governance, characteristics of voluntary programs, core issues, motivations to join, potential for programs to help, motivating factors both internal and external to organizations, key lessons learned, and steps towards stewardship. He underscored that, as firms cannot satisfy every constituency, they will respond to those actors with greatest ability to reward or punish them. As such, if EPA's aim is to encourage firms to become stewards, the agency will need to design appropriate incentive systems. In closing, Dr. Prakash encouraged EPA to consciously consider global policy while focusing on effective implementation of a small number of key activities and controlling the agenda on stewardship.

Following the work group presentations, SPES members discussed several aspects of the scope of stakeholders to consider in researching motivations for stewardship. First, SPES members highlighted the value of an inclusive approach to stewardship that considers the motivations and opportunities to involve diverse stakeholders. Recognizing that it may be a challenge to design effective messages and outreach to all groups, the approach should be informed by seeking feedback directly from stakeholders that EPA is trying to reach.

Members also echoed Dr. Prakash's call for a global approach to stewardship, noting that while regulation is geographically bound, environmental issues are global. Several voiced support for EPA acting as a global teacher and leader on stewardship, as U.S.-based businesses operate globally and make decisions that affect many people and communities. Though these affected groups may be located outside of the regulatory boundaries charged to EPA, some members spoke of the need for the agency to be proactive in establishing a reputation as a global leader. At the same time, a member cautioned that EPA should share lessons without imposing views and approaches on other countries.

The subcommittee also discussed the challenge of balancing an interest in motivating stewardship through incentives while fulfilling regulatory requirements. One member expressed concern about voluntary programs offering regulatory incentives; he stated that while EPA can consider regulatory relief as an incentive for stewardship (e.g. reducing costs of regulatory compliance), implementation can be problematic. For example, offering different regulatory incentives to different companies is controversial with some stakeholders and creates rulemaking challenges for the agency. Another member offered a vision for the type of incentive that could be compatible with EPA's mandate: a programmatic approach to regulatory processes in which the process is negotiated and the costs of replication decrease over time. Another member stressed that regulations are also imperfect tools and can be bolstered with non-regulatory approaches. At the same time, he acknowledged that it would be challenging to gain EPA buy-in on recommendations around regulatory flexibility for participants in voluntary programs.

Regarding next steps for this work group, SPES members agreed the existing matrix could be a tool to help EPA consider appropriate approaches and messages for encouraging broad stakeholder action on stewardship. Members also agreed that the SPES does not likely have

sufficient time to complete the full matrix, but may choose to add matrix details for one type of stakeholder group. On day two, SPES members also decided that several members of this work group will join a newly forming work group on long-term approaches at EPA; lessons on motivation and behavior will be incorporated into those discussions.

VIII. Work Group: Integrating Stewardship in Core Programs

SPES member Nancy Girard gave an overview of the discussions from the Integrating Stewardship in Core Programs Work Group. (See attachment X for the work group's draft discussion document.) She shared that the work group considered "beyond compliance" to mean a holistic approach rather than simply one step forward. The work group had also discussed the opportunities for EPA to take a more consistent approach towards stewardship and to increase the number of stewardship advocates internally, including within core programs. Ms. Girard noted that, if it is to lead on stewardship, EPA must be able to identify challenges and potential solutions on pace with the private sector.

In the discussion that followed, a SPES member emphasized accessing the flexibility that already exists within core programs and looking for simple solutions that are already available. Some members echoed comments in earlier discussions, noting that regulatory functions do not address all aspects of stewardship, and that many non-regulatory efforts were designed to fill those gaps. One member suggested that the controversy around selective regulatory relief from voluntary programs created ongoing tension between core program offices and programs like the Common Sense Initiative, Project XL (eXcellence in Leadership), and Performance Track. Another member offered that the SPES should consider approaches that address those tensions.

Another suggestion was to incorporate the needs of core programs, priorities and processes to ensure that stewardship is harmonious with the essential nature of what EPA must accomplish on a regulatory level. For example, members discussed building the capacity of core program staff on issues of stewardship to infuse the mind-set throughout the structure of EPA, increasing knowledge, receptivity and support. Members also discussed the importance of involving core program staff in the creation and design of stewardship programs.

Some members also suggested examining successes that states have had in integrating stewardship across agency activities and within core programs. A member noted that state programs work in part due to the level and flexibility of communications and relationships within and across programs and agencies.

IX. Round Robin: Key Findings from Day One

Following the presentations and discussion around work groups, Jen Peyser led the subcommittee in a round robin session to surface key findings and discussion points from day one. The group sought to identify initial implications and considerations for subcommittee recommendations, including key themes and priorities. Members were also asked to identify potential recommendations that could be drafted before the next SPES meeting in October.

In the round robin, SPES identified a number of potential recommendations themes. Members stressed that recommendations should consider the long-term, nontraditional, cross-media and cross-cutting solutions that will be needed to address current and future environmental policy

challenges, with a particular emphasis on energy and climate change as emblematic issues. At the same time, members echoed EPA leadership's request for concrete and simple activities that can be readily implemented by the agency.

Members suggested that the SPES recommendations should also strive to encompass the following:

- Solutions that are applicable to existing core programs
- Links between environmental stewardship and economic health
- The value of spillover benefits from voluntary programs
- Mutual learning and complementarity between federal and state agencies
- A unified, clear definition of "beyond compliance"
- An understanding of how "market pull" can leverage program success and appeal, and compelling reasons for business to participate while protecting its interests
- EPA's position as a local, national and global leader on stewardship
- EPA's capacity to accommodate innovation and adapt programs to external realities
- Mitigation of the historical unease between regulatory and voluntary programs
- Ways to organize information on stewardship activities in a way that is easy for potential participants to find and understand which programs are right for them

X. Models of Successful Stewardship Approaches

SPES member Laura Fiffick opened day two of the meeting by sharing her insights about voluntary programs from the perspective of a recent city manager for the City of Dallas, Texas. Her presentation can be found in Attachment _____. Ms. Fiffick's narrative offered one example of how engaging with stewardship can go well, and illustrates the hard work associated with a successful initiative.

While working for the City of Dallas, Ms. Fiffick led an effort to put environmental stewardship at the heart of the city's operations. While the city undertook proactive measures aimed at stewardship, they were not comprehensive and victories were colored by shortfalls in compliance. Further, there were no citywide stewardship policies or practices, and no collaboration. Eventually, each department was given an environment-related responsibility; the city decided to go beyond facility consent decree requirements and implement stewardship efforts across the board. They set metrics around all initiatives and linked environmental performance to personal performance reviews. Peer review of failures and public notice of penalties provided motivation, as did positive public recognition of city employees and businesses in the region.

Ms. Fiffick's team learned from city employees and gathered low-hanging fruit by gleaning the wisdom and know-how of day to day operators. For example, speaking with employees, the city learned that the spills from sanitation trucks could be attributed to inexpensive hoses bursting due to heat; this was a problem that could be easily remedied. Another idea was to use farmers' market waste as compost in city parks. This achieved the buy-in of employees and led to simple, concrete ways to save money for the city while also improving environmental results. She stressed that up-front costs decreased over time while benefits were sustained.

The City of Dallas began engaging with EPA regularly by asking for technical assistance and sharing knowledge. Ms. Fiffick noted that EPA's advisory role was invaluable, particularly because of the partnership efforts it established and connections it helped make with the right tools and contacts. For example, she noted that Performance Track staff was very helpful with EMS programs and metrics. The EPA regional administrator conducted several recognition programs, and EPA also notified Dallas of grants and recognition programs available to the city. (In addition to technical support, Dallas received an EPA seed grant and leveraged matching funds equal to seventeen times the grant to support housing, transportation, and other equipment improvements.)

Ms. Fiffick emphasized the difficulty of sifting through information to identify the resources and programs most relevant to Dallas; cities and other organizations benefit from assistance in identify tools and implementation guidance for stewardship activities. She suggested that the development of a guidebook or resource for other entities looking to replicate Dallas' success could be worthwhile.

The conversation turned to the catalyzing impact of enforcement action, or balancing the "carrots" of incentives and the "sticks" of regulation. A member cited the effectiveness of high-profile wake-up calls in the private sector and how SPES might consider leveraging such mechanisms to raise the profile of and commitment to stewardship. Ms. Fiffick shared that the success in Dallas would not have taken place without both carrots and sticks; she stated that their approach was generally to lead with the carrot and follow up with the stick if needed. In response to a question about how the City of Dallas set its priorities on the many options for voluntary programs, Ms. Fiffick cited the EMS process. She suggested identifying the largest environmental impacts and selecting activities that are realistic and easy to implement.

A theme around information sharing emerged from the conversation, pointing the way towards a potential SPES group initiative or product. The condition of operating in a world saturated by information presents the challenge of finding the right resources. An aspect of SPES recommendations could cover the need for EPA to streamline the process by which organizations search for information on programs, practices, and resources, including an option for finding sector-focused information.

Following Ms. Fiffick's presentation, Steve Hellem of the Global Environmental Management Initiative (GEMI) shared information on his organization and the nature of collaborations and partnerships with the private sector. (Mr. Hellem's presentation can be found as Attachment ____.) Mr. Hellem spoke about GEMI's online website with tools and informational resources to make sustainability work in the marketplace and to make progress by capturing environmental and economic gains. Mr. Hellem reviewed the evolution of sustainability concepts, including total quality environmental management, pollution prevention, environmental accountability and performance, EMS, business value, strategic issues response, and engaging stakeholders.

Mr. Hellem also discussed the importance of engaging stakeholders such as NGOs in conversations on corporate sustainability. He noted that GEMI and the Environmental Defense Fund created a "Guide to Successful Corporate-NGO Partnerships." In response, a SPES member expressed caution about overemphasizing partnerships and coalitions; common stakeholder interests identified in non-regulatory initiatives can be challenged by different priorities surfaced in regulatory and legislative settings.

Mr. Hellem emphasized the “forgotten opportunity” of SMEs (which he defined as companies with \$100 million to \$1 billion in revenue). He explained that large corporations tend to understand and deal with stewardship well; they have the resources to apply to the issue. Smaller organizations may have an interest in making changes but lack guidance and funding. He noted that a guide from an agency, or from another corporation, can be helpful in encouraging and assisting other corporations in making improvements. Linking to Ms. Fiffick’s message, Mr. Hellem suggested that the “what” needs to be followed by the “how” and helping corporations understand how results were achieved is key. A SPES member noted that large companies can also need assistance, and that an integrated set of tools and approaches including mentoring and training can be most effective.

SPES members discussed the contributions of technology to stewardship solutions. Mr. Hellem’s presentation indicated the combination of technology and innovation applied to environmental challenges can bring economic gains to corporations. He cited examples of one technology being adapted for a new use, such as a novel application of water technologies to imaging techniques.

A number of members reflected on the challenge of realizing economic and environmental benefits. Organizations are often asked to implement environmental programs without attendant budgetary support. Remaining profitable is critical in the course of rolling out stewardship efforts. Further, once entities have taken advantage of “low hanging fruit,” encouraging stewardship in corporations can require additional incentives – positive, negative, or a combination.

XI. Small Group Recommendations: Topics and Formats

The group broke up into small groups to potential recommendation topics and format for the subcommittee. Upon reconvening, the small groups offered the results of their deliberations and began visioning the future of the subcommittee.

Definition of Stewardship

Small discussion groups were asked to consider whether the NACEPT definition of stewardship is sufficient for the group and if not, what changes are needed. The breakout groups generally found the NACEPT definition of stewardship to be a suitable starting point, although all groups felt that SPES could evolve it to be more reflective of the subcommittee’s charge. Members also expressed that the concepts in the definition needed more concrete application to move them beyond the conceptual level; they felt stewardship could be captured in shorter, simpler language that would be easier to communicate to stakeholders. One group focused on the definition’s components around taking responsibility, complying with the law, and addressing the non-regulated space. They put emphasis on reducing environmental impacts and knowing what stewardship goals cannot be achieved by regulation alone. Another group enumerated significant elements of a definition, including a social expectation; a longer-term focus or extended accountability (e.g., cradle-to-cradle view); and a consequentialist theme of taking responsibility for immediate as well as longer-term consequences that are not immediately traceable to current actions.

EPA's Role in Stewardship

The groups were asked to consider whether EPA has a role in stewardship and if so, what that role might look like. All breakout groups concluded that EPA does have a role. One view was that EPA can act as convener for stakeholders with substantial scientific knowledge and then turn around and facilitate dissemination, interpretation and understanding of the information by the general public affected by deliberations.

Members noted that EPA could also act to build the capacity and confidence of the public, the private sector, and other organizations building the confidence and capacity to act as stewards. This could be done through information sharing and technical assistance. One group noted that EPA should continue to nurture state capacity to participate in and lead partnership programs.

Acting as a repository and outlet for information – scientific and non-scientific – was a prominent theme across the groups. SPES members felt that EPA can act as a validator of best practices, science, and other types of information by being a trustworthy, credible and neutral source. The implementation of such a role might take on the form of creating a centralized website that offers open-source access to existing resources previously hidden from easy public view. One suggestion was to catalogue and publish EPA expert reports relevant to municipalities and businesses on different topics.

At the same time, some members identified the need for EPA to examine its own practices and knowledge prior to validating those of stakeholders. One member articulated the task as building a platform of credibility by the EPA, such as in data tracking and sharing, to encourage actions of credibility by others.

Other Key Issues and Questions for SPES to Take On

Finally, the groups were asked to consider other assorted issues and questions that need to be addressed. A variety of responses were generated. One suggested that EPA engage in a detailed public accounting for its statutory responsibilities, budget, resources and non-regulatory programs. Another was a call for consolidation of voluntary programs to focus remaining programs around a high-priority purpose. The theme of common understanding of terms resurfaced here, as it has throughout both SPES meetings. Of particular note was the mention of how terms around technology are construed and understood.

XII. Visioning the Subcommittee's Future Work

The subcommittee next shared views on their visions for SPES tasks and products. Several members referenced potential short-term actions and goals for EPA to consider in the next fiscal year, medium-term goals for 2010, and longer-term goals.

The group agreed that they should capture those ideas that have already been presented, particularly those “short-term” items that EPA could implement relatively quickly. For example, SPES could recommend that EPA create a web-based interface or “portal” of resources, and share guidance on a role for EPA as a leader on and catalyst for stewardship across government agencies. In capturing and drafting recommendations on these issues, the SPES could respond to Administrator Jackson's request to keep in frequent communication and suggest concrete and simple actions for EPA's consideration.

At the same time, members recognized the importance of a longer-term vision and framework for the subcommittee's work and for EPA's implementation of stewardship actions. Members reflected that this "long-term" perspective also applies to those challenges (e.g., energy and climate change) and solutions that require an extended time horizon for implementation. In addition, the longer-term exploration should consider and address the questions in the SPES charge, and clarify that which the SPES believes to be outside the realm of key stewardship themes and activities. Further, members underscored the value of having a unified message on stewardship across EPA, to inform the approach of different media offices in communicating the role of stewardship to internal and external stakeholders.

Several members offered ideas for structuring and informing the subcommittee's work. One suggested articulating aspirational goals for EPA and its role in stewardship, documenting accomplishments and findings to-date about EPA's programs, conducting a gap analysis of what stewardship goals are not being covered by regulation or non-regulatory activities, and using that analysis to inform SPES recommendations. Another suggestion was that the subcommittee focus on principles, tactics, and implementation, while avoiding the regulatory-nonregulatory dichotomy; he named organizing principles of defining, establishing, clarifying and promoting collaborative advantage. A third member suggested that a scenario planning could assist the SPES in its work.

SPES members also discussed their initial vision for subcommittee products, naming as options a final report, recommendations letters, and a list or "menu" of options. Members again reflected on the timeline, noting that a final report would not likely be complete by the end of meeting four (planned for December 2009). Further, given Administrator Jackson's request for more frequent communication, the need to work recommendations through NACEPT, and the interest in providing input to EPA's budgeting process, members highlighted the utility of shorter, interim recommendation letters. All members also recognized that the ultimate format or formats of recommendations will depend on the type and extent of consensus among the subcommittee.

XIII. Creating New Work Groups

Following the visioning session, the subcommittee sketched out a set of work groups to be convened between meetings two and three, based on initial co-chair suggestions and further conversation among the full subcommittee. At and subsequent to the meeting, the following work group definitions or "charges" were shared with the subcommittee:

Short-Term or "Quick Hits" Work Group

This group is tasked with potential recommendations components that are relatively "simple" and "quick" for EPA to implement in the short term to promote stewardship. Examples could include recommendations for EPA to utilize/ maximize websites (and/or create a sustainability "portal"), provide a single point of contact for partnership programs to facilitate involvement in multiple programs, serve as an enabler/teacher for other agencies, and preserve valuable elements of Performance Track. Delivering short-term recommendations to influence key decisions on the 2010 budget cycle is an important link to this group. This work group can begin by reviewing ideas raised at the meeting.

Long-term Work Group

Building on Lisa Heinzerling's remarks, this group is tasked with considering EPA's role in the context of organization stewardship in addressing issues (such as climate change and energy use) that invite and require a cross-sector, cross-media, and long-term perspective. Activities should link positive environmental and economic outcomes. The group should also consider how to capture some of the spillover effects (providing a voice for corporate environmental initiatives, encouraging employee innovation, building internal morale) that appeared to have been generated in at least some companies by Performance Track. Another theme could include how EPA can act as a leader not only in the context of its domestic regulatory charge, but also as a global leader on issues which transcend political boundaries. This group will also incorporate the thinking of the former motivation/behavior work group. SPES members agreed that the work of the Motivation and Behaviors Work Group would be folded into the Long Term group since its work on the matrix and mapping fit nicely in the subject.

Gap Analysis / Unifying Themes Work Group

This work group is tasked with examining the extent to which EPA's regulatory functions sufficiently and creatively accomplish the agency's mission and stewardship role, and non-regulatory strategies that could address any gaps identified. In other words, they will explore how the "carrot of stewardship" could accomplish agency goals that the "stick" of regulation does not. This is not meant as an extensive review of code and mandate, but a "policy think" on how non-regulatory activities can complement regulatory functions in an effective, efficient, and innovative way. (For example, EPA does not regulate water and energy consumption, but could potentially play a non-regulatory role to promote stewardship and significant environmental impact. The group may also consider how EPA could act to promote the "spillover" benefits of voluntary programs.) The group will also consider whether EPA should develop a unifying theme for their partnership programs (for example, around stewardship or sustainability) which cut across EPA's programs, with an eye towards building synergy within the agency. This group will also look at the question of how EPA might allocate funding for voluntary efforts in relationship to its core program.

Definition of Stewardship Drafting Group

In addition to the above three work groups, a smaller drafting group will discuss the definition of stewardship. This conversation could include considerations of EPA's role in stewardship, developing a more robust vision of stewardship, articulating a simple definition that is easily translatable, considering what it does and what it is, and concepts on how stewardship can be operationalized.

After identifying these work groups, the subcommittee members determined participation in the small groups, working to create teams representing a cross-section of SPES perspectives.

XIV. Public Comment

There was no public comment on day one of the meeting. On day two, one member of the public took the opportunity to speak to SPES on sustainability. Beth Tener from New Directions Consulting spoke about the remarkable results that can be achieved by a small, energetic team of dedicated people. She stated that such efforts can have huge impacts across supply chains. Ms. Tener spoke about the excitement around trying to solve big problems, with big, bold goals. She encouraged EPA to think of its work in such a way. Ms. Tener also encouraged the SPES to

focus on all the elements that are working throughout existing programs, expressing that there is much existing value to be found in these initiatives.

XV. Summary and Conclusion

At the conclusion of day two, Jen Peyser closed the meeting by reminding the group of the work ahead and the next convening in October and reviewing known next steps. To access the Action Items produced immediately following the conclusion of the meeting, see Attachment ____.

List of Summary Attachments

1. Stephan Sylvan, National Center for Environmental Innovation (NCEI), OPEI, EPA – *PowerPoint*
2. Eric Ruder, IEC, Inc. – *PowerPoint*
3. Learning from Past and Present Programs – *Work group draft discussion document*
4. Motivation and Behavior Work Group – *Work group draft discussion document (matrix)*
5. Aseem Prakash -- “Motivations for stewardship via voluntary programs” – *PowerPoint*
6. Integrating Stewardship in Core Programs Work Group – *Work group draft discussion document*
7. Laura Fiffick presentation on City of Dalls – *PowerPoint*
8. Steve Hellem, GEMI – *PowerPoint*
9. Action Items Memo – *Word document*