



April 27, 2021 – Senate Local Government and Elections  
Committee

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## ***Testimony on House Bill 110***

**Laurie A. Stevenson, Director**

Good Morning Chair Gavarone, Vice Chair O'Brien, Ranking Member Maharath, and members of the Senate Local Government and Elections Committee. 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 worked hard to fulfill 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 or inactive industrial sites back to useful life. Other significant activities of the Agency include helping keep citizens informed on environmental topics, supporting students through environmental education, and conducting outreach to help businesses understand our regulations.

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 the Agency because I believe that the Agency has an important responsibility to help businesses and communities access the tools, information and resources they need to achieve compliance and be successful. Within Ohio EPA, we have built a strong foundation of assistance programs and services,

including helping small businesses navigate permit applications, providing training and workshops to help businesses of all sizes understand regulations, assisting small wastewater plants improve their operations, and providing funding for communities to address their wastewater and drinking water infrastructure needs. We help businesses and communities implement projects that can reduce waste and save them money, and we administer the 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 helpful to companies that are looking to locate or expand in Ohio. It's my priority to ensure we continue to balance our regulatory and enforcement tools and 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 the State Fiscal Year 2022-23 biennium supports us in fulfilling our core mission and implementing the important policy objectives of Governor DeWine, including 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 which support our air pollution, surface water, drinking water, environmental remediation, emergency response and waste management programs. 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, supporting Ohio's auto emissions testing program, known as E-Check. This program is required by the federal Clean Air Act in seven Northeast Ohio counties that are not meeting federally mandated ozone air quality standards.

For State Fiscal Year 22, Ohio EPA's total budget request is \$265.9 million, and for State Fiscal Year 23, the request is for \$257.0 million. This increase from State Fiscal Year 21 is due primarily to additional H2Ohio funding in both State Fiscal Year 2022 and State Fiscal Year 23.

When focusing on the amount of the increase attributable to agency operating costs, including filling vacant positions, the State Fiscal Year 22 requested budget is just 5.3% higher than State Fiscal Year 21, then decreases by 4.0% for State Fiscal Year 23 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 that reduce air emissions from diesel-powered engines and are nearing the completion of awarding those 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. We have all 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 throughout the state, especially in economically disadvantaged communities. We have provided H2Ohio funding to remove failing home sewage treatment systems and funded projects to remove lead service lines and fixtures in our daycares.

In the first year of the current biennium, Ohio EPA received \$8.675 million in H2Ohio funding, which is being used to support construction of three sewer projects in Miami, Meigs and Williams counties and four drinking water projects in Columbiana, Coshocton, 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 are being repaired or replaced, and 185 lead service lines are being 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, another \$8.675 million will support wastewater and drinking water infrastructure projects, replace failing home sewage treatment systems, and replace lead service lines. We will have announcements on projects for Year 2 of H2Ohio in the coming weeks, and the distribution of these projects will illustrate the statewide impact of the investments we are making in water infrastructure.

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 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, but also better positions these communities for future economic growth and development.

We are very excited about the opportunities in the upcoming biennium to do even more H2Ohio-related work for more communities throughout Ohio. In State Fiscal Years 22 and 23, the requested 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 highlight some other items requested by Ohio EPA in the budget bill that will eliminate unnecessary fees and yield more efficient use of resources.

As previously mentioned, Ohio EPA has a responsibility to continuously evaluate and improve our fee structure, and we have worked to identify areas where we can reduce regulatory burdens on our stakeholders, 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 State Fiscal Year 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. Since 2009, this fee has generated nominal revenue totaling just \$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. The Voluntary Action Program 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 must meet

national standards to ensure their methods and practices meet quality assurance and control standards.

Because of the robust national standards that now exist but 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 program.

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. The proposed reduction would not substantially impact Ohio EPA's overall ability to administer the Voluntary Action Program, because we would recognize a savings from not processing lab certification-related applications.

I mentioned earlier Ohio EPA's efforts to help local communities. We support individuals and communities that face challenges associated with abandoned scrap tires, and we are 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, 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 pests and rodents, 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. However, we have encountered sites that have an average of closer to 10,000 tires, and for this reason 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 cleanup 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 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.