# State Innovation Grants Guidance FY2007: A Guide Designed to Help States to Develop Effective Final Proposals

**State Innovation Grants Workshop**
**Washington, DC**
**May 16-17, 2007**

# I. Overview

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

**Announcement Type**:  Follow-up Guidance to Selected States for Fiscal Year 2007

**Catalog of Federal Domestic Assistance (CFDA) Number**:  66.940, Environmental Policy and Innovation Grants

**Proposal Submission Dates**:  The States will have approximately two weeks to prepare a final proposal package, including a workplan, Application for Federal Assistance (SF 424A), and a complete budget.  The due date for the final proposal package is June 14, 2007.   See Section IX of this guide for a breakdown of the draft submittal and review dates.

**Corresponding Federal Register notice number**:  Preliminary notice FRL 8218-7, pages 53682-53684, September 12, 2006.  Notice of Availability of Solicitation FRL 8250-4, pages 69563-69564, December 1, 2006.

FULL TEXT OF ANNOUNCEMENT (included in training notebook)


# II. Funding Opportunity Description

### A. Introduction

This guidance describes the process by which EPA will award the grants under the State Innovation Grant program.  This document provides an overview of the program, description of the evaluation criteria, grant management tools, and timelines for submission of grant application, and final award.  This guide is designed to help potential awardees to submit final proposals which will go through the review process as quickly and smoothly as possible.

EPA hopes this guide (in conjunction with the SIG workshop) will:
1) Tell you in clear terms what information to put in your final proposal package;
2) Help you understand why we need the information we are requesting;
3) Reduce the number of times EPA requests additional information from you after you have submitted your final proposal package; and
4) Help us to quickly award the grants and provide the funds in a timely manner.

You are not required to use the format suggested in this guide, but providing the information described below will be necessary at some point in the process.

**B.**     **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, § 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.

*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.

*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, and monitoring to control toxic substances.

*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.

*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.

**C.** **Program History**

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

As in previous rounds of this competition, the 2007 program retained "Innovation in Permitting" as the theme for the solicitation. Under this theme, EPA remains interested in proposals that:

- support the development of state Environmental Results Programs (ERPs);
- involve the application of Environmental Management Systems (EMS), including those that explore the relationship of EMS to permitting or otherwise promote the use of EMS to improve environmental performance beyond permit requirements (see *EPA's Strategy for Determining the Role of EMS in Regulatory Programs* at http://www.epa.gov/ems or http://www.epa.gov/ems/docs/EMS_and_the_Reg_Structure_41204Fpdf); or
- implement National Environmental Performance Track (PT) or similar performance-based programs by states, particularly including the development and implementation of incentives.

The State Innovation Grant Program included a two (2) phased solicitation process designed to reduce the administrative burden on States participating in the competition. This guidance addresses the second stage of the process following proposal selection by

5

EPA, where States complete the final, phase 2 proposal package. As a result of the 2007 competition, EPA has selected seven State proposals for potential awards in the form of cooperative agreements. The selected States will have approximately two weeks to prepare a final proposal package, including a workplan, Application for Federal Assistance (SF-424A), and a complete budget. Since the awards are being made by each Region, the Regional Project Officer will confirm the specific date for receipt of final grant applications by their grant office for fiscal year 2007. The States' Agencies are encouraged to work closely with their EPA Regions in completing this final proposal package - particularly the workplan, in order to expedite the final review process and award the cooperative agreements as quickly as possible. Each Region's Grant Project Officer may want to provide additional guidance for things they would like included in the workplan, since the Regions will have management responsibility for the project.

## III. Award Information

Awards from the 2007 competition have funding in excess of 1.61 million dollars.

## IV. Eligibility Information

In December 2006, EPA began a fifth round of competition with a new solicitation that specifically requested project pre-proposals aimed at innovation in permitting programs with a special emphasis on projects that included development of Environmental Management Systems (EMS), Environmental Results Programs (ERPs), and Performance-Based Environmental Leadership Programs. EPA had solicited brief pre-proposals and preliminary budgets from the principal environmental regulatory agencies in all fifty States, the District of Columbia, and U.S. territories.

**A.** **Eligible Applicants**:
The following projects have been selected through the 2007 competition:

- **Rhode Island** (Region 1) Department of Environmental Management (RIDEM) will apply the Environmental Results Program (ERP) 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.)

- **Maine** (Region 1) Department of Environmental Protection (MEDEP) in partnership **with Massachusetts** (Region 1) Department of Environmental Protection (MADEP), and Washington (Region 10) a learning state, will develop a voluntary Environmental Results Program (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.

- **New York** (Region 2) State Department of Environmental Conservation (NYSDEC) will use the Environmental Results Program (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.

- **Washington** (Region 10) State Department of Ecology ("Ecology") will 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.

- **Kentucky** (Region 4) Department for Environmental Protection (KDEP) will expand the membership of Kentucky's environmental leadership program, KY EXCEL, to more than 500 entities; encourage at least 40% of KY EXCEL members to commit to performing waste reduction projects at their facilities, and; establish compliance assistance resources for use in an Environmental Results Program pilot project focused on wastewater treatment facilities and properties with regulated underground storage tanks (USTs) to build environmental leadership skills.

- **Tennessee** (Region 4) Department of Environment and Conservation (TDEC) will 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.

- **Wisconsin** (Region 5) Department of Natural Resources (WDNR) will promote a whole farm Environmental Management System 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.

**B.**     **Cost Sharing and Matching Requirements**.
No matching funds are required. However, an applicant may provide any level of voluntary "leverage" funding (e.g., a contribution of partial state funding) in their budget. Applicants may use their own funds or other resources for a voluntary match or cost share if the standards at 40 CFR Part 30.23 or 40 CFR Part 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). While there is no requirement for cost-sharing, state proposals may be evaluated more favorably if voluntary "leverage" funding or in-kind contributions is offered.

**C.** **Other Eligibility Criteria**

    **1.** **Applicable Regulations**. See Section II B above for Authorization. Applicable regulations would be specific for each grant project. They must comply with all applicable Federal laws, regulations, and policies. Standard Form 424-B outlines federal laws for grant applicants, and lists requirements grant recipients must comply with.

    **2.** **Federal Requirements**. An applicant whose application is selected for federal funding must complete additional forms prior to award (see 40 CFR Part 30.12 and 31.10). In addition, successful applicants will be required to certify that they have not been Debarred or Suspended from participation in Federal assistance awards in accordance with 40 CFR Part 32.

# V. How to Request your Application Package

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

The electronic submission of your application must be made by an official representative of your institution who is registered with Grants.gov. If your organization is not currently registered with Grants.gov, please encourage your office to designate an Authorized Organization Representative (AOR) and ask that individual to begin the registration process as soon as possible. *Note that the registration process may take a week or longer.* For more information, go to http://www.grants.gov and click on "Get Started," and then "Authorized Organization Representative (AOR)."

**B.** **Requesting an Application Package**
To begin the application process for this grant program, go to http://www.grants.gov and click on "Apply for Grants." Then click on "Apply Step 1: Download a Grant Application Package and Application Instructions" to download the PureEdge viewer and obtain the application package (https://apply.grants.gov/forms_apps_idx.html). You may retrieve the application package by entering the Funding Opportunity Number, USEPA-AO-OPEI-07-01, in the space provided. You may also access the application package by clicking on the button at the bottom right side of the Find synopsis that says **Apply for Grant Electronically**.

# VI. Materials You Need to Complete Your Application

Prior to awards being made, finalists must provide more detailed proposal packages that include project milestones, performance goals and measures and required federal assistance application forms. The following forms and documents are required to be submitted using Grants.gov under this announcement (see list below):

A. **Application for Federal Assistance (SF-424)**
B. **Budget Information for Non-Construction Programs (SF-424A)**
C. **EPA Key Contacts Form 5700-54**
D. **Assurances for Non-Construction Programs (SF-424B)**
E. **Grants.gov Lobbying Form**
F. **EPA Form 4700-4 – Pre-Award Compliance Review Report**
G. **Project Narrative Attachment (Work Plan)**
H. **Budget Narrative Attachment (Budget Detail)**
I. **Disclosure of Lobbying Activities (SF-LLL), if applicable**
J. **Other Attachments – Negotiated Indirect Cost Rate Agreement**
K. **Other Attachments – Biographical Sketches for the Project Manager(s)**

**Note: these forms (with exception of Items G, H, J, and K ) can also be found online at**
**http://www.epa.gov/ogd/AppKit/application.htm**

The list of materials required to be included in the application are briefly described below:

A. **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.

B. **SF-424A, Budget Information for Non-Construction Programs**
Complete the form. There are no attachments.
The total amount of federal funding requested for the project period should be shown on line 5(e) and on line 6(k) of SF-424A. If indirect costs are included, the amount of indirect costs should be entered on line 6(j). The indirect cost rate (i.e., a percentage), the base (e.g., personnel costs and fringe benefits), and the amount should also be indicated on line 22. If indirect costs are requested, a copy of the Negotiated Indirect Cost Rate Agreement must be submitted as part of the application package. (See instructions for document 10 below.)

C. **SF-424B, Assurances for Non-Construction Programs**
Complete the form. There are no attachments.

**D.** **Grants.gov Lobbying Form – Certification Regarding Lobbying**
Complete the form. There are no attachments.

**E.** **EPA Form 5700-54, Key Contacts Form**
Complete the form. There are no attachments.
If additional pages are needed, attach these additional pages to the electronic application package by using the "Other Attachments Form" in the "Optional Documents" box. (See Section VII.A of this document)

**F.** **EPA Form 4700-4, Pre-Award Compliance Review Report**
Complete the form. There are no attachments.

**G.** **Project Narrative Attachment – Work Plan**
While there is no required form for this document, the document titled Components of an Effective Project Narrative/Workplan (e.g., workplan template) is provided behind Tab 2 of the SIG training notebook. As you will observe in the project narrative/workplan template, this document requires applicants to address the program criteria from Section V of the solicitation. In addition, an example of a recently completed application and final proposal package is provided in Tab 2.

**H.** **Budget Narrative Attachment – Detailed Itemized Budget**
Prepare the Detailed Itemized Budget and attach it by clicking on "Budget Narrative Attachment Form" and then "Add Mandatory Budget Narrative." (See Section VII for more details.)

**I.** **SF-LLL, Disclosure of Lobbying Activities**
**(i.e., required if your organization is involved in lobbying)**
Complete the form if your organization is involved in lobbying activities.

**J.** **Other Attachments – Negotiated Indirect Cost Rate Agreement**
**(if indirect costs are included in the project budget)** Use the "Other Attachments Form" in the "Optional Documents" box to attach a copy of your organization's Indirect Cost Rate Agreement, if applicable. (See section Section VII. of this document for more details.) You must submit a copy of your organization's Indirect Cost Rate Agreement as part of the application package if your proposed budget includes indirect costs.

**K.** **Other Attachments – Biographical Sketches for the Project Manager(s)**
Use the "Other Attachments Form" in the "Optional Documents" box to attach a copy of the biographical sketch of each project manager for the proposed project. Each biographical sketch should outline the education, work history, and knowledge/expertise of the individual that relate to managing the proposed project.

# VII. How to Prepare and Submit your Application

A. **Section VI. A through VI. H**

Documents A through H listed under Section VI. Materials You Need to Complete Your Application should appear in the "Mandatory Documents" box on the Grants.gov Grant Application Package page.

**For Sections VI. A through VI. F**, click on the appropriate form and then click "Open Form" below the box. The fields that must be completed will be highlighted in yellow. 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, and 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 Sections VI. G and VI. H**, you will need to attach electronic files. Prepare your project Work Plan using the format outlined above (see document G under Section VI.) and save the document to your computer as an MS Word or WordPerfect file. (U.S. EPA prefers to receive documents in MS Word, but documents prepared in WordPerfect may also be accepted.) When you are ready to attach your Work Plan to the application package, click on "Project Narrative Attachment Form," and open the form. Click "Add Mandatory Project Narrative File," and then attach your Work Plan (previously saved to your computer) using the browse window that appears. You may then click "View Mandatory Project Narrative File" to view it. Enter a brief descriptive title of your project in the space beside "Mandatory Project Narrative File Filename;" the filename should be no more than 40 characters long. If there other attachments that you would like to submit to accompany your Work Plan, you may click "Add Optional Project Narrative File" and proceed as before. When you have finished attaching the necessary documents, click "Close Form." When you return to the "Grant Application Package" page, select the "Project Narrative Attachment Form" and click "Move Form to Submission List." The form should now appear in the box that says, "Mandatory Completed Documents for Submission." Follow the same general procedures for attaching document H – the Detailed Itemized Budget – using the "Budget Narrative Attachment Form."

B. **Sections VI. I through VI. K**

Documents I through K are listed in the "Optional Documents" box, but *please note that these so-called "optional" documents must also be submitted as part of the application package, if applicable to your organization.* You are only required to submit document I – SF-LLL, Disclosure of Lobbying Activities – if your organization is involved in lobbying activities. You are required to submit document J – Negotiated Indirect Cost Rate Agreement – if you have included any indirect costs in your proposed budget. You must submit document K – Biographical Sketches for Project Manager(s). To attach document J and document K, use the "Other Attachments Form" in the "Optional Documents" box. After attaching the documents, please remember to highlight the

"Other Attachments Form" and click "Move Form to Submission List" in order to move the documents to the box that says, "Optional Completed Documents for Submission."

C.    **Completing and Saving Your Application**
Once you have finished filling out all of the forms/attachments and they appear in one of the "Completed Documents for Submission" boxes, click the "Save" button that appears at the top of the Web page.  It is suggested that you save the document a second time, using a different name, since this will make it easier to submit an amended package later if necessary.  Please use the following format when saving your file:  "Applicant Name – FY07 – Assoc Prog Supp – 1st Submission" or "Applicant Name – FY 07 Assoc Prog Supp – Back-up Submission."  If it becomes necessary to submit an amended package at a later date, then the name of the 2nd submission should be changed to "Applicant Name – FY07 Assoc Prog Supp – 2nd Submission."

D.    **Send to your Authorized Organization Representative (AOR)**
Once your application package has been completed and saved, send it to your AOR for submission to U.S. EPA through Grants.gov.  Please advise your AOR to close all other software programs before attempting to submit the application package through Grants.gov.

E.    **Submitting through Grants.gov**
In the "Application Filing Name" box, your AOR should enter your organization's name (abbreviate where possible), the fiscal year (e.g., FY07), and the grant category (e.g., Assoc Prog Supp).  The filing name should not exceed 40 characters.  From the "Grant Application Package" page, your AOR may submit the application package by clicking the "Submit" button that appears at the top of the page.  The AOR will then be asked to verify the agency and funding opportunity number for which the application package is being submitted.   If problems are encountered during the submission process, the AOR should reboot his/her computer before trying to submit the application package again. [It may be necessary to turn off the computer (not just restart it) before attempting to submit the package again.]   If the AOR continues to experience submission problems, he/she may contact Grants.gov for assistance by phone at 1-800-518-4726 or email at support@grants.gov.

F.    **Confirmation**
If you have not received a confirmation of 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 or contact Sherri Walker at (202) 566-2186.  Failure to receive confirmation may result in your application not being reviewed.

G.    **Submission Dates**
Your organization's AOR must submit your complete application electronically to EPA through Grants.gov (http://www.grants.gov) no later than **June 14, 2007**.  If the State anticipates a problem with meeting the submission date, please contact the designated EPA official as soon as possible to negotiate an extension.

**H.     Intergovernmental Review**
Applicants must comply with the Intergovernmental Review Process and/or the consultation provisions of Section 204, of the Demonstration Cities and Metropolitan Development Act, if applicable, which are contained in 40 CFR Part 29.

**I.     Funding Restrictions**
Even though a proposal may involve an eligible applicant, eligible activity, and eligible purpose, assistance agreement funds cannot necessarily pay for all of the costs which the recipient might incur in the course of carrying out the project.   EPA grant funds may only be used for the purposes set forth in the grant agreement, and must be consistent with the statutory authority for the award.  Allowable costs are identified in the EPA regulations cited below and in OMB Circular A-87, "Cost Principles for State, Local, and Indian Tribal Governments".  Generally, costs which are allowable include salaries, equipment, supplies, training, rental of office space, etc., as long as these are "necessary and reasonable."  Grant funds may not be used for matching funds for other Federal grants, lobbying, or intervention in Federal regulatory or adjudicatory proceedings. In addition, Federal funds may not be used to sue the Federal government or any other government entity.   Entertainment costs are an example of unallowable costs.  EPA can not approve expenditure of funds prior to the actual award.

**J.     Other Submission Requirements**
Applicants should clearly mark information contained in their proposal which they consider confidential business information. EPA reserves the right to make final confidentiality decisions in accordance with Agency regulations at
40 CFR Part 2, Subpart B. If no such claim accompanies the proposal when it is received by the EPA, it may be made available to the public by EPA without any further notice to the applicant

# VIII.   Application Review Information

**A.     2007 State Innovation Grant Program Criteria**
The selection criteria for the State Innovation Grant Program advances the goals and priorities of the *Innovation Strategy* (http://www.epa.gov/innovation/strategy.htm) and draw from lessons EPA and States have learned from previous innovation initiatives. Building on that premise, all State proposals should address the criteria described in detail below.  EPA evaluated and ranked the proposals based on this criteria.

**B.     Pre-screening Using Threshold Criteria**
Before a pre-proposal was transmitted to either the Regional Evaluation Panel or a Technical Panel at Headquarters it was screened by the NCEI State Innovation Grant Program staff to determine whether or not the project met basic requirements necessary for the legitimate use of appropriated funds by EPA. Each of the State pre-proposals selected for funding met  the following three (3) important threshold criteria in Section V.B of the solicitation.  Applicants that fail to meet the threshold criteria were not

evaluated further.  EPA made a determination from the pre-proposal whether the project met these threshold criteria:

**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 the 2007 of the 2007 Solicitation notice. 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 the solicitation. For example, a project must address either: the causes, effects, extent, prevention, reduction, and/ or elimination of air, water, or solid/hazardous waste pollution; and/ or a project must "carryout the purposes of" the Toxic Substances Control Act or the Federal Insecticide, Fungicide and Rodenticide Act. While the primary purpose of the State Innovation Grants is to promote innovative approaches to environmental protection, an over-arching goal of the State Innovation Grant Program is to fulfill the statutory purposes of the applicable grant authorities- in most cases "to prevent or control pollution." 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. 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 the solicitation.

**Threshold Criterion #3.**  Applications/pre-proposals must be received by EPA on or before the solicitation closing date published in Section IV.C of the solicitation. Applications received after the published closing date will be returned to the sender without consideration.  Applications that do not substantially comply with the application submission instructions and requirements set forth in Section IV will be rejected. Where a page limit identified in Section IV.A and B with respect to parts of the application is exceeded, any pages in excess of the page limitation will not be reviewed.

**C.     Evaluation Criteria**

Each of the States selected for funding also met threshold program criteria and selection factors identified in the competition's solicitation.  The EPA Regions and the Office of Policy, Economics and Innovation will evaluate the final proposals to ensure that they meet the criteria and all other requirements identified in the competition.  States are advised to review the original solicitation, but in brief, projects must address the Program Criteria listed below.

Each of the funded projects may become a candidate for project evaluation by OPEI during its lifetime.  States should be prepared to provide assistance (e.g., records and data, brief interviews, assistance with access to stakeholders) for EPA or third-party evaluation.

| **Program Criteria Met for Each Criteria – Headquarters Technical Panel** |
|---|
| **Target National Priority Environmental Issues.**<br>Each proposed project will be evaluated based upon its relevance to the State Innovation Grant Program's 2007 theme (innovation in environmental permitting or alternatives to permitting that will provide measurably better results than conventional program approaches). Additionally, each pre-proposal will be evaluated based upon how well it addresses national environmental protection improvement priorities identified in EPA's *Innovation Strategy* and *Strategic Plan*. All 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. Proposals for projects utilizing multi-media approaches to address national innovation priorities will be evaluated more favorably under this criterion. |
| **Building On Our Existing Knowledge Of Innovative Approaches and Expanding the Testing of Priority Innovations**.<br>Proposals will be evaluated based on the extent and quality to which they address one (1) or more of three (3) strategic areas identified below:<br>i. Supporting the development of state Environmental Results Programs (ERPs);<br>ii. Applying Environmental Management Systems (EMS) including those that explore the relationship of EMS to permitting or otherwise promote the use of EMS to improve environmental performance beyond permit requirements (see *EPA's Strategy for Determining the Role of EMS in Regulatory Programs* at http://www.epa.gov/ems or http://www.epa.gov/permits/ems/emsstrategy.pdf;<br>iii.   Supporting state implementation of National Environmental Performance Track Program or similar performance-based environmental programs, particularly including the development and implementation of incentives.<br><br>EPA will rank proposals under this criterion based on the extent to which they address the priority areas: ERP, EMS, or PT. While other concept proposals may be submitted, they will not be evaluated as favorably under this criterion as proposals that address one or more of the above areas. 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. |
| **Producing Environmental Results - Measurable or Quantifiable Outputs and Outcomes.**<br>Proposals will be evaluated based on the quality of the evaluative component of their projects. Specifically, under this criterion, proposals will be scored based upon the quality and extent of their description of the project's: goals and time frame for expected environmental outcomes; measures and/or indicators to be used in demonstrating environmental results; and potential effect on administrative efficiency, program costs, or cost savings to regulated or permitted entities, and the measurements that will be used to demonstrate these. Project proposals that develop faster, flexible, and more efficient approaches may be evaluated more favorably than others. Proposals should include, as applicable, estimations of: anticipated emissions reductions (in tons or lbs/year), the cost-effectiveness of the project (in $/lb or $/ton), health and/or environmental benefits (quantified or qualified), cost savings, streamlining of process, percent increase in compliance rate, and any other |

measurements as requested in Section I.E of this solicitation; and the methods by which success in achieving each of these outcomes will be measured.

**Transferring Innovation.**

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.  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. 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; and
- identifying potential need for and new applications of, the tool / approach as a model for "next generation" environmental protection

**Project Cost**.

Project proposalswill be evaluated under this criterion based on the efficiency of cost and reasonableness of budget, as determined based upon NCEI's experience in the State Innovation Grant Program with states' projects of similar type and scope. Each pre-proposal 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. Under this criterion proposals that provide cost sharing will be evaluated more favorably.

**Project Technical Feasibility.**

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

**Public Involvement Process**

State 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. 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). If relevant, the pre-proposal must identify: potentially sensitive or controversial issues relating to the proposal, current collaboration efforts with stakeholders on these issues, any steps that have been and/or will be taken to resolve these issues, and the likelihood that the project can be implemented without litigation.

**Program Criteria Met for Each Criteria – Regional Panel**

**Addressing Other EPA Regional-State Priorities.**
Each 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. 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.

**Programmatic Capability**
Each proposal will be evaluated based upon the applicant's technical ability to successfully carry out the proposed project, taking into account the following factors: i) past performance in successfully completing and managing federally funded agreements similar in size, scope, and relevance to the proposed project performed within the last 3 years;
ii) history of meeting reporting requirements under federally funded agreements similar in size, scope, and relevance to the proposed project performed within the last three (3) years, and of submitting acceptable final technical reports under these agreements; and
iii) organizational experience and plan for timely and successful accomplishment of the objectives of the proposed project; and iv) staff expertise/qualifications/ knowledge and agency resources, or the ability to obtain them, in order to successfully achieve the goals of the proposed project.

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

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

**Budget Reasonableness**
Each proposed budget will be evaluated based upon the content and reasonableness of its budget. Proposed project budgets should include all required categories, any leveraged resources, and be comparable to similar projects conducted by the state in the past. Regional Panels will also consider each state's past project performance and budget expenditures.

**Environmental Results Past Performance**
Each proposal will be evaluated based upon the extent to and quality with which the applicant has adequately documented and/or reported on their agency's success and progress towards achieving expected results (e.g., outcomes and outputs) under federally funded agency assistance agreements performed within the last three (3) years, and if such progress was not being made, whether the applicant adequately documented and/or reported why not.

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

**Collaboration/Partnerships**
Each 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.  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.

# IX.   How Awards are Managed

The Regions will award and manage the cooperative agreements or grants.  Each Region will designate a grant Project Officer and employee(s) who will be responsible for programmatic oversight of the project, and for communicating with the State, Regional management, and OPEI on substantive matters.   Each of the Regions will designate a Project Officer for each cooperative agreement or grant. (This person may be the same as the one designated to provide programmatic oversight.)  OPEI will designate a liaison who will work with the Regions and States as a resource person to advise and facilitate communication with OPEI.   A model for "special programmatic terms and conditions" that will accompany the award package is included in the training workbook.

### A.      Award Notices
General process for completing awards to FY07 selected States:

1.  The Regional Administratror (RA) or Deputy (DRA) will make an informal notification (by telephone) to the State Commissioner/Director/Secretary to inform them that their State has been selected to submit a final proposal (complete)

2.  The Region will follow up with a letter to the State Commissioner/Director/Secretary in each of the States documenting our intention to proceed with award pending satisfactory (concurrence by Region and OPEI) completion of the final proposal package.

   •      While States are preparing their final phase 2 proposal packages, the Regional Project Officer (PO) will prepare a Funding Recommendation (FR) and submit a Commitment Notice (CN) for each of the final proposals in anticipation of full funding.  The PO will provide a draft version of the Funding Recommendation for OPEI review and comment.  The PO will hold the final package until agreement is reached on the State's final, phase 2 proposal, including its workplan, schedule and budget. Where required, development of a site-specific quality assurance project plan should appear as an initial task in the workplan.  Regions may decide to provide additional guidance to States for the development of the workplan and quality assurance plan.

   •      On a parallel track, HQ will prepare a draft Commitment Notice.

- Once the State submits the final proposal package to the Region, it will be reviewed collaboratively by OPEI and the Region to make final funding determinations, identify additional information required from the State, or address other issues, as appropriate.

- Once a State proposal is determined to be acceptable, HQ will prepare the final Commitment Notice and obtain all appropriate approvals from the Administrator's office. OPEI will provide the funding document control numbers to the Region.

∑≈      The Region will complete a two-week Congressional notification period.

4. The Region will provide official notice to each State of their award, and make press release/announcements.

Specific activities leading up to award are summarized in the table below:

| Dates | EPA/OPEI (HQ) | Regions | States |
|---|---|---|---|
| Week of April 16 | Notifies non-selected States by e-mail or telephone.<br><br>Sends official notification of non-selection status to States, Regions, and other EPA offices | Notifies selected States of awards by telephone.<br><br>Sends official notification of intent to award selections to States, Regions, and other EPA offices | Confirms State point of contact for the proposed project and initiates dialogue with Region on final proposal requirements. |
| Week of April 16 | Develops guidance for final proposals. [this document]<br><br>Identifies OPEI liaison *to advise* the project and *facilitate communication* with HQ - the OPEI liaison will work through the Regions' GPOs.<br><br>Initiates Commitment Notices. | Designates a Project Officer to Complete the Assistance Agreement and manage the assistance agreement process<br><br>Designates an EPA manager and staff to provide programmatic oversight of project and serve as points of contact for State for development of final proposal and for ongoing management of agreement (may be the above mentioned Project Officer).<br><br>Initiates funding package by preparing Funding Recommendation. | Contacts EPA Region to initiate discussion of issues to be addressed in final proposal. |
| May 16-17 | Host SIG workshop | Attend SIG workshop | Attend SIG workshop |
| May – June 2007 | Coordinates consultations with EPA | Works with HQ and States to resolve issues | Prepares final proposal in collaboration with |

| Date | | | |
|---|---|---|---|
| | HQ program offices to resolve any issues and facilitate a rapid review of the final proposals. | in work plan development and guides States through development of complete proposal packages.<br><br>Initiates any required compliance screening. | Region & HQ. |
| Monday, June 4 | | | Submit 1st draft of final workplan |
| Thursday, June 7 | Provide comments on draft final workplan to State | Provide comments on draft final workplan to State | |
| Thursday, June 14 | Prepare Commitment Notice | Initiate Funding Recommendation form | Submit final workplan and application package via Grants.gov |
| Thursday, June 14 | | Submit Commitment Notice and award package to Regional Grants office | |
| | | | |
| June 2007<br><br><br><br>September 2007<br><br>October 2007 | Completes final review and signoff | Completes funding package and forwards award package to EPA Regional Grants Administration staff.<br><br>Congressional notification<br><br>Notifies States of Official Awards. | Upon receipt of official award letter from Regional Grants office, begins work. |

**B.    Administration and National Policy Requirements**

Awards for FY 2007 funds will be managed through the EPA regional offices. Applicants should contact their EPA Project Officer identified in the contacts handout in the workshop training notebook to obtain specific requirements for submitting proposals and applications.

**C.    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 sending an e-mail to: innovation_state grants@epa.gov ; or sending a 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.

**D.    Reporting**

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 track completion

of project milestones, expenditures of funds, important outcomes and unexpected problems or issues, and summarize technical progress.  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 the 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.

**NOTE: See your training notebook (Tab 5) for detailed guidance on developing Quarterly Progress Reports and a Final Technical Report**

E.      **Agency Contact**
Please submit the grant proposal and application via grants.gov.  If you have specific questions about your final proposal, contact the Project Officer for your Region as indicated on the contacts handout for the workshop training*.*  If you have any questions about the State Innovation Grant program, send an email to: innovation_state_grants@epa.gov or contact Sherri Walker at (202) 566-2186.