



National Clean Diesel Campaign

American Recovery and Reinvestment Act of 2009 State Clean Diesel Grant Program Information Feb 27, 2009

The following is information pertaining to the State Clean Diesel Grant Program portion of the American Recovery and Reinvestment Act of 2009. All activities should focus on stimulating the American economy, retaining and/or creating jobs, and reducing diesel emissions.

Overview

The American Recovery and Reinvestment Act (Recovery Act), signed into law on February 17, 2009, provides \$300 million to support Clean Diesel activities. These funds are in support of Sections 791-797 of the Diesel Emissions Reduction Program (DERA) in the Energy Policy Act of 2005. Section 793 authorizes the U.S. Environmental Protection Agency (EPA) to support grant and loan programs administered by States and the District of Columbia that are designed to achieve significant reductions in diesel emissions. This program is referred to as the *Recovery Act Funding for State Clean Diesel Grant Program*. All 50 states and the District of Columbia are eligible to participate.

This program is not a competition, but an allocation process in which the States and the District of Columbia submit their interest to participate to EPA. States and the District of Columbia wishing to participate will receive funding with an approvable work plan and grant application. All public materials for the *Recovery Act Funding for State Clean Diesel Grant Program* are available at: <http://www.epa.gov/otaq/eparecovery/progstate.htm>

Funding Levels

As described in the Recovery Act, \$300M is provided for DERA. EPA is allocated 2% for administration of the program. Per DERA, the remaining funds are divided into 30% for the State Clean Diesel Grant Program and 70% for national competitive grants. The total funding available for the Recovery Act Funding for State Clean Diesel Grant Program is \$88.2M. If all 50 states and the District of Columbia intend to apply for the program, then each State would receive an equal percentage of the funds (approximately \$1.7M). If any of the 50 States or the District of Columbia do not intend to participate, then additional funds may be available through the population formula outlined in Section 793 (c)2(B) of DERA. Any unclaimed funds will revert to the National Clean Diesel Program.

Match Incentive:

There is no match requirement for this program. Additionally, under the Recovery Act there is no matching incentive provision associated with this program so States providing a voluntary match will not receive additional funding.

Timeline

Action	Lead Organization	Completion Date
Notice of Intent to Apply emailed out to States and the District of Columbia based on \$1.7M per organization estimate.	EPA OTAQ	Feb 26, 2009
Work Plan Template and guidance sent out to States by EPA Regions (materials provided by EPA OTAQ).	EPA Regions	March 2, 2009
Notice of Intent due back to EPA OTAQ	States and DC	March 6, 2009
States notified of final allocation amount	EPA OTAQ	March 11, 2009
Work Plan, SF424, SF424A and other grant forms sent to EPA Regions	States and DC	March 20, 2009
EPA Regions Award New State Grants	EPA Regions	By April 17, 2009

Procedures

The steps below outline the process and roles for participation in the State program.

Step 1: A State must submit a *Notice of Intent to Apply* to OTAQ. This notice outlines the State's interest in participating in the State Clean Diesel Grant Program and is due on or before **Friday, March 6, 2009** to EPA. The *Notice of Intent to Apply* should be submitted via email to cleandiesel@epa.gov. It must be signed by the Environmental Commissioner or authorized official but does not need to be emailed from this person directly. The notice can be emailed from the programmatic contact.

Step 2: Once all notices are received, OTAQ performs the funding allocation calculation outlined in Section 793 (c) of DERA and provides the EPA Region with each State's target allocation. EPA Regions inform the States of their target allocation in writing by **March 11, 2009**.

Step 3: Participating organizations complete EPA's funding assistance application package and submit it to the appropriate EPA Regional office by **March 20, 2009**. The application package consists of the standard grant forms including the SF-424 and 424A and the work plan template with budget narrative. States do not have to use grants.gov to complete the application forms. Application instructions and a work plan and budget template are available via the web at <http://www.epa.gov/otaq/eparecovery/progstate.htm>.

Step 4: Grants will be awarded by EPA Regions by **April 17, 2009**.

Work Plan and Budget Narrative

Use of Funds

A State can use *Recovery Act Funding for State Clean Diesel Grant Program* funds to develop and implement a grant and/or loan program(s) as appropriate to meet State needs and goals relating to stimulating the American economy, retaining and/or creating jobs, and reducing diesel emissions. Permissible uses of these State Clean Diesel program funds and restrictions on the use of these funds are as follows:

- Administrative Costs: States may use up to 15% on administrative costs. Administrative costs include those costs associated with personnel (salary/fringe) or other capacity building activities, including travel. Administrative costs would also include any supplies or contractual costs related to printing of brochures or educational materials. The 15 percent maximum does not include indirect cost rates or funds going directly to projects through grants and/or loans.
- Mandated Emission Reductions: States can use funds to provide grants or loans for projects to achieve emission reductions that are mandated under Federal, State or local law.
- PPGs: Funds provided to the State through this program are not eligible for inclusion with the State's Performance Partnership Grants (PPGs).
- Use of EPA and/or CARB Verified or Certified Technologies: States are encouraged to provide grants or loans for projects using EPA and/or CARB verified or certified technologies. There may be cases where emerging technologies or other non-technology (e.g., operational strategies) may be appropriate.
- Innovative Financing: If a State submits a work plan that includes a loan or an innovative financing mechanism, EPA suggests a close working relationship between EPA and the State to discuss the proposed plan.
- State Fleets: States can use funds to provide grants or loans for the benefit of State fleets. The State air agency (or lead State agency) can transfer funds to another agency as a subgrantee as allowable under State law. The State Air Agency (or lead agency) can also purchase equipment through blanket purchase agreements or some other mechanism that ensures competitive pricing for the technology. The Agency can then provide the equipment in lieu of money as financial assistance to subgrantees.
- DERA funds may be used for the benefit of private fleets. Under EPA's subaward policy, a for-profit company may be awarded a subaward by a State where doing so is "consistent with applicable EPA regulations, EPA policies, EPA guidance, and OMB Circulars" and "only where consistent with Section 210(a)-(d) of OMB Circular A-133." See Assistance Administration Manual 5700, Part 2, Section 01.

Project Period and Budget

The project period for all State Clean Diesel Grants will be from award through September 30, 2010. States should be aware that the entire amount of funding should be drawn down by September 30, 2010. The Recovery Act imposes reporting requirements. Reporting will be at least quarterly and additional reporting may be required for these special Recovery Act grants. Items to be reported may include funds expended, requests for proposals posted, number of contracts, vehicle and technology information and jobs preserved or created. As "jobs preserved/created" is a new metric for State Clean Diesel grant programs, EPA may assist States with this calculation. EPA will provide reporting templates.

Assistance Agreement Funding Information

Catalog of Federal Domestic Assistance (CFDA) Number*	66.040
Program Title	Recovery Act Funding for State Clean Diesel Grant Program
Statutory Authorities	American Recovery and Reinvestment Act of 2009, Public Law 111-5; Energy Policy Act of 2005, Public Law 109-58
Project/Budget Start and End Date	~ April 20, 2009 – September 30, 2010

*The revised CFDA entry for the State Clean Diesel program in the Catalog of Federal Domestic Assistance can be accessed at the CFDA web site at www.cfda.gov. However, the entry may not be updated on-line to reflect the Recovery Act until later in the spring.

Additional Certifications from States

State Clean Diesel Grant programs should be aware that under ARRA of 2009, the State (governor or legislature) must submit a certification in accordance with ARRA, Division A, Title XVI, Section 1607 before USEPA may provide a State with funding. The governor of the State must submit the certification no later than 45 days after the date of enactment of ARRA. The governor must certify that (1) the State will request and use funds provided by ARRA and (2) the funds will be used to create jobs and promote economic growth. If the governor does not complete the required certification, the State legislature may adopt a concurrent resolution to certify acceptance of ARRA funding. Additionally, States receiving infrastructure investment funding must comply with the project-specific certification requirement of ARRA Section 1511. More information on the definition of “infrastructure investment” will be forthcoming shortly.