

DRAFT CAA 105 GRANT ALLOCATION FOR OAR FY 2017 NPM GUIDANCE ADDENDUM

Introduction:

This document describes EPA's proposed Clean Air Act Section 105 grant allocation for FY 2016. EPA welcomes public comment on this revised allocation through April 20, 2016. Comments should be submitted to Daniel J. Hopkins (hopkins.daniel@epa.gov) and Marc Vincent (vincent.marc@epa.gov), along with a cc: to Beth Burchard (burchard.beth@epa.gov) and Dan Murphy (murphy.dan@epa.gov) using the [comment template](#). Responses to comments will be posted with the final FY 2017 OAR Addendum.

Allocation of Section 105 Grants:

The FY 2016 Consolidated Appropriation Act was signed into law on December 17, 2015. Its accompanying Senate Report 114-70 states "for fiscal year 2016 and beyond... in accordance with EPA's recommendations, the formula determining the allocation of Air Quality Grants should be modified to take into account recent population and demographic shifts." This language allows EPA to move forward using a revised allocation formula.

The proposed allocation for FY 2016 represents the first step in a phased process for transitioning from the section 105 grant allocation that has been used since the early 1990s to an approach that better reflects modern state and local air program activities. Section 105 of the Clean Air Act cites population, actual and potential air pollution, and relative financial need as relevant factors to be considered in the allocation of state air grants.

The proposed allocation for FY 2016 is based on a revised allocation methodology EPA completed in January 2010 following several years of planning, analysis, and stakeholder consultation. EPA planned to implement that revised allocation methodology beginning with the FY 2011 grant funding cycle. However, congressional appropriations report language prevented the Agency from moving forward with implementation between FY 2011 and FY 2015.

The 2010 revised allocation methodology considers eleven factors within the following four categories of state and local Clean Air Act implementation work: 1. State Implementation Plan (SIP) Planning and Implementation, 2. Monitoring, 3. Air Toxics, and 4. Compliance. The revised allocation methodology published in 2010 was designed to be used with regularly updated information. Accordingly, the proposed FY 2016 allocation uses the same factors, percentages, and weights as those finalized in 2010. For FY 2016, EPA updated the data underlying the factors to reflect current information to the maximum extent possible (see table below).

EPA Revised Air Grant Allocation Methodology				
Category	Category Weight	Factors	Data Used for Proposed FY 2016 Regional Allocation	Factor Weight
SIP Planning and Implementation	38	Population-weighted design value in non-attainment areas (PM 2.5 and Ozone)	EPA Green Book (2012-2014 Design Value data) 2014 Census estimates	60

DRAFT CAA 105 GRANT ALLOCATION FOR OAR FY 2017 NPM GUIDANCE ADDENDUM

EPA Revised Air Grant Allocation Methodology				
		Number of non-attainment areas (All NAAQS)	EPA green book (number as of 10/1/2015)	10
		Population-weighted design-value in areas within 90% of the NAAQS (PM 2.5 and Ozone)	EPA Green Book (2012-2014 Design Value data) 2014 Census estimates	10
		Number of states		20
Monitoring	33	Adequate monitoring	EPA analysis of existing monitoring network number as of 10/1/2015	100
Air Toxics	15	Cancer risk	2011 NATA, 2010 Census	45
		Non-cancer risk (respiratory)	2011 NATA, 2010 Census	30
		Diesel emissions	2011 NEI, 2010 Census	25
Compliance	14	Number of regulated minor sources	EPA analysis of regulated minor sources as of 11/23/2009	50
		Number of MACT area sources	EPA analysis of MACT area sources as of 2008	30
		Number of mobile source compliance programs in SIPs	EPA analysis of SIPs as of 10/1/2015	20

The allocation of air grant resources to each Region resulting from the application of the revised methodology with updated data differs from the results that would have been obtained in FY 2011, as is to be expected. For instance, the revised allocation formula factors emphasize non-attainment areas for ozone and PM2.5 and weights them based on population. In recent years, air quality has generally improved within the United States so there are fewer non-attainment areas, and those remaining tend to be concentrated in a few geographic areas with large populations.

EPA recognizes the challenges posed to state and local air agencies in any region that might experience decreased resources, and the Agency has consistently stated its intent to limit any region's loss of resources to no more than 5% of its prior year funding as a result of the revised allocation.

EPA has determined that it is appropriate to apply additional mitigating measures to prevent disruptions to ongoing state and local air program operations in this first year of transition, given that EPA and state and local air agencies are well into FY 2016.

DRAFT CAA 105 GRANT ALLOCATION FOR OAR FY 2017 NPM GUIDANCE ADDENDUM

Therefore, in FY 2016, EPA proposes to begin implementing a revised allocation as follows:

- Regions slated to gain resources using the revised allocation methodology from 2010 with updated data will receive modest gains.
- All other regions will be held to their FY 2015 post rescission funding levels.

The following percentages reflect this approach:

FY 2016 Allocation Percentages Implementing Revised Allocation With OAR Adjustment (No Regions below FY 2015 level)		
Region	Regional FY 2016 Allocation Percentages	Percentage Change in Funding Compared to FY 2015 Allocation (dollars)
1	8.53%	0.00%
2	9.40%	0.00%
3	11.06%	0.75%
4	12.38%	0.00%
5	16.65%	0.00%
6	9.87%	0.35%
7	3.75%	0.51%
8	5.46%	2.05%
9	17.56%	0.20%
10	5.33%	0.00%
Sum	100%	

Following this first phase of transition to a revised allocation formula, EPA will further evaluate the revised methodology beginning this summer to explore whether additional refinements to the revised allocation methodology may be appropriate to reflect developments in air program implementation since 2010. EPA will strive to complete that work for the FY 2017 grant cycle and for future years through a process that engages states, state associations, and other interested parties to ensure meaningful input and timely, transparent decisions.