



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

DEC 23 2004

OFFICE OF  
AIR AND RADIATION

Nancy L. Seidman  
President  
State and Territorial Air Pollution Program Administrators  
Suite 307  
444 N. Capitol Street  
Washington, D.C. 20001

Dear <sup>Nancy</sup> ~~Ms. Seidman~~:

The President has signed the FY 2005 Consolidated Appropriations Bill. The House and Senate conferees agreed upon a level of \$225 million for state and local air quality assistance, a \$3.55 million reduction from the President's request. Conferees also reduced funds targeted for Tribal air programs and the State Indoor Radon Grant program, and significantly reduced funds that had been requested for the Clean School Bus program. The conferees also agreed upon a government-wide, across-the-board reduction of 0.8% that will apply to the \$225 million, as well as to all other parts of EPA's appropriation.

The report of the conferees does not specify how the Agency should allocate the reduction in the state and local air assistance portion of STAG. Accordingly, the Office of Air and Radiation (OAR) proposes that the reduction of approximately \$5.35 million (the \$3.55 million plus 0.8% of the \$225 million) be made through a pro-rata cut to each of the four major components of the state and local air quality assistance amount: continuing programs (\$159.6 million), fine particle monitoring (\$42.5 million), sections 103 and 105 air toxics monitoring (\$16.5 million), and regional haze (\$10 million). We propose to allocate the reduction to the continuing programs by first eliminating the \$548,782 for the mobile source outreach program and then making the remaining reduction through a pro-rata cut to the region-by-region allocations. We are seeking the views of your members on this option.

We have identified other possible options but given the relatively small size of the reduction, we believe that a simple straight-forward approach is best. Two additional options are summarized below.

(1) NAAQS - All region-by-region and activity-specific allotments would be reduced but those regions of the country facing critical NAAQS attainment work for the new PM<sub>2.5</sub> and 8-hour ozone standards would be reduced less based upon the number of their non-attainment areas and the affected population.

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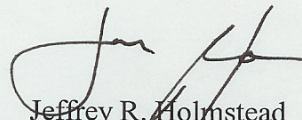
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(2) Growth Areas - All region-by-region and activity-specific allotments would be reduced but those regions of the country with the greatest projected population growth based upon the latest Census Bureau information for the period 2005-2015, would be reduced less. Regional totals are based on state-by-state information.

In the interests of the timely award of funds, we would like to hear from your membership on a preferred approach, including a different approach that might be suggested by your membership, by no later than January 14, 2005.

I understand and appreciate that a reduction in resources is a difficult and sensitive topic. I want to assure you that OAR wants to work with you as collaboratively as possible to minimize any negative impacts upon your agencies.

Sincerely,



Jeffrey R. Holmstead  
Assistant Administrator