

US EPA ARCHIVE DOCUMENT

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**U.S. Environmental Protection Agency**

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**State Innovation Grant Program; Solicitation Notice**

**OVERVIEW**

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

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

**ANNOUNCEMENT TYPE:** Initial Announcement

**FUNDING OPPORTUNITY NUMBER:** EPA-AO-OPEI-06-01

**CATALOGUE OF FEDERAL DOMESTIC ASSISTANCE (CFDA) NUMBER AND**

**TITLE:** This solicitation of pre-proposals for an assistance agreement program is offered under the Catalogue of Federal Domestic Assistance Number 66.940, “Environmental Policy and Innovation Grants.”

**DATES:**

Pre-Proposal Due Date - January 20, 2006.

Selection Decisions - March 2006.

**FUNDING/AWARDS:**

Total Estimated Funding for Awards: \$800,000 - \$1,000,000.

Anticipated Award Range: \$ 50,000 - 250,000

Grant Duration: 1-3 years

Website for further information, including highlights of previous awards: at

<http://www.epa.gov/innovation/stategrants>

**EPA POINT OF CONTACT:** Refer to Section 4.1 of solicitation text.

**SUMMARY:** The U.S. Environmental Protection Agency (EPA) is soliciting pre-proposals for an assistance agreement program (the “State Innovation Grant Program”) in an effort to support innovation by State environmental regulatory agencies. In April 2002, EPA issued its plan for future innovation efforts, published as *Innovating for Better Environmental Result: A Strategy to Guide the Next Generation of Innovation at EPA* (EPA 100-R-02-002; <http://www.epa.gov/innovation/pdf/strategy.pdf>). This assistance agreement program strengthens EPA’s partnership with the States by assisting State innovation that supports the *Strategy*. EPA would like to help States build on previous experience and undertake strategic innovation projects that promote larger-scale models for “next generation” environmental protection and promise better environmental results. EPA is interested in funding projects that: 1) go beyond a single facility experiment to promote change that is “systems-oriented,” 2) provide better results from a program, process, or sector-wide innovation, and 3) promote integrated (cross-media) environmental management with high potential for transfer to other States.

“Innovation in permitting” is the theme for the 2006 solicitation. Under this theme, EPA is interested in pre-proposals that:

- a) Apply the Environmental Results Program model, an alternative to permitting scheme for small business sectors;
- b) Explore the relationship between Environmental Management Systems and permitting; or
- c) Seek to build State support for EPA’s National Environmental Performance Track

Program or similar State performance-based environmental leadership programs.

Since the inception of the State Innovation Grant program, EPA has funded 15 projects. An additional 7 projects selected in the 2005 competition should be awarded this winter, providing that the States submit full and complete application packages (22 total grants).

## **SOLICITATION ANNOUNCEMENT-FULL TEXT**

### **1. FUNDING OPPORTUNITY DESCRIPTION:**

#### **1.1 Introduction.**

The EPA National Center for Environmental Innovation (NCEI) is managing the competition for the State Innovation Grants in collaboration with the National Program Offices at headquarters and the EPA Regional offices. The U.S. Environmental Protection Agency (EPA) is soliciting pre-proposals for an assistance program (the “State Innovation Grant Program”), to support innovation by State environmental regulatory agencies. In April 2002, EPA issued its plan for future innovation efforts, published as *Innovating for Better Environmental Result: A Strategy to Guide the Next Generation of Innovation at EPA* (EPA 100-R-02-002;

<http://www.epa.gov/innovation/pdf/strategy.pdf>). The Agency’s *Strategy* presents a framework for environmental innovation consisting of four major elements:

- (1) Strengthen EPA’s innovation partnership with States and Tribes;
- (2) Focus on priority environmental issues:
  - Reduces greenhouse gases
  - Reduce smog

- Restore and maintain water quality
- Reduce the cost of water and wastewater infrastructure;

(3) Diversify environmental protection tools and approaches:

- Information resources and technology
- Environmental technology
- Incentives
- Environmental Management Systems
- Results-based goals and measures;

(4) Foster a more “innovation-friendly” organizational culture and systems.

This assistance program strengthens EPA’s partnership with the States by supporting State innovation compatible with the *Strategy*. EPA would like to help States build on previous experience and undertake strategic innovation projects that promote larger-scale models for “next generation” environmental protection and provide better environmental results. EPA is interested in funding projects that: 1) go beyond a single facility experiment and provide change that is “systems-oriented,” 2) provide better results from a program, process, or sector-wide innovation, and 3) promote integrated (cross-media) environmental management with a high potential for transfer to other States.

“Innovation in permitting” is the theme for the 2006 solicitation. Under this theme, EPA is interested in pre-proposals that:

- a) Apply the Environmental Results Program model, an alternative-to-permitting

- scheme for small business sectors;
- b) Explore the relationship between Environmental Management Systems and permitting; or
  - c) Seek to build State support for EPA's National Environmental Performance Track Program or similar State performance-based environmental leadership programs.

EPA interprets "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 that both (1) achieve mandatory Federal and State standards and (2) encourage performance and address environmental issues above and beyond minimum requirements.

This solicitation begins the fourth State Innovation Grant competition. Of those projects that have been awarded in the prior rounds (including those with pending awards) eleven (11) are for development of Environmental Results Programs, seven (7) relate to Environmental Management Systems and permitting, two (2) are to enhance Performance-Based Environmental Leadership programs, two (2) are for Watershed-based permitting, and one (1) is Information Technology for the application of Geographic Information Systems (GIS) to a permitting process. For information on the prior solicitations and awards, please see highlights of previous awards in Attachment 3, or see the EPA State Innovation Grants website at <http://www.epa.gov/innovation/stategrants>.

**Linkage to EPA Strategic Plan.** This solicitation reflects the funding priorities of the National

Center for Environmental Innovation, the EPA national program offices, and the EPA Strategic Plan. The funding programs announced in this solicitation will further EPA's achievement of alignment with the following goals, objectives, and sub-objectives of its Strategic Plan:

- **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,

**Objective 5.2** – Improve Environmental Performance through Pollution Prevention and Innovation.

**Sub-objective 5.2.4** – Environmental Policy Innovation.

**Requirements for Outputs and Outcomes:** In compliance with EPA Policy Order 5700.7, applicants are required to fulfill EPA's strategic goals by addressing output or outcome environmental measurements in their proposals. For the State Innovation Grant competition, we are interested in all environmental media (e.g., air, water, land, etc.)

The term "output" refers to an environmental activity or effort and associated work product that will be produced or provided over a period of time or by a specified date. Outputs may be quantitative or qualitative but must be measurable during the funding period. Examples of outputs include but are not limited to the number of stakeholder groups involved in the process, the number of facilities participating in a demonstration, the development of a report or training



manual, increased monitoring, the number of workshops or training courses conducted and the number of people trained.

The term “outcome” means changes or benefits resulting from environmental activities and outputs. Outcomes may be environmental, behavioral, health-related or programmatic in nature but must be quantitative. There are three major types of outcomes – short term (attitude), intermediate (behavior), and long-term or end outcome (condition). Short term outcomes reflect changes in learning, knowledge, attitude, skills, or understanding. Intermediate outcomes reflect changes in behavior, practice, or decisions. Long-term or end outcomes reflect changes in environmental condition. End outcomes are the desired end or ultimate results of a project or program. They represent results that lead to environmental or public health improvement. In EPA’s Strategic Plan - Objective 5.2, our program goal is to Improve Environmental Performance through Pollution Prevention and Innovation. Specifically, for the State Innovation Grant program, examples of short-term outcomes could include increase in regulated entities understanding of options for “beyond compliance” management. Intermediate outcomes could include improvements in integrated compliance (e.g., solid waste regulations, a reduction in VOC emissions, or increase in the number of dry cleaners that monitor emission control equipment with the proper frequency). Intermediate outcomes are outcomes that are expected to lead to end outcomes but are not themselves “ends.” For example, for an air pollution project, reductions in emissions may be viewed as an intermediate outcome to measure progress toward meeting or contributing to end outcomes of improved ambient air quality and reduced illness from air pollution. Long term or end outcomes could include improvement in overall

environmental performance as measured against targeted compliance and sustainability goals, or improvement in worker and community health (e.g., a change in water quality and resultant reduction in human health risk or environmental impacts are examples of end outcomes).

## **1.2 Authority and Regulation.**

EPA expects to award State Innovation Grants under the following six assistance agreement authorities: Clean Air Act, Section 103 (b)(3) (*42 U.S.C. § 7403 (b)(3)*); Clean Water Act, Section 104 (b)(3) (*33 U.S.C. § 1254 (b)(3)*); Solid Waste Disposal Act, Section 8001 (*42 U.S.C. §6981*); Toxics Substances Control Act, Section 10 (*15 U.S.C. §2609*); Federal Insecticide, Fungicide, and Rodenticide Act, Sections 18 and 20 (*7. U.S.C. §136p and 136r*); and Safe Drinking Water Act, Sections 1442 (a) and (c) (*42 U.S.C. § 1(a) and (c)*).

## **1.3 Specific Areas of Interest**

EPA intends to support State pre-proposals that involve **innovation in environmental permitting** (including alternatives to permitting) related to one of the *Innovation Strategy* priority environmental areas (see Section 1.1), 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). Projects must propose to test these concepts in Federally- delegated/authorized programs or State programs (voluntary or regulatory), while working within the current statutory framework.

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

EPA is specifically interested in promoting and evaluating further applications of the Environmental Results Program (ERP) model (see: <http://www.epa.gov/ooaujeag/permits/erp/what.htm>). The ERP model is an integrated system of compliance assistance that encourages pollution prevention, self-certification (sometimes where permissible in lieu of permitting), and statistically-based performance measurement to gauge performance of an entire business sector. The 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 alternative to the traditional environmental challenges of small business permitting. Using ERP allows States to focus on a large number of small sources of pollution often overlooked by traditional regulation and environmental protection programs. ERP is typically adapted by each State to include all of the conditions inherent in permitting, with the added benefit of comprehensive measurable results at the sector, facility, and environmental media levels. ERP encourages a multi-media approach for encouraging small sources to achieve environmental compliance by bringing together all applicable regulatory requirements along with pollution prevention techniques through a compliance assistance workbook that promotes improved environmental performance and is fully linked to a corresponding annual self-certification form and performance measurement scheme.

Currently, more than fourteen States are planning or implementing ERPs. Efforts are underway to learn from the growing State ERP experiences and to develop an ERP Strategic Plan to aid in

scaling up ERP applications nationwide.

EPA's goal for ERP is to have this innovation become widely-known and used, self-sustaining, and a convenient alternative regulatory approach for improving environmental performance and compliance. EPA's scale-up interests for ERP include:

- Expanding the application of ERP within and across business sectors;
- Finding new tools or mechanisms that lower transaction costs of ERP in priority environmental sectors and which 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; and
- Exploring the application of ERP in conjunction with other priority innovations.

EPA is interested in building a national ERP constituency among States and achieving economies of scale through multiple State projects in a common business sector. To date, the auto body/auto repair sectors includes five State projects, dry cleaning two States, and underground storage tanks (UST) three States. Details on States that are prior recipients of State Innovation Grants for ERP projects are available at [www.epa.gov/innovation/stategrants](http://www.epa.gov/innovation/stategrants). For more about ERP, go to [www.epa.gov/permits/](http://www.epa.gov/permits/).

Replicating ERP projects in a common business sector has many benefits. States can share

existing ERP tools (e.g., workbooks, certification questions, and implementation plans), as well as operational experiences. This is consistent with EPA's desire to reduce ERP project startup costs and gain efficiency in implementation across several States. EPA is working toward the preparation of a *National Underground Storage Tank ERP Workbook*, a *State Guide for ERP Statistical Approaches*, an *ERP Roadmap*, and an *ERP Users's Guide*. However, more work needs to be done in other project implementation issues, such as developing ERP data automation systems and creating ERP electronic workbooks.

Measurement is an integral part of the ERP approach. Development of Environmental Business Practice Indicators (EBPIs), metrics to measure environmental performance and compliance, are an inherent part of the ERP performance measurement tools. Many State ERP projects include EBPI metrics, and EPA is encouraging the development of a consistent measurement and reporting metric for common business sectors across States.

### **1.5 Environmental Management Systems.**

Under this theme, EPA is very interested in promoting the further testing of Environmental Management Systems (EMS) as they relate to permitting programs (see: <http://www.epa.gov/ems/index.htm>). In prior rounds of competition, some States have initiated programs that incorporate EMSs into permitting programs (see highlights of prior awards in Section 1.1 of this announcement) and more are expected to do so in the future.

EPA's EMS Strategy (*Strategy for Determining the Role of Environmental Management Systems*

*in Regulatory Programs*) explains the issues and considerations of interest to EPA as the Agency explores whether and how EMSs can play a role in our regulatory programs. EPA policy is to encourage the widespread use of EMSs across a range of organizations and settings, with particular emphasis on adoption of EMSs; improved environmental performance and compliance; pollution prevention through source reduction; and continual improvement. EMSs do not replace the need for regulatory programs but can complement them and indicate opportunities to streamline regulations.

The *EMS Strategy* provides a number of potential ideas and examples which, while not exhaustive, are meant to encourage further idea generation and testing by State partners. Some of the policy ideas that could be tested in such a proposal include:

- Can EMSs, in tandem with performance standards, achieve better and more efficient regulatory/permitting environmental results than perspective operational controls?
- Can the multimedia analysis that is the hallmark of an EMS support cross-media tradeoffs to achieve higher overall environmental performance and pollution prevention?
- Under what conditions could regulators rely on EMSs in permits and rules to redirect regulatory oversight from lower to higher priority areas?
- Can EMS elements improve performance and efficiency by substituting for overlapping administrative and information-gathering requirements in rules and permits?

- Does incorporating an EMS into a permit yield better public involvement procedures and environmental results than traditional permit models?
- Can regulated facilities use their EMSs to enhance the environmental performance of third parties such as suppliers, customers, or environmental quality trading partners?
- Can EMSs achieve voluntary reductions in emissions and releases (consistent with or beyond existing regulations) in environmentally overburdened communities (including communities with environmental justice issues) or geographic areas with high concentrations of facilities and nearby populations?

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

EPA seeks pre-proposals directly supporting Performance Track implementation. Depending on the availability of funds, EPA expects to fund a limited number (2 or 3) of multi-year (two- to three-year) State grants under this theme. These grants will increase State capacity to assist States' Performance Track member facilities 1) through cooperative implementation between Performance Track program and similar State performance-based leadership programs and 2) by implementing federal and State incentives. EPA anticipates annual funding in the range of \$50K to \$75K per year per grant depending on the scope of the pre-proposal and the availability of funds.

The National Environmental Performance Track Program represents a new way of encouraging

environmental improvement by recognizing and rewarding facilities that go beyond baseline compliance (<http://www.epa.gov/performance-track/>). To qualify, facilities must have functional environmental management systems, a track record of good compliance, a commitment to environmental improvements and an active community interaction program. In return for their efforts and commitments, EPA recognizes Performance Track facilities as environmental leaders and offers regulatory and administrative flexibility that encourages them to continue their leading efforts as well as provides incentives for other facilities to join. A number of States have similar performance-based environmental leadership programs in place, are in the process of developing such programs, or are actively working with EPA to recognize and reward Performance Track members by cooperatively implementing Performance Track incentives in their State.

EPA encourages pre-proposals from States with existing and developing performance-based environmental leadership programs. Pre-proposals must identify and build on opportunities to cooperatively implement and align the State program with EPA's Performance Track. Examples of these opportunities include effective delivery of incentives, facility application submission and review, compliance screening, facility environmental improvement measurement and reporting, capacity building among State media staff, and conducting facility site visits.

EPA is seeking pre-proposals that will target implementation of federal and State incentives that recognize and reward a significant number of facilities that are Performance Track members as well as members of similar State programs, where those members are strong candidates for



Performance Track membership. Pre-proposals must indicate whether State agencies will provide priority attention to Performance Track members. Within this category, priority will be given to pre-proposals that support implementation of incentives for Performance Track members that augment State-EPA cooperative implementation.

### **1.7 Desirable Characteristics of Pre-proposals**

EPA is focused on pre-proposals that will achieve specific measurable environmental results.

Additionally, applicants must state clearly whether their project is focusing on:

- 1) Environmental permits that are required by law or regulation (if so, is it federal or State. Also, cite which specific laws or regulations);
- 2) Voluntary environmental “agreements” that would be used as an alternative to a permit, or where a permit might otherwise be considered integral to the project;
- 3) Innovation in environmental permitting that provides improved performance for objectives within EPA’s Strategic Plan;
- 4) Innovation in environmental permitting that supports improvement in EPA Regional priorities, State environmental priorities, or other local priorities.

### **1.8 Measurable Results.**

EPA Order 5700.7, “Environmental Results under EPA Assistance Agreements,” is a new policy intended to ensure accountability and productivity for public dollars. This new policy affects all providers and recipients of EPA assistance including public agencies and not-for-profit organizations. It requires that all agency competitions include a commitment to demonstrate results as a criterion for selection. The specific purposes of the EPA Order are:

- 1) To establish agency policy for addressing environmental results under assistance agreements;
- 2) To ensure that grants are result-oriented;
- 3) To align grants with Strategic Plan/Government Performance Results Act (GPRA) architecture; and
- 4) To help implement the agency's Strategic Plan.

Specifically, the policy requires that the work plan contains (1) well-defined outputs, and, to the maximum extent practicable, well-defined outcomes; and (2) a description of how the project would support specific EPA Strategic Plan goal(s), objective(s) and, where available, sub-objective(s).

## **2. AWARD INFORMATION**

**2.1. Total Amount of Funding, Number of Awards:** EPA anticipates available funding of \$800,000- \$1,100,000. EPA also anticipates award of 4-8 assistance agreements. It is possible that these projects may be funded incrementally and annually across their period of performance at EPA's discretion.

**2.2 Funding Range:** For ERP and EMS-related projects, EPA anticipates funding for projects between \$50,000 - 250,000. For Performance Track projects, EPA anticipates funding for up to three (3) projects in the range of \$55K to \$75K per year per grant depending on the scope of the pre-proposal and the availability of funds. EPA anticipates that Performance Track projects will be multi-year projects and will be funded incrementally on an annual basis.

**2.4. Term and Renewability of Awards:** Grant Duration is 1-3 years based upon requests from the States. States may propose projects with final outcomes on a longer timescale, but the final proposal must commit to a report on final project outcomes within three months of completion of the total project. Funding will not be provided to renew any State Innovation Grant project award beyond the term of the initial award. EPA may choose to fund projects incrementally over the lifetime of the project.

**2.4. Grants or Cooperative Agreements and the Substantive Federal Involvement:** While this solicitation makes frequent reference to this funding opportunity as a “Grant” Program for the sake of simplification, EPA will award assistance as cooperative agreements. Recipients may expect the substantial involvement of the Federal Grants Project Officer in activities such as: review of project plans, analysis plans, and review of quality assurance plans; information acquisition planning; identification of candidate peer reviewers; coordination with other points within EPA and other Federal Agencies; development of project evaluations; and other similar activities.

**2.5. Reject or Award Right.** EPA reserves the right to make no awards under the solicitation.

### **3. ELIGIBILITY INFORMATION:**

**3.1. Eligible Applicants:** Only the principal environmental regulatory agency from each State, the District of Columbia and the U.S. Territories are eligible to apply. States are encouraged to partner with recognized American Indian Tribal governments in developing team pre-proposals for this solicitation.

**3.2. Cost Sharing:** No matching funds are required; however, in prior competitions some States have opted to offer voluntary “leverage” (e.g., a contribution of partial State funding or other resources) in their budget. States may provide any level of voluntary “leverage” funding which will be considered along with in-kind contributions as part of the selection factors identified in Section 5.2.1.5 below.

### **3.3 Pre-screening Using Threshold Criteria:**

Before a pre-proposal is transmitted to either the Regional Evaluation Panel or a Technical Panel at Headquarters it will be screened by the NCEI State Innovation Grant Program staff to determine whether or not the project meets basic requirements necessary for the legitimate use of appropriated funds by EPA. An applicant’s project must meet the following three important threshold criteria to be considered for funding under the program criteria listed in Section 5.2 below. Applicants that fail to meet the threshold criteria will not be evaluated further. EPA must be able to determine from the pre-proposal whether the project meets these threshold criteria:

**Threshold Criterion #1.** A project must consist of *activities* authorized under one or more of six EPA grant authorities cited in Section 1.2. 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 or advancing the state of knowledge. Project pre- proposals must emphasize a “learning” concept associated with a new approach or innovation, as opposed to only “fixing” an

environmental problem using a well-established method. The project's activities must advance the state of knowledge or transfer information. The statutory term "demonstration" may encompass the first use of a new innovation, or the application elsewhere of a previously-used innovation. The term "research" may include the application of established practices when they contribute to "learning" about an environmental concept or problem.

**Threshold Criterion #2.** In order to be funded, a project's *focus* generally must be included among the ones that are specified in the statutes cited in Section 1.2. For most of the statutes, a project must address the causes, effects, extent, prevention, reduction, and elimination of air, water, or solid/hazardous waste pollution, or, in the case of assistance agreements under the Toxic Substances Control Act or the Federal Insecticide, Fungicide and Rodenticide Act, it should "carry[ing] out the purposes of the Act." While the purpose of the State Innovation Grant Program is to promote innovative approaches to environmental protection, an overarching goal of the program is to focus on the statutory purpose of the applicable grant authority, in most cases "to prevent or control pollution." In light of this, pre-proposals relating to other topics which are sometimes included within the term "environment" such as recreation, conservation, restoration, protection of wildlife habitats, etc., must describe the relationship of these topics to the statutorily-required purpose of pollution prevention and/or control. Proposals with an integrated, multi-media (and/or multi-statute) approach are encouraged. For assistance in understanding statutory authorities under which EPA is providing these assistance agreements, please contact the EPA representative listed in Section 4.1 of this notice.

**Threshold Criterion #3.** Applications exceeding the funding limits described in Section

2.2 will be returned without review. Applications that do not substantially comply with the application submission instructions and requirements set forth in Section 4.0 - 4.6 of this announcement will be rejected. In addition, where a page limit identified in Section 4.2 with respect to parts of the application is exceeded, pages in excess of the page limitation will not be reviewed. Applications and initial proposals must be received by the EPA on or before the solicitation closing date published in Section 4.1 of this announcement. Applications received after the published closing date will be returned to the sender without further consideration.

**3.4. Other Eligibility Information:** Only a State's principal environmental regulatory agency (generally, where delegated authorities from the U.S. Environmental Protection Agency exist for Federal environmental regulations) may submit a pre-proposal. Each State is limited to a single pre-proposal. A State's environmental regulatory agency is encouraged, however to team with other Agencies in that State or with neighboring States and federally-recognized American Indian Tribal governments. Therefore, there is an exception to the "only-one-pre-proposal-per-State" requirement available to States choosing to submit a team pre-proposal. In this case, in addition to their individual pre-proposal, a State may be a participant in one (1) team pre-proposal with other States, or Tribes, or agencies within their own State. States are allowed to submit one individual application, and one group/team or joint proposal/application only. Project pre-proposals submitted from ineligible sources will not be considered and we will notify the sender of rejection based upon ineligibility.

#### **4. APPLICATION AND SUBMISSION INFORMATION:**

#### 4.1 Submission Requirements

Please note that, as explained below, you may choose to apply under this announcement in *one of several ways (US mail, courier delivery, fax, e-mail, or thru grants.gov)*. Only apply using one of these methods. If you wish to apply electronically, please follow the appropriate instructions under “Electronic Submission” below. EPA encourages applicants to submit their application/pre-proposal materials electronically either through <http://www.grants.gov> or through direct e-mail as described in Section 4.2. If you wish to apply with a hard copy submission, please follow the instructions under “Hard Copy Submission” below.

**Submission Dates and Times.** This assistance agreement program will require submission of pre-proposals. The submission deadline for the various methods of pre-proposal submission that may be used are described below. Pre-proposals postmarked, received, or accepted (as appropriate to the submission method used) after the designated time and due date that applies to that submission method will not be considered in the selection process without prior approval by NCEI. NCEI may grant an exception to this deadline in the form of a brief extension under extenuating circumstances (e.g., local power outages or Internet interruptions), if documentation can be provided by the State Agency.

Submission thru grants.gov, e-mail, or fax: Pre-proposals may be submitted through [www.grants.gov](http://www.grants.gov), e-mail, or by fax [202-566-2220] by 11:59 PM EST on January 20, 2006.

Submission by US Mail: If States mail the pre-proposal, it must be postmarked no later than 11:59PM EST on January 20, 2006 and received by NCEI within two(2) business days after that time.

Submission by courier delivery: For courier delivery, State pre-proposals must arrive at EPA Headquarters by 6:00 PM EST on January 20, 2006 (see, Section 4.1 for addresses for mail and courier service. Note that the courier delivery address is different than the mail address for EPA Headquarters).

EPA expects that by March 2006, States with pre-proposals selected by NCEI will be asked to prepare a more detailed proposal, and will be given approximately six (6) to eight (8) weeks to develop and submit their detailed proposal package (including an application for Federal assistance).

Because of the unique situation involving U.S. mail screening, EPA highly recommends that applicants use an electronic submission method, or an express mail/courier option to submit their pre-proposals. If a hard copy is provided, please provide the original and two copies (no binders, or spiral binding). Please submit pre-proposals sent by US Mail to the EPA National Center for Environmental Innovation:

State Innovation Grants 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  
Innovation\_State\_Grants@epa.gov.

For courier delivery only, send the pre-proposals to:

Sherri Walker  
State Innovation Grants Program  
U.S. EPA  
EPA West Building, Room 4214D  
1301 Constitution Ave., NW  
Washington, DC 20005  
202-566-2186

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 1-866-705-5711, or by visiting the D&B website at <http://www/dnb.com>.

#### **4.2. Content and Form of Application Submission.**

**4.2.1. Submission of Pre-Proposals.** Each State may submit only one pre-proposal package which must consist of no more than seven (7) pages total, including one project summary page, a narrative of up to five (5) pages (single-spaced), and a one-page preliminary budget proposal. A team pre-proposal must come from the principal environmental regulatory agency of one State in the team, and must list the other principal environmental regulatory agencies and points of contact within those partner-agencies and, as appropriate, federally-recognized American Indian Tribal governments.

EPA strongly encourages States to make electronic pre-proposal submissions through [www.grants.gov](http://www.grants.gov), or alternatively to NCEI at the following e-mail address:

Innovation\_State\_Grants@epa.gov. Electronic submittals (grants.gov, e-mail, or fax)(including a preliminary budget) must be presented in a standard word processing format such as MS Word (TM) format or Word Perfect (TM). States choosing to mail pre-proposals or send them by courier should provide an electronic copy on hard media (CD, diskette, zipdisk) or paper original and two (2) copies of their entire pre-proposal package to NCEI at the address identified in Section 4.1. An acknowledgment of receipt for your pre-proposal will be sent from NCEI within two weeks from the date of receipt. Receipt of electronic (e-mail) pre-proposals will be acknowledged by a return e-mail notification from NCEI.

**4.2.2. Preparing the State Innovation Grant Pre-proposal.** Applicants should refer to the pre-proposal checklist to facilitate preparation of their pre-proposal (see, Attachment1). The entire pre-proposal must not exceed seven (7) pages in length.

- Please do not use covers, binders or folders;
- Pre-proposals may be submitted electronically as described in 4.2.1.
- Alternatively as described in 4.2.1, pre-proposals (in hard copy) must be submitted on 8 ½ x 11" paper (single spaced) in 11 point font or larger, and at least one inch margins.

The project pre-proposal must contain the following in the given order:

**4.2.2.1. Project Summary Information Page.** (Length not to exceed one (1) page of the total seven (7) pages.) The summary page must include:

- Project title and location;
- Name of applicant State agency (For multi-State and multi-governmental agency pre-proposals, one State lead must be identified as the main contact and the other agencies'

contacts listed, as well;

- Name of project contact, address, telephone and fax numbers, and e-mail address;
- Indicate if the project is being executed in cooperation with or funded by another Federal program; if so, please identify the program;
- Indicate whether, and what types, of regulatory flexibility (from the Federal government) potentially may be needed to implement the project;
- Indicate by a statement that the Commissioner (or Secretary or Administrator, or Director, as appropriate) or senior deputy of the State agency endorses the project. Selected finalists are required to send a letter to this effect with the final application and proposal.

**4.2.2.2. Pre-proposal Project Narrative** (not to exceed 5 pages - *Where a pre-proposal narrative exceeds five pages, the additional pages will not be considered.*) The pre-proposal must describe how the project builds on the concepts identified in the *Innovation Strategy* by addressing the following:

- Describe the problem or issue that the project proposes to address.
- Identify how your 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 your vision for the project's overall impact.
- Include a clear statement of project goals and expected environmental outcomes (e.g., what are the specific goals for environmental improvement).
- Demonstrate a link to one or more of EPA's 5 strategic goals (see Section 5.1).
- Describe the innovative changes in management and regulatory processes explaining how

they meet the threshold and program criteria. Be sure to address all of the evaluation criteria cited in Section 5.2.

- In the narrative of the pre-proposal, the State must explain how the activities will be accomplished. Identify target dates for key milestones. The milestone summary must identify the *key* process and outcome milestones and when they will be accomplished. Provide specific information on how environmental outcomes will be measured and how they will be evaluated against current conditions (baseline). Outcomes must reflect the benefits, impacts or changes in environmental attitudes, behaviors, or conditions for individuals and populations. Performance goals must focus on outcomes similar to those identified in Section 1.1 (e.g., change in environmental conditions; reductions in pollutant releases) rather than outputs (e.g., reports, numbers of participants). Within the narrative, applicants must submit their projected plan for tracking/measuring specific environmental results. The EPA Environmental Results Order for grant programs (EPA 5700.7) requires that grant recipients report the results and outcomes of their grants to demonstrate performance and accountability. While the use of outputs as measures of milestones are important, it is absolutely essential that some measures, either direct or through surrogates, be devised to measure the performance outcomes to determine if goals have been met. It is critical that outcome goals and measures be included in the pre-proposal.
- Project Schedule and Time Frame. As part of the pre-proposal narrative, identify timelines for tasks, key activities for project completion, milestones, products, measures, and outcomes. Identify the proposed project start date and duration (the exact dates of

beginning and end will be negotiated with EPA if your project is selected). Provide an overall estimate of the time needed to affect the outcome. Use this as an opportunity to communicate program substance and context. Consider factors relating to timing, potential barriers (organizational, management, cultural, political), likely costs (systems development, installation, operation), and possible benefits (better, less costly, more accountable service). Clearly explain what is necessary to deliver the end outcome. Identify the performance indicators that confirm significant milestones along the way. Project durations of one to three years will be permitted for the State Innovation Grant Program. After the award is made, we would expect the recipient to account for expenditure of funds in the same structure used for the budget request.

**4.2.2.3. Pre-proposal Budget Summary Page.** (Length: one (1) page of the total seven (7) pages.) Be sure to review Section 2.2 of this notice, “Funding Range,” before preparing your budget. Prepare a proposed budget showing expected costs by major categories (personnel, travel, supplies, rent, subcontracts, etc.). States may offer voluntary “leverage” in their budget - a contribution of partial State funding or other resources (no matching funds are required but States may provide any level of voluntary “leverage” funding which will be considered along with in-kind contributions as part of the selection factors identified in Section 5.2.1.5 below. The budget summary page must indicate the amount of EPA money requested, the dollar value of any State leverage funding and the total cost of the project.

Here is an example of a budget summary format:

State:

Agency:

Project Title:

	Total Project Costs	Proposed State Leverage Funds	EPA Funding
Staff Salaries and Benefits	\$ 41,000	\$ 5,000	\$ 36,000
Travel	\$ 7,000		\$ 7,000
Supplies	\$ 4,000		\$ 4,000
Service Contract	\$ 8,000	\$ 7,000	\$ 1,000
TOTAL:	\$60,000	\$12,000	\$48,000

**4.3 Electronic Submission By Using Grants.gov or by E-mail** Electronic filing using

[www.grants.gov](http://www.grants.gov) is a new option that is available to all applicants to submit their pre-proposals electronically. In lieu of submitting electronically through grants.gov, you may submit your files electronically via e-mail. Applicants may apply directly by e-mail to [Innovation\\_State\\_Grants@epa.gov](mailto:Innovation_State_Grants@epa.gov).

**4.3.1 Instructions for Electronic Filing using [www.grants.gov](http://www.grants.gov).**

If you wish to apply electronically via Grants.gov, the electronic submission of your proposal/application must be made by an official representative of your institution who is registered with Grants.gov and authorized to sign applications for Federal assistance. For more information, go to <http://www.grants.gov> and click on “Get Started,” and then click on “For AORs” (Authorized Organization Representative) on the left side of the page. *Note that the 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 for this grant program, go to <http://www.grants.gov> and click

on the “Apply for Grants” tab at the top of the page. Then click on “Apply Step 1: Download a Grant Application Package and Application Instructions” to download the PureEdge viewer and obtain the application package and instructions for applying under this announcement using grants.gov ([https://apply.grants.gov/forms\\_apps\\_idx.html](https://apply.grants.gov/forms_apps_idx.html)). You may retrieve the application package and instructions by entering the Funding Opportunity Number, EPA-AO-OPEI-06-01, or the CFDA number 66.940, in the space provided. Then complete and submit the application package as indicated. You may also be able to access the application package by clicking on the button at the bottom right side of the synopsis on grants.gov that says **Apply for Grant Electronically**. If you have any technical difficulties while applying electronically, please refer to <http://www.grants.gov/CustomersSupport>.

**4.3.2 Application Materials.** If applying through [www.grants.gov](http://www.grants.gov), please submit *all* of the application materials described below (see section 4.2 above for a description of the required content for items 2-4 in the list below). **The following forms and documents are required if you submit an application to [www.grants.gov](http://www.grants.gov) under this announcement:**

1. Application for Federal Assistance (SF 424). Complete form on Grants.gov
2. Pre-Proposal Budget Summary (see Solicitation Section 4.2.2.3) – Attach document to Budget Narrative Attachment Form on Grants.gov.
3. Pre-Proposal Project Narrative (Work Plan/Project Proposal) (see Solicitation Section 4.2.2.2) - Attach document to Project Narrative Attachment Form on Grants.gov.
4. Pre-Proposal Project Summary (Work Plan/Project Proposal Summary) (see Solicitation Section 4.2.2.1) - Attach document to Project Narrative Attachment Form on Grants.gov

Once you have finished filling out all of the forms/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. Please use the following format when saving your file: "Applicant Name - FY06 - Assoc Prog Supp - 1st Submission" or "Applicant Name - FY 06 Assoc Prog Supp - Back-up Submission." If it becomes necessary to submit an amended package at a later date, then the name of the 2nd submission should be changed to "Applicant Name - FY06 Assoc Prog Supp - 2nd Submission."

Once your application package has been completed and saved, send it to your AOR for submission to 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 should enter your organization's name (abbreviate where possible), the fiscal year (e.g., FY06), and the grant category (e.g., Assoc Prog Supp). The filing name must not exceed 40 characters. From the "Grant Application Package" page, your AOR may 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 and funding opportunity number 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



1-800-518-4726 or e-mail at [support@grants.gov](mailto:support@grants.gov).

### **4.3.3. Submittal by E-mail.**

Applicants who submit a proposal package electronically directly via e-mail to NCEI (Innovation\_State\_Grants@epa.gov) rather than through grants.gov need to submit the following documents:

1. Pre-Proposal Budget Summary (see Solicitation Section 4.2.2.3)
2. Pre-Proposal Project Narrative (Work Plan/Project Proposal) (see Solicitation Section 4.2.2.2)
3. Pre-Proposal Project Summary (Work Plan/Project Proposal Summary) (see Solicitation Section 4.2.2.1)

If you have not received a confirmation of receipt from EPA (not from support@grant.gov) within 7 days of your e-mail or grants.gov submittal, please contact Sherri Walker, State Innovation Grant Program Manager, at (202) 566-2186. Failure to do so may result in your application not being reviewed.

### **4.4 Hard Copy Submission.**

**4.4.1 Instructions for Hard Copy Submission.** You can request an application package be sent to you by fax or by mail by contacting NCEI as indicated below. Applicants must submit the information required in Section 4.2 with their application package. Applicants may download individual grant application forms, or electronically request a paper application package and an

accompanying computer CD of information related to applicants/grant recipients roles and responsibilities from EPA's Grants and Debarment website at

([http://www.gov/ogd/grants/how\\_to\\_apply.htm](http://www.gov/ogd/grants/how_to_apply.htm)). Applicants may apply by sending a hardcopy submission by US Mail to the EPA National Center for Environmental Innovation:

Sherri Walker  
National Center for Environmental Innovation  
Office of the Administrator  
U.S. Environmental Protection Agency (MC 1807T)  
1200 Pennsylvania Avenue, NW  
Washington, D.C. 20460  
(202) 566-2186  
(202) 566-2220 FAX  
or by e-mail request to: [Innovation\\_State\\_Grants@epa.gov](mailto:Innovation_State_Grants@epa.gov).

For courier delivery only:  
Sherri Walker  
State Innovation Grants Program  
U.S. EPA  
EPA West Building, Room 4214D  
1301 Constitution Ave., NW  
Washington, DC 20005.

**4.4.2 Application Materials for Hardcopy Submission.** Please be sure to review the specific application content and format requirements in Section 4.2 to apply for consideration under this announcement. Note that only the applicants selected for award will be asked to submit a full application package.

**4.5 Funding Restrictions:** Even though a pre-proposal may involve an eligible applicant, eligible activity, and eligible purpose, assistance agreement funds cannot necessarily pay for all the costs which the recipient might incur in the course of carrying out the project. Allowable

costs are identified in the EPA regulations cited below and in OMB Circular A-87, “Cost Principles for State, Local, and Indian Tribal Governments.” Generally, costs which are allowable include salaries, equipment, supplies, training, rental of office space, etc., as long as these are “necessary and reasonable.” Entertainment costs are an example of unallowable costs. EPA can not approve expenditure of funds prior to the actual award.

#### **4.6 Areas Beyond Consideration.**

These assistance agreements 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, the development of these systems must not exceed twenty percent (20%) of the federally-funded project cost or level of effort.

#### **4.7 Freedom of Information Act (FOIA) and Confidential Business Information (CBI).**

- a. 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 the information submitted in your assistance agreement pre-proposal.
- b. In accordance with 40 CFR 2.203, applicants may claim all or portion of their application/pre-proposal as confidential business information. EPA will evaluate confidentiality claims in accordance with 40 CFR Part 2. Applicants must clearly mark applications/pre-

proposals or portions of applications/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. EPA intends to post all of the submitted pre-proposals (with financial information redacted) to the State Innovation Grants website at the time selection is announced to promote sharing of information and collaboration among the States.

## **5. APPLICATION REVIEW INFORMATION.**

### **5.1 Description of the Review, Selection, and Award Process:**

EPA will select State recipients of the 2006 State Innovation Grants through a national competition. EPA is soliciting “pre-proposals” and preliminary budgets from fifty-five (55) jurisdictions including the States, the District of Columbia, and U.S. territories. Following an initial screening for compliance with Threshold Criteria (Section 3.3) by NCEI, each pre-proposal will be evaluated by two review panels; one in the respective EPA Region and also by one of several technical panels convened simultaneously by NCEI at EPA Headquarters around topics relevant (e.g., ERP, EMS, PT) to the solicitation. Both panels will draw on specific areas of expertise inside the Agency. These panels will evaluate the pre-proposals using the criteria found in Section 5.2 below (Section 5.2.1 for the Headquarters Technical Panels and Section 5.2.2 for the Regional Panels). Both the Regional and Headquarters panels will provide their rankings to NCEI’s State Innovation Grant Program staff who will develop recommendations based upon these evaluations for selection of finalists to the decision officials in NCEI. In making the final funding decisions, the NCEI Decision Officials will consider the scoring provided by the Headquarters Technical and Regional Panels for the pre-proposal and the

recommendations of the NCEI State Innovation Grant Program Staff; they may also consider the Qualitative Selection Factors identified in Section 5.2.3.1 in making their selections for funding.

In addition, for the first time in the State Innovation Grant Program, the EPA Regions will have the option of making selections to be funded with Regional funding in addition to the selections made by NCEI. Project pre-proposals submitted by States that otherwise meet the selection criteria identified in Section 5.2, and reflect an innovative approach to addressing issues that are uniquely State and EPA Regional priorities may be selected by the Regions to receive Regional funding after NCEI makes a determination about the national-level selections. In determining the selection of a Regional award, the Regional Decision Officials will consider the pre-proposal scoring provided by the HQ Technical and Regional evaluation panels and may also consider the qualitative selection factors identified in Section 5.2.3.1.

Generally, the pre-proposal must focus on priority environmental issues identified in the Innovation Strategy or on other priority issues identified through other State-Federal collaborative priority-setting processes documented previously in an environmental agreement between a State and an EPA Region, such as a Performance Partnership Agreement (PPA). The core of the proposed project must be innovation in permitting or alternatives to permitting that will provide measurably better results than conventional program approaches. In selecting projects for funding under this competition, EPA will rate more favorably pre-proposals that are multi-media (e.g. water, air, waste, toxics), or that involve multiple States or multiple-agencies within a State. (Please note States may be party to one multi-agency, multi-State or State-Tribal project pre-proposal in addition to their individual pre-proposal). States must propose projects

that integrate innovation into permitting programs or apply innovation as an alternative to permitting to achieve environmental performance superior to conventional approaches to environmental control.

## **5.2. Pre-Proposal Evaluation**

### **5.2.1 Evaluation by Headquarters Technical Panels - Program Criteria**

Pre-proposals will be evaluated by the subject-specific technical panels (e.g., ERP, EMS, PT, other), appropriate to the pre-proposal submitted. The technical panels will evaluate the proposals using the program criteria described in Section 5.2.1.1 - 5.2.1.6. As referenced in the Executive Summary in the Overview, or Program Description in Section 1.0, the selection criteria for the State Innovation Grant Program are intended to advance the goals and priorities of EPA's *Innovation Strategy* and build on lessons EPA and States have learned from previous innovation initiatives. Building on this premise, all State pre-proposals must address the program criteria described in detail below. (After reading the criteria below, States interested in submitting a pre-proposal should review the *Innovation Strategy* (<http://www.epa.gov/innovation/strategy.htm>).

#### **5.2.1.1 Target National Priority Environmental Issues. 25 points**

The proposed project will be evaluated based upon how well it addresses the program core requirement, that is, innovation in environmental permitting or alternatives to permitting that will provide measurably better results than conventional program approaches. Additionally, it will be evaluated based upon how it addresses environmental protection improvement priorities

identified in EPA's Innovation Strategy (reduction of greenhouse gases, reducing smog, restoration and maintenance of water quality, ensuring sustainable water infrastructure) or established through a documented EPA Regional and State priority-setting process (e.g., Performance Partnership Agreement). The project must demonstrate relevance to EPA's Strategic Goals in all cases (<http://www.epa.gov/ocfo/plan/plan.htm>). Project pre-proposals reflecting the innovation national priorities will be evaluated more favorably under this criterion for funding by NCEI. To the extent that project pre-proposals addressing priority areas address environmental justice issues within the context of the theme of innovation in permitting, EPA will evaluate them more favorably.

#### **5.2.1.2 Building On Our Existing Knowledge Of Innovative**

##### **Approaches and Expanding the Testing of Priority Innovations**

20 points

Under the general subject of innovation in permitting, a pre-proposal will be scored more highly under this criteria based upon how well it addresses one or more of three strategic areas:

- a) Application of the Environmental Results Program model, an alternative to permitting scheme for small business sectors;
- b) Exploration of the relationship between Environmental Management Systems and permitting; or
- c) Building State support for EPA's National Environmental Performance Track Program or similar State performance-based environmental leadership programs.

EPA will rank pre-proposals highest under this criteria based on the extent they address priority

areas: ERP, EMS, or PT. Other concept pre-proposals may be pursued but they will not be evaluated as favorably as proposals that address one or more of the above areas. A pre-proposal will also be scored more highly under this criteria based upon how well it builds on existing knowledge, expanding the use or testing new applications for a successful innovation approach.

### **5.2.1.3. Measured Improvement in Program Results from Project Implementation.**

20 points

The pre-proposal must identify what environmental permitting programs or activities are involved in the project. A pre-proposal will be scored more highly under this criteria based upon how well it addresses the EPA Environmental Results Order (EPA Order 5700.7) by clearly identifying how the innovation will result in measurable improvements in environmental results with respect to the priority areas addressed under criterion 5.2.1.1. Wherever possible the projects should also demonstrate any improvement in administrative efficiency and reduced program costs, or cost savings to the permitted entity. The pre-proposal must clearly identify what baseline and final outcome measures are to be used, and provide a commitment from the sponsor to track, measure, report, and evaluate the results. Pre-proposals will be evaluated based on the extent, and how well, they describe::

- the goals and time frame for expected improvements in environmental outcomes resulting from the project;
- the measures and/or indicators that will be used in the project to successfully demonstrate environmental results;
- wherever feasible, the improvements in administrative efficiency and program operational costs that may result from the program and the measures that will be



used to demonstrate these improvements;

- wherever possible, the likely savings in costs in efficiency for the permit holders/regulated entities resulting from implementation and how these will be successfully measured within the project.

A pre-proposal will be scored more highly under this criteria based upon how well it identifies the plan, timeline, and commitment for measuring and evaluating how well the project meets its goals and objectives. It must also identify the expected short-term (within one to three years) measurable results to be obtained through this innovation and how will they be measured, as well as the expected longer-term (three years and longer) results that will be obtained through this innovation and how they will they be measured.

#### **5.2.1.4. Transferring Innovation.**

20 points

Pre-proposals will be evaluated based on the extent, and how well, they describe an innovation project that can be replicated or more broadly applied to other sectors or permitting programs within the State, to other States or to the Tribes. A pre-proposal will be scored more highly under this criteria based upon how well it identifies a plan and commitment to sharing the outcomes of the project and guidance to other prospective users and partners by addressing the following components:

- making information about the project, including performance data, available to stakeholders in a form that is easily accessible and understandable;
- documenting and publicizing the outcomes and methods of this innovation and making the information available to other jurisdictions;
- identifying the potential for wider need and application of the tool/approach as a model

- for “next generation” environmental protection;
- identifying how this innovation will be used promote organizational system change, or develop a culture of innovative environmental problem-solving as a “way of doing business” within the State or more broadly;
  - identifying commitments the proposing State will make to provide consultation and mentoring to other States wishing to adopt similar innovations.

#### **5.2.1.5 Project Cost**

5 points

Based upon NCEI’s experience in the State Innovation Grant Program, proposed projects will be evaluated for reasonableness and efficiency of cost and reasonableness of budget. Under this criterion, the project pre-proposal will be more favorably rated under this criterion that clearly demonstrates a reasonable cost projection in the submitted budget and sufficient information to allow the panel to assess this factor. Under this criterion proposals that provide cost sharing by a Region will be evaluated more favorably.

#### **5.2.1.6 Project Technical Feasibility**

15 points

Each Technical Panel providing review of State pre-proposals will be asked to assess the likelihood of project success within the proposed budget and time frame, and to consider whether or not there are problems with the technical approach proposed by the State. A pre-proposal will be scored more highly under this criteria based upon how well it describes the proposed plan for a successful technical approach and to the best extent it considers the State’s prior experience and the experience of other States in presenting the technical approach.

**5.2.1.7 Team Proposals**

10 points

Under this criterion pre-proposals that reflect significant teaming relationships for performance of the project with other agencies within the State, with other States, or with Federally-Recognized American Indian Tribes will be evaluated most favorably.

**5.2.2 Evaluation by Regional Panels**

State pre-proposals will be evaluated by a panel within the State's EPA Region under a second set of criteria identified in sections 5.2.2.1 through 5.2.2.3. EPA Regional panels will evaluate all State proposals that are submitted within their geographical jurisdiction. Evaluation panels convened within the EPA Regions will assemble programmatic and innovation experience relevant to the nature of the State pre-proposal subject matter and with sufficient background to understand State program priorities and operations.

**5.2.2.1 Addressing Other EPA Regional- State Priorities**

25 points

A State pre-proposal will be evaluated under this factor based upon how well it describes how an innovation in permitting will be used in the project to address shared State and EPA regional priority issues (in contrast to the national priority issues identified in Section 5.2.1.1 ). In order to be scored high, it is essential that the topic area of the State pre- proposal was identified prior to this competition through some documented consultation by States with their EPA Region other than the Performance Partnership Agreements (PPAs). This consultation may have been through a less formal planning mechanism but should be documented prior to this competition in a way to allow transparency in evaluation under this criterion. The project must demonstrate relevance to EPA's Strategic Goals (<http://www.epa.gov/ocfo/plan/plan.htm>). To the extent that

project pre-proposals addressing EPA Regional priority areas also address environmental justice issues within the context of the theme of innovation in permitting, EPA encourages project proposals of this type.

#### **5.2.2.2 Institutional Readiness and Commitment**

25 points

A pre-proposal will be evaluated under this factor based on how well it presents evidence of sufficient, existing capacity and infrastructure within the State Agency that supports the development and implementation of the project and other potential institutional partners, to reflect skills, resources and management capacity. These including factors such as people, knowledge, skills, partnerships, and previous innovation experience. For this criterion, pre-proposals should identify the necessary management and technical skills as well as institutional infrastructure and partnerships to provide reasonable reassurance that the project will be completed successfully. The pre-proposal will identify key personnel and their relevant knowledge and experience.

#### **5.2.2.3 Inclusion of a Public Involvement Processes**

20 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 based upon such a commitment and plan.

A pre-proposal will be scored more highly under this criteria based upon how well it describes the projects understanding and experience in maintaining public involvement in regulatory decision-making and provides, as part of the project narrative a plan for and a commitment to public involvement in the proposed project. (See

[www.epa.gov/publicinvolvement/pdf/policy2003.pdf](http://www.epa.gov/publicinvolvement/pdf/policy2003.pdf) and

www.epa.gov/publicinvolvement/brochures)

### **5.2.3 Additional Qualitative Factors to be Considered By NCEI in Award Decisions**

#### **5.2.3.1. Evaluation using Qualitative Selection Factors**

As part of the decision process within NCEI for selection of national or program awards under this announcement, in addition to the review panel ranking and scoring of pre-proposals and the recommendations of the NCEI State Innovation Grant Program Staff, the NCEI selection officials may consider the following qualitative factors in making decisions for headquarters awards:

- strategic value of project to the National program;
- geographic diversity - to provide a distribution of projects across the Regions wherever possible;
- project diversity - to provide an array of project types within the specified focus areas;

As part of the decision process within any EPA Region for selection of a Regional-level award, in addition to the review panel ranking and scoring of pre-proposals and the NCEI State Innovation Grant Program staff recommendations and review panel recommendations, the EPA Regional selection officials may consider the following other qualitative factors in making final project selection decisions for Regional awards under this competition:

- strategic value of project to the Region;
- project diversity - to provide an array of project types valuable for further pilot testing within the Region.

### **5.3 Each State Selected Based upon their Pre-Proposals Must Complete a Final Detailed Proposal**

Selections from this competition will be made on the basis of the evaluation of the State pre-proposals based on the criteria and process described above. After the competition and selection have been completed, EPA will work in consultation with the States with projects selected from this competition to help them complete a more detailed final project workplan narrative (“Final Proposal Workplan”) and a full application package including a Quality Assurance Project Plan. All of these, along with the Application for Federal Assistance (SF 424) will be required for completion of the award.

## **6. AWARD ADMINISTRATION INFORMATION:**

**6.1. Award Notices:** In this competition national selections will be made by NCEI and some Regional awards may be selected by EPA Regions contingent upon the availability of Regional funding. As in previous competition rounds, the EPA Regions will usually manage the assistance agreements. States selected to receive Innovation Grants will be contacted by the appropriate EPA Regional Office with the decision about their awards. EPA will provide each State finalist with any necessary information for the preparation of the final proposal package and will be available to answer any questions.

### **6.2. Administration and National Policy Requirements:**

**Applicable Grant Regulations and Orders.** 40 CFR part 31 establishes uniform administrative rules for Federal grants and cooperative agreements. Applicants will also comply with EPA

Order 5360.1AZ which requires development and implementation of quality assurance plans in the acquisition and analysis of environmental data.

**Paperwork Reduction Act.** The information collection provisions in this document for 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 titled, “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 from Monica Lewis in the Office of Environmental Information, EPA, 1200 Pennsylvania Ave., NW (Mail Code 2822T), Washington, DC 20460 or by calling (202) 566-1678. EPA is not requiring that States perform a “collection of information” as that term is defined by 5 CFR 1320.3 (c) to qualify for funding under this solicitation.

**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://a257.g.akamaitech.net/7/257/2422/01jan20051800/edocket.access.gpo.gov/2005/05-1371.htm>. Copies of these procedures may also be requested in written correspondence by contacting Sherri Walker at National Center for Environmental Innovation, Office of the Administrator, U.S. EPA (MC1807T), 1200 Pennsylvania Ave., NW, Washington, D.C. 20460. Requests may also be submitted by fax to (202) 566-2220, or by e-mail request to: [Innovation\\_State\\_Grants@epa.gov](mailto:Innovation_State_Grants@epa.gov).

**Compliance With 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 required under Executive Order (E.O). 12372.

**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).

**Reject or Award Right.** EPA reserves the right to make no awards under this solicitation.

**6.3. Reporting:** Award recipients will be required to report both quarterly for the duration of the project and at the project's completion. Reports are due to EPA within 30 calendar days following the quarterly date and 30 days following completion of the project. Reports are to be provided to the EPA designated Federal Project Officer (FPO) for an award and to NCEI simultaneously. Reports are to include assessments of how project timelines and milestones are being met, a financial report documenting the rate of expenditure and how well project expenditures are matching expected rates of spending, an assessment of progress toward reaching the final project goals, and an assessment of any impediments encountered in attaining project milestones. Quarterly and Final reports must include data tables and supporting documentation as necessary. Electronic reporting is preferable to paper reporting. A final format requirement for these reports will be negotiated between the State agency and EPA during preparation of the final, detailed proposal. State recipients may also 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 assistance in contacting project cooperators or stakeholders.

**6.4. Project Evaluation.** State Innovation Grant recipients must also commit to assisting EPA and 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 assistance in contacting project cooperators or stakeholders.

## **7. AGENCY CONTACTS:**

### **7.1. For Information or Questions about Responding to this Solicitation: For Further**

**Information:** Questions may be submitted in written correspondence by mail, e-mail (state\_innovation\_grants@epa.gov) or fax [(202) 566-2220]. EPA will respond to all questions in writing and all questions and EPA responses will be posted on the EPA website at <http://www.wpa.gov/innovation/stategrants>. State Agencies are advised to monitor that website for information posted in response to questions received during the assistance agreement competition period. The EPA contact for questions regarding this solicitation is:

Sherri Walker,  
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  
202-566-220 FAX

**7.2 Alternative Contact:** Additionally, interested parties may contact the State Innovations Grant Program in the following ways through NCEI's general program number at : (202) 566-

0495; by FAX at (202)566-2220; or by e-mail at this address: [state\\_innovation\\_grants@epa.gov](mailto:state_innovation_grants@epa.gov).

**Attachment 1 Pre-Proposal Checklist for State Innovation Grant Program**

- 1. **Project Category** (Section 1.3)
  - Read “2006 Specific Areas of Interest the State Innovation Grant”re: permitting innovation.
  
- 2. **Summary Page** (1 page) (Section 4.2.2.1)
  - Summary Information** (Section 4.2.2.1)
    - Project title and location.
    - State agency applicant (multi-State projects count as the one and only project for each State involved); contact name, phone and fax numbers, e-mail, address.
    - Indicate if the project is being executed in cooperation with or funded by another federal or EPA program and if so identify the program.
    - Indicate if and what types of regulatory flexibility (from a federal requirement) are potentially needed to implement the project.
    - Indicate in a cover message or letter that the Commissioner (or Secretary or Administrator, as appropriate) or senior deputy of the State agency knows of and supports the project. A letter of commitment from Agency Senior Management will be required only for finalists when they submit a final proposal and Application for Federal Assistance.
  
- 3. **Pre-proposal narrative** (no more than five (5) pages) (Section 4.2.2.2)
  - Introductory paragraph (none paragraph).
  - Project Schedule and Timeframe (Section 4.2.2.2)
  - Threshold Criteria (Section 3.)  
These must be ascertainable in pre-proposal, not individually addressed.
  - Address all Program Criteria (Technical Specialty panel). (Section 5.2.2)
  - Address all Program Criteria (Regional panel). (Section 5.2.3)
  - Qualitative Selection Factors. (Section 5.2.4)  
In addition to the Program Criteria, EPA may consider other factors in selecting pre-proposals, such as strategic value of project; geographic diversity; project diversity; amount of State voluntary leveraging funds; indication of collaboration with other government organizations; and the amount of federal funding available.
  
- 4. **Summary Budget Information** (1 page) (Section 4.2.2.)
  - State Contact Information
  - Project Title
  - Review Section 2.2, “Funding Range” before preparing your budget.
  - Show expected costs by major categories.

- Include how State funds will be spent and what the sources of those funds are.
- Dollar amount requested from EPA.
- Dollar amount of voluntary leverage funding offered by the State.
- Dollar amount of total project budget.

5. **Total Pre-proposal Page Limit:** not to exceed 7 pages

- One page Project Summary
- One page Budget Summary
- Narrative (not exceed 5 pages)
- A one-page cover letter to message will not count against the 7-page limit.

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

**Environmental Justice** - 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 a 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)** - A continual cycle of planning, implementing, reviewing and improving the processes and actions that an organization undertakes to meet its business and environmental goals. Most EMSs are built on the "Plan, Do, Check, Act" model. For more information see: <http://www.epa.gov/ems/>

**Environmental Results Programs (ERP)**- An innovative program in which State regulatory agencies: educate regulated facilities about their environmental impact and obligations; require the facilities to self-evaluate and certify compliance; and measure environmental performance change. The approach may involve the development of industry-wide performance standards as an alternative to regulation. For more on ERPs see <http://www.epa.gov/ProjectXL/massdep/100698.pdf>.

**Government Performance and Results Act (GPRA)** - 1993 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** - measures, usually quantitative, that provide information on program performance and evidence of a change in the "state or condition" in the system.

**Innovation Strategy** - In 2002, EPA laid out a strategy for achieving better environmental results through innovation. This framework recognizes that environmental problems are becoming increasingly complex, and that new ways of thinking and doing are needed to fully address them. The four major elements include: strengthen EPA's innovation partnerships with States and Tribes; focus innovation efforts on priority environmental problems; diversify environmental protection tools and approaches; and foster a more "innovation-friendly" organizational culture and systems. For more on the Strategy, see <http://www.epa.gov/innovation/strategy.htm> .

**Logic Model** - A logic model is a diagram and text that describes/illustrates the logical (causal) relationships among program elements and the problem to be solved, thus defining measurements of success.

**Outcomes** - Changes or benefits resulting from activities and outputs.

**Outcomes Structure**

- Short-term - Changes in learning, knowledge, attitude, skills
- Intermediate - Changes in behavior, practice, or decisions
- Long-term - Changes in condition

**Outputs** - Product or service delivery/implementation targets you aim to produce.

**Performance measurement** - the ongoing monitoring and reporting of program progress and accomplishments, using pre-selected performance measures.

**Pollution Prevention** - 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, and (2) reduces the hazards associated with such substances, pollutants or contaminants; and (3) other practices that reduce or eliminate the creation of pollutants through increased efficiency in the use of raw materials, energy, water or other resources; or (4) protection of natural resources by conservation.

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

**Regulatory Flexibility** - Providing alternatives to prescribed regulatory requirements for a regulated facility that will provide for superior environmental performance, cost savings, and expedited regulatory permitting and review.

**Strategic Plan** - serves as the Agency's road map. EPA's Strategic Plan identifies five long-term goals, centered on the themes of air and global climate change, water, land, communities and ecosystems, and compliance and environmental stewardship. These themes reflect EPA's mission, "to protect human health and the natural environment." The Strategic Plan helps the agency to measure how far it has come towards achieving its goals and to recognize where the agency may need to adjust approaches or directions to achieve better results. Finally, this Plan

provides a basis from which EPA can focus on the highest priority environmental issues and ensure that the agency uses taxpayer dollars effectively. For more information on the agency's Strategic Plan, see <http://www.epa.gov/ocfopage/plan/2003sp.pdf>.

### Attachment 3 **Highlights of Previous Pre-proposals Selected**

The 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*). The projects, all related to innovation in environmental permitting, represent a diversity of project types from a variety of geographic areas. The projects from include 11 Environmental Results Program (ERP) projects, 7 Environmental Management Systems (EMS) project, 2 Watershed projects, 1 Streamlined and Enhanced Permitting Through Application of Innovative Information Technology (IT) Systems and 2 Performance Track (PT) projects. For additional information see: <http://www.epa.gov/innovation/stategrants>.

- Arizona (Region 9) received a 2002 award to develop a web-based, GIS storm-water permitting system to simplify and expedite application and review of permits.
- Colorado (Region 8) received a 2002 award to develop a pilot a 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.
- Indiana (Region 5) received a 2003-4 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 a State-wide, multi-media, auto salvage yard ERP project. Multi-media trained IDEM staff will be conducting the statistically derived inspections and teaching/involving local and county officials in the project.
- Kentucky (Region 4) DEP selected in 2005 to expand development of their environmental leadership program. Implementation of this program is one of the top three KDEP State-wide priorities. KDEP will develop partnerships with other States in EPA Region 4 and on the Kentucky borders to develop membership criteria and support for common business sectors and will work to align previously separate leadership projects such as OSHA's Voluntary Partnership Program, Energy Star, Green Buildings, and Smart Growth.
- Maine (Region 1) was awarded a State Innovation Grant in the 2003-4 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.
- 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.
- The Massachusetts (Region 1) DEP was selected in the 2005 program to lead a seven-State environmental compliance effort to further promote implementation of ERP, and develop and implement a set of core business sector performance measures. Participating States expect that this will enable them to quantify their environmental improvements and lead to more effective use of States' resources.



- Michigan (Region 5) received a 2003-4 award for the development of an ERP program for hundreds of small business dry cleaners throughout the State modeled after similar ERPs in other States.
- Minnesota (Region 5) received a 2003-4 award for the development of a feedlot ERP Program to implement an ERP approach for facilities that fall below the Federal definition.
- New Hampshire (Region 1) DES selected in 2005 will establish a State-based Environmental Leadership Program that will complement (through a MOU/PPA) their participation in the 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.
- The Nevada (Region 9) DEP selected in 2005 to implement a dry cleaner ERP project in two of the State’s most populated counties—Washoe (Reno/Sparks) and Clark (Las Vegas/Henderson). A goal of 25 percent increase in compliance and 20 percent increase in best management practices/pollution prevention as determined by Environmental Business Practice Indicator scores is projected. The ERP project will be closely linked to the Nevada Small Business Development Center.
- Rhode Island (Region 1) received a 2003-2004 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.
- South Carolina (Region 4) received a 2003-4 award for the development of EMS guidance for permit decision-making for waste management facilities. The EMS approach requires careful attention to cross-media management and continuous performance improvement.
- Texas (Region 6) received a 2002 award to develop an innovative permitting 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 2003-4 competition grant to create a retail gasoline sector ERP program. The project addresses cross-media environmental management concerns through the establishment of sector-specific, cross-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.
- Washington (Region 10) DOE(cology) was selected in 2005 to establish an Environmental Management System program. The goal of their “Industrial Footprint Project” is to improve the effectiveness of State permitting and non-regulatory efforts at eight chemical pulp and paper mills. Footprint measurement will spotlight the need for companies to pursue opportunities for saving energy, water, materials, and money, i.e., those areas where compliance alone is not enough.
- Wisconsin (Region 5) received a 2003-4 award for the development of ERP and EMS programs to improve environmental stewardship while providing permit flexibility.
- Wyoming received a 2003-4 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.