



**Testimony of Chris Korleski
Director, Ohio EPA
before the
Senate Finance Committee
May 24, 2007**

Mr. Chairman, Senator Miller, and members of this committee, I am Chris Korleski, Director of the Ohio Environmental Protection Agency. I am pleased to be here today and I thank you for the opportunity to testify before you on the House version of Governor Strickland's budget proposal for Ohio EPA for fiscal years 2008-2009.

I am honored and privileged to stand before you representing Ohio EPA and the 1250 employees who, through their dedication and hard work, protect, maintain, and restore Ohio's environment and strive to protect the health and quality of life of Ohio's 11 million citizens.

In the budget before you, the House maintained the funding levels contained in the Executive budget, which provided funding for Ohio EPA in FY 2008 of \$202,554,045 which represents a 0.3 percent **decrease** when compared to our estimated expenditures for FY 2007. In FY 2009, funding is \$207,689,173 which represents a 2.5 percent increase when compared to our estimated expenditures for FY 2007. This budget is clearly very lean, and, importantly, reflects no statutory changes to increase the amount of our charged fees or increases in staff. Indeed, over the next biennium we will reduce our staff by 32 full time equivalents while continuing to work as efficiently as possible. With one exception, Ohio EPA does not currently receive any GRF funding, but instead relies on the statewide Environmental Protection Fee, various other fees, and federal grants. That one exception to that, however, is the cash transfer of \$15 million per year beginning FY 2008 to fund the continuation of E-Check in northeast Ohio.

As a newcomer to this position, I look with pride at all the environmental improvements Ohio EPA has already achieved in its history, and I consider with some concern the work and challenges that lie ahead. But I also consider the possibilities that may be realized by our children and grandchildren, things like cleaner air to breathe, cleaner water to swim and fish in, and a landscape uncorrupted by chemical releases in which to play, live and work.

At the same time, I also consider the absolute need Ohio has to ensure that our citizens, both present and future, see Ohio become a more prosperous state than it is today, where they will not only enjoy a good environment in which to play, but also a good environment in which to work. Obviously, finding such a balance is not easy, but it is imperative.

From my perspective, environmental protection and economic development go hand-in-hand. Therefore, one of my goals is to continue to work on the timely processing of permits for Ohio businesses. We intend to combine the permit-to-install and permit-to-operate into a single permit for businesses with smaller sources of air emissions; a common sense approach to permitting that will eliminate redundancy. Language is also included in the budget that extends from five to 10 years the review cycle for air permits-to-operate. We are also working to develop and implement an emissions reduction trading program, which is an effective market-based approach that will help us reduce air pollution and support industrial growth in areas of Ohio that have not yet attained national air quality standards.

To become even more lean and competitive, we are investing in information technology, including Web-based permitting and reporting systems. We also understand that in order to spur entrepreneurship and enterprise expansion we must continue our focus on compliance assistance. Ohio EPA's Office of Compliance Assistance and Pollution Prevention (OCAPP) provides a variety of free services to small businesses to help them with regulations and find ways to reduce pollution. With a statewide presence, OCAPP staff provide direct assistance to small businesses and even "go to the spot" to help business owners complete necessary permit applications. Our newly developed online Permit Wizard is a tool to help small businesses identify what permits they need. In addition, OCAPP staff help maintain our online *Answer Place*, a resource for small businesses to get quick answers to their questions about Ohio EPA or our regulations. I would also like to highlight Ohio EPA's annual compliance assistance conference, which has been held for the past three years. Attendees, 750 in total, included businesses of all sizes, government and municipal officials and environmental consultants. OCAPP also sponsors regional compliance workshops for small businesses via our district offices.

During the next budget we will continue to assist in the revitalization of Ohio's cities and towns by assisting communities in their efforts to restore blighted and contaminated properties known as "brownfields." This will help revitalize Ohio's cities and towns by facilitating the redevelopment of abandoned, idled, or under-used industrial and commercial facilities that are contaminated. Ohio EPA provides regulatory processes and cleanup standards by which volunteers can cleanup brownfield sites, and also provides free technical assistance and assessments.

Ohio EPA will continue to help our struggling municipalities by offering low-interest loans for both wastewater and drinking water treatment plants and infrastructure. By way of reference, Ohio EPA, working through the Ohio Water Development Authority, expects to provide \$589 million in low-interest loans for wastewater treatment infrastructure improvements and \$180 million in loans for drinking water treatment system improvements over the current biennium. We expect to provide \$500 million and \$175 million, respectively, in the upcoming biennium. The deteriorating conditions of our wastewater treatment plants is of great concern to me, and it is a problem we will not be able to solve on our own. I am committed to working with our congressional members on this, and will be exploring any and all options which will help us address this issue.

As we look toward the future, we also recognize the need to focus on advanced energy technologies like ethanol and bio-diesel, and liquid and gaseous fuels from coal. Ohio EPA is supporting the work of the Governor's Energy Advisor through this budget, by lending our expertise in developing a comprehensive energy strategy for our state, and via our own direct efforts to support and promote advanced energy production in Ohio. Ohio EPA's initiatives toward this end include establishing a Director's Office energy contact, reducing permitting time for advanced energy facilities such as ethanol production and methanol from landfill gas facilities, and developing guidance documents for ethanol and bio-diesel facilities. Permit processing times for grain ethanol plants have been significantly reduced.

With respect to air quality, Ohio EPA has made significant progress in developing attainment plans for ozone that must be submitted to U.S. EPA this June. I understand that my predecessor, two years ago, outlined the potentially draconian measures that were thought to be needed for northeast Ohio to come close to achieving attainment of the 8-hour ozone standard. Fortunately, over the last two years, Ohio EPA has been working closely with U.S. EPA and other states to evaluate control measures and opportunities for flexibility that will help us avoid some of those drastic measures. Nevertheless, Ohio is mandated by the federal Clean Air Act to continue to operate the emissions testing program (E-Check) in the Cleveland area because of its continued moderate non-attainment status. Until the area meets attainment, this mandate remains in place. My goal is to submit a responsible plan to U.S. EPA that will demonstrate to them how we will achieve that attainment status, but for the next biennium, E-Check, in addition to a number of other control measures, must be included.

This brings me to a concern I must raise to you with language deleted in the House with respect to this federal mandate and the elimination of the E-Check program in Dayton and Cincinnati. Ohio EPA believes it was the intent of the General Assembly to terminate the program in the Dayton and Cincinnati areas on December 31, 2005 because these areas were no longer in moderate nonattainment for ozone and were not required by the federal Clean Air Act to maintain a testing program. Ohio EPA had proposed language in ORC 3704.14 that would clarify that the intent was, and still is, to terminate the E-Check program in the Cincinnati and Dayton areas. Therefore, we have proposed an amendment that would reinstate the deleted language.

With respect to some funding issues, while I appreciate the House retaining the funding levels proposed in the Executive Budget, I need to bring to your attention one specific requirement added by the House that the Division of Surface Water pass thru \$900,000 of its funding to local areawide planning agencies over the biennium. These areawides are charged with developing regional water quality plans under Section 208 of the federal Clean Water Act.

Not since the FY2000-01 budget has Ohio EPA's surface water line-item been used as a source of pass-thru dollars to these areawides. In that budget, however, additional funding was placed into the surface water account for us to pass on to them. In the House-passed budget before you, our surface water funding has been reduced by \$900,000 to accommodate the areawide agencies. I ask that you remove this unfunded earmark.

As we have proposed an extremely tight budget, if this earmark remains in the bill, the Division of Surface Water will be facing the reduction of five full-time equivalents who do work in wetland permitting, NPDES permitting and water management planning activities in those areas where local agencies do not conduct such work, such as in central Ohio. In the end, while the Agency is working hard to improve efficiencies in permitting and meeting tight deadlines, this loss in revenue could result in an increase in permitting time. I have committed to working with the areawides as the FY 2010-11 budget is being prepared. During that time, we can evaluate and discuss possible funding options for the areawides. In addition, it is my understanding that federal legislation is being considered now that could increase the federal contribution to the areawides, and I would certainly support any provision in federal legislation that increases the amount of federally provided funding to support these federally mandated activities.

I would like to mention to you one additional change we have proposed for inclusion in the Senate budget regarding home sewage disposal. Ohio EPA has developed a general permit for the discharge of home sewage treatment systems (HSTS). The current statute assigns a \$200 fee for these general permits, but Ohio EPA is proposing a reduction to \$75 for the initial general permit and \$50 for renewals. This would result in a significant savings for HSTS homeowners. We believe this fee is more reasonable given the population seeking coverage from the permit.

We have also proposed one minor change from the current statute that states that monthly fee returns and fees from solid waste and construction, demolition and debris facilities must be paid via mail. We would like to see this compliance requirement made easier by allowing operators to electronically submit their reports and payments, changing "mail" to "transmit."

I believe that our agency's requests allow Ohio EPA "to live within our means yet to invest in what matters." We will continue to focus on our mission of protecting Ohio's natural environment and public health while helping to make Ohio become a more prosperous state than it is today.

I appreciate the opportunity to speak with you today and I would be happy to answer any questions you may have. Thank you.