

Interview With Hank Habicht:

Theme #1: Setting the Stage Historically and Theme #2: Views on EPA's Relationship with the Private Sector*

HELGA BUTLER: We are talking today with Hank Habicht, the former Deputy Administrator of the Environmental Protection Agency. Thank you so much Hank for making yourself available for this oral history recording. Just to summarize very briefly, you served as Deputy Administrator and Chief Operating Officer of the EPA from 1989-1992, which was 20 years ago. It doesn't seem that long actually.

In that capacity, you oversaw EPA's budget and operations, and you initiated quality-oriented management improvements within EPA. You also personally promoted numerous interagency efforts which were focused on risk assessment, energy, transportation, trade and technology -- which is a wide range. But as to your work since you left EPA, we have posted that, some brief information, online and we won't go into that here.

Now, we are really looking forward to hearing about your experience and your views, and I am Helga Butler, one of your former special assistants and my co-interviewer is Linda Hilwig, your former executive assistant at EPA.

There are five major themes we want to talk to you about and the first one would be sort of setting the stage historically. The second one is EPA's sensitivity to private sector and its processes and drivers and program management and public private partnerships, is of great interest. Also, because you were the inside guy at EPA -- leadership management within EPA -- what thoughts you have on that. And last, but not least, lessons learned during your tenure since you were there for several years.

Five Major Themes for the Interview

1. Setting the stage historically
2. EPA's sensitivity to the private sector
3. Program Management and Public-private partnerships
4. Leadership management within EPA
5. Lessons learned at EPA

So now let's get started. Before we go into specific questions about issues and events during your time as Deputy Administrator, set the stage for us a little bit. You came in as George H. W. Bush began his Presidency. That, mind you, was President Bush number 1, following Ronald Reagan. What was going on at the time and what about the environmental context including, for example, EPA's relationship with Congress, with the states and the courts?

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HANK HABICHT: Well thanks, Helga. And let me just start by saying that I am really excited to do this. I hope my memory will serve me after 20 years, but I still have a huge amount of affection for the agency and for my time there and since Helga, you and Linda are interviewing me, you were the ones who always kept me straight when I was at EPA so feel free to jump in and correct me anytime.

HELGA BUTLER: Keep you straight, yes, go ahead.

HANK HABICHT: Just to give you a couple of minutes about the context in which we, Bill Reilly and I and the team, arrived at EPA. As you mentioned, it was after Ronald Reagan had served for eight years and George Bush was elected. I had had the chance to serve at the Justice Department and to run the Environment and Natural Resources Division there under Reagan and kind of watching EPA in those days and many of you heard me say this -- that being Deputy Administrator is like being the captain of the javelin team who elected to receive.

HELGA BUTLER: [laugh]

EPA had been through quite a bit of turmoil during the Reagan administration which had gotten on a much better track with Bill Ruckelshaus and Lee Thomas. And then when George Bush came in, the environment was really at the top of the public opinion polls. We've seen the environment be at the top and much lower, depending on the time and how the economy is doing and everything. At that point, the beginning of the Bush 41 administration, the environment rated very high and George Bush, in fact, had the environment as a very big issue in his campaign. He made a lot of personal commitments with regard to the environment and when he came into office, happily for all of us, he gave every indication that he intended to follow through on that and that was obviously a big plus for the agency, and particularly enhanced by Bill Reilly's relationship with George Bush. Bill had a lot of credibility with George Bush and that was very helpful for the agency, as well.

From the standpoint of the overall context, EPA was still and I think continues to be, spending a lot of time dealing with oversight committees. There are multiple committees and subcommittees, as you all well know, that all had a piece of the agency as part of the whole compartmentalization problem and even though there were a lot of oversight hearings, they weren't always the most substantive but the one litmus test that was always used was enforcement. And I think we, both Bill and I, knew coming in that if we wanted to promote innovation, there were certain litmus tests about regulation and enforcement that were important to follow. We also both came into office with compatible leadership philosophies, starting with great respect for people generally and for the talented professionals at EPA in particular.

I think the other thing about the environment in those days was that the environment was increasingly being recognized as a regional issue. When you look at the Clean Air Act and even some of the waste issues and the water issues, you realize that the environmental issues are

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not all homogenous from coast to coast. That had to be taken into account, too. So, I hope that's a few thoughts that hopefully set a helpful context.

LINDA HILWIG: OK, thanks Hank for setting the stage for us, and I must say that does bring back some great memories of my time at EPA, as well.

HELGA BUTLER: Next we'd like to move on to the topic of EPA sensitivity to private sector processes and drivers. We'd like to hear from you about your perspective of EPA. You've had extensive experience in the private sector since you left EPA a little over 20 years ago. So, can you tell us what you think EPA can learn from the private sector?

HANK HABICHT: Well, you know, it's a great question. And I've thought about my perspective as it's evolved as I've spent virtually all my time since EPA in the private sector both in business and in investing and related areas, one of the things that comes to mind is first that in any administration there are always people who come in from successful careers in business and think that they have the discipline of business and they can make government work. I've seen a lot of business people fail in government coming in with an unhealthy or uninformed perspective on some of the differences between the private sector and government.

So, I think I would start by saying that you can overemphasize the saying that the disciplines of the private sector can work in government because there are some fundamental differences between those institutions. But I do think that certain basic principles apply to any organization that has a mission and has people to deploy to achieve that mission. There are some common principles – setting clear goals that everyone can understand, metrics so that you can measure progress toward those goals, having processes that are transparent and understandable to really engage people, figuring out who your customers are -- are very important principles for everybody.

And I remember at the agency-- I've had a lot of people who are still at the agency or who were at the agency when we were there joke about TQM or total quality management which was sort of a business set of principles that many companies were following and that we worked to apply to EPA. I think we worked very hard and I think we made progress to recognize that the customers of EPA were not customers in the sense of business where in business the ultimate customer is the person that you're in business to satisfy or to make happy.

We knew that wasn't always the case at EPA but in both business and government the true customer is any person in your value chain who you need in order to be successful. You need them to do certain things in order to be successful. And whether you're making them happy or they're buying your product, they're still key parts of your value chain, and you need to understand who they are and what you'd like them to do.

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I guess the last thing I would say is that all organizations are collections of people and human beings have a lot of similar traits. They want to be informed. They want to do important and valuable things with their time and certainly at EPA we had very good people who were willing to give up financial and other rewards because they felt so strongly about the mission of the agency.

HELGA BUTLER: Thank you. Let me take this subject a little bit further in conclusion of this theme and that is if you could do something differently as deputy administrator to ensure that EPA policies and programs are appropriately sensitive to the private sector and it's unique characteristics you had talked about, are there specific examples of where you would take a different approach today than you did in the beginning of the '90's?

HANK HABICHT: Well, yes, I think there are some things that I might have been more aggressive about but I think we were on a good track, and I think we had good support at the agency in a number of the initiatives where we had to engage the private sector and use private sector kinds of disciplines and principles. I think what I would have done more of and which I think is always valuable, again, is not, you know, lecturing the agency that you need to act more like a business, because as I've said there are significant differences between a business and an agency like EPA but that we need to engage more boldly, and less self consciously with business and I think now in my current perspective I would also add the financial community, all of whom when informed can make more sustainable investment decisions.

I think some people at the agency may have heard me say that the two clichés that I think are exactly wrong are the clichés that say familiarity breeds contempt and absence makes the heart grow fonder. I actually think the opposite is true: that spending more time, you know, collaborating and meeting with parties that are important to you-- again, given that organizations are collections of human beings-- that people will get to know each other on a human level, will understand the constraints and challenges that each organization has and they'll achieve better results.

So, I think, I think we were a bit, maybe a bit inhibited in some of the initiatives where we really had the agency and industry people spending time together. But, but I think we had some good success and we can get into that more if you'd like to but I think that kind of collaboration and those kinds of dialogs are, are really important. I think that now...twenty years later, the corporation in our society as an institution has evolved dramatically. It was in the process of evolving when we were there.

You know, if you look back to the late '60's, there were a lot of big corporations that deserved to be criticized for not really caring about or spending time on environmental and pollution issues. And sometimes that stereotype carried beyond reality and, you know, when we were there the

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companies were a lot more sensitive to being out in front on environmental issues and that's even more true today. So, I think the agency can do more engaging with business collaboratively today than it might have been able to, you know, 25-30 years ago.

And then the other thing that we began to do was the development and use of information, you know, just getting facts on the table. Using clear information to engage consumers, engage other players in the economic picture I think is valuable. I think when the agency plays a role as a, as a sort of honest broker of information and facts, that it needs to be sure that it's doing it in a way that doesn't look like it's forcing a particular decision unless there's a regulatory basis for that, but that it's truly informing people so they can make more informed decisions and the information is as neutral and professionally valid as possible. So, those are a few thoughts. I won't just keep rambling on here.

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LINDA HILWIG: We'll move on and talk a little bit about program management and public/private partnerships. Can you tell us a little about which specific programs proved to be particularly important during your term in office? Which did you and Administrator Reilly make important as a matter of strategy and which ones became important due to unanticipated developments?

HANK HABICHT: Well, we could talk a long time about those kinds of issues, Linda. We did believe that we had an opportunity, even an imperative, to innovate. One of the jokes we used to have with the SES was that, the Reilly/Habicht team never saw an initiative it didn't like. And so we had to be sure that we didn't overload the agency with initiatives because we always recognized that the agency has a full plate of statutorily required activities that it has to undertake. So, we would try consistently to say, "How can we discharge our statutory responsibilities in the most effective possible way that breaks down some of the walls of compartmentalization that gets the stakeholders more effectively engaged and achieves results?" Sometimes we would have initiatives that went beyond what the law talked about and sometimes we got thrown into initiatives as your question implies.

So, let me just share a few things that come to mind as I think about what were the big things that we worked on. You know, one of them was obviously the very first thing that happened when we came into office—the Clean Air Amendments of 1990. The President had committed to get the Clean Air Act Amendments done and to put a SO₂ trading program in place and he and even OMB, thanks to Bob Grady, supported that. The White House supported it and we worked hard on both getting that law passed and then really promoting trading programs. Under the Clean Air Act there were a number of initiatives to promote innovative technologies that could actually achieve the goals of the Clean Air Act more effectively --to implement this acid rain trading program in a way to get compliance at lower costs. And so, I think that kind of innovation was very exciting and important.

The wetlands issues became big for a number of reasons, and it took a lot of Bill Reilly's time to try both bring some sense to the regulation of wetlands ,which was a very important ecological issue and yet also kind of a flash point issue politically in many parts of the country. The Two Forks decision out in Colorado was one of those issues that Bill kind of got thrown into, as was the Exxon Valdez oil spill response. I guess it was John Lennon who said that "life is what happens to you when you're making other plans" so you always have to be on your toes. Anyway, I would say that one of the themes that governed my priorities is that I think the biggest enemy of environmental progress is turf-- the compartmentalized view that people take and even the Agency was forced to take by the way the statutes were written so that you're looking at the media impacts of various activities but not looking at those activities holistically. And so we tried within the statutory constraints that we had to really look across the stove pipes and deal with, with issues.

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One way to do it was through voluntary programs where looking across the relevant statutes, we would encourage companies to identify ways to improve operations that had a positive economic impact and a positive impact on their reputation voluntarily. So the 33/50 program, which was designed to encourage and recognize and celebrate companies that voluntarily found ways to prevent and reduce pollution in their operations, was overall a positive one. We also initiated what we called cluster rules. I think some people in industry and maybe the agency called them cluster bombs but the cluster rules were designed to take an industry like the pulp and paper industry or the petroleum refining industry and look at all the different regulatory and environmental issues impacting that industry and try to coordinate as much as we could how the agency regulated and enforced so that you could get maximum bang for the buck and the industry could have maximum clarity and visibility about what the expectations were and the most effective ways to reduce their footprint. For example, the different media laws often had different deadlines that were not in sync with industry capital investment cycles. So, I remember the pulp and paper cluster was one of the first ones that we got started on and I know it carried on after we left.

There were also some initiatives related to more effective integration of risk science into what we did and risk management principles into the work that we did. I spent a fair amount of time working on interagency groups and with ORD and some of the key leaders inside the agency on coming up with common principles on characterizing risks so that the science would carry through a whole regulatory process and then when we made a decision we'd really be able to explain in a principled way where , default assumptions were made, or on the other hand where the data were strong, and that sort of thing and just get the facts as clearly as we could on the table. So, I remember I spent a lot of time trying to apply that approach in the real world. The benzene rule was a multi-industry rule where risk assessments and human exposure assumptions were key drivers of the results and the same was true I think with the lead in drinking water rule--both very complicated, both cut across a lot of activities, and both had quite a bit of risk analysis to assimilate.

A couple of other things I'd mention, in addition to 33/50: We had the Energy Star program targeting one of the sources of significant air pollution which is energy consumption and energy use and Energy*was an industry collaboration that I think went extremely well even though we had a few turf issues with the Department of Energy as that got off the ground.

Pollution prevention was a theme that obviously we tried to infuse in everything we did. I guess the last thing, although there were many, was the strategic focus on common issues in key geographic areas -- so that we would focus on the important water bodies as a theater of action. This local approach was attractive: first you could look across stove pipes because you were in a geographic area that was manageable, and you could really see across all the issues and you could really engage the public more, because people are more familiar and care more about issues right where they live than they would be about vague national kinds of issues and I think that was very rewarding. But I'll stop there. Those are just the big ones that come to mind.

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HELGA BUTLER: Yes, some of those programs, the new ones were controversial and so when you say you spent a lot of time working on making them happen, was there a little bit more of a strategy involved or did you deal one at a time with what came along and you jumped into it with the program offices? And how, was this communicated to EPA employees as well as the industry and, and the public so that they would become aware of these new programs and in EPA I guess you needed to promote a cultural shift as well and maybe some staff training. Can you talk about that a little bit more?

HANK HABICHT: Sure. Certainly at EPA and really any organization you can't just come in and say, "Hey we're going to do this and here's the plan." You have to lay the ground work. You have to have a principled basis for doing what you do and especially at EPA you have to be able to explain how this is really consistent with your overall statutory mission. So, I think in terms of common themes, one of the drivers for these initiatives and one of the predicates that we used was the set of risk prioritization studies that were done primarily by the Science Advisory Board. One was done under Lee Thomas before we were there and then we, initiated a report called "Reducing Risk" that Bill Reilly commissioned of our Science Advisory Board the question was, when you look at the magnitude of risk that's out there in the environment, health, and health area, what are the really significant unaddressed risk areas? And it was pretty revealing. It showed that there are some significant risk areas that were not always consistent with the way the statutes were written and there were some opportunities for risk reduction by taking these more holistic approaches.

So maximizing reduction of priority risks was one of the premises that we would use in establishing initiatives. We would talk to the experts in the agency about we have to meet our statutory obligations but look at these other areas where we can really even have a bigger impact on reducing risk by focusing across disciplines on human activities and on the inputs and outputs that are involved there in a way that encourages risk reduction. If you're regulating you can tell people what to do. If you're using information and other kinds of initiatives you're encouraging them to see the facts and act in their own best interests with or without regulation and enforcement. And I think that's what stimulated programs like Energy Star and 33/50 and some of the initiatives that came out of geographic kinds of initiatives. So, I think we had a lot of support because many of these ideas came from the career staff at the agency. They weren't our pet issues that we just brought in. We kind of unleashed a lot of interest I thought among the career staff at the agency on ways of getting at some of these bigger issues more effectively and, and playing an even more effective role with regard to a lot of big activities.

So, as far as training goes, I think there was a lot of time spent in team activities and sometimes we worked on and discussed these new activities with the Hill. I remember pollution prevention; pollution prevention is an example like "sustainable development" of a term that means different things to different people, and we had to explain what we meant by pollution prevention

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because there were some in industry who thought this meant that EPA was going to micromanage how companies made things. There were others who thought that pollution prevention was an abdication of being tough enforcers and, and so we needed to really talk through exactly what we meant, set clear objectives, and spend time with all the staff at the agency to make sure we had their input and we knew where they were coming from so that we all had the same definitions of terms and all that. I hope that's responsive.

LINDA HILWIG: Okay. Thank you. A little bit more on that issue. EPA's authority and budget authorization was always a key topic of interest and conversation both inside and outside the government. Were these types of approaches and initiatives that we've been talking about an effective use of EPA's authority and budget authorizations?

HANK HABICHT: Well, the budget is always a challenge at the agency, and I know it's been that way recently even more than ever because of so much to do and extremely tight resources. So, we were really conscious of statutory authority and budget kinds of issues. One of the examples that Bill and I would often cite, although there were many, was Energy Star. The Energy Star program encouraged business leaders and was designed to get the attention of CEO's of major companies, and it got major companies to examine and to retrofit literally millions of square feet of building space with more efficient lighting than they were using at the time. That saved lots of energy. It also reduced much pollution because of less energy having to be consumed and while we were there—I didn't go back and look this up so I'm roughly guessing here-- the whole Energy Star staffing and resources while we were there was in the range of \$1 million and for bang for the buck you really couldn't beat it. And 33/50 and those other programs, and some of the trading and information programs the innovative people in the Air Office that were driving—these were investments in the hundreds of thousands or single digit millions in a multi-billion dollar agency that had a very significant effect.

Even though there are always critics, we showed that can get a lot of bang for the buck with innovative programs and people who are aggressive and industrious, which was the case on our team. I have to mention John Hoffman who, as many of you know, passed away recently at a very young age. John was inspiring—he was like the “energizer bunny” catalyzing the Energy Star program. It was just amazing how productive he and many of the people around him were.

HELGA BUTLER: Hank, thank you. Can you think of some other examples where industry responded to these new initiatives? You were talking about the energy savings concept that some industries picked up on. Are there other examples from all the many innovative programs that we started at EPA where industry responded?

HANK HABICHT: Yes, there were really a lot of examples. I think the response to the Montreal Protocol, the phase out of ozone depleting substances that started with Lee Thomas at the agency, but the Air Office created innovative technology programs where there would be

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exchanges and analysis done, and I remember other parts of the agency were involved, the Toxics Office was involved in reviewing toxicity-related issues involving substitutes for CFCs. So you had programs working together and you had the industry really stepping up. This is also true of 33/50 and the response of the Chemical Manufacturers Association. We took a list of some of the most persistent toxic synthetic chemicals out in commerce and got a lot of collaboration about finding ways to reduce their emissions and having companies share their stories as best practices. I think some of these initiatives were accelerated by organizations like GEMI, the Global Environmental Management Initiative, and others where industry groups were actually sharing best practices and moving forward I know Linda Fisher and the Pesticide Program had a number of voluntary pesticide pollution prevention and disposal and life cycle management initiatives that industry stepped up to and participated in.

HELGA BUTLER: It sounds like these innovative programs opened a new door in how one looks at environmental protection. The initiative didn't just come from Congress, but they could also come from other bodies to move things in new directions and more effective directions.

HANK HABICHT: That's right. The other thing that should be mentioned is that the examples I just talked about were the tip of the ice berg. The EPA regional offices, because they are closer to the regulated industry and the public, had a host of very innovative programs based on local issues in their regions, and I don't know if it was ever collected, but there could be a very thick volume of really exciting ideas that came out of innovative people in the regions pushing forward pollution prevention and related kinds of programs.

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LINDA HILWIG: OK, Thank you. You talked a little bit now about how industry and other organizations outside the government responded to those initiatives we have been addressing. Now let's talk about inside the agency. How did you and the Administrator exert the managerial, entrepreneurial, and, yes, even the moral leadership to successfully carry out these initiatives and integrate them into the agency?

HANK HABICHT: It was important to have a good sense of humor. We would even joke on ourselves about the overflow of initiatives that were going on at the agency, but I remember that Bill at one of the SES dinners had a great line. I can't remember exactly what it was, but he said: "No organization is at its best when it is custodial, when it is just going through the motions, checking off boxes; but when it is innovative and it is creative is really when every organization is effective. So our message to the agency was that we wanted to unleash creativity, and this is where TQM came in, but we need to recognize limits.

The taxpayers did not give EPA a blank piece of paper to color on. We have statutory obligations, we have obligations to our constituencies, this is why as we told the agency to be more creative and figure out, consistent with the law in the interests of stakeholders, how to be more effective in really reducing the footprint of economic activity. What this is all about is, how can you implement your statutory program to reduce the footprint of human activity that doesn't impair economic growth and vitality, but reduces risk and pollution. So, we have to be true to the fact that we work for the public and recognize that. But nonetheless, there is room for more creativity and we were open both to supporting and endorsing what ideas people come up with. Our general approach was that we would be very open with what our hopes and objectives were, that it was important to Bill and me and the team to demonstrate that we are totally committed to all the statutory tasks the agency had to undertake. We were not saying, "Don't worry about this enforcement stuff." We said we have to be strong on enforcement in order for these other ideas to be effective. And we had to constantly spend time with the leadership of the agency and explain what we were trying to do and listen to their feedback and then when we made a decision, explain in reasonable terms why we decided to do what we did.

I think the other thing that really put the wind at our backs was Bill Reilly's relationship with President Bush. Everyone knew that President Bush really liked and respected and listened to Bill, and that you very seldom have that kind of chemistry, and I think the agency really appreciated the work outside the agency that was being done to support it.

HELGA BUTLER: You mentioned several times your collaboration with Bill, the Administrator, and that leads me to the question to your division of labor. To us in the rest of the agency, the division of labor seemed wonderfully clear. Any Administrator has to decide what role his or her Deputy Administrator will play, but it seems very clear that you were the inside guy and Mr. Reilly was the outside guy, including international relations. Was it as clear to you and did it work as well as it seemed to us?

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HANK HABICHT: Well I could repeat the joke about the way that laws are made. You didn't necessarily want to see all the inner workings of the 12th floor! But in fact, Bill and my relationship really was as good as it looked. Any leadership relationship really hinges on in the first instance on personal trust and chemistry. If there are two people who are sharing a leadership role, that trust and chemistry makes all the difference in the world. Bill and I had known each other a bit—not deeply—but we had known each other before. We spent a lot of time together, as much as we could, we were not at the same place all the time, but we always tried to have lunch, one on one lunches, as often as we could just to be level set and for Bill it was important.

Bill was the boss and gave me a lot of rope, as long as he knew what I was doing, so we made sure we communicated what we were doing. But I was extremely interested in management and management issues at EPA were of great interest to me because, as I mentioned earlier, I had the vantage point for several years of running the Environment and Natural Resources Management Division of the Justice Department from that position, I had a good view of Balkanization of resource and environment issues across the government, not just at EPA, and got to know the agency from the outside, and so was really excited about coming in and addressing some of that opportunities in management at the Agency when I came in. Bill was interested in management issues too, but he quickly got caught up in major initiatives that I have already mentioned. For example, he personally really helped drive, with Bill Rosenberg and his team, the Clean Air Act amendments of 1990 --that took a huge amount of time literally from day one. So we talked about all the things that had to get done, and I was happy to take on a lot of these internal and management jobs, and then after the Clean Air Act, there were wetlands and international issues, and Bill had a lot of White House and interagency priorities that Bill was so effective at, so it just worked out. As long as we were communicating with each other and we were coming from pretty much the same place in our view of the world-- we even had theological discussions about the importance of respect for people-- it just came together.

LINDA HILWIG: Speaking of management issues, that takes us to our next segment, which is leadership management within EPA. Now, this is a multi-part question, so bear with me. Providing political leadership for the agency and communicating effectively with the career staff at the same time is always one of the toughest challenges facing an Administrator. Did you and Administrator Reilly have an explicit strategy for dealing with these issues? And, for example, what were your expectations for collaborative leadership from your political team and your career team? How did this work out, and during the course of your tenure, did your expectations change?

HANK HABICHT: There's a lot of meat in that question. Let me just make a couple of observations about it and we can get into more depth, because this really, it's a very big part of the ballgame, I think. Success in government is a challenge when you have a very big and effective group of career professionals and then a layer of political people who come in periodically; I think the average tenure is about 18 months. Fortunately ours was longer than that, but you have to invest time early on in the working relationship between the political

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and the career people. And if you don't there will be problems. And I think we were far from perfect, but both Bill and I came in, with some government experience, and we knew some of the emotional content of environmental issues on both sides. You know, both the anti-EPA emotion and the pro-environment emotion were particularly strong. And we saw that reality as a source of energy that could be harnessed if you played your cards right and were real leaders about it.

So when, I think Bill obviously deserves the credit for putting the team together at EPA, the political team. But I'm biased, but I think our political team included a lot of people that had the kind of experience base where they came in appreciating the career staff. They didn't sort of come in and say, "Well, we're here to change the world for our party or our administration and we'll just trample over anybody in our way to do that." They, in fact, invested time in the relationship with the career team.

Turf was the other challenge to overcome. We had certain principles that were really, important, and any argument or failure to make progress that was based on turf, was just not accepted. And so, we didn't want to see a lot of turf fights between AAships, between Assistant Administrators' offices or between headquarters and the regions and things like that. Our expectation was that we had a collaborative team and they should be able to work things out collaboratively and not get into a fight that we had to break up. And I think part of the success in that was picking the right people, and part of the success in that was having us spend a lot of time together as a team. It's just like cabinet government. You hear different Presidents emphasize cabinet more than others, and each cabinet officer, or each Assistant Administrator, has a set of responsibilities, and these are their core responsibilities, but it was important to us that they see themselves as a team, and that if there were issues, they were better handled collaboratively where they would share authority and that sort of thing. That was very important to us. So, I think the principle that we're not going to tolerate turf, was extremely, extremely important to make this thing work. We recognized that political appointees have shorter term time horizons. They have things they need to get done. And that's a fact. They're going to move on in life, and they want to make their mark while they're there, and we, as long as people were open and collaborative on crosscutting priorities, that was fine.

HELGA BUTLER: I'd like to ask you to talk about a specific example of that collaboration with the career team, career leadership group, and that was the Leadership Council, as it was called -- a group of Deputy Assistant Administrators and Deputy Regional Administrators. Tell us about your thinking of why you thought it was worthwhile to spend your time on that, and did it accomplish anything?

HANK HABICHT: I have really fond memories of the Leadership Council or the deputies group, and we included the Deputy Assistant Administrators and Deputy Regional Administrators, as you said...and then included political appointees as well as career appointees. And we also spent time with Office Directors and many would say the real power at the agency lies in the

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Office Directors! And I think the Deputies and the Office Directors and Division Directors are just a really rich group of people, and having cross-pollination was so important. So, for this group, we convened it because first, I knew a number of the Deputy Assistant Administrators from my former professional activities, and spent time with them early on. You know, as I kind of -- Linda Hilwig will remember this -- even before I came to the agency, I would meet with a number of senior career people to get their perspective on issues and help formulate what our options and priorities should be, and thought, "What a great group." So, first of all, it was formed because these are really great leaders, and I think we thought they could benefit from comparing notes with each other. And we could certainly benefit from their insight.

Secondly, as I've mentioned multiple times here, turf was a big concern. The laws and congressional committees created compartmentalization at the agency and taking stovepiped views was a real concern. And so, bringing the Deputies together, and bringing headquarters and the regions together, at least periodically, was really important because first, it had us communicating about environmental issues across our stovepipes. And second, people would learn -- and this is especially true across regions -- would learn innovative ideas that could work in other parts of the agency. So, I think there were a host of things that came out of this. A lot of them I think were related to Ed Hanley. We had through Ed Hanley some really valuable information management initiatives that really cut across the agency. In addition there were a number of pollution prevention initiatives -- I think we really sharpened our approach to geographic targeting and geographic issues through this group. So, there were just many, many great things that came out of it. And it was one of the most valuable sources of ideas and input that I had.

HELGA BUTLER: It may be pleasing to you to know that this subject was brought up as a possible topic to talk about, with great fondness among us. We, too, thought the Leadership Council was a great invention.

HANK HABICHT: Oh, that's great. Even a blind squirrel finds a nut once in a while, I guess.

LINDA HILWIG: Now, Hank, I know that you spent a fair amount of time dealing with senior executive service and management development issues. How do you feel that that fit into your and Administrator Reilly's overall agenda for the agency? Did you come into the agency knowing that this was a priority, or did you make that decision based on what you found when you arrived at EPA? And what would you do differently, if you could?

HANK HABICHT: Well, Linda, I think it was something that I knew intellectually was important, but didn't really appreciate how important it was until I had spent some time at the agency. I knew coming in that the SES, particularly at EPA, the SES was an extraordinarily valuable group, and as we came in and realized the importance of cross-program, cross-functional perspectives and initiatives, it was really important to figure out how to cross-pollinate. These were great managers, many of whom were in the same job for quite a long time. That had two

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impacts: one, it gave them sometimes too-compartmentalized a view of the world and maybe not enough appreciation for some of the dynamics and challenges in other parts of the environmental protection field. The other impact it had was that when the younger, the highly talented younger staff, would look up the ladder, they would see people pretty well, and people not that old, pretty well ensconced in major jobs, and so due to the upward mobility issues and just the overall mobility issues, we were concerned there might be a morale problem. We wanted to be sure that we were nurturing and growing really effective leaders among all the ranks at the agency. And, in order to do that, you didn't want them to just end up in one AAship, -- one media program -- for their whole careers, so the importance of this to our substantive objectives, became more and more clear as time went on.

Interview with Hank Habicht: **Theme #5: Lessons Learned During His Tenure***

HELGA BUTLER: In closing our interview, we would love to hear what are the lessons learned during your time at EPA? Do you have some thoughts there that you would love to share with all of us?

HANK HABICHT: Well, I'll share a few. In fact, one I'll share that comes out of the last discussion we had about SES. I think that one of the regrets I have is not paying enough attention to SES mobility and rotations. I think form follows function. The way that you bring up leaders in an organization with a broader perspective helps you, helps the organization be more effective working on a broader scale.

We had a lot of initiatives, a lot of things going on and one of my priorities was to institute an SES rotation program. We did not get very far with it because, first there was resistance to it, there were some people who were just concerned about whether a move from one job to another was a demotion, or a whole bunch of other issues that are addressable.

In fact, Linda Fisher who followed, who was Deputy Administrator in the second Bush Administration, made a lot of progress on this issue because she invested a lot of time, and she knew from her experience that this was important.

So, I do think that having rotations, having training programs, having development programs that really give EPA managers a broad perspective, and don't have them just stuck in one program, is important.

It's important to have institutional memory and some continuity in the programs, but I'm not really worried about that. I think that all the programs and the regions have really good people who bring institutional memory and continuity. So, I think that's one important thing.

Another lesson learned is the problem of turf. Even though I knew it was big, you can't overemphasize how important it is to be fighting turf wherever you can. In government, it's a challenge because, a lot of people think: "The more I collaborate with someone else (this is true on an interagency basis, but it's true on an interoffice basis, too) then they start doing what I used to do and maybe they'll get more budget and I'll get less budget because I've been so collaborative. So, I actually get punished for cooperating more – the old "no good deed goes unpunished" perception – I'll actually get punished for cooperating more. I think that perception is a real issue, a real challenge that we have to deal with.

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Another lesson which is true in the private sector and in the public sector – I see this in business in so many ways. Institutions evolve, their constituencies evolve and institutions have to grow and be dynamic or they'll stagnate or they won't survive. This is as true for EPA as it for anybody else. EPA is constrained by its statutory obligations and has to be sure it is in a position to meet those. But, I do think it has evolved and needs to be even more in tune with what is going on in the outside world and evolve with that, and communicate what it learns to Congress. Congress is often a lagging indicator in some ways in the sense that they don't have all the information and they want to make sure their laws are enforced, but there needs to be even better dialogue and information to the Congress about how the world is changing and how the Agency can be even more effective going forward.

Another area to think about as I think about some of these lessons – science has always been a challenge, a challenging issue at the Agency because everything we do in one sense or another is based on science or engineering. The R&D budget at EPA, relative to other major agencies, is quite small. We have great people in ORD, but not enough resources.

Good science really does need to be...I know "good science" sometimes has political connotations...but the reality is that solid, peer reviewed science is the key to the success of any organization. That needs to get more top-level attention at the Agency, in the government -- EPA needs to get more resources for that because that is such an important area.

The last thing that comes to mind here as we talk is the importance of teamwork and trust. As I said earlier, absence does not make the heart grow fonder and familiarity, in my view, does not breed contempt unless someone is acting in a way that induces contempt.

I do think that transparency and openness in the good sense of those terms means being open to and listening to everybody and laying all the cards on the table is really important. One of the initiatives we had regarding risk characterization was not that we had a specific result in mind...we never told anybody what conclusion to reach and I think the career people would agree with us, I hope. We never told anybody to put their finger on the scale and to tilt risk assessments one-way or the other. In fact, what we were doing was saying that our credibility is enhanced the more open and forthright we are about what we do and don't know. When we do have confidence in scientific fact, we should say we have high confidence and here's why. And when we don't have all the data we'd like to have and we're making assumptions, we should say we are making assumptions.

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I think in everything the Agency does, being open and laying the cards on the table about what we do and don't know and asking for people's views is always enormously valuable. The talent of the people in the Agency is such that they can have the self-confidence to be out there acknowledging what they do and don't know and laying all the facts on the table. And also, we should have the confidence to be able to participate in collaborative enterprises where the Agency is not in charge.

I think these things are all consistent with a strong regulatory and enforcement function. You need to have an enforcement function that is effective and is not completely separate from the rest of the Agency, but is going to call balls and strikes and go after people consistently and effectively when that is needed.

But also, the Agency also needs to be a collaborator and a source of real knowledge to help people make decisions even when you are not in an enforcement and command-and-control regulatory context.

I think the need and opportunity for innovation and good science has never been greater than it is right now. Hopefully, in the years ahead, the Agency can really be confident about its knowledge base and its mission and be true to all of its constituents and be even more effective than it has been in the last 40 years.

HELGA BUTLER: Thank you, Hank. This is a great note to close on. This interview was I think just terrific and really valuable for the audience that we hope consists largely of current EPA employees. We thank you for contributing to our efforts to document important events in the past, especially because you were and still are so highly respected in the Agency. We thank you again and wish you so well in your continuing private sector work.

LINDA HILWIG: Yes, thank you, Hank.

HANK HABICHT: Well, I'm glad to hear it. Thank you Linda and Helga, and everybody who has been involved here. It has been a real pleasure to do this. I am pleased I can remember as much as I do after 20 years, but the EPA experience had such an impact on me and I have such a high regard for the people that I was glad for the chance to conjure up some of these recollections.

LINDA HILWIG: It was also a great walk down memory lane for those of us who have been away from EPA for a while. I feel like I need to report for work Monday morning now.

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HANK HABICHT: Linda, if you want to move to California, I'll hire you out here, or I'm sure the Agency would take you.

LINDA HILWIG: Hey, California sounds good, it's warm out there.

HELGA BUTLER: It's miserable here today. Thank you so much.