

ATTACHMENT 7



**UNITED STATES ENVIRONMENTAL PROTECTION
AGENCY**
WASHINGTON, D.C. 20460



SAAP-06-02

January 20, 2006

MEMORANDUM

SUBJECT: Update to Guidelines for Implementing the Three Percent Set-aside Provision

FROM: George Ames, Chief /s/
State Revolving Fund Branch

TO: Special Appropriations Act Projects Coordinators

The purpose of this memorandum is to provide Regional Coordinators with an update to the guidelines for implementation of the three percent set-aside provision ("guidelines"), issued on September 27, 2001. Specifically, this memorandum will change the process for distribution of the set-aside to those States that choose to accept the set-aside for project inspection purposes.

Background

Page six of the guidelines discusses the process for transference of the set-aside funds to those states that have opted to accept the funds. Specifically, the guidelines state:

"The Regional Offices should submit requests to Headquarters for distributions from the set-aside account. All requests for use of the set-aside funds should include the information contained in Attachment 1. In cases where the funds are to be awarded to a State, the request should be on a State-by-State basis. An example of a request that was prepared by the State of South Dakota, which is less than two pages, is shown in Attachment 2. The 253 special projects, including project descriptions and grant amounts, are listed on Attachment 3."

This process has been in place since FY 2001. The Regional Coordinators must individually make requests on a state-by-state basis after each state has submitted its request to the Region. EPA Headquarters transfers funds to the Regions on a state-by-state basis, followed by the state applying for the set-aside grant.

Modification

Following discussion with the Regional Coordinators at the annual SAAP meeting held in November, 2005, we have decided to modify the process for requesting set-aside funds for states. As of the beginning of FY 2006, the following streamlined process will be in place:

1. At the beginning of each fiscal year, after the final dollar amount per project is published, each Regional Coordinator will request the set-aside funds to be awarded to states in their respective regions for that fiscal year, based upon the projects listed in the appropriations conference report. The request should be for one lump sum per region. This request should be sent to Jordan Dorfman (dorfman.jordan@epa.gov).
2. EPA Headquarters will transfer the specified amount to each Region.
3. Each state may submit its request for set-aside funds and grant application at the same time, for review by the Regional Coordinator.
4. The Region will award the set-aside grants.
5. Any remaining funds will be carried over to the next fiscal year.

Conclusion

We believe that this process will reduce the time and effort needed to award three percent set-aside grants to the states, and reduce the burden on the Regional Coordinators. Thank you for your patience. If you have any questions, please call Jordan Dorfman at (202) 564-0614.

cc: Jim Hanlon, OWM
Sheila Frace, MSD
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