

US EPA ARCHIVE DOCUMENT



State Innovation Grant Program: Kentucky

Implementing Kentucky's Environmental Leadership Program - A Vertical Start-up Model with Multi-State Applicability (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:

The Kentucky Department for Environmental Protection (KYDEP) has established a strategic priority of facilitating enhanced environmental performance by both Kentucky's regulated and non-regulated entities (e.g., businesses, municipalities, etc.). Under the current regulatory system, facility performance is measured against minimum regulatory standards and the system ensures the maintenance of only minimum thresholds of protection. Additionally, non-regulated entities who contribute to the environmental health of the state through their voluntary efforts are often at odds with regulated entities who are interested in reducing their regulatory burden without sacrificing environmental benefits. The lack of voluntary efforts on the part of both regulated and non-regulated entities has not encouraged cooperation. The current system does little to foster environmental stewardship through innovation focused on achieving greater environmental performance and business efficiency. Reflecting Kentucky's strategic priorities and with the support from a US EPA State Innovation Grant, the KYDEP is implementing a performance-based environmental leadership program to enhance the existing compliance-based regulatory structure through encouragement of efforts to reach beyond compliance. This program, titled KY EXCEL, will encourage cooperation between regulated and non-regulated entities (e.g., manufacturers and their supply chain) to improve Kentucky's environment.

Project Description

The mission of Kentucky's environmental leadership program is to promote, reward, and encourage superior environmental performance throughout the Commonwealth of Kentucky. The goal of the program is to positively impact the quality of life for Kentucky residents by encouraging continual improvement in environmental performance through commitment, partnerships, systemic management, and thoughtful growth. The program members will enhance the environment and society through public and private partnership, expansion of collaboration through networking, the development and adoption of newer, better manufacturing and control



technologies, and the application of sustainable strategies. Specific program objectives are to:

- Improve comprehensive, multi-media compliance among the regulated community.
- Reduce pollution and measure results.
- Enroll, recognize, and encourage leaders who commit to improving Kentucky's environment.
- Sustain and continually improve results over time.
- Leverage Kentucky's environmental excellence as an economic advantage.
- Strengthen Kentucky's posture as an innovative state.
- Prepare Kentucky for a future of performance-based environmental improvement.
- Build partnerships between Kentuckians (both public and private entities) and with regional neighbors.
- Improve efficiency and reduce costs for Kentucky businesses and for the Department for Environmental Protection.
- Align synergistic programs that encourage leadership across all media.
- Document the design and implementation process for use by other states.

KY EXCEL is designed to appeal to a broad range of businesses, industries, and non-governmental organizations (NGOs). By encouraging a diverse membership, the program will provide an innovative opportunity to build networks not only within like-businesses and NGOs, but also across boundaries that currently exist between regulated entities, NGOs, and government. Candidates enter the program through the portal of the newly established Division of Compliance Assistance where they received a level of enforcement protection during the assessment process via Kentucky statute. After completion of entry requirements, regulated entities may choose to participate in one of three membership tiers: Master, Leader, or Partner. Each tier requires correspondingly higher levels of environmental performance and provides additional incentives for meeting/exceeding goals and for completing state priority projects. In addition to the three tiers, a fourth membership category will be established for Advocates, who are typically non-regulated entities with a strong interest in environmental improvement.

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

Connection to EPA's Goals

This program directly supports EPA's Strategic Goals as well as several Cross-Goal Strategies. By improving overall compliance performance and developing the concept of environmental stewardship, the program specifically aligns with Goal 5. In addition, the program supports EPA's goals (Goals 1 and 2) by encouraging pollution prevention practices and directly measuring the amount of pollution reduced to each media. The program also will enhance these goals (Goals 3 and 4) by identifying and rewarding the completion of projects that specifically improve the community through cooperative efforts. Cross-Goal Strategies that are used in the program include developing partnerships, sharing information through reporting, networking, documentation, education, and rewarding innovation in practices and technology.

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