



**Office of Inspector General**  
**Report of Review**

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**7111**

**EPA's Air State Implementation Plan  
Program Consolidated Report**

**Review Report No. E1KAE6-05-0044-6400100**

**September 30, 1996**

**Inspector General Divisions  
Conducting the Review:**

**Consolidated:**                      **Northern Audit Division  
Chicago, Illinois**

**Regional Reviews:**              **Eastern Audit Division  
New York, New York**

**Northern Audit Division  
Chicago, Illinois**

**Southern Audit Division  
Dallas, Texas**

**Regions Covered:**              **Regions 2, 3, 5, and 6**

**Program Offices Involved:**   **Office of Air and Radiation,  
Office of Air Quality Planning and  
Standards  
Office of Mobile Sources**

**Regional Air Divisions**



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

SEP 30 1996

OFFICE OF  
THE INSPECTOR GENERAL

MEMORANDUM

SUBJECT: Special Report No. E1KAE6-05-0044-6400100  
Air State Implementation Plan (SIP) Program

FROM: Michael Simmons *Michael Simmons*  
Deputy Assistant Inspector General  
for Internal and Performance Audits

TO: Mary D. Nichols  
Assistant Administrator  
for Air and Radiation

A copy of the subject final report is attached. We appreciate the cooperation we received from your staff in conducting this work. The open lines of communications with Regions 2, 3, 5, and 6, the SIP Steering Committee, and the Office of Air Quality Planning and Standards (OAQPS) have enabled us to agree upon recommendations that will benefit the program.

This report contains findings and recommendations identified during our review of the SIP program. The report represents the opinion of the Office of Inspector General. EPA managers will make a final determination on matters in the report following established EPA audit resolution procedures. Accordingly, the findings described in the report do not necessarily represent the final EPA position.

Action Required

In responding to the findings in our draft report, you concurred with the recommendations. However, no specific corrective actions or milestone dates were given. In accordance with EPA Order 2750, you, as the action official, are required to provide this office a written response to this report within 90 days. For corrective actions planned, please describe the actions that are ongoing and provide a timetable for completion.

We have no objections to the further release of this report. Should you or your staff have any questions, please contact Kimberly O'Lone, Audit Manager, at (312) 886-3186 or Janice Miller, Team Leader, at (312) 886-3084.

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## EXECUTIVE SUMMARY

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The U. S. Environmental Protection Agency (EPA) regions (1) had adequate procedures in place for obtaining, reviewing, and approving State Implementation Plans (SIP), (2) established a good working relationship with Headquarters and states, and (3) worked up front with states to get SIPs submitted on time. For example, the regions designated a coordinator for each state so there would be one primary contact person in the region for the state to deal with. The regions conducted monthly conference calls with Headquarters and states to resolve issues. Also, they held conference calls every six weeks to discuss new guidance and SIPs. On a national level, the Office of Air and Radiation created the SIP Improvement Workgroup (Workgroup), that recommended many changes to SIP processing.

Parts of the SIP program could be improved on a national basis. For example, EPA could improve its relations with states by establishing a forum to allow state officials to address their concerns of inequities in the SIP program. EPA could also increase the timeliness of SIP submission and processing by resolving the causes of the delays. Finally, future SIP guidance should be organized and issued timely, to help states meet SIP deadlines.

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### AGENCY COMMENTS AND ACTIONS

The Assistant Administrator for Air and Radiation concurred with the recommendations in our report, including to:

1. Establish a forum to allow states to address concerns of inequities in EPA's treatment of states. This may include working with already established state organizations.
2. Request that Regional Air Directors coordinate early those SIPs that span regional or state lines.
3. Build in extra time for developing and reviewing complex SIPs, when EPA has some authority in setting deadlines.

4. Develop a centralized numbering system for all SIP guidance and, as recommended by the Workgroup, develop a computerized listing of specific types of SIPs, with cross references to guidance, policies, and regulations.

Additional recommendations are included at the end of each chapter, beginning with chapter 2. For details on the purpose and background of the report, see page 1.

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## CHAPTER 1

### Introduction

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#### PURPOSE

The Office of Inspector General (OIG) has performed a series of regional special reviews of the U. S. Environmental Protection Agency (EPA) State Implementation Plan (SIP) program. We performed work in Regions 2, 3, 5, and 6. Because we identified national issues during these reviews, we have consolidated the work into this report. The objectives of this consolidated review were to determine:

- if EPA regions process SIPs so that all states are treated equitably,
- whether SIPs were submitted timely and processed within the 18-month time frame, according to the Clean Air Act, as amended in 1990 (Act), and
- whether EPA Headquarters has provided clear, organized, and timely guidance to the regions and states.

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#### BACKGROUND

The Act is the basic statute governing the nation's effort to protect the public health and welfare from the harmful effects of air pollution. Under Title I of the Act, EPA sets limits on how much of a particular pollutant can be present in the air for any given location within the United States. EPA, states, and local governments are required under the Act to implement measures to prevent and control air pollution, with significant responsibility resting with the states.

The major mechanism used to attain the standards in individual areas is a SIP. A SIP is a collection of the regulations a state will use to clean up polluted areas, called nonattainment areas. Most SIPs are routine and non-controversial. A few, however, are extremely controversial. The Act established deadlines for states to submit SIPs to EPA. After the states finalize regulations, SIPs are submitted to EPA for its review and action. States develop a

separate SIP for each standard or air pollutant of concern. SIPs address pollutants such as: ozone, carbon monoxide, and particulate matter (PM-10).

A SIP must be clear, enforceable, and stringent enough to protect the national air quality. Otherwise, states will not achieve the desired air quality results. Once a SIP is approved, it is legally binding under both state and federal law, and may be enforced by either government. SIPs are also important because a state operating permit can be no more stringent than the underlying requirements applicable to a source, including those in the SIP. The operating permit sets emission limits for individual sources, such as power plants and factories. Therefore, if SIPs contain regulations that are vague, unenforceable, or not sufficiently stringent, the permits will not achieve the overall desired air quality.

EPA has a special set of sanctions to encourage state submittal and implementation of SIP measures. In general, these sanctions apply when a state does not make reasonable efforts to submit an adequate SIP or to implement an approved SIP. Sanctions automatically go into effect in an area 18 months after EPA finds that a state has not submitted a SIP by the deadline, or has submitted an incomplete SIP. Mandatory sanctions include (1) required emission offsets that affect new and expanding businesses, and (2) a prohibition on grants of certain Federal highway funds. In applying the emissions offset requirements, sources must offset increased emissions at new or expanding facilities by reducing emissions at another location. The offset sanction goes into effect first and the highway funds sanction begins six months later, if the state has not submitted a complete SIP. The same process applies if EPA disapproves a SIP or finds a state is not implementing an approved SIP. EPA also has the authority to withhold grants to the state air pollution programs as another sanction, but this does not apply automatically.

Based on recommendations made during an April 1994 Regional Air Directors meeting, EPA established a SIP Improvement Workgroup (Workgroup) to examine SIP processing procedures

and recommend improvements. In its April 5, 1995 report, the Workgroup recommended improving the SIP process in the areas of resources, communication, and guidance and policy development.

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## **SCOPE AND METHODOLOGY**

This report consolidates audit work completed in Regions 2, 3, 5, and 6. It also builds upon the Workgroup report.

To accomplish our objectives, we reviewed applicable SIP policies and procedures. Also, we reviewed SIP case files and interviewed responsible EPA and state officials in each region. As criteria, we used the Act; the SIP General Preamble for Implementation of Title 1 of the Act; the SIP Processing Manual; and relevant U.S. General Accounting Office (GAO) and OIG audit reports.

To assess internal controls, we reviewed the Office of Air and Radiation (OAR) and the Office of Air Quality Planning and Standards (OAQPS) 1994 and 1995 Federal Managers' Financial Integrity Act reports. The 1994 OAQPS report identified weaknesses in internal controls relating to inaccurate data in the SIP tracking system. However, the 1995 OAQPS report stated that the SIP tracking system weakness was corrected. No other weaknesses, other than those described in this report, came to our attention.

Our first objective was to determine if EPA regions process SIPs so that all states are treated equitably. During the regional reviews, we interviewed state officials to determine if inequities existed in how EPA treated them. We also reviewed files to try to confirm their statements. In consolidating this issue, we reviewed the prior OIG regional reports, compared SIP processing procedures in each region, and interviewed OAQPS and Office of General Counsel (OGC) officials to determine if they were aware of inconsistencies in how regions processed SIPs that affected states inequitably.

Our second objective was to determine whether SIPs were submitted timely and processed within the 18-month time frame the Act established. We reviewed OIG regional reviews and SIP

case files. We also compared issues identified during regional reviews to those the Workgroup identified, and we interviewed OAQPS and OGC officials.

Our third objective was to determine whether EPA Headquarters provided clear, organized, and timely guidance to the regions and states. We reviewed guidance documents, OIG regional reviews, and we interviewed OAQPS and Office of Mobile Sources (OMS) officials to see if certain kinds of guidance were late more than others.

We conducted this review between December 4, 1995, and July 26, 1996. We discussed our findings and recommendations with OAR, OAQPS, OGC, and regional air officials during the course of our audit. These discussions included formal briefings about our potential findings during May 1996. On June 21, 1996, we issued position papers to these officials. On July 17, 1996, we held a conference call with officials from these offices to discuss the position papers. We made appropriate changes to the draft report.

On August 7, 1996, we issued our draft report. We held a telephone exit conference with officials from OAR, OAQPS, OGC, and regional air offices on September 11, 1996. The Assistant Administrator for Air and Radiation responded on September 20, 1996. We made appropriate changes, based on the exit conference and the written response, and finalized the report. The Assistant Administrator's response is included as appendix 1.

This review, like all special reviews, was not designed to be a statistical research study or a detailed audit. Rather, it was an information gathering study that sought to identify issues for top management attention. Thus, it was more limited in scope than an audit and, as such, did not necessarily encompass all generally accepted governmental auditing standards. Alternatively, this review was conducted in accordance with the provisions of OIG Manual Chapter 150, Special Reports.

**Scope of**

**Regional Reviews**

From 1994 to 1996, we reviewed the SIP programs in four regions. In each of these regions, we looked at SIP submittal, review, and approval activities since the amended Act was enacted on November 15, 1990. Details of the scope of the regional reviews follow:

Region 2: Our review covered the Air Program Branch of the Air and Waste Management Division, and the States of New York and New Jersey. The fieldwork was performed from October 12, 1994, to December 28, 1994. We performed follow-up work during March through June 1996, to reconstruct work papers that were lost in the mail which had documented the work performed in Region 2.

Region 3: Our review covered activities in the Air, Radiation and Toxics Division and the States of Pennsylvania and West Virginia. The fieldwork was performed from July 31, 1995, to November 28, 1995.

Region 5: Our review covered the Air and Radiation Division and the States of Illinois and Ohio. Our fieldwork was performed from April 11, 1994, to October 21, 1994. We also reviewed additional case files from February through April 1996.

Region 6: Our review covered activities in the Air Programs Branch of the Air, Pesticides and Toxics Division and the States of Texas and Louisiana. The fieldwork was performed from May 2, 1995, to September 29, 1995.

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**PRIOR AUDIT  
COVERAGE**

Over the past few years, the GAO and the OIG have issued reports about the SIP program or other areas that related to this report. Several reports identified similar issues with the timely issuance of EPA guidance, inconsistent treatment of states, and submission and processing delays. In June 1993, the GAO reported that, despite efforts by EPA and the Congress to address long standing problems, delays continued in the states' submission and EPA's

review and approval of SIPs (GAO/RCED-93-113). In April 1995, GAO reported that, in other EPA program areas, inconsistent treatment of states across regions strained the EPA/state relationship (GAO/RCED-95-64). State program managers believed EPA regional offices treated the states inconsistently.

### **OIG Regional Reviews**

The four regional reviews the OIG conducted leading up to this consolidated review found that EPA regions had (1) adequate procedures in place for obtaining, reviewing, and approving SIPs, (2) established a good working relationship with Headquarters and states, and (3) worked up front with states to get SIPs submitted on time. Because the regional reviews raised issues that were more appropriately resolved at the national level, we issued this consolidated report.

In November 1994, the OIG reported that Region 5 (1) proactively addressed a problem with enforcement reviews, (2) reorganized to improve SIP processing, and (3) held monthly conference calls with states (Report No. 5400013). The review also noted that SIPs were sometimes submitted late and the Region did not always timely process them.

In March 1995, the OIG reported that Region 2 had adequate procedures in place for obtaining, reviewing, and approving SIPs, and the SIP process worked well (Report No. 5800001). Region 2 had one SIP contact point for all the states, and a different designee for each SIP element. The Region interacted with the states from the beginning of the process. Regional officials tried to handle the SIPs expeditiously and met with the states periodically to discuss SIP implementation and effectiveness. To facilitate timeliness, the Region usually notified the states as a deadline approached. If the state was extremely late, the Region followed up with a letter. In addition, there was a good rapport between the Region and Headquarters. Monthly contact with Headquarters was maintained during conference calls, while workgroups discussed new guidance and SIPs via conference calls held every six weeks. Although Region 2 had improved its SIP processing, states were still

submitting some SIPs late and the Region was not always timely processing them.

In October 1995, the OIG found that Region 6 had a good working relationship with states.<sup>1</sup> Region 6 designated a coordinator for each state so there would be one primary contact person in the Region to deal with each state. Also, Region 6 conducted monthly conference calls with each state to resolve issues. State officials indicated that Region 6 provided guidance when they received it from EPA Headquarters. The Region worked with the states to get SIPs submitted on time. States submitted the majority of the SIPs by the due dates. Region 6 met the Act's 60-day requirement for considering SIPs complete, though the Region did not always act timely to approve or disapprove the SIPs.

In February 1996, the OIG reported that Region 3 prioritized its SIPs waiting for review (Report No. 6400032). The Region also established an internal tracking system to ensure it provided guidance to states promptly. The system allowed Region 3 to provide guidance to the states within 24 hours from the time the Region received it from Headquarters. States did not always submit SIPs timely and the Region did not always process them timely.

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<sup>1</sup>A formal report was not issued for Region 6.

## CHAPTER 2

### States Perceived Inequitable Treatment

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State officials believed that inequities existed in how EPA administered its SIP program. For example, state officials thought regions processed SIPs inconsistently and EPA made policy exceptions for some states. We were not able to factually substantiate these concerns. Instead, a lack of communication between regions and states caused the perceived inequities. As a result, (1) state officials became frustrated, causing strained relationships between them, EPA, and other states, (2) EPA, and the Act, lost credibility with states, and (3) state legislatures changed their SIPs or hesitated to take action because they thought EPA held other states to less stringent standards.

EPA also identified consistency as a potential concern in the Workgroup report, since the Workgroup proposed delegating SIP review and approval to the regions in most instances. The Workgroup developed a process for EPA regions to ensure consistent application of regulations and policy, while allowing regional flexibility to address local issues. While this process allows regional officials to address possible inequities, states do not have a similar process for dealing with their concerns of inequities.

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#### LACK OF COMMUNICATION CAUSED PERCEPTIONS

A 1995 GAO report found that states were concerned that EPA was inconsistent in its oversight across regions. Although that report did not cover the air program, our work showed that state SIP program officials had similar concerns as those GAO described.<sup>2</sup> In the report, EPA officials said that states believed disparities in treatment were widespread. They did not know, however, whether the perceptions were well founded. State officials conceded that they lacked complete information about

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<sup>2</sup>Environmental Challenges Require a Better Working Relationship, Report No. GAO/RCED-95-64, April 1995. GAO's review covered (1) the hazardous waste program, (2) the National Pollutant Discharge Elimination System program, and (3) the Public Water Supply Supervision program.



how other states implement their programs. The officials acknowledged that, if more information were available, they might better understand the reasons for the variation and perhaps feel less "singled out" by EPA.

The GAO report suggested that EPA needed to determine whether inconsistencies were (1) merely the appropriate exercise of flexibility, (2) inappropriate and raise genuine questions of fairness, or (3) less a reality than a perception arising from miscommunication or lack of information. While state officials said they believed inequities existed in the SIP program, we were not able to confirm this. Instead, we found that miscommunication or a lack of information caused the perception of inequities.

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**PERCEIVED  
INEQUITIES  
CREATED BARRIERS**

Officials from several states raised concerns about being treated inequitably. This treatment, as they perceived it, could create difficulties for the states. It (1) strained relationships, (2) hurt EPA's credibility, and (3) gave state legislatures a reason to change or delay SIPs. These problems made it more difficult for states to develop SIPs to attain air quality standards.

**Regional Inconsistencies**

Six of eight states reviewed, in four regions, felt regional inconsistencies caused them to be treated unfairly. As a result, state officials became frustrated, and relationships between them, EPA, and other states were strained. A lack of consistency, or the perception of it, could also have an economic impact on states. If states or industries believe inconsistencies exist in the way EPA applies regulations, it can affect competition for new businesses. State officials said industry is more likely to establish new plants in, or move current operations to, places where EPA seems to apply the Act less stringently.

A West Virginia SIP provides an example of state officials perceiving that another region would be less strict in approving SIPs than their own region. Louisiana and Ohio officials

incorrectly perceived that Region 3 redesignated a West Virginia nonattainment area before it met all Act requirements.<sup>3</sup>

- A Louisiana official believed that, although West Virginia's redesignation request contained very little information, Region 3 approved it without question. The Louisiana officials felt they were treated unfairly because they had submitted a very detailed redesignation request to Region 6, yet it was not approved. However, Region 3 officials questioned parts of West Virginia's plan, requiring them to revise it several times before approving it more than two years after the state's original request.
- An Ohio official did not think West Virginia had completed all SIP requirements, such as submitting a final SIP inventory, before Region 3 approved the redesignation. The Ohio official said that personnel from their Region (5) would not consider redesignating areas until states had submitted all requirements. However, Region 3 officials did not grant approval of the redesignation until the entire area met all Act requirements.

These perceived inconsistencies strained relationships between states and EPA. As a result, as seen with Louisiana and Ohio, states complained about other states and EPA's treatment of them.

### **EPA Policy Exceptions**

State officials felt that EPA policy exceptions caused EPA and the Act to lose credibility. The officials said exceptions also resulted in state legislatures changing or delaying SIPs. For example, state officials felt that, when EPA first allowed an exception to policies on the enhanced Inspection and Maintenance (I/M) program, it damaged the credibility of the Act.<sup>4</sup> It also caused states, such as Louisiana, to lose legislative support for other environmental rules

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<sup>3</sup> Areas can be redesignated to attainment once they meet air quality standards and other statutory requirements.

<sup>4</sup> I/M programs reduce pollution by ensuring that pollution control devices on automobiles are operating correctly and requiring repairs to systems that are not operating as required. Enhanced I/M programs use special machines that test cars during actual driving conditions.

and regulations. Now, when the Louisiana Department of Environmental Quality proposes a regulation, it needs to demonstrate that the rule will be beneficial and cost effective.

In November 1993, the EPA Administrator wrote Louisiana that EPA would use its discretionary authority to impose sanctions on any state that failed to adopt an acceptable program. California did not submit an I/M program and Region 9 began preparing a sanctions proposal. However, on November 24, 1993, based on progress in EPA and California talks, EPA Headquarters temporarily halted the Region's action and announced its decision to work together with California to resolve the situation. EPA's decision to change the I/M policy affected several states.

- Texas officials said that, when EPA changed the I/M rules, they lost public support for the program and they could no longer say that it was an EPA requirement. As a result, the Texas legislature eliminated its I/M program in January 1995. Texas officials said that, because the rules changed, the State, EPA, and the whole SIP process lost credibility. Also, because EPA did not apply discretionary sanctions against states that did not comply, industry criticized Texas for complying with Act requirements.
- Because Headquarters and Region 6 officials continually warned states that EPA would impose sanctions, Louisiana used this warning to persuade its legislature to pass I/M rules. Louisiana's legislature opposed an enhanced I/M program for the Baton Rouge area, since it felt that cars did not contribute significantly to that area's pollution problem. A Louisiana staff member said that State officials, including the legislature, favored a decentralized I/M program, but EPA required the centralized program and originally would not consider alternatives.<sup>5</sup> Louisiana saw EPA's policy change on California's I/M program as a basis

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<sup>5</sup>Decentralized programs allow privately owned garages and service stations to conduct emissions tests and perform repairs. Centralized programs require state employees, or their contractors, to conduct emissions tests, while repairs are performed elsewhere.

to petition EPA for the basic program it thought was more appropriate for its state.

Since EPA first made the policy exception for I/M, many things have changed in the program. EPA changed its rules and Congress passed new legislation which provided additional flexibility in implementing I/M programs to all states. As a result, both Texas and Louisiana have taken advantage of this new flexibility and are proceeding with decentralized I/M programs.

As the GAO report said, EPA needs to be able to exercise appropriate flexibility. This includes tailoring policies to meet individual local circumstances. When it does so, however, EPA should consider whether this decision will have an impact on other states. If so, then EPA should work with the states to minimize the impact. This could involve developing a communications strategy that explains the reasoning behind the variation in policy and how it affects other states. EPA could work with both individual states and already established state organizations toward this end.

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**WORKGROUP  
DEVELOPED  
PROCESS FOR  
NATIONAL  
CONSISTENCY**

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To improve the way existing regulations and policy are applied, and to address areas where policy development is needed, in 1995, the Workgroup recommended, and the OAR adopted, a process that incorporated a:

- way to communicate, within EPA, policy decisions that impact across regions;
- mechanism to identify issues with national implications, which all participating regions should discuss;
- process that quickly raises identified issues to the appropriate top managers; and
- mechanism to encourage regions to be accountable to one another when proposing variations from existing policy.

The Workgroup created two tiers to deal with consistency issues. Tier I issues involve deviations from national policy that are likely to affect other regions or establish national precedents, while Tier II issues do not. Regions are not required to use this process for Tier II issues. When a region considers taking an action that could be a Tier I deviation, the region should initiate the consistency process. The regional staffs prepare and distribute a one-page summary which identifies (1) the proposed deviation, (2) affected regional offices, (3) the reasons for the deviation, and (4) potential consequences. Then, the staff holds a call to:

- explain the issue;
- determine the appropriate decision level given the time-critical nature of the decision; and
- explore possible options.

Subsequently, regional officials negotiate a decision to satisfy all interested parties.

While this process allows regional officials to address possible inequities, a similar mechanism is not in place for states. EPA officials agreed that a similar process could be established for states to raise concerns. They suggested that one possibility was to use the already established state organizations, such as the State and Territorial Air Pollution Program Administrators (STAPPA)/Association of Local Air Pollution Control Officials or the Western Governors' Association, as a forum for discussing potential inequities.

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## CONCLUSION

EPA has a responsibility to ensure basic national consistency on legal, policy, and technical issues. SIP decisions are under constant scrutiny because they test the balance sought between flexibility and consistency provided by national directives. EPA needs to communicate the reasons for any variations in actions on states' SIPs, not only between EPA regions, but also between the states. By addressing states' perceived inequities, EPA could both

improve environmental performance and address a significant impediment to the EPA/state relationship.

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## **RECOMMENDATIONS**

We recommend that the Assistant Administrator for Air and Radiation establish a forum to:

- 2-1. Allow state officials to address concerns of inequities in EPA's treatment of states. This may include working with already established state organizations.
- 2-2. Explain reasons for policy variations and their effects on other states.

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## **AGENCY ACTIONS**

In responding to our draft report, the Assistant Administrator for Air and Radiation concurred with our recommendations. She suggested that recommendation 2-1 be modified to have the Assistant Administrator for OAR work in conjunction with STAPPA to use its meetings as a forum for addressing inequities. The Assistant Administrator also said that her office is participating in an agency-wide task force examining how to improve communication of policies, guidance, and rules. She said her office will address this issue in implementing the task force recommendations.

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## **OIG EVALUATION**

While we agree that STAPPA meetings are an appropriate place to establish a forum, we do not want to limit our recommendation to any single organization. During our exit conference, SIP officials noted that there were many other state organizations that may also be appropriate forums for addressing inequities. As such, we did not modify our recommendation as suggested.

While the Assistant Administrator concurred with our recommendations, she needs to provide specific corrective actions and milestone dates for addressing them.

## **CHAPTER 3**

### **EPA Needed to Reduce Submission and Processing Delays**

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EPA and states did not always meet Act deadlines for submitting and processing SIPs. The SIP Improvement Workgroup identified several causes for delays in the SIP process. We confirmed some of their causes for delay and identified additional reasons. As discussed in chapter 4, of the cases we reviewed, the cause mentioned most often for delay was the lack of EPA guidance. This was followed by (1) delays in bringing policy issues to closure, (2) extended state regulatory review processes, (3) limited regional resources, and (4) SIPs that were technically deficient. As a result, states faced sanctions for submitting SIPs after the deadlines. EPA also faced potential lawsuits for not processing SIPs within 18 months. The longer it takes to get SIPs processed and in place, the longer it may take to achieve the desired air quality results.

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#### **BACKGROUND**

One charge of the Workgroup was to examine the current SIP backlog. The Workgroup developed potential Headquarters, regional, and state reasons for the backlog and made recommendations to the Assistant Administrator for Air and Radiation. In July 1995, the Assistant Administrator accepted the report. We reviewed case files in Regions 2, 3, 5, and 6 to quantify the Workgroup results. EPA can use our data to develop a plan of action that may help states and EPA submit and process SIPs more timely.

We reviewed 56 SIPs, submitted since passage of the Act on November 15, 1990. See table 1 for the number of SIPs reviewed in each region. Our first samples were judgmentally selected in Regions 2 and 6. In selecting a sample, we made no distinction between SIPs that were on time and those that were late. Our later samples, in Regions 3 and 5, were randomly selected from SIPs that were submitted or processed late. We made this change so we

could use our data to build on the causes for delays the Workgroup report identified.

**Table 1: Sample Sizes**

Regional Office	Sample Size
Region 2	14
Region 3	20
Region 5	10
Region 6	12

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**WORKGROUP AND  
OFFICE OF  
INSPECTOR GENERAL  
IDENTIFIED DELAYS**

The Workgroup report and OIG reviews identified several similar causes for submission and processing delays. We confirmed some of the causes for delays identified in the Workgroup report, as shown in table 2. We also found additional causes not mentioned in the report (see table 3).

**Workgroup  
Identified Delays**

The Workgroup report identified causes for delays and listed several recommendations to address them (see exhibit 1). Implementation of the Workgroup recommendations may help to reduce SIP submission and processing delays.

Although the results of our file reviews cannot be projected, they do suggest a priority EPA could consider in implementing the Workgroup recommendations. As shown in table 2, almost half the SIPs we reviewed were late, in part, due to the lack of EPA guidance.<sup>6</sup> The Workgroup considered Headquarters role in the review process as a major cause for delays. Based on this, they recommended that Headquarters delegate SIP approval authority to

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<sup>6</sup>The numbers shown in the tables may overlap because multiple reasons may delay the submission or processing of one or more SIPs.



the regions, which they believed might help reduce the SIP backlog. Although we found that Headquarters role caused few delays, limiting their review responsibilities may free up more time for the staff to develop guidance.

**Table 2: Workgroup Identified Reasons for Delays**

Identified In The Workgroup Report	Number of Cases From OIG Reviews
Lack of EPA guidance	23
Delays in bringing policy issues to closure	11
Extended State regulatory review process	10
Limited regional resources	8
Low priority SIPs	6
Headquarters role in review	5
State adoption of non-regulatory provisions	3
Deviation from national policy	1
Submission of flawed Federal Register notices for publication	0
Suspension of processing in anticipation of further state submittals	0
Complex organizational systems	0
Low threshold for completeness	0

#### **Additional OIG Identified Delays**

As shown in table 3, OIG regional reviews identified additional causes for submission and processing delays that were not mentioned in the Workgroup report.

**Table 3: OIG Identified Reasons for Delays**

Identified During OIG's Regional Reviews	Number of Cases
Technically deficient SIPs	8
Complicated SIPs	7
EPA needed to resolve national issues	6
Coordination of SIPs between regions and states	4

### **Technically Deficient SIPs**

States sometimes submit technically deficient SIPs that delay EPA's approval. EPA requires that SIPs contain all technical data before it will process them. Missing data delays processing because regions typically wait for states to submit the data. The Workgroup recommended that the regions work with states to develop a pre-submittal review process. We believe this may help ensure that SIP submittals contain all required technical data.

To illustrate, New York's and New Jersey's Enhanced I/M SIPs were technically deficient. New York's submittal did not include a complete Enhanced I/M program for 35 of 47 counties. New Jersey's submittal did not include technical specifications and procedures, provisions for licensing, and certification of stations and inspectors. Region 2 found the SIPs incomplete and delayed processing the SIPs until its States submitted the additional data.

Similarly, Region 3 officials delayed processing the District of Columbia's New Source Review (NSR) SIP because of technical deficiencies.<sup>7</sup> The deficiencies included (1) the lack of public notice and comment requirements, (2) a provision in the regulation that could circumvent the entire NSR regulation, and (3) the location of emission offsets. Region 3 delayed processing the SIP to allow the District of Columbia to resolve the deficiencies.

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<sup>7</sup>NSR is a program for pre-construction review of new major sources of air pollution and major modifications of existing sources.

**Complicated SIPs**

SIPs can be very complicated documents that can take a long time for states to develop and EPA to review. One SIP can contain many different regulations. Also, states sometimes have to develop complex rules to implement the SIPs. In the future, EPA can take steps to simplify SIPs, as much as possible, or allow extra time for developing and reviewing them.

Region 3 officials took extra time to process Maryland's and Pennsylvania's Reasonably Available Control Technology (RACT) Fix-up SIPs because they included many different regulations.<sup>8</sup> Maryland's SIP was further delayed because the state revised its SIP three times after Region 3 declared it complete. Each revision required Region 3 to perform a new completeness review. As a result, Region 3 took about 44 months to process Maryland's SIP and 24 months to process Pennsylvania's SIP.

Indiana delayed submitting its NSR SIP because of complex rules. The Act required new provisions for the NSR SIPs, and EPA had not issued guidance to the states. So, states had to decide what data to include in the SIP. Indiana officials were reluctant to submit the SIP because (1) it was complex, and (2) they believed EPA would determine it incomplete or disapprove it, once EPA issued guidance.

**EPA Needed to  
Resolve National  
Issues**

EPA needed to resolve issues having a national impact, before regions could process some SIPs. In some cases, workgroups were formed to look into the issues. EPA's prompt resolution of such issues may improve the timeliness of regional processing.

Region 2 officials delayed processing New Jersey's Nitrogen Oxide (NO<sub>x</sub>) RACT SIP. This SIP was designed to reduce the emission of NO<sub>x</sub>, one of the pollutants that forms smog. These delays occurred because additional research was needed to answer Region 3's comments. Region 3 officials disagreed with Region

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<sup>8</sup>Under the RACT requirements, sources must control emissions to the extent such control is economically and technologically feasible. The RACT requirements apply to stationary sources in ozone nonattainment areas and throughout an ozone transport region.

2's proposal to approve the SIP containing generic rules for emission limits.<sup>9</sup> They felt that the Region 2 proposal was similar to a Pennsylvania SIP proposal in Region 3. However, Region 2 officials believed there were substantial differences between the two SIPs. As a result, Region 2 held the final notice on New Jersey's SIP until a workgroup could research the issue and decide how to handle generic emission limit provisions. As of August 1996, the workgroup was still ongoing.

Region 2 officials have held, since January 1995, New York's Volatile Organic Compound RACT Catch-Up SIP because they needed to resolve issues affecting its approval. They identified a national consistency issue concerning generic emission limit provisions. They were waiting on a decision from the workgroup mentioned above before processing the SIP.

**Coordination of  
SIPs Between  
Regions and States**

Regions need to coordinate their SIP processing efforts with other regions and states to ensure national consistency. Such coordination can require extra time and delay the SIP process. However, early coordination between regions and states may quicken the process and ensure that similar SIPs are processed the same way nationwide.

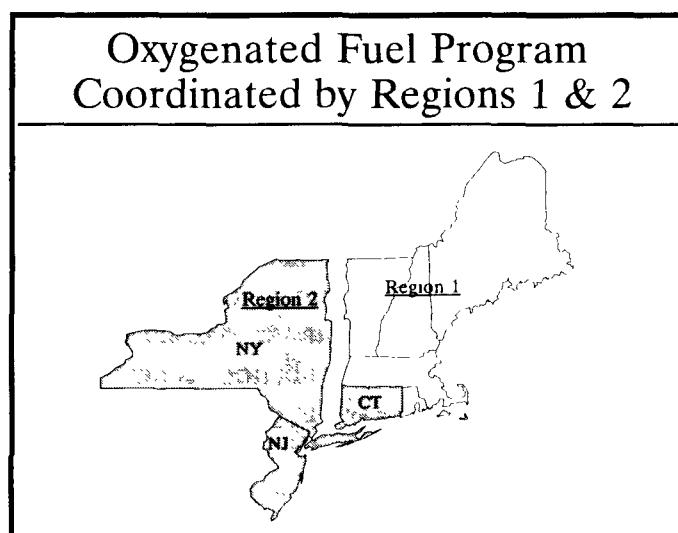
Region 2 delayed processing New York's Oxygenated Fuels SIP, designed to reduce carbon monoxide emissions, because it needed to coordinate with Region 1 about a nonattainment area shared between the regions. Since smog travels across county and state lines, when a metropolitan area covers more than one state (for instance, as shown in figure 1, the New York metropolitan area includes parts of New Jersey and Connecticut), its governments and air pollution control agencies must cooperate to solve their problem. Regions 1 and 2 needed to work together to develop an Oxygenated Fuel program for New York, New Jersey, and Connecticut. As a result, Region 2 delayed processing New York's

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<sup>9</sup>The generic rules allow each source to submit plans proposing their own emission limits. EPA interprets the Act to require states to establish emission limits for all RACT sources, prior to EPA approval of the SIP.

Oxygenated Fuels SIP while it waited for SIPs from New Jersey and Connecticut.

Figure 1:



In another example, Region 5's processing of Ohio's PM-10 SIP to reduce dust and soot emissions was related to West Virginia's PM-10 SIP in Region 3. To ensure national consistency, the two Regions needed to coordinate their processing efforts. This coordination took extra time, delaying Region 3's SIP processing.

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## CONCLUSION

The lack of EPA guidance was the most significant cause for delays in SIP submission and processing. This was followed by delays in bringing policy issues to closure, extended state regulatory review processes, and limited regional resources. Our work also showed that SIPs were delayed because they:

- were technically deficient,
- were complicated,
- needed regions to resolve national issues, and

- required coordination between multiple regions and states.

By addressing these issues, as well as those recommended by the Workgroup, EPA may help reduce future SIP submission and processing delays. EPA can work toward achieving program goals by addressing the most significant causes first. This may help to ensure that the desired air quality results are achieved timely.

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## RECOMMENDATIONS

In July 1995, the Assistant Administrator for Air and Radiation accepted the recommendations of the Workgroup. We support the Workgroup recommendations, and urge the Assistant Administrator to place priority on implementing the recommendations concerning the most common causes, such as developing guidance, bringing policy issues to closure, and working with states early in the SIP development process.

In addition, we recommend that the Assistant Administrator for Air and Radiation:

- 3-1. Place priority on promptly resolving national SIP issues.
- 3-2. Request that Regional Air Directors coordinate early on those SIPs that span regional or state lines.
- 3-3. Take steps to make future SIPs as simple as possible.
- 3-4. Build in extra time for developing and reviewing complex SIPs, when EPA can exercise discretion in setting deadlines.

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## AGENCY ACTIONS

In responding to our draft report, the Assistant Administrator for Air and Radiation concurred with our recommendations. For recommendation 3-3, she stated that EPA is sensitive to the concerns of its state, tribal, and local air quality program partners in this area and is working toward streamlining and simplifying the SIP process as much as possible. For example, the National SIP

Processing Work Group will look for ways of simplifying the SIP process. The Assistant Administrator also said that her office is offering states more flexibility in how they implement programs through the National Environmental Performance Partnership System. They have already re-engineered and simplified requirements for important state programs, such as vehicle inspection and maintenance, and new source review. The Assistant Administrator did caution, however, that the complexities of SIP revisions are still, to a large extent, determined by each state.

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## **OIG EVALUATION**

The Assistant Administrator needs to provide specific corrective actions and milestone dates for each recommendation.

## CHAPTER 4

### SIP Guidance Did Not Always Meet Needs of State Officials

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EPA SIP guidance did not always meet the needs of state officials. For example, EPA's guidance was not always timely or organized, and some guidance continually changed. There were several causes for guidance problems, including unrealistic Act deadlines and guidance documents that were issued in numerous forms and were not numbered. As a result, state officials (1) submitted SIPs late or revised SIPs to meet new guidance, (2) were not sure they had all applicable guidance, or if guidance had been superseded, and (3) were confused by changing guidance. In fact, as discussed in chapter 3, the leading cause of late SIPs was EPA's untimely guidance.

EPA officials also identified problems with SIP guidance. The Workgroup report, for example, stated that "adequate guidance is not always available to the States in a timely fashion." The Workgroup recognized that timely guidance is imperative for states to consistently develop SIPs that comply with the Act. Also, regions need guidance documents to review SIP packages. The Workgroup recommended that Headquarters personnel devote more time to drafting SIP regulations and guidance. The Workgroup recommended a review process that limited EPA Headquarters involvement, thus freeing up the staff's time.

Because many deadlines for Act-required SIPs have passed, EPA officials cannot correct the past guidance problems. Instead, they can improve future SIPs by making those guidance documents timely and organized. EPA can also improve SIP guidance by timely addressing policy issues.

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#### EPA ISSUES SIP GUIDANCE

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According to OAR's Implementing the 1990 Clean Air Act: The First Two Years, one of EPA's roles is to issue guidance to states to ensure that states devise and carry out adequate SIPs. Two offices



within OAR are primarily responsible for issuing this guidance. OAQPS, located in North Carolina, is responsible for developing and issuing SIP guidance related to stationary sources, such as power plants. OMS, located in Michigan, is responsible for developing and issuing SIP guidance related to mobile sources, such as cars and trucks.

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## **STATES ADOPT SIPs THROUGH LAWS OR REGULATIONS**

State processes for adopting regulations can be very lengthy. The SIP process is a cooperative effort involving EPA, state governments, and local jurisdictions. The state begins the process by developing a SIP composed of regulations that meet the basic provisions of the Act. After states develop their SIPs, they go through a rulemaking process to become adopted as official state rules. The process varies by state, with some going to the state legislature and others going through board or commission reviews. For example,

- West Virginia's rulemaking process lasts nearly one year and each rule must be authorized by the legislature. Before the rules go to the legislature, a legislative rulemaking committee reviews them and holds a public hearing. The committee then addresses any public comments and presents the rule to the legislature for authorization. Generally, for West Virginia's legislature to address a rule in a certain year, it must be presented to them by mid-August.
- In Ohio, the Joint Committee on Agency Rule Revisions (JCARR) reviews state rules. JCARR is a committee of the State legislature. During JCARR's review, they hold a public hearing. If JCARR disapproves a rule, it must be revised and refiled. The rule then goes through another review and public comment period. Ohio's shortest time frame for processing State rules is about five months; however, this does not include development of the rule. After the State approves a rule, they submit the SIP to EPA for its review and approval.

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**GUIDANCE WAS NOT  
ALWAYS TIMELY**

EPA officials did not always issue SIP guidance timely. One reason this happened, according to EPA and state officials, was because the Act deadlines for SIP submissions were sometimes not realistic. For instance, between November 1990 and February 1996, the Act required that over 2,000 SIP elements be submitted. Fourteen hundred of the SIPs were due by November 1992. As a result, EPA personnel had difficulties developing and issuing guidance before SIPs were due. This forced states to make difficult choices. Sometimes, state officials chose to wait for guidance before developing the SIPs, causing them to miss statutory deadlines.

Lack of, or untimely, guidance made it difficult for states and regions to meet the Act deadlines for SIP submission and processing. EPA's untimely guidance was the leading cause of late SIPs we identified.<sup>10</sup> Some state officials were reluctant to submit SIPs without guidance since they felt, once EPA issued guidance, the SIP would be determined incomplete or need revision. As a result, states missed statutory deadlines and faced sanctions. Untimely guidance particularly caused problems for states with lengthy rulemaking processes.

New York officials stated that untimely guidance was one reason they missed the deadline for their SIP to reduce NOx emissions, called the NOx RACT SIP. The SIP, due November 15, 1992, was one of the first major SIP submissions due. OAQPS personnel issued guidance on November 25, 1992. Because New York's rulemaking process takes about 14 months, New York did not submit its SIP until January 1994. Because of the delayed submission, New York faced the possibility of sanctions.

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**GUIDANCE WAS  
NOT ORGANIZED**

State officials could not determine if they had all applicable guidance for developing a SIP, because EPA did not organize the

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<sup>10</sup>See chapter 3.

guidance. Several different EPA program offices issued guidance, in numerous forms, but there was no centralized listing or numbering system. As a result, state personnel became frustrated, delayed submission of SIPs, and the states faced sanctions.

OMS and OAQPS issued guidance in numerous forms, such as reports, memoranda, letters, and Federal Register notices. Informal guidance included regulatory interpretations, fact sheets, and question and answer documents. One state official said that "guidance can consist of piles and piles of memos and letters." Therefore, state officials found it difficult to identify all relevant documents for preparing SIPs. State officials were concerned that, if they missed a guidance document, it could result in having to revise the SIP.

For example, OAQPS issued documents related to NO<sub>x</sub> policy in the following forms:

- Federal Register notices in 1992 and 1994;
- Several memos from the OAQPS Director to the Regional Air Division Directors issued in 1994 and 1995;
- A 1995 letter from the OAQPS Director to the Mid-Atlantic Regional Air Management Association, the Northeast States for Coordinated Air Use Management, and the Ozone Transport Commission;
- Several OAQPS staff memos to Regional Air Division Directors issued in 1993 and 1995; and
- An OAQPS staff memo to the Region 5 Air Enforcement Branch that answered questions from the Ohio Environmental Protection Agency.

EPA did not keep a complete list of SIP guidance in a central location. While an OAQPS official said that there was a comprehensive list of OAQPS-issued guidance available, we were not able to obtain it. OMS also did not have a comprehensive list

of guidance. However, OMS provided a list by obtaining information from each of its divisions. Because EPA did not have a complete list of SIP guidance available, state officials could not readily find the guidance or be sure they had all relevant documents.

OAQPS did not number guidance documents and OMS generally only numbered guidance documents issued as reports. Therefore, state officials could not determine if they had all applicable guidance or if EPA had superseded a document. OMS officials said their newly issued guidance documents specifically referenced superseded guidance. However, OAQPS officials stated that their new documents did not indicate superseded guidance.

EPA's Management Accountability Process System (MAPS) allowed regions to retrieve guidance by searching on a key word, but MAPS was not available to states. States had access to the same SIP guidance found in MAPS on the Technology Transfer Network (TTN). However, OAQPS officials said TTN was not as easy to search as MAPS and not all states had access to the system. While state officials felt the TTN made guidance more available, they were not confident the TTN contained all guidance.

Regional and Headquarters officials have acknowledged that improving the availability of guidance would reduce delays in SIP processing. Making guidance more available to states would also reduce delays in SIP submission. If state officials could identify all relevant guidance, before developing and submitting SIPs, it would result in fewer state revisions. The Workgroup recommended that Headquarters develop a computerized listing of specific types of SIPs, with cross references to documents, guidance, policies, and regulations. This type of listing would be useful.

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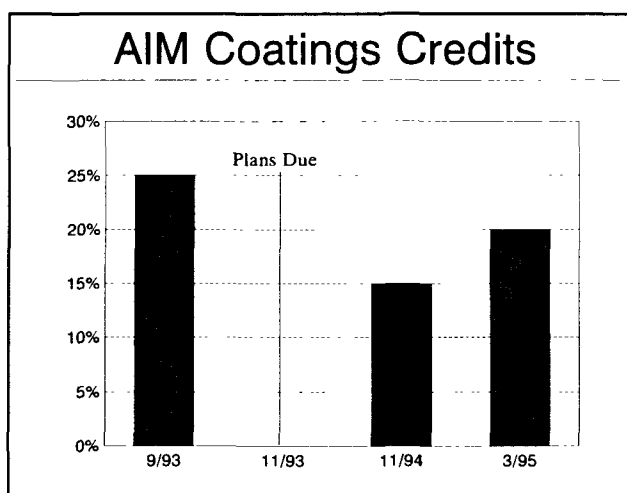
#### **SOME GUIDANCE WAS CONTINUALLY CHANGING**

Continually changing some types of guidance confused state officials. Guidance sometimes changed because EPA needed to address many policy and technical issues. These changes made it difficult for state officials to meet the deadlines for submission the

Act had established. As a result, state officials sometimes delayed SIP submission and faced sanctions. EPA and the states also lost credibility with industry when guidance changed. State officials said, when guidance changed, industry incurred additional costs. The Workgroup recommended that EPA identify and resolve national issues at an early stage and comply with schedules for the development of national standards and guidance.

For example, the credit, which OAQPS allowed states to take for the expected reductions from their Architectural and Industrial Maintenance (AIM) Coatings in their Rate-of-Progress Plan SIP, kept changing.<sup>11</sup> These SIPs were due November 15, 1993. EPA estimated the credit value at 25 percent in September, just two months before the plans were due. Then, a November 29, 1994 memorandum indicated that OAQPS now anticipated the AIM rule would reduce emissions by only 15 percent. A March 22, 1995 memorandum then increased the reduction estimate to 20 percent. The estimated credit changes to 15 and 20 percent came more than a year after the plans were due. (See figure 2.) As a result, state officials had to revise the SIPs. Late and conflicting guidance caused uncertainty, created frustration, and damaged the credibility of both EPA and the states.

**Figure 2:**



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<sup>11</sup> AIM Coatings include paint and coatings for bridges.

EPA's emissions inventory requirements were also constantly changing, confusing state officials. As a result, state personnel submitted several revisions of their SIPs. For example, EPA issued at least 19 documents for emissions inventory requirements for Ozone and Carbon Monoxide SIPs between November 1990 and the November 15, 1992 deadline.<sup>12</sup> (See exhibit 2 for listing.) Also, EPA issued at least 13 additional guidance documents after the deadline.

Changing guidance particularly affected some states that had lengthy rulemaking processes. For example, Pennsylvania's process for developing and adopting regulations takes about two years. When guidance keeps changing, it is unlikely the State will meet statutory deadlines. New York's rulemaking process takes about 14 months. If EPA changes something that New York needs to address through a revision to its rules, the rules must go through the whole process again.

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## **CONCLUSION**

Guidance is an important part of any program's internal control system. In several instances, SIP guidance documents were not timely or were continually changing. EPA also did not organize guidance. Because EPA has now limited Headquarters officials involvement in the SIP review process, they could have more time to devote to drafting regulations and guidance. We realize that EPA officials cannot correct the past guidance problems. Instead, EPA can improve future SIPs by making those guidance documents more timely and organized. EPA can also improve SIP guidance by timely addressing policy issues. This will help to ensure that the program's activities are carried out consistently and timely when protecting human health and the environment.

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## **RECOMMENDATIONS**

We recommend that the Assistant Administrator for Air and Radiation:

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<sup>12</sup>OAQPS' TTN Clearinghouse for Inventories and Emission Factors, June 1995.

- 4-1. Establish realistic deadlines for future SIPs, where deadlines are not set in the Act, that will allow adequate time for EPA to develop useful guidance, when appropriate.
- 4-2. Develop a centralized numbering system for all SIP guidance and, as recommended by the Workgroup, develop a computerized listing of specific types of SIPs, with cross references to guidance, policies, and regulations.
- 4-3. Place a high priority on resolving policy issues that impact guidance documents.

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**AGENCY ACTIONS**

In responding to our draft report, the Assistant Administrator for Air and Radiation concurred with our recommendations.

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**OIG EVALUATION**

The Assistant Administrator needs to provide specific corrective actions and milestone dates.

## **WORKGROUP RECOMMENDATIONS**

The April 1995 SIP Improvement Workgroup report listed several recommendations to address the causes for delay. Implementation of the Workgroup recommendations may help improve the timeliness of SIP submission and processing. We have categorized below selected recommendations according to the causes we confirmed.

### **Lack of EPA guidance:**

- Empower the regions to make more policy decisions.
- Comply with schedules for the development of national standards and guidance.
- Endorse and use SIP Flexibility policies.

### **Delays in bringing policy issues to closure:**

- Ensure early and effective communications with State agencies and Headquarters.

### **State extended process for regulatory review:**

- Ensure early and effective communications with State agencies.

### **Limited regional resources:**

- Retain core of knowledgeable SIP staff.
- Develop Standard Operating Procedures.
- Train junior staff in SIP processing.
- Develop an electronic repository for current guidance.



**Low priority SIPs:**

- Establish system for prioritizing SIPs.
- Assign SIPs to the “inactive” category.

**Headquarters role in review:**

- Require proper delegation.
- Retain limited Headquarters review.

**State adoption of non-regulatory provisions:**

- Develop checklists.
- Develop pre-submittal review process.

**EMISSIONS INVENTORY REQUIREMENTS  
FOR OZONE AND CARBON MONOXIDE SIPS**

1. *Emission Inventory Requirements For Ozone State Implementation Plans*, EPA-450/4-91-010, EPA, Research Triangle Park, NC, March 1991.
2. *Emission Inventory Requirements For Carbon Monoxide State Implementation Plans*, EPA-450/4-91-011, EPA, Research Triangle Park, NC, March 1991.
3. *Procedures For The Preparation Of Emission Inventories For Carbon Monoxide And Precursors Of Ozone, Volume I: General Guidance For Stationary Sources*, EPA-450/4-91-016, EPA, Research Triangle Park, NC, May 1991.
4. *Procedures For Preparing Emissions Projections*, EPA-450/4-91-019, EPA, Research Triangle Park, NC, July 1991.
5. *Methodology To Estimate Nonroad Equipment Populations By Nonattainment Area*, EPA, Ann Arbor, MI, September 30, 1991.
6. *Commercial Marine Vessel Contribution To Emission Inventories*, EPA, Ann Arbor, MI, October 7, 1991.
7. *Nonroad Engine and Vehicle Emission Study*, 21A-2001, EPA, Ann Arbor, MI, November 1991 (report and appendices separately bound).
8. "Issues Associated With The 1990 Base Year Emission Inventory and Modeling", Memorandum, William G. Laxton, Technical Support Division, Office of Air Quality Planning and Standards, EPA, Research Triangle Park, NC, December 26, 1991.
9. *Section 187 VMT Forecasting and Tracking Guidance*, EPA, Ann Arbor, MI, January 1992.
10. *Methodology To Calculate Nonroad Emission Inventories At The County and Sub-County Level*, EPA, Ann Arbor, MI, July 1992.

11. *Major CO, NO<sub>2</sub> And VOC Sources in the 25-mile Boundary Around Ozone Nonattainment Areas, Volume I: Classified Ozone Nonattainment Areas*, EPA-450/4-92-005a, EPA, Research Triangle Park, NC, February 1992.
12. *Major CO, NO<sub>2</sub> And VOC Sources in the 25-mile Boundary Around Ozone Nonattainment Areas, Volume II: Transitional Ozone Nonattainment Areas And Ozone Nonattainment Areas With Incomplete Or No Data*, EPA-450/4-92-005b, EPA, Research Triangle Park, NC, February 1992.
13. *Example Documentation Report For 1990 Base Year Ozone And Carbon Monoxide State Implementation Plan Emission Inventories*, EPA-450/4-92-007, EPA, Research Triangle Park, NC, March 1992.
14. *Guide For Using The Empirical Kinetic Modeling Approach Interface (EKMAI)*, EPA-450/4-92-009, EPA, Research Triangle Park, NC, May 1992.
15. *User's Guide For The Urban Airshed Model, Volume IV, Part A, Emissions Preprocessor System (Version 2.0): Core FORTRAN System*, EPA-450/4-90-007D(R), EPA, Research Triangle Park, NC, June 1992.
16. *Guidance On The Implementation Of An Emission Statement Program (Draft)*, Office of Air Quality Planning and Standards, EPA, Research Triangle Park, NC, July 1992.
17. *Quality Review Guidelines For 1990 Base Year Emission Inventories*, EPA-454/R-92-007, EPA, Research Triangle Park, NC, August 1992. Replaces EPA-450/4-91-022.
18. *Guidance On The Adjusted Base Year Emissions Inventory And The 1996 Target For The 15 Percent Rate Of Progress Plans*, EPA-452/R-92-005, EPA, Research Triangle Park, NC, October 1992.
19. *Guidelines For Estimating And Applying Rule Effectiveness For Ozone /CO State Implementation Plan Base Year Inventories*, EPA-452/R-92-010, EPA, Research Triangle Park, NC, November 1992.



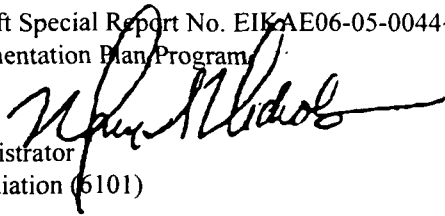
UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
WASHINGTON, D.C. 20460

SEP 20 1996

OFFICE OF  
AIR AND RADIATION

MEMORANDUM

SUBJECT: Response to Draft Special Report No. EIK/AE06-05-0044-xxxxxx  
Air State Implementation Plan Program

FROM: Mary D. Nichols   
Assistant Administrator  
for Air and Radiation (6101)

TO: Michael D. Simmons  
Deputy Assistant Inspector General  
for Internal and Performance Audits

This is in response to your memorandum of August 7, 1996. We appreciate the opportunity to review the subject draft report concerning the Office of Inspector General reviews of the Air State Implementation Program. Your memorandum requested review of the draft report (i.e., Chapters 1-4 and Exhibits 1 and 2), and a response indicating concurrence or nonconcurrence.

My staff has reviewed the report and is submitting the following comments for your consideration:

Chapter 2 Recommendation:

#1 -Allow State officials to address concerns of inequities in EPA's treatment of States. This may include working with already established State organizations.

Response:

We were pleased to find that the inequities in the treatment of states were more a matter of perception than fact. Nevertheless, we need to improve our communication with states to eliminate that perception. Currently, the State and Territorial Air Pollution Program Administrators (STAPPA), which represents the various State air pollution control agencies, holds semi-annual meetings of its entire membership. Representatives from OAQPS and OAR are invited to attend these meetings. Additionally, OAR and OAQPS host 1 to 2 additional meetings a year with STAPPA. The recommendation should be modified to suggest the Assistant Administrator for OAR work in conjunction with STAPPA to use these meetings as a forum for addressing inequities, perceived or real. The next STAPPA/ALAPCO meeting is

-2-

scheduled for Oct 19-23. While the agenda for that meeting is close to being finalized, we will work with STAPPA/ALAPCO to include as a future agenda item the establishment of a forum for discussion of SIP inequities. We are also participating in an agency wide task force that is examining how to improve the communication of our policies, guidance, and rules. In implementing the recommendations of the task force, we will also address this issue.

Chapter 3 Recommendation:

#3 - Take Steps to make future SIP's as simple as possible.

Response:

EPA is sensitive to the concerns of our State, Tribal and Local air quality program partners in this area and is working with all of these parties toward streamlining and simplifying the SIP process as much as possible. Last July I delegated all SIP processing responsibilities to the Regions to provide for the more expeditious processing of SIP revisions. Coupled with this delegation was the establishment of the National SIP Processing Work Group that assumed responsibility for managing the SIP process. This Work Group, in overseeing SIP processing, will also look at additional means of simplifying the SIP process. We also recognize the desirability of simplifying SIPs as part of the National Environmental Performance Partnership System. We are offering states more flexibility in how they implement programs to protect public health and the environment. We have also re-engineered and simplified our requirements for important state programs such as vehicle inspection and maintenance and new source review to allow states more flexibility. We will continue to explore ways to allow states to simplify their SIPs, reducing the administrative burden on them and on the regulated community. While we will continue to address the simplification of the SIP processing, the complexity of SIP revisions themselves are still to a large extent determined by each individual State.

In addition to these comments, I have attached comments that have been provided by the Office of General Counsel. Aside from these comments, we concur on the report. If you have questions or need additional information, please contact Jerry M. Stubberfield, of my staff, at 919-541-0876.

I appreciate this opportunity to be of service and trust that this information will be helpful to you.

Attachment

*Note: The OGC comments were technical corrections which we worked with OGC to resolve. In agreement with OGC, we did not publish their comments in our report.*

## ABBREVIATIONS

Act	Clean Air Act, as amended in 1990
AIM	Architectural and Industrial Maintenance
EPA	U. S. Environmental Protection Agency
GAO	General Accounting Office
I/M	Inspection and Maintenance
JCARR	Joint Committee on Agency Rule Revisions
MAPS	Management Accountability Process System
NOx	Nitrogen Oxide
NSR	New Source Review
OAQPS	Office of Air Quality Planning and Standards
OAR	Office of Air and Radiation
OGC	Office of General Counsel
OIG	Office of Inspector General
OMS	Office of Mobile Sources
PM-10	Particulate Matter
RACT	Reasonably Available Control Technology
SIP	State Implementation Plan
STAPPA	State and Territorial Air Pollution Program Administrators
TTN	Technology Transfer Network
Workgroup	SIP Improvement Workgroup

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