



# State Innovation Grant Program: Michigan Environmental Results Program (MERP) – Dry Cleaning Sector (2004 Competition)

## The State Innovation Grant Program

In 2002 EPA introduced the State Innovation Grant Program to support efforts led by state environmental agencies to test innovative approaches for achieving better environmental results and improved efficiency in permitting programs. Between 2002 and 2007, the State Innovation Grant program competition awarded over six million dollars to support 35 state projects that test permitting innovation for a variety of regulated entities including several small business sectors. A summary of the awards by year appears in the table below.

State Innovation Grant Program Statistics, 2002-2007			
Competition Year	Proposals Submitted	Proposals Selected	Total Program Funding (\$)
2002/2003	29	6	\$618,000
2004	33	9	\$1.425 Million
2005	26	7	\$1.479 Million
2006	25	6	\$1.243 Million
2007	17	7	\$1.611 Million
<b>Cumulative Total</b>	130	35	\$6.376 Million

"Innovation in Permitting" has been the theme of the State Innovation Grant competition since its inception. In the last three competition cycles states received awards for projects in the following three categories:

- **The Environmental Results Program (ERP)** is an innovative approach to improving environmental performance based on a system of the interlocking tools of compliance assistance, self-certification (sometimes, where permissible, in lieu of permitting), and statistically-based measurement to gauge the performance of an entire business sector. The program utilizes a multimedia approach to encourage small sources to achieve environmental compliance and pollution prevention. (See: <http://www.epa.gov/permits/erp/>)
- **Environmental Management System (EMS)** is a system involving a continual cycle of planning, implementing, reviewing and improving the processes and actions that an organization undertakes to meet its business and environmental goals. EMSs provide organizations of all types with a structured system and approach for managing environmental and regulatory responsibilities to improve overall environmental performance and stewardship. (See: [www.epa.gov/ems/info/index.htm](http://www.epa.gov/ems/info/index.htm))
- **Performance Track** is a partnership that recognizes top environmental performance among participating US facilities of all types, sizes, and complexity, both public and private. (See: <http://www.epa.gov/performance-track/>)

NCEI has provided awards also for projects testing watershed-based permitting, and for permit process streamlining in past competitions. For more information on the history of the programs, including information on solicitations, state proposals, and project awards, please see the EPA State Innovation Grants website at <http://www.epa.gov/innovation/stategrants>

## Project Background:

The dry cleaning industry in the U.S. is subject to both federal and state environmental regulations pertaining to air, water, and solid and hazardous waste generation. In recent years, the Michigan Department of Environmental Quality (MDEQ) regulatory divisions recognized a need to work more closely with their local dry cleaning industry to improve understanding of and compliance with environmental regulations, especially monitoring, record keeping and waste characterization requirements. So in 2004, MDEQ applied for and received State Innovation Grant Program funding from the EPA to create a multi-media Environmental Results Program (ERP) focused on the dry cleaning sector. The grant for this program is anticipated to run through December 2008.

## Project Description

Since receiving the State Innovation Grant, MDEQ has partnered with EPA Region 5, local trade associations (Michigan Institute of Laundering and Dry Cleaning and the Korean Drycleaners Association of Michigan), and the major dry cleaning supplier in the state to develop and implement the ERP. The resulting program, Michigan Environmental Results Program (MERP), combines air, water and waste requirements for the dry cleaning sector into a multi-media, self-certification, and compliance assistance package, with a statistically valid performance measurement system. MDEQ has worked with hundreds of small businesses in the dry cleaning sector to implement MERP, which is currently being piloted as a voluntary program.

MDEQ has taken a multi-media approach in preparing educational and outreach materials for MERP by addressing pollution prevention, solid and hazardous waste generation, and air and water



pollution at dry cleaners. MERP materials include fact sheets, a workbook for guidance on how to complete the self-assessment checklists (in Korean and English), and other compliance assistance tools. MDEQ has provided additional training through industry workshops, which were conducted in the same time frame as self-assessments. To supplement the industry workshops offered, MDEQ also created an alternative on-line self-assessment tutorial to aid industry members who did not participate in the traditional workshop. These tools and processes will be available as models for other states.

Implementation of MERP begins with an initial compliance inspection assessment by MDEQ of a randomly selected group of dry cleaners to determine their baseline compliance rate. MDEQ then provides a self-certification checklist and outreach materials to participating dry cleaners, which they must complete and submit to the agency. If a dry cleaner determines it is out of compliance, the facility must also submit a return to compliance (RTC) plan to MDEQ; and correct the compliance problem(s) identified in the RTC plan as soon as possible. The agency then conducts inspections at a second set of randomly selected facilities to measure changes in the group's compliance performance over time and gauge MERP's success. Both the baseline and follow-up inspections are multi-media inspections.

The MERP is expected to produce a number of benefits to the state and the Michigan dry cleaning sector, including:

- A greater level of continuous compliance;
- Increased compliance rates resulting in a reduced environmental and public health exposures to toxic substances;
- Minimized traditional inspection times through the use of multimedia compliance and enforcement tools, and
- Enhanced levels of compliance assistance to all facilities so that each facility is aware of its compliance status.

Overall, this program empowers the owners of dry cleaning establishments to become more knowledgeable about their compliance requirements, and better understand how they can reduce pollution from their operations.

### **Connection to EPA's Goals**

This program directly supports EPA's Strategic Goal #5, focused on compliance and environmental stewardship, by promoting an innovative approach to improve compliance and pollution prevention. It also supports several Cross-Goal Strategies through exploration of improved compliance assistance approaches and promoting innovation and collaboration with states.

## Project Contacts:

For more specific information on the Michigan State Innovation Grant, please contact one of the individuals below:

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### Jim Ostrowski

Michigan Department of Environmental Quality  
Lansing, MI  
517.241.8057  
ostrowsj@michigan.gov

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### Shari Holloway

U.S. Environmental Protection Agency  
Region 5  
Chicago, IL  
312.886.6778  
holloway.shari@epa.gov

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### Scott Bowles

U.S. Environmental Protection Agency  
National Center for Environmental Innovation  
Washington, DC  
202-566-2208  
bowles.scott@epa.gov

## Program Contact:

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### Sherri Walker

State Innovation Grant Program  
U.S. Environmental Protection Agency  
Washington, DC 20460 (MC1807T)  
(202)-566-2186; FAX (202) 566-2220  
walker.sherri@epa.gov