

**IDEM Efficiency Task Team Report
of the General Government Committee
of the Government Efficiency Commission
September 28, 2004**

Executive Summary

The Indiana Department of Environmental Management (IDEM) performs the critical and difficult tasks both

- to assure protection of Indiana's public health and environmental quality and
- to provide permission for safe industrial, agricultural and municipal operations vital to Indiana's economy.

The IDEM Efficiency Task Team studied ways for IDEM to perform its existing workload more efficiently.

The Task Team finds that **if the efficiencies recommended below are implemented by knowledgeable, experienced and committed leadership and management, it is possible after five years to ten years to attain between five million and twenty million dollars of annual efficiency savings from the combined general revenue and dedicated fee contributions to IDEM's annual operating budget for the current workload.** As long as the requirements placed on IDEM by its various stakeholders continue to increase each year and costs such as salaries and benefits rise, much of these savings may be needed to meet new Agency costs and obligations instead of actually decreasing Agency spending.

The efficiencies recommended in this report are:

- **Improving the IDEM Process for Setting Strategic Priorities and Accounting for Progress and Quality Results**
- **Establishing a Merit Deputy Assistant Commissioner Position with Technical and Managerial Qualifications**
- **Establishing More Rigorous and More Uniform Use of Management Techniques to Align Individual Tasks with Organization Objectives**
- **Improving Manager-Employee Communication about Job Performance and Skill Development**
- **Improving the Recruitment, Selection and Orientation of Career Merit Employees**
- **Improving Technical & Professional Staff Development**
- **Improving Manager Capabilities**

- **Establishing and Reinforcing Among All Staff a Clear, Single, Appropriate Direction for IDEM**
- **Improving the IDEM Processes for Engagement in Policymaking**
- **Establishing Electronic Compliance Reporting and Permitting**
- **Improving Inspection Policies**
- **Establishing Use of Field Citations**

Preface

The IDEM Efficiency Task Team worked from January through September 2004 to prepare a report for the General Government Committee of the Government Efficiency Commission to improve the efficiency of the Indiana Department of Environmental Management (IDEM).

We received advice from hundreds of thoughtful people in and out of the agency. We surveyed and interviewed public interest groups, the regulated community, municipalities, local health departments, environmental professionals and the staff of IDEM itself. Because we sought frank appraisals, we promised all confidentiality for their opinions.

We thank IDEM and the State Budget Agency for their complete and helpful cooperation to provide answers to questions during our difficult and complex study. We thank IDEM upper managers (especially Tim Method, Susan Moster and Bruce Palin) and IDEM professional staff for their constructive observations and support of the process throughout. We thank all of the external stakeholders for their observations and their willingness to discuss ideas.

We thank Phyllis McCormack of the Legislative Services Agency who arranged all of our meeting logistics, Lindsay Weber and Michael Holtz, interns with the Indiana Environmental Institute, who assisted with research and meeting planning and Larry Kennedy of the Government Efficiency Commission for his direction.

We thank in particular Steve Baranyk, Chair of the GEC General Government Committee, who provided continual support and encouragement to us from the beginning to the end.

And finally, I thank each of the nine Task Team members for their time, energy and insight to synthesize the many important observations received into focused findings and recommendations. Accumulatively, they brought over two hundred years experience of working for and with IDEM bringing the perspectives of diverse stakeholder groups.

Implementation of these recommendations while enhancing the effectiveness of IDEM will require a major culture change. That will require patience, thoughtfulness and commitment of many at the agency and outside.

William Beranek, Jr., Ph.D.
Chair, IDEM Efficiency Task Team
President, Indiana Environmental Institute, Inc.

Table of Contents

Executive Summary

Preface

I. Introduction

II. Task Team Recommendation and Findings

With consistent and concerted effort and with time, the Indiana Department of Environmental Management could achieve significant efficiencies through improvements to its management system, policy decision-making process, personnel capability and use of technology while enhancing its effectiveness.

III. Components of the Task Team Recommendations and Findings

- A. Efficiency by Improving the IDEM Process for Setting Strategic Priorities and Accounting for Progress and Quality Results
- B. Efficiency by Establishing a Merit Deputy Assistant Commissioner Position with Technical and Manager Qualifications
- C. Efficiency by More Rigorous and More Uniform Use of Management Techniques to Align Individual Tasks with Organization Objectives
- D. Efficiency by Improving Manager-Employee Communication about Job Performance and Skill Development
- E. Efficiency by Improving the Recruitment, Selection and Orientation of Career Merit Employees
- F. Efficiency by Technical & Professional Staff Development
- G. Efficiency by Improving Manager Capabilities
- H. Efficiency by Establishing and Reinforcing Among All Staff a Clear, Single, Appropriate Direction for IDEM
- I. Efficiency by Improving the IDEM Processes for Engagement in Policymaking
- J. Efficiency by Electronic Compliance Reporting and Permitting
- K. Efficiency by Improved Inspection Policies
- L. Efficiency by Use of Field Citations

Appendix

- A. Task Team Members
- B. Work Effort of the IDEM Efficiency Task Team
- C. IDEM Fiscal Year 2004 Budget
- D. Task Team Efficiency Survey
- E. Study Observations
- F. Key Documents

I. Introduction

The Indiana Department of Environmental Management (IDEM) is an organization of approximately one thousand people charged with implementing federal and state environmental law in Indiana and promoting the protection of Indiana public health and the environment. It has a diverse set of stakeholders with competing and ambiguous expectations (often irreconcilable and sometimes unreasonable) who are intensely interested in its actions. As an organization, it is a professional merit staff administered by political appointees.

The upper management political appointees must anticipate an administration change each gubernatorial election and often serve only a period of several years. As a result, the Agency has found itself fighting fires – often driven by politics and not environmental priorities – instead of having a consistent and stable focus. Over the years, hiring freezes and lack of ability to reward strong performance with merit raises or, conversely, to discipline poor performance has severely inhibited the Agency's ability to attract and retain as uniformly strong a professional staff as needed for efficient operation. The professional ranks suffer from apathy, creating great inefficiencies.

Our operating assumption is that the State is committed to preserving and improving environmental quality and is committed to assuring conditions for vigorous economic development. Many stakeholders want the Agency to have an even greater workload, with improved effectiveness such as devoting increased attention to faster permit issuance, greater compliance assurance and better technical understanding of the actual environmental parameters.

A Task Team of ten outside observers, selected because of their extensive experience with the Agency and by diverse political and institutional representation, studied IDEM for nine months to consider opportunities to improve efficiency. Efficiency improvements were based on three objectives:

- Reduce staff-time for necessary tasks,
- Reduce state dollars to perform the tasks and
- Reduce the time to make particular decisions.

The Task Team focused on actions that were within the control of the executive and legislative branches of state government. It looked beyond the short-term solutions that dominate IDEM's (and state government's) crisis mode of operation.

The Task Team did not do a comprehensive section-by-section, program-by-program and priority-by-priority investigation. The final identification of efficiencies and the means to implement them must be performed by the administration, ideally in consultation with external advisors of its choosing. That is an iterative process of investment in improvements while executing basic tasks. Over the years these improvements create the efficiencies. Each Office and program area has its own strengths and weaknesses.

The Task Team surveyed over one hundred parties inside and outside the Agency. Each observation was considered of great worth but each necessarily was from a person who saw only part of the whole picture. Each of us on the Task Team also perceived the situation only partially. Our final recommendations are not necessarily the preferred wording of those who offered suggestions nor of all Task Team members but rather are our best attempt to point to areas for the Administration to look at carefully to determine which significant efficiencies could be implemented while still running an effective organization.

Our recommendation is presented as an overall recommendation with a description and estimated efficiencies (section II). That is followed (section III) by a description of the specific components of the recommendations that we used to reach the single recommendation.

II. Task Team Recommendation and Findings

With consistent and concerted effort and with time, the Indiana Department of Environmental Management could achieve significant efficiencies through improvements to its management system, policy decision-making process, personnel capability and use of technology while enhancing its effectiveness. These improvements would have the added benefits of reducing costs incurred by the regulated community to comply with the rules without jeopardizing public health and the environment.

Findings:

The most important asset of IDEM is its people. Many good people have and are working well under trying circumstances. However, by improving the management and leadership systems and the technology, conditions could be created to facilitate more effective performance by the Agency staff.

The existing management system, staff capabilities and policies were developed over the years to address specific conditions and expectations of a number of different forces including the federal government, the General Assembly, each Governor, public interest advocacy groups, regulated entities, public citizens and the news media. The changing expectations occurred with other pressures such as budget cutbacks reducing workforce capacity, hiring freezes temporarily forcing reallocation of staff, absence of merit raises and the significant reduction of minimum technical qualifications for a number of positions.

Looking ahead, the current Administration has made promises raising the expectation of effectiveness of the Agency including improving the timeliness of issuance of high quality permits and assurance of compliance. The federal government is adding tasks including air quality initiatives to address ozone, PM 2.5 and air toxics. Municipalities are demanding leadership in practical policies to address combined sewer overflows. The General Assembly has requested extra effort in wetlands policy, a comprehensive solution to the septic system challenge, a drinking water program ramp up

and issuing administratively extended permits. The General Assembly is also considering requesting redoubled efforts in land remediation and coordinated state wet weather policies.

Currently, dedicated permit fees are the single largest source of state staff funding for Agency programs. IDEM has projected that these fees will soon be inadequate for the current workload of the staff. The Task Team is concerned about the possibility of IDEM not having adequate resources to meet its obligations. However, the Task Team did not complete an independent review of the adequacy or inadequacy of the dedicated funds. With the staff costs rising since the last permit fee increase and the revenues into the funds decreasing as successful environmental programs result in less industrial discharges and hazardous waste generation,, hard decisions now must be made. If analysis demonstrates that the permit fees need to be increased in order for IDEM to effectively deliver a quality environmental protection program, the only possible successful strategy for a request for increased permit fees is one linked to specific improvements in the performance of the Agency and strict accountability for the use of the funds on the efforts promised.

For the foreseeable future, economic pressures to reduce the use of general fund and the economic pressures on the regulated community to reduce their own operating costs both mandate a more efficiently operated agency.

We find that IDEM has opportunities to improve the management of its staff and reorient its working culture to empower its professionals and remain credible to its stakeholders. This can be accomplished by serious attention to the Agency's existing Quality Management Plan process. We find by pursuing the individual recommendations in this report, IDEM can achieve significant efficiencies measured in reduction of staff-time to achieve important objectives, reduced expenditures and shorter decision times.

Estimation of Efficiency:

Cost to Attain and Maintain Efficiencies

The potential efficiencies that can be attained at IDEM are great. But the exact magnitude and the speed of attaining them depend upon the amount of staff time the Agency can afford to reallocate to implement the efficiency-generating practices. It also depends upon the ability to program new funds for such efficiency measures as staff professional development and the use of electronic techniques.

During the first year, depending on the resources the administration chooses to divert from other activities, the number of staff vacancies, and the commitment of staff top-to-bottom to working as partners to achieve the efficiencies, it seems reasonable to divert up to 30% of upper management time, 20% of middle management time and 10% of total professional staff time for management system and policy making adjustments. It also seems reasonable to spend \$1 million in professional training and \$1 million for the start of shift to electronic reporting.

Over the following three years, a reasonable reallocation of time could be 25% of upper management time, 10% of middle management time, and 5% of professional staff time. The professional training and conversion to electronic reporting could require three million dollars per year during this three year period.

For the period four years out and beyond, the costs to maintain the efficiencies and continually find new opportunities could be 5% of upper management time, 10% of middle management time, and 5% of professional staff time.

Gain of Efficiency:

If the efficiencies recommended are implemented by knowledgeable, experienced and committed leadership and management, we believe it is possible after five years to ten years to attain between five million and twenty million dollars of annual efficiency savings from the combined general revenue and dedicated fee contributions to annual operating budget of the Agency for the current workload. As long as the requirements placed on IDEM by its various stakeholders continue to increase each year and the costs such as salaries and benefits rise, much of these savings may be needed to meet new Agency costs and obligations instead of actually decreasing Agency spending.

The gains in efficiency depend directly on how fully and quickly the General Assembly and the Administration act to implement the recommendations and on Agency staff capabilities.

During the first year, although certainly particular efficiencies would be realized early, the net efficiency gains would likely be smaller than the cost of reallocation of staff time and dollars to implement the efficiency recommendations. It takes time to retrain, establish the new management system, address backlogged policies and reset priorities.

For the period four years out and beyond, the gains in efficiency will likely exceed the annual costs both of achieving them and of improving the effectiveness of the Agency such that significant savings in staff-time or reducing out-sourcing can be achieved. At this point, attrition of staff would only need to be partially replaced and, if the General Assembly and USEPA holds the workload constant, there would be the possibility of a net reduction in staff.

If cuts to the budget occur in the first year, IDEM will not be able to pursue the rational institution of efficiency measures that would maintain and improve the effectiveness of the Agency and improve its credibility. Simply doing "more-with-less" would continue the system of expedient decisions addressing the biggest political fire perceived by the upper managers, a most inefficient, ineffective and demoralizing way to proceed.

In summary, we believe that by instituting our recommendations it is possible to have IDEM be more effective and credible to all in the short run and more efficient to run in the long run.

III. Components of the Task Team Recommendations and Findings

A. Efficiency by Improving the IDEM Process for Setting Strategic Priorities and for Accounting for Progress and Quality Results

- **IDEM's goals and objectives must be realistic to achieve and, to the extent possible, set with measurable results for both quantity and quality.**
- **Within the constraints of USEPA and the General Assembly, goals and objectives must include at least the next four years.**
- **A two-page listing of the highest priority strategic objectives shall be prepared with each annual, biennial and four-year report along with both list of strategic areas for reduced work effort and a description of any areas where a particular USEPA or state law mandate is unrealistic given the resources available.**
- **A rejuvenated quality management system should be implemented to provide sound data for decisions and for all other activities of the Agency so that the goals and objectives are achieved accountably and with quality.**
- **A report on strategic results of the previous biennial plan is presented to relevant Board, EQSC and the Governor.**

Findings:

Priorities that change on a political whim are destructive, demoralizing and inefficient for a professional staff. The more the direction can be established and adhered to, the more efficient the staff can be in achieving it.

In 1994, IDEM prepared a strategic plan describing its priorities. Every two years since 1997, IDEM has prepared a plan, for USEPA approval, of the activities necessary for IDEM to meet its federal commitments. IDEM uses the biennial planning process to list all of its proposed activities, even those objectives that are independent of USEPA. Some IDEM offices have a "goals, measures and timetable" document that is developed and internally reported on as frequently as quarterly to track the workload.

While the planning documents are comprehensive, the Task Team found them to be intentionally unrealistic for certain objectives and vague as to the precise results expected in others. Every objective any one asked the Agency to do is listed. Consequently, the documents are not used by the professional staff to discriminate among competing objectives or to determine the quality of work expected.

Because the documents are comprehensive, they cannot be used to determine the critical changes in priorities for the Agency. What really must get done this next year and what really will be sacrificed to achieve that?

The task team recommends that IDEM prepare a two page priority-setting supplement to the other planning tools. IDEM should set realistic annual, biennial and quadrennial goals and objectives (with emphasis on measurable results where possible) with effective involvement of appropriate IDEM staff and external stakeholders including relevant programs at USEPA. Create two page list of 1) top IDEM priorities for attention with significant benefit anticipated and 2) specific areas for reduced attention (care must be taken not to publicize inspection and enforcement adjustments, unless a specific effect is intended)

Regular reporting of results is done up the chain of command. However, a routine quantitative evaluation of progress towards achieving the goals and objectives is also necessary. The USEPA recommends (and IDEM formally agreed to do this in 2001) that a rigorous quality management plan (QMP) process be maintained. In this process, Standard Operating Procedures (SOP) for quality of work are developed for data use and all other decisionmaking and activity accounting. The reporting on this goes directly from the professionals to the top of the Agency through a quality assurance officer in order that mid-course adjustments can be made to achieve objectives

The existing IDEM QMP process should be upgraded to assure that SOPs match particular policy questions with the quality of information necessary for the task, including scientific data, to assure employees are trained on the SOPs and SOP use is monitored. to assure that results of attempts to do tasks are evaluated regularly. This should include both success (quantity and quality) and failures with reasons for each and to assure that managers adjust priorities, SOPs, Agency policy, training or resources after reasons for failure are understood.

The biennial review of the Agency progress towards achieving its results should be performed prior to establishing the next biennial plan. The focus should be more on the important rather than comprehensive. Formal external involvement would be helpful such as the type of review that the federal Office of Management and the Budget does on federal agencies (PART). A presentation to the EQSC would be good as well as a presentation of the relevant parts to the environmental boards and the Governor.

A regular system of evaluation that is transparent to outsiders is per se an incentive for staff to do work of high quality and achievement.

B. Efficiency by Establishing a Merit Deputy Assistant Commissioner Position with Technical and Manager Qualifications

A merit Deputy Assistant Commissioner position is needed to provide support to the political Assistant Commissioner and to provide institutional continuity as the Assistant Commissioners change. This would be especially beneficial for efficiency and effectiveness of the air, water, land, management and budget and enforcement offices.

Findings:

IDEM is an organization with a short-term political appointee management system at the top and a merit management system below managing career merit employees. Given this, the current IDEM structure is as efficient as any other in dealing with these multiple responsibilities.

Both the political appointee managers and the career merit managers are responsible for implementing the mission of the governor and the many laws and regulations that IDEM is charged with administering. In order to do this most effectively, the merit managers should maintain functions, improve operations, lead in proactive measures, and support their staff. The political managers should support the merit managers in execution of the functions to meet Agency goals and objectives and they should manage the Agency's response to changing political situations to minimize disruptions to the staff's ability to achieve Agency objectives.

The Assistant Commissioner has come to be a temporary political appointee who can be experienced or, more often, inexperienced in the task. Both the person and the people being managed recognize that their relationship is to be a short-lived one.

To allow the Agency staff to continue to work efficiently and effectively under a new Assistant Commissioner, a senior manager with technical understanding, legal understanding and program understanding is necessary. The person acts as an Assistant Commissioner during the months and years between Assistant Commissioners. The person trains the Assistant Commissioner about the critical issues. The person serves as advisor to the Assistant Commissioner about issues from the professional staff and to respond to political contingencies given to the Assistant Commissioner from above.

In the absence of such a merit position, there can be years of wasted staff time as key decisions go unmade or are allowed to be poorly made. Communications with counterpart in surrounding states is ineffective when the others are experienced professionals and the Indiana representative is just learning the issues.

C. Efficiency by More Rigorous and More Uniform Use of Management Techniques to Align Individual Tasks with Organization Objectives

- **Make more effective use of clear and appropriate job descriptions at every level.**
- **Perform a job analysis questionnaire evaluation biennially to identify and rectify job creep.**
- **Align job descriptions with the Agency's formal strategic plan and its quality management plan.**
- **Expand the personnel evaluation standards for acceptable, above average and superior from the current behavior measures to include expected work output.**

Findings:

IDEM must maintain a sound management and leadership structure responsive to sudden changes in expectations while remaining focused on achieving high priority annual, biennial and quadrennial goals and objectives. The most efficient way for IDEM to accomplish this is for each employee and the organization to have an understanding of mutual expectations.

Expectations for professional staff include a demonstrated working knowledge of current laws, regulations and state policy related to the job, while managers should demonstrate the interest and ability to assist employees with task accomplishment and career development.

The Task Team found a number of pockets of smoothly running sections. However it also noted that some employees were working the jobs of several employees and doing high quality work. Without appropriate rewards, these employees tend to burn out. Other employees were doing less than their share of the work. Still others were active but were working more on their own priorities that were less coordinated with Agency priorities (and, conversely, at times the Agency priorities were so broadly stated and inherently unattainable, that the staff working on anything related could be considered consistent).

The use of contractors that are paid at a higher rate than an Agency employee, who in turn oversees the contractor's actions, and handle only the most straight-forward decisions is demoralizing to the Agency employees. Institutional memory for consistent decisions over time, such as with permits, is compromised by use of contractors. Contractor use should be only a last resort for temporary activities that do not have long-term policy implications. Otherwise a short-term advantage creates a long-term inefficiency for the Agency.

The routine use of the job analysis questionnaire process uniformly across the Agency could help the Agency understand whether its priorities, resource allocation, and staff capabilities are matched. Job descriptions should include Agency priority results as

a measure. Each agency job should be reevaluated every four years instead of only when its creation is justified in order to at least identify job creep.

D. Efficiency by Improving Manager-Employee Communication about Job Performance and Skill Development

- **Assure that an effective performance appraisal system is implemented by each manager.**
- **Have human resource personnel dedicated two hours per week in each area to assist managers in achieving basic management responsibilities.**
- **Include employee training and development plan (both personal skill development for career at IDEM and understanding of role in organization).**

Findings:

An Agency with a high level of morale in the professional ranks would improve efficiency. One focus to achieve this is attention to improving the management system at the level of direct supervision. A nurturing coach-style manager culture (with ability to be Leader-Manager as situation dictates) and a vigorous accountability system greatly reduces the inefficiencies of staff working without focus, working with avoidable debilitating inter-staff tensions and working at counter purposes to achievement of the most important matters to the Agency.

Goals and objectives between each manager and employee are now reviewed regularly through the year and then in a yearly review. However, because of no merit raises, in many parts of the Agency this is performed in only a cursory fashion or as a prelude to documenting disciplinary problems. Currently, the performance appraisal system emphasizes personal behavior factors. Expanding the performance appraisal to add measures of quantity/quality results for Agency objectives would improve the ability of the Agency as a whole to determine whether it was accomplishing what it had aimed for or whether adjustments need to be made in aim or resources. This process is done well in parts of the Agency. It can be achieved through short weekly or bi-weekly staff meetings to coordinate for managers to help employees, short report card or informal one-or-one meetings.

Managers must be taught to promote the employee training and career development plan as an integral part of the performance appraisal process (both personal skill development for career at IDEM and understanding of role in organization). This plan must include both the initial months in a position and regular employee development after the minimum entry training is understood. There should be routine management/leadership training for all merit system managers. Simultaneously, improved ways to address problem employees must be developed. Currently, some problem employees are not effectively managed because the process drains supervisor time unreasonably.

Political appointees are a special category. Although personnel rules exist which address performance expectations, these political appointees are often inexperienced at particular tasks and have their real authority from sources beyond the Agency. They are generally regarded by the employees and by themselves as short-timers. Quality varies dramatically. Ideally they should be selected for outstanding management aptitude and should be trained accordingly. Non-merit personnel rules should be enforced consistently.

E. Efficiency by Improving the Recruitment, Selection and Orientation of Career Merit Employees

- **Develop formal systems to manage the recruitment, selection, and employee skill growth of the IDEM professional staff in order that the Agency may increase the number of competent civil servants who are technically-sophisticated and are good communicators willing to serve the State.**

Findings:

Candidates for entry professional career positions at IDEM should be recruited regularly from the pool of people that have an aptitude for understanding and using technical information. One group is college juniors with science majors. Another group is the environmental professional between jobs, and those moving to the state for personal reasons.

On a routine basis, such as four times a year, potential candidates should be invited to IDEM for education about the work at IDEM and for evaluation en masse by a team of middle managers. The first criteria for selection should be whether the person would make a contribution to the Agency. As individual positions open, the supervisor first re-evaluates the job description for appropriate skills needed. The supervisor then competes with other supervisors for a candidate, with approval of the middle management team that can balance the particular set of job descriptions with the potential capabilities for the candidates.

An example of a specific selection process could be that each candidate who meets the minimum qualifications is rated (based upon a reasonably quantitative oral exam) by a panel of at least three managers at a level above the position the candidate is applying for. Candidates are ranked on a list based upon their ratings. A person with a job to fill must interview the top three people on the list and select one of the top three rated people on the current list or provide a job related reason (i.e. special skill needed) for hiring a person lower on the list. In order to reduce discrimination, the hiring person must also provide a job-related rationale for his or her selection of one of the top three candidates.

Such a recruitment and selection scheme has the advantages of 1) proactive, systematic recruitment of personnel most likely to succeed and 2) reducing tendencies to hire the “best immediately available” or a person that a particular supervisor finds

personal comfort with. It requires a conscious plan by upper and middle management to recruit good quality candidates.

Once employees are hired, in addition to the six-month probation period to determine basic suitability for employment, all should participate in a formal two-year IDEM career orientation program. This allows the employee to understand the entire Agency, the different tasks in the Agency and the quality of work expected. It also establishes an informal network of friends across the Agency as a support system. A mentor works with the employees to understand possible career development paths in the Agency. This especially helps the employee with a weak supervisor develop in the Agency and serves the long-term efficiency goal of a staff with less turnover able to operate an Agency as a cohesive unit.

The Agency mentor continues to work with employees through their career to plot and monitor continuous employee skill and job satisfaction improvement. (e.g. training opportunities, job rotation, networking, project management, responsive policy-making process.) Have system of middle managers monitoring personnel for continuous development and appropriate match to supervisor or job.

A rational career ladder for technical professional other than through the management track should be created. That would allow a person to be promoted while continuing to work on the same program as the value of the person to the Agency increases.

The ES-3 category needs to be rethought. It has become a position for advancement of administrative assistants into a higher salary bracket. Many experienced administrative assistants may well be able to do important Agency tasks at that level due to their experience. However, having the ES-3 with virtually no science qualifications restricts the Agency's ability to insist on minimum qualifications to attract and nurture the career development of EM –2 and Senior Environmental Manager 3 with an aptitude for the technical judgment increasingly required in environmental policy.

F. Efficiency through Technical & Professional Staff Development

- **Encourage and recognize attainment of relevant professional education and certifications and participation in relevant professional associations.**
- **Encourage and recognize continuing education in relevant basic science, risk assessment, legal principles, communication skills and people skills.**

Findings:

The Task Team found that the regular training and support for professional skill development is seriously inadequate for an efficient Agency. Efficient environmental work requires employees that understand the science, the law, the IDEM policy and its context, and the way to listen and communicate effectively with others.

For instance, great efficiencies can be achieved at IDEM if the staff can understand each other and all of the stakeholders interested in an issue. Currently there are misunderstandings because IDEM staff has not had the opportunity to view the actual operation of a type of facility, or does not have a full understanding of the legal or scientific implications of a given position (e.g. proposed actions by one program that simply move the environmental impact to another program, say a water discharge to an air emission or actions that call for unattainable results). Established ways to improve a person's understanding include:

- Working to obtain a professional certification (but where the certification requires experience with actual operation, IDEM personnel may be restricted to passing the written test for the certification). The certification or equivalent will also facilitate recognition by others of the IDEM staff person's expertise.
- Participating in professional and public interest associations. This participation also gives the IDEM staff an informal method of educating regulated entities and interested stakeholders of IDEM's views on current environmental issues.
- Continuing education to keep up with improvements in scientific understanding and changing laws and standards (for example, accountants need to know about changes in Generally Accepted Accounting Practices and regulators need to know about changes in individual constituent toxicity estimates).

Some continuing education can fill gaps in a person's background education and experience. Examples include communication skills, relating to stakeholders with varying backgrounds, understanding the relationship between environmental and economic decisions, and basic scientific principles such as mass balance, thermodynamics, toxicology, and risk assessment assumptions and techniques.

One way to reward an expectation of improved staff professional abilities is to allow merit raises.

We found the salaries for skilled disciplines such as the environmentally-experienced lawyer and the chemist making technical judgments are significantly lower than what is needed for an efficient Agency with institutional memory. Some critical disciplines such as toxicology and economics are woefully underrepresented.

G. Efficiency by Improving Manager Capabilities

- **Create a formal manager development process with designed training.**
- **Establish a leadership academy with a next-up list for management succession.**

Findings:

Management of competent, technical professionals requires special training to maintain morale, continuous growth and a climate of constructive discussion.

Management in IDEM has the special burden, compared to much of the private sector, of low salaries, no merit raises, state personnel constraints poorly suited to

management of specialized professionals, little effective discipline techniques short of the draconian, an environment where you are seemingly disapproved of by all stakeholders, without a single product like "profit" or "quality product" as a guiding principle (in fact with many bosses having conflicting expectations) and where you must be prepared for complete turnover of upper management with each election (with political appointees inexperienced in the area they are leading and with changing attitudes and priorities).

Nonetheless, it is possible for IDEM managers to employ some common management techniques concerning career development, motivating, and assuring that objectives are met. Training in the nuts-and-bolts of the state personnel system is necessary but not sufficient to create good managers.

IDEM needs a formal rethinking about the management of its managers. For instance, there should be a leadership academy with a next-up list for 1) development of current managers- include routine management and leadership development training along with the opportunity for some rotation of managers; 2) development of potential managers – responsibility of a team of section and branch chiefs, deputy assistant commissioners, and Assistant Commissioners; 3) selection of manager – involve a team of at least three managers to make recommendations up the chain to the Assistant Commissioner for approval. Any step in the chain not concurring in the recommendation must provide a written job related reason.; 4) managing the managers – each Assistant Commissioner, Deputy Assistant Commissioner and Branch Chief is responsible to assure that managers reporting to them are held accountable for coaching and for the motivation, using the performance appraisal system and career development components of the job and 5) development of ability in managers to find and act on efficiencies through logistics, motivation or policy adjustment.

The expert-discipline manager (e.g. chemist, lawyer, geologist) must also have a high level of understanding of the discipline for quality control.

Political appointees (the non-merit category of personnel) face a special challenge. They must be trained to manage the manager. They must also be trained to disengage from the day-to-day work of the Agency in order to and focus strategically on managing the political issues and assuring that the professional staff is on track with adequate tools to perform its functions. They must set a tone of confidence in professional staff and welcome ideas from all internal and external parties. They must resist allowing a management climate of fear and paranoia that is common for a regulatory agency operating in a political environment.

Selecting the Assistant Commissioner is a difficult but critical choice – a short-term appointment above a state environmental program is not a straight-forward career path in any environmental professional sense. Each administration is encouraged to make a truly national search and to consult with IDEM's stakeholders before making its final selections for IDEM political appointees.

H. Efficiency by Establishing and Reinforcing Among All Staff a Clear, Single, Appropriate Direction for IDEM

- **The Governor should articulate a clear direction for IDEM consistent with state law and today's environmental circumstances.**
- **When setting and implementing environmental policies the environmental boards and IDEM should consider the implications of its action for state energy policy, transportation policy, natural resource policy, land use policy, local government infrastructure policy, manufacturing policy, agriculture policy, security policy and all other such societal policies consistent with economic vitality and environmental well-being.**
- **IDEM's primary objective is to assure that the mandated parts of the federal and state environmental laws are achieved with high quality work. IDEM's second objective is to address those issues of threat to public health or environmental quality not within the state or federal mandated actions but important enough to the State for IDEM to take the lead. IDEM's tertiary objectives include projects to achieve ancillary good tasks such as public education about environmental matters.**

Findings:

The state environmental policy is:

"(1) to provide for evolving policies for comprehensive environmental development and control on a statewide basis;

(2) to unify, coordinate, and implement programs to provide for the most beneficial use of the resources of Indiana; and

(3) to preserve, protect, and enhance the quality of the environment so that, to the extent possible, future generations will be ensured clean air, clean water, and a healthful environment."

This state environmental policy is consistent with the principles of sustainable economic development which include 1) long term economic vitality, 2) protection and enhancement of public health and environmental quality and 3) wise management of natural resources.

IDEM mission statement is directed at the component of state environmental policy for protection of public health and environment. An improved mission statement must include that protection and also should assure that IDEM respects the ability of citizens and the regulated to achieve other important social goals of the state.

An efficient IDEM provides the state of Indiana with an agency whose timeliness in providing services can be relied upon with certainty. Indiana citizens deserve and demand that environmental protection and economic development/redevelopment are high priorities. Environmental protection and economic development are not mutually exclusive, rather they are complementary objectives. To ensure that Indiana attracts

businesses of high quality, citizens must be able to rely on IDEM and all state agencies to perform their tasks in a timely and consistent manner.

An agency that is credible to all in technical matters and trustworthy in its commitment to its mission is an efficient agency and one easier for all to work with.

I. Efficiency through Improving the IDEM Processes for Engagement in Policymaking

- **Establish a uniform process for written decision-making criteria by professional staff when making policy decisions.**
- **Establish an efficient, structured process first by internal and then with external parties to develop non-rule policy documents.**
- **Establish a structured format for Agency preparation of background technical and legal documents for rulemaking and for management of rulemaking work groups.**
- **Establish a productive relationship as a credible, technical resource to the General Assembly and a means to communicate the intent of General Assembly on policy.**

Findings:

Much of what the Agency does is to make decisions. Both the total staff time and the calendar time required to make these decisions can be reduced by taking the time needed to develop written policies that apply in many situations. Routine decisions then truly become routine and predictable. Devoting time to manage the multi-stakeholder work group process wisely can save the time of both IDEM and the external stakeholders.

From time-to-time, professional staff either inadvertently or intentionally make Agency policy decisions by their own personal interpretation of the science and law in a particular situation. This leads to inconsistent interpretation of the law among staff and among situations. This inconsistent application means that the regulated entities cannot predict with certainty what is required to for compliance, which in turn leads to frustrations and avoidable work for the IDEM staff later as conflicts flare. Having the professional staff write-out all criteria for their decisions will minimize this inconsistency. When decisions are written, managers can review them for internal interpretation conflicts and resolve the inconsistencies through an appropriate processes. All interpretations should be accumulated in an annotated rule interpretation document which is routinely processed as a non-rule policy document.

Deciding on the Agency policy interpretation for major regulatory issues in advance of specific situations is the best way to develop wise policy. Such written nonrule policy documents should first be prepared by staff with sensitivity to what they would consider to be stakeholder concerns. If the draft proposal would be controversial, an external work group could be appointed to assist with the preparation. The final draft must go before the appropriate Board after a public review to minimize unintended consequences of the policy.

A significant efficiency measure is getting the rules in a form that is practical to implement, clear to understand and effective for meeting the environmental protection objective. IDEM regularly faces the need to draft regulations where internal and external stakeholders each have a strong sense of what the answer is without a complete understanding of the question. The parties usually have different levels of understanding of the science, the law, the facts and the perspectives of others.

A decision making process that is transparent, well informed, reasoned and timely is an efficient process in such circumstances and one that must be carefully designed and managed. Stakeholders should be engaged as appropriate in an informed and complete manner, but in a process driven by considered dialog and written judgment, not simply driven by rhetoric to influence one person.

Recommended changes include:

- Starting each rulemaking with a problem statement, a description of the scientific and legal conditions, matrix describing how other states address key policy components, all relevant guidance from USEPA (specifying whether it is law, regulation, formal written guidance or staff opinion) and realistic timeline with IDEM professional staff assignments with authority.
- The first notice is a serious exposition of the issues and possible approaches.
- A docket for all decisionmaking documents is established and managed for ready access and usefulness.
- Any work group is a 3 to 9 month process that can be renewed by explicit decision.
- IDEM has a single person responsible for writing the rule and understanding the implications of the language.
- Second notice is IDEM's best attempt at a wise, internally consistent, practical, effective regulation.
- All policy decisions inherent in the rule are explained to the Board along with the IDEM understanding of the alternative position and stakeholder preferences.

Work groups for rulemaking and other initiatives can be useful and also can be a great unproductive, inefficiency. The purpose of each group must be clearly written at the start and the progress of each work group monitored. First there must be agreement among the members on the purpose, the science, the law, the other state approaches and then USEPA guidance. After that, the members should discuss their preferences for policy until IDEM has a good idea of what its recommendation to the Board ought to be. Do not wait for "consensus" but do continue until the Agency is confident it understands the base needs of all stakeholders and how best to accommodate them and still have an effective regulation.

Care must be taken to structure the discussions so that participants (volunteer or invited) are able to discuss matters among each other at a productive level.

Political appointees and merit managers should be trained in how to listen effectively to those with other values and needs. They need to understand the overall dynamics of

science, law, social, economic and multiple agencies as they attempt to manage a policy making process in the political culture. Everyone has bias and everyone can contribute.

The Task Team found that use of the Office of Legal Counsel needs to be reexamined. At times, the lawyers in the office do not explain to the other staff clearly enough how the other staff should use the legal opinion offered. In some cases "the law says" in the opinion of the lawyer is thought by the staff to be a mandate for what must be Agency policy. Some lawyers give that opinion in the absence of a sophisticated understanding of the science, the program operations and the context of potential application. One solution is requiring lawyers giving advice to explain the limits to their opinion and another is to require lawyers regularly to spend time in the program areas they are giving advice about.

Certain areas of the Agency, such as the wastewater NPDES and soil and ground water remediations, require extra attention over the next year by new managers on a temporary basis as a Tiger Team to reorient the fundamental policies and procedures of the programs. It would take too long for the normal system to create an effective NPDES permit issuance system (e.g. criteria and design use and implementation assumptions for industrial, municipality, CSO, package plant, variance statute) or an effective land recycling policy (e.g. non-default RISC approach across all closure, new owner liability statute programs).

J. Efficiency through Electronic Compliance Reporting and Permitting

- **Implement electronic compliance reporting.**
- **Accelerate and expand electronic permit and license applications.**
- **Convert to electronic on-site field inspections.**

Findings:

A person transferring information from one document to another generates errors. Data entry errors result in mistakes that impair the effectiveness of state government and undermine its credibility. Time and energy is lost catching errors and cleaning up the messes they create.

Managing paper is time consuming, inefficient and error prone. Processing paper wastes valuable time that is needed to respond to a 24/7 economy.

Technology has reached the stage where we can confidently use it to improve timeliness, accountability, and credibility as well as reduce costs for both IDEM and the regulated community. If the federal government can do it for taxes, IDEM can do it for permits and its many other activities and will benefit by getting and keeping data accurately.

In consultation with stakeholders, IDEM needs to develop the mechanisms to allow the regulated community to submit their compliance reports electronically. The best method would be submissions via the Internet. However, filing the reports using a compact disc may be an acceptable intermediate format. If IDEM needs additional legal authority to accept an electronic certification, it needs to pursue that authority with all deliberative speed. If the authority is not obtained in the 2005 session of Indiana General Assembly, IDEM needs to pursue a hard copy signature to the electronic submission.

IDEM needs to continue its efforts to accept applications on-line or in electronic format to reduce errors and improve timeliness.

In consultation with stakeholders, IDEM needs to design its information management systems to allow inspectors to enter information in the field. The effort should start with a pilot project starting with inspections that are standardized and then expanded to more complex inspections.

IDEM needs significant resources to improve its information management systems and to train its staff and the regulated community to effectively use the new technology. Halfway measures are unlikely to yield satisfying results or significant efficiency improvements. The following are the options to consider:

- *Existing Resources:* IDEM believes that its funds are insufficient to maintain even the current levels of work much less absorb the increased costs of a technology upgrade. Many of IDEM's permit fees were set by statute in 1994 and its budget has not increased in most areas.
- *Federal Funding:* IDEM has received several limited federal grants for this work. EPA is unlikely to provide funds at a significantly greater amount. In fact, these funds may decrease in the future.
- *General Revenues:* Given the current financial situation of the state, the General Assembly is unlikely to allocate more funding to IDEM.
- *Permit Operation Fees:* The General Assembly could approve temporary permit fee increases that are dedicated to the technology upgrade, would have various measures to ensure progress on the upgrades, and would expire by a date certain to provide confidence to the regulated community that the increase would only be temporary. The regulated community has concerns about current use of permit fees, an issue needing resolution prior to requesting a temporary increase. Until the regulated community believes that the existing permit fees are being used effectively for the intended purposes and are insufficient for the task, many members will continue to oppose permit fee increases.
- *Permit Application Fee:* Various IDEM application fees do not appear to be set at a level that recovers IDEM's cost for processing the application. These fees could be raised and a charge assessed to use hard (as opposed to electronic) copy. The application fee could be relative to the IDEM effort to review and the hard copy fee could have waiver for small operations with difficulty using electronic systems.

- *Report Filing Fee:* IDEM could charge a handling fee for hard copy report submissions (to cover IDEM's cost for manually entering the data and handling the paper documents) and use the income from this fee to fund the technology upgrade.

The regulated community would not be required to use the electronic options. They are likely to make the conversion based on their own priorities and needs. However, IDEM's employees, especially permit writers and field inspectors, must be prepared to handle the electronic information efficiently. Training and real-time technical assistance is crucial to facilitate this transition. But training and assistance is unlikely to succeed on its own. Employees need to know that they will be required to use the new technology and the accountability that goes with it. IDEM needs to be able to require this of all employees. That requirement may need the approval of the General Assembly.

K. Efficiency through Improved Inspection Policies

- **Plan inspections strategically.**
- **Establish clear standards and expectations for inspections.**

Findings:

In consultation with stakeholders, IDEM needs to develop strategic priorities for its inspection programs. These priorities must:

- a. Identify each year the top five compliance problems and develop strategies to dramatically improve compliance. The top five problems should be selected based on the estimated pervasiveness and potential impacts of the violations.
- b. Focus inspections on facilities that are undergoing significant changes such as layoffs, closures or management changes.
- c. Reduce the extent and frequency of inspections when a facility has an excellent track record of compliance, has stable management and staffing, and regularly certifies compliance.

IDEM should:

- a. Ensure inspectors and the regulated communities clearly understand the law and know what to expect in advance of the inspection.
- b. Publicize the nature, frequency, and significance of violations so other facilities will comply without an inspection.
- c. When inspections reveal compliance problems or inspectors differ in their interpretation of the rules due to regulations that are vague, inconsistent or confusing immediately begin rulemaking to resolve the problem.
- d. Where a facility is required to use certified personnel, IDEM inspectors should meet the training and testing requirements to be certified. (This requirement may need a change in the statute to allow IDEM to require the certifications on existing and new employees.)

L. Efficiency through Use of Field Citations

- **The Indiana General Assembly should give IDEM the authority for its staff to issue “tickets” in the field while conducting the inspection.**
- **The tickets could consist of formal warning or assess a fine of less than \$250 for each violation the inspector identifies at the facility.**

Findings:

State and federal environmental regulations contain many detailed requirements such as daily inspections for hazardous waste storage tanks, daily sampling of wastewater discharges, reporting of problems with air pollution control equipment, and maintenance of aisles for hazardous waste containers. Facilities are required to document compliance with most of these requirements. The cumulative effect of these requirements for a complex manufacturing operation can be significant. One facility reports that it must document compliance with more than one million events each year.

While responsible facilities aim for 100% compliance, the goal is not always met. Often these shortcomings have virtually no impact on public health or the environment. Identifying these minor shortcomings is valuable as an indicator of whether the environmental protection safeguards are in working order.

IDEM sometimes gives its inspectors significant latitude in whether to report a violation to IDEM’s Office of Enforcement for action. When the Office of Enforcement handles the case, the fines are often significant and the timeline for action is drawn out. Because of the potential for significant penalties, company lawyers get involved and it becomes difficult to resolve the issue. The long time frame needed to resolve minor compliance issues under this system causes IDEM to effectively lose the immediate compliance improvement and violation deterrent value of its inspections. Compliance is not necessarily improved at the facility and the enforcement action is an inefficient exchange of paperwork and legal briefings.

An alternative endorsed by the Clean Air Act Amendments of 1990 is to allow inspectors to issue citations – essentially tickets – in the field for minor violations. The ticket could consist of a warning or a small fine. The facility could choose to challenge the citation through the existing OLC process or accept the ticket and take immediate action to improve its compliance efforts.

APPENDIX A: GEC GGC IDEM Efficiency Task Team Members

William Beranek, Jr. Ph.D., Chair
President
Indiana Environmental Institute, Inc.

Thomas W. Easterly P.E., DEE, QEP
President
Environmental Business Strategies, Inc

Chad Frahm, J.D.
Staff Attorney and Regulatory Specialist
Indiana Farm Bureau

Vincent L. Griffin. MPA, REHS
Vice President, Environmental & Energy Policy
Indiana Chamber of Commerce

John Humes
Environmental Specialist
Hoosier Energy REC, Inc

David D. Lamm
Administrator
Boone County Solid Waste Management District

Kay L. Nelson
KLN Consulting
Environmental Consultant

Thomas Neltner, J.D., CHMM
Executive Director
Improving Kids Environment, Inc.

Gary Powdrill, P.E.
Retired Manager
Ford Motor Co.

Art K. Umble, Ph.D., P.E., DEE
Manager of Utility Operations
City of Elkhart, Indiana

Liaison from GEC GGC
Larry T. Kennedy
Bank One Executive Vice-President
& Group Manager Corporate
Banking-Retired

Liaison from Indiana Department of
Environmental Management
Tim Method
Deputy Commissioner

Susan Moster
Office of Management and Budget

Bruce Palin
Office of Land Quality

APPENDIX B: The Work Effort of IDEM Efficiency Task Team

December 11, 2004 Statehouse Room 129 (IDEM presentation to GEC GGC with Chair of IDEM Task Team)

Task Team Meetings:

January 16, 2004 Statehouse Room 156A (3 hour)

February 6, 2004 IGCS Conference Room 2 (3 hour)

(February-March Survey and Interviews of External Stakeholders and IDEM Staff)

April 23, 2004 IGCS Conference Room 10 (6 hour)

May 14, 2004 IGCS Conference Room D (4 hour)

June 11, 2004 IGCS Conference Room 10 (5 hour)

July 16, 2004 Statehouse Room 130 (6 hour)

August 6, 2004 Statehouse Room 130 (6 hour)

August 20, 2004 Statehouse Room 130 (7 hour)

The ten Task Team members spent in aggregate approximately 850 volunteer hours in Task Team meetings, interviews, document review and report writing. Indiana Environmental Institute interns spent 210 hours. Other parties who engaged in discussions with Task Team members contributed over 225 hours. In addition, some \$3,000 was donated in travel costs and office support.

APPENDIX C. IDEM Fiscal Year 2004 Budget

Total All Programs	Staff Resources	Amount General (millions)	Amount Dedicated (millions)	Amount Federal (millions)	Total Funding (millions)
Office of Air Quality	189	8.87	11.45	4.39	24.71
Office of Water Quality	227	6.30	5.90	14.83	27.03
Office of Land Quality	324	7.89	61.84	15.64	85.37
Office of Poll Prevent and Tech Assistance	27	1.36	2.51	none	3.87
Other Programs	287	8.54	9.94	1.92	20.40
Totals	1,054	32.96	91.64	36.78	161.38

Source: 12-11-03 IDEM Presentation for IDEM Efficiency Task Team

APPENDIX D: IDEM Efficiency Task Team Survey Form

Request for your advice on ways to make IDEM more efficient.

The 2003 Indiana General Assembly established an external Government Efficiency Commission to report to it and to the Governor by December 31, 2004 with recommendations to improve efficiency and reduce waste and other unnecessary costs in state government. The General Government Subcommittee of the Commission has established an IDEM Efficiency Task Team to develop recommendations regarding the operations of the Indiana Department of Environmental Management (IDEM).

The Task Team is composed of representatives of the public interest community, the regulated community and the public. It is soliciting constructive insights into how IDEM could maintain or improve its effectiveness at achieving its goals while also being more efficient with its staff-time, with its funds and with the time it takes to respond to its constituencies with information and for routine decisions.

The Task Team is looking to develop recommendations for important IDEM efficiencies that are practical to implement and can be articulated in compelling fashion to the administrative and legislative leadership.

We would be grateful are any constructive efficiency insights you have. Your specific insights will be evaluated by the Task Team members independent of IDEM staff. The final recommendations we develop will be discussed with IDEM. **Please submit your ideas before March 31, 2004.**

If you wish to participate further in this process such as by reviewing the draft report or to receive the final report, please provide appropriate information for us to contact you. Also if you wish to discuss your idea with a Task Team member, please let us know.

Return this form to the person who gave it to you, to a Task Team member or mail to Indiana Environmental Institute, 150 West Market Street Suite 730, Indianapolis, Indiana 46204 Attn: IDEM Efficiency Task Team; or e-mail to inenvirosnb@iquest.net or fill out a confidential form on a web page at <http://www.ikecoalition.org/Efficient.html>.

Thank you for your help.

William Beranek, Jr.
President, Indiana Environmental Institute
Chair, IDEM Efficiency Task Team

A. Specific Recommendations

1. How do you measure the effectiveness of IDEM and in what ways do you consider IDEM to be effective and what ways not?

2. What are three areas where you believe IDEM to be efficient and effective?

<u>Area</u>	<u>Reason for Efficiency</u>
a.	
b.	
c.	

3. What are three areas where you believe IDEM to be effective but could be more efficient by making a particular change?

<u>Area</u>	<u>Change for Efficiency</u>
a.	
b.	
c.	

4. What are three areas where you believe IDEM is ineffective but could be effective by making a particular change introducing a major efficiency?

<u>Area</u>	<u>Change for Efficiency</u>
a.	
b.	
c.	

B. Other Thoughts

What ways would you suggest for IDEM to be more efficient while maintaining or improving its effectiveness at protecting the environment? How can it be more efficient at implementing the environmental laws and regulations through both regulatory and non-regulatory means? Please describe your suggestion, with its advantages and disadvantages.

APPENDIX E. Study Observations

Through the course of the study, many constructive suggestions for efficiencies were received. A number of these the Task Team considered potentially worth pursuing but only after more study and discussion.

Below are some of those observations that deserve further consideration.

1. **Regional Offices.** Consider refocusing and down-sizing regional offices to perform the critical necessary functions well. Currently different regional offices are organized according to differing principles. The primary useful purpose of the regional office is to serve as a local presence more accessible to the public than Indianapolis. Files should be kept in Indianapolis with electronic access throughout the state. It could be that the regional presence can be accomplished more efficiently with other state agencies that would benefit by a regional presence or who already have one and after electronic compliance reporting is in place.
2. **Local Health Departments.** Consider contracting with local health departments to perform aspects of the IDEM tasks such as basic regulatory inspections, complaint investigations and inventory work. This would reduce response times and travel costs for simple investigations. Improving the professional communication between local departments and IDEM would be wise even without a contractual relationship. Note that a contract with a local department requires IDEM staff time to monitor and manage.
3. **External Credible Science Advice.** Consider use of ad hoc committees of scientists and engineers balanced by interest preferences to answer sharply defined questions about the range of uncertainty around important scientific aspects to environmental policy. For instance, these committees can be used to review IDEM fact sheets about rulemaking, to develop technical explanations for stakeholder technically-based questions to the board or for IDEM itself to use to improve the understanding of its staff on key issues.
4. **License Issuance.** Consider contracting Bureau Motor Vehicles to issue environmental licenses for individuals such as asbestos and lead inspectors. The BMV is accessible to people in every county and are more efficient than IDEM at approving documentation, collecting money, taking picture and issuing licenses.
5. **Implementation of Efficiency.** Consider using a special team of experienced, compassionate managers with staff skilled at problem-solving to address critical program areas for which improved efficiency and effectiveness is highest priority. The first step must be a conscious effort at realistic priority-setting in order to shift effort to do this.

6. **Technical Professional Career Ladder.** Consider adding job categories to complement the ES-2, SEM-1 and E-7 categories to allow an experienced and skilled career employee to advance in same position. Consider assuring that the managers of the expert sections be experts and the managers of the other technical staff primarily be managers. Consider providing to selected manager branch and section chief positions over the other technical staff an E-7 technical person to serve on special projects requiring technical judgment, such as rulemaking, instead drawing managers or the lower staff into those roles.
7. **Rule Implementation Advisory Group.** Consider maintaining an external work group for each new rule composed of representatives of all relevant stakeholder groups for semi-annual or annual meetings to review all implementation decisions until the rule has achieved adequate written policy guidance and compliance is assured. This approach will enhance predictability of decisions and reduce conflicts with the agency.
8. **Outside Contractor.** Consider study team to review use of contractors for each area. For some areas, the work should be given to IDEM staff to maintain institutional memory and to maintain morale of the IDEM professional staff. For other areas, where specialized expertise unavailable at IDEM is needed for important short-term advice, the contracting process should be simplified. In all cases, financial and professional quality oversight must be strengthened.
9. **Cost-Recovery.** Consider in-depth review by external accounting firm of mechanisms to assure timely and complete cost recovery for IDEM expenses from the federal government and to assure cost-recovery to be paid by state environmental funds is appropriate.
10. **Appeals.** Consider reviewing the Agency policy on decisions and posture for addressing appeals of IDEM decisions. Some appeals are the product of time constraints on permit-writers who simply ran out of time established by upper managers to issue a permit and thus forced the policy decisions into the appeal system. Others are the result of legitimate disagreement about the policy or the facts. Often the Office of Legal Counsel appears to regard these appeals in the same category as appeals of decisions that IDEM program has clear and strongly held written policy on. Thus too many appeals are fought with time-consuming lawyer maneuvers in an adversary process rather than wise judgment from the upper management for expeditious, fair resolution that saves time for all and results in superior policy.

APPENDIX F: Key Documents Used to Arrive at Conclusions of IDEM Efficiency Task Team

1. Indiana Department of Environmental Management Budget and Organization Presentation for the General Government Committee of the Government Efficiency Commission December 11, 2003
2. State of Indiana Budget Report for the Biennium July 1, 2003 to June 30, 2005
3. State Budget Agency Report on IDEM FY 2005 Budget by Line Account
4. State Budget Agency IDEM Staffing Inquiry August 2004
5. IDEM Strategic Plan, 1994
6. QMP Quality Management Plan: IDEM's Quality Management System, IDEM, July, 2001
7. The EPA Quality System, EPA QA/G-0, USEPA, August 1997
(Supporting guidance document QA/G-1 (Nov 2002))
8. FY 2003-2005 Environmental Performance Partnership Agreement Between IDEM and USEPA
9. State of Indiana Employee Performance Appraisal Report (State Form 19958 (R5/2-99))
10. Interviews and Survey of Interested Stakeholders and IDEM Staff