

REORGANIZING THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY, REGION II: A REINVENTION RESPONSE

Introduction

In his more than twenty years with the [U.S. Environmental Protection Agency](#) (EPA), George Pavlou has seen it all. There were the heady early days of the agency's youth, the bad years under the Reagan Administration and excitement of the Superfund clean-up response. There have been periods of cooperation and conflict with the state environmental agencies and elected officials in the New York Metropolitan area, satisfying agreements with industry on clean-ups and prevention activities and two steps forward, one step back in protecting fragile lands. So George was somewhat prepared for the reinvention revolution and its consequences when it arrived at EPA in the Spring of 1994.

Pavlou had worked his way up to become the defacto first among equal deputy directors in the Region II Emergency and Remedial Response Division of EPA. When a task force leader was required for the Region's new Reinvention Task Force, his boss, the influential Kathy Callihan, was quick to recommend George. The Regional Administrator, Jeanne Fox, had great respect for Kathy and therefore selected Pavlou to head the important task force. Typically, George took the appointment in good spirit and as a compliment, but expected the assignment to bring extra work, some headaches and little reward. His initial assessment proved to be more accurate than he ever could have imagined.

The National Performance Review

In February, 1993, President Clinton charged Vice President Al Gore with developing a plan to reinvent the Federal government. The report was due in six months and surprisingly, was submitted right on time in September of that year. Even with the President's enthusiastic acceptance of the report, in toto, and the extensive media coverage, few anticipated at the time, that this was the beginning of a four year (and still going) experiment in government reform. Known as the National Performance Review, or NPR, the report that is now an institution was organized around the theme that became the title of its first report, "creating a government that works better and costs less."

Organized under the Office of the Vice President, the NPR works with federal agencies to help them develop organizational structures and program initiatives that are generally associated with the reinventing government movement. David Osborne was, in fact, the policy director of the original research team and wrote virtually the entire first NPR report. He pushed for the secondary theme of the NPR--providing greater customer service through flattening hierarchies and empowering workers. At the U.S. Environmental Protection Agency (EPA), Administrator Carol Browner fully embraced the principles and spirit of the NPR and reinvention and decided to reorganize her agency accordingly. She also decided to grant substantial flexibility to EPA's ten regions to create a leaner, less hierarchical, more empowered organization.

Banishing Bureaucracy at EPA

The key reorganization policy document is an April 4, 1994 memorandum from Administrator Browner to all EPA employees (see attached memorandum). The memorandum sets out four major objectives/outcomes for the reorganization:

1. A focus on customer service;
2. Employee fulfillment;
3. Environmental results (effectiveness); and,
4. Creating an organization that works better and costs less.

Subsequent and supporting Headquarters (D.C.) instructional materials and memoranda on the reorganization stressed the need to flatten hierarchies, eliminate layers of bureaucracy, using teams as a way to approach work, creating non-supervisory career paths and need to achieve higher levels of productivity.

The April 4, 1994 memorandum also established four procedural mandates for the regional reorganizations, seemingly presented in order of importance:

- The regions must reduce the number of managers from a manager/staff ratio of 1:5 (on average) to 1:11;
- There will be no reduction in the number of high level (GS 14 and above) non-supervisory positions (implying rejection of that as a way to reach the 1:11 ratio);
- Diversity must increase (implying that diversity should not be compromised in reaching 1:11);
- Reductions in Force (RIFs; i.e., layoffs) are not an acceptable method of reaching 1:11; and,
- As part of the process, a better workplace environment should be achieved.

Finally most of the reorganization materials coming from headquarters warned of the problems that might arise out of variation in regional organization structure, including obstacles to interfacing with headquarters, the corresponding state environmental agencies and other regions. The memos also suggested variation must cause problems in budget preparation, staffing, performance measurement, delivering programs of national scope and importance, and relating the changes in structure to the needs of customers, stakeholders and partners.

Reinventing Region II

In Region II (New York, New Jersey, Puerto Rico and the U.S. Virgin Islands), the Regional Administrator (RA), Jeane Fox, established a 25 member task force, headed by George Pavlou, representing the region's diverse staffing, functions and programs to analyze the reorganization options open to her. The report was due on November 29, 1994, or a little more than six months after the reorganization mandate from headquarters. A series of employee forums and a variety of written and electronic comment/feedback loops were also established to assist the reorganization task force in its deliberations and provide the RA with "a sense of the region". Some of the most frequently mentioned concerns arising out of the employee feedback mechanisms were:

-How should the conflict between the priorities of increasing diversity and reaching 1:11 be balanced?

-Would the creation of new, high level titles (GS 14 and above) for soon-to-be non-supervisors withstand scrutiny from federal budget and personnel overhead agencies and Congress;

-Would non-supervisory team positions be a career dead-end?

-Should new deputy or associate positions to higher level managers be created as opportunities for lower-level managers whose titles are eliminated and as a possible career path for those that move into team positions?

-Where will the Administrator's stated commitment to environmental justice be reflected in the new organization?

-How will multiple career paths become a reality in terms of education and training, titles, career ladders, empowerment, and decentralization of decision-making;

-Is it really necessary to reorganize to meet the 1:11 objective; and,

-Since the current organization works well, why change it?

By early October of 1994, the Task Force had met nearly two dozen times. Several important mandates/consensus had emerged (group members were of differing opinions regarding whether the following points were mandated by the RA or if they had emerged from their six months of analysis:

1. Sixty (60) management positions must be eliminated and the simplest way to do that is to eliminate the lowest level management title, section manager (80 slots);
2. Eliminating the section manager level would also greatly reduce diversity among managers in the region;

3. The change in supervisory status should be achieved voluntarily if at all possible;
4. Multiple career paths and GS 13 and above non-supervisory titles are essential to any viable 1:11 strategy; and,
5. Attrition, buy-outs and early retirement are not viable mechanisms for achieving the 1:11 ratio in Region II (the age and experience profile translate into small numbers for these actions).

Organizational Options

The Reinvention Task Force (a self-name that stuck) formally considered four reorganization strategies: status quo; functional; geographic; and eco-system. Based on a seven evaluative criteria, the Task Force rated each of the four strategies as positive, negative, neutral or chaos-provoking. The seven criteria (defined in an attachment to this case) included:

1. Environmental mission- related: Advances environmental protection
2. Implementability: Minimally disruptive.
3. Human resources: Maximizes career development opportunities.
4. Streamlining: Reduces redundancy.
5. Use of facilities and equipment: Enhances efficient use of agency resources and technology
6. Enforcement: Promotes effective interaction with the regulated community.
7. Enhancement of relationships--with key parties inside and outside Region II.

Through a rather laborious and time-consuming voting process, the Task Force was almost unanimous on the following scores (see attachments for criteria definitions, scoring methodology, and scores):

1. Status Quo Option: Retain the current organization structure (see attached organization charts.) The Task Force assessed this option positive on 5 criteria, negative on 1, too soon to tell on 1.

2. Functional Option: Reorganize from a mixed program/function organization to a pure functional organization. This would include functions such as enforcement, state relations, environmental planning, inspections, etc. This option was assessed positive on 4 criteria, negative on 3;

3. Geographic Option: Reorganize the entire regional office by political boundaries--create a New Jersey Division, a New York Division and a Virgin Islands/Puerto Rico Division. The Task Force assessed this option positive on 2 criteria, negative on 5;

4. Ecosystem Option: Organize the regional office by the ecosystems within the region. Instead of using political boundaries, use the region's various ecologies as the geographic basis for the organization structure. The task force assessed this option positive on 3 criteria, negative on 3; chaos-provoking on 1.

Significantly, on the "feasibility" criteria, only the status quo option earned a positive score and the Eco-system option received the chaos assessment.

As the Task Force prepared to embark on a three day retreat to agree on the contents of its final report and recommendations to the RA, they were permitted to hire a outside consultants to sit in on two meetings, read all of the headquarters, RA and Task Force generated reports and memoranda and then submit to the Task Force, their "objective assessment" of the directives, deliberations, and options open to the Task Force, as well as the consultant's recommendations, if any.

The Consultant Report

As the Task Force embarked on its retreat to conduct a more detailed and conclusion-driven assessment of the reorganization options available to Region II, all members read the outside consultants report, which contained five substantial comments and ten questions for the Task Force to consider during its deliberations. The five comments were:

1. The status quo organization option should be more accurately referred to as the "program" organization option;
2. When considering the functional organization option, the functional organization proposals being made by Regions I and VIII should be examined in detail. Neither proposal specifically addresses how the organizational change will help them reach the 1:11 target nor do they discuss how the new structure will preserve or promote diversity. The proposals do not specifically identify what performance improvements will result from the reorganization, how they will address the mis-match it creates between their region and headquarters and between the region and the state environmental agency, how they will address the program of splitting small programs or how they will resolve the difficulties of placing enforcement and voluntary compliance programs in the same division;
3. While the Task Force discussions have raised concerns as to whether headquarters and federal overhead agencies will approve multiple career paths for non-supervisors, Region X for the Pacific Northwest reports that they already have such a program in place and headquarters appears to verify that contention;

4. We (*the consultants*) recommend that the Task Force complete the options analysis by the end of the retreat and use the time remaining until the November submission deadline to polish the chosen option. Unless the retreat discussions uncover significant new information, we believe a modified program structure based on the existing division-based organizations is the most viable strategy;

5. Modifications to the existing structure that should be considered are:

-Give division directors the opportunity to propose changes to their own organization to meet the 1:11 goal;

-Consider recruiting one division director who is willing to serve as a model for the rest of the Region and work intensively with that director to develop a modified division structure that meets the 1:11 guideline, has fewer units and has a least one high level expert consultant "swat team";

-Analyze the possibility of creating a sufficient number of consulting teams and team positions to meet the 1:11 ratio. Teams would report directly to the division director. Recruitment would be voluntary at first, with the hope that a mix of section and branch chief (the next highest first level management title) could be eliminated;

-Eliminate section head titles across the board. Section heads would be assigned to swat teams or would apply for other vacant positions within the Region. Grade level and opportunities for promotion would not be affected;

-Maintain a small number of section head positions, as dictated by workload, assign most of the existing section heads to teams and permit rotation between section head and team positions on an annual or semi-annual basis, to ease concerns among section heads that assignment to teams effectively ends their prospects for a supervisory career;

-Create new, non-supervisory associate branch chief and senior analyst positions to serve as deputies to supervisors and recruit/assign sufficient numbers of existing section heads and branch chiefs to these positions in order to reach the 1:11 ratio;

-Determine whether Assistant Division Directors are considered supervisory for the 1:11 mandate and re-classify such positions as non-supervisory if they are currently identified as supervisory; and,

-Closely examine the supervisory structure of the legal staff and eliminate as many supervisory positions as possible. Supervisory status is generally not an important criteria for career advancement in the legal profession and supervision in the legal area is pro-forma at most in many cases.

The Retreat

No breakthroughs or dramatic shifts in positions occurred during the retreat. The Task Force members reaffirmed their assessment that a shift away from the current program based organization would cause more problems that it would solve and did not do anything directly to deal with the 1:11 mandate. The Task Force was frustrated that the perceived need for reorganization was externally generated in Washington and did not stem from any regional management dissatisfaction with the current region structure or any factual information that the current organization was causing the "problems" to be solved. The following themes and decisions rules emerged with unanimous support from retreat participants.

The traditional road to promotion and status at EPA is to become a manager. There is a great of work to do be done if non-supervisory career paths are going to be a real option at EPA. Only then will it be reasonable to expect that any employee would voluntary for a change in status from supervisory to non-supervisory.

Maintaining and increasing diversity throughout Region II is a widely shared goal within the region and strongly supported by Administrator Browner. Yet achieving the 1:11 ratio will almost certainly reduce the diversity in the revised supervisory ranks. Extreme care must be taken to avoid the reality and perception that meeting 1:11 has a disproportionate, negative impact on the careers of women and minorities.

Preparing the Task Force Report to the Region Administrator

As the sub-group designated by the Task Force began to draft the final report to the Regional Administrator, they received an informal but strong message from the Deputy Regional Administrator that the Region Administrator was strongly pre-disposed to reorganizing the Region along functional lines. She was aware that the Task Force was ready to propose a modified program structure and had instructed the Deputy Regional Administrator to go ahead with his informal communication with knowledge of that fact. He also indicated that she liked the team structure and the idea of creating multiple, non-supervisory career paths.

With only three weeks to write up more than six months of work and consensus-building, the Task Force sub-group now had to find a way to maintain the support of the Task Force for their report and yet respond to the clear message from the Deputy Regional Administrator.

The Administrator has ruled out RIFs (firing people) as a way of meeting the 1:11 ratio. Therefore, despite staff apprehension and the resistance of managers and the Region's administrative division, some new non-supervisory career paths and a change in structure are inevitable. Some form of team organization appears to be the most viable option. Information from headquarters and the NPR make it clear that it may be possible to increase the number of high level, non-supervisory staff and technical titles and positions. The proposed changes should avoid any down-grading of the current personnel's GS level.

On a quiet Sunday night in late October, 1994, George Pavlou inserted a new, formatted disc into his laptop in the study of his Queens, New York home. He began to pull together all the pieces of six months of work by more than two dozen people into one coherent document with a recommendation. While no one seemed satisfied with any of the choices available, it was clear to him that Regional Administrator Fox and the task force had very different views on the best possible compromise. Over the next few days, George would try to craft a document that everyone could live with. He was hopeful but apprehensive as he started to connect the paragraphs from numerous reports and memoranda into the task force final report.

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