

DRAFT

January 26, 2005

Mr. Jeffrey R. Holmstead
Assistant Administrator
Office of Air and Radiation
U.S. Environmental Protection Agency
1200 Pennsylvania Avenue, NW
Washington, DC 20460

Dear Mr. Holmstead:

Thank you for your letter of December 23, 2005 in which you outline options for addressing the reductions to Sections 103 and 105 grants that were part of the FY 2005 Consolidated Appropriations Bill. We appreciate the fact that you formulated and presented several alternatives for our consideration and that you are seeking our input on the distribution of state and local grant funds. Your letter served as the starting point of a worthwhile discussion among the members of STAPPA and ALAPCO.

As you know, we have recommended that state and local air grants receive significant increases in order to address the critical funding shortfall we face. In light of our funding needs, we were very dismayed that state and local air grants were reduced in FY 2005. We hope that in FY 2006 and in the future air grants will be increased significantly, not only to make up for this recent reduction, but to bring funding in line with the significant responsibilities we face in implementing the Clean Air Act.

As you know, the federal grant program for state and local air agencies under Sections 103 and 105 of the Clean Air Act is an essential part of the resources we rely on to fund our efforts. When these funds are reduced, we must work hard to accommodate the decreases, while also preserving the parts of our programs that are most essential to the specific needs of our areas. In order to ensure that each area of the country can focus its remaining funds on the issues that are of greatest concern, we recommend that EPA provide us with as much flexibility as possible in addressing the grant reduction. We suggest, therefore, another option for addressing the reductions that you did not outline in your letter. We recommend that the reduction of \$5.35 million be made through a pro-rata decrease to all state and local air agencies (without first dividing the cuts among the four program areas identified in your letter). Individual state and local air agencies, working with the EPA regional offices, would then have greater flexibility to determine which specific programs should be reduced, based on the priorities of the area. We recognize that this option may be more complex administratively, but we believe the

benefits of allowing each agency to use its knowledge of its needs to determine where decreases can best be accommodated will outweigh any additional effort. If necessary for accounting purposes, the members of STAPPA and ALAPCO can work with EPA to expedite the process of tracking how the reductions will be addressed within their agencies.

With respect to the Mobile Source Outreach Program, while STAPPA and ALAPCO are very supportive of this program and believe it has been beneficial, we regret that we cannot fund it through Section 105 grants this year, due to the financial constraints we face. We agree with your proposal to suspend the support of the program through grant funds this year, although we suggest EPA fund the program through its own funds to preserve the momentum of the effort.

Finally, we note that two of the alternatives you outlined for our consideration called for adjusting the reductions based upon nonattainment of the National Ambient Air Quality Standards and/or population. These recommendations are evidence that it is time to reexamine the current allocation formula. Therefore, we again request that EPA begin work on developing an updated regional allocation formula for Section 105 grants that can be used when there are increases in funds. We are disappointed that EPA has not yet developed such a revised allocation scheme and we strongly urge EPA to do so as soon as possible.

Thank you for your consideration of our recommendations. We look forward to discussing this issue with you further.

Sincerely,

Nancy L. Seidman
President of STAPPA

Dennis McLerran
President of ALAPCO

cc: Jerry Kurtzweg
William Houck