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S. William Becker

April 3, 2014

Marc Vincent  
Office of the Chief Financial Officer  
U.S. Environmental Protection Agency  
1200 Pennsylvania Avenue, NW  
Washington, DC 20460

Dear Mr. Vincent:

On behalf of the National Association of Clean Air Agencies (NACAA), thank you for this opportunity to provide comments on the U.S. Environmental Protection Agency's (EPA) *FY 2015 Draft OAR National Program Manager Guidance Addendum* (March 17, 2014). NACAA is a national, non-partisan, non-profit association of air pollution control agencies in 42 states, the District of Columbia, four territories and 116 metropolitan areas. The air quality professionals in our member agencies have vast experience dedicated to improving air quality in the United States. These comments are based upon that experience. The views expressed in this document do not necessarily represent the positions of every state and local air pollution control agency in the country.

The draft guidance documents relate to the President's budget request for FY 2015, which, among other things, proposes to increase federal funding for state and local air quality grants by \$15 million over FY 2014 levels (for a total of \$243.2 million). This request for increased funds recognizes the important work that state and local agencies are undertaking to provide clean and healthy air to our citizens. As part of these grants, we are very appreciative of the proposed increase of \$24.3 million for implementing the President's Climate Action Plan and related greenhouse gas (GHG) activities. These are challenging initiatives that will require substantial support. However, we are greatly disappointed that these funding increases come at a significant cost. In particular, the Administration is proposing to cut over \$9 million from the "core" programs of state and local air pollution control agencies, including much-needed monitoring and emissions inventory activities. These programs are the foundation of our clean air implementation efforts. Accordingly, we recommend that the Administration's FY 2015 budget include not only the \$24.3 million increase for climate activities, but also an additional \$35 million for "core" clean air implementation programs. That is, we are asking for \$50 million above the amount appropriated in FY 2014—or \$35 million above the

President's FY 2015 request. We also recommend that state and local air agencies be given the flexibility to use the additional funds for the highest priority activities in their areas, including, but not limited to, climate-related or core programs.

NACAA has reviewed the draft addendum and is providing comments on the attached template that EPA has provided. We thank you for your consideration of our comments and recommendations and we look forward to discussing these issues with you. Please do not hesitate to contact us if you need additional information.

Sincerely,



Bruce Andersen  
Kansas City, Kansas  
Co-Chair  
NACAA Program Funding Committee



William Allison  
Colorado  
Co-Chair  
NACAA Program Funding Committee

cc: Margaret Walters (EPA-OAR)

**COMMENTS OF THE NATIONAL ASSOCIATION OF CLEAN AIR AGENCIES (NACAA)  
ON EPA'S DRAFT FY 2015 NATIONAL PROGRAM MANAGER GUIDANCE  
April 3, 2014**

**Instructions:**

Comment from State, Tribe, or Other Stakeholder	Commenter(s)	Location in Draft Addendum	NPM Response	Action Taken in Final Addendum
<b>Issue Area - Divide comments into general issue areas (e.g., NAAQS, indoor air, etc., where appropriate):</b>				
Include your comment.	<i>Organization of Commenter (e.g., ECOS, New England Commissioners, tribe, etc.).</i>	<i>State the page number the comment is referring to.</i>	<i>The response should include adequate discussion and details to support the decision to modify/retain the draft language. Note: If more than one commenter raises the same issue, please cross-reference the individual responses.</i>	<i>Specify changes made in response to comments and identify the page number in the final Addendum.</i>

**Template:**

Comment from State, Tribe, or Other Stakeholder	Commenter(s)	Location in Draft Addendum	NPM Response	Action Taken in Final Addendum
<b>Issue Area:</b>				
<p><i>Overview:</i> NACAA is pleased with the new structure of the draft overview and guidance. We commend EPA for moving to a two-year document, which will allow for greater long-range planning.</p> <p>We commend EPA for acknowledging that the guidance is merely the basis for negotiations among EPA and state and local air agencies. Since state and local air agencies have a great deal of expertise, we believe EPA should engage them as co-regulators in consistent and meaningful ways, especially early on, when the agency initiates the development of rules, guidance and other policies and processes.</p>	<i>National Association of Clean Air Agencies (NACAA)</i>	<i>Page 3 (Overview)</i>		

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<p>NACAA is also pleased that EPA acknowledges that there will not be sufficient resources for all activities and that priorities may vary throughout the nation. We support EPA's plan to allow regions to tailor work expectations and resource allocations to meet local circumstances, and work with air agencies to do likewise. We recommend that the guidance state that identification of priorities within a region should be done collaboratively among federal, state and local officials. Additionally, we welcome EPA's recognition that circumstances may change during the course of a year and that the agency should work with air agencies to make adjustments to address changing priorities.</p>				
<p><i>National Ambient Air Quality Standards:</i> Under HQ Activities, Regional Office Activities and State and Local Activities, NACAA recommends adding "Continue implementing the January 2014 NACAA-ECOS-EPA SIP Reform Workgroup Commitments and Best Practices for Addressing the SIP Backlog" so that, among other things, EPA will clear the existing SIP backlog (as of October 1, 2013) by no later than the end of 2017, and manage the review of all other SIPs consistent with Clean Air Act deadlines.</p>	<p><i>National Association of Clean Air Agencies (NACAA)</i></p>	<p><i>Page 4 (National Ambient Air Quality Standards)</i></p>		
<p><i>Allowance Trading Programs:</i> EPA proposes to use state and local grant funds to operate the Clean Air Interstate Rule (CAIR) nitrogen oxide (NO<sub>x</sub>) Ozone Season Trading Program. NACAA opposes this. Instead, we recommend that EPA fund the administration of the program in the same way that the Acid Rain program is administered – using funds from EPA's own operating budget, not state and local air grants.</p>	<p><i>National Association of Clean Air Agencies (NACAA)</i></p>	<p><i>Page 6 (Allowance Trading Programs)</i></p>		
<p><i>Mobile Source Programs (HQ Activities):</i> NACAA recommends adding, "In coordination with the U.S. Department of Transportation, develop and propose, by March 2015, the next phase of GHG emission standards and fuel efficiency standards for medium- and heavy-duty vehicles, consistent with the President's February 18, 2014 directive."</p>	<p><i>National Association of Clean Air Agencies (NACAA)</i></p>	<p><i>Page 6 (Mobile Source Programs)</i></p>		
<p><i>Effective Use and Distribution of STAG Funds:</i> NACAA is pleased that the Administration's FY 2015 budget includes an increase of \$15 million in grants to state and local air pollution control agencies under Sections 103/105 of the Clean Air Act, for a total of \$243.2 million. This recognizes the important work that state and local agencies are undertaking to provide clean and healthy air to our citizens.</p>	<p><i>National Association of Clean Air Agencies (NACAA)</i></p>	<p><i>Pages 8-9 (Effective Use and Distribution of STAG)</i></p>		

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<p>As part of these grants, we are very appreciative of the proposed increase of \$24.3 million for implementing the President's Climate Action Plan and related GHG activities. These are challenging initiatives that will require substantial support. However, we are greatly disappointed that these funding increases come at a significant cost. In particular, the Administration is proposing to cut over \$9 million from the "core" programs of state and local air pollution control agencies, including much-needed monitoring and emissions inventory activities. These programs are the foundation of our clean air implementation efforts. Accordingly, we recommend that the Administration's FY 2015 budget include not only the \$24.3 million increase for climate activities, but also an additional \$35 million for "core" clean air implementation programs. That is, we are asking for \$50 million above the amount appropriated in FY 2014—or \$35 million above the President's FY 2015 request. We also recommend that state and local air agencies be given the flexibility to use the additional funds for the highest priority activities in their areas, including, but not limited to, climate-related or core programs</p>		<i>Funds)</i>		
<p><i>Ambient Monitoring:</i>  NACAA recommends that EPA continue to work with state and local agencies to prioritize new monitoring equipment purchases and implementation over the next several years, and ensure that expectations for new monitoring are consistent with the funding available to support that monitoring both in amount and in timing. We recommend that EPA continue to work with the NACAA/EPA Joint Monitoring Steering Committee in determining the best use of scarce resources.</p> <p>That would include identifying opportunities for disinvestment of existing monitoring activities and providing realistic estimates of the associated cost savings. While EPA addresses monitoring changes and equipment replacement in the draft guidance, the truth is that divestment opportunities are limited. When recommending decreases in monitoring in the past, state and local agencies have experienced resistance from EPA and the public. Additionally, it is difficult for many state and local agencies to not only replace equipment but maintain existing equipment. EPA must allow state and local agencies flexibility in making necessary network changes. However, it is important to note that this flexibility, while necessary, is not a substitute for full federal funding.</p>	<i>National Association of Clean Air Agencies (NACAA)</i>	<i>Page 10 (Ambient Monitoring)</i>		

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<p>EPA is proposing to begin shifting funding for the PM<sub>2.5</sub> monitoring network from Section 103 to Section 105 authority, which would require state and local agencies to provide matching funds. The PM<sub>2.5</sub> monitoring program has traditionally been funded under Section 103 and this arrangement has worked very well. NACAA recommends that it continue and, therefore, we oppose the transition of the program to Section 105 authority. The shift would require state and local agencies to provide a 40-percent match, which not all agencies can afford in these difficult economic times. Those agencies that are unable to provide matching funds would not be able to accept the grants for these important monitoring programs. As a result, these agencies could be forced to discontinue required monitoring at existing sites. Since these are nationwide monitoring efforts, NACAA believes the funding should be provided under Section 103 authority so it is accessible to all, regardless of their ability to match the grants.</p> <p>Additionally, state and local agencies will face new and/or expanded monitoring requirements to address NO<sub>2</sub> and air toxics. Since these are either monitoring start-ups or expansions, it is critical that they be adequately funded under Section 103 authority.</p>				
<p><i>DERA:</i> NACAA was disappointed that the President's budget request called for the elimination of funding for the Diesel Emission Reduction Act (DERA) program. This is an important program to address emissions from the large legacy fleet of diesel engines and state and local agencies will not be able to replace the reduced funding. We believe more funds should be made available for this program. That said, we appreciate that the President's budget requests in the past did not fund DERA at the expense of the Section 103/105 grants and we strongly urge that any future funding for DERA not be in lieu of increases to state and local air grants. Additionally, since many of the DERA funds are not provided to state and local governments, we recommend that future DERA activities not be funded through the STAG account. Instead, we suggest that the grants be provided through one of EPA's other accounts.</p>	<p><i>National Association of Clean Air Agencies (NACAA)</i></p>	<p><i>Page 10 (Diesel Emission Reduction Program)</i></p>		