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

FUNDING OPPORTUNITY NAME: 2009 State Innovation Grant Program
ACTION: Request for Initial Proposals (RFIP)

RFIP NO: EPA-OPEI-NCEI-09-01

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

DATES:

- The closing date for eligible applicants to submit pre-proposals is Wednesday, December 10, 2008. Proposals submitted through www.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 March 2009.
- The grant period for all applicants selected to receive assistance under this solicitation is anticipated to begin on October 1, 2009, and expire no later than September 30, 2013.

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 three parts. This solicitation applies 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 more performance-based regulatory system, promote environmental stewardship and beyond-compliance business operation, and/ or promote a culture of creative environmental problem solving

FUNDING/AWARDS: The total estimated funding for this competitive opportunity is approximately $800,000 - $1,400,000. EPA anticipates awarding up to approximately 3 -10 cooperative agreements from this announcement, subject to availability of funds and the quality of proposals received.

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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 six State Innovation Grant Program competitions that asked for State project pre-proposals that support innovation 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 primarily in three strategic focus areas: application of the Environmental Results Programs (ERP) model, demonstrations of various types of permitting integration including the integration of Environmental Management Systems (EMS) into permitting requirements, and performance-based environmental leadership programs similar to the National Environmental Performance Track (PT) program. Thirty-eight awards to States have been made from the six prior competitions (2002, 2004, 2005, 2006, 2007, 2008). These projects awarded nearly 7.5 million dollars in assistance to States. Some of the projects funded previously fit into more than one category (e.g., combination projects of ERP with EMS, or ERP with PT). Among the grant projects: eighteen (18) were provided for development of Environmental Results Programs, eight (8) were to enhance performance-based environmental leadership programs, nine (9) were related to the application of environmental management systems in permitting or for "beyond-compliance" improvement, seven (7) were awarded for demonstrations of other permit integration or streamlining approaches including two (2) for watershed-based permitting, one (1) to support development of an integrated regional air quality management plan, one (1) to test permit integration across various governmental levels, 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 Grant website at http://www.epa.gov/innovation/stategrants.

B. Programmatic Description of the Funding Opportunity

The U.S. Environmental Protection Agency (EPA) is soliciting pre-proposals for 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 seventh State Innovation Grant competition. "Innovation in Permitting" is again the theme for the 2009 State Innovation Grant solicitation. Under this theme, EPA is interested in pre-proposals for projects that:

- support the development and implementation of state Environmental Results Programs (ERPs);
- test various forms of permitting integration;
- test ways to help facilities practicing lean manufacturing better address environmental permit requirements and other environmental and energy considerations;
- advance implementation of performance-based environmental leadership programs similar to the National Environmental Performance Track (PT) program, particularly including the development and implementation of incentives

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 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., promoting 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 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 which serves as the basis for annual self-certification and performance measurement. While the tools of ERP can be used in a variety of ways, EPA favors the tools that are most effective.

Currently, eighteen (18) states have implemented or are implementing ERPs. EPA's goal is to have the ERP approach become widely-understood and used, to become a self-sustaining, and less costly alternative to traditional regulatory approaches for improving environmental performance and compliance. EPA's scale-up interests for 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 for common business sectors.

To date, the State Innovation Grant Program has supported testing of ERP for more effective environmental management in the following sectors:

- auto body/ auto repair/ auto salvage sectors in six (6) projects;
- underground storage tanks (UST) in three (3) states;
- dry cleaning 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;
- oil and gas production in one (1) state;
- food processing industry for improved effluent management under the NPDES pre-treatment program in one (1) state;
- cross-sector improvements for stormwater management in two (2) states.

Details on ERP projects that have received prior awards in the State Innovation Grant competition are available at http://www.epa.gov/innovation/stategrants. For more information about ERP, go to http://www.epa.gov/erp.

Integrated Strategies for Environmental Permitting and Management

EPA also invites pre-proposals for projects that would test various types of permitting integration. In recent years environmental regulatory agencies in the US and abroad have instituted varying degrees of integration under the premise that a more holistic, comprehensive, and integrated approach would result in more effective regulation and protection of the environment. For example, such approaches have combined multiple single-media-based permitting processes, consolidated and coordinated permitting for particular industrial sectors within or across different regulatory agencies, experimented with use of EMS and permitting, and developed and applied assessment tools to measure and examine facility environmental footprints. Looking forward, EPA is interested in further experimentation that builds on and expands this experience.

EPA is interested in pre-proposals for projects that would integrate industrial facility permitting and/or permits to encompass and address facility operations and environmental impacts traditionally left unaddressed in the U.S. For example, projects might:

- Assess the entire environmental "footprint" of a facility and identify strategies that could provide benefits beyond the single media improvements required by current air, water and waste permits (e.g., energy savings and pollution prevention). For example, the Washington Department of Ecology initiated an environmental footprint project to assess reductions in overall environmental impacts under the 2005 State Innovation Grant competition (http://www.epa.gov/innovation/stategrants/washington2005.htm).
- Establish sustainability goals for a facility (e.g., relating to consumption of energy, water or use of other natural resources) and implement mechanisms for achieving and reporting efficiency improvements over time in conjunction with more traditional permit requirements. For example, incorporate energy efficiency terms into air and water permits.

- Create and test an integrated permit that addresses one or more of the following elements: multi-media permitting, facility environmental management, pollution prevention, and/or consumption of natural resources (e.g., energy and water use). For example, issue a single permit that includes requirements for two or more media programs (see the Colorado Department of Public Health and Environment EMS permit project under the 2002 State Innovation Grant competition at http://www.epa.gov/innovation/stategrants/colorado.htm), or incorporate pollution prevention or facility management systems into single media permits.
- Establish and test an integrated and comprehensive plan or mechanism linked to a permit for ongoing environmental improvement over time at a facility to meet or exceed improvements anticipated to occur through standard permitting. For example, incorporate into a permit an environmental management system (EMS) or other means for examining raw material inputs into a permitted process on an ongoing basis in order to drive and track continual improvement at a facility.
- Establish and test strategies for integrated environmental management of facilities in sectors that currently lack comprehensive permitting systems as well as mechanisms for implementing and overseeing those strategies – in the agriculture sector, for example.

Additionally, EPA is interested in projects that provide, test, and measure the organizational, program planning, and procedural focus necessary to support more holistic and comprehensive permitting for industrial and other activities that affect the environment. Such projects might:

- Create and test sector-based comprehensive environmental plans, and use those plans to manage both regulatory (permitting) and non-regulatory activities and initiatives in that sector. For example, develop a sector plan that identifies overall improvement priorities for a sector and translates some of those priorities into individual permits and other initiatives in that sector.
- Coordinate or integrate permitting processes that currently take place in different programs or different agencies. For example, the New Hampshire Department of Environmental Services initiated a project under the 2008 State Innovation Grant competition that integrates and coordinates stormwater and other permitting for the land development sector (http://www.epa.gov/innovation/stategrants/PDFs/2008NH-Workplan.pdf).
- Identify priorities for facility permitting actions or compliance assessment and target resources and activities (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) toward those facilities with the greatest potential to cause harm to the environment. For example, rank facilities for one or more permitting programs based on a set of risk-based factors (e.g., facility location, nature of business, characterization of emissions, compliance history) and thereby prioritize facility inspections and compliance assessment.
- Organize and train permitting staff so as to promote and assess cross-media and multi-media skill and expertise development. For example, some state permitting programs are organized on a sector basis rather than a media basis.

One useful source of ideas for projects involving integrated strategies may be EPA's recently-released report, *An In-depth Look at the United Kingdom Integrated Permitting System*, accessible at http://www.epa.gov/permits/IntPermittingRpt.pdf. The UK's integrated permitting system (which implements a directive applicable in all European Union countries) provides an

example of an integrated approach to industrial permitting and is a broad system that includes many components that could be adapted for application in the U.S. Ideas derived from that study can be found in the paper *Integrated Environmental Management of Industrial Operations: Strategies and Approaches to Testing and Experimentation*, and the Executive Summary for *An In-depth Look at the United Kingdom Integrated Permitting System* (http://www.epa.gov/permits/execsummary.pdf).

As in past years, EPA also remains interested in projects that involve the application of EMS in permitting or otherwise promote the use of EMS to improve environmental performance beyond levels attained through conventional regulatory permitting and compliance. 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.

Lean Manufacturing & the Environment

EPA is interested in projects that would test ways to help facilities practicing lean manufacturing better address environmental permit requirements and other environmental and energy considerations. "Lean manufacturing" is a business model that emphasizes eliminating non-value added activities while delivering quality products on time at least cost with greater efficiency. In the U.S., "lean" implementation is rapidly expanding throughout diverse manufacturing and service sectors such as aerospace, automotive, electronics, furniture production, and health care as a core business strategy to create a competitive advantage. According to the 2007 Census of Manufacturers, nearly 70% (69.6%) of all plants have adopted lean manufacturing as an improvement methodology" (See the article by David Blanchard dated October 1, 2007 in *Industry Week/Manufacturing Performance Institute* at http://www.industryweek.com/ReadArticle.aspx?ArticleID=15009). This year, EPA is soliciting pre-proposals under this grant program for projects that test and measure the benefits of integrating environmental and energy considerations into lean manufacturing activities.

While the focus of lean manufacturing is on driving rapid, continual improvement in cost, quality, service, and delivery, significant environmental benefits typically "ride the coattails" or occur incidentally as a result of these production-focused efforts. Lean production techniques (and similar strategies such as Six Sigma) often create a culture of continuous improvement, employee empowerment, and waste minimization which is very compatible with organizational characteristics encouraged under environmental management systems (EMS) and pollution prevention (P2).

For the last few years, EPA has been exploring how lean manufacturing activities can be leveraged to provide environmental results. EPA works closely with states and with "lean" providers including the National Institute of Standards and Technology's Manufacturing Extension Partnership (MEP) Centers to share information and increase awareness of the environmental potential of lean manufacturing (for additional information see: http://www.epa.gov/lean/leanenvironment.htm).

Some states have also found that they can leverage lean manufacturing for the purposes of pollution prevention, and state pollution prevention programs are beginning to work with MEP

Centers in a variety of ways to explore the use of "lean" to achieve environmental results. For example, the State of Washington Department of Ecology is partnering with Washington Manufacturing Services, to explore, measure, and report the benefits of integrating environmental factors into lean manufacturing services [http://www.ecy.wa.gov/pubs/0704033ex.pdf]. Similarly, states are participating in EPA's Green Suppliers Network program, which partners with MEPs, to provide funding to small and medium-sized manufacturers for initial assessment of improvement opportunities. For further information on this program, see http://www.epa.gov/greensuppliers.

EPA's goal is to have environmental and energy considerations systematically included in lean manufacturing activities. EPA is interested in funding projects that:

- Apply lean manufacturing techniques to address environmental issues including hazardous waste, solid waste, and water conservation and provide measures of the benefits for this application. EPA is particularly interested in projects that test the techniques described in EPA's "Lean and Environment Toolkit" and report on the results achieved, and in projects that add an implementation step to complement the assessments performed under the Green Suppliers' Network. Such projects may concentrate on facilities in one particular sector or multiple sectors; or
- Use lean manufacturing techniques to identify & implement energy saving opportunities and provide measurement of those savings. EPA is particularly interested in projects that test the techniques described in EPA's "Lean and Energy Toolkit" and report on the results achieved. Such projects may concentrate on facilities in one particular sector or multiple sectors.

In both kinds of projects described above, EPA would like to see successful partnerships between state environmental agencies and "lean" implementation professionals (e.g., in MEPs) established, and which involve corporate environmental staff in "lean" activities. For additional information on the Lean & Environment concepts, and for the toolkits referred to above, please visit http://www.epa.gov/lean/leanenvironment.htm.

Many states are also now using the techniques of lean manufacturing to streamline their own administrative procedures such as permitting. EPA strongly supports these efforts, but administrative projects of this nature are outside the scope of solicitation.

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/performancetrack). 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 Grant awards 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.

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; statistical sampling methodology reports and Quality Assurance (QA) Plans, stakeholder meetings used to involve participants in the process; documented methodologies for outreach and recruiting facilities, communities, or organizations; new or improved permits issued (with types and significance of innovations); compliance assurance activities; monitoring program designs and implementation plans; reports or training manuals; and workshops or training courses developed and conducted and their associated instructional materials.

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 or "short-term") 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 or "intermediate-term") 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 or "long-term") 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 3 -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 $350,000.

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. While EPA anticipates that these assistance agreements will be managed by the Agency's Regions, states should expect the significant interest and direct involvement of personnel from the EPA National Center for Environmental Innovation as the Agency's program office for this national demonstration grant program. NCEI staff will serve as liaisons and technical advisors to state agency managers for these projects and to EPA Regional Project Officers to help ensure their success and full documentation to support the transferability of the innovation being tested.

C. Start Date/Project Duration

All projects should have an anticipated start date of October 1, 2009. Proposed project periods may be up to four years.

D. Term and Renewability of Awards

Grant duration is generally 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?

In accordance with CFDA 66.940, 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 subordinate agencies within a state with a re-delegation for federal environmental permitting programs (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.

Prior to the 2008 competition, we limited the competition to state agencies with the primary delegations from EPA for permitting programs. This limitation did not fully consider either the possibility that some state agencies re-delegate their authorities for permitting programs to regional, county, or municipal agencies, or that there may be multiple agencies within a state that receive primary delegations for federal environmental permitting programs from EPA.

Last year, we modified this limitation on the eligibility definition for this funding opportunity to include regional, county, or municipal agencies with delegated authority for federal environmental permitting programs and we will continue with this approach in the 2009 competition, although we stipulate for the purpose of this solicitation, that any agency with a re-delegated authority for a permitting program must have the principal state environmental regulatory agency as an active member of the project team. Agencies with re-delegated authority for a federal environmental permitting program must document their delegated authority at the time of final application. In addition, a letter of support and commitment from the state-wide agency with the original delegation for the permitting program will be required as part of a pre-proposal submittal. The letter from the principal regulatory agency must identify their commitment and the nature of their participation 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; Underground Storage Tank permitting to a commerce or transportation agency.). In each state, each agency with one or more primary delegations for federal environmental permitting programs from EPA, or a re-delegated authority from a state agency with one or more primary delegations from EPA

may submit one pre-proposal under this solicitation, but may appear on multiple team pre-proposals.

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, etc.+). 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. In the evaluation factors identified in Section V.B of this solicitation, you will see a scoring incentive for multi-state or state-tribal proposals. 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.

B. Cost-Sharing or Matching

No matching funds are required; however, a scoring incentive is included for applicants to provide leveraged funding. 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 also 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 Grant 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.

  a. Pre-proposals must substantially comply with the pre-proposal submission instructions and requirements set forth in Section IV. of this announcement or else they will be rejected. However, where a page limit is expressed in Section IV with respect to the pre-proposal, pages in excess of the page limitation will not be reviewed.

  b. In addition, pre-proposals must be received by the EPA or received through www.grants.gov, as specified in Section IV of this announcement, on or before the proposal submission deadline published in Section IV of this announcement. Applicants are responsible for ensuring that their proposal reaches the designated person/office specified in Section IV of the announcement by the submission deadline.

c. Pre-proposals received 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 pre-proposal receipt by a specified person/office by the submission deadline, receipt by an agency mailroom is not sufficient. Applicants should confirm receipt of their proposal with Sherri Walker (innovation_state_grants@epa.gov) as soon as possible after the submission deadline – failure to do so may result in your pre-proposal not being reviewed.

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. PRE-PROPOSAL 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 pre-proposal narrative not to exceed seven (7) pages;
- a half (0.5) page Summary of Reporting on Past Performance of Environmental Results – Outputs and Outcomes;
- a half (0.5) page Summary of Programmatic Capability.

Each of these required pre-proposal elements will count toward the ten (10) page limit. In addition, each pre-proposal must be accompanied by one (1) page resumes of not more than three (3) key personnel. If a project team contains several team members, we are seeking the information only for the primary contact person. To clarify, three (3) is the total number of resumes for the project, not one resume for up to three staff from each organization. At this time, we are not seeking extensive 2-3 page resumes from these individuals, only the highlights that demonstrate their capabilities as it relates to the pre-proposal submitted for this competition.

Agencies may also include a one-to-two (1-2) page logic model for each project. While a logic model is not required to be submitted with the pre-proposal, it is recommended. Going through

the process may enhance an applicant's ability to clearly and concisely describe their project. A logic model would help the applicant to more effectively articulate the connection between project activities and outcomes, and milestones that will demonstrate progress toward outputs and outcomes. It would be beneficial to the applicant to submit a logic model because it promotes logical thinking, reduces the possibility of misunderstanding the objectives for a proposal, and enables the grant reviewer to quickly follow the proposed sequence. Inclusion of a logic model as an addendum will **not** count toward the ten (10) page limit. For information on development of a logic model, applicants are advised to visit this page on our website: http://www.epa.gov/innovation/stategrants/PDFs/SIG2008MeasurementSlidesStudent.pdf.

These are the only attachments that will be considered in EPA's evaluation of the pre-proposals. All pre-proposals and these attachments described in this paragraph 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. Format for Each 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 agency applying. For multi-state or multi-government agency pre-proposals, one eligible applicant must be identified as the lead and main contact, with all other partner agencies and contacts listed as well.

   c. **Project Manager –** Identify the primary project contact from the state or other eligible agency. In the case of team projects, identify who, within each agency, 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 key personnel 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, 2009 and ending no later than September 30, 2013.

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. If known, identify proposed quantitative reductions or benefits. An example of a good abstract statement is included in Attachment 1 of this solicitation.

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 an affirmation 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 with the final application and proposal to endorse the project and to confirm their agency's commitment to providing the necessary resources to ensure project success.

2. **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.

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	-	-	-
TOTAL:	$ 60,000	$ 12,000	$ 48,000

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.

3. **Pre-proposal Project Narrative**: [Length: no more than seven (7) pages of the total ten (10) pages] Narratives must be concise, well organized, and not exceed seven typed, single-spaced, 8 ½ x 11" pages. The Pre-proposal Narrative must explicitly provide the information detailed in this section, including specific responses to all Section III, Threshold Criteria, and Section V(B), Pre-Proposal Evaluation criteria identified in this announcement. Responses to evaluation criteria should include the criteria number and title but need not restate the entire text of the criteria. Sufficient detail must be provided to allow for an evaluation of the merits of the pre-proposal. Vague descriptions, redundancy, and failure to address the selection criteria will result in a lower ranking. The Pre-proposal Narrative must substantially conform to the following outline and content:

   a. **Problem (Issue) Statement**. The problem statement provides a clear, concise 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**. Factual information about your proposed project must be provided. Do not include broad principles that are not specific to the proposed work or project covered by your pre-proposal. 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 synopsize 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).

      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 C and D 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 (e.g., 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 the measures of the project you will use or you expect to produce. Briefly describe your proposed assessment and reporting system. *(Refer to Section I (E), Expected Outputs and Outcomes, and V(B), Pre-proposal Evaluation, "Producing Environmental Results").*

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").*

4. **Past Performance -Programmatic Capability and Reporting Environmental Results.** Length: no more than one (1) page of the total ten (10) pages. Submit a list of no more than 3 federally funded assistance agreements (preferably EPA) that your organization has implemented within the last five (5) years. Assistance agreements include Federal grants and cooperative agreements but not Federal contracts. Describe (i) whether you successfully fulfilled the agreed-upon tasks under those agreements and achieved the intended objectives, and if not explain why not, and (ii) 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. With respect to item (ii) above, we are not asking for information on the results of similar projects but rather EPA is interested in your reporting history which means how well you reported on whether or not you achieved results under prior grants not whether you actually achieved the results. 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 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 information, please indicate this in the proposal and you will receive a neutral score for this factor under Section V. If you do not provide any response for this item, you may receive a score of 0 for this factor.
5. **Logic Model**. Agencies may also include a one-to-two (1-2) page logic model for each project. Inclusion of a logic model as an addendum will **not** count toward the ten (10) page limit. While a logic model is not required to be submitted with the pre-proposal, it is recommended. For information on development of a logic model, applicants are advised to visit this page on our website: http://www.epa.gov/innovation/stategrants/PDFs/SIG2008MeasurementSlidesStudent.pdf

C. Partnerships, Contractors and Subawards

Contracts and Subawards:

a. Subawards, Partnerships and Acquisition of Contract Services

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 www.grants.gov website (http://www.grants.gov) 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. 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. For those applicants who lack the technical capability to apply electronically via www.grants.gov, please contact Sherri Walker by phone at: (202) 566-2186 and/ or by email to: 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 **December 10, 2008, 11:59 pm Eastern Standard Time**. Proposals submitted through www.grants.gov must be received by that time and date.

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 www.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 pre-proposal 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 pre-proposal 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 compatible Adobe viewer and obtain the application package for the announcement. **To apply through www.grants.gov you must use Adobe Reader applications and download the compatible Adobe Reader version (Adobe Reader applications are available to download for free on the grants.gov website. For more information on Adobe Reader please visit the Help section on www.grants.gov at:** http://www.grants.gov/help/help.jsp or http://www.grants.gov/aboutgrants/program_status.jsp).

Once you have downloaded the viewer, you may retrieve the application package by entering the Funding Opportunity Number, EPA-OPEI-NCEI-09-01, 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 "Application" button 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 www.grants.gov web site.

Proposal Submission Deadline

Your organization's Authorized Organization Representative (AOR) must submit your complete proposal electronically to EPA through www.grants.gov (http://www.grants.gov), and it must be received in its entirety no later than December 10, 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.

Because of the unique security situation involving mail screening to federal agencies and possible delays in receipt of mail to specific offices within the agency for up to 2-3 weeks, EPA does not encourage the use of the U.S. Postal Service for transmittal. We highly recommend that if

applicants can not use www.grants.gov that they use an express mail or courier service option to transmit their proposal to the physical address of the EPA contact listed in Section VII (A), Agency Contact. If an applicant experiences problems with submission of their pre-proposal via www.grants.gov by the deadline, they are requested to send a notification via e-mail or fax notifying EPA that their pre-proposal has been sent through an alternate mechanism. If a submission to EPA is necessary by hard copy (paper), please also include a Compact Disc (CD) with electronic copies of all the documents, if possible. Please mark all submissions: ATTN: **FY09 Pre-Proposal** (see Section VII for the address). The electronic files should be in Microsoft Word. Resumes, logic models, or letters of support (if applicable), will need to be scanned so that they can be submitted electronically as part of the CD.

Proposals received 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 to Be Submitted With the Abstract, Narrative and Attachments Described Above.

The following forms and documents are required to be submitted by applicants using www.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 www.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 that 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* – FY09 – State Innovation Grant– 1st Submission" or "*Your State Agency's Name* – FY 09 State Innovation Grant – Back-up Submission." If it becomes necessary to submit an amended package at a later date, the name of the 2nd submission should be changed to "*Your State Agency's Name* – FY09 State Innovation Grant– 2nd Submission." Once your application package has been completed and saved, send it to your AOR for submission to the U.S. EPA through www.grants.gov. Please advise your AOR to close all other software programs before attempting to submit the application package through www.grants.gov.

In the "Application Filing Name" box, your AOR must enter your organization's name (abbreviate where possible), the fiscal year (e.g., FY09), 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-NCEI-09-01) 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: www.grants.gov for assistance by phone at: (800) 518-4726 or by email to: http://www.grants.gov/help/help.jsp ; or Sherri Walker by phone at: (202) 566-2186 or by email to: innovation_state_grants@epa.gov.

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

If you have never used www.grants.gov before, here are some tips.

Most organizations have found www.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 www.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 www.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 Grant 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. PRE-PROPOSAL REVIEW INFORMATION

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

EPA will select state recipients under the 2009 State Innovation Grant 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, permitting integration, and lean manufacturing). 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, who 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

Applicants should directly and explicitly address these criteria as part of their pre-proposal submittal. Scores will be assigned to each pre-proposal.

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

Each eligible pre-proposal will be evaluated by an EPA technical panel convened by NCEI appropriate to the pre-proposal submitted. One or more Headquarters Technical Panel(s) will evaluate pre-proposals using the criteria described below.

a) Consistency with Solicitation Theme **20 Points**	Each proposed project will be evaluated based upon its relevance to the State Innovation Grant Program's 2009 theme (innovation in environmental permitting). 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). Points will be awarded based on how well and thoroughly the priority or priorities are addressed in the pre-proposal. Projects utilizing multi-media approaches to address national innovation priorities will be evaluated more favorably under this criterion.
b) Consistency with Priority Focus Areas **20 Points**	Pre-proposals will be evaluated based on the extent and quality to which they address one (1) or more of four (4) strategic focus areas identified below: i. Supporting the development and implementation of state Environmental Results Programs (ERPs); ii. Testing various forms of permitting integration; iii. Testing ways to help facilities practicing lean manufacturing better address environmental permit requirements and other environmental and energy considerations; or iv. Advancing implementation of performance-based environmental leadership programs similar to the National Environmental Performance Track (PT) program, particularly including the development and implementation of incentives. EPA will rank pre-proposals under this criterion based on the extent to which they address these priority focus areas. While pre-proposals based on other concepts may be submitted, be advised that EPA is most interested in proposals that address one of the priority focus 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 Measurable Environmental Outcomes **20 Points**	Under this criterion, applicants will be evaluated based on the strength of their proposal in committing to a feasible strategy to produce measurable results 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 although changes in understanding of environmental issues and solutions, or behaviors are also encouraged. More points will be awarded to project pre-proposals that commit to reliably measuring or modeling changes in environmental conditions (3^{rd} order outcomes) resulting from the project. Up to ten (10) points will be awarded for pre-proposals that successfully incorporate and commit to specific measures or reliably modeled estimation of changes in first order outcomes (change in knowledge, e.g., better understanding of requirements) and second order outcomes (changes in behavior, e.g., increase in compliance rate) and an additional ten (10) points are possible for project pre-proposals that successfully incorporate and commit to specific measures or reliable modeled parameters of change in environmental condition (third order outcomes) in addition to the lower order outcomes. Examples of third order outcomes could include estimations of anticipated emissions reductions (in tons or lbs/year) or direct health and/ or environmental benefits (quantitative or qualitative). We will also consider as third order outcomes measures of change in efficiency (e.g., the cost-effectiveness of the project (in $/lb or $/ton), direct cost savings, and any other measurements as requested in Section I.E of this solicitation. Alternatively, a project may attempt to further the understanding and expand the use of reliable measurement approaches including the testing or validation of third order (environmental) outcomes for assessing the benefits of innovative approaches and be evaluated favorably under this criterion.
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. The pre-proposal should clearly describe that potential. The applicant should first state explicitly how they think the innovation could apply more broadly. 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; • advancing the state of knowledge of 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 identifies 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. Points will be awarded based on how well and thoroughly the priority or priorities are addressed in the pre-proposal.
b) Programmatic Capability and Reporting on Past Performance of Environmental Results **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 five (5) years, and if such progress was not being made whether the applicant adequately documented and/or reported why not. Applicants will also be evaluated based on their past performance under these agreements including whether they successfully performed and achieved the intended objectives under the agreements. 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 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 reporting history will receive a neutral score for this factor. If you do not provide any response for this item, you will receive a score of 0 for this factor.

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 requirements potentially may 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 facilitate implementation of 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 necessary 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) 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.

f) 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 state, federal and/ or other sources of funds to leverage additional resources in order to carry out the proposed project(s); and/ or ii) that EPA funding will complement 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.
g) Public Involvement Process **15 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 country to the degree possible;
- project diversity – in order to provide an array of project types across the specified focus areas;
- any potential environmental justice considerations; and
- prior performance of states in past State Innovation Grant competitions, including: the effective 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 demonstrated willingness of state staff 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 2009 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 the National Center for Environmental Innovation, 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.

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.

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) 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.

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; 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

VIII. Other Information - Attachments

Attachment 1 PROJECT SUMMARY TEMPLATE

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

Applicant:
Eligible applicant agency or organization 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

Total Project Cost: Total Budget: (Sum of EPA funds, plus other funds (if any))
Requested from EPA: (between $50,000 - $350,000)
Leveraged, Non-Federally Funded Staff Time: $xxx,xxx

Project Period: October 1, 2009 - September 30, 2013

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.]

Statutory Authority and Flexibility: Indicate if, and what types of regulatory flexibility (from a federal and state requirement) are potentially needed to implement the project.

Certification of State Agency Support From the Highest Level: Commissioner / Director / Secretary (select the appropriate title, and provide the first and last name) of the state agency (identify which state(s), and specify which agency(ies)) is/are aware of and endorses this proposal. If this proposal is selected in Spring 2009, a letter of endorsement from the Commissioner/Director/Secretary (as appropriate) will be provided with the final work plan.

Attachment 2 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.

Lean Manufacturing is a business model that emphasizes eliminating non-value added activities while delivering quality products on time at least cost with greater efficiency.

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 3 **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: eighteen (18) Environmental Results Program projects, eight (8) performance-based environmental leadership program projects, nine (9) Environmental Management Systems in permitting or for "beyond-compliance" improvement, seven (7) other permit integration or streamlining approaches including two (2) watershed-based permitting, one (1) integrated regional air quality management plan, one (1) integration across various governmental levels, and one (1) information technology innovation for the application of geographic information systems (GIS) and a web-based portal to a permitting process. For additional information, see http://www.epa.gov/innovation/stategrants.

- Arizona (Region 9) Department of Environmental Quality (ADEQ) 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) Department of Public Health and Environment 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) Department of Natural Resources and Environmental Control (DNREC) 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) Department of Natural Resources (DNR) received a 2006 award for integrating Environmental Management Systems into environmental permitting for the carpet manufacturing industry.
- Illinois (Region 5) Environmental Protection Agency (EPA) received a 2002 award to develop an ERP for Class V car and truck repair facilities.
- Indiana (Region 5) Department of Environmental Management (IDEM) 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) Department of Environmental Management received a 2005 award 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) Department for Environmental Protection (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) Department for Environmental Protection 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) Department of Environmental Protection (DEP) 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) DEP 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) Department of Environmental Protection (DEP) 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 received a 2005 award 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) Department of Environmental Quality (DEQ) 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) Pollution Control Agency (PCA) 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.
- Missouri (Region 7) Department of Natural Resources, in partnership with the State of Illinois was selected in 2008 to develop a Comprehensive Regional Multi-pollutant Air Quality Management Plan for the St. Louis metropolitan area. The plan will integrate all existing State Implementation Plan (SIP) requirements and address a broad range of issues related to climate, growth, transportation, energy efficiency and hazardous air pollutant exposures. It features strong collaboration among two states, two EPA Regions, and multiple agencies.
- Narragansett Bay Commission (Region 1) in partnership with the Rhode Island Department of Environmental Management (RIDEM) and the University of Rhode Island, was selected in 2008 to use EMS and ERP to create a Sustainable Energy Management System for Rhode Island's wastewater treatment facilities. The EMS will focus on improving energy efficiency; an ERP will be used to reduce the oil and grease coming in to the facilities from restaurants and food processing operations with the goal of turning this waste into a renewable fuel source. The Commission has re-delegated authority (from RIDEM) for the state's NPDES pre-treatment permitting program.
- The Nevada (Region 9) Division of Environmental Protection (DEP) received a 2005 award 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) Department of Environmental Services (DES) received a 2005 award 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 Hampshire (Region 1) Department of Environmental Services was selected in 2008 to test the use of incentives such as early technical assistance and integrated/coordinated permitting to encourage adoption of better development practices. The project will integrate storm water and other permits for the construction sector with the goal of development that produces fewer air, water, and ground water impacts and energy and water savings.

- 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) Department of Health and Environmental Control 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) Department of Environment and Conservation (DEC) 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) Commission on Environmental Quality (CEQ) 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) Department of Environmental Conservation (DEC) 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) Department of Environmental Quality (DEQ) received a 2005 award 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 (DEQ) 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 State (Region 10) Department of Ecology (WDOE) received a 2005 award to implement an Environmental Management System Program for the pulp and paper sector in the state. The WDOE 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 State (Region 10) Department of Ecology 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) Department of Natural Resources (DNR) received a 2004 award for the development of ERP and EMS programs to improve environmental stewardship while providing permit flexibility.
- Wisconsin (Region 5) Department of Natural Resources 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) Department of Environmental Quality 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.