

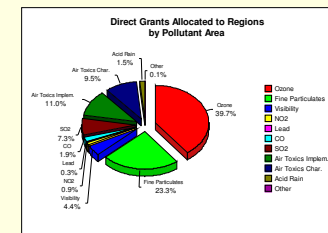


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# Revising the State/Local Air Grant Allocation Methodology

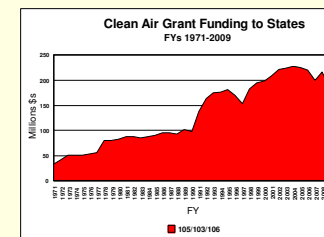
Overview for  
National Association of Clean Air Agencies  
October 22, 2008

# Allocation Process to Date



- Current approach based on 1990 CAA with Act's Titles largely used as basis for distribution
- Last major revision conducted in 1996 as Title V kicked-in (\$169M)
- '07 PART Review calls for update; FY '08 funding currently \$217M including PM2.5 monitoring
- EPA forms workgroup in 11/06 and adopts guiding principles
- NACAA chooses not to participate in development of allocation methodology (1/07)
- EPA-only workgroup includes key Program Offices and all Regions

## Allocation Process to Date (cont.)



- OAR and Workgroup identify over 100 data factors to consider
- OAR/contractor develop analytical tool for rapid assessment of options (2/07)
- Workgroup holds 12 calls, 2 meetings producing a near-consensus methodology (1/07-7/08)
- EPA regional air directors agree in principal to methodology pending actual results (9/08)
- OAR reviews and prepares methodology options for Principal DAA (9/08)

# NACAA Guiding Principles



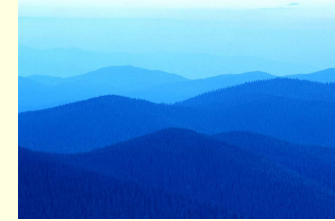
- Develop transparent, understandable and clear process
- Use principles for national and regional allocations
- The grant should support, not drive, priorities
- Fully distribute funds
- Provide new funding for new work
- Account for funds through grant work plans, not per pollutant expenditures
- Phase in changes to avoid disruptions
- Provide a stable allocation over time

# Additional NACAA Concerns



- EPA should address NACAA principles on methodology and implementation approach
- Need to account for new standards and ‘near’ non-attainment areas
- Need to protect small and local agencies
- Avoid disruption of operations
- Avoid redundancy in data and formula
- How does EPA account for areas like climate change and transport?
- How can allocation analysis help define overall need?

# OAR Guiding Principles



<b>Principle</b>	<b>Objective</b>
<b>Relevance</b>	Target resources according to air quality objectives, program priorities and environmental results for up to the next 5-7 years consistent with Strategic Plan and in consideration of state/local air quality priorities
<b>Simplicity</b>	<p>Use simple, straight-forward scheme with timely, transparent data that can easily be updated</p> <p>Per the CAA - Consider population at risk, the severity of the air quality problem, and financial need factors and account for state maximum/ minimum funding provisions</p> <p>Avoid duplication in the type of allocation data and factors used in the allocation methodology</p>
<b>Collaboration</b>	Through timely communication, seek and promote stakeholder input and understanding Stakeholders include: EPA, State and local air pollution control agencies, and multi-jurisdictional organizations. Also seek relevant input from Tribes
<b>Feasibility</b>	Minimize disruptions to stakeholders. Funding shifts should be phased in, if necessary, over a reasonable period of time taking into account strategic needs. Protect the integrity of ongoing air pollution control programs and the maintenance of air quality improvements already achieved
<b>Performance</b>	Allocation of funds should reinforce accountability and achievement of results. Do not reward continued inadequate performance

# Workgroup's Analytical Approach



- Consider allocation principles and CAA requirements
- Utilize analytical tool to help in initial screening
- Create framework of categories that focus on ‘essential work’ under the CAA
- Identify substantive CAA grant-funded work within each category carried out by state and local agencies and select representative factors or surrogates
- Weight categories and factors objectively based on experience with states and professional judgment
- Recommend methodology while noting variance in views and other data and policy concerns

# Use of the Analytical Tool



**Air Grant Allocation Tool - [Allocation\_Screen : Form]**

File Edit View Insert Format Records Tools Window Help Adobe PDF Type a question for help

WL\_source\_3

Population Data Selections:		Allocation Percentage
1.	Total 2000 Population (000s) in NAAs as of 4/2007	<input type="text"/> %
2.	Total 2000 Population in Mntc. areas as of 4/2007	<input type="text"/>
3.		<input type="text"/>
4.		<input type="text"/>
5.		<input type="text"/>
6.		<input type="text"/>
7.		<input type="text"/>
8.		<input type="text"/>
9.		<input type="text"/>
10.		<input type="text"/>
11.		<input type="text"/>
12.		<input type="text"/>
Sub-Total:		0 %

Workload Data Selections:		Allocation Percentage
1.	AFS Minor Sources through 4/2007	<input type="text"/> %
2.	Total Monitor Costs (2006)	<input type="text"/>
3.		<input type="text"/>
4.	AFS Major Sources through 4/2007	<input type="text"/>
5.	AFS Minor Sources through 4/2007	<input type="text"/>
6.	Average State Revenue per Capita (2001-2003)	<input type="text"/>
7.	Average State Expenses per Capita (2001-2003)	<input type="text"/>
8.	Facilities in the NOx/CAIR Trading Program	<input type="text"/>
9.	Number of Maintenance Areas as of 4/2007	<input type="text"/>
10.	Number of NAAs as of 4/2007	<input type="text"/>
11.	Total Section 105 Funds (2006)	<input type="text"/>
12.		<input type="text"/>
Sub-Total:		0 %

Air Quality Data Selections:		Allocation Percentage
1.	Cancer Risk (2006)	<input type="text"/> %
2.	Neurological and Respiratory Risk (2006)	<input type="text"/>
3.		<input type="text"/>

**Total:** 0 %

Calculate Allocation Results

Form View

start Re-Allocation Microsoft PowerPoint ... Copy of OAR\_Air\_Gr... Allocation\_Screen : F... 2:24 PM



# About the Methodology



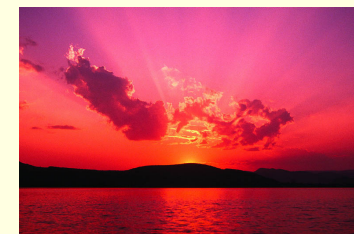
- Focuses on state/local §105; No Title V or DERA
- Distribution rationale; not a workload model or a financial needs assessment
- Guided by allocation principles
- Accounts for 3 major ‘considerations’ of CAA: population affected, severity of current and potential air pollution, account for financial need (relative workload)
- Focuses on essential work; ongoing activity for next 3-5 years

## About the Methodology (cont.)



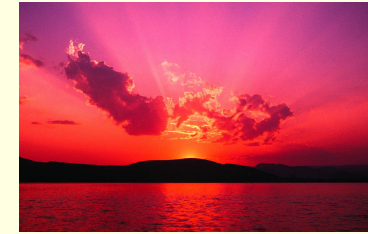
- Based on transparent, QA'd, non-redundant data to the fullest extent possible
- Reflects broad consensus, minor variance on factors/weights
- While it does not reflect consideration of climate change, energy development, recent lead standard change and lead monitoring...
- ...it is able to accommodate programmatic changes, additional allocation components

# Proposed Methodology



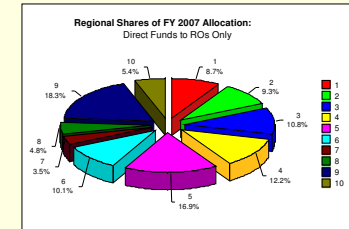
Category	Category Weight	Factors	Factor Weight	Option	Corresponding Functions
SIP Planning and Implementation	38	Population-weighted design value in N/A areas measuring unhealthy air	70	60	<ul style="list-style-type: none"> <li>- Covers all aspects of NAAQS and SIP work including development and implementation of the SIP with focus on non-attainment areas.</li> <li>- Addresses States with areas that are nonattainment but not designated and States with areas that are attainment but for which their base program activity is not adequately accounted.</li> <li>- Balances for specific baseline work including conformity, maintenance, regional haze (ongoing NEPA, minor source permitting), and §110 SIPs, mercury work, continuing emission inventory work.</li> </ul>
		Number of non-attainment areas		10	
		Population-weighted design-value in areas within 90% of the NAAQS	10	20	
		Number of states	20	10	
Monitoring	33	Adequate monitoring network	100		<ul style="list-style-type: none"> <li>- Covers all pollutants (NAAQS including PM2.5, NATTS) but not competitive air toxics).</li> <li>- Focuses on what OAR considers to be minimally-adequate based on national air monitoring strategy.</li> </ul>

# Proposed Methodology (cont.)



Category	Category Weight	Factors	Factor Weight	Option	Corresponding Functions
Air Toxics	15	Cancer risk	45		<ul style="list-style-type: none"> <li>- Addresses MACT Implementation activity other than compliance including regulation development and notifications.</li> <li>- Covers state/local air toxics programs including risk assessment screening, emission inventories, community studies, diesel activity (non-DEIRA).</li> <li>- State/Local Air toxics monitoring (est. 300 sites)</li> <li>- Risk factors are based on NATA data which include benzene emissions.</li> </ul>
		Non-cancer risk	30		
		Diesel emissions	25		
Compliance	14	Number of regulated minor sources	50		<ul style="list-style-type: none"> <li>- Covers minor stationary, area and mobile sources; in stationary - source inspections, stack tests, case development, non-Title V permitting, compliance assistance and outreach.</li> <li>- Focus on vehicle compliance programs (i.e., anti-idling, HDV/LDV I/M, fuels programs) – R9 will assist in updating profile of these programs from ROs.</li> </ul>
		Number of MACT area sources	30		
		Number of mobile source compliance programs	20		

# OAR Review of Workgroup Methodology



- Additional analysis was necessary to assure factors chosen could be properly formatted for data analysis; ongoing QA
- OAR assembled new data sets for certain factors
- Workgroup methodology does redistribute resources from existing allocation
- Methodology doesn't account for 10% statutory cap per any 1 state - must address before going to OMB (.005 is covered)
- Uncertainty of funding authority for PM2.5 monitoring resources complicates any analysis
- OAR has ability to run various scenarios adjusting for cap, monitoring assumptions, different category weights, updated data sets

# Key Considerations / Next Steps



- Principal DAA issues decision on proceeding with the methodology (Oct. '08)
- NACAA membership briefed in mid-Oct. '08
- OAR launches implementation workgroup with NACAA to develop implementation approach for methodology (Nov. '08)
- Update to OMB (Nov. '08)
- Workgroup recommends implementation approach (including timing) to PDAA (Feb. '09)
- PDAA issues decision on implementation approach including relationship to 2010 (Mar. '09)
- OAR initiates and implements outreach strategy for OMB, Hill, States/locals (Apr.-Sept. '09)