FY 2001 SUPPLEMENTAL AIR GRANT ALLOCATION
March 14, 2001

Total Funds Still to be Allocated: $11,334,420

Sources of Funds:

- $2,310,000 undirected Congressional add
- $4,955,400 House report activities: training, Emission Inventory Improvement Project (EIIP), and mobile source emission factor study
- $4,069,020 formerly targeted to acid rain program implementation

Allocation Objectives:

- Distribute funds in an equitable manner, targeting the most pressing air quality needs
- Ensure that every EPA region receives at least the same amount of dollars as in FY 2000
- Ensure that every state and direct-funded local agency receives at least the same level of section 105 funding as in FY 2000

Allocation Approach Proposed by OAR:

**Government-wide Rescission of Funds**

- Offset the effect of a government-wide rescission on existing regional allocations. The FY 2001 Omnibus Appropriations Act requires a 0.22 percent rescission for all “programs, projects, and activities.” The rescission reduced the unallocated $11.3 million by $24,900 and the grant funds already allocated among regions by $303,600.

This allocation approach would use $303,600 from the unallocated dollars to restore each region to pre-rescission levels. This leaves slightly over $11 million for further allocation, using the steps outlined below.

**Training**

- Of the remaining $11 million, EPA and STAPPA/ALAPCO agree to target about $1.8
million in state and local FY 2001 grant funds for the training of state and local agency staff. EPA will provide about $1 million from its own FY 2001 funds for training. (The FY 2001 training costs were forward-funded from the FY 2000 appropriation. FY 2001 funds will be used to develop and deliver training for FY 2002.)

Over the next several months, EPA and STAPPA/ALAPCO will explore ways to identify the most efficient ways to develop and deliver training. Currently, EPA provides training to state and local agency staff through the Air Pollution Distance Learning Network (satellite downlinks) and an extensive training network of multi-jurisdictional organizations and university centers. These delivery mechanisms allow state and local agencies to train staff locally, reducing travel costs.

EPA believes that application of more current technologies, such as desktop internet-based training, can be used to reduce the delivery costs of training. EPA also believes that there are alternatives to the present training system, including public-private partnerships and out-sourcing to non-governmental organizations.

**EIIP and the Mobile Source Emission Factor Study**

- Provide funding to continue the EIIP work into FY 2002. The EIIP is currently funded through May 2001. EPA and STAPPA/ALAPCO agree to target a total of $675,000 to the EIIP. Half of the funding will come from the $11 million of state and local grant funds and half from EPA’s own funds.

- No state or local FY 2001 air grant funds or other federal dollars will be allocated to the mobile source emission factor study.

**Proportional Allocation of Grant Funds**

- Distribute the remainder of the funds (approximately $8.9 million) proportionately among the regions, based on each region’s percentage of the total section 105 grant dollars.

- The $8.9 million includes just under $4.1 million formerly targeted to acid rain program implementation. Acid rain program implementation is no longer eligible to be funded out of section 105 funds, but must now be funded with Title V fees. (Acid rain program assessment remains eligible for funding with section 105 funds.)

**Adjustments to Allocation**

- In consultation with regional offices, adjust the allocation to take into account the 10 percent limit set by the Clean Air Act for individual states. Distribute any dollars resulting from this adjustment proportionally across all regions.
Targeting Dollars to Priorities

- Target grant increases to highest air priorities including: air toxics (e.g., carrying out additional monitoring and data analysis); ozone and particulate matter (e.g., responding to the NOx SIP call*); acid rain assessment; and others identified by state or local agencies. State and local agencies should identify these priorities and the associated dollars in negotiating revised grant workplans and agree on performance measures.

*Responding to the NOx SIP Call. At least 22 states and the District of Columbia must meet the requirements of the NOx SIP call. EPA anticipates that many of these states will meet the SIP call requirements through voluntarily participating in an allowance trading program that builds on a program already established for the Northeast. EPA will not take grant funds “off the top” for any expanded allowance trading program, but will leave to each affected state the decision on whether to participate in an expanded NOx allowance trading system.