

Status of State and Territory Small Business Compliance Assistance Programs – 507 Clean Air Act Program

Small Business Ombudsman (SBO)
Small Business Environmental Assistance Program (SBEAP)
Compliance Advisory Panel (CAP)

2011-2012



TABLE OF CONTENTS

Introduction.....	1
Program Background.....	1
2011-2012 Data Analysis Update	1
Multimedia Assistance	4
Budgets and Staffing	5
Compliance Advisory Panels (CAP).....	7
Outcome Measures	7
Conclusion.....	8

TABLE OF FIGURES

Figure 1: 2012 Average Outreach Activity.....	4
Figure 2: 2011 Average Outreach Activity.....	4
Figure 3: Percent of Programs that are Air-only vs. Multimedia.....	4
Figure 4: Number of programs reporting	5
Figure 5: 2011 SBEAP Budget Sources.....	6
Figure 6: Figure 5: 2012 SBEAP Budget Sources.....	6
Figure 7: Percent of Programs Reporting changes to FTEs	6
Figure 8: 2011 Reasons for CAP Vacancies	7
Figure 9: 2012 Reasons for CAP Vacancies	7

INTRODUCTION

This semiannual report is an update on the activities and accomplishments of the 1990 Clean Air Act (CAA) designated state 507 Programs. This document contains data collected from an annual survey of the 507 Programs conducted by the U.S. Environmental Protection Agency (EPA) Small Business Ombudsman (SBO) in 2011 and 2012. The number of reporting states and territories differ in the two reporting years; 34 states reported in 2011 and 28 states reported in 2012. The 2011/2012 data shows state programs continue to provide a broad variety of assistance to small businesses in their state, including time-intensive site visits and the distribution of compliance material targeted for small businesses. Full survey responses are in Appendix 1.

PROGRAM BACKGROUND

Under Section 507 of the 1990 CAA Amendments, each state must implement a program to help small businesses comply with the requirements of the CAA. These programs, called the 507 Programs, provide information and compliance assistance to small businesses on environmental requirements and feedback to the state environmental regulatory agencies. 507 Programs conduct activities such as communicating regulatory information to small businesses; designing and disseminating brochures, fact sheets and other outreach publications; providing technical compliance assistance including help with permit applications, phone interviews and site visits; and conducting training and workshops for the small business community.

The importance of the 507 Programs comes from the fact that although small businesses are often considered small source emitters, collectively they can generate more pollution than larger source emitters. Additionally, small businesses often lack the resources and technical knowledge necessary to comply with regulations. The time a small business spends on training and assurance in environmental compliance is time taken away from their core work and has a disproportionate impact compared to larger companies. As a result, compliance with environmental regulations is often more costly and difficult for small businesses in comparison to larger companies.

According to Section 507, each state program is required to include the following three components:

- A Small Business Ombudsman (SBO) who advocates on behalf of small business owners or operators within the regulatory environment.
- A Small Business Environmental Assistance Program (SBEAP) that provides detailed environmental and technical assistance to small businesses.
- A Compliance Advisory Panel (CAP) that provides feedback on the effectiveness of the SBEAPs and assists with identifying priority small business issues and obstacles to the advancement of the program.

In addition to providing technical assistance to small business, the 507 Programs help ensure that the perspective of small businesses is considered in the regulatory process.

Under the CAA 1990 Amendments, the EPA SBO is responsible for monitoring the 507 Programs, including providing advisory opinions on the effectiveness of the 507 programs and difficulties encountered. The EPA SBO also coordinates with state SBOs and SBEAPs to provide guidance and support at the federal level.

2011-2012 DATA ANALYSIS

SBOs and SBEAPs provide ongoing support to small businesses in their states to help businesses improve compliance with environmental regulations in a cost effective manner. This support includes outreach activities to inform the small business community about regulatory issues and changes, as well as providing one-on-one technical assistance for small businesses facing specific compliance challenges.

Outreach and Technical Assistance

The 507 Programs conduct a variety of activities to communicate compliance and regulatory information to small businesses and help them comply with regulations. There is no one size fits all approach to compliance assistance because of the diverse nature of the states and the small business community. Some outreach is conducted on a large scale through mailings, while other outreach approaches are more personalized such as workshops and site visits. One major and often overlooked aspect of the small business community is the difference in internet connectivity. Many rural small businesses are not well connected via the internet which means that posting information on the web does not necessarily reach these businesses. This highlights the value of the 507 Programs in providing outreach tailored to the needs of the small business community.

Table 1 is a list of services provided by 507 Programs and the number of states that provide each service. Numbers from one year to the next cannot be directly compared because of differences in the states that reported each year. This table shows the breadth of services that are provided.

TABLE 1. SERVICES PROVIDED BY 507 PROGRAMS

SERVICES	NUMBER OF 507 PROGRAMS PROVIDING THE SERVICE	
	2011	2012
Hotlines	27	24
Web Sites	33	27
Newsletters	15	15
Social Media	10	7
Face to face Meetings	35	26
Seminars/workshops	33	23
On-site Compliance Assessments	30	25
Individual Client Advocacy/ Meeting Facilitation with Regulatory Staff	29	21
General Industry Advocacy: comments on state and federal rule development, serving on workgroups, etc.	28	22
Conflict Resolution/Regulatory Complaints	26	20
Direct Permit Application Preparation	22	19
Guidance Publications	33	27
Recordkeeping Tools	30	21
Regulatory Forms Development	22	16
Electronic Tools Development	28	20
Individual Regulatory Applicability Assistance	32	25
Industry Notification of New Rules	31	25
Return to Compliance Assistance (referrals through enforcement action)	30	24
Environmental Results Programs (ERP)	10	6
Listing of Environmental Consultants	19	13

TABLE 1. SERVICES PROVIDED BY 507 PROGRAMS

SERVICES	NUMBER OF 507 PROGRAMS PROVIDING THE SERVICE	
	2011	2012
Mentor Programs	4	4
Energy Assessments	5	3
P2 Assessments	20	11
Loan Programs	9	7
Grant Programs	6	6
Tax Credits	7	4
Referrals	27	23

Services conducted in addition to the ones listed above include activities such as public service announcements, radio talk shows, meeting with state legislators, e-mail subscription services, and environmental audits.

Type of Assistance

The activities conducted by the 507 Programs that are listed in Table 1 can be generally categorized by the type of assistance. At one end of the spectrum are activities such as on-site compliance assessments and assistance with return to compliance that are individualized and time consuming but extremely valuable to the company being helped. At the other end, are activities such as the development of tools or publishing newsletters that can reach a large number of businesses with much less effort but are not personalized. The types of activities in each of the categories can include the following examples, which are not comprehensive:

- *Passive Published Information:* websites, guidance documents, newsletters, social media.
- *General Industry Information and Advocacy:* Industry Notification of Rules, Mentor Programs.
- *Direct, Individual Assistance:* Individual Client Advocacy/ Meeting Facilitation with Regulatory Staff, On-site Compliance Assessments, Return to Compliance Assistance, hotlines
- *Direct, Industry Assistance:* Seminars, Environmental Results Programs
- *Financial Assistance:* tax credits, loan and grant programs.

The pie graphs in Figures 1 and 2 show the breakdown of the types of outreach activities provided by the state programs for 2011 and 2012. Direct, Individual Assistance and Direct, Industry Assistance make up nearly half of outreach activities every year. The amount of direct support that the 507 Programs provide to individual businesses is impressive considering the limited size of program budgets and staff.

Every year, the 507 Programs conduct several thousand on-site visits, develop and distribute hundreds of tools and publications and hold hundreds of workshops. These efforts reach thousands of small businesses. In addition, programs comment on rules to ensure that the unique challenges to small businesses are considered in the rule making process.

MULTIMEDIA ASSISTANCE

Under the CAA, SBOs and SBEAPs are only required to implement programs to help small businesses comply with air quality requirements. However, small businesses typically need help with other environmental regulatory areas such as water and waste. When possible, most 507 Programs provide this multimedia assistance related to most if not all environmental regulations. Even programs that are air only provide a valuable function by referring small businesses to the appropriate person or program in the agency that can help them with other than air issues.

Figure 3 shows the breakdown of programs that provide multimedia assistance versus air-only assistance for 2011 and 2012. The multimedia assistance primarily consisted of water and waste related help but also included energy services and pollution prevention. More state programs provided multimedia assistance in 2011 than in 2012.

Figure 1: 2011 Average Outreach Activities

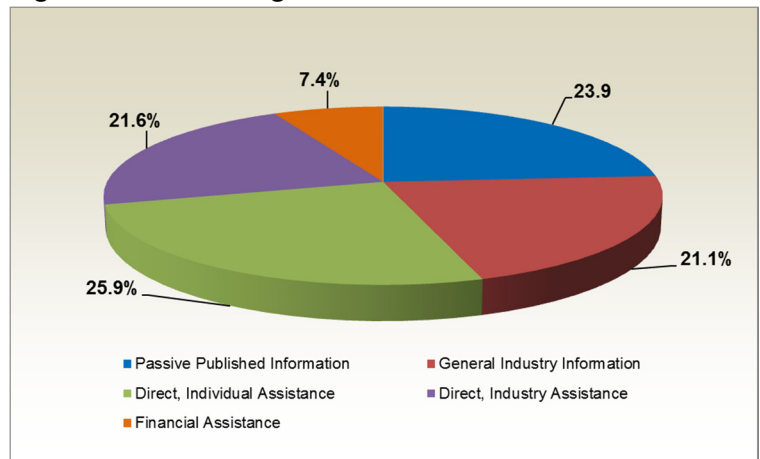


Figure 2: 2012 Average Outreach Activities

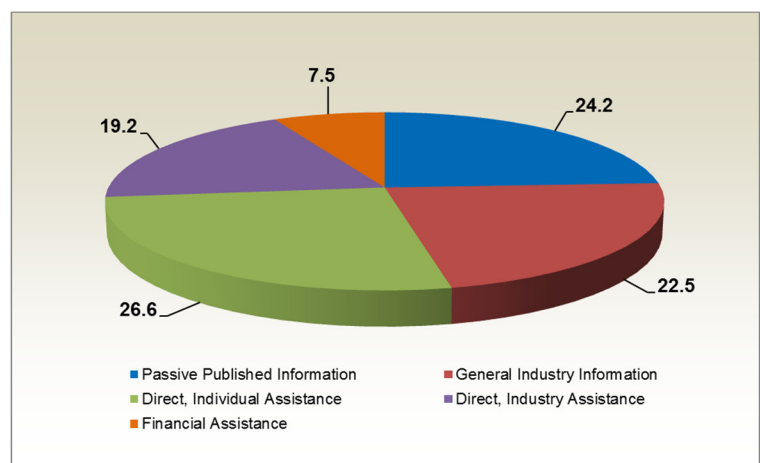
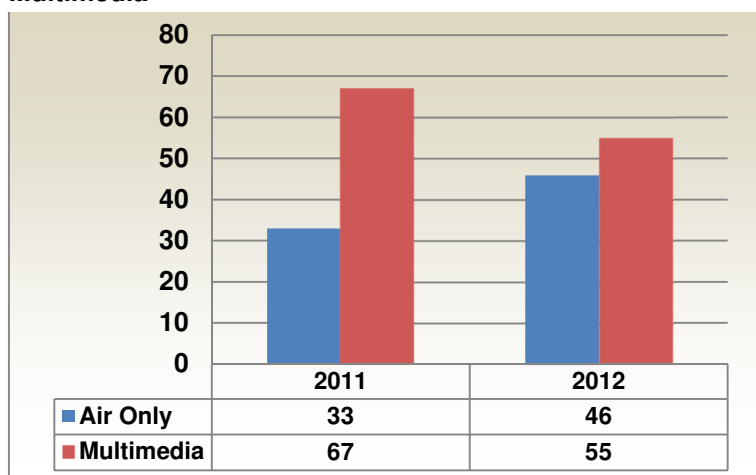


Figure 3: Percent of Programs that are Air-only vs. Multimedia



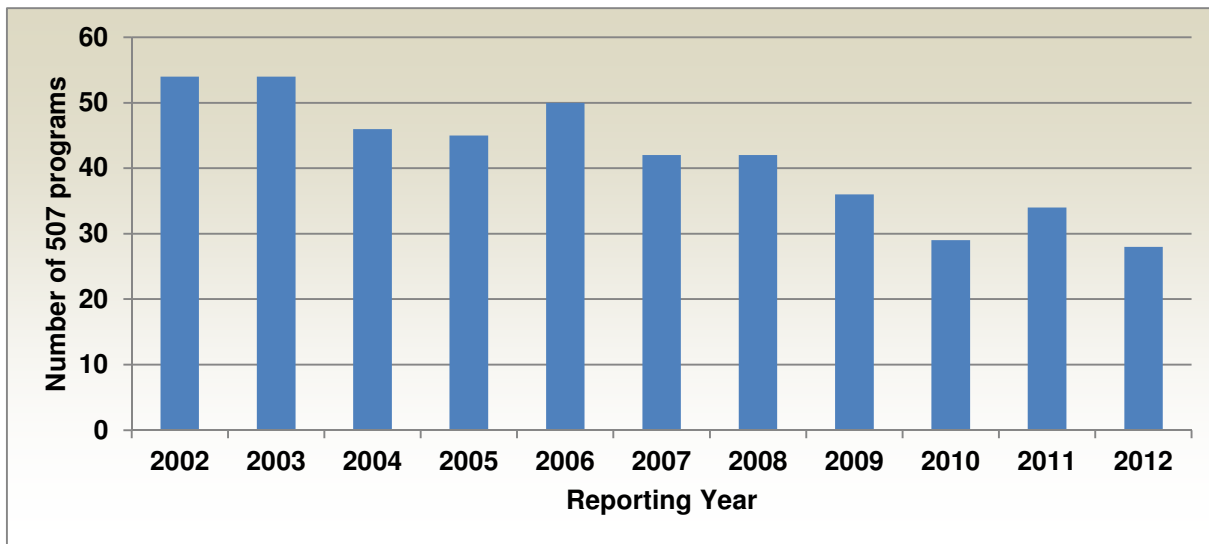
BUDGETS AND STAFFING

Budgets

The state program annual budgets range from a few thousand to over a million dollars, with the majority being under one million (states reporting budgets over one million totaled three in 2011 and four in 2012). The average program budget, excluding programs over one million, was approximately \$215,000 in 2011 and \$250,000 in 2012.

According to the state surveys, average program budgets have remained roughly the same since 2002. However, this may be misleading, as the number of programs reporting has decreased since 2002. Figure 4 shows the number of programs reporting every year since 2002. While only an assumption, it is likely that programs with significantly decreased budgets or that were disbanded entirely would stop reporting, making the budgets appear more stable than they actually are.

Figure 2: Number of programs reporting



Data from 2011 and 2012 cannot be compared directly because of the difference in the number of states that reported. However it appears from Table 2, which shows the percent of states reporting changes to their budget, that there were many changes to programs over the last year.

Table 2: Percent of states reporting changes to the budget

	2011	2012
Increase in budget	9 %	18 %
Decrease in budget	18 %	26 %
No change in budget	73 %	56 %

The 507 Programs typically get their funding from air permitting programs. However, programs also get funding from other programs and sources. Out of those states that reported for 2011 and 2012, Figures 5 and 6 show the budget sources that fund the state programs.

Staffing

Most 507 Programs have between two and three full time employees (FTEs), although the number can range from one to over ten. In 2011, the average number of FTEs for SBEAPs and SBOs was 3.5; in 2012 the average was 4. Figure 7 below, shows the percent of states reporting changes to their staffing. Most programs that reported did not have changes in the number of FTEs.

Figure 3: 2011 SBEAP Budget Sources

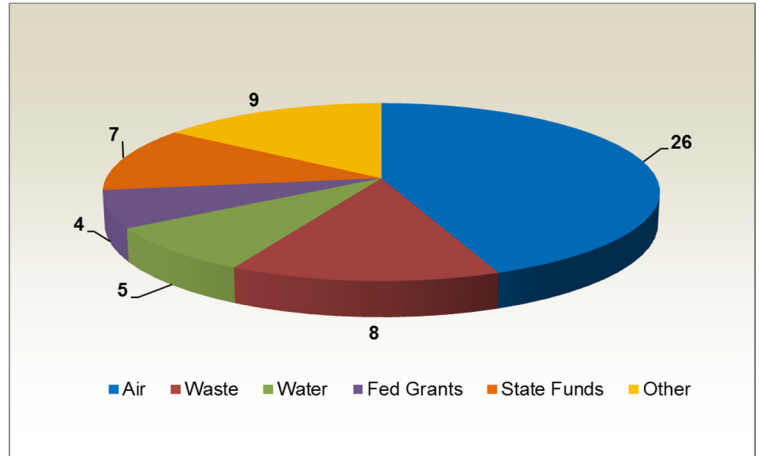


Figure 4: Figure 5: 2012 SBEAP Budget Sources

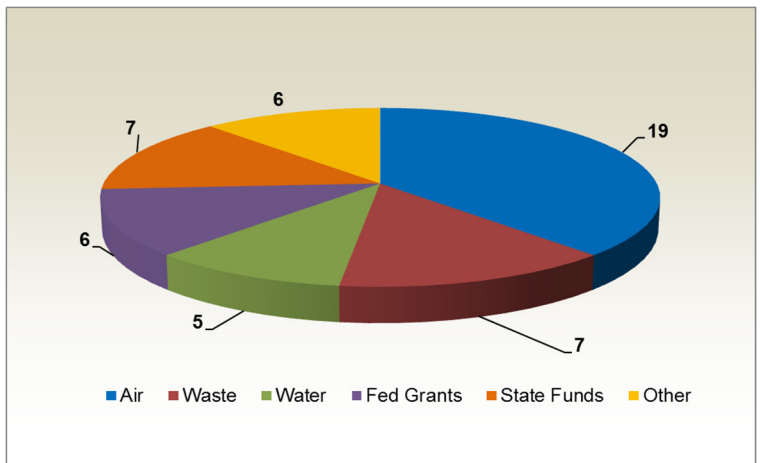
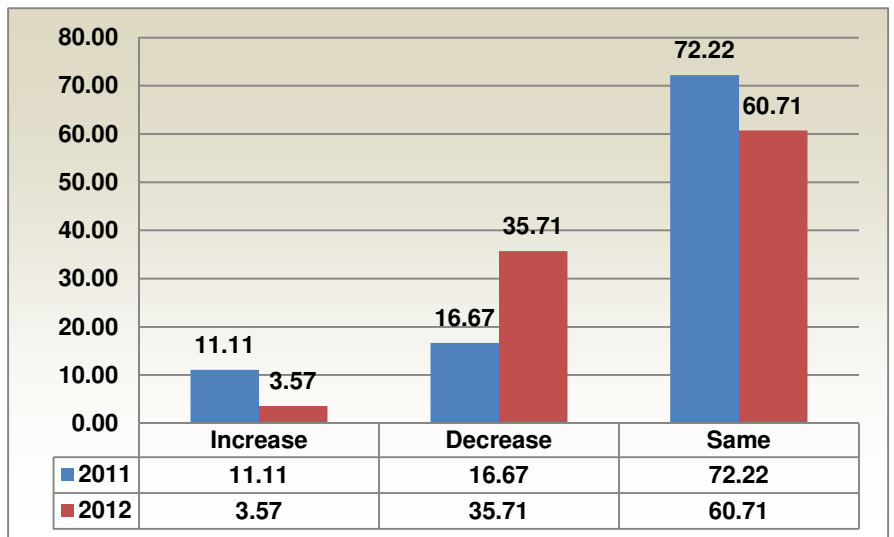


Figure 5: Percent of Programs Reporting changes to FTEs

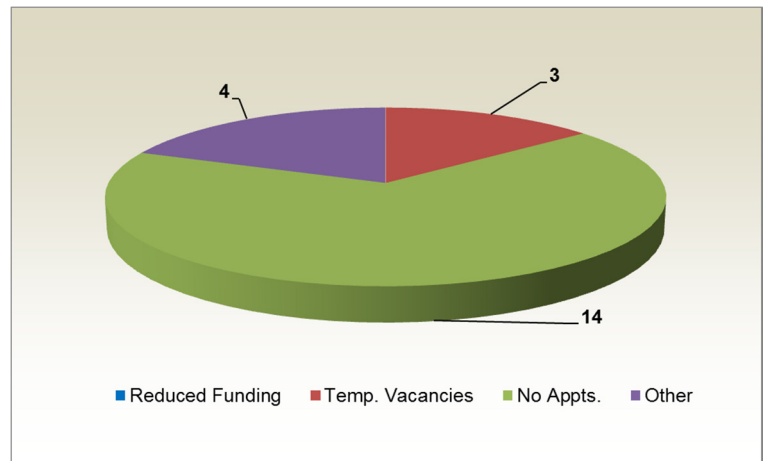


COMPLIANCE ADVISORY PANELS (CAP)

Compliance Advisory Panels are the third required element of the state 507 Programs. CAPs provide an important nexus between the small business community and the regulatory agency. Functioning CAPs help the agency understand the small business point of view and constraints, and in turn, help the small business community understand the functioning of the agency. The majority of programs completing the survey reported having a CAP in place (68 percent in 2011 and 60 percent in 2012). However, of those states reporting a CAP, for both years they reported that 35 percent of CAPs were not active.

While the survey did not specifically ask why CAPs were not active, it did ask why there were vacancies on the CAP. In most cases, as shown in figures 8 and 9, the reason for vacancies on the CAP is that they were not getting member appointments. (State legislators and governors are responsible for appointing CAP members.)

Figure 6: 2011 Reasons for CAP Vacancies

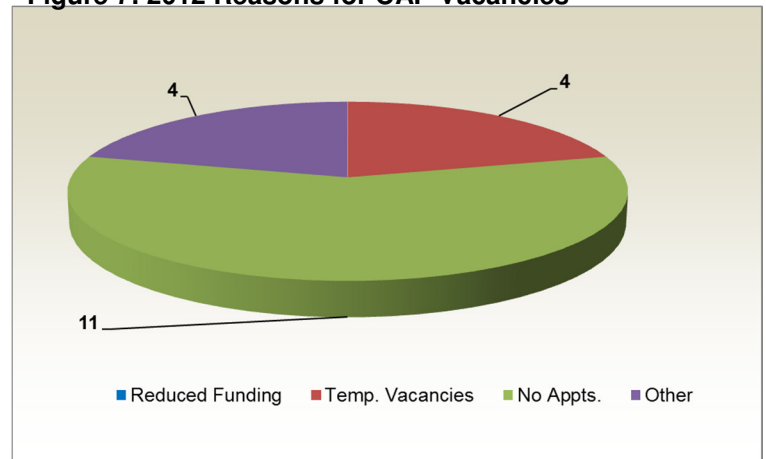


OUTCOME MEASURES

For the first time, in 2011 the survey requested information on outcome measures. This is data on the results of program activities such as an increase in compliance, reduction in emissions or an improvement in awareness and understanding of regulations. Outcome measures are more difficult to capture than activity measures and are not collected by all of the programs. The methodology among the states that do capture outcome measures varies so the results from one state to the next cannot be compared.

Five states reported outcome measures in 2011 and ten in 2012. Programs collected outcome measures in several ways. Several programs reported on results or surveys following workshops or training events. The surveys typically collected information on the participant’s understanding of environmental responsibilities and compliance. Programs also reported surveying businesses after providing assistance with questions in areas such as client satisfaction, and behavioral and compliance changes. Reported response rates to these surveys varied from 15 percent to 26 percent. One grant program asked for metrics on savings from pollution prevention and energy grants that included reductions in fuel use, energy and water use.

Figure 7: 2012 Reasons for CAP Vacancies



CONCLUSION

The 507 Programs continue to reach a significant number of small businesses and provide a cost effective way to promote compliance in this important sector, while protecting human health and the environment. In the states that reported, budgets and staffing of programs seem to be remaining consistent. However, the drop in the number of programs that report makes it difficult to draw conclusions. Anecdotally, programs indicate that budgets are being cut in many states and that some states no longer have a functioning program or the program is greatly reduced in scope.

As environmental rules become more complex and the health impacts of air pollution are increasingly realized, it is important that these valuable programs continue to be fully supported. Small businesses are an important element of the economy and the 507 Programs help contribute to the success of this sector.