

**REPORT TO CONGRESS - EXECUTIVE SUMMARY ONLY**

**STATUS OF THE STATE SMALL BUSINESS  
STATIONARY SOURCE TECHNICAL AND ENVIRONMENTAL  
COMPLIANCE ASSISTANCE PROGRAM (SBTCP)**

**FOR THE REPORTING PERIOD  
JANUARY - DECEMBER 1998**

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## **ACKNOWLEDGMENTS**

The U.S. Environmental Protection Agency's (EPA's) Small Business Ombudsman is grateful for the support of the dedicated staff of the State Small Business Stationary Source Technical and Environmental Compliance Assistance Programs (SBTCPs), including the Small Business Ombudsmen (SBOs), Small Business Assistance Programs (SBAPs), and the Compliance Advisory Panels (CAPs) in the preparation of this fourth Report to Congress. All states and territories submitted timely reports to make this report complete and comprehensive.

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## LIST OF COMMON ACRONYMS

Below is a list of major abbreviations and acronyms that are commonly used in this report.

BACT	Best Available Control Technology
CAA	Clean Air Act as amended in 1990
CAP	Compliance Advisory Panel
COI	Conflict of Interest
EPA	Environmental Protection Agency
FESOP	Federally Enforceable State Operating Permit
FTE	Full-time Equivalent
HAP	Hazardous Air Pollutant
ICR	Information Collection Request
MACT	Maximum Achievable Control Technology
MOU	Memorandum of Understanding
MSDS	Material Safety Data Sheet
NESHAP	National Emission Standard for Hazardous Air Pollutants
NOV	Notice of Violation
OECA	Office of Enforcement and Compliance Assurance
OMB	Office of Management and Budget
P2	Pollution Prevention
PERC	Perchloroethylene
PTE	Potential to Emit
RACT	Reasonably Available Control Technology
RCRA	Resource Conservation and Recovery Act

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RMP	Risk Management Plan
SBA	Small Business Administration
SBAP	Small Business Assistance Program
SBDC	Small Business Development Center
SBO	Small Business Ombudsman
SBREFA	Small Business Regulatory Enforcement Fairness Act
SBTCP	Small Business Stationary Source Technical and Environmental Compliance Assistance Program
SIC	Standard Industrial Classification
SIP	State Implementation Plan
UST	Underground Storage Tank
VOC	Volatile Organic Compound

## EXECUTIVE SUMMARY

The U.S. Environmental Protection Agency's (EPA's) Small Business Ombudsman (SBO) is pleased to submit this fourth Report to Congress describing the activities and accomplishments of the state Small Business Stationary Source Technical and Environmental Compliance Assistance Programs (SBTCPs) during the reporting period, January 1 - December 31, 1998.

This report is being submitted in accordance with Section 507(d), *Monitoring*, of the Clean Air Act, as amended in 1990 (CAA), which directs EPA to provide Congress with periodic reports on the status of the SBTCPs. This oversight responsibility has been delegated by the EPA Administrator to EPA's Small Business Ombudsman (SBO). The Report also includes a general report on the EPA SBO's actions to monitor the SBTCPs.

This report addresses two of the EPA SBO's key oversight responsibilities:

- Render advisory opinions on the overall effectiveness of the SBTCPs, difficulties encountered, and degree and severity of enforcement [507(d)(1)].
- Make periodic reports to Congress on compliance of the SBTCPs with the Paperwork Reduction Act, the Regulatory Flexibility Act, and the Equal Access to Justice Act [507(d)(2)].

The SBTCPs are designed to assist small businesses in complying with the requirements of the CAA through state-operated programs. Each SBTCP is required to include three components or functions: an SBO, a Small Business Assistance Program (SBAP), and a Compliance Advisory Panel (CAP).

During this fourth year of monitoring the SBTCPs, over 1,000,000 small businesses have been directly reached (as tallied by assistance efforts to specific industry sectors). This is significantly higher than the 78,500 reported in 1997; a comparison, however, is not valid due to the differing reporting formats between 1997 and 1998. In 1997, the number of businesses assisted was counted by industry sector general and on-site assists only; other types of assistance were not counted by industry sector. In 1998, the number of businesses assisted was tallied both by industry sector and eight separate types of

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assistance. The latter format more fully captures the true picture of businesses assisted by the programs.

SBTCP staff members continue to fill an important role as facilitator or mediator between small business owners/operators and regulatory agencies, enhancing communication to promote understanding and sensitivity on both sides. Based on the information reported, improvements in compliance occur because businesses have someone to turn to for assistance and advice, and to act as an effective liaison with regulatory agencies.

SBTCP yearly operational growth has stabilized over the past several years. As of the end of 1998, 51 SBOs (96 percent), all 53 SBAPs (100 percent), and 43 CAPs (81 percent) were operational. The SBO function is staffed with 2 or fewer full time equivalents (FTEs) in 83 percent of the programs, and the SBAP function has 4 or fewer FTEs in 72 percent of programs; these figures rose slightly from the last two years. Fifty-seven percent of programs (compared to 58 percent last year) report that at least the required 7 members have been appointed to their CAPs.

Budgets for the SBTCPs have a wide range from \$16,000 to over \$2,000,000 for 1998. 95 percent of SBOs (42 of 44) with their own budgets operate their programs with less than \$200,000. Similarly, of the 42 SBAPs with their own budgets, 86 percent are allotted less than \$400,000. As programs mature and the cost of establishing programs stabilize, more programs are projecting fairly consistent budgets for the next reporting period (41 this year versus 39 last year). The number of programs projecting budget increases has held steady at six this year.

Ninety-one percent of SBTCPs provided specific information on the types of industry sectors and number of facilities that their programs assisted. Seventy-two industry sectors received assistance in 1998 (the number of industry sectors has been standardized). The top ten industry sectors receiving assistance by SBTCPs in 1998 were:

1. Cross Sector
  2. Other (not classified)\*
  3. Organizations/Associations
  4. Auto/Body Maintenance, Repair, Refinishing\*
  5. Government\*
  6. Printing/Graphic Arts\*
  7. Dry Cleaning/Laundry Services\*
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8. Recycling
9. Agriculture/Farming/Crop Service
10. Paints and Painting/Coatings.

\*Also in the top ten in 1997.

The top ten industry sectors that received assistance from the most programs were:

1. Dry Cleaning/Laundry Services (44 programs)\*
2. Auto/Body Maintenance, Refinishing, Repair (44 programs)\*
3. Printing/Graphic Arts (39 programs)\*
4. Furniture Manufacturing/Repair/Wood Finishing (39 programs)\*
5. Metal Fabricating/Finishing (21 programs)
6. Attorney/Consultant/Engineer (35 programs)
7. Government (34 programs)
8. Organizations/Associations (34 programs)
9. Chemicals/Products (33 programs)
10. Hospitals/Medical Health Services (33 programs).

\*These were the same top four industry sectors in 1997.

Toll-free hotlines, on-site visits, seminars, mailings, and publications are among the wide range of outreach mechanisms used to serve the small business community. Other state-of-the-art outreach activities, such as Internet home pages, are seeing increased use. The number of programs with web pages more than doubled from 13 in 1995 to 28 in 1996, rose in 1997 to 41 and to 48 in 1998.

New for 1998, programs also noted outreach strategies they found to be particularly effective in assisting small businesses. At least ten programs each mentioned the following strategies: workshops (20 programs), on-site visits and direct contact (19), manuals/literature/newsletters (12), and direct mailings (11).

From year to year, programs have stressed the value of direct contact in building trust and confidence in the business community. Because of their nature, on-site visits and workshops typically reach fewer businesses than “mass” outreach strategies like mailings and publications. However, programs indicate that the quality of the contacts made through direct interaction between business owner and technical assistance provider can lead to improved compliance.

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While the CAA called for the establishment of SBTCPs for air-related issues, a number of states began their programs as multimedia (offering assistance with water, solid and hazardous waste, etc. in addition to air); more have transitioned their programs to multimedia. Forty programs indicated they have a full or partial multimedia assistance focus. Their small business clients need and expect it. Small businesses appreciate “one stop shopping” for their compliance and technical assistance questions, rather than working through numerous media-based departments.

Thirty-nine of the 43 operational CAPs provided information on a variety of their activities. Primary CAP activities were reviewing SBO/SBAP outreach efforts, reviewing SBTCP documents for compliance, and defining CAP responsibilities. CAPs are pursuing many diverse avenues in becoming effective partners in the technical assistance programs. The unique roles and specialized skills of the members make them valuable resources in SBTCP development. The value-added activities of these CAP members underscore the need for states still without operational CAPs to complete the appointment/reappointment process and initiate the CAP function.

Eighty-three percent of SBOs (up from 79 percent in 1997), 91 percent of SBAPs (the same as 1997), and 51 percent of CAPs (up from 49 percent in 1997) report some sharing of resources within their state/territory. Generally, programs recognize the efficiency and value of coordinating their efforts with each other and also with environmental agency departments, state agencies, and other organizations.

All programs (as compared to 98 percent last year) report actions have been taken to minimize duplication of efforts among SBTCPs. Sharing information is a practical approach to maximizing program efficiency while enhancing the cost-effectiveness of funding spent on individual programs.

Section 507 directs EPA's SBO to monitor the SBTCPs' efforts to follow the intent of the provisions of the Paperwork Reduction, Regulatory Flexibility, and Equal Access to Justice Acts.

- Ninety-one percent of programs (as compared to 89 percent last year and 58 percent in 1996) report taking specific actions associated with the Paperwork Reduction Act, with the most common action being receiving and providing information electronically.
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- Eighty-nine percent of programs (the same as last year and up from 51 percent in 1996) report taking specific actions consistent with the intent of the Regulatory Flexibility Act. The primary activities by programs were reviewing SBTCP documents for compliance and ensuring that small businesses could participate in rulemaking.
- Seventy-seven percent of SBTCPs (as compared to 75 percent last year and 34 percent in 1996) reported specific actions similar to those associated with the Equal Access to Justice Act. These include the availability of funding or technical assistance services for citizen groups aggrieved by permit actions of a regulatory agency, the review of SBTCP documents for compliance, and the review of instances where state actions against small businesses appear unjustified.

The number of programs reporting specific actions to follow the intent of the provisions of these Acts has been growing since 1996. The steps being taken appear to be better targeted to the specific intent of each Act and in addressing the unique needs of small businesses.

As a new reporting element for 1998, programs were asked to define and prioritize their own program goals. They also were asked to discuss strategies to evaluate their goals and the results of this measurement process. Increasing understanding of environmental obligations and improving compliance rates were the two most frequently listed goals. For evaluation, most programs focused on the number of businesses reached and the types of assistance offered to measure their success. Measuring compliance improvements as a result of SBTCP assistance has been attempted by only a few states to date.

All SBTCPs provided insight on the types of compliance issues addressed during the course of providing technical assistance to small businesses. The two most common compliance problems mentioned by small businesses were, "Not understanding the regulatory requirements," and "incomplete recordkeeping." The former has been the number one compliance problem cited for the last three years. Compliance issues have remained consistent from year to year. Identifying key problems and gaps in understanding by the small businesses have helped the SBTCPs to best target their assistance efforts.

Forty SBTCPs provided recommendations for changes to facilitate small business compliance with the CAA. Since 1995, the most frequent recommendation was flexibility

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in applying regulations to small businesses (25 percent of programs this year). Another common recommendation mentioned by 23 percent of programs was for continued and increased funding for the SBTCPs.

Programs were asked to describe how their SBTCP avoids internal or external conflicts of interest or the perception that their program may not be confidential. Ninety-one percent of programs reported no problems concerning confidentiality or with conflict of interest issues during the course of providing services regardless of whether a confidentiality policy is in place. Program structures range from a guarantee of confidentiality (most common) to offering no confidentiality. Many programs have policies that protect small businesses from penalties if violations are discovered during the course of their receiving technical assistance.

As the final new reporting element for 1998, programs were asked how they used EPA's Policy on Compliance Incentives for Small Businesses or a comparable state policy for small businesses/small communities. Very few states are making use of this policy or developing their own. Eighteen states indicated that either the EPA or a state policy has been adopted, but only four states indicated the policy has been put to use. Programs likely are not yet tracking such statistics, as evidenced by the high number of programs not answering this question.

The SBTCPs offer important one-on-one contacts, provide valuable information such as the need to have operating permits, maintaining records, compliance options, pollution prevention technologies and techniques, and compliance requirements. This assistance enables small businesses to arrive at informed decisions and more effectively come into compliance.

## **CONCLUSIONS AND RECOMMENDATIONS**

- As has been noted since 1995, SBTCPs are being run by hardworking, dedicated staffs who operate successful programs with what they report to be often limited budgets and resources. Small businesses are grateful for the technical assistance and personalized attention from people they can trust. In this fourth year of gathering information from the programs, over 1,000,000 small businesses have been reached (as tallied by industry sector).
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- SBTCPs facilitate dialog between the small business community and the regulatory community, fostering trust, and improving attitudes and awareness towards regulatory compliance.
  - SBTCPs have significant expertise and are increasingly becoming multimedia as states want to offer this type of assistance, and small businesses are requesting it. Programs are seeking ways to expand the scope and quality of the services they offer and the means to fund the enhanced services. To maximize their budgets and staffing capabilities and to minimize duplication of effort, programs are encouraged to use the resources of the federal SBO and SBAP plus those developed by other SBTCPs.
  - Commonly identified compliance problems include not understanding regulatory requirements and improper recordkeeping. Many current SBTCP activities are designed to remedy such problems. The concerns regarding these problems underscore the critical role of the SBTCP in providing vital technical assistance and promoting compliance by establishing trust and greater understanding.
  - In conducting the Federal program, EPA has followed the requirements of the Paperwork Reduction, Regulatory Flexibility, and Equal Access to Justice Acts. EPA's SBO has monitored SBTCP activities for following the intent of the provisions of these three Acts. The number of programs reporting specific activities associated with these Acts has significantly increased in the past several years. The careful review of SBTCP documents and the development of simplified forms and permits are among the positive actions implemented to fulfill the intent of the Acts.
  - Program activities primarily emphasize mechanisms to reach larger audiences (e.g., mailings, hotlines). However, one-on-one assistance has been reported as the most effective method in bringing small businesses into compliance, and programs are encouraged to increase their emphasis on personalized assistance. Allocation of adequate resources to permit on-site visits by program staff is important. On-site visits (as tallied by industry sector) increased to over 14,600 in 1998, up from almost 6,000 in 1997, and over 3,800 in 1996.
  - Efficiency of information transfer (among SBTCPs and to small businesses) can be realized through the increased use of Internet home pages. Presently, 91 percent of programs operate a home page, up from 77 percent last year and 53 percent in 1996. Such electronic services also would be promising mechanisms to avoid duplication of effort among programs. Programs again are encouraged to explore the potential of the Internet for sharing information with small businesses and with other SBTCPs.
  - Only 21 percent of SBTCPs reported the availability of financial assistance programs in 1998, up from 13 percent last year. Small businesses have expressed their need for creative financing mechanisms. Programs are encouraged to explore
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the potential for sponsoring or facilitating financial assistance programs for pollution control or pollution prevention capital expenses.

- SBTCPs report that they are often under funded and understaffed as they provide their current level of services. Because of this, they may be challenged to expand their function both in air-related outreach and multimedia technical assistance. SBTCPs are encouraged to better utilize the expertise of their CAP members to enhance improvements in their technical assistance programs. As has been noted in the three previous Reports, several states still do not have operational CAPs. A number of CAPs also need to address vacancies of the CAP due to expired terms.
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