

AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009

**ENVIRONMENTAL PROTECTION AGENCY RECOVERY ACT PROGRAM PLAN:
UNDERGROUND STORAGE TANKS PROGRAM
MAY 15, 2009**

a) LUST Recovery Act Funding Table

EPA Program-Specific Recovery Act Plan Leaking Underground Storage Tanks (LUST)				
Treasury Symbol	Appropriations	Program	Sub-program	Total Appropriation
689/08196	LUST - Recovery Act	LUST COOPERATIVE AGREEMENTS	Recovery Act: LUST Cooperative Agreements (States)	\$190,700,000
		LUST / UST	Recovery Act: LUST/UST (Tribes)	\$6,300,000
689/10108	EPM (M&O) -- Recovery Act	LUST / UST	Recovery Act: EPA (Headquarters & Regions)	\$3,000,000
Total				\$200,000,000

Note: \$1,500,000 (one half of the Management and Oversight funds) were not made immediately available for obligation but held in reserve for future years. Thus, the current total funds available for obligation in EPA's financial system is \$198,500,000.

b) Objectives:

The American Recovery and Reinvestment Act of 2009 (Recovery Act) provides a supplemental appropriation of \$200 million from the Leaking Underground Storage Tank (LUST) Trust Fund to EPA to clean up releases of contamination from federally regulated underground storage tanks (USTs), as authorized by section 9003(h) of the Solid Waste Disposal Act. The overall purposes for the LUST Recovery Act money are to clean up contaminated LUST sites effectively, while maximizing job creation and retention and providing economic and environmental benefits (such as protecting groundwater and cleaning up and reusing contaminated land) to the citizens of the U. S.. These objectives will be achieved by overseeing assessments and cleanups at shovel-ready sites or directly paying for cleanup activities at sites where the responsible party is unknown, unwilling or unable to finance cleanup, or the cleanup is an emergency response.

Because the national UST program is primarily implemented by states and territories, the vast majority of Recovery Act money for this program will go to state and territorial UST programs through cooperative agreements. Additionally, EPA implements the UST program in Indian country, so money to clean up eligible tank leaks in Indian country will be distributed and managed by EPA's regional UST programs through existing federal contracts. The state and territorial cooperative agreements and EPA contracts will pay for activities at shovel-ready sites to assess and clean up UST petroleum leaks, as well as staff management and oversight activities that will leverage additional cleanups. The LUST planned activities for states, territories, and Indian country will support progress toward Goal 3: Land Preservation and Restoration, Objective 3.2: Restore Land of the 2006-2011 EPA Strategic Plan.

EPA expects the Recovery Act funded cleanups to increase the number of cleanups traditionally funded through annual LUST appropriations. In addition, the number of jobs created or retained is a measure that will be tracked for Recovery Act money and is dependent upon whether the money is used for oversight or directly for assessments and cleanups. If all Recovery Act money is used directly for assessment and cleanup work, EPA estimates that significant numbers of jobs will be created or retained and at least 1,600 cleanups will result, helping to reduce the existing backlog of 102,798 LUST sites that need to be cleaned up (as of end of FY 2008). Additional jobs and cleanups are expected if states are able to leverage other private and state fund monies (e.g., state personnel could oversee multiple cleanups funded by responsible parties or state cleanup funds.)

c) Activities:

Examples of specific LUST eligible cleanup activities include: emergency response and initial site hazard mitigation; site investigations and assessments; cleaning up petroleum contamination releases; monitoring soil and groundwater; equipment needs; enforcement actions and recovery of costs from liable tank owners and operators; state management and oversight costs; and public or community involvement activities.

Many job sectors will benefit from Recovery Act money being spent on cleaning up contaminants in the environment from UST leaks, such as: site investigation and remediation contractors, associated entities that perform laboratory analysis, manufacture equipment, soil excavation and contaminant removal or treatment, waste and treatment or disposal, environmental engineering and technology, and public administration.

d) Funding Characteristics:

Type Of Financial Award	Type Of Recipient/Beneficiary <i>(includes both non-federal entities and federal entities, including EPA to be labeled as in-house)</i>	Estimated Dollar Amount	Methodology For Award Selection <i>(brief description, include links to longer description as needed)</i>
Cooperative Agreements	49 states, District of Columbia, and 4 territories (North Dakota and American Samoa declined Recovery Act money)	\$190.7M	See description below

EPA Existing Contracts	Tribes	\$6.3M	See description below
Oversight Costs	In-house (EPA headquarters and regions)	\$3.0M	See description below

EPA is using the existing LUST Trust Fund allocation process to distribute \$190.7 million to EPA’s ten regions. The regions will then enter into cooperative agreements with states and territories, providing money to address shovel-ready sites within their jurisdictions. For cleanups in Indian country, EPA headquarters consulted with EPA regions and determined that \$6.3 million worth of LUST eligible work (such as site assessment and cleanup activities) is shovel-ready, can be appropriately managed, and can use EPA’s existing contracts’ capacity. The Recovery Act provides up to 1.5 percent of the \$200 million (or \$3 million) in LUST Recovery Act money to be retained by EPA for federal management and oversight purposes. EPA headquarters offices and EPA regions will share the \$3 million. It can be used to pay for salary, and extramural purposes such as managing, overseeing and reporting on the expeditious and appropriate spending of the remaining money by states, territories, and EPA contractors.

EPA’s long-standing LUST Trust Fund allocation process includes a formula that derives state and territorial specific allocations based on a number of factors. The formula includes a base funded amount for each state and territory. Additional money is determined based on a state or territorial program’s approval status; state’s or territory’s past performance; number of sites to be addressed; and state’s or territory’s population relying on groundwater for drinking water. An overview of the LUST Trust Fund allocation process is attached.

In summary, the \$200 million of Recovery Act money for LUST cleanup activities is allocated accordingly: \$190.7 million for cooperative agreements with states and territories; \$6.3 million for cleanups in Indian country; and \$3 million for federal management and oversight. North Dakota and American Samoa declined the LUST Recovery Act money, and were not included in the allocation formula. The state/territory specific allocation amounts are listed below.

State/Territory Specific Allocation Amounts Listed Alphabetically

State / Territory	Recovery Act Funding Level	State / Territory	Recovery Act Funding Level
Alabama	\$4,086,000	Missouri	\$3,254,000
Alaska	\$999,000	Montana	\$1,301,000
American Samoa	\$0	Nebraska	\$2,270,000
Arizona	\$3,219,000	Nevada	\$1,266,000
Arkansas	\$1,672,000	New Hampshire	\$1,286,000
California	\$15,577,000	New Jersey	\$4,819,000
Colorado	\$2,540,000	New Mexico	\$1,590,000
Commonwealth of Northern Mariana Islands	\$57,000	New York	\$9,235,000

Connecticut	\$2,000,000	North Carolina	\$7,554,000
Delaware	\$1,232,000	North Dakota	\$0
District of Columbia	\$607,000	Ohio	\$8,080,000
Florida	\$11,276,000	Oklahoma	\$2,336,000
Georgia	\$4,970,000	Oregon	\$2,694,000
Guam	\$138,000	Pennsylvania	\$6,163,000
Hawaii	\$1,317,000	Puerto Rico	\$1,030,000
Idaho	\$1,284,000	Rhode Island	\$977,000
Illinois	\$7,402,000	South Carolina	\$3,324,000
Indiana	\$4,039,000	South Dakota	\$1,249,000
Iowa	\$2,643,000	Tennessee	\$4,681,000
Kansas	\$2,153,000	Texas	\$10,779,000
Kentucky	\$4,104,000	Utah	\$1,929,000
Louisiana	\$2,680,000	Vermont	\$1,015,000
Maine	\$1,436,000	Virgin Islands	\$57,000
Maryland	\$3,712,000	Virginia	\$4,647,000
Massachusetts	\$3,118,000	Washington	\$3,427,000
Michigan	\$7,183,000	West Virginia	\$1,643,000
Minnesota	\$4,256,000	Wisconsin	\$6,381,000
Mississippi	\$3,084,000	Wyoming	\$929,000

e) Delivery Schedule:

Activity	Projected Date
Recovery Act LUST cooperative agreements awarded to 49 states, District of Columbia, and 4 territories.	July 17, 2009 (or sooner)
Contract work assignments in place for initial activities in Indian country.	
Contract work assignments in place for follow-up activities in Indian country. Timing for follow-up work will depend upon the results from initial site assessments and cleanup activities.	December 31, 2009 (or sooner)
Monitor cooperative agreement recipients and Indian country contractors; report progress.	On-going FY09 – FY11 (or longer)
Progress review to ensure at least 50 percent of money is obligated and at least 25 percent of money is spent within one year of award.	Within one year of award
Sufficient progress review of Recovery Act recipients to determine if money will be fully obligated by September 30, 2010.	Summer 2010
EPA re-allocates unobligated money, if necessary	September 30, 2010

f) Environmental Review:

The LUST program contains features that are functionally equivalent to the provisions of the National Environmental Policy Act (NEPA) and no additional compliance measures are necessary. When corrective actions implicate the National Historic Preservation Act (NHPA), EPA and states currently do and will continue to take appropriate action to ensure compliance. Currently, the Agency is not subject to any pending litigation or judicial orders requiring compliance with NEPA, NHPA, or related statutes.

g) Performance Measures:

EPA has used and will continue to use the information collected from recipients through established reporting mechanisms to oversee activities carried out using LUST money; to evaluate program implementation and effectiveness; and to meet the Agency's responsibilities under the Government Performance and Results Act (GPRA). EPA will measure performance in order to better reflect the impact of the Recovery Act money on accomplishments by using existing performance measures; a few new performance measures; and quarterly reporting.

States and territories must report the following program performance measures to EPA regions within 10 days of the end of each calendar quarter:

Site Assessments Initiated:

- Direct Site Assessments Initiated
- Indirect Site Assessments Initiated

Site Assessments Completed:

- Direct Site Assessments Completed
- Indirect Site Assessments Completed

Cleanups Initiated:

- Direct Cleanups Initiated
- Indirect Cleanups Initiated

Cleanups Completed:

- Direct Cleanups Completed
- Indirect Cleanups Completed

Definitions For Program Performance Measures

- **Direct** – means a state or territory funded the site work (e.g., drilling, lab work, corrective action plan development) with LUST Recovery Act money, regardless of the funding source for the oversight. Typically, states have contractors perform such work, although some states may conduct these activities with their own staff/equipment. **Note:** To avoid double counting, any activity (e.g., site assessment) counted as “Direct” work should not be counted as “Indirect” work.

- **Indirect** – means a state or territory used LUST Recovery Act money to pay for the oversight of the site work, but the site work itself was **not** funded with LUST Recovery Act funds. Oversight activities might include enforcement actions to compel the tank owner to perform work or the review of corrective action reports. **Note:** To avoid double counting, any activity (e.g., site assessment) counted as “Indirect” work should not be counted as “Direct” work.
- **Site Assessments Initiated / Completed** – the initiation and then the completion of a determination of the extent and location of soil and groundwater contaminated by a release from a federally regulated petroleum UST, as required by state site assessment rules and/or guidelines. **Note:** If multiple tiers of site assessment are needed/performed at a given site, a state should only report the assessment once the final tier is completed, and may only count that as one site assessment.
- **Cleanups Initiated** – generally indicates that physical activity (for example: pumping, soil removal, recovery well installation) has begun at the site. For complete definition see <http://www.epa.gov/OUST/cat/pm032603.pdf>
- **Cleanups Completed** – confirmed releases where cleanup has been initiated and where a state or territory has determined that no further actions are currently necessary to protect human health and the environment. This measure is currently used as an existing GPRa measure. For complete definition see <http://www.epa.gov/OUST/cat/pm032603.pdf>

For some sites, states will likely use multiple funding sources. If any amount of money spent on a site assessment or cleanup is from Recovery Act money, then the state will report that site assessment or cleanup as an accomplishment under their Recovery Act measures. For example, a state may have used non-Recovery Act money to initiate a cleanup and use Recovery Act money to complete the cleanup. In that case, the cleanup would be considered an accomplishment under the Recovery Act.

For cleanup activities in Indian country, contractors will be required to report quarterly on the numbers of direct site assessments initiated, site assessments completed, cleanups initiated, and cleanups completed.

States and territories will require the data necessary for reporting these measures from any contractors or subcontractors who perform assessments and cleanups. EPA has been collecting most of this data for years and, therefore, will follow established processes to gain confidence and assess the quality of the submitted accomplishments. In addition, the number of jobs created or retained is a measure that will be tracked; EPA estimates that significant numbers of jobs and at least 1,600 cleanups will result. Once EPA has established a reporting process for Recovery Act money recipients, the Agency will provide quarterly updates on interim progress and accomplishments to the federal government’s Recovery Act Web site at www.recovery.gov and EPA’s Recovery Act Web site at www.epa.gov/recovery.

As soon as grantees and contractors begin reporting accomplishment data based on the performance measures above, EPA will make these reports available to the public on a quarterly basis.

Expected Outcomes

Of the above performance measures, EPA currently collects data on cleanups initiated and completed. The performance measures for site assessments initiated and completed are new measures. State and regional program implementers supported including these new measures to demonstrate near-term, incremental progress.

Because grant work plans have not yet been negotiated, it is difficult to anticipate quantitative results; however, EPA would expect several hundred site assessments to be initiated within the first year of these grants, with several hundred more in the second year. Also, EPA expects an increase of at least 1,600 additional cleanups completed. These completed cleanups will occur over several years.

h) Monitoring/Evaluation:

EPA will consult with each state and territorial cooperative agreement recipient prior to awarding funds. This consultation will explore state and territorial plans to comply with underlying program requirements (i.e., Energy Policy Act provisions) and Recovery Act assessment, cleanup, and reporting requirements. EPA will evaluate Recovery Act resource utilization on a monthly basis and performance progress on a quarterly basis. EPA Regional Project Managers and their staff will be responsible for overseeing state and territorial cooperative agreements and work assignments for contract work in Indian country. EPA regions will continually monitor progress -- through communications with the cooperative agreement recipients and contractors -- to assess appropriate uses of Recovery Act money and identify delays in obligations and expenditures.

EPA will review the quarterly report each cooperative agreement recipient and contractor submits as a way to identify delays. The quarterly report, a term and condition for each cooperative agreement and a provision in each contract work assignment, will provide EPA with detailed information on the reporting requirements identified in section 1512 of the Recovery Act. EPA will also monitor progress of obligating and spending the Recovery Act money through regularly scheduled monthly conference calls with EPA's regional UST programs and the UST Task Force Chairs of the Association of State and Territorial Solid Waste Management Officials (ASTSWMO).

In addition to these quarterly reports, EPA will conduct a review in summer 2010 to ensure recipients are making sufficient progress. The review will ensure recipients have obligated money for contracts, subgrants, or similar transactions for at least 50 percent of money and expended at least 25 percent of money within one year of the award. Money deemed to be at risk of not being spent in a timely matter may be de-obligated and then re-obligated to another region or state. The sufficient progress review will be conducted to allow enough time to re-

obligate any money (if necessary) by the statutory deadline of September 30, 2010, to ensure the rapid utilization of Recovery Act money and associated performance measures for assessments and cleanups.

i) Transparency

EPA will provide information on the investments, performance, and accomplishments of LUST activities financed by Recovery Act money. EPA will track specific outputs and outcomes as described in Section (h) above and provide information as soon as accomplishments are reported by recipients. Hence, the table below will be expanded to include the following information organized by each of the 49 states, District of Columbia and 4 territories: amount of funding obligated to cooperative agreement award; amount recipient has obligated to a contract or subgrant; amount spent; number of site assessments initiated (direct and indirect), site assessments completed (direct and indirect), cleanups initiated (direct and indirect), and cleanups completed (direct and indirect); and number of jobs created and retained.

For cleanups in Indian country, the information will be organized by region to include: name of tribe; amount of funding obligated to each contract work assignment; amount spent; number of site assessments initiated (direct), site assessments completed (direct), cleanups initiated (direct), and cleanups completed (direct); and number of jobs created and retained.

Recipient Level	Amount Of Funding	Performance Measure
49 states, District of Columbia, and 4 territories (excluding North Dakota and American Samoa)	\$190.7 M	Site assessments initiated (direct and indirect) Site assessments completed (direct and indirect) Cleanups initiated (direct and indirect) Cleanups completed (direct and indirect)
Tribes – EPA contractor for cleanup activities in Indian country	\$6.3 M	Site assessments initiated (direct) Site assessments completed (direct) Cleanups initiated (direct) Cleanups completed (direct)

j) Accountability:

EPA will ensure that the expenditure and monitoring of Recovery Act funds are transparent and that appropriate, qualified staff oversee Recovery Act resources.

In compliance with the Federal Managers’ Financial Integrity Act (FMFIA), EPA’s ongoing management integrity program requires us to develop a multiyear program review strategy,

conduct systematic and rigorous assessments of internal controls over programmatic and financial operations, and report on the effectiveness of those controls in the annual letter of assurance to the Administrator. For FY 2009, we will be addressing the integrity of Recovery Act programs and including an additional assurance statement regarding ARRA funds and activities as part of our annual assurance letter to the Administrator.

In addition to internal reviews, EPA will rely on audit findings and program evaluation results to inform assessment and strengthen program accountability.

The oversight process in place for Recovery Act funding ensures that managers and staff will be held accountable for performance. Senior managers' performance standards include specific performance measures related to the UST program, and staff's performance standards contain measures reflecting their role and responsibilities in achieving progress. During midyear performance reviews, these performance standards and measures are being modified to address Recovery Act-specific goals.

k) Barriers to Effective Implementation:

The LUST program is a highly delegated program that addresses thousands of contaminated sites across the country. States and territories are the primary implementing agencies for the program, and some states and territories have further delegated the program either to regional offices or sub-agencies. Because of this structure, EPA has identified timely and streamlined reporting as an implementation challenge. In addition, EPA, its regions, and the states must provide consistent oversight across this large number of sites to ensure that program goals are achieved.

l) Federal Infrastructure Investments:

For the LUST program, the Recovery Act provides money for cleanup activities that do not generally meet the definition of infrastructure. EPA has determined that the term infrastructure refers to the substructure or underlying foundation or network used for providing goods and services, especially the basic installations and facilities on which the continuance and growth of a community, state, etc., depend. Examples include roads, water systems, communications facilities, sewers, sidewalks, cable, wiring, schools, power plants, and transportation and communication systems. However, a limited amount funding under the LUST program is occasionally used to install piping to connect households and businesses to public water systems or replace public water system supply well(s) and associated piping due to groundwater contamination. These connection/replacement activities fall into the category of an infrastructure investment.

Though the majority of LUST projects are not considered infrastructure investments, the UST Program is working with the Office of Solid Waste and Emergency Response (OSWER) on a program-wide effort to define green cleanup standards, promote and implement green remediation technologies and re-use. EPA's Recovery Act website (<http://www.epa.gov/recovery/resources.html>) and OSWER's "Green Remediation" website

<http://www.clu-in.org/greenremediation/index.cfm>) both contain resources (tools and best practices) that can help entities incorporate sustainable practices into their activities. The UST Program will continue to promote green remediation and sustainable redevelopment through information sharing and technology transfer with the regions and recipients of LUST Recovery Act money.

Attachment to OUST Recovery Act Plan

Allocation of Recovery Act Funds Under LUST Trust Fund Formula Block Grants April, 2009

This document provides details on the allocation of Leaking Underground Storage Tank (LUST) Trust Fund formula block grants for funds appropriated under the American Recovery and Reinvestment Act of 2009 (Recovery Act). Under the Recovery Act, the LUST Trust Fund Program was appropriated \$200 million for cleanup activities authorized under section 9003(h) of the Solid Waste Disposal Act. The Act provided for up to 1.5 percent of these funds to be retained by the Administrator for management and oversight purposes.

The Office of Underground Storage Tanks (OUST) is using its existing LUST Trust Fund allocation process to distribute monies to the Agency's ten EPA regions, who in turn will enter into cooperative agreements with their states and territories to grant them specific monies. OUST subtracts funds retained for management and oversight and funds retained for cleanups in Indian country to arrive at the dollar amount distributed to states and territories. These calculations are described below:

Funds Retained for Management and Oversight (M & O)

The Agency will retain 1.5 percent of the total appropriate amount (\$3 million) for Federal management and oversight of activities pursued under the Recovery Act. This funding is shared by EPA headquarters offices and EPA regions and provides money for travel, salary and extramural purposes.

Funds Retained for Cleanups in Indian Country

OUST requested that each region determine the number and associated cost of LUST eligible sites in Indian country that were "shovel-ready," such that they could get work moving expeditiously if funds were available. The regions submitted proposed projects and total estimated costs. OUST reviewed these regional submittals and through discussions with the regions identified those projects ready to invest Recovery Act funds.

To insure the rapid use of these funds, OUST decided to direct such funding to existing contracts and therefore the Office needed to evaluate existing contractor capacity to accommodate such work. OUST looked across the Office, the Agency and the regions to identify those contracts whose scope could accommodate assessment and cleanup work in Indian country. Consideration was also given to the ability of regional staff to oversee and manage identified projects.

Based on this evaluation, OUST concluded there was \$6.3 million worth of "shovel-ready" LUST eligible field work that could use existing contract capacity to begin this work.

Deriving State-Specific Formula Block Grant Amounts

As a result of these calculations, OUST identified \$190.7 million dollars to be distributed to states and territories to pursue LUST assessments and cleanups:

\$190.7 million = \$200 million - \$3 million for M & O - \$6.3 million for cleanups in Indian country

Through discussions with the states and territories, one state (North Dakota) and one territory (American Samoa) decided not to accept Recovery Act funding for LUST cleanups. EPA worked with these jurisdictions to examine such opportunities, and the state and territory ultimately made the decision that they could not use such funds. OUST received official documentation from both North Dakota and American Samoa to confirm their decisions.

Ensuring Transparency with Respect to Regional Discretion

As discussed below in Overview of the LUST Trust Fund Allocation Process, regions exert a certain amount of discretion in awarding these formula amounts to specific states in their regions. Each region uses its discretion to award each state an allocation based on the formula amounts, the region's knowledge of the state programs and their unique circumstances.

To ensure the transparency of state specific awards made under the Recovery Act, OUST is providing guidance to regions to document and consult with headquarters on awards made to states whose amounts deviate from these formula amounts. As discussed previously, OUST has removed North Dakota and American Samoa from the initial calculation because of their documented desire not to receive these funds. Other states may find themselves unable or unwilling to accept the entire amount calculated by this allocation formula. It is then appropriate for regions to direct these funds to states that have greater need. Documentation will maintain the overall transparency associated with the distribution of these funds. Consultation with OUST will provide a national perspective of need and ability to use these funds. Resulting awards and the basis used to derive their funding levels will be included in Recovery Act reports and posted on the Agency's Recovery Act website.

Allocation Results

The allocation formula used to describe state-specific formula block grant amounts is described below and was run using the \$190.7 million funding level with intended distribution to 49 states, District of Columbia, and 4 territories (all but North Dakota and American Samoa). Results from these calculations are presented on the Agency's Recovery Act website at <http://www.epa.gov/swerust1/eparecovery/index.htm>.

Overview of the LUST Trust Fund Allocation Process

There are four basic components that make up the LUST Trust Fund Allocation formula, several of which have sub-components. This summary discusses each of these basic components and describes how each fits into the overall allocation formula.

1) Base Allocation

All states and territories receive a base allocation. This is the “democratic” component of the formula, which ensures that every state and territory will receive some base amount of LUST Trust Fund money each year. The base allocation is \$300,000 per state. Several years ago, to encourage more states to achieve State Program Approval (SPA), the base allocation was increased to \$350,000 per state for states with SPA. The base allocation remains \$300,000 per State without SPA. Territories receive \$40,000 each.

2) State Program Approval (SPA) Pool

The second component of the allocation formula calculated is the “SPA pool.” In order to encourage states seeking SPA to go through the formal application process, EPA decided to reward states who have made incremental steps towards SPA. Thus, states completing a draft application and/or final application within a given year receive a one-time bonus of \$50,000. States can therefore gain up to an additional \$100,000 over the course of SPA application development and submittal (either in a single year or split between two years). This set-aside amount needs to be calculated each year, based on the state activity to pursue program approval. No state received any money from the SPA pool for their Recovery Act allocation.

3) Bonus Pool

The third component of the allocation formula is the “bonus pool.” Through the bonus pool, states that are either initiating or completing a higher percentage of cleanups than the national average are eligible for an equal share of a pool of money set aside for rewarding better-than-average performance in these two areas. The total bonus pool amount is currently \$4 million. Currently, the number of cleanups completed is weighted at 2, while cleanups initiated are weighted at 1. That is, of the \$4 million total bonus pool, \$2.67 million will be allocated to those states that exceed the national average for cleanups completed, while \$1.33 million will be allocated to states that exceed the national average for cleanups initiated. The amount any particular state may receive is entirely dependent on how many states exceed the national averages. Thus, if only one state exceeded the national average for cleanups initiated, it would get the entire \$1.33 million, whereas if ten states exceeded the average, they would each receive \$133,000. Territories that meet or exceed the thresholds each get 10 percent of the bonus pool amount that is allocated to an eligible state. States and territories may be eligible for both components of the bonus pool, one of the components, or neither, based on how well their program performed relative to the national averages.

4) Need Allocation

After the base allocation, SPA pool and bonus pool amounts are calculated, any amount of money still remaining from the total allocation is run through a set of calculations designed to allocate funding based on each state’s need. The three factors considered in calculating the need-based component are (1) the number of cumulative confirmed releases (weight of 2); (2) the total number of existing registered petroleum UST systems (weight of 1); and (3) the state’s

percentage of the national population using groundwater for drinking water (weight of 1). These numbers, calculated as a percentage of the national total for each factor attributable to each state, are used to calculate a weighted average percentage. Each state then receives that percentage of the need-based allocation. (All data are updated annually to reflect the most current conditions nationwide).

For instance, if a state had 1 percent of the nationwide confirmed releases, 2 percent of the nationwide notified petroleum tanks, and 2 percent of the nationwide population using groundwater for drinking water, its weighted average percentage would be:

$$((1\% \times \text{weight of 2}) + (2\%) + (2\%))/4 = 1.5\%$$

If the need-based allocation total was \$10 million, then that state would receive \$150,000 for the need-based factor. That amount would then be added to the based allocation, the SPA pool and the bonus pool from above to yield the state's total allocation.

5) Regional Totals

All of the numbers are initially calculated on a state-by-state basis. As a final step, the allocation process provides each region the sum total of the calculated allocations for their member states and territories. Each region uses its discretion to award each state an allocation based on the formula amounts, the region's knowledge of the state programs and their unique circumstances.

Definitions and Sources

Definitions used by the LUST programs for "cleanups completed," "cleanups initiated," and "confirmed releases" can be found at <http://www.epa.gov/OUST/cat/pm032603.pdf> . "The total number of existing registered petroleum UST systems" is calculated by subtracting the "total number of closed petroleum UST systems" from the "total number of petroleum systems," both of which are defined at http://www.epa.gov/oust/cat/ca_08_34.pdf .

The state's percentage of the national population using groundwater for drinking water is calculated from *Factoids: Drinking Water and Ground Water Statistics for 2008* (http://www.epa.gov/safewater/databases/pdfs/data_factoids_2008.pdf).