



OFFICE OF INSPECTOR GENERAL

Catalyst for Improving the Environment

Audit Report

Number of and Cost to Award and Manage EPA Earmark Grants, and the Grants' Impact on the Agency's Mission

Report No. 2007-P-00024

May 22, 2007

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Abbreviations

EPA	U.S. Environmental Protection Agency
EPM	Environmental Programs and Management (appropriation account)
FTE	Full-Time Equivalency
OIG	Office of Inspector General
S&T	Science and Technology (appropriation account)
STAG	State and Tribal Assistance Grants (appropriation account)



At a Glance

Catalyst for Improving the Environment

Why We Did This Review

Based on a congressional request, we reviewed congressional earmark grants awarded by the U.S. Environmental Protection Agency (EPA). Specifically, the requestor asked us to determine the total number and dollar amount of earmark grants, including EPA's associated costs. The requestor also asked us to determine what impact earmarks had on advancing EPA's mission and goals.

Background

For this report, we define a congressional earmark as a numbered line item within a House Conference Report specifying a dollar amount, recipient, and a particular project. Since 2003, earmarks have represented about 4 to 6 percent of EPA's annual budget. While EPA awards the majority of earmark grants to States and local governments, it also awards earmark grants to universities and non-profit organizations.

For further information, contact our Office of Congressional and Public Liaison at (202) 566-2391.

To view the full report, click on the following link:
www.epa.gov/oig/reports/2007/20070522-2007-P-00024.pdf

Number of and Cost to Award and Manage EPA Earmark Grants, and the Grants' Impact on the Agency's Mission

What We Found

Between January 1, 2005, and March 31, 2006, EPA awarded 444 earmark grants totaling \$454 million. Those earmarks accounted for about 13 percent of the grant dollars EPA awarded. During this same time, EPA spent about \$4.9 million to award and manage the 444 earmark grants.

Our review of work plans for 86 earmark grants found that 82 were for projects aimed at contributing to EPA's Strategic Plan mission and goals. Thus, we considered them to be helping to advance EPA's mission and goals. Grant work plans for the other four grants did not demonstrate how the projects would promote EPA goals:

- A non-profit organization used about half its grant funds to purchase computers for a high school and support student trips between the United States and U.S. Virgin Islands.
- A university studied noise levels from parked, idling trains.
- A local government did not identify how two of the earmark grants were going to achieve the objectives stated in the work plans or how the projects would impact the environment.

We are not making any recommendations in this report.

In responding to the draft report, EPA noted that the Office of Inspector General found that most earmarks have the potential to contribute to EPA's mission. Further, EPA believes that two of the four earmark grants we questioned (for the non-profit and the university) contributed to the Agency's mission. In comparing the work plans to the Agency's goals, we did not agree that the earmark grants contributed to the Agency's mission. EPA is conducting a compliance review of one of the grants to ensure funds were not used for unallowable activities. For the two grants to the local government, EPA is working with the recipient to revise the work plans.



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

OFFICE OF
INSPECTOR GENERAL

May 22, 2007

MEMORANDUM

SUBJECT: Number of and Cost to Award and Manage EPA Earmark Grants,
and the Grants' Impact on the Agency's Mission
Report No. 2007-P-00024

TO: Luis Luna
Assistant Administrator
Office of Administration and Resources Management

This is our report on the number and cost of congressional earmark grants, and whether such grants advance the U.S. Environmental Protection Agency's (EPA's) mission and goals. This report contains our analysis and conclusions related to 86 earmark grants that we reviewed. This report represents the opinion of the Office of Inspector General and does not necessarily represent the final EPA position. Final determinations on matters in this report will be made by EPA managers in accordance with established audit resolution procedures.

The estimated cost of this report – calculated by multiplying the project's staff days by the applicable daily full cost billing rates in effect at the time – is \$283,509.

Action Required

Because this report contains no recommendations, you are not required to respond to this report. We have no objections to the further release of this report to the public. This report will be available at <http://www.epa.gov/oig>.

If you or your staff have any questions regarding this report, please contact me at (202) 566-0847 or roderick.bill@epa.gov; or Janet Kasper, Director, Assistance Agreement Audits, at 312-886-3059 or kasper.janet@epa.gov.

A handwritten signature in black ink, appearing to read "Bill A. Roderick", written over a horizontal line.

Bill A. Roderick
Acting Inspector General

Number of and Cost to Award and Manage EPA Earmark Grants,
and the Grants' Impact on the Agency's Mission

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Purpose

In August 2006, U.S. Senator Tom Coburn of Oklahoma requested that the Office of Inspector General (OIG) review congressional earmark grants awarded by the U.S. Environmental Protection Agency (EPA). Specifically, he asked that we:

1. Determine the total number of earmarks and EPA's associated costs to award and manage such grants.
2. Assess the impact that earmarks had on advancing EPA's mission and goals.

Background

For the purpose of this report, we define a congressional earmark as a numbered line item within a House Conference Report typically specifying a dollar amount, recipient, and project. Agency policy (Grants Policy Issuance 03-01) states: "EPA will generally honor directions to make assistance awards for earmarks if it has the statutory authority to award the financial assistance." EPA requires earmark recipients to meet all Federal grant requirements. EPA awards most of its earmark projects as grants or cooperative agreements. In this report, we refer to both grants and cooperative agreements as grants.

Earmark projects are identified in the House Conference Report on an annual basis. Congress includes these earmark awards under the following three appropriation accounts:

- **Environmental Programs and Management (EPM):** For projects under various media – air, water, land, etc.
- **Science and Technology (S&T):** Primarily relating to research and development projects.
- **State and Tribal Assistance Grants (STAG):** Primarily for water infrastructure projects or their technical oversight.

Before awarding a grant to an earmark recipient, EPA requires grant applicants to complete an Application for Federal Assistance. In this application, recipients must submit a statement of work or work plan. EPA requires that work plans describe the proposed project and the project's intended environmental results.

Since 2003, earmarks have represented between 3.8 and 6.4 percent of EPA's annual budget. While EPA awards the majority of earmarks to States and local governments, it also awards earmarks to universities and non-profit organizations.

Scope and Methodology

We performed our audit in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. We conducted our audit work from October 2006 to February 2007. We gathered information from EPA Headquarters and all 10 EPA regions. We reviewed the work plans for 86 earmark grants EPA awarded from January 1, 2005, to March 31,

2006. We also spoke with the grant project officers when work plans appeared to have questionable links to EPA’s Strategic Plan. See Appendix A for further details on the audit scope and methodology, including prior audit coverage.

Number of Earmarks and Associated Costs to Award and Manage

Between January 1, 2005, and March 31, 2006, EPA awarded 444 earmark grants totaling \$454 million. We estimated EPA’s cost to award and manage the 444 earmark grants to be \$4.9 million (see Table 1). This estimate includes salaries and overhead costs for project officers and grant specialists, salaries for non-grants management staff that track and assist with the earmark awards, and costs to maintain a database. EPA awarded 3,995 new and continuing grants, totaling \$3.5 billion, within our review period. The cost to award and manage all EPA grants totaled \$100.3 million.¹ Appendix A provides details on how we developed the estimates.

Table 1. EPA’s Cost to Award and Manage Earmarks

Cost Category	Dollar Amount
Cost of salaries and overhead for project officers and grants specialists to award and manage the 444 earmarks from January 1, 2005, through March 31, 2006	\$ 4,342,331
Regional Offices of Congressional and Intergovernmental Relations costs to track and assist with awarding earmark grants	390,094
Office of the Chief Financial Officer costs to track and assist with awarding earmark grants	115,746
Headquarters Office of Congressional and Intergovernmental Relations costs to track and assist with awarding earmark grants	38,475
Contractual costs for the Stakeholder Database	25,000
Total EPA Cost to Award and Manage Earmarks	\$ 4,911,646

Source: OIG calculations based on EPA workforce and budget models.

We did not include in this cost estimate the funding EPA and Congress agreed would be set aside for STAG earmark grants management and oversight. EPA awards the set-aside amount to States or the U.S. Army Corp of Engineers to oversee the technical aspects and progress of water infrastructure projects. EPA does not use this funding, and the technical oversight the State and U.S. Army Corp of Engineers perform is in addition to EPA’s management of these grants.

Impact Earmarks Had on Advancing EPA’s Mission and Goals

We reviewed 86 grants; 38 were EPM and S&T earmarks, while the remaining 48 were STAG earmarks. Most earmark projects have the potential to contribute to EPA’s mission, but 4 of 86 we reviewed did not. The grant work plans for these four grants did not demonstrate how the projects would promote EPA goals. These four were under the EPM and S&T accounts.

¹ The \$4.9 million does not include costs to manage active earmarks awarded prior to January 1, 2005, but the cost is included in the \$100.3 million. Information needed to calculate the cost to manage all active earmarks from January 1, 2005, to March 31, 2006, was not readily available in EPA systems.

STAG Earmark Grants Contributed to EPA's Mission

Of the 444 earmark grants EPA awarded, the remaining 369 grants, totaling \$377.4 million, were included under the STAG appropriation account. We reviewed a random sample of 48 STAG grants, totaling \$87.7 million. We found that all 48 grants showed the potential to contribute to EPA's mission and goals (see Appendix B). The majority of these earmarks funded wastewater infrastructure expansion or improvements in local communities across the country. For example, one earmark project proposed to construct a new sanitary sewer system that would substantially reduce contaminants from seeping into the ground water and thus improve the community's water quality. Another project was to build a new wastewater treatment plant, thus improving the community's ability to treat wastewater and eliminate failed septic systems.

Work Plans Did Not Demonstrate How the Projects Would Promote EPA Goals for Four EPM and S&T Earmarks

Of the 444 earmark grants EPA awarded, 75, totaling \$76.7 million, were included under the EPM and S&T accounts. We reviewed a random sample of 38 earmark grants totaling \$30.5 million (see Appendix C). Most of these earmark grants proposed projects to conduct environmental studies, perform research, and provide outreach and education. We concluded that 34 of these demonstrated the potential to contribute to EPA's mission and goals. For example, an earmark project to the State of Alaska, funded at nearly \$1 million, proposed to study the level of mercury and other toxins in fish in selected Alaskan communities to determine potential human health risk. The grant work plans for the other four grants did not demonstrate how the project would promote EPA goals. Details on these four grants follow.

Caribbean American Mission for Education, Research and Action, Inc.

EPA awarded an earmark grant in 2005 to the Caribbean American Mission for Education, Research and Action, Inc., for \$497,050. The Fiscal Year 2004 House Conference Report provided funding to this recipient "in support of their youth environmental stewardship and education program." The work plan proposed a project to provide education and promote environmental stewardship to high school students in Philadelphia, Pennsylvania, and the U.S. Virgin Islands. The grant was amended in 2006 to provide an additional \$694,400 for similar activities.

While environmental stewardship is part of EPA's mission, we determined after reviewing the work plan and proposed budget that 52 percent of the project's cost was for travel – for Philadelphia high school students to go to the U.S. Virgin Islands and for U.S. Virgin Islands students to travel to Philadelphia (\$356,012) – and to purchase computers and distance learning equipment (\$261,590). According to the trip agendas, the U.S. students were to take an eco-kayak tour, attend a lecture, and visit an environmentally-designed camp while in the Virgin Islands. The Virgin Islands students were to participate in service learning projects and tour a watershed education center in Philadelphia. The U.S. students

also visited Coral World Ocean Park and resort locations, while both groups took shopping trips. Less than half the time was spent on environmental-related activities. The recipient's justification for purchasing 128 computers, servers, and associated hardware and software was that it would enhance the technical skills of the students, enhance the technology available to each school, and expand the students' world view and educational experiences. While the students used the computers in learning about environmental issues, they met general educational needs that are not part of EPA's mission.

In responding to the draft report, EPA stated that the work plan for the Caribbean American Mission grant was explicit that the purpose of the project was to provide students with an opportunity to increase their knowledge about the environment with a special emphasis on an understanding of the ecological system in urban areas and in the Caribbean. EPA disagreed with the report's suggestion that EPA included substantial funding in the approved work plan for student travel between Philadelphia and the U.S. Virgin Islands, student visits to amusement parks and resort locations and student shopping trips. Region 3 is in the process of conducting a compliance review of the project. If the review finds that grant funds were used for travel involving amusement parks, resort locations, or shopping trips, the Region will seek recovery of the funds.

We agree that certain portions of the work plan indicated that the grant would develop an understanding in students of the importance of caring for the environment locally and globally, as EPA stated in its response. However, the work plan identified the exchange field trips as a centerpiece of the program and a substantial amount (30 percent) of the grant budget. A majority of the costs were to fund travel and computers where the primary focus was not environmental education and stewardship. Region 3 is taking appropriate action in conducting a compliance review of the grant.

Rutgers, The State University of New Jersey

EPA awarded an earmark grant to Rutgers, The State University of New Jersey, for \$299,907. The Fiscal Year 2004 House Conference Report said the project was: "to conduct a study of environmental noise from interstate freight railroad operations in Teaneck, New Jersey." The project was to study and evaluate the impact of noise of parked, idling freight trains on the local community. The recipient was to measure sound levels inside and outside homes and identify strategies to reduce noise levels. However, EPA's Strategic Plan does not include measuring or studying noise pollution. EPA phased out funding of the noise pollution program in 1982.

In response to the draft report, EPA stated that the Rutgers grant supported the goal to help communities address specific local environmental concerns. EPA acknowledged that the Agency no longer explicitly includes noise among the goals and objectives of the Agency's Strategic Plan, and that EPA no longer has a

noise regulatory program. However, the Office of Air and Radiation believes that the type of community support provided under this grant to a community in New Jersey supports EPA's Goal 4, Healthy Communities and Ecosystems, Sub-objective 4.2: Communities. EPA stated that this sub-objective focuses on EPA activities that will help communities sustain or restore community health by addressing community-specific environmental concerns.

We agree that the grant may be beneficial in addressing the community-based issue of noise pollution, but the work plan does not demonstrate how it will promote the Agency's goals of protecting air, water, and land.

City of New Bedford, Massachusetts

EPA awarded two earmark grants to the City of New Bedford, Massachusetts, for a total of \$497,100. The Fiscal Year 2004 House Conference Report provided funding for this recipient for "environmental education and science programs." One project proposed to encourage students to pursue environmental careers and train the local community for environmental jobs. The second project proposed to construct and equip a computer lab to enhance a marine science learning center. However, neither work plan identified outcomes or activities that would be performed to achieve the objectives. EPA awarded the grants in September 2005, but as of March 2007 the recipient had not spent any of the approved funds for either project.

EPA is working with the City to improve the quality of the work plans. EPA advised us that the City submitted new work plans for the grant in April 2007. For one grant, the City plans to establish a task force to identify areas under which it can train citizens in environmental careers. The work plan did not identify specific environmental problems the grant would address. The second grant would establish and implement a marine science education program in the New Bedford Public Schools. As of May 10, 2007, EPA was in the process of reviewing the work plans.

Status of Recommendations and Potential Monetary Benefits

RECOMMENDATIONS						POTENTIAL MONETARY BENEFITS (in \$000s)	
Rec. No.	Page No.	Subject	Status ¹	Action Official	Planned Completion Date	Claimed Amount	Agreed To Amount

No recommendations

¹ O = recommendation is open with agreed-to corrective actions pending
 C = recommendation is closed with all agreed-to actions completed
 U = recommendation is undecided with resolution efforts in progress

Details on Scope, Methodology, and Prior Audit Coverage

Scope and Methodology

We performed our audit in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. We gathered information from EPA Headquarters and all 10 EPA regions. We interviewed EPA Headquarters managers and staff within the Office of Congressional and Intergovernmental Relations, Office of the Chief Financial Officer, Office of Air and Radiation, Office of Environmental Information, Office of Water, and Office of Research and Development.

We reviewed earmark grants awarded from January 1, 2005, through March 31, 2006. We chose this period so that we could review work plans subject to EPA's Environmental Results Order that became effective January 1, 2005. We asked EPA for a list of all grants awarded within the time period, and a separate list of all earmark grants awarded within the period. EPA awarded 3,995 assistance agreements in the time period, including 444 earmark grants.

To review management controls regarding the applicability of grant work plans to EPA's mission, we reviewed Funding Recommendations and Decision Memoranda to ensure that project officers complied with the Environmental Results Order and that they provided a link for each project to EPA's mission and goals.

Audit Objective 1

To determine the cost to award earmarks, we used the models from an EPA-contracted study, *Management of Assistance Agreements at the Environmental Protection Agency*, issued April 2005. We did this to estimate the full-time equivalency (FTE) of project officers and grants specialists within the time period we examined (see Table 2). We reviewed the study and its methodology for estimating grants management work force efforts and used the same methodology because we considered it sound.

Table 2. Workforce Model Results for FTE Estimates

	January 1, 2005 to September 30, 2005	October 1, 2005 to March 31, 2006
Project Officer FTE Estimate (earmarks)	20.85	11.50
Grants Specialist FTE Estimate (earmarks)	4.83	3.45
Total FTEs for Earmark Grants	25.68	14.95

Source: OIG calculations based upon EPA grants management workforce models.

We estimated the costs to award and manage the 444 earmark grants to be \$4.9 million based on a formula EPA used to develop its budget in accordance with Office of Management and Budget Circular A-11. EPA used the formula to calculate the total cost

of its project officers and grants specialists. The formula took the FTE level, multiplied it by \$85,500 (as a median salary), added 25 percent for overhead, and added other associated costs. We developed our estimate by taking 75 percent (for the 9 months reviewed) of Fiscal Year 2005 and adding in 50 percent (for the 6 months reviewed) of the Fiscal Year 2006 amounts. To calculate EPA's costs to award and manage all grants within our review period, we took the amounts from EPA's A-11 Report and added 75 percent of EPA's Fiscal Year 2005 costs and 50 percent of the Fiscal Year 2006 costs, for a total of \$100.3 million.

We also determined the cost of EPA staff who work with earmarks other than project officers and grants specialists plus the cost of information technology systems to be \$569,315. Staff in EPA Headquarters and regional Offices of Congressional and Intergovernmental Relations gave us time estimates for their work on earmarks and the amount EPA expended to maintain its Stakeholder Database. EPA uses this database to track earmark grants and it allows EPA financial and congressional relations staff to monitor earmark grants from appropriation to award. By adding the \$569,315 to the \$4,342,331, the total cost to award and manage earmarks in our review period was \$4,911,646.

Audit Objective 2

To assess the impact of earmarks on EPA's mission, we reviewed the work plans for 86 earmark grants. Congress included the population of earmarks within three appropriation accounts – EPM, S&T, and STAG. Since 369 of the 444 earmarks were appropriated under the STAG account, we were concerned that any reasonable sample of the whole would not include earmarks from the EPM and S&T groups. To ensure that EPM and S&T earmark grants would be reviewed, we selected a random sample of 38 from the EPM and S&T accounts and a separate random sample of 48 from the STAG account. Lists of the earmark grants included in each sample are in Appendices B and C.

For each sample, we compared the work plans to the goals, objectives, and sub-objectives EPA presented in its Fiscal Year 2003-2008 Strategic Plan. In some cases, we referred to EPA's stated strategies within the text of the Strategic Plan pertaining to particular objectives. In instances where the earmark grant work plans did not appear to have a link to EPA's Strategic Plan, we spoke with the grant project officers to verify our understanding of the project.

We extracted award documents and funding recommendations from EPA's Integrated Grants Management System. The information we obtained from these electronic forms was limited to recipient names, award amounts, project descriptions, and links to EPA's strategic goals and objectives. We did not test the controls over the Integrated Grants Management System to ensure its validity and reliability, as the information it contained was not significant to our conclusions under either objective.

Prior Audit Coverage

On September 30, 1996, OIG reported on EPA's management of earmark grants in Report No. E1FBE4-04-0261-6100313, *Capping Report on Audits of Congressionally Earmarked Assistance to Selected Universities*. The report noted problems with EPA assistance agreement management, such as oversight not being a high priority and project officers having minimal involvement in managing grants. This led to \$5 million in questioned costs.

On September 26, 2006, we issued Report No. 2006-P-00037, *EPA Needs to Emphasize Management of Earmark Grants*. This report summarized what we had noted in reports regarding earmark grants since 1996. We reported that EPA had not managed earmark grants in accordance with Agency policy and regulations. Some EPA employees and recipients believed that since earmark grants had already been approved by Congress, the Agency had limited control over them. Although EPA policies require that earmarks be managed the same as any other assistance agreement, we found incomplete grant work plans, improper accounting and financial procedures, noncompliance with grant terms and conditions, noncompliance with applicable laws and regulations, and conflicts of interest. In response to the report, EPA issued a memorandum in November 2006 to Agency Senior Resource Officials reiterating existing policy and indicating the need to coordinate with the Office of Congressional and Intergovernmental Relations and the Office of the Chief Financial Officer on earmark issues. The Office of Grants and Debarment also plans to refer to the memorandum in its Basic Project Officer Training course.

STAG Earmark Grants Reviewed

Grant Number	Recipient	Short Description	Total Project Budget	EPA Contribution
Earmark Grants That Contributed to EPA's Strategic Plan Mission and Goals (48)				
97145601	City of Bristol Water Department	Install an emergency bypass pipe which serves a water filtration plant	\$870,000	\$288,700
97144101	City of Meriden	Assess soil and groundwater contamination and develop a remedial action plan for property re-development	262,394	144,300
97122301	Maine Department of Environmental Protection	Provide oversight and support to four New England municipalities in implementing wastewater infrastructure projects	31,300	31,300
97144401	Rhode Island Department of Health	Provide oversight and support to three Rhode Island municipalities in implementing drinking water infrastructure projects	41,634	41,634
97142901	Town of Warren	Implement repairs on sanitary sewer system	847,727	481,100
97272805	Bayonne Municipal Utilities Authority	Plan and construct a water main	2,186,909	1,202,800
98286701	City of Dunkirk	Improve the capacity of a wastewater treatment plant	701,273	385,700
98255005	New York State Department of Environmental Conservation	Provide oversight and support of various watershed remediation and protection activities such as water inspections, sampling, and Total Maximum Daily Load development	7,698,000	3,849,000
97270905	Orange County Water Authority	Design and construct a wastewater disposal system	524,909	288,700
97278505	Town of Blooming Grove	Construct a wastewater treatment plant	437,455	240,600
98286504	Town of Floyd	Perform preliminary design and engineering of a drinking water system	394,182	216,800
98286601	Town of Grand Island	Construct a wastewater transmission line to route wastewater from failing subsurface disposal systems to an existing treatment plant	438,364	241,100
97272505	Township of Parsippany-Troy Hills	Improve existing drinking water and wastewater pumping stations and construct a new drinking water pumping station and transport system	2,624,182	1,443,300
97318201	Laporte Borough	Replace a water distribution line	543,000	144,600
97317501	Summit Township Sewer Authority	Replace a leaking sanitary sewer system	438,364	241,100
97321401	Town of Cheltenham	Perform improvements on sewer lines	350,727	192,900
96419806	Chesterfield County Rural Water Company, Inc.	Construct a drinking water transmission system	3,373,937	289,300
96419505	City of Camden	Construct a drinking water storage tank and transmission	496,400	96,400
96422405	City of Owenton	Construct a drinking water intake structure	736,890	387,160
96444106	Knott County Fiscal Court	Construct a water treatment plant	6,120,500	1,900,500
96424605	Orange County Utilities Department	Construct a new sanitary sewer system	5,070,240	723,000
96425905	Town of Jackson	Design and construct a new community drinking water well and chemical treatment facility	308,500	164,800
96579101	City of Delphos	Design and construct a river intake and pump station	14,536,000	3,132,100
96570301	Indiana State Budget Agency	Provide oversight and support in implementing wastewater infrastructure projects	362,350	362,350
96503301	Lake County Stormwater Management Commission	Install a wetland and prairie buffer; create a water quality treatment wetland; and restore and stabilize a stormwater drain	1,016,100	482,100
96570401	Village of Beach City, Ohio	Upgrade wastewater treatment plant to increase capacity and effectiveness	3,823,400	1,451,800

Grant Number	Recipient	Short Description	Total Project Budget	EPA Contribution
96579501	Village of East Hazel Crest	Construct a water pump station and ground reservoir	\$1,068,300	\$288,600
96572301	Village of Haskins	Construct a wastewater treatment plant	2,691,800	289,300
96575801	Village of Libson, Illinois	Plan and design improvements to a current wastewater collection and treatment system	78,535	43,195
96568601	Village of Somerset, Ohio	Remodel and expand an existing wastewater treatment plant	2,700,000	482,100
96613801	Bernalillo County, New Mexico	Construct a drinking water and wastewater system	349,819	192,400
96600001	City of Alvin	Construct new water lines	262,364	144,300
97690201	City of Fayetteville	Repair a sanitary sewer system	1,928,182	1,060,500
97690301	City of Lawton	Construct water lines and conduct other system improvements	2,629,819	1,446,400
96615601	North American Development Bank	Plan and construct water and wastewater infrastructure projects on US/Mexico border	1,000,000	1,000,000
97699101	State of Louisiana Military Department	Construct wastewater treatment plant; upgrade pump station; and increase holding capacity	1,746,400	960,500
97691101	Texas Engineering Extension Service	Facilitate training for personnel who build, operate, manage, and direct water and wastewater systems in the US/Mexico border region	784,816	745,575
98759501	City of Branson West	Upgrade the wastewater treatment facility to reduce pollution discharges	430,910	237,000
97830001	City of Helena	Upgrade a water treatment plant	2,279,273	1,253,600
96937601	City of Brea	Replace a sewer main	583,000	192,400
96939101	City of Carson City	Establish baseline and background water quality conditions and document future conditions resulting from controlling the discharges from a reservoir and resulting springs.	349,818	192,400
96942401	County of Hawaii	Design and construct improvements to two wastewater systems	3,600,000	1,364,250
96951901	Cutler Public Utility District	Improve capacity of a wastewater treatment plant	3,879,800	967,900
97072901	City of Palmer	Construct new water distribution mains	2,838,545	1,561,200
96021801	City of Roslyn	Construct a new sewer line and pump station	2,050,000	433,700
96002801	City of Wilsonville	Implement and measure the effectiveness of demonstration projects designed to reduce stormwater runoff	355,900	192,900
96000501	Fairbanks North Star Borough	Connect landfill to a municipal sewer lift station	1,453,658	404,520
96017401	Wahkiakum County	Expand a drinking water system	1,846,700	1,455,000
Total for All Sampled STAG Grants			\$87,690,576	\$33,330,884

Source: Grant numbers, recipient names, and funding amounts were obtained from EPA's Integrated Grants Management System. The project descriptions were developed by OIG based on our work plan reviews.

EPM and S&T Earmark Grants Reviewed

Grant Number	Recipient	Short Description	Total Project Budget	EPA Contribution
Earmark Grants That Did <u>Not</u> Contribute to EPA's Strategic Plan Mission and Goals (4)				
97133501	City of New Bedford	Encourage students to pursue environmental careers and train the local community for environmental jobs.	\$250,000	\$250,000
97131301	City of New Bedford	Construct and equip a computer lab to enhance a marine science learning center.	347,100	247,100
97318801	Caribbean American Mission for Education, Research and Action, Inc.	Conduct environmental education for high school students in Philadelphia and the Virgin Islands.	497,050	497,050
83245701	State of New Jersey, Rutgers University	Evaluate the noise impact on a local community of parked, idling freight trains	299,907	299,907
Earmark Grants That Contributed to EPA's Strategic Plan Mission and Goals (34)				
83276901	University of Vermont State and Agricultural College	Evaluate the consequences on forest health resulting from acid rain	\$198,400	\$198,400
83231701	Houston Advanced Research Center	Conduct research on air quality problems in Texas	969,300	969,300
83275501	Montana Physical Sciences Foundation	Conduct research on the use of waste grease to produce biodegradable products	770,500	770,500
83269001	Syracuse University	Conduct research to produce environmentally friendly indoor air systems that reduce human exposure to contaminants	3,568,476	3,568,476
83245401	University of North Carolina at Chapel Hill	Determine methods to eliminate the use of solvents and water in lithography (a method of printing)	678,600	678,600
83234501	University of Vermont State and Agricultural College	Develop a digital database of riparian (land near water) zones throughout Vermont to assist with ecosystem protection	97,000	97,000
83259101	Board of Trustees of University of Illinois	Increase capacity of small drinking water systems through research and outreach	496,000	496,000
83264201	Water Environment Federation	Provide training and technical assistance for wastewater treatment agencies to help implement environmental management systems	1,065,000	972,200
83256101	Water Systems Council	Conduct research and outreach concerning groundwater protection and allocation on small private and shared wells	992,000	992,000
97146501	City of Warwick	Study the feasibility of constructing a wastewater system that reduces the level of nitrogen loads	248,000	248,000
97123101	Northeast Waste Management Officials Association	Assist States in prioritizing, managing, and improving stewardship of solid waste programs	198,400	198,400
99252810	Cayuga County Soil and Water Conservation District	Implement best management practices to improve water quality (2005-2006)	781,189	744,000
99252809	Cayuga County Soil and Water Conservation District	Implement best management practices to control non-point source pollution and improve water quality (2004-2005)	783,100	745,600
97281200	Central New York Regional Planning and Development Board	Conduct public outreach to reduce non-point source pollution in the Oneida Lake watershed	248,000	248,000
99250908	Cortland County Soil and Water Conservation District	Conduct projects and provide outreach to reduce nutrients and sediment in watersheds	745,600	745,600
97291801	LaGuardia Community College	Increase asthma education and environmental interventions to reduce and prevent asthma triggers in the home	248,500	248,500

Grant Number	Recipient	Short Description	Total Project Budget	EPA Contribution
97279005	New Jersey Department of Environmental Protection	Develop a Smart Growth interactive mapping program to identify environmentally optimal areas to develop	\$99,400	\$99,400
99253110	Onondaga County Soil and Water Conservation District	Implement best management practices to reduce non-point source pollution	783,158	744,000
97279801	Trustees of Columbia University	Conduct research related to environmental cancer causing pollution	198,800	198,800
97311201	Jastech Development Services Inc.	Establish a training assisted pollution prevention and conservation program	248,500	248,500
97321201	Maryland Department of the Environment	Demonstrate a new acid mine drainage technology	323,000	248,000
99373508	Ohio River Valley Water Sanitation Commission	Generate a data-set relating to pollutant levels in the Ohio River	217,385	200,372
97322101	Prince George's County Government	Demonstrate use of Low Impact Development and new waste management practices	1,476,435	1,091,200
98755801	Cerro Gordo County	Implement water quality improvements to reduce pollution	174,000	174,000
97831701	Montana Department of the Environment	Replace environmentally noncompliant heating devices in low-income homes to improve air quality	985,200	985,200
96936801	City of Highland	Develop recycling and solid waste educational displays at an environmental learning center	297,600	297,600
96938001	Golden Gate National Parks Conservancy	Implement priority habitat protection in the California Coastal Trail corridor	298,200	298,200
96001201	Alaska Department of Environmental Conservation	Conduct a safety study of mercury levels in fish	994,100	994,100
97031102	Boise State University	Continue to develop a device that quantifies contaminants in subsurface soil	1,686,400	1,686,400
96004601	Boise State University	Develop improved techniques to detect and monitor contaminants in shallow subsurface soil	1,488,000	1,488,000
97098601	Franklin Conservation District	Continue to implement a ground water management plan and monitor the condition of an aquifer	695,900	695,900
96005801	Idaho Department of Environmental Quality	Conduct various projects to improve water quality	1,998,200	1,998,200
96016301	Kenai Watershed Forum	Protect and restore the watershed through data collecting, monitoring, and modeling	1,131,885	1,131,885
96028501	Washington Department of Ecology	Implement management plan to improve Puget Sound water quality	3,941,200	1,970,600
Total for All Sampled EPM and S&T Grants			\$30,519,485	\$27,764,982

Source: Grant numbers, recipient names, and funding amounts were obtained from EPA's Integrated Grants Management System. The project descriptions were developed by OIG based on our work plan reviews.

Agency Response

May 4, 2007

MEMORANDUM

SUBJECT: Draft Audit Report:
Number of and Cost to Award and Manage EPA Earmark Grants,
And Their Impact on the Agency's Mission
Assignment No. 2007-000042

FROM: Luis A. Luna /s/
Assistant Administrator

TO: Janet Kasper
Director for Assistance Agreement Audits

Thank you for the opportunity to provide EPA's comments on the Draft Audit Report. The Report finds that most earmark projects have the potential to contribute to EPA's mission. It identifies a few projects, however, that the Office of Inspector General believes do not have a clear impact on advancing EPA's mission and goals. The Agency has comments on the Report's discussion of two of these projects. These comments are attached. If you have any questions about the comments, please contact Howard Corcoran, Director, Office of Grants and Debarment at (202) 564-1903.

Attachment

cc: Senior Resource Officials
Grants Management Officers
Junior Resource Officials
Frank Snock
Denise Harris
Lorraine Fleury
Jerry Kurztweg
Howard Corcoran
Richard Kuhlman
Stefan Silzer
Laurice Jones
John Nolan

ATTACHMENT

Region 3 Comment: Grant to the Caribbean American Mission for Education, Research and Action, Inc.

Region 3 does not agree with the Report's suggestion that this project, as described in the approved grant workplan, is not clearly within EPA's mission. The workplan is explicit that the purpose of the project was to provide students from moderate-income families with an opportunity to increase their knowledge about the environment with a special emphasis on an understanding of the ecological system in urban areas and in the Caribbean. Students would be chosen from Philadelphia and from St. Thomas, U.S. Virgin Islands to exchange information and experiences about environmental issues. Participants would: 1) attain a greater understanding of environmental issues in the islands and inner cities; 2) learn how to develop, plan and execute projects that address environmental issues in their respective areas; and 3) develop skills in interacting with other environmental organizations in the areas. The goal for each student, according to the workplan, was to "develop an understanding of the importance of caring for the environment locally and globally...." The Region believes that fostering environmental stewardship in this manner falls squarely within EPA's mission.

Region 3 also disagrees with the Report's suggestion that EPA included substantial funding in the approved workplan for student travel between Philadelphia and the U.S. Virgin Islands, student visits to amusement parks and resort locations and student shopping trips. The workplan contemplated that students would largely communicate across the geographical divide by computer and authorized only limited travel between Philadelphia and the U.S. Virgin Islands. Further, it in no way allowed funding for travel involving amusement parks, resort locations or shopping trips. We understand that this type of travel was mentioned in a trip agenda included in a progress report filed by the grantee. We are in the process of conducting a compliance review of the project. If the review finds that grant funds were used for that purpose, the Region will seek recovery of those funds.

Office of Air and Radiation comment: Grant to Rutgers, The State University of New Jersey

The Report correctly notes that EPA does not explicitly include noise among the goals and objectives of the Agency's Strategic Plan, and that EPA no longer has a noise regulatory program. The Office of Air and Radiation believes, however, that the type of community support provided to Teaneck, New Jersey under the project is covered under Goal 4, Healthy Communities and Ecosystems, Sub-objective 4.2: Communities. This sub-objective focuses on EPA activities that will help communities sustain or restore community health by addressing community-specific environmental concerns.

Distribution

Office of the Administrator
Assistant Administrator for Air and Radiation
Assistant Administrator for Administration and Resources Management
Regional Administrator, Region 1
Regional Administrator, Region 3
Director, Office of Grants and Debarment
Director, Grants Administration Division
Agency Followup Official (the CFO)
Agency Followup Coordinator
Associate Administrator for Congressional and Intergovernmental Relations
Associate Administrator for Public Affairs
General Counsel
Acting Inspector General