



State Innovation Grant Program: Delaware

Auto Body Certification Project (2003 Competition)

The State Innovation Grant Program

In 2002 EPA introduced the State Innovation Grant Program to support efforts led by state environmental agencies to test innovative approaches for achieving better environmental results and improved efficiency in permitting programs. Between 2002 and 2007, the State Innovation Grant program competition awarded over six million dollars to support 35 state projects that test permitting innovation for a variety of regulated entities including several small business sectors. A summary of the awards by year appears in the table below.

State Innovation Grant Program Statistics, 2002-2007			
Competition Year	Proposals Submitted	Proposals Selected	Total Program Funding (\$)
2002/2003	29	6	\$618,000
2004	33	9	\$1.425 Million
2005	26	7	\$1.479 Million
2006	25	6	\$1.243 Million
2007	17	7	\$1.611 Million
Cumulative Total	130	35	\$6.376 Million

"Innovation in Permitting" has been the theme of the State Innovation Grant competition since its inception. In the last three competition cycles states received awards for projects in the following three categories:

- **The Environmental Results Program (ERP)** is an innovative approach to improving environmental performance based on a system of the interlocking tools of compliance assistance, self-certification (sometimes, where permissible, in lieu of permitting), and statistically-based measurement to gauge the performance of an entire business sector. The program utilizes a multimedia approach to encourage small sources to achieve environmental compliance and pollution prevention. (See: <http://www.epa.gov/permits/erp/>)
- **Environmental Management System (EMS)** is a system involving a continual cycle of planning, implementing, reviewing and improving the processes and actions that an organization undertakes to meet its business and environmental goals. EMSs provide organizations of all types with a structured system and approach for managing environmental and regulatory responsibilities to improve overall environmental performance and stewardship. (See: www.epa.gov/ems/info/index.htm)
- **Performance Track** is a partnership that recognizes top environmental performance among participating US facilities of all types, sizes, and complexity, both public and private. (See: <http://www.epa.gov/performance-track/>)

NCEI has provided awards also for projects testing watershed-based permitting, and for permit process streamlining in past competitions. For more information on the history of the programs, including information on solicitations, state proposals, and project awards, please see the EPA State Innovation Grants website at <http://www.epa.gov/innovation/stategrants>

Project Background:

In early 2003, the Delaware Department of Natural Resources and Environmental Control (DNREC) received a State Innovation Grant to launch a voluntary Environmental Results Program (ERP). ERP combines compliance assistance, self-certification, and statistically-based performance measurement through agency inspections to improve environmental compliance within a target sector. DNREC focused its ERP on the auto body repair sector, which is comprised mainly of small- to medium-sized businesses. Unlike the larger corporate-owned chains, these smaller facilities usually do not have the resources to hire environmental consultants to help them comply with environmental laws. Since most facility operators in Delaware were unaware of their environmental obligations and were operating without permits and/or illegally, the auto body sector presented an ideal candidate for a small business-focused ERP.

DNREC's overall goal in implementing this ERP was to improve environmental compliance among auto body repair shops, while at the same time increasing the cost-effectiveness of the state's regulatory program. A traditional approach to regulating this sector would have required a large number of state inspectors to systematically visit every auto body repair shop and spend time educating each shop owner individually about the compliance requirements. In contrast, the ERP allowed a relatively small regulatory staff to supplement operator compliance self-certification with statistically-based sampling inspections. As with all ERP projects, DNREC's auto body sector program was designed to ensure the reliability of the self-certification program by providing information and education to all facilities through workshops and outreach materials.



Since DNREC's ERP is a voluntary program, the agency developed a number of incentives to encourage auto body shops to participate, including: a simplified air permit application specific to the auto body sector, a waived permit application fee, an amnesty period for shops in non-compliance but participating in the program, and free technical assistance and pollution prevention audits. These incentives, along with focused outreach and compliance assistance for auto body shops, helped achieve a 68 percent participation rate in this voluntary program within this sector.

Project Description

DNREC's ERP initiative included several components. First, DNREC established baseline compliance rates by inspecting a statistically-based sampling of auto body shops to determine their compliance with environmental requirements. DNREC inspectors also gathered information about other business practices, such as adoption of pollution prevention measures that provide an indication of the shops' overall environmental performance.

Next, DNREC conducted a series of educational workshops to inform shops about environmental compliance requirements and voluntary best management practices that reduce the environmental impact of auto body repair shops. In addition, DNREC developed a workbook and other materials explaining all applicable environmental requirements for the auto body sector in plain language.

DNREC also provided shop owners and operators with self-certification forms that presented a series of plain-language questions designed to help them determine if they were in compliance with the applicable environmental requirements. If the owners/operators determined they were out of compliance, they were expected to fix the problem(s) as soon as possible.

Following this education, outreach, and self-certification process, DNREC conducted follow-up inspections on another random sample of facilities to assess the extent to which the program had improved compliance and environmental performance.

Results

To measure the program's success, DNREC established indicators of environmental compliance and performance, collectively termed Environmental Business Practice Indicators (EBPIs). DNREC measured changes in the EBPIs between the baseline and follow-up inspections to assess the impact of the ERP. DNREC reported positive results from their pilot ERP program, including significant increases in compliance and voluntary adoption of best management practices (see Table 1).

Table 1	
Environmental Issue	Average % Improvement in EBPIs
Air pollution control requirements	24%
Water pollution requirements	40%
Hazardous waste management requirements	42%
Shops undertaking voluntary pollution prevention best management practices	19%

In addition, the program also helped DNREC improve its ability to monitor ongoing environmental progress through permits. For example, of the auto body shops that participated in the ERP, 87 percent submitted an application for an air pollution permit – a requirement that most shops did not know about prior to the ERP. Overall, DNREC found ERP to be a success, and the state began a second-round of facility self-certifications in summer of 2007.

Connection to EPA's Goals

This program directly supports EPA's Strategic Goal #5, focused on compliance and environmental stewardship, by promoting an innovative approach to improve compliance and pollution prevention. The project also supports EPA's Strategic Goal #1, to protect and improve the air, Goal #3, land preservation and restoration through improved waste management, as well as EPA's Cross-Goal Strategy of promoting innovation and collaboration with states.

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