

US EPA ARCHIVE DOCUMENT

Interpreting Grant Requirements for Performance Partnership States

Performance partnership States may choose to continue using categorical grants, seek a performance partnership grant (PPG), or use a combination of categorical and performance partnership grants. Performance partnership grants are governed by "Performance Partnership Grants for State and Tribal Programs: Interim Guidance."[1](#)

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. The following interpretations bridge these requirements with the National Environmental Performance Partnership System (NEPPS). This analysis may also serve as further guidance to EPA and State officials developing PPGs.

National Program Guidance

The national program guidance sets out national objectives and priorities for environmental programs. It typically includes recommended program elements and associated outputs for State (and local) environmental programs; sometimes the guidance addresses EPA Headquarters-Regional agreements. **Regions and States are expected to address the national priorities in negotiating environmental performance agreements (EnPAs)[2](#) as well as associated grant agreements. Regions must consult with the national program manager (NPM) if the Region and State propose not to carry out a national priority or to alter the priority in a substantial way.** Regional Administrators are responsible for harmonizing national, Regional, and State priorities.

Program Elements

Tying the work to be performed during the grant period to the goals and objectives set out in the EnPA is the critical first step in providing flexibility with accountability under performance partnerships. This is done by negotiating an appropriate set of program elements. This step is equally important for both categorical and performance partnership grants (PPGs). Program elements are the major groupings of activities under an individual grant program used for budget justification and management purposes. Typical categories now include administration, monitoring, enforcement, and permits. Most national grant programs have defined a recommended set of program elements. However, Regions and States can negotiate to modify or add different program element categories to capture different groupings of activities such as pollution prevention, compliance assistance, multi-media permits, or community-based environmental protection. Another approach would be to define program elements in accord with environmental goals and objectives. Cross-media work can and should substitute for single-media work plan commitments.

The challenge is to develop program elements at a high enough level of aggregation to provide flexibility yet detailed enough to still be useful for program management purposes. The Region and State can negotiate a combination of "traditional" and "new" program elements to address the program goals and objectives established through the joint planning and priority setting process. States also need to make sure their accounting systems can account and report in accord with proposed program elements.

The flexibility to define program elements differently will be afforded to both performance partnership States opting to continue receiving categorical grants as well as to States that opt to take advantage of the new performance partnership grant (PPG) authority. However, there are some important differences with regard to how funds are tracked.

It is anticipated that some States will choose to use a combination of categorical and performance partnership grants.

Categorical grants. There are two ways in which funds from categorical grants can be used for a cross-cutting purpose: (1) funds from more than one categorical grant can be used together, or (2) funds can be consolidated into one grant (see 40CFR 35.145). (For example, if inspections are an eligible activity under multiple program grant authorities, multi-media inspections could be funded by either using funds from more than one categorical grant or by a consolidated grant. When using multiple grants, the inspections should be credited towards commitments under each individual grant; under a consolidated grant, there would be one work program including these commitments.) Under either multiple grants or a consolidated grant, however, grantees must still track these funds back to their individual appropriations and programs; that is, the costs of the cross-cutting activity must be proportionately charged to each appropriation account and program.

Performance partnership grants (PPGs). Under the new PPG authority, States can choose to combine two or more categorical grants into a multi-program grant. No tracking back to individual programs is required. (See the Performance Partnership Grant Guidance for details on implementation of this new authority.)

Grant Work Plans

The environmental performance agreement (EnPA) itself can serve two functions: (1) as a strategic agreement that sets out long-term goals and objectives, strategies for meeting them, and environmental and other indicators of progress; and (2) as the work plan³ for EPA categorical and/or performance partnership grants that sets out the plan of action and measures of progress for work to be carried out during the grant period. However, the portion of a EnPA that is to serve as a grant work plan must meet statutory and regulatory requirements for a grant, and the EnPA must clearly distinguish activities covered by EPA grant funding and the State's cost share from other activities the State plans to undertake. At the State's option, work plan information can either be incorporated into the body of the EnPA, in an attachment to the EnPA, or in a completely separate document (or set of documents).

To meet minimum grant work plan requirements, the portion of the EnPA that is to serve as the grant work program (or the separate grant agreement) should describe the work that will be carried out during the grant period to achieve the anticipated outcomes, goals, and objectives set out in the EnPA. It should be organized into program elements as defined and negotiated by the State and Region. It should include quantifiable projections of the program accomplishments to be achieved during the grant period, a schedule of milestones, and the measures to be used to assess performance. A schedule of activities can be listed to show accomplishments that cannot be quantified. Also needed is an estimate of the work years (FTE)

and funding required to carry out the work, by program element. Under categorical grants, the source of the funding must also be shown.

There is no set format for providing this work plan information. If it is integrated into the body of the EnPA, it should be clearly distinguishable from the longer term activities and performance measures not to be covered by the annual grant.

As a general rule, the EPA Region is expected to limit information requested in a grant application package to the minimum level of detail needed to satisfy requirements for fiscal accountability and to allow for effective program management.

Self-Assessment

In their grant applications, States are required to include a discussion of performance to date under existing grant awards. The Region is also required to evaluate State performance under the grant annually. **The self-assessment carried out by a performance partnership State can be incorporated into these required steps for EPA grants.**

1 Interim guidance was issued in 12/95; an FY 97 version, which will contain only technical revisions, will be issued in early summer, 1996.

2 Some States and Regions call this agreement a performance partnership agreement (PPA).

3 A variety of terms are used to describe the activities or actions to be undertaken with grant funds during a grant budget period and the measures and milestones to be used to assess progress. Among commonly used synonyms for "work plan" are "work program," "plan of action," and "performance strategy." Commonly used terms for "progress measures" are "outputs," "deliverables," and "work products," and they can be quantitative measures of progress and/or schedules or milestones for completion of work described in the work plan.