



March 3, 2021 - House Finance Subcommittee on
Agriculture, Development and Natural Resources

Testimony on House Bill 110

Laurie A. Stevenson, Director

Good Morning Chairman Kick, Ranking Member O'Brien, and members of the House Finance Subcommittee on Agriculture, Development and Natural Resources. I'm Laurie Stevenson, Director of the Ohio Environmental Protection Agency. I appreciate the opportunity to provide testimony today on Ohio EPA's portion of House Bill 110, Governor DeWine's executive budget proposal.

Since 1972, Ohio EPA has fulfilled our important mission of protecting the environment and citizens of Ohio. We do this through many regulatory programs that help ensure that we have clean water, breathe clean air, and are protected from hazards associated with managing wastes, spills, and releases. We have an important role in supporting economic development through efficient permitting processes and helping communities bring old industrial sites back to useful life. Helping keep citizens informed on environmental topics, supporting students through environmental education and conducting outreach to help businesses understand our regulations are also important activities of our Agency.

Currently, Ohio EPA has close to 1,000 full time employees working throughout our five district offices, a headquarters in Columbus, a field office in Groveport and laboratory in Reynoldsburg. Our team includes a diverse group of scientists, engineers, data experts, communication specialists and program support staff. During our busy field season, we employ around 100 student interns who are instrumental in helping us collect important field samples and data.

As a career public servant at Ohio EPA, I've spent many years in both regulatory and non-regulatory programs. For 20 years of my career, I worked in various compliance assistance programs within Ohio, because it is my belief that we have an equally important responsibility to help businesses and communities get access to the tools, information and resources to achieve compliance and be successful. Within Ohio EPA, we have built a strong foundation of assistance programs and services, including helping

small businesses with permit applications, providing training and workshops to help businesses understand the regulations, helping small wastewater plants improve their operations and providing funding for communities to address their wastewater and drinking water infrastructure needs. We also help businesses and communities implement projects that can reduce waste and save them money and have an Encouraging Environmental Excellence award program to recognize those who are leading Ohio in sustainable practices.

Because of these efforts, we believe Ohio EPA is a national leader in protecting human health and the environment, and an asset when companies are looking to locate or expand in Ohio. It's my priority to ensure we maintain this very important balance of using our regulatory and enforcement tools along with our compliance assistance tools to maintain a healthy environment and help Ohio grow. Providing excellent customer service, being accessible and fostering an environment of open communication are also personal priorities that I continuously reinforce with my entire team.

Ohio EPA's budget request for this biennium is important for us to fulfill our core mission and meet the important policy objectives of Governor DeWine, including implementing Ohio's H2Ohio Initiative.

As background, approximately 74% of Ohio EPA's budget is in dedicated purpose funds, most of which comes from fees collected from the facilities we regulate. As examples, we collect permit processing fees, waste disposal fees and pollution emission fees. Our air pollution, surface water, drinking water, environmental remediation, emergency response and waste management programs are supported by these fees. The Agency also receives federal grants (18.5%) and a small percentage of internal service activity funds (4.0%) to support our operations.

Only a small proportion of our total budget, about 3.5 percent, is from General Revenue Funds to support Ohio's auto emissions testing program, which is required by the federal Clean Air Act in seven Northeast Ohio counties that are not meeting federally mandated ozone air quality standards.

For Fiscal Year 2022, Ohio EPA's total budget request is \$265.9 million, and for Fiscal Year 2023 \$257.0 million. This increase from Fiscal Year 2021 is due primarily to the additional amount of H2Ohio funding in both Fiscal Year 2022 and Fiscal Year 2023.

When focusing on the amount of the increase attributable to agency operating costs, including filling vacant positions, the FY22 requested budget is just 5.3% higher than FY21, then decreases by 4.0% for FY23 due to fewer grant awards from Ohio's proportion of the national Volkswagen enforcement settlement. Since 2018, we have awarded several rounds of grants from Ohio's share of the settlement funds to support projects to reduce air emissions from diesel-powered engines and are nearing completion of awarding the settlement funds.

Ohio EPA's budget request supports refilling several vacant positions that are important to our core operations and support the Governor's priorities. During the last calendar year alone, Ohio EPA has seen more than 50 vacancies, primarily through retirements. As positions become vacant, we use this as an opportunity to assess our needs and priorities so that we ensure we're being responsible in administering the state's dollars and efficiently using our resources.

As mentioned, for State Fiscal Years 22 and 23, the increase in Ohio EPA's dedicated purpose funds is to support implementing additional projects under the H2Ohio Initiative. The H2Ohio Initiative was created in the last biennium as a pillar of Governor DeWine's budget proposal. Since then, Ohio EPA, Ohio Department of Agriculture, Ohio Department of Natural Resources, and the Lake Erie Commission have worked closely together to develop a comprehensive, multi-faceted approach to reduce harmful algal blooms in Lake Erie and improve water quality for the benefit of all Ohioans. All our agencies have been hard at work over the past two years to implement projects that will achieve these important goals. Broadly speaking, H2Ohio focuses on reducing phosphorus through incentivizing agricultural best management practices, creating and restoring wetlands, supporting innovative technologies, and improving drinking water and wastewater infrastructure.

In the current biennium, Ohio EPA's focus under H2Ohio includes improving drinking water and wastewater infrastructure, especially in economically disadvantaged communities throughout the state. We have also been providing H2Ohio funding to remove failing home sewage treatment systems and we have funded projects to remove lead service lines and fixtures in our daycares. In the first year of the current biennium, Ohio EPA was responsible for distributing \$8.675 million in H2Ohio funding. This funding is being used to support construction of three sewer projects in Miami, Meigs, and

Williams counties and four drinking water projects in Columbiana, Coschocton, Pike and Noble counties. On the drinking water side alone, these projects will provide more reliable and safe drinking water to an estimated 4,000 Ohioans. With our first year of funding, an estimated 180 failing septic systems will be repaired or replaced, and 185 lead service lines will be removed from childcare centers in the Cincinnati area. We've also made small, but important investments to enhance our water quality monitoring network in the Lake Erie basin area and elsewhere in the state and are supporting a technology vetting process to evaluate innovative solutions to help address our water quality challenges. For year two of the current biennium, \$9.5 million will support wastewater and drinking water infrastructure projects, replace failing home sewage treatment systems, and replace lead service lines. We are in the process of identifying specific infrastructure projects to support during this current year of the biennium and are excited about the potential of receiving more funding during Fiscal Years 22 and 23 to continue important work in all these areas.

These H2Ohio investments are so important for many reasons. Improving our infrastructure and addressing failing home septic systems reduces pollution that enters our streams, rivers and lakes. In addition, by focusing efforts on our economically disadvantaged areas, in both small and larger communities, we can help them get projects over the finish line that they are not able to fully fund on their own. Finally, having access to better sewer services and reliable, safe drinking water not only improves the quality of life for people, it can also better position these communities for future economic growth and development.

We are very excited about the opportunities in this upcoming biennium to do even more H2Ohio-related work for more communities throughout Ohio. In FY 22 and FY 23, the proposed portion of H2Ohio funding for Ohio EPA is \$46 million each fiscal year. While this is a significant increase from the current biennium, we know the needs of Ohio's communities for wastewater and drinking water projects are substantial, and we are confident that we can put all of our H2Ohio dollars to work for the benefit of Ohioans.

Beyond H2Ohio, I want to quickly highlight some other items requested by Ohio EPA in the budget bill that will eliminate unnecessary fees, provide more regulatory certainty to our customers and yield more efficient use of resources.

As previously mentioned, our current budget request does not include any increases in fees. However, Ohio EPA is asking to remove the sunset provisions for our fees that currently exist in statute. These fees provide \$85 million, or 50% of the Agency's total annual revenue. Many of these fees were enacted in the early 1990s, and must be renewed each biennium, even when there is no change to these fees. Ohio EPA has successfully justified the ongoing need for these fees for more than 20 years. Ending the fee sunsets would be an efficiency improvement internally, and provide stability and certainty to the regulated community, who depend on our programs for efficient permitting, compliance assistance, technical guidance and assistance in handling releases and environmental emergencies.

While this request will eliminate the sunset provisions, it does not in any way remove the obligation of Ohio EPA to seek approval from the legislature for future fee increases. In addition, we would work with stakeholders to develop any changes to our fee structure, as has been our practice. It also does not diminish our responsibility for an ongoing evaluation of our fee structure to identify areas where we can request other adjustments, including potentially eliminating or reducing fees, while maintaining sufficient funding to support our operations.

Examples that align with this responsibility include our request in the SFY 22-23 budget to eliminate two current fees. The first is a nominal fee collected by our Division of Materials and Waste Management to review certain applications and forms. This \$15 application fee is deposited into the General Revenue Fund. Over the past several years (since 2009), the fee has generated nominal revenue (\$500) compared to the administrative cost (estimated at \$3,000) to process individual checks from these applicants. Given the cost of administering the fee compared to the limited revenue it provides, we request to eliminate this fee.

Ohio EPA also requests to eliminate a duplicative certification requirement and fees associated with laboratories that become certified by Ohio EPA to participate in our brownfield clean-up program, called the Voluntary Action Program (VAP). The VAP has been in existence for over 25 years and, through the program, hundreds of old industrial sites have been cleaned-up in Ohio for new uses, both commercial and residential. Certified laboratories are used by parties initiating clean up under the VAP to analyze

samples. These labs are highly qualified and also have to meet national standards to ensure their methods and practices meet quality assurance and control standards.

Because of the robust national standards that were not in place at the time this program was developed, we are asking to remove the duplicative requirement that these labs also be certified at the state level to participate in the VAP. Removing this requirement also means that labs would not be required to pay an initial \$5,000 certification fee to Ohio EPA and a \$500 annual renewal fee. This will decrease costs and the overall regulatory burden on labs that participate in the VAP and may incentivize more labs to participate in the program. This fee reduction would not substantially impact Ohio EPA's overall ability to administer the Voluntary Action Program, because we would recognize a savings in not processing lab certification-related applications.

To support individuals and communities that face challenges associated with abandoned scrap tires, we are also requesting a change to Ohio's scrap tire "no fault" clean-up program. For many years, Ohio EPA has provided assistance to help remove scrap tires that have accumulated on both public and private properties but are not due to the actions of the property owner. Examples include situations where scrap tires are illegally dumped on a property without the owner's knowledge, deposited in vacant buildings or discovered illegally buried after a property is purchased.

From a public health standpoint, abandoned tires present a fire risk, attract vectors and create a breeding ground for disease-carrying mosquitos.

The no-fault scrap tire clean-up program is important to help these property owners who are faced with significant clean-up costs for situations they did not create and cannot afford to remediate.

Under the current statute for the program, Ohio EPA can assist with removal of up to 5,000 tires on these sites. Unfortunately, we have encountered several sites that have an average of closer to 10,000 tires on them. We are requesting to raise the no-fault limit to 10,000 tires, or more at the Director's discretion, so that we can help facilitate clean-up of some of these larger sites. Ohio EPA funds contractors to complete this clean-up work, with the most substantial cost being mobilizing equipment to the removal site. Given this, we do not anticipate that increasing the amount of tires

removed once the equipment is on-site will result in a substantial increase in our overall cost of administering this important program.

In closing, I am very proud of the accomplishments of the Agency and my team for the work we do to help protect Ohio's environment and our citizens. We are very much looking forward to the opportunities that will be provided through this legislation that allow us to continue fulfilling these important responsibilities. In addition, expanding our efforts under the H2Ohio Initiative to make more investments to help Ohio communities would personally be one of my proudest accomplishments during my tenure as the Director of Ohio EPA.

Thank you again for your time today and I'm happy to answer any questions you may have.