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UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, DC 20460

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THE ADMINISTRATOR

June 19, 1997

MEMORANDUM

SUBJECT: Policy for Implementing the National Environmental
Performance Partnership System (NEPPS)

TO: Assistant Administrators
Regional Administrators
Associate Administrators
General Counsel
Inspector General

We have completed a successful year under the National Performance Partnership System (NEPPS), making significant progress in building a more effective State-EPA partnership for environmental protection. As we move into a second year, we must continue to examine existing policies and tools and refine them in ways that facilitate full implementation.

The Administrator and I consider performance partnerships to be central to the Agency's reinvention efforts. The new system recognizes the vital role the States play in environmental protection and provides the flexibility States need to design strategies that meet their own conditions and needs. With a focus on results, performance partnerships direct resources where they are most needed and facilitate implementation of the more common sense, multi-media approaches to public health protection and environmental problem-solving. The States and Regions pioneering this new approach are already beginning to see these benefits.

During the first year of performance partnerships, we encouraged the States and Regions to experiment. From these experiences as well as ongoing dialogue between EPA and State officials, we have begun to identify areas where additional clarification is needed, and barriers removed, to ensure full implementation. We cannot anticipate every issue that may arise as States and EPA implement performance partnerships; our solutions should be guided by our ultimate goals -- to achieve the greatest public health and environmental protection possible and to build State and EPA capacity for managing these programs.

Following is a summary of key policies to guide implementation of performance partnerships for the remainder of FY 96 and FY 97.

Tools for Implementing Performance Partnerships

- National Program Guidance.

National Program Managers (NPMs) are expected to make national guidance concise and focused on top national priorities. The guidance must include a basic set of program measures needed at the national level to assess progress in meeting national objectives. NPMs should give a high priority to working with the Regions and States to refine these measures to those that are critical. Our goal is to increase the use of measures that more clearly indicate our progress toward meeting public health and environmental objectives.

The schedule for issuing NPM guidance currently varies widely, and this makes coordinated, cross-media planning extremely difficult. It also complicates the development of environmental performance agreements. Therefore, those NPMs who have not yet issued their FY 97 guidance should do so as soon as possible. Existing guidance should be reviewed and revised as needed to reflect the performance partnership system and the availability of performance partnership grants. In future years, all programs are expected to issue their guidance for ongoing, continuing environmental programs in the early spring, before Regional-State negotiations for the next fiscal year commence.

NPMs must also involve the States and Regions more in the development of national guidance to help ensure that national priorities reflect the conditions being faced around the country. EPA should develop an effective process for participation, including ways to ensure that State interests are reflected in the annual negotiations that traditionally take place between Regional and Headquarters program counterparts.

- Reporting Requirements

An important goal of the performance partnerships effort is to reduce the amount of reporting burden EPA currently places on States, especially as we increase our use of environmental indicators and performance measures. Since many existing reporting requirements stem from statutory and/or regulatory provisions, reducing the overall reporting burden will require a long term effort. EPA has initiatives underway to improve the way we collect and manage information that should, however, substantially reduce reporting requirements and/or streamline reporting. It is essential that the national data bases be maintained. Recognizing that they may need streamlining, however, EPA is committed to working with States to review the content and use of national databases and to refine them so they are limited to information needed for effective national program assessment, evaluation, and management. The Information Resources Management Steering Committee, with membership

from EPA and the States, is charged with overseeing this priority effort.

- Environmental Program Grants

At this time, we are clarifying our policies for implementing performance partnerships over the next year, particularly for those States choosing to continue with categorical grants. Similar, more detailed guidance has been issued for the recently authorized performance partnership grants.

The award and oversight of Federal grant funds to the States for carrying out environmental programs are -- and will continue to be -- central elements of the State-EPA relationship. Through a "back to basics" analysis, EPA has determined there is sufficient room for interpretation within the Part 35 and Part 31 grant regulations to allow for the award of EPA grants in a way that supports performance partnerships.

Under performance partnerships, grant funds will be focused on a work program and measures of performance that further the long term goals and objectives developed through the joint State-EPA planning and priority-setting process. This represents a significant change from the traditional approach to grants. In the past, separate work plans were developed for each categorical grant, typically setting out specific targets for activities such as permit writing and inspections with little tie to achieving environmental goals. Now, States and Regions can negotiate new ways to define the work to be done with EPA funds in accord with the goals and objectives in the environmental performance agreement. In addition to focusing grants on priority problems, this approach will also facilitate funding of activities such as pollution prevention, multi-media permits and enforcement, and community-based environmental protection. The flexibility to define the work differently is afforded to performance partnership States choosing either categorical or performance partnership grants, although there are important differences in how funds are tracked.

To provide greater flexibility to States choosing to participate in performance partnerships, and to minimize administrative burdens in the grant process, we have developed guidance for developing a grant agreement -- either as part of an environmental partnership agreement or separately. The attached "Interpreting Grant Requirements for Performance Partnership States" is based on analysis of the original statutory and regulatory language governing grants -- rather than on the practices that have grown up over the years to supplement them. States choosing to set up performance partnership grants (PPG) should refer to the guidance issued in December, 1995.

Under performance partnerships, EPA and the States can join forces more effectively to achieve public health and environmental protection goals. We look forward to working with all

of you to turn the promise into reality.

Sincerely,

/S/

Fred Hansen
Deputy Administrator

Attachment

