



At a Glance

Why We Did This Review

We conducted this evaluation to determine whether the U.S. Environmental Protection Agency's (EPA's) oversight of state and local Clean Air Act Title V programs' fee revenues is effective in identifying and obtaining corrective actions for issues related to collecting, retaining and allocating fee revenues. Title V was expected to, among other things, improve compliance and enforcement of states' air pollution programs. Title V permit fees are used to implement and enforce the permitting program, including acting on new permit applications and revisions or renewals of existing permits; monitoring facility compliance; taking enforcement actions for noncompliance; performing monitoring, modeling and analysis; tracking facility emissions; and preparing emissions inventories.

This report addresses the following EPA goals or cross-agency strategies:

- *Addressing climate change and improving air quality.*
- *Protecting human health and the environment by enforcing laws and assuring compliance.*
- *Launching a new era of state, tribal, local and international partnerships.*

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The full report is at: www.epa.gov/oig/reports/2014/20141020-15-P-0006.pdf

Enhanced EPA Oversight Needed to Address Risks From Declining Clean Air Act Title V Revenues

What We Found

We found significant weaknesses in the EPA's oversight of state and local Title V programs' fee revenue practices. While some EPA regions had worked to resolve issues, we found annual Title V program expenses often exceeded Title V revenues, and both had generally been declining over the 5-year period we reviewed (2008–2012). For example, our survey of nine of the nation's largest permitting authorities showed that annual Title V revenues were not sufficient to cover annual Title V expenses 62 percent of the time from 2008 to 2012. Specifically, we noted a \$69 million shortfall out of \$672 million in expenses incurred by these authorities from 2008–2012. Also, four of the nine permitting authorities used or said they could use non-Title V revenue to fund their Title V programs, a practice not allowed by the Code of Federal Regulations (CFR) under the 40 CFR Part 70. In some instances the EPA was aware of these issues, but corrective actions had either not been taken or were insufficient. EPA's oversight has been hampered by:

- Lack of a national strategy for conducting oversight of Title V fees.
- Outdated guidance.
- Lack of financial or accounting expertise among EPA program staff.
- Reluctance by some regions to pursue formal corrective actions.

Weaknesses in the EPA's oversight of Title V revenues and expenditures jeopardize program implementation and, in turn, compliance with air regulations for many of the nation's largest sources of air pollution.

The agency's weaknesses in identifying and obtaining corrective actions for Title V revenue sufficiency and accounting practices, coupled with declining resources for some permitting authorities, jeopardizes state and local Title V program implementation. These weaknesses also increase the risk of permitting authorities misusing funds and operating in violation of the requirements of 40 CFR Part 70. Periodic monitoring of facility compliance, one aspect of Title V used by the EPA and authorized Title V programs to protect human health and the environment, could be adversely impacted by insufficient funding.

Recommendations and Planned Agency Corrective Actions

We recommend that the EPA assess, update and re-issue its 1993 Title V fee guidance as appropriate; establish a fee oversight strategy to ensure consistent and timely actions to identify and address violations of 40 CFR Part 70; emphasize and require periodic reviews of Title V fee revenue and accounting practices in Title V program evaluations; address shortfalls in staff expertise as regions update their workforce plans; and pursue corrective actions, as necessary. The agency agreed with all recommendations and provided corrective action plans that meet the intent of the recommendations.