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State Innovation Grant Program: Indiana

Implementing an ERP to Reach Measurable Environmental Results in the Compliance of Indiana's Auto Salvage Sector (2005 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:

Historically, the Indiana Department of Environmental Management (IDEM) has had difficulty ensuring environmental compliance by the auto salvage sector. Investigations conducted at these business sites resulted solely from citizen complaints rather than through regular compliance assessments. Significantly, IDEM's responses to complaints contained no uniform standards or guidelines for addressing cases involving the auto salvage sector. These complaint-driven investigations often revealed serious violations with significant impacts to the air, land, and water. In the past, IDEM also lacked an organized system for estimating the extent of unobserved violations.

Project Description

Using resources from a US EPA State Innovation Grant, IDEM is adapting the Environmental Results Program (ERP) model, first demonstrated by the Massachusetts Department of Environmental Protection for the dry cleaning sector and subsequently modified for the Auto Salvage Sector by the State of Rhode Island, to promote measurable improvement in compliance in the auto salvage sector. IDEM will use the ERP approach to assist the Auto Salvage Recyclers (ASR) sector in understanding and complying with program regulations and going beyond compliance to prevent pollution and enhance protection of public health and the environment.

IDEM will implement the ERP program with the following activities:

Phase 1: Initial compliance inspection and information-sharing

IDEM will identify and meet with external stakeholders, including ASR and the Bureau of Motor Vehicles (BMV), to explain, coordinate, collaborate, and plan for project implementation. In addition to those meetings, IDEM will conduct baseline inspections of randomly selected

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facilities using a facility listing database provided by the BMV.

Phase 2: Compliance assistance and information development

The next phase of the project includes outreach efforts, self-certifications, and compliance assistance, including guidance manuals, a web site, workshops, confidential phone assistance, and on-site compliance assistance. IDEM will encourage the use of Best Management Practices (BMPs), and other effective business methods to reduce pollution and achieve improved compliance. This phase will also include utilization of a previously designed manual for the auto salvage sector. This phase will last approximately two years.

Phase 3: Second round of enforcement inspections

IDEM will complete this phase in the third quarter of 2009. After facilities have an opportunity to participate in a self-certification program, IDEM will again establish a random inspection process from the same BMV database described above. IDEM will prepare the appropriate multi-media enforcement response and track the data from these inspections.

Phase 4: Analysis of the data and the development of a report documenting results

IDEM will analyze and compare baseline, self-certification and post-certification data to understand changes in facility performance and overall outcomes of interest. Compliance results from baseline inspections will be compared to compliance results from this second round of random inspections. Improved performance will be determined through compliance rates, pollution prevented, and the company's incorporation of BMPs in salvage-yard practices. Any inherent biases will be recorded and evaluated.

In addition, the information developed and gathered during this project will have potential transferability to other sectors.

This grant-funded project will last three years until September 2009.

Connection to EPA's Goals

Indiana's Auto Salvage Sector ERP Program will address EPA's strategic goals by (Goal 2) protecting water sources through cleanup, remediation, and compliance with standards, (Goal 3) increasing the number of sites cleaning up historical soil contamination, and (Goal 4) improving relations with community members through reduction in groundwater and soil pollution and increased dialogue between community residents and facility owners/operators. The program also supports EPA's strategic goal (Goal 5) of promoting overall environmental innovation and stewardship.

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