

US EPA ARCHIVE DOCUMENT

**EPA**  
**National Center for Environmental Innovation**  
**State Innovation Grant**  
**Request for Proposals (RFP) FY 2008**

**AGENCY NAME:** U.S. Environmental Protection Agency (EPA), National Center for Environmental Innovation (NCEI)

**FUNDING OPPORTUNITY NAME:** State Innovation Grant Program

**RFP NO:** EPA-OPEI-OEPI-08-01

**CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA):** 66.940 -- Environmental Policy and State Innovation Grants

**DATES:**

- The closing date for eligible applicants to submit pre-proposals is January 3, 2008. Proposals submitted through Grants.gov must be received by the closing date and time (11:59 pm Eastern Standard Time). See Section IV of this announcement for further information.
- Selection decisions are expected to be made in April 2008.
- The grant period for all applicants selected to receive assistance under this solicitation is anticipated to begin on October 1, 2008, and expire no later than September 30, 2012.

**SUMMARY:** In an effort to support innovation by state environmental regulatory agencies, the U.S. Environmental Protection Agency (EPA) is soliciting pre-proposals from the principal environmental regulatory agency for each state government, the District of Columbia, and the U.S. territories for “the State Innovation Grant Program,” an assistance agreement program. CFDA 66.940 contains two parts. This solicitation applies only to Part One of CFDA 66.940- a competition to support projects that promote the testing of innovative approaches in state permitting programs that strive to create a performance-based regulatory system, promote environmental stewardship and beyond-compliance business operation, and/ or promote a culture of creative environmental problem solving.

**I. FUNDING OPPORTUNITY DESCRIPTION**

**A. Grant Program Background**

In April 2002, EPA issued its plan for future innovation efforts, published as *Innovating for Better Environmental Results: A Strategy to Guide the Next Generation of Innovation at EPA* (EPA 100-R-02-002; <http://www.epa.gov/innovation/pdf/strategy.pdf>). EPA’s *Innovation Strategy* presents a framework for environmental innovation consisting of four major elements:

1. strengthening EPA’s innovation partnership with states and tribes;
2. focusing on priority environmental issues;

3. diversifying environmental protection tools and approaches; and
4. fostering more “innovation-friendly” systems and organizational cultures.

The State Innovation Grant Program strengthens EPA’s partnership with the states by supporting state innovation compatible with EPA’s *Innovation Strategy*. EPA wants to encourage states to build on previous experience (theirs and others) to undertake strategic innovation projects that promote larger-scale models for “next generation” environmental protection and promise better environmental outcomes and other beneficial results. EPA is interested in funding projects that: i) go beyond a single facility experiment and provide change that is “systems-oriented;” ii) provide better results from a program, process, or sector-wide innovation; and iii) promote integrated (multi-media) environmental management with a high potential for transfer to other states, U.S. territories, and tribes.

Since 2002, EPA has sponsored five State Innovation Grant Program competitions that asked for State project pre-proposals that support innovation generally related to the general theme of environmental permitting. This theme has been broadly defined to include alternatives to permitting and the establishment of incentives to go beyond compliance with permit requirements. To date, the program has supported projects in three strategic focus areas: application of the Environmental Results Programs (ERP) model, the National Environmental Performance Track (PT) Program and similar state performance-based environmental leadership programs, and Environmental Management Systems (EMS). Thirty-five awards to States have been made from the five prior competitions. These projects awarded over 6.3 million dollars in assistance to States. Some of the projects fit into more than one category (e.g., combination projects of ERP with EMS, or ERP with PT). Among the grant projects: seventeen (17) were provided for development of environmental results programs, eight (8) were to enhance performance-based environmental leadership programs, eight (8) were related to environmental management systems and permitting, two (2) were for watershed-based permitting, and one (1) was for an information technology innovation for the application of geographic information systems (GIS) and a web-based portal to a permitting process. For information on prior State Innovation Grant Program solicitations and awards, please see the EPA State Innovation Grants website at <http://www.epa.gov/innovation/stategrants>.

#### **B. Programmatic Description of the Funding Opportunity**

The U.S. Environmental Protection Agency (EPA) is once again soliciting pre-proposals for an assistance program, the “State Innovation Grant Program,” to support innovation by state environmental regulatory agencies. The EPA National Center for Environmental Innovation (NCEI) is managing the competition for the State Innovation Grant Program, in collaboration with the EPA National Program Offices at Headquarters and the EPA Regional Offices.

This solicitation begins the sixth State Innovation Grant competition. “Innovation in Permitting” is again the theme for the 2008 State Innovation Grants solicitation. Under this theme, EPA is interested in pre-proposals for projects that:

- support the development of state Environmental Results Programs (ERPs);
- implement National Environmental Performance Track (PT) or similar performance-based programs by states, particularly including the development and implementation of incentives; or
- involve the application of Environmental Management Systems (EMS), including those that explore the relationship of EMS to permitting (see *EPA's Strategy for Determining the Role of EMS in Regulatory Programs* at <http://www.epa.gov/ems> or [http://www.epa.gov/ems/docs/EMS and the Reg Structure 41204Fpdf](http://www.epa.gov/ems/docs/EMS_and_the_Reg_Structure_41204Fpdf)), or otherwise support integrated or multimedia strategies.

EPA continues to interpret “innovation in permitting” broadly to include permitting programs, pesticide licensing programs, and other alternatives or supplements to permitting programs. EPA is interested in creative approaches for both: 1) achieving mandatory federal and state standards; and 2) encouraging performance and addressing environmental issues above and beyond minimum requirements. EPA’s focus on a small number of topics within this general subject area effectively concentrates the limited resources available for greater strategic impact. EPA may contemplate a very limited number of projects not linked to these focus areas, but otherwise related to the general theme of innovation in permitting, in particular as they address EPA regional and state environmental permitting priorities.

EPA intends to support state projects that involve innovation in environmental permitting (including alternatives to permitting) related to one of the EPA *Innovation Strategy*’s priority environmental areas, or to other priority areas identified previously by individual states in collaboration with EPA in a formal state-EPA agreement such as a Performance Partnership Agreement (PPA). EPA is interested in projects that focus on priority environmental issues, such as reducing greenhouse gases (e.g., energy efficiency), reducing smog, restoring and maintaining water quality, and reducing the cost of water and wastewater infrastructure.

### **Strategic Focus Areas of the Solicitation**

#### **Environmental Results Program (ERP) Models**

EPA is specifically interested in promoting applications of the Environmental Results Program (ERP) model (see <http://www.epa.gov/ooaujeag/permits/erp/what.htm>). An ERP is an integrated system of compliance assistance that encourages pollution prevention, self-certification (sometimes, where permissible, in lieu of permitting), and statistically-based measurement to gauge the performance of an entire business sector. A successful ERP also includes a statistically-based compliance monitoring and enforcement program to help ensure that participating facilities achieve and maintain compliance. The ERP approach was originally designed by the Massachusetts Department of Environmental Protection for improving the environmental performance of several small business sectors.

The ERP model offers a practical approach to meeting environmental challenges posed by small source permitting. Implementing an ERP allows a regulatory agency to address a large number of small sources of pollution, often overlooked by traditional regulation and environmental protection programs, in a strategic and efficient manner. The ERP model is typically adapted by

a state to include all of the conditions inherent in permitting; and it generates comprehensive, measurable results at the sector, facility, and environmental media levels. An ERP utilizes a multi-media approach to encourage small sources to achieve environmental compliance. All applicable regulatory requirements, along with pollution prevention techniques, are brought together in a compliance assistance workbook that promotes improved environmental performance, is fully linked to performance measurement, and includes an annual self-certification form.

Currently, sixteen (16) states have implemented or are implementing ERPs through the state Innovation Grant Program, and several states have implemented them independently. Efforts are underway to learn from these growing state ERP experiences in order to develop an ERP Strategic Plan for scaling up ERP applications nationwide.

EPA's goal for Environmental Results Programs is to have this innovative approach become widely-known and used, become self-sustaining, and serve as a convenient and less costly alternative regulatory approach for improving environmental performance and compliance. EPA's scale-up interests for the ERP include:

- expanding applications of the ERP within and across business sectors;
- finding new tools or mechanisms that lower transaction costs of ERPs in priority environmental sectors and that lend themselves to state-to state export of technical assistance and sharing of data and results;
- establishing consistent measurement and reporting metrics across common business sectors for environmental results;
- exploring the application of ERPs in conjunction with other priority innovations; and
- advancing the knowledge, building ERP tools, promoting state-to-state, or state-to-tribe mentoring and collaboration, and expanding the testing and application of ERP across states.

EPA is interested in facilitating the growth of a national network of states using ERPs, and in achieving economies of scale through multiple state projects in a common business sector. To date, the State Innovation Grant Program has supported ERPs for: auto body/ auto repair/ auto salvage sectors in six (6) state projects, underground storage tanks (UST) in three (3) states, dry cleaning in two (2) states, stormwater management in two (2) states, printing sector in one (1) state, animal feedlot operations in one (1) state, underground injection wells management in one (1) state, and oil and gas production in one (1) state. Details on states that are prior recipients of State Innovation Grants for ERP projects are available at <http://www.epa.gov/innovation/stategrants>. For more information about ERP, go to <http://www.epa.gov/erp>.

#### National Environmental Performance Track Program and State Performance-Based Environmental Leadership Programs

EPA is also interested in projects that advance the National Environmental Performance Track (PT) and similar state performance-based environmental leadership programs (see <http://www.epa.gov/performance-track>). To date, the State Innovation Grant Program has supported eight (8) projects that advance the National Environmental Performance Track

program (PT) in seven (7) states covering multiple sectors. Details on the states that are prior recipients of State Innovation Grants for PT projects are available at <http://www.epa.gov/innovation/stategrants>.

Pre-proposals responding to this focus area should offer ways to develop and test models and approaches that are transferable to other states, specifically by testing new tools, best practices, and performance measurement approaches. Within this solicitation's Performance Track focus area, EPA is interested in three sub-focal areas: 1) testing innovative incentives and approaches to expedite their acceptance and use; 2) exploring ways to better integrate Performance Track and similar state programs into state agency operations to strengthen program effectiveness, improve efficiency, reduce transaction costs, and improve environmental outcomes; and, 3) testing approaches to providing a "compliance on-ramp" to beyond-compliance, incentive-based programs (e.g., the use of ERP tools to promote compliance attainment in conjunction with Performance Track or performance-track-like approaches.) Each of these projects would require a mechanism for performance measurement of environmental results.

#### *Testing Innovative Incentives and Approaches to Expedite Their Acceptance and Use*

The overall goal of Performance Track and state performance-based environmental leadership programs is to recognize and encourage further beyond-compliance performance of the program members. Incentives can play an important role in helping achieve this goal. Incentives need to provide business value to current and potential program members in the form of enhanced visibility and recognition, cost reductions, revenue increases, or improved capital productivity. Incentives could increase members' flexibility to reduce pollution through more innovative and potentially cost-effective means. EPA is interested in helping states test new types of incentives for beyond-compliance performance by regulated entities within the context of Performance Track or state performance based environmental leadership programs. Among the many ideas that could be tested in a pilot project, these may be of interest to states and businesses:

- testing a process that more systematically identifies and evaluates incentives that would be meaningful for specific sectors, in particular sectors with high-priority;
- creating a consortia of states to coordinate testing of incentives in a collaborative and complementary way and to ensure that incentives are evaluated to determine their efficacy and efficiency, and to identify specific roles for state and federal government to ensure that incentives are complementary and applied consistently;
- testing incentives that may provide benefits through the timing or focus of capital investment, that could make performance-based environmental programs significantly more attractive, and stimulate greater and faster environmental improvement;
- testing permitting approaches that reduce time, uncertainty, cost, and/ or effort, such as expedited permit reviews for renewals and modifications or expanded use of permitting techniques that afford operational flexibility (e.g., flexible air permits for member facilities regulated under Title V of the Clean Air Act) and/or reduced monitoring frequency, recordkeeping, reporting provisions (without compromising public involvement or reduced environmental protectiveness);

- leveraging of existing flexibilities available in statutes, regulations, and/or policies (e.g., under specific circumstances, existing EPA guidance supports reducing the frequency of NPDES monitoring for facilities that consistently demonstrate strong environmental performance beyond permit requirements);
- testing source- and sector-specific innovation alternatives to conventional environmental requirements;
- testing financial incentives, such as reduced or waived permitting fees, or preferences for program participants in state contracting and procurement;
- testing financial sector incentives, such as options to better position members with regard to facility valuation and investment, lending, and insurance; and
- testing changes that could increase the flexibility of program operations such as establishing a low priority for routine compliance inspections of member facilities through use of risk-based targeting.

#### *Integrating Performance Track and Related State Programs into State Environmental Programs*

State projects may test strategies that demonstrate the role and value that Performance Track and similar state programs can play in meeting the program office goals and achieving better overall environmental results. These approaches and strategies may focus on:

- testing tools and approaches to foster better integration of Performance Track or similar state performance-based environmental leadership program activities into key state agency priority planning (including media program operations planning) to address important or emerging environmental issues involving sectors not normally addressed by these programs (e.g., small businesses, the agriculture sector, the retail/service sector, franchise-oriented businesses, wastewater and water utilities, and local governments); and
- testing approaches to create a recognizable "brand" for these state performance-based programs, which can be a critical factor in providing positive recognition for members (a program benefit), attracting new members, and maximizing awareness of the program among key constituencies.

#### *Testing Approaches to Providing a "Compliance On-Ramp" to Beyond-Compliance, Incentive-Based Programs*

State projects may test strategies that would provide businesses with an "on-ramp" to performance-based environmental leadership programs through compliance assistance strategies such as ERP which are typically oriented toward small business sectors and designed to bring these smaller entities to compliance.

#### Integrated Strategies for Environmental Management

As in past years, EPA remains interested in projects which involve the application of Environmental Management Systems (EMS), including those which explore the relationship of EMS to permitting or otherwise promote the use of EMS to improve environmental performance beyond levels attained through regulatory compliance. While EMS are most commonly used at the facility level, they have also been identified as a tool for addressing concerns on a

community-wide basis. New projects could test the use of EMS within permitting programs to enhance the performance of regulated entities, or as complements to permitting programs to address unregulated sources of environmental harm. Further ideas for possible testing can be found in EPA's *Strategy for Determining the Role of Environmental Management Systems in Regulatory Programs*, available at <http://www.epa.gov/ems/position>.

This year, EPA is expanding its interest by inviting proposals that may involve other integrated or multimedia strategies related to permitting, whether or not they involve use of an EMS. EPA is interested in how EMS may be used in permitting, and broadening environmental management for communities (including municipal operations and military base operations). We believe that some states may want to test integrated strategies to demonstrate that a comprehensive approach to addressing the environment as a whole can be more effective than single-media approaches in encouraging pollution prevention and long term sustainability. Such strategies could take many forms, but possible examples include approaches that singly or together:

- Assess the entire environmental “footprint” of a facility to help identify pollution prevention strategies that could provide benefits beyond the single medium improvements required by current air, water and waste permits;
- Establish sustainability goals for a facility (e.g., relating to consumption of energy, water or use of other natural resources) and mechanisms for reporting efficiency improvements over time in conjunction with more traditional compliance reporting;
- Set priorities for facility permitting or compliance assessment in order to target resources to those facilities with the greatest potential to cause harm to the environment, e.g., by creating and/or adapting existing permitting tools designed to assess and compare facility “risk” or the potential for the facility to cause harm;
- Create sector-based comprehensive environmental plans, and use those plans to inform both regulatory (permitting) and non-regulatory activities and initiatives in that sector.
- Establish and test an integrated and comprehensive plan for environmental improvement over time at a facility, that meets or exceeds improvements anticipated to occur through standard permitting;
- Establish and test strategies for integrated environmental management of facilities in sectors with significant environmental impacts, as well as mechanisms for implementing and overseeing those strategies – particularly in sectors such as agriculture without comprehensive permitting systems in place.

This broader category represents an evolution of past EMS-based projects funded under this program. Consistent with the focus of this solicitation, proposals should include some linkage to permitting. To date, the State Innovation Grant Program has supported EMS for: a community-based project in one (1) state, an industrial footprint project in one (1) state, a printing sector project in one (1) state, a waste management project in one (1) state, a project that targets EMS to strategically important sectors for improved compliance in one (1) state, a multi-sector project in one (1) state, EMS in permitting for the textile sector in one (1) state, and concentrated animal feeding operations (CAFO) for the dairy sector in one (1) state.

### C. Statutory Authority



The National Center for Environmental Innovation (NCEI) is a multi-media program office which resides in the Office of Policy, Economics, and Innovation (OPEI) within the EPA Office of the Administrator. As such, the program draws statutory authority from all of the existing program authorities. The statutory authority for this action includes: the Clean Air Act, Section 103 (b)(3) (42 U.S.C. § 7403 (b)(3)) the Clean Water Act, Section 104 (b)(3) (33 U.S.C. § 1254 (b)(3)); the Solid Waste Disposal Act, Section 8001 (42 U.S.C. §6981); the Toxics Substances Control Act, Section 10 (15 U.S.C. §2609); the Federal Insecticide, Fungicide, and Rodenticide Act, Section 20 (7 U.S.C. § 136r); and the Safe Drinking Water Act, Sections 1442 (a) and (c) (42 U.S.C. § 1(a) and (c)).

Clean Air Act, Section 103 (b) (3) (42 U.S.C. § 7403 (b) (3)) – authorizes EPA to establish grants for the research and development of programs which prevent and control air pollution.

Clean Water Act, Section 104 (b) (3) (3 U.S.C. § 1254 (b) (3)) – authorizes EPA to establish grants for programs which prevent, reduce or eliminate water pollution.

Federal Insecticide, Fungicide, and Rodenticide Act, Sections 20 (7. U.S.C. § 136r) – as amended, authorizes EPA to establish grants to carry out the purposes of environmental pesticide control, and research integrated pest management in coordination with the Secretary of Agriculture. These grants shall be available for research, development, monitoring, public education, training, demonstrations, and studies.

Solid Waste Disposal Act, Section 8001 (42 U.S.C. §6981) – authorizes EPA to render financial and other assistance to promote the coordination of research, investigations, experiments, training, demonstrations, surveys, public education programs, and studies relating to the planning, implementation, and operation of resource recovery and resource conservation systems and hazardous waste management systems, including the marketing of recovered resources.

Safe Drinking Water Act, Sections 1442 (a) and (c) (42 U.S.C. § 1(a) and (c)) – authorizes research, studies, and demonstrations relating to the causes, diagnosis, treatment, control and prevention of physical and mental diseases and other impairments of man resulting directly or indirectly from contaminants in water, or to the provision of a dependably safe supply of drinking water.

Toxics Substances Control Act, Section 10 (15 U.S.C. §2609) – authorizes in consultation and cooperation with the Secretary of Health and Human Services and with other heads of appropriate departments and agencies, conducting research, development, and monitoring as is necessary to carry out the purposes of toxic substances control. EPA may make grants for research, development, public education, training, demonstrations, studies, and monitoring to control toxic substances.

**D. Alignment with EPA's Strategic Plan**

Pursuant to Section 6.a of EPA Order 5700.7, “*Environmental Results under EPA Assistance Agreements*,” EPA requires that all announcements include language describing the linkage between the work intended to be accomplished under the agreement and EPA’s Strategic Plan/GPRA Architecture. It also requires grant recipients to identify outputs and outcomes from grants and connect them to EPA’s *Strategic Plan*.

First and foremost, all pre-proposals submitted must support Goal 5 of EPA’s 2006-2011 *Strategic Plan*, Compliance and Environmental Stewardship. The State Innovation Grant Program is guided by *Strategic Plan* Objective 5.2, which requires that our efforts improve environmental performance through pollution prevention and innovation; and Sub-objective 5.2.4, which promotes environmental policy innovation.

Secondly, because of EPA’s emphasis on multi-media objectives, applicants are strongly encouraged to link the work they intend to accomplish under the agreement to one or more of the other goals, objectives, and sub-objectives identified in EPA’s Strategic Plan/GPRA Architecture.

- **Goal 1** -- Clean Air and Global Climate Change
- **Goal 2** -- Clean and Safe Water
- **Goal 3** -- Land Preservation and Restoration
- **Goal 4** -- Healthy Communities and Ecosystems
- **Goal 5** -- Compliance and Environmental Stewardship

For more information on EPA’s *Strategic Plan*, go to <http://www.epa.gov/ocfo/plan/plan.htm>.

#### **E. Expected Outputs and Outcomes**

Pursuant to Section 6.a of EPA Order 5700.7, “*Environmental Results under EPA Assistance Agreements*,” EPA requires that all grant recipients adequately describe environmental outputs and environmental outcomes to be achieved under assistance agreements. Outputs and outcomes differ both in their nature, and in how they are measured. Performance management includes activities to ensure that goals are consistently being met in an effective and efficient manner. Performance management tools include logic models, performance measurement and program evaluation. Applicants should identify the relevant environmental outputs and environmental outcomes of their projects in the pre-proposal.

##### **1. Environmental Outputs**

The term “output” means an environmental activity, effort, and/ or associated work products related to an environmental goal or objective that will be produced or provided over a period of time or by a specified date. Some examples of expected or anticipated environmental outputs from projects funded by the State Innovation Grant Program include, but are not limited to: progress reports; the number of stakeholder meetings used to involve participants in the process; methodologies for recruiting facilities, communities, or organizations; the number of new or improved permits issued (with types and significance of innovations); compliance assurance activities conducted; the

development of a monitoring program; the development of a report or training manual; and the number of workshops or training courses conducted.

## 2. Environmental Outcomes

The term “outcome” means the result, effect, or consequence that will occur from carrying out an environmental program or activity that is related to an environmental or programmatic goal or objective. Outcomes may be knowledge or attitude-based, behavioral, health-related, or environmental in nature, and ultimately reflect improvements in environmental or environmentally-based health-risk conditions. Examples of outcomes include, but are not limited to: changes in environmental conditions or reductions in pollutant releases. Outcomes may not necessarily be fully achievable within an assistance agreement funding period, but they should strive to be quantitative.

- **Change in Attitude or Knowledge.** These (first order) outcomes reflect changes in learning, knowledge, attitude, skills, or understanding. A short-term outcome could be an increase in regulated entities’ understanding of available options for “beyond compliance” management.
- **Change in Behavior.** These (second order) outcomes reflect changes in behavior, practice, or decisions. Second order outcomes are outcomes that are expected to lead to beneficial long-term outcomes but are not themselves “ends,” and typically take the form of changes in regulated community behavior. A second order outcome could be an improvement in compliance (e.g., an increase in the number of dry cleaners that monitor emission control equipment with the proper frequency). The completion of compliance self-certification reports, the adoption of best management practices, or a reduction in emissions may be viewed as intermediate outcomes for measuring progress toward meeting end outcomes such as improving ambient air quality and reducing illness from air pollution.
- **Change in Condition.** These (third order) outcomes reflect changes in environmental condition. Third order outcomes are the desired end or ultimate results of a project or program. They represent results that lead to environmental or public health improvement. A third order outcome could be an improvement in overall environmental performance as measured against targeted compliance or sustainability goals, such as emissions reductions (in tons or lbs/year) or an improvement in worker and community health (e.g., a change in water quality and resultant reduction in human health risk or environmental impacts).

## II. AWARD INFORMATION

### A. Amount of Funding Available, Funding Range, and Likely Number of Awards

For this solicitation, EPA anticipates total available funding of \$800,000- \$1,400,000, and awarding 4-10 assistance agreements, contingent upon available funding. Projects over \$100,000 may be funded incrementally up to the full amount requested, across their period of performance, at EPA's discretion. For those projects receiving awards under this solicitation, EPA anticipates total funding for each project to be between \$50,000 and \$275,000.

Funding for these projects is not guaranteed, and is subject to both the availability of funds and the evaluation of proposals based on the criteria in this announcement. EPA reserves the right to reject any or all application(s), and to make any number of or no awards under this announcement.

#### Additional Awards

EPA reserves the right to make additional awards under this announcement, consistent with Agency policy and the terms and conditions of this announcement. Any additional selections for awards will be made no later than 6 months after the original selection decisions.

#### **B. Grants or Cooperative Agreements and the Substantive Federal Involvement**

For the sake of simplification, this solicitation frequently refers to this funding opportunity as a "grant program" and the funding itself as a "grant." However, the State Innovation Grant Program is in fact an assistance agreement program. As such, EPA reserves the right to award State Innovation Grant Program funding to a recipient either in the form of a grant or in the form of a cooperative agreement, at the EPA's sole discretion. A grant may be deemed appropriate if the recipient can conduct the work with little federal agency involvement. A cooperative agreement may be appropriate when there will be substantial federal involvement with the recipient during the performance of an activity or project. EPA will award cooperative agreements for those projects for which it expects to have substantial technical interaction with the recipient throughout the performance of the project. For these projects, EPA may require: EPA review and approval of project phases or plans, analysis plans, quality assurance plans, and proposed subgrants and contracts; information acquisition planning; the identification of candidate peer reviewers; collaboration with EPA on the scope of work and mode of operation of the project; coordination with other points within EPA and other federal agencies; EPA monitoring of the recipient's performance; EPA approval of any proposed changes to work plan or budget; EPA approval of the qualifications of key personnel; EPA review and comment on reports prepared under the assistance agreement and the development of project evaluations; and other similar activities.

#### **C. Start Date/Project Duration**

All projects should have an anticipated start date of October 1, 2008. Proposed project periods may be up to four years. Most projects funded by the State Innovation Grant Program run three years.

#### **D. Term and Renewability of Awards**

Grant duration is one to four years, based upon requests from the states. States may propose projects with final outcomes on a longer timescale, but the final workplan must commit to submitting a report that includes a description of both completed and anticipated project outcomes within three months of completion of the project. EPA may choose to fund a project incrementally, over its lifetime.

States could receive a second grant for the expansion of a previously funded State Innovation Grant project, for instance the expansion of an Environmental Results Program to include additional sectors, but additional funds would not be provided to continue an innovation pilot project that had been tested under a previous State Innovation Grant award. The awards from this program are not intended to be continuation grants. Our hope is that after realizing environmental benefits, process efficiencies, and cost savings, the states will have (or take the initiative to pursue) the resources needed to sustain a project or program tested initially under this grant program.

### **III. ELIGIBILITY INFORMATION**

#### **A. Who May Apply?**

Historically, we have limited the competition to state agencies with the primary delegations from EPA for permitting programs. This limitation did not fully consider that some state agencies re-delegate their authorities for permitting programs to regional, county, or municipal agencies. This year, EPA is clarifying the eligibility definition for this solicitation to include regional, county, or municipal agencies with delegated authority for federal environmental permitting programs. A tantamount factor for our consideration of this proposed eligibility scenario, in order to ensure the broader application of the innovation being tested by the local-level agency will be that the local agency include the principal state environmental regulatory agency as an active member of the project team. If a regional or local agency with re-delegated authority were to apply, they would need to document their delegation authority at the time of application. In addition, a letter of support would be required from the principal statewide regulatory entity documenting their commitment to participate on the team for the proposed project.

Similarly, we are aware that in some states, delegations of federal environmental permitting programs from EPA may be given to more than one agency (e.g., NPDES to a state Agricultural Department; Clean Air Act Title V to a Department of Environmental Quality). In these circumstances, we would ask state agencies to coordinate a response to this solicitation to ensure that there is only one state submission (or one single agency response plus one team proposal response), to ensure that the state meets the submittal limits of this solicitation.

Agencies are encouraged to partner collaboratively with other governmental agencies or non-governmental organizations within the State (or outside of their state) that have complementary environmental mandates or symbiotic interests (e.g., energy, agriculture, natural resources management, transportation, public health). EPA will accept only one single-agency proposal

from an individual state. States are also encouraged to partner with other states and American Indian tribes to address cross-boundary issues, to encourage collaborative environmental partnering within industrial sectors or in certain topical areas (e.g., agriculture), and to create networks for peer-mentoring. As in previous years, a multi-state or state-tribal proposal will be accepted in addition to an individual state agency proposal, but a state may appear in no more than one multi-state or state-tribal proposal in addition to its individual proposal. EPA regrets that because of the limitation in available funding it is not yet able to open this competition to American Indian tribal environmental agencies but we strongly encourage tribal agencies to join with adjacent states in project proposals.

Pre-proposals will be accepted from the principal environmental regulatory agency from the 50 states, the District of Columbia, and four U.S. territories (or possession) or a subordinate agency within a state with a re-delegation for a permitting program (generally, where delegated authorities from the U.S. Environmental Protection Agency exist for federal environmental regulation). Project pre-proposals/ applications submitted by ineligible sources will not be considered, and senders will be notified of rejection based upon ineligibility.

#### **B. Cost-Sharing or Matching**

No matching funds are required. However, an applicant may provide any level of voluntary “leverage” funding (e.g., a contribution of partial state funding) in their budget. Applicants may use their own funds or other resources for a voluntary match or cost share if the standards at 40 CFR 30.23 or 40 CFR 31.24, as applicable, are met. Only eligible and allowable costs may be used for matches or cost shares. Other federal grants may not be used as matches or cost shares without specific statutory authority (e.g. HUD's Community Development Block Grants). Voluntary “leverage” funding will be considered, along with in-kind contributions, as identified in Section V.B of this solicitation.

#### **C. Eligibility Screening Requirements: Threshold Criteria**

Projects must propose to test their ideas in either federally-delegated/ authorized programs or state programs (voluntary or regulatory), while working within the existing statutory framework. Before a pre-proposal is transmitted to either the Regional Panel or a Headquarters Technical Panel for evaluation, it will be screened by the NCEI State Innovation Grant Program staff to determine whether or not the project meets the basic requirements necessary for the legitimate use of funds appropriated by EPA. An applicant’s proposed project must first meet the following three (3) important Threshold Criteria in order to be considered further for funding under the Evaluation Criteria listed in Section V.B (Pre-Proposal Evaluation) of this announcement. A proposed project that does not meet the Threshold Criteria will not be evaluated further. EPA must be able to determine, from the pre-proposal alone, whether or not the proposed project meets these three (3) Threshold Criteria. Applicants deemed ineligible for funding consideration as a result of the threshold eligibility review will be notified within 15 calendar days of the ineligibility determination.

- **Threshold Criterion #1** - A project must consist of *activities* authorized under one or more of the six EPA grant authorities cited in Section I.C (Statutory Authority) of this

announcement. Most of the statutes authorize assistance agreements for the following activities: "...research, investigations, experiments, training, demonstrations ... ." These activities relate generally to the gathering or transferring of information, and/ or to advancing the state of knowledge. A project's pre-proposal must emphasize "learning from" a new approach or innovation, as opposed to only "fixing" an environmental problem using a well-established method. A pre-proposal must clearly demonstrate how the project's activities will advance the state of knowledge and/ or transfer information. The statutory term "demonstration" means involving new or experimental methods or approaches, where the results will be disseminated so that others can benefit from the knowledge gained in the demonstration project. A project that is accomplished through the performance of routine, traditional, or established practices, or a project that is simply intended to carry out a task rather than transfer information or advance the state of knowledge, however worthwhile, is not a demonstration. The term "research" may include the application of established practices when they contribute to "learning" about or from an environmental concept or problem.

- **Threshold Criterion #2** - In order to be funded, a project's *general focus* must be one that is specifically linked to at least one of the goals referenced in Section I.D (Alignment with EPA's *Strategic Plan*) of this announcement. For example, a project must address either: the causes, effects, extent, prevention, reduction, and/ or elimination of air, water, or solid/ hazardous waste pollution; and/ or a project must "carryout the purposes of" the Toxic Substances Control Act or the Federal Insecticide, Fungicide and Rodenticide Act. While the primary purpose of the State Innovation Grants is to promote innovative approaches to environmental protection, an over-arching goal of the State Innovation Grant Program is to fulfill the statutory purposes of the applicable grant authorities- in most cases "to prevent or control pollution." Pre-proposals for projects relating to other topics sometimes included under the term "environment" (e.g. recreation, conservation, restoration, or protection of wildlife habitats) must clearly demonstrate how these topics relate to and fulfill the statutorily-required purpose of pollution prevention and/ or control for statutes cited in Section I.C of this solicitation. Pre-proposals for projects with an integrated, multi-media (and/ or multi-statute) approach are encouraged. For assistance in understanding the statutory authorities under which EPA is providing these assistance agreements, please contact the EPA representative listed in Section VII of this solicitation.
- **Threshold Criterion #3** - Substantial Compliance. Proposals must substantially comply with the proposal submission instructions and requirements set forth in Section IV. A, B, and D of this announcement or else they will be rejected.

#### D. Areas Not Eligible for Consideration

State Innovation Grants will not be applied to the development or demonstration of new environmental technologies. These assistance agreements will not be awarded for the development of information systems or data, unless there is a clear link to innovation in specific permitting programs. For projects that include information systems innovation, the development of these systems must not exceed twenty percent (20%) of the federally-funded cost of the project.

#### IV. APPLICATION AND SUBMISSION INFORMATION

## A. General

As described in Part B below, pre-proposals may be no more than ten (10) pages total, including the Project Summary (the SF-424 Application for Federal Assistance does not count toward the page limit). The pre-proposal must include: a one (1) page Project Summary including a 1 paragraph concise abstract summarizing the project, a one (1) page Budget Summary, a one (1) page Summary of Environmental Results Past Performance, a one (1) page Summary of Programmatic Capability, and a Pre-proposal Narrative not to exceed six (6) pages. Each of these required pre-proposal elements will count toward the ten (10) page limit. One-to-two (1-2) page resumes of up to three (3) key personnel **only** may be submitted as attachments in excess of the ten (10) page limit. All pre-proposals must: be formatted for 8 ½" x 11" paper, have 1" margins on all sides, be single-spaced, use fonts no smaller than 12 point Times New Roman, and be submitted in English as one (1) single file in a word processing format (e.g., Microsoft Word or Word Perfect).

## B. Required Pre-proposal Package Elements

Each pre-proposal package must include the following components:

1. **Project Summary Page:** [Length: one (1) page of the total ten (10) pages] A template for the Project Summary Page is provided in **Attachment 1**. The project summary must include all of the information outlined below:
  - a. **Project Title** - Provide a name for the proposed project.
  - b. **Project Applicant** - Provide the name of the state agency applying. For multi-state or multi-government agency pre-proposals, one state must be identified as the lead and main contact, with all other partner agencies and contacts listed as well).
  - c. **State Project Manager** - Identify who, within each agency in the case of team projects, will serve as the main contact and principal party responsible for accomplishing the activities outlined in the pre-proposal. Include the mailing address, e-mail address, telephone, and fax number for each contact.
  - d. **Total Project Cost** - Specify the total dollar amount of the proposed project, the total dollar amount being requested from EPA, as well as the total dollar amount(s) of any additional resources or funding from other sources. Clearly indicate whether or not the project is being executed in cooperation with, or funded by, another federal program; if so, identify the program and its contribution.
  - e. **Project Period** - Specify the project's anticipated beginning and ending dates. Funds are expected to be available for beginning project/program activities on or after October 1, 2008 and ending no later than September 30, 2012.
  - f. **Project Abstract** - Provide a one (1) paragraph summary statement that describes both the problem, or issue that the project proposes to address and the approach that



the project will utilize in solving the problem. An example of a good abstract statement is included in Attachment 1.

- g. **Statutory Authority and Flexibility** - Specifically identify what if any federal or state statutory authority enables or allows for this project. Indicate whether, and what type(s), of regulatory flexibility (from any federal, state, or local government[s]) may be necessary in order to implement the project. If flexibility is required, briefly outline the steps that have and/ or will be taken in order to obtain the regulatory flexibility.
  - h. **State Agency Support** - Provide a statement indicating that the Commissioner (or Secretary or Administrator, or Director, as appropriate) or senior deputy of the state regulatory agency is aware of this application and endorses the project. Selected finalists will be required to provide a letter to this effect with the final application and proposal.
2. **Pre-proposal Project Narrative:** [Length: no more than six (6) pages of the total ten (10) pages] The text of the project narrative should be brief, but must explicitly address each of the following:
- a. **Problem (Issue) Statement.** The problem statement provides a clear statement of the environmental issue or problem that has not been addressed successfully with traditional regulatory approaches. Subsequently, it would describe the causes of that failure.
  - b. **Background.** This section should provide sufficient information to allow the reviewer to understand the issues related to the regulatory setting, the commitments of potential participants, and other stakeholders. Similarly, this section should explain obstacles or impediments and how the proposed project will overcome them. Background material may also synopsise results of reconnaissance studies, focus groups, or other resources. It should provide the information needed to understand the project and the regulatory and non-regulatory setting that has challenged the state agency. It should establish the link(s) to one or more of EPA's 5 Strategic Goals (see Section I.D of this announcement).

The background should include definitions, qualifications, assumptions, and describe your organization's experience with and plan for timely and successfully achieving the objectives of the proposed project; and your staff's expertise/qualifications/knowledge and your organization's resources or ability to obtain them, in order to successfully achieve the goals of the project.

Program Guidelines and Eligibility Requirements. Specifically describe how the proposed project meets each of the guidelines for the specific purposes of this assistance agreement program (Section I, Part A through Part E and Section II, Parts A and C of this announcement), including each of the Threshold Criteria in Section III, Parts A and C.

- c. **Project Objectives.** This section should provide a clear statement of the desired outcome or changes to the current condition. It provides a place to describe how the project demonstrates broad, strategic innovation (e.g., application of the innovation across an entire sector or regulatory program rather than for a single facility) and the vision for the project's overall impact. It should identify the existing state (baseline), if known and if possible identify the desired outcome of the project.
- d. **Methodology or Technical Approach.** Explicitly, but concisely explain the methodology that you are proposing. Describe the major tasks that will be performed to accomplish the mission. Describe the specific innovative changes that will take place in management and regulatory processes, with attention to meeting the Threshold and Evaluation Criteria cited in this announcement. Identify the target group or sector and the methods proposed to assess baseline condition and eventual outcome (e.g., literature review, gather existing data, sampling design, data collection, data analysis, check and verify results of analysis). Provide an estimated time-line or schedule of expected target dates for key milestones and accomplishments during the funding and project period.

Addressing Selection Criteria - Clearly identify how the proposed project addresses each of the Evaluation Criteria disclosed in Section V, Part B, and to the best extent possible, the Qualitative Selection Factors in Section V, Part B.3, specifically the factors dealing with national strategic value of the project.

Collaborations or Partnerships - Clearly identify any and all proposed partnerships and/ or stakeholder groups that will be involved in the proposed project, and describe what each of their roles will be in project staffing, funding, design, implementation, and evaluation.

Public Involvement - Clearly identify the commitment for public involvement and a plan that ensures public knowledge of and participation in the project (see <http://www.epa.gov/publicinvolvement/pdf/policy2003.pdf> and <http://www.epa.gov/publicinvolvement/brochures>).

- e. **Outcomes and Measures.** This should include a projection of your anticipated results (percent improvement in environmental conditions, efficiency, or other benefits), based upon your existing condition (baseline) and project objectives. Identify major outputs/products, particularly products useful for transferring this innovation to other agencies. Describe, also the measurable outcomes of the project

you expect to produce. Briefly describe your proposed assessment and reporting system.

Environmental Outputs - Clearly identify the major project outputs to be achieved during the project period (e.g., reports, meetings, or notices to stakeholder groups involved in the process; training manuals, training courses conducted, and people

trained; the methodologies for recruiting participants; the number of new or improved permits issued (with types and significance of innovations); or compliance assurance activities conducted and how you will track and measure your progress towards achieving them (Refer to Section V(B), Pre-proposal Evaluation, "Producing Environmental Results").

Environmental Outcomes - Clearly identify the expected change in knowledge (first order outcome), behavior (second order outcomes), and environmental conditions (third order outcome) that you anticipate as a result of this project. Outcomes must reflect benefits, impacts or changes in environmental attitudes, behaviors, or conditions for individuals and populations. Provide information on how each environmental outcome will be measured, including what measurements will be conducted and how these will be evaluated and compared against current baseline conditions. Provide information on how you propose to track and measure your progress in achieving the project outcomes and results. (Refer to Section V(B), Pre-proposal Evaluation, "Producing Environmental Results").

3. **Pre-proposal Budget Summary** - Length: no more than one (1) page of the total ten (10) pages. Be sure to review Section II.A of this announcement, "Amount of Funding Available and Funding Range," before preparing your budget. The proposed budget summary must show expected costs for all major categories (personnel, travel, supplies, rent, subcontracts, etc.). No matching funds are required. However, project budgets may include any level of voluntary "leverage" funding (partial contributions from states), that along with in-kind contributions, will be considered as selection factors identified in Section V below. The budget summary must clearly indicate: the dollar amount of EPA monies requested, the dollar value of any state or other leverage funding, and the total cost of the project. An example of a budget summary format is given below.

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State:  
 Agency:  
 Project Title:

	Total Project Costs	Proposed State Leverage Funds	EPA Funding
Personnel (incl. fringe and overhead)	\$ 41,000	\$ 5,000	\$ 36,000
Travel	\$ 7,000	-	\$ 7,000
Capital Equipment	-	-	-
Supplies	\$ 4,000	-	\$ 4,000
Contractual	\$ 8,000	\$ 7,000	\$ 1,000
Other	-	-	-
<b>TOTAL:</b>	<b>\$ 60,000</b>	<b>\$ 12,000</b>	<b>\$ 48,000</b>

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Management Fees. When formulating budgets for proposals, applicants must not include management fees or similar charges in excess of the direct costs and indirect costs at the rate approved by the applicants cognizant audit agency, or at the rate provided for by the terms of the agreement negotiated with EPA. The term "management fees or similar charges" refers to expenses added to the direct costs in

order to accumulate and reserve funds for ongoing business expenses, unforeseen liabilities, or for other similar costs that are not allowable under EPA assistance agreements. Management fees or similar charges may not be used to improve or expand the project funded under this agreement, except to the extent authorized as a direct cost of carrying out the scope of work.

4. **Environmental Results Past Performance** - Length: no more than one (1) page of the total ten (10) pages. Submit a list of federally funded assistance agreements (assistance agreements include Federal grants and cooperative agreements but not Federal contracts) that your organization performed within the last three years (no more than 5, and preferably EPA agreements), and describe how you documented and/or reported on whether you were making progress towards achieving the expected results (e.g., outputs and outcomes) under those agreements. If you were not making progress, please indicate whether, and how, you documented why not. In evaluating applicants under this factor in Section V, EPA will consider the information provided by the applicant and may also consider relevant information from other sources, including information from EPA files and from current and prior Federal agency grantors (e.g., to verify and/or supplement the information provided by the applicant). If you do not have any relevant or available environmental results past performance information, please indicate this in the proposal and you will receive a neutral score for this factor under Section V.
5. **Programmatic Capability** - Length: no more than one (1) page of the total ten (10) pages. Submit a list of federally funded assistance agreements (assistance agreements include Federal grants and cooperative agreements but not Federal contracts) similar in size, scope and relevance to the proposed project that your organization performed within the last three years (no more than 5, and preferably EPA agreements) and describe (i) whether, and how, you were able to successfully complete and manage those agreements and (ii) your history of meeting the reporting requirements under those agreements including submitting acceptable final technical reports. In evaluating applicants under these factors in Section V, EPA will consider the information provided by the applicant and may also consider relevant information from other sources, including information from EPA files and from current and prior Federal agency grantors (e.g., to verify and/or supplement the information provided by the applicant). If you do not have any relevant or available past performance or reporting information, please indicate this in the proposal and you will receive a neutral score for these factors under Section V.

Identify your staffing plan or your ability to recruit staffing resources to successfully achieve the goals of the proposed project. In addition, provide information on your organizational experience and plan for successfully achieving the objectives of the proposed project in the proposed timeline.

#### C. **Partnerships, Contractors and Subawards**

Contracts and Subawards:

- a. Can funding be used for the applicant to make subawards, acquire contract services, or fund partnerships?

EPA awards funds to one eligible applicant as the recipient even if other eligible applicants are named as partners or co-applicants or members of a coalition or consortium. The recipient is accountable to EPA for the proper expenditure of funds.

Funding may be used to provide subgrants or subawards of financial assistance, which includes using subawards or subgrants to fund partnerships , provided the recipient complies with applicable requirements for subawards or subgrants including those contained in 40 CFR Parts 30, 31, or 35, as appropriate. Applicants must compete contracts for services and products, including consultant contracts, and conduct cost and price analyses, to the extent required by the procurement provisions of the regulations at 40 CFR Parts 30, 31, or 35, as appropriate. The regulations also contain limitations on consultant compensation. Applicants are not required to identify subawardees/subgrantees and/or contractors (including consultants) in their proposal. However, if they do, the fact that an applicant selected for award has named a specific subawardee/subgrantee, contractor, or consultant in the proposal EPA selects for funding does not relieve the applicant of its obligations to comply with subaward/subgrant and/or competitive procurement requirements as appropriate. Please note that applicants may not award sole source contracts to consulting, engineering or other firms assisting applicants with the proposal solely based on the firm's role in preparing the proposal.

Successful applicants cannot use subgrants or subawards to avoid requirements in EPA grant regulations for competitive procurement by using these instruments to acquire commercial services or products from for-profit organizations to carry out its assistance agreement. The nature of the transaction between the recipient and the subawardee or subgrantee must be consistent with the standards for distinguishing between vendor transactions and subrecipient assistance under Subpart B Section .210 of OMB Circular A-133 , and the definitions of subaward at 40 CFR 30.2(ff) or subgrant at 40 CFR 31.3, as applicable. EPA will not be a party to these transactions. Applicants acquiring commercial goods or services must comply with the competitive procurement standards in 40 CFR Part 30 or 40 CFR Part 31.36 and cannot use a subaward/subgrant as the funding mechanism.

- b. How will an applicant's proposed subawardees/subgrantees and contractors be considered during the evaluation process described in Section V. of the announcement?

Section V of the announcement describes the evaluation criteria and evaluation process that will be used by EPA to make selections under this announcement. During this evaluation, except for those criteria that relate to the applicant's own qualifications, past performance, and reporting history, the review panel will consider, as appropriate and relevant, the qualifications, expertise, and experience of:

(i) an applicant's named subawardees/subgrantees identified in the proposal if the applicant demonstrates in the proposal that if it receives an award that the subaward/subgrant will be properly awarded consistent with the applicable regulations in 40 CFR Parts 30 or 31. For example, applicants must not use subawards/subgrants to obtain commercial services or products from for profit firms or individual consultants.

(ii) an applicant's named contractor(s), including consultants, identified in the proposal if the applicant demonstrates in its proposal that the contractor(s) was selected in compliance with the competitive Procurement Standards in 40 CFR Part 30 or 40 CFR 31.36 as appropriate. For example, an applicant must demonstrate that it selected the contractor(s) competitively or that a proper non-competitive sole-source award consistent with the regulations will be made to the contractor(s), that efforts were made to provide small and disadvantaged businesses with opportunities to compete, and that some form of cost or price analysis was conducted. EPA may not accept sole source justifications for contracts for services or products that are otherwise readily available in the commercial marketplace.

EPA will not consider the qualifications, experience, and expertise of named subawardees/subgrantees and/or named contractor(s) during the proposal evaluation process unless the applicant complies with these requirements.

#### **D. Application Instructions**

Applicants are requested to apply online using the Grants.gov website with an electronic signature. Applicants are encouraged to submit their pre-proposals early. If the Authorized Organization Representative (AOR) experiences submission problems, he/she may contact Grants.gov for assistance by phone at 1-800-518-4726, refer to the Grants.gov website at <http://www.grants.gov/help/help.jsp>, or by e-mail at [support@grants.gov](mailto:support@grants.gov). If the AOR continues to experience submission problems, he/she may contact Sherri Walker by phone at: (202) 566-2186 and/ or by email to: [innovation\\_state\\_grants@epa.gov](mailto:innovation_state_grants@epa.gov). For those applicants who lack the technical capability to apply electronically via Grants.gov, please contact Sherri Walker by phone at: (202) 566-2186 and/ or by email to: [innovation\\_state\\_grants@epa.gov](mailto:innovation_state_grants@epa.gov) for alternative submission procedures. The closing date and time for any applicant to submit a pre-proposal under this announcement is **January 3, 2008, 11:59 pm Eastern Standard Time**. Proposals submitted through Grants.gov must be received by 11:59 pm Eastern time on January 3, 2008.

#### **Instructions for Submission Using Grants.gov**

With Grants.gov, you will be able to submit your entire pre-proposal package on line with no hard copy or computer disks. Please be sure to view the additional instructions for online submission under this announcement available for download on Grants.gov. If you have any technical difficulties while applying electronically, please refer to <http://www.grants.gov/help/help.jsp> or call the toll free Contact Center at: (800) 518-4726.

The electronic submission of your application must be made by an official representative of your institution who is registered with Grants.gov and is authorized to sign applications for federal

assistance. For more information, go to <http://www.Grants.gov> and click on “Get Registered, on the left side of the page”- *Note that this registration process may take a week or longer to complete.* If your organization is not currently registered with Grants.gov, please encourage your office to designate an AOR and ask that individual to begin the registration process as soon as possible.

To begin the application process under this announcement, go to <http://www.Grants.gov> and click on “Apply for Grants” tab on the left side of the page. Then click on “Apply Step 1: Download a Grant Application Package and Instructions” to download the PureEdge viewer and obtain the application package for the announcement. To download the Pure Edge viewer click on the “Pure Edge Viewer” link. Once you have downloaded the viewer, you may retrieve the application package by entering the Funding Opportunity Number, EPA-OPEI-OEPI-08-01, or the CFDA number that applies to the announcement (CFDA 66.940), in the appropriate field. You may also be able to access the application package by clicking on the button “Application” at the top right of the synopsis page for this announcement on <http://www.grants.gov> (to find the synopsis page, go to <http://www.grants.gov> and click on the “Find Grant Opportunities” button on the left side of the page and then go to Search Opportunities and use the Browse by Agency feature to find EPA opportunities).

**Be sure to download and read both the instructions and the application package at the Grants.gov web site.**

#### **Proposal Submission Deadline**

Your organization’s AOR must submit your complete proposal electronically to EPA through Grants.gov (<http://www.Grants.gov>), and it must be received in its entirety no later than January 3, 2008 (11:59 pm Eastern Standard Time).

Applicants are responsible for ensuring that their proposal reaches the designated person/office specified in Section IV of the announcement by the submission deadline. Proposals received after the published closing date will be returned to the sender without further consideration.

Proposals received [or postmarked if applicable] after the submission deadline will be considered late and returned to the sender without further consideration unless the applicant can clearly demonstrate that it was late due to EPA mishandling. For hard copy submissions, where Section IV requires proposal receipt by a specific person/office by the submission deadline, receipt by an agency mailroom is not sufficient. Applicants should confirm receipt of their proposal with Sherri Walker as soon as possible after the submission deadline—failure to do so may result in your proposal not being reviewed.

#### **Proposal Materials**

The following forms and documents are required to be submitted by applicants using Grants.gov under this announcement:

- 1. Standard Form (SF) 424, Application for Federal Assistance**

Complete the form. There are no attachments. You must include your organization's fax number and email address in Block 5 of the Standard Form SF 424.

Please note that a certified, unique Dun and Bradstreet (D&B) Data Universal Number System (DUNS) number is required on the SF-424. Organizations may have multiple DUNS numbers, but only one (1) can be certified. Organizations may obtain a DUNS number at no cost by calling the toll-free DUNS number request line at: (866) 705-5711.

## 2. Pre-Proposal Narrative Package

Prepare as described in Section IV, Parts A and B of this announcement, including: Project Summary, Pre-Proposal Narrative, Budget Summary, Environmental Results Past Performance, and Program Capability. The pre-proposal narrative package should be in a word processing format (e.g., Microsoft Word or Word Perfect) and consolidated into one (1) single file.

### Submission Instructions

**Documents 1 and 2** listed under Proposal Materials above should appear in the "Mandatory Documents" box on the Grants.gov "Grant Application Package" page.

For document 1, click on the appropriate form then click "Open Form" below the box. The fields that must be completed will be highlighted in yellow. Both optional fields and completed fields will be displayed in white. If you enter an invalid response or incomplete information in a field, you will receive an error message. When you have finished filling out each form, click "Save." When you return to the electronic "Grant Application Package" page, click on the form you just completed, then click on the box that says "Move Form to Submission List." This action will move the document over to the box that says "Mandatory Completed Documents for Submission." For document 2, you will need to attach electronic files. Prepare your pre-proposal as described above in Section IV, Parts A and B of this announcement, and save the document to your computer as an MS Word (™) or other word processing file. When you are ready to attach your pre-proposal to the application package, click on "Project Narrative Attachment Form," then open the form. Click "Add Mandatory Project Narrative File," then attach it (from the location previously saved to on your computer) using the browse window that appears. You may then click "View Mandatory Project Narrative File" to view it. Enter a brief but descriptive title (no more than 40 characters long) for your project in the space beside "Mandatory Project Narrative File Filename." When you have finished attaching the necessary documents, click "Close Form." When you return to the "Grant Application Package" page, select "Project Narrative Attachment Form," then click "Move Form to Submission List." The form should now appear in the box that says "Mandatory Completed Documents for Submission."

Once you have finished filling out all of the forms and attachments, and they appear in one of the "Completed Documents for Submission" boxes, click the "Save" button that appears at the top of the Web page. It is suggested that you save the document a second time, using a different name, since this will make it easier to submit an amended package later if necessary. You must use the following file naming format when saving your files: "*Your State Agency's Name* – FY08 – State Innovation Grant – 1<sup>st</sup> Submission" or "*Your State Agency's Name* – FY 08 State Innovation Grant – Back-up Submission." If it becomes necessary to submit an amended package at a later date, the name of the 2<sup>nd</sup> submission should be changed to "*Your State Agency's Name* – FY08



State Innovation Grant– 2<sup>nd</sup> Submission.” Once your application package has been completed and saved, send it to your AOR for submission to the U.S. EPA through Grants.gov. Please advise your AOR to close all other software programs before attempting to submit the application package through Grants.gov.

In the “Application Filing Name” box, your AOR must enter your organization’s name (abbreviate where possible), the fiscal year (e.g., FY08), and the grant category (e.g., State Innovation Grant). The filing name can not exceed 40 characters. From the “Grant Application Package” page, your AOR must submit the application package by clicking the “Submit” button that appears at the top of the page. The AOR will then be asked to verify the agency (EPA) and funding opportunity number (EPA-OPEI-OEPI-08-01) for which the application package is being submitted. If problems are encountered during the submission process, the AOR should reboot his/her computer before trying to submit the application package again. It may be necessary to turn off the computer (not just restart it) before attempting to submit the package again. If the AOR continues to experience submission problems, he/ she may contact: Grants.gov for assistance by phone at: (800) 518-4726 or by email to: [support@Grants.gov](mailto:support@Grants.gov); or Sherri Walker by phone at: (202) 566-2186 or by email to: [innovation\\_state\\_grants@epa.gov](mailto:innovation_state_grants@epa.gov).

Application packages submitted thru Grants.gov will be time/ date stamped electronically. If you have not received a confirmation receipt from EPA (not from [support@grant.gov](mailto:support@grant.gov)) within three (3) days of the application deadline, please send an email to: [innovation\\_state\\_grants@epa.gov](mailto:innovation_state_grants@epa.gov). Failure to do so may result in your application not being reviewed.

**ATTENTION – Microsoft Vista and Word 2007 Users**

Please note that Grants.gov does not currently support the new Microsoft Vista Operating system. The PureEdge software used by Grants.gov for forms is not compatible with Vista. Grants.gov will be reviewing this new product to determine if it can be supported in the future. *In addition, the new version of Microsoft Word saves documents with the extension .DOCX. The Grants.gov system does not process Microsoft Word documents with the extension .DOCX. When submitting Microsoft Word attachments to Grants.gov, please use the version of Microsoft Word that ends in .DOC. If you have any questions regarding this matter please email the Grants.gov Contact Center at [support@grants.gov](mailto:support@grants.gov) or call 1-800-518-4726.*

**If you have never used Grants.gov before, here are some tips.**

Most organizations have found Grants.gov to be a user friendly system. The most frequent concern has occurred when an organization has delayed obtaining their unique electronic signature until the last minute.

Register for your electronic signature early! An electronic signature requires three levels of authorization before you can submit it online. You need to decide who will be the AOR, the caretaker of the electronic signature for your organization. If all goes well, this process takes about a week. However, some organizations have encountered both internal and external delays, causing the registration process to take longer.

**Remember, you cannot submit your application online until your organization has e-authentication credentials. Here are the basic steps:**

1. Obtain a Certified DUNS Number. You must have a certified, unique Dun and Bradstreet Universal Data Numbering System (DUNS) number. Some organizations may have more than one DUNS number registered. Only one can be certified. This can lead to unanticipated delays.
2. Central Contractor Registry and Credential Provider Registration. Once you have your unique, approved DUNS number, you need to register with the Central Contractor Registry.
3. Grants.gov Electronic Signature Authorization. Once steps 1 and 2 are complete, you will then need to contact Grants.gov. The Authorized Organization Representative (AOR) will be assigned a password that will enable him or her to sign the Grants.gov applications electronically. The AOR must be an individual who is able to make legally binding commitments for the applicant organization. Organizations may designate more than one AOR.

**Be sure to download and read both the instructions and the application at the Grants.gov web site**

**E. Freedom or Information Act (FOIA).**

Applicants should be aware that pre-proposals submitted under this, or any other EPA assistance agreement program, are subject to the Freedom of Information Act (FOIA) (5 U.S.C. §552). This means that, subject to certain exemptions under Section 552 (b) of the Act, the public can request and receive copies of all information submitted in your assistance agreement pre-proposal.

## **F. Confidential Business Information (CBI).**

In accordance with 40 CFR 2.203, applicants may claim all or a portion of their application/ pre-proposal as confidential business information. EPA will evaluate confidentiality claims in accordance with 40 CFR Part 2, Subpart B. Applicants must clearly mark pre-proposals and those portions of pre-proposals they claim as confidential. If no claim of confidentiality is made, EPA is not required to make the inquiry to the applicant otherwise required by 40 CFR 2.204 (c) (2) prior to disclosure. By submitting a pre-proposal, the applicant consents to EPA's posting of the pre-proposal (with financial and other CBI information redacted) to the State Innovation Grants website at the time selections are announced in effort to promote the sharing of information and collaboration among the states, U.S. territories, and tribes.

## **G. Pre-proposal Assistance and Communications**

In accordance with EPA's Assistance Agreement Competition Policy (EPA Order 5700.5A1), EPA staff will not meet with individual applicants to discuss draft proposals, provide informal comments on draft proposals, or provide advice to applicants on how to respond to ranking criteria. Applicants are responsible for the contents of their applications/proposals. However, consistent with the provisions in the announcement, EPA will respond to questions from individual applicants regarding threshold eligibility criteria, administrative issues related to the submission of the proposal, and requests for clarification about the announcement.

## **V. PROPOSAL REVIEW INFORMATION**

### **A. Description of the Review, Selection, and Award Process**

EPA will select state recipients under the 2008 State Innovation Grants competition through the process described below. Following an initial screening of pre-proposals by NCEI for compliance with the Threshold Criteria (Section III.C of this solicitation), each pre-proposal will be evaluated by two (2) review panels: one (1) in the respective EPA Region that covers the state, and one (1) of several NCEI technical panels convened simultaneously at EPA Headquarters related to topics relevant to the solicitation (e.g., ERP, EMS, PT). Each panel will draw on specific areas of expertise inside the Agency. These panels will evaluate pre-proposals using the criteria found in Section V.B below (Section V.B.1 for the Headquarters Technical Panels and Section V.B.2 for the Regional Panels) and each panel will develop rankings of the applicants based on their evaluations. Both the Regional and Headquarters Technical Panels will provide their rankings of pre-proposals to NCEI's State Innovation Grant Program staff, that will then develop recommendations for the selection of finalists based upon the panels' rankings and the Qualitative Selection Factors described in Section V.B.3 of this announcement. NCEI and OPEI decision officials will then make their final selections for funding based on these recommendations, and in doing so may also consider the Qualitative Selection Factors in Section V.B.3 below.

## B. Pre-Proposal Evaluation

All eligible pre-proposals (those that meet the Threshold Criteria in Section III.C of this solicitation) will be evaluated by both a Headquarters Technical Panel and a Regional Panel according to the Evaluation Criteria set forth below. Applicants should directly and explicitly address these criteria as part of their pre-proposal submittal.

### 1. Quantitative Evaluation Criteria to be Considered by Headquarters Technical Panels

Each eligible pre-proposal will be evaluated by an EPA subject-specific technical panel (e.g., ERP, PT, EMS, others as necessary) convened by NCEI appropriate to the pre-proposal submitted. These Headquarters Technical Panels will evaluate pre-proposals using the criteria described below. As referenced in Sections I.A and I.D of this solicitation, the Evaluation Criteria for the State Innovation Grant Program are intended to distinguish those projects that are most consistent with EPA's *Innovation Strategy* and *Strategic Plan*, and have the most potential to build on the lessons that EPA and states have learned from previous innovation initiatives.

- a. **Targeting National Priority Environmental Issues** **20 points**  
Each proposed project will be evaluated based upon its relevance to the State Innovation Grant Program's 2008 theme (innovation in environmental permitting or alternatives to permitting that will provide measurably better results than conventional program approaches). Additionally, each pre-proposal will be evaluated based upon how well it addresses national environmental protection improvement priorities identified in EPA's *Innovation Strategy* and *Strategic Plan*. All pre-proposals must demonstrate their project's potential contribution to achieving one or more of EPA's *Strategic Goals* (see <http://www.epa.gov/ocfo/plan/plan.htm>). Pre-proposals for projects utilizing multi-media approaches to address national innovation priorities will be evaluated more favorably under this criterion.
  
- b. **Building on Our Existing Knowledge of Innovative Approaches and Expanding the Testing of Priority Innovations** **20 points**  
Pre-proposals will be evaluated based on the extent and quality to which they address one (1) or more of three (3) strategic focus areas identified below:
  - i. Supporting the development of state Environmental Results Programs (ERPs);
  - ii. Implement National Environmental Performance Track (PT) or similar performance-based programs by states, particularly including the development and implementation of incentives; or
  - iii. Involve the application of Environmental Management Systems (EMS), including those that explore the relationship of EMS to permitting (see EPA's *Strategy for Determining the Role of EMS in Regulatory Programs* at <http://www.epa.gov/ems> or [http://www.epa.gov/ems/docs/EMS and the Reg Structure 41204Fpdf](http://www.epa.gov/ems/docs/EMS_and_the_Reg_Structure_41204Fpdf)), or otherwise support integrated or multimedia strategies.

EPA will rank pre-proposals under this criterion based on the extent to which they address the priority areas: ERP, PT, or EMS. While other concept pre-proposals may be submitted, be advised that EPA is most interested in proposals that address one of the priority areas listed above. A pre-proposal will also be scored under this criterion based upon how well it builds on existing knowledge, expanding the use or testing new applications for a successful innovation approach.

**c. Producing Environmental Results - Measurable or Quantifiable**

**Outputs and Outcomes**

**20 points**

Under this criterion, applicants will be evaluated based on the strength of their proposal in documenting a strategy to provide indicator outputs and measure quantifiably the changes (outcomes) in participant knowledge or behaviors or environmental change resulting from this project. Project pre-proposals that develop faster, flexible, more efficient approaches, and outcomes that result in positive changes in environmental conditions may be evaluated more favorably than others. More points will be awarded to project pre-proposals that commit to measuring changes in environmental conditions (3<sup>rd</sup> order outcomes) resulting from the project. Pre-proposals should include, as applicable, estimations of: anticipated emissions reductions (in tons or lbs/year), the cost-effectiveness of the project (in \$/lb or \$/ton), health and/ or environmental benefits (quantified or qualified), cost savings, streamlining of process, percent increase in compliance rate, and any other measurements as requested in Section I.E of this solicitation; and the methods by which success in achieving each of these outcomes will be measured.

**d. Transferring Innovation**

**20 points**

Each pre-proposal will be evaluated based on the project's potential for replication or broader application in other sectors, permitting programs, agencies, states, or tribes. Pre-proposals that identify a plan and commitment to sharing the lessons from and outcomes of the project, and providing guidance to other prospective users and partners, will be evaluated more favorably under this criterion. Pre-proposals should clearly describe their plans for and commitment to the following project components:

- documenting and publicizing the outcomes and methods of this innovation and making the information available to other jurisdictions;
- making information about the project, including performance data, available to stakeholders in a form that is both easily accessible and understandable;
- assuming the role of convener by hosting one or more information exchange meetings for other states, tribes and/ or interested stakeholders to facilitate the transfer of information and innovation (the pre-proposal budget should reflect sufficient funding for the expenses of invitational travel to the meeting[s]);
- promoting organizational or system change, or developing a culture of innovative environmental problem-solving as a "way of doing business" within the state or more broadly;

- providing consultation and mentoring to other states or tribes wishing to adopt similar innovations;
- participating in national or regional workshops and symposia to report on the project progress;
- proposals that advance our knowledge of innovative tools for strategic innovation; and
- provide or address the need for and new applications of, the tool / approach as a model for “next generation” environmental protection.

e. **Project Technical Feasibility** **20 points**

Under this criterion, pre-proposals will be evaluated based on the likelihood of project success within the proposed budget and time frame, and the extent to which there may be technical issues to be addressed, and how those issues will be resolved. A pre-proposal will be scored under this criterion based upon how well it describes the proposed plan for a successful technical approach and how well it considers the state’s prior experience, and the experience of other states, in constructing the technical approach.

**2. Quantitative Evaluation Criteria to be Considered by Regional Panels**

Each eligible pre-proposal will also be evaluated by a review panel from within the state applicant’s EPA Region, assembled to include programmatic and innovation experience relevant to the nature of the pre-proposal and sufficient background to understand state program priorities and operations. These Regional Panels will evaluate pre-proposals submitted from within their geographical jurisdiction using the criteria described below.

a. **Addressing EPA Regional-State Priorities** **25 points**

Each pre-proposal will be evaluated under this criterion based upon the extent to which it describes how the project addresses one or more shared state and EPA regional priority issues. Pre-proposals that address areas that have been identified as a state/ regional priority prior to this competition through some documented consultation by states with their EPA Region (e.g. Performance Partnership Agreements) will be evaluated more favorably under this criterion. This consultation may have been through a less formal planning mechanism, but should be documented prior to this competition so as to allow transparency in evaluation under this criterion.

b. **Programmatic Capability** **15 points**

Under this criterion, applicants will be evaluated based on their ability to successfully complete and manage the proposed project taking into account the applicant’s: (i) past performance in successfully completing and managing federally funded assistance agreements (assistance agreements include Federal grants and cooperative agreements but not Federal contracts) similar in size, scope, and relevance to the proposed project performed within the last 3 years, (ii) history of meeting reporting requirements under federally funded assistance agreements (assistance agreements include Federal grants and cooperative agreements but not Federal contracts) similar in size, scope, and relevance to the proposed project performed within the last 3 years and submitting

acceptable final technical reports under those agreements, (iii) organizational experience and plan for timely and successfully achieving the objectives of the proposed project, and (iv) staff expertise/qualifications, staff knowledge, and resources or the ability to obtain them, to successfully achieve the goals of the proposed project.

Note: In evaluating applicants under this criterion, the Agency will consider the information provided by the applicant and may also consider relevant information from other sources including agency files and prior/current grantors (e.g., to verify and/or supplement the information supplied by the applicant). Applicants with no relevant or available past performance or reporting history (items i and ii above), will receive a neutral score for those elements of this criterion.

c. **Regulatory and Statutory Environment for Project Implementation** **10 points**

Each pre-proposal will be evaluated based upon whether the statutory and regulatory climate to support the innovation exists within the state to implement the project as proposed. The Regional Evaluation Panels will consider what, if any, statutory changes and/ or regulatory flexibility from federal, state, or local governments may potentially be necessary in order to implement the project, and what impact these circumstances may have on the likely success and timely completion of the proposed project. In order to address this criterion, pre-proposals must: describe what specific statutory and/ or regulatory authority under federal, state, or local laws already exists to allow the project to go forward; and clearly identify the steps that have been and/ or will be taken to implement the project (e.g., development, review, and authorization of state rule, permit, order, etc.), including the project authorization timeline. The need for regulatory or statutory flexibility is secondary. States must disclose whether or not they are currently involved in litigation, or if they can reasonably anticipate litigation, that could delay or stop the proposed project. Applicants will be scored under this criterion based upon the existence of statutory and regulatory authority, and reasonable assurance that tools such as regulatory flexibility can be granted and/ or litigation avoided or overcome, in order to ensure implementation and successful completion of the project within the specified period of performance.

d. **Budget Reasonableness** **10 points**

Project pre-proposals will be evaluated under this criterion based on the efficiency of cost and reasonableness of budget, (based upon guidance on average of projects provided by NCEI for the State Innovation Grant Program with states' projects of similar type and scope). Each proposed budget will be evaluated based upon the extent to which the budget for the project is reasonable, as compared to cost for implementation of similar innovations in other states or by the submitting state. This assessment will include the total budget, with all required categories, and any leveraged resources.

- e. **Environmental Results Past Performance** **10 points**  
Under this criterion, applicants will be evaluated based on the extent and quality to which they adequately documented and/or reported on their progress towards achieving the expected results (e.g., outcomes and outputs) under Federal agency assistance agreements (assistance agreements include Federal grants and cooperative agreements but not Federal contracts) performed within the last three years, and if such progress was not being made whether the applicant adequately documented and/or reported why not.

Note: In evaluating applicants under this factor, EPA will consider the information provided by the applicant, and may also consider relevant information from other sources including, but not limited to, agency files and/ or those of prior/ current grantors (e.g., to verify and/ or supplement the information supplied by the applicant). Applicants with no relevant or available past performance reporting history will receive a neutral score for this factor.

- f. **Collaboration/Partnerships** **10 points**  
Each pre-proposal will be evaluated based upon the degree to which the project proposes to work in partnership with a diverse set of stakeholders in order to implement the proposal. Applicants are encouraged to collaborate with other entities. Pre-proposals that reflect significant teaming relationships for performance of the project with other regulatory or natural resource management agencies within the state, with other states, or with federally-recognized American Indian tribes will be evaluated more favorably.

- g. **Leveraged Resources** **10 points**  
Under this criterion, applicants will be evaluated based on the extent to which they demonstrate: i) how they will coordinate the use of EPA funding with other federal and/ or non federal sources of funds to leverage additional resources in order to carry out the proposed project(s); and/ or ii) that EPA funding will compliment activities relevant to the proposed project(s) carried out by the applicant with other sources of funds or resources. Pre-proposals that provide cost sharing by a state will be evaluated more favorably under this criterion.

- h. **Public Involvement Process** **10 points**  
State pre-proposals must incorporate a commitment and plan to ensure public knowledge of, and participation in the project; and they will be evaluated on this basis under this criterion. Pre-proposals will be evaluated based upon how well they describe the plan and commitment for public involvement in the proposed project (see <http://www.epa.gov/publicinvolvement/pdf/policy2003.pdf> and <http://www.epa.gov/publicinvolvement/brochures>).

### 3. Qualitative Selection Factors to be Considered by NCEI Decision Officials

As part of the decision process for selecting awards under this announcement, in addition to the review panel ranking and scoring of pre-proposals, NCEI State Innovation Grant



Program staff will consider Qualitative Selection Factors (described below) in developing recommendations for decision officials in the Office of Policy, Economics and Innovation (OPEI). OPEI decision officials will review NCEI State Innovation Grant staff recommendations, and may reconsider the following Qualitative Selection Factors, in accepting or rejecting the recommendations from staff:

- the strategic value of project to the national program;
- geographic diversity – in order to provide a distribution of projects across the Regions wherever possible;
- project diversity – in order to provide an array of project types within the specified focus areas;
- environmental justice issues- within the context of the theme of innovation in permitting; and
- prior performance of states in past SIG competitions, including: the development and completion of workplans; the timely completion of progress reports; the provision of useful/practical/transferable data; the success of previous projects in meeting the described project goals; the availability to work with or mentor other agencies, states, or tribes; and the willingness and availability to participate in program evaluation.

#### **4. Completion of Full Application Package**

After the 2008 State Innovation Grant Program selections have been made, EPA will work in consultation with the states whose projects have been selected to assist them in completing a full application package. A full application package will include a detailed final proposal workplan narrative and a Quality Assurance Project Plan (QAPP) that will govern the collection of data.

## **VI. AWARD ADMINISTRATION INFORMATION**

### **A. Award Notices**

Selections for State Innovation Grant Program awards will be made by NCEI, contingent upon the availability of funds. As in previous competitions, EPA anticipates that the assistance agreements awarded under the State Innovation Grant Program competition will be managed by EPA Regions. States selected to receive awards (finalists) will be contacted by the appropriate EPA Regional Office. EPA will provide each state finalist with all information necessary for the preparation of the full application package, and will be available to answer any questions.

EPA reserves the right to negotiate appropriate changes in workplans, after the selection and before the final award, consistent with EPA's Competition Policy (EPA Order 5700.5A1, Section 11). Notification advising the applicant that their proposal has been tentatively selected and is being recommended for award is **not** an authorization to begin performance. The Award Notice, which will be signed by the Regional Grants Management Official, is the authorizing document and it will be provided through postal mail. At a minimum, this process may take up to 60 days from the date of selection, and more likely will take 120-150 days to complete the award.

**B. Administrative and National Policy Requirements**

1. **Applicable Grant Regulations and Orders** - 40 CFR, part 31 establishes uniform administrative rules for federal grants and cooperative agreements. Applicants must also comply with EPA Order 5360.1AZ which requires the development and implementation of Quality Assurance Project Plans for the acquisition and analysis of environmental data.
2. **DUNS** - All applicants are required to provide a Dun and Bradstreet (D&B) Data Universal Numbering System (DUNS) number when applying for a federal grant or cooperative agreement. Applicants can receive a DUNS number, at no cost, by calling the dedicated toll-free DUNS Number request line at (866) 705-5711, or by visiting the D&B website at [www.dnb.com](http://www.dnb.com).
3. **Paperwork Reduction Act** - The information collection provisions in this announcement for the solicitation of pre-proposals have been approved by the Office of Management and Budget (OMB) pursuant to the Paperwork Reduction Act, 44 U.S.C. 3501 et seq. in a generic Information Collection Request (ICR) entitled "Generic Administrative Requirements for Assistance Programs," (ICR No. 938.06 and OMB Approval No. 2030-0020). A copy of the Information Collection Request (ICR No. 938.06) may be obtained by written request to: Monica Lewis, Office of Environmental Information, U.S. EPA (MC 2822T), 1200 Pennsylvania Ave., NW), Washington, DC 20460; or by calling: (202) 566-1678. The EPA is not requiring that states perform a "collection of information" as defined by 5 CFR 1320.3 (c) in order to qualify for funding under this solicitation.
4. **Disputes** - Assistance agreement competition-related disputes will be resolved in accordance with the dispute resolution procedures published in 70 FR (Federal Register) 3629, 3630 (January 26, 2005) which can be found at <http://www.epa.gov/ogd/competition/resolution.htm>. Copies of these procedures may also be obtained by written request to: Sherri Walker, National Center for Environmental Innovation, Office of the Administrator, U.S. EPA (MC1807T), 1200 Pennsylvania Ave., NW, Washington, D.C. 20460; by fax to: (202) 566-2220; or by e-mail to: [innovation\\_state\\_grants@epa.gov](mailto:innovation_state_grants@epa.gov).
5. **Compliance with Executive Order 12372** - Applicants must comply with the Inter-Governmental Review Process and/ or consultation provisions of Executive Order 12372. To the extent required by individual states for their state agencies, final successful applicants will be required to contact affected state, regional, and local governments as mandated by Executive Order (E.O.) 12372.
6. **Compliance with EPA Order 5700.5A1** - This competition is in compliance with the requirements of EPA Order 5700.5A1, Policy for Competition of Assistance Agreements (effective date January 15, 2005). In accordance with EPA's Competition Policy, EPA staff will not converse with individual applicants about draft proposals, nor provide informal comments on draft proposals, nor provide advice to applicants on how to respond to ranking criteria. Applicants are solely responsible for the contents of their applications.

However, EPA will respond to written questions from applicants (directed to: [innovation\\_state\\_grants@epa.gov](mailto:innovation_state_grants@epa.gov)) regarding: Threshold Criteria for eligibility, administrative issues related to pre-proposal submission, and requests for clarification about the announcement. Please type "State Innovation Grant Question" in the subject line of your email. All questions and answers should be posted on the website (<http://www.epa.gov/innovation/stategrants>) within five (5) business days of receipt.

7. **EPA Regulations Applicable to Award of Assistance Agreements** - A listing and description of general EPA Regulations applicable to the award of assistance agreements may be viewed at [http://www.epa.gov/ogd/appkit/applicable\\_epa\\_regulations\\_and\\_description.htm](http://www.epa.gov/ogd/appkit/applicable_epa_regulations_and_description.htm).
  8. **Special Conditions for Projects that Receive an Award** - EPA will negotiate Programmatic Terms and Conditions with selected award recipients.
  9. **Limitations on EPA Involvement** - While the Agency will negotiate the precise terms and conditions relating to substantial EPA involvement as part of the award process, EPA will not select any employees or contractors for the recipient(s).
  10. **Project or Program Evaluation Assistance** - State Innovation Grant recipients may be required to assist EPA, or an EPA-designated third party evaluator, in conducting a project evaluation during the course of, and/ or immediately following completion of, the project by providing: data interviews, and/ or assistance in contacting project cooperators or stakeholders.
  11. **Data Access and Information Release** - The Office of Management and Budget (OMB) Circular A-110 has been revised to provide public access to research data through the Freedom of Information Act (FOIA) under some circumstances. Data that are (1) first produced in a project that is supported in whole or in part with Federal funds and (2) cited publicly and officially by a Federal agency in support of an action that has the force and effect of law (i.e., a regulation) may be accessed through FOIA. If such data are requested by the public, the EPA must ask for it, and the grantee must submit it, in accordance with A-110 and EPA regulations at 40 C.F.R. 30.36.
  12. **Instructions for Final Application Submission**  
Following EPA's evaluation of proposals/applications, all applicants will be notified regarding their status. Final applications will be requested from those eligible entities whose proposal has been successfully evaluated and preliminarily recommended for award. Those entities will be provided with instructions and a due date for submittal of the final application package.
- C. **Reporting Requirement**
- Quarterly progress reports and a detailed final project report are required and must be submitted in a timely fashion by all award recipients. Quarterly reports summarizing technical progress, planned activities for next quarter, and a summary of expenditures are

mandatory. Applicants are further required to make a commitment to share all data collected with EPA for the purpose of assessment on a regional and/ or national level. Reports are to be provided to both the EPA designated Federal Project Officer (FPO) for an award and to the NCEI simultaneously. The final report must be completed no later than ninety (90) calendar days following the completion of the project period. The final report must include: a complete overview/summary of all of the activities conducted within the grant project period; any and all data and results; and an explanation of any impediments and how they were addressed. The schedule/deadlines for submitting quarterly reports will be established by EPA after approval of the award. Electronic submission of reporting documents is preferable to paper reporting.

## VII. AGENCY CONTACT

### A. For Information or Questions about Responding to this Solicitation

**For Further Information** - Questions may be submitted in writing via: e-mail to: [innovation\\_state\\_grants@epa.gov](mailto:innovation_state_grants@epa.gov); mail (see below); or fax to: (202) 566-2220. EPA will respond to all questions in writing, and all questions and responses will be posted on the EPA State Innovation Grant website at <http://www.epa.gov/innovation/stategrants>. State agencies are advised to monitor this website for information posted in response to questions received during the competition period. The EPA contact for questions regarding this solicitation is:

Sherri Walker  
State Innovation Grant Program  
National Center for Environmental Innovation  
Office of the Administrator  
U.S. EPA (MC 1807T)  
1200 Pennsylvania Ave., NW  
Washington, D.C. 20460  
202-566-2186  
202-566-2220 FAX

### B. **Alternative Contact** - Additionally, interested parties may contact the State Innovation Grant Program through NCEI's general program number: (202) 566-0495.

Please note that for courier delivery (including overnight express service) our address is as follows:

ATTN: Sherri Walker  
U.S. Environmental Protection Agency  
Room 4214D - West Building  
1301 Constitution Avenue, NW  
Washington, DC 20004

For late afternoon courier delivery,  
call Gerald Filbin at (202) 566-2182.  
Courier packages must be delivered  
prior to 6:00 pm

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**Attachment 1 PROJECT SUMMARY TEMPLATE**

**Title:**

Full title – identifying the state, type of project, and sector (if applicable)

**Applicant:**

State agency name  
Partners or team members, if applicable

**Project Manager:**

Full name of primary contact (all team members can be listed on the proposal)  
Full mailing address including street, city, state, and zipcode  
Phone number  
Fax number  
E-mail address

**Project Period:** October 1, 2008- September 30, 2011

**Project Abstract:**

1. Describe the problem
2. Describe the type of project and technical approach
3. Identify the project objectives
4. If a team proposal, list the team members (e.g., other agencies)
5. Highlight the expected environmental outcomes (e.g., reduction in pollution, improvement in compliance, etc.)

[Example: The [State] Department of Environmental Quality continues to be concerned about the environmental performance of small businesses in the [X] sector in the state. Over 1000 of these businesses operate state-wide and most without effective environmental permitting or compliance monitoring. The DEQ will implement an Environmental Results Program (ERP) for this sector that will include compliance assistance, self-certification, and a statistically-based assessment of pre-implementation and post-implementation performance by these businesses. DEQ's partners in this project will be the state [sector]'s business association, the state's Department of Business Licensing, and three state technical colleges that will produce outreach materials, workshops and a project website. DEQ anticipates that this project will yield an improvement in compliance in excess of 20% and the project will attempt to model the impact on VOC emissions of this compliance improvement based upon pollution prevention resulting from the adoption of Environmental Business Practice Indicators.]

**Certification of State Agency Support From the Highest Level:**

The Commissioner/Director/Secretary (as appropriate) of the state agency is aware of and endorses this proposal. If this proposal is selected, a letter of endorsement will be provided with the final work plan.

**Questions and Answers (Q&A):**

The Q&As are organized in broad categories (theme or possible subject areas, states re-delegation of authority, team approaches, eligibility, policy on sub-contracting, policy on environmental results, data collection, general) and then topically according to the words in bold.

**THEME OR POSSIBLE SUBJECT AREAS**

Q1: The preliminary announcement indicated that you may be seeking proposals with **performance track** (PT) incentives. What types of projects would you be looking for with reference to Performance Track?

A1: Under the general theme of innovation in permitting, EPA hopes that States will propose projects that expand participation in performance-based, beyond-compliance programs such as Performance Track. As Environmental Management Systems (EMSs) are a principal component of the Performance Track program, we see this as an opportunity to increase the number of facilities that develop and implement EMSs. We are also interested in how EMSs may play a role in, or become specific components of any package of incentives offered to facilities performing beyond-compliance, e.g., a flexible air permits. Additionally, we are interested in how states might make connections between EMSs and any other incentives offered to encourage facilities to exceed compliance standards, which will hopefully expand participation in Performance Track and State performance-based programs.

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Q2: Are there visible **results** from the State Innovation Grants program?

A2: Yes, as the projects reach their completion points we are beginning to see data. For example, Maine Auto Body ERP and Delaware Auto Body ERP projects are complete. A comprehensive ERP report is forthcoming in early 2008. More information on the ERP program can be found at: [www.epa.gov/permits](http://www.epa.gov/permits).

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Q3: If an award were given to a state to develop a sector-specific ERP project in the past, can that same state or another state apply for a grant to **ramp up** the project on a broader scale?

A3: States could receive a 2<sup>nd</sup> grant for the expansion of an ERP program to include other sectors, but would not be provided to sustain the initial application of an innovation that had been tested under a previous grant. Due to specific language that we include in the solicitation, the awards from this program are not intended to be continuation grants. Our

hope is that after realizing environmental benefits, process efficiencies, and cost savings, the states would have the additional resources (or take the initiative to pursue) needed to sustain the project or program.

We would be interested in seeing another state take on a project and scale it up. Of even more interest would be taking the lessons learned from one project and applying them to a whole new sector. We are looking for diffusion of lessons learned, particularly in sectors that have not been focused on by regulators, but have a significant environmental impact. Some sectors may not have a lot of emphasis being put upon them, but may be ripe for innovation in many states.

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Q4: Are there any **areas of focus** that the EPA would like to see based upon work that is already being done?

A4: No. For this particular grant, we wouldn't want to limit work to any specific area. We would like to see, however, an ERP, PT, or EMS in a sector that has not been previously used. For example, in the 2007 competition several states submitted innovative proposals (ERP and PT) related to stormwater management. On the other hand, depending upon the size of the state and the resources, as well as past experience, states can build upon lessons learned by other past grant recipients or other state projects.

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Q5: Can states design a proposal that contains components from both **ERP and EMS, ERP and PT, or other combination projects** ?

A5: Yes. In the 2007 competition, Washington proposed a combined ERP and state leadership program (PT) for the autobody sector. In the 2004 competition, Wisconsin proposed both ERP and EMS components for the printing sector: EMS for large facilities, ERP for small facilities.

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Q6: Would EPA consider a proposal that extends the ERP model beyond a single sector (e.g., autobody repair) to a **multi-sector approach** that addresses several sources of a problem (e.g., the many sectors in the surface coating industry such as autobody repair, body fabrication, etc.

A6: Yes, in fact in the 2007 round we did make an award for a state (Maine) with exactly that approach for applying ERP to storm water management.

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Q7: Could a State Innovation Grant be used for an innovation project related to **Clean Air Act Title V Operating Permits**? Because these programs are funded through statutorily allowed fees is there any problem using grant money for an innovation project?



A7: State Innovation Grant funds can be used to pilot test innovation in Title V permit programs. Since the grant funds would not be used to pay the permit fee, or used to support the general operation of the program, but rather the special innovation project operation, there is no prohibition on using the Grant Program funds in this way.

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## TEAM APPROACHES

Q8: Can states submit **team proposals**?

A8: Yes, the Preliminary Notice of Intent to Conduct a 2008 Competition (FRL-8468-6, 72 FR 52558-52561, September 14, 2007) states that we will be accepting team proposals. EPA will accept one team proposal (multi-state, multi-agency, state-tribe) in addition to an individual state proposal. One award will be made per project, so the proposal would need to identify one state to receive the award.

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Q9: What **types of partnerships** would EPA consider as teaming relationships for the purpose of evaluating a pre-proposal?

A9: Certainly joint projects (although only one state can receive a grant and it in turn would establish a sub-award relationships with other agencies) with environmental regulatory agencies in other states would be good examples, or with agencies in their own states that have primary permitting responsibility through a re-delegation of authority. Other relationships might include a collaboration between a state environmental agency and other local or municipal government organizations regardless of whether or not they are a permitting agency (e.g., local planning agencies on issues related to smart growth and water infrastructure). State agencies have also partnered with colleges and universities (e.g., to develop training and compliance tools and present the training to stakeholders).

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## ELIGIBILITY

Q10: Do **interstate organizations, Regional organizations, or Roundtable working groups** qualify for the SIG ? Is a cooperative venture possible? Can several states within a region apply for a grant ?

A10: Interstate organizations or Regional organizations could not be the sole applicant or recipient for a State Innovation Grant. The states can partner with interstate organizations, regional organizations or roundtable groups, but a state would need to be the primary applicant (e.g., submitting the proposal via grants.gov). Even if a regional or municipal agency has received re-delegated authority for environmental permits, we request that either the state environmental regulatory agency be recognized as the

administrator and lead agency, or the agency that has received redelegated authority would need to submit a letter of support from the principal state environmental regulatory agency in addition to their proposal. The state agency must be an active participant on the team to champion the project and ensure broad applicability within their state. This would be considered as a team approach.

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Q11: Can a **state and city** submit a team proposal?

A11: Yes, these entities can partner with states, but we prefer that the State be the lead Agency unless these other agencies can demonstrate delegated authority for environmental permits. Only States can be the recipient of this grants program.

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#### **EPA POLICY ON SUB-CONTRACTING**

Q12: Are **universities or consultants** eligible to submit a proposal on behalf of a state?

A12: No, the team proposal would need to be submitted by the state. Universities or consultants can be considered as a partner, or part of the team. Depending upon the type and level of their involvement, (e.g., providing goods or services), the proposal would need to identify them as a sub-award (grant) or sub-contract.

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#### **EPA POLICY ON ENVIRONMENTAL RESULTS**

Q13: Can you provide guidance on the selection of **Performance Measures** ?

A13: Yes, general guidance is posted on the website. However, due to competition restrictions, we are unable to provide specific comments to the applicant on the actual proposals. We can discuss general questions related to projects and provide general comments while the competition is open. We are unable to review one proposal without availing the opportunity to all interested participants, otherwise it could be perceived that one has received an unfair advantage over another.

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Q14: Do applicants need to include a **logic model** in their proposals?

A14: While a logic model is not required to be submitted with the pre-proposal, we believe that going through the process would enhance an applicant's ability to clearly and concisely describe their project.

A logic model is a tool that enables the grant reviewer to quickly follow the proposed sequence. It promotes logical thinking and reduces the possibility of misunderstanding the objectives for a proposal. General information about logic models and examples are contained in the Performance Measurement link at [www.epa.gov/innovation/stategrants/](http://www.epa.gov/innovation/stategrants/).

Once finalists have been chosen, EPA will work with those states to develop or revise their logic models and performance measures for inclusion with their final proposal.

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Q15: Will there be **support** to help develop performance measures during the pre-proposal to final proposal development stage?

A15: Yes, after selection of grant recipients and closure of the competition process EPA can provide direct assistance to grant recipients, and may be able to offer contractual support.

Applicants can also account for or include a line item in the grant proposal for performance measurement development, but you cannot pre-spend the grant money prior to the actual award.

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## DATA COLLECTION

Q16: How do you define the **quality of data**?

A16: Data quality is usually defined in terms of Precision, Accuracy, Representativeness, and Completeness. For any project one of the first steps would be to determine your data quality objectives - this is driven by the project goals and the selection of appropriate measures of performance. For instance, if the project goal is the reduction of pollutant or emission discharge by 10%, then the monitoring methods you choose would have to be able to detect, with confidence, a change (reduction) of 10% from a baseline measurement. So, the indicator, methods and frequency of measurement would have to provide sufficient precision, accuracy, representativeness, and completeness of data to allow acceptable statistical confidence in the difference between the baseline and outcome measurement. Guidance on quality assurance is available on the internet at [www.epa.gov/innovation/stategrants/](http://www.epa.gov/innovation/stategrants/).

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Q17: If a state wins a grant, will they be required to generate **reports** with performance measures?

A17: Yes. Reporting is required on a quarterly basis and should focus on specific performance measurement milestones in accordance with the Quality Assurance Project Plan (QAPP). Completion and approval of the final QAPP is required prior to collection of baseline data. Progress reports are our primary mechanism to determine if the grant recipient is fulfilling their obligations. The progress report should contain information on: 1) the rate of expenditure versus progress on the project, 2) actual accomplishments, 3) problems encountered during the performance period, which may interfere with meeting program/project objectives. 4) proposed remedy's, 5) information on equipment purchased during the reporting period, and 6) any other information requested through terms and conditions. A final technical report will also be required.

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Q18: Will performance measurement and quality assurance **training** be offered ?

A18: In the past we have sponsored a comprehensive grants workshop only for those chosen as finalists due to available resources. It is something we'd like to offer to everyone and have occasionally offered invitational trainings.

In the meantime, special training opportunities may be available to everyone through various vendors for a fee. For additional performance measurement or program evaluation opportunities, see the internet at <http://www.epa.gov/evaluate/training.htm>. For guidance or training opportunities related to quality assurance, see several resources listed on the internet at <http://www.epa.gov/quality>.

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## GENERAL

Q19: When will the **solicitation** be released?

A19: The projected date for the publication of the solicitation is early November 2007. We will strive to provide the most up-to-date information regarding publication of the solicitation on our State Innovation Grant website. In addition, a notification will also be sent out to all EPA Regions and States (point-of-contact) prior to the release of the solicitation. For those States and Territories that are interested in participating in this year's competition, or those who may have designated a new person, the Preliminary Notice requested that they provide their point of contact information to EPA by October 15. If specific contact information was submitted in prior years, EPA will send information to that person, unless requested not to.

The official notice will be posted on <http://fedgrants.gov>, and a copy of the solicitation will also be available on <http://www.epa.gov/innovation/stategrants>.

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Q20: What is the general **process & schedule**?

A20: In an effort to minimize any potential administrative burden and to expedite the award process, we are using a two-phased approach: 1) initial or pre-proposal, and 2) final proposal. State environmental regulatory agencies will have approximately 45 days to submit their pre-proposal. Upon receipt of the pre-proposals, they will be reviewed and evaluated at both the EPA Region and Headquarters. The process for evaluation will take approximately 60 days.

EPA will make an announcement regarding which States pre-proposals have been selected as winners for this year's competition. EPA will host one or two workshops for States with pre-proposals that have been selected for further consideration. The purpose of these workshops will be to inform the States of EPA grants policies, including the

requirement for explicit measures of environmental outcomes, and to facilitate the timely completion of their final project proposals. These workshops may be held in one or two locations within a one month period (30-day). The selected States will be asked to prepare a more detailed final proposal, and will be given approximately six to eight weeks to develop and submit their final proposal package (including an application for Federal assistance).

In general, the grant process beginning from the solicitation phase to the award phase can take from six to nine months. Looking from another perspective, on average it can take three to six months beginning from the notification by EPA of the State's selection to receipt of the award by the State. The timing of the final award to the State is contingent upon the State's successful completion of a satisfactorily-detailed, full final proposal and application package (including an Application for Federal Assistance - SF-424).

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Q21: Can you give a time frame for **open discussion** between potential applicants and EPA?

A21: Until the time of publication of the solicitation (official competition), we will be able to discuss and offer general guidance on any question or issues you may have.

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Q22: What is the time from selection of a proposal to the actual **awarding of monies**.

A22: The **overall process** can take 3-6 months, depending upon final proposal development. The timing is contingent upon the successful completion of a satisfactorily-detailed full final proposal and application package (including an application for Federal Assistance, SF 424).

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Q23: Is there a time length for the **project duration**?

A23: The average project lasts 1-4 years. If you are unsure of your proposed project duration, applicants are encouraged to err on the side of a longer time frame (within a four year period). It is easier to terminate a project early than to get an extension, even when no additional money is being sought from us.

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Q24: How much **money** will be awarded?

A24: Last year the grants averaged \$200,000. The ceiling was \$275,000 with some smaller and some receiving the limit. We will probably make awards ranging from \$50,000-\$275,000.

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### Attachment 3 Definitions

**Environmental Innovation** is the integration of alternative regulatory and non-regulatory strategies that promise better environmental and/ or public health protection than that provided through existing regulatory approaches.

**Environmental Justice** is the fair treatment and meaningful involvement of all people regardless of race, color, national origin, or income with respect to the development, implementation, and enforcement of environmental laws, regulations, and policies. Environmental justice is achieved when everyone enjoys the same degree of protection from environmental and health hazards and equal access to the decision-making process to have a healthy environment in which to live, learn, and work.

*Fair treatment* means that no group of people, including a racial, ethnic, or a socioeconomic group, should bear a disproportionate share of the negative environmental consequences resulting from industrial, municipal, and commercial operations or the execution of federal, state, local, and Tribal programs and policies.

*Meaningful involvement* means that: 1) potentially affected community residents have an appropriate opportunity to participate in decisions about a proposed activity that will affect their environment and/ or health; 2) the public's contribution can influence the regulatory agency's decision; 3) the concerns of all participants involved will be considered in the decision making process; and 4) the decision makers seek out and facilitate the involvement of those potentially affected.

**Environmental Management Systems (EMS)** are continual cycles of planning, implementing, reviewing and improving the processes and actions that an organization undertakes to meet its business and environmental goals. An EMS allows an organization to systematically manage its environmental and health safety matters. Most EMS are built on the "Plan, Do, Check, Act" model. This model leads to continual improvement based upon: 1) Plan: planning, including identifying environmental impacts and establishing goals; 2) Do: implementing, including training and operational controls; 3) Check: checking, including monitoring and corrective action; and 4) Act: reviewing, including progress reviews and acting to make needed changes to the EMS. For more information, see <http://www.epa.gov/ems/>. This website provides information and resources related to EMS for businesses, associations, the public, and state and federal agencies.

**Environmental Results Programs (ERP)** is an innovative approach that combines compliance assistance, self-audit/certification, statistically-based inspections, and performance measurement in order to: strengthen or replace an existing regulatory structure, achieve compliance obligations, and improve environmental results. ERPs educate owners and operators of regulated facilities about how to more effectively meet or exceed compliance obligations, and enable regulators to obtain long-term verifiable results. For more on ERPs, see <http://www.epa.gov/permits/erp/what.htm>.

**Government Performance and Results Act (GPRA) 1993** is a management reform initiative that holds federal agencies accountable for using resources wisely and achieving program results. GPRA requires agencies to: develop plans for what they intend to accomplish, measure how well they are doing, make appropriate decisions based on the information they have gathered, and communicate information about their performance to Congress and to the public.

**Indicators** are measures, usually quantitative, that provide information on program performance and evidence of a change in the “state or condition” of a system.

**Logic Model** is a tool/framework that helps identify the program/project resources, activities, outputs customers, and outcomes.

**Performance Measurement** is the ongoing monitoring and reporting of program progress and accomplishments, using pre-selected performance measures. It helps you understand what level of performance is achieved by the program/project.

**Pollution Prevention** is any practice that: 1) reduces the amount of any hazardous substance, pollutant, or contaminant entering any waste stream or released into the environment (including fugitive emissions) prior to recycling, treatment, or disposal; 2) reduces the hazards associated with such substances, pollutants or contaminants; 3) reduces or eliminates the creation of pollutants through increased efficiency in the use of raw materials, energy, water or other resources; or 4) protects natural resources by conservation.

**Program Evaluation** helps you understand and explain why you’re seeing the program/project results.

**Public Involvement** is the full range of actions and techniques used to meaningfully involve the public in decision-making processes.

**Regulatory Flexibility** is providing alternatives to prescribed regulatory requirements for a regulated facility that should lead to superior environmental performance, cost savings, and/ or expedited regulatory permitting and review.

#### Attachment 4 **Highlights of Previously Selected Pre-proposals**

The State Innovation Grant Program is designed to support state innovation and address key environmental priorities identified in EPA's *Innovation Strategy (Innovating for Better Environmental Results: A Strategy to Guide the Next Generation of Environmental Protection)*. Projects funded in prior State Innovation Grant Program competitions, all related to innovation in environmental permitting, represent a diversity of project types from a variety of geographic areas. These projects include: seventeen (17) Environmental Results Program (ERP) projects, eight (8) Environmental Management System (EMS) projects, eight (8) Performance Track (PT) projects, two (2) Watershed-based permitting projects, and one (1) project for streamlined and enhanced permitting through the application of innovative information technology (IT) systems. For additional information, see <http://www.epa.gov/innovation/stategrants>.

- Arizona (Region 9) received a 2002 award for the development of a web-based GIS storm-water permitting system to simplify and expedite application and review of permits (for more information on the results of this completed project, see <http://www.epa.gov/innovation/stategrants/sig2002.htm>).
- The Arizona (Region 9) Department of Environmental Quality (ADEQ) received a 2006 State Innovation Grant award to improve its existing Performance Track Program.
- Colorado (Region 8) received a 2002 award to develop a pilot multi-facility permitting project that would implement a whole-facility EMS approach to achieve performance beyond regulatory compliance.
- Delaware (Region 1) received a 2002 award for the development of an auto body ERP Program that relies on integrated, multi-media compliance assistance, self-certification, and performance measurement (for more information on results of this completed project, see <http://www.epa.gov/innovation/stategrants/sig2002.htm>).
- The Georgia (Region 4) The Georgia Department of Natural Resources (GADNR) received a 2006 award for integrating Environmental Management Systems into environmental permitting for the carpet manufacturing industry.
- Illinois (Region 5) EPA received a 2002 award to develop an ERP for Class V car and truck repair facilities.
- Indiana (Region 5) received a 2004 award for the development of a voluntary Community EMS model under their Comprehensive Local Environmental Action Network (CLEAN) to encourage comprehensive environmental planning and continuous improvement.
- The Indiana (Region 5) DEM was selected in 2005 to implement an Environmental Results Program for auto salvage yards in the state. The auto salvage ERP will address compliance for air, water, toxic materials and waste. The project provides the opportunity for an integrated, result-oriented approach to ameliorate environmental problems associated with the auto salvage sector.
- The Indiana (Region 5) Department of Environmental Management (IDEM) received a 2006 award to implement an environmental stewardship program that encourages businesses and industry to go beyond compliance activities to better protect the environment. Designed to



parallel the EPA National Performance Track Program, the IDEM Environmental Stewardship Program will challenge businesses to improve environmental performance by offering incentives.

- The Kentucky (Region 4) DEP received a State Innovation Grant in 2005 to expand the state's environmental leadership program – the state's adaptation of the National Performance Track Program under this grant. Implementation of this program is one of the KDEP's top three state-wide priorities. KDEP is working in partnership with environmental agencies from other states bordering Kentucky to develop shared membership criteria and support for common business sectors (e.g., agriculture and mining).
- Kentucky (Region 4) DEP received a 2007 award to implement a Targeted Assistance Project (TAP) to improve performance at targeted facilities; use the TAP as a recruitment tool that will expand the membership of Kentucky's environmental leadership program, KY EXCEL, to more than 500 entities; and encourage these new KY EXCEL members to perform waste reduction or energy efficiency projects at their facilities.
- The Louisiana (Region 6) Department of Environmental Quality (LADEQ) received an award in 2006 to implement an Environmental Results Program for the oil and gas production industry to address discharges regulated under the state's Air and Water programs. Through the ERP project, the LDEQ will replace the traditional permitting process and consolidate all permitting and regulatory requirements into a multi-media, self-certification compliance assistance program. Facilities will also benefit from some regulatory flexibility. LDEQ's goal is to improve environmental stewardship while reducing the cost and effort associated with permitting for the nearly 30,000 oil and gas production facilities in the state.
- Maine (Region 1) was awarded a State Innovation Grant in the 2004 competition for the development of an auto body - auto repair sector ERP program featuring targeted assistance, self certification, and a two-tiered certification incentive program.
- Maine (Region 1) received an award in 2007, in partnership with Massachusetts and potentially other learning states to develop a voluntary ERP for paved surface stormwater management. Partner States will target the program at parking lots in heavily developed areas affecting impaired Total Maximum Daily Load (TMDL)-assigned watersheds.
- Massachusetts (Region 1) received a 2002 award to develop a watershed-based permitting system to integrate non-point-source control with point-source permitting to achieve a nutrient TMDL (for more information on results of this completed project, see <http://www.epa.gov/innovation/stategrants/sig2002.htm>).
- The Massachusetts (Region 1) DEP was selected in the 2005 competition for a program leading a consortium of seven states to further promote implementation of Environmental Results Programs, for improving environmental compliance by small business sectors. The collaborative effort will develop and test a set of common, core business sector performance measures designed to assess improvement in environmental performance.
- Michigan (Region 5) received a 2004 award for the development of an Environmental Results Program for hundreds of small business dry cleaners throughout the state, modeled after similar ERPs in other states.

- Minnesota (Region 5) received a 2004 award for the development of a feedlot Environmental Results Program to implement an ERP approach for facilities that fall below the federal CAFO definition.
- The Nevada (Region 9) DEP was selected in 2005 to implement an Environmental Results Program for the dry cleaning sector in the state's two most populated counties—Washoe (Reno/ Sparks) and Clark (Las Vegas/ Henderson). NVDEP has set goals of a 25 percent improvement in permit compliance and a 20 percent increase in the use of best management / pollution prevention practices.
- New Hampshire (Region 1) DES was selected in 2005 to develop a state-based Environmental Leadership Program that will complement their participation in EPA's National Performance Track Program. Planned project tasks include: building a "virtual EMS" tutorial through the NH college/ university system; "greening the supply chain" mentoring projects; and implementing Performance Track incentives for applicable member facilities.
- New York State (Region 2) Department of Environmental Conservation (NYSDEC) received a 2007 award to use the ERP model to improve the environmental performance of three small business sectors, including auto body shops and printers. ERP will be a central means by which NYSDEC and other New York agencies will implement new legislation calling for innovative approaches to compliance assistance that promotes pollution prevention and energy efficiency among small businesses.
- Rhode Island (Region 1) Department of Environmental Management (RIDEM) received a 2004 competition award for the development of an auto salvage sector ERP program to address specific goals for improvement in Environmental Business Practices Indicators for this sector.
- The Rhode Island (Region 1) received a 2006 State Innovation Grant award to implement a project that will assess whether or not the Environmental Results Program approach can be as effective as, or more effective than, traditional regulatory approaches in improving compliance for the Underground Storage Tank (UST) sector. RIDEM is conducting this project in collaboration with the Florida Department of Environmental Protection (FDEP) which maintains a traditional compliance assistance and enforcement program for this sector.
- Rhode Island (Region 1) received a 2007 award to apply the Environmental Results Program approach to construction storm water management for Municipal Separate Storm Sewer Systems (MS4). RIDEM will develop an integrated system of compliance assistance, self-certification, and performance measurement that incorporates best management practices to control erosion and sedimentation from construction sites greater than one acre. The project will help construction operators to meet the Phase II storm water control requirements.
- South Carolina (Region 4) received a 2004 award for the development of Environmental Management Systems guidance for permit decision-making for waste management facilities. The EMS approach requires careful attention to multi-media management and continuous performance improvement.
- Tennessee (Region 4) received a 2007 award to address water quality impacts resulting from the State's ongoing construction boom by helping Municipal Separate Storm Sewer Systems (MS4) establish an integrated approach to water resources management. The TNDEC will

develop a performance-based leadership program for the sector, adopting criteria and incentives, and a formal “excellence” recognition and awards program that will enable MS4 facilities to become “qualifying local programs” under their permits.

- Texas (Region 6) received a 2002 award to develop an innovative permitting program to bridge the state's activities under recent laws promoting EMS and setting enforcement priorities on the basis of risk and performance.
- Vermont (Region 1) received a 2004 award to create a retail gasoline sector ERP program. The project addresses multi-media environmental management concerns through the establishment of sector-specific, multi-media best practices.
- The Virginia (Region 3) DEQ was selected in 2005 to apply ERP to their Underground Storage Tank/ Leaking Underground Storage Tank (UST/ LUST) Program. VADEQ will develop a “second generation” UST ERP workbook, a CD-ROM/ online interactive version of EPA’s electronic workbook. VA DEQ plans to apply the UST ERP approach to nearly 1,000 UST owner/ operators across the state.
- The Virginia (Region 3) Department of Environmental Quality (VADEQ) received a State Innovation Grant in 2006 to further align its environmental leadership program, the Virginia Environmental Excellence Program (VEEP), with EPA’s National Environmental Performance Track Program. This project will further integrate VEEP policies, procedures, and delivery of incentives with those of the Performance Track Program. The project includes organizing a forum for relevant financial sector institutions to investigate how rewarding strong environmental performance aligns with their interests in insurance, bond ratings, and other business activities.
- Washington (Region 10) Department of Ecology (WADOE) was selected in 2005 to implement an Environmental Management System Program for the pulp and paper sector in the state. The WADoE project is adapting the use of EMS to give facilities in the sector an “Industrial Footprint” measurement to assess their overall environmental impact. This will result in an improvement in the effectiveness of state permitting and non-regulatory efforts at complex facilities. Initially, the project will assess the “Industrial Footprint” of eight chemical pulp and paper mills in Washington.
- Washington (Region 10) DOE received an award in 2007 to develop a comprehensive Sustainable Washington Program which combines the Environmental Results Program (ERP) model with a new state voluntary leadership and sustainability program (VLP). The goals of this integrated approach are to improve sector compliance, encourage entities to move voluntarily beyond compliance towards sustainability, and produce measurable environmental results. The ERP component will focus on the auto body/auto refinishing sector in three priority watersheds.
- Wisconsin (Region 5) received a 2004 award for the development of ERP and EMS programs to improve environmental stewardship while providing permit flexibility.
- Wisconsin (Region 5) received a 2007 award to promote whole farm Environmental Management Systems as a tool for multi-media environmental improvement among dairy farms of all sizes (regulated and unregulated) in the Lakeshore Basin region of the State. The project will link dairy farmers to the Green Tier Environmental Excellence program and Agricultural Watershed Improvement Network, and help the State address the significant impacts caused by agricultural runoff to both surface and groundwater.

- Wyoming (Region 8) received a 2004 award for the development of a watershed-based permitting program for the Powder River Basin to address integrated management of water quality in a basin impacted by coal-bed methane (CBM) extraction.