

Brave new world

Environmental innovation project heeds states' call

BY YVETTE HURT

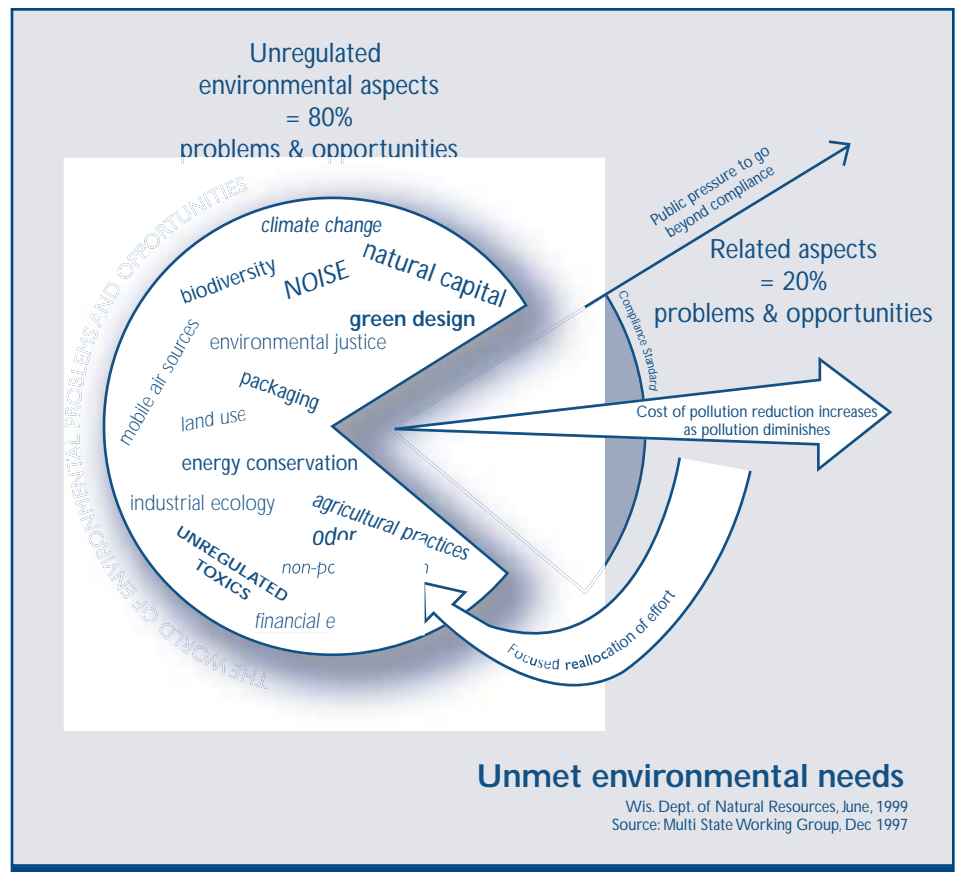
In 1996, a group of state government officials had a vision about how states could work together to encourage innovation in the way they manage and protect the environment. Robert Stephens of California, Jeff Smoller of Wisconsin, Peter Wise of Illinois and other state environmental officials had been grappling with the frustrations and limitations of federal and state regulatory structures for years. They believed that regulations promulgated since the enactment of the United States' first major environmental laws in the 1970s had accomplished much in curbing pollution of water, land and air.

But they also believed that this "command and control" regulatory structure had become overcomplicated, encouraging industry to aim only for minimal compliance while discouraging innovation in both industry and government. The officials felt that the entire field of environmental management had become politically polarized, with industry lined up on one side, environmentalists on the other and government marching blindly forward in the middle without engaging either side.

In short, they believed that the United States had reached a point of diminishing returns with the existing regulatory structure.

MSWG is born

Stephens, Smoller and Wise helped form the Multi-State Working Group on Environmental Management Systems



(MSWG). Other states such as Oregon, Pennsylvania, North Carolina and Arizona quickly joined in creating an ad hoc organization to conduct research, promote dialogue, create networks and establish partnerships that encourage a systems-based approach to environmental protection.

The efforts of MSWG led to the creation of more than 200 state pilot projects in environmental innovation, the findings from which were compiled in a national database housed at the University of North Carolina. A series of research roundtables sponsored by MSWG culminated in a two-day research summit in Washington, D.C. in 1999, hosted by The Brookings Institution and co-sponsored by The Council of State Governments (CSG) and the National Academy of Public Administration. American Chemistry Council and USEPA provided

additional support.

The information developed during the research roundtables and Brookings summit formed the basis for the book *Regulating From the Inside* by Cary Coglianese and Jennifer Nash. Wise, who now runs an environmental consulting firm in Chicago, said their book has become the definitive textbook on the subject of Environmental Management Systems (EMSs) and is used in university courses around the country.

MSWG members decided they needed a formal way of organizing efforts relating to EMSs and other innovation tools. Because education was the central focus of its efforts, MSWG decided to form a national academy — a virtual university — to teach the process of environmental innovation to businesses, organizations and governmental agencies.

One company's story

Since Anheuser-Busch began developing an Environmental Management System for its operations, it has reduced solid waste generation by 50 percent on a production-weighted basis.

At its plants in Texas and California, Anheuser-Busch participates in market-based pollutant trading programs for air emissions that allow the plants to meet regulatory requirements without increasing the company's cost of compliance or reducing production at the plants.

The Policy Academy—a fresh look at environmental regulation

In 1999, MSWG and partner CSG decided to institutionalize a new approach to achieving environmental protection called the Policy Academy on Environmental Management Tools. Smoller described the program as a groundbreaking effort to move from the old “command-and-control” regulatory attitude of “you can’t” toward a “we can” attitude more in line with America’s positive attitude on most other issues. Industry and the environmental community would be invited to the table with regulators to come up with new approaches to environmental management that would be organic and would consider the entire industrial or manufacturing process, with an emphasis on pollution prevention.

As a first step, MSWG and CSG formed a design team that represented a broad spectrum of stakeholders: state environmental agencies, corporations, universities, the Environmental Protection Agency (EPA), and environmentalists from local, regional and national environmental organizations. After a yearlong effort, the design team produced a business plan that recommended a series of programs that would be tested during a pilot phase. These recommendations included an educational course, two dialogues and a second research summit.

MSWG and CSG obtained funding to begin the Policy Academy pilot phase from the Chicago-based Joyce Foundation, and formed a four-member Executive Committee to direct the work of the group.

Pilot phase begins in Chicago

On June 26, 2002, the Executive Committee held the inaugural event of the Policy Academy pilot phase in Chicago. The meeting was hosted by the law firm of Sonnenchein, Nath and Rosenthal in their offices atop the Sears Tower. Participants representing all sides of the environmental debate met for a one-day session to map out the future course of the Policy Academy. The specific goal of the dialogue was to define the educational needs of the Policy Academy for the remainder of the pilot phase year and the subsequent implementation phase. Once implemented, the Policy Academy plans to host regular forums around the country.

Forum participant John Chiamonte, Director of Government Services for Olin Corporation, has been involved in the Policy Academy since its design phase. Olin is a producer of copper alloys, ammunitions, chlorine and caustic soda and Chiamonte’s job is to seek better ways to address the environmental impacts of Olin’s production process. He believes the Policy Academy is a one-of-a-kind program. It “has the potential to be the resource for organizations, of every size and type, on the subject of EMSs and other new environmental management tools,” he said.

Jack Stein, Director of Strategic Environmental Initiatives for Anheuser-Busch and a member of the Executive Committee, noticed much more consensus among representatives of different sectors during the Chicago dialogue than he did during earlier design phase meetings. “I saw much more openness on the part of non-governmental organization representatives to these new approaches and more recognition by the business people that environmentalists’ concerns about protecting the integrity of our regulatory system are legitimate,” said Stein. He emphasized the importance of using EMSs and other new approaches to com-

plement a more efficient, streamlined regulatory system, rather than as a replacement for regulation. “The new tools can help us address climate-change and other currently unregulated issues more quickly, but we will always need a safety-net regulatory system for the worst environmental performers,” he said.

Smoller emphasized the state aspect of the Policy Academy. He said that environmental innovation has to happen at the state level because that’s where real, front-line regulation has always occurred. The Policy Academy’s ability to engage state environmental leaders through its sponsors MSWG and CSG gives it the unique ability to develop momentum for change where it counts.

He also suggested that the focus on command-and-control regulations has made it difficult for change to happen. “The culture of resistance to innovation among rank and file regulators has been a real hindrance over the years” he says. “In the past, the system placed the entire burden on the innovator to prove that a new idea works before any real discussion could take place. Now, with a program like the Policy Academy, representatives of EPA, the states and others can talk to one another in an environment that is open to innovation.”

What is an Environmental Management System (EMS)?

An EMS is a regulatory structure that arises from within an organization. It’s a collection of internal efforts at policy-making, planning, and implementation relating to environmental improvement that has the potential to be less costly and more effective than one-size-fits-all regulations imposed from outside the organization.

Other new tools include pollutant trading (cap and trade system), third party auditing, charters, contracts and covenants.

The Policy Academy reaches out to new partners

The Policy Academy issued two Requests for Proposals (RFPs) for forums to be held during the pilot-phase year. The first RFP, for an educational course titled “EMSs in the Community,” tests the hypothesis, “What if local, state and federal environmental regulators worked together with local citizens and managers of an industrial facility to develop an EMS that attempts to address all environmental impacts of that facility and their effects on people living in the surrounding community?” This RFP was granted to two Milwaukee nonprofit organizations, Delta Institute and Sixteenth Street Community Health Center, with strong track records for community outreach programs. These organizations recruited partner We Energies of Wisconsin, who will serve as the host facility and provide additional funding for the project.

The second RFP, for a dialogue titled “Tools to Improve Environmental Performance,” was released nationally and will bring together national and international experts on EMSs and other tools. Because of the strong response this RFP received, the Executive Committee awarded the project to two groups that will develop dialogues on both coasts — New York State’s Pollution Prevention Unit on the East Coast and Pacific Institute in partnership with Cal/EPA on the West Coast. Both dialogues will have strong national and international perspectives, but will draw on somewhat differ-

ent sectors within the environmental and regulatory communities.

These dialogues will set the stage for Research Summit II, scheduled for 2003 in Washington, D.C.. This second research summit, being coordinated by Harvard’s Kennedy School of Government and cosponsored by the Policy Academy, will bring U.S. and international researchers together to present the latest research findings on the efficacy of EMSs and other new environmental tools being tested around the world.

States take the lead in environmental innovation

Smoller of Wisconsin believes states have the ability to create the kind of environment, through programs like the Policy Academy, in which an open, honest debate about environmental issues can take place. John Walke, a senior attorney at Natural Resources Defense Council (NRDC), said about state innovations: “States have always been the laboratories of democracy. State innovation programs begun over the last few years are becoming more mature and are beginning to have a greater impact.” Further, Walke notes that states have more resources collectively than does the EPA. He sees a trend in which the EPA will become more marginalized and the states will increasingly provide leadership on environmental issues.

Donald Kettl, a professor at the La Follette School of Public Affairs at the University of Wisconsin-Madison, concurs with Walke’s views about the EPA.

How to get involved in the Policy Academy

To obtain information about the Policy Academy on Environmental Management Tools, contact Yvette Hurt at The Council of State Governments at (859) 244-8229, email yhurt@csg.org or visit the MSWG website at www.mswg.org. Also contact Jeff Smoller, Wisconsin DNR (608) 266-2747 or smollj@dnr.state.wi.us; Jack Stein, Anheuser-Busch, (314) 984-4565 or john.stein@anheuser-busch.com; Tim Brown, Delta Institute, (312) 554-0900 or thbrown@delta-institute.org.

He said the EPA has become increasingly consumed by battles over funding and controversy surrounding its initiatives, such as global warming and its New Source Review standards. Recently, he adds, its new initiatives have been overshadowed by innovations on the state level and development of EMAS by the European Union. (EMAS stands for Eco-Management and Audit Scheme, which provides a uniform standard on EMSs for all EU member-countries).

Because the Policy Academy is sponsored by MSWG and CSG, organizations whose core membership is made up of state leaders, it is poised to take advantage of this trend toward greater visibility of the states on environmental issues. The Policy Academy’s goal is to provide a unique forum in which representatives of industry, government, academia and the environmental community can come together to share ideas and produce a credible body of information about EMSs and other new tools. ★

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