State Innovation Grants Guide FY2008:
A Guide to Help Selected Applicants Develop Effective Final Proposals/Workplans

State Innovation Grants Workshop
Washington, DC
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I.   Guide Purpose

Congratulations, your project pre-proposal has been selected under EPA's 2008 State Innovation Grant Program to continue to the next stage of the award process. The purpose of this guide is to help you develop a final project proposal / workplan package that meets EPA requirements for funding. This guide provides a brief overview of the State Innovation Grant Program, a description of the process by which EPA will award the grants, and information on how to successfully complete the steps in that process.

In conjunction with the State Innovation Grant Workshop (May 20-21, 2008), EPA hopes this guide will:
1) tell you in clear terms what information to put in your final proposal / workplan 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 / workplan package; and
4) help us to quickly award the grants and provide the funds in a timely manner.

II.   State Innovation Grant Program Overview

A.   Program Description

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. EPA has solicited proposals for an assistance program (the "State Innovation Grant Program") to support innovation by state environmental regulatory agencies and regional, county, or municipal agencies with delegated authority for federal environmental permitting programs. As in previous rounds of this competition, the 2008 program identified "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);
- implement National Environmental Performance Track (PT) or similar performance-based programs by states, particularly including the development and implementation of incentives; or
- involve the application of Environmental Management Systems (EMS), including those that explore the relationship of EMS to permitting (see *EPA's Strategy for Determining the Role of EMS in Regulatory Programs* at http://www.epa.gov/ems or http://www.ofee.gov/ems/resources/structure.pdf), or otherwise support integrated or multimedia strategies.

B. **FY 2008 Solicitation Information**

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

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

- **Funding Opportunity Number**: EPA-OPEI-OEPI-08-01-A

- **Request for Proposals:** Full text of the solicitation is included in the training notebook "Final Proposal Development" Tab and at http://www.epa.gov/innovation/stategrants/PDFs/solicitation2008.pdf

- **Corresponding Federal Register Notice Number**: Preliminary notice FRL 8468-6, pages 52558-52561, September 14, 2007. Notice of Availability of Solicitation FRL-8498-4, pages 65571-65572, November 21, 2007.

C. **FY 2008 Selected Pre-proposals**

As part of the 2008 competition, EPA has selected three project pre-proposals for potential awards:

- **New Hampshire** – The New Hampshire Department of Environmental Services proposes 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 stormwater 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.

- **Narragansett Bay Commission** – The Commission, in partnership with the Rhode Island Department of Environmental Management and the University of Rhode Island, proposes to combine the tools of 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 developed 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 is eligible to compete because it holds re-delegated authority from the Rhode Island Department of Environmental Management for the pre-treatment permitting component of the state NPDES program.

- **Missouri** - The Missouri Department of Natural Resources, in partnership with the State of Illinois, proposes 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.

III. Award Process

A. Award Management

EPA Regional offices will award and manage the State Innovation Grant cooperative agreements or grants. Regions will designate a Grant Project Officer (GPO) (to administer funds and oversee compliance with grant conditions) and may also designate a technical advisor who will be responsible for providing programmatic / technical advice to assist the GPO and grant recipient. The Region's technical advisor will communicate with the grant recipient, EPA Regional management, and NCEI about the project in coordination with the GPO. In some cases, the GPO and technical advisor may be the same person. In addition, NCEI will designate an EPA Headquarters (HQ) liaison who will work with the grant recipients and Regions as a resource person to advise and facilitate communication with NCEI. All communication will be coordinated by / through the Region's GPO.

The State Innovation Grant Program includes a two phased process that features a competition pre-proposal phase designed to reduce the administrative burden on applicants by simplifying the initial response to EPA's solicitation. You have already completed the first phase of the process by submitting your project pre-proposals and having them selected by EPA to continue in the award process. This guide addresses the second phase of the process where selected applicants complete final proposal / workplan packages.

Specific steps in phase two of the award process include:

1. a State Innovation Grant workshop to provide selected applicants with assistance in preparing their final proposal / workplans;
2. submittal of draft final workplans and budgets by selected applicants via email for review by EPA HQ and Regions (may include two review iterations);
3. preparation of the funding package by the GPO while each selected applicant is developing a final proposal / workplan package. The workshop is also designed to help the GPO by providing information that will help coordinate the actions of all the agencies involved including the initiation of the Funding Recommendation (FR) by the GPO and review of the draft FR by NCEI. Finalization of the FR, including the Commitment Notice that commits EPA funding will await the applicant's final proposal, including its workplan, schedule, and budget. Regions may decide to provide additional guidance to applicants for the development of the workplan and quality assurance plan. Development of a site-specific quality assurance project plan should appear as an initial task in the workplan;
4. synchronized preparation by NCEI (and other EPA offices that are co-funders, where applicable) of the draft Commitment Notice;
5. submission of the final proposal / workplan packages by selected applicants via Grants.gov;
6. final EPA (Region, NCEI, and HQ Program Offices) review leading to final funding actions or identification of additional information required from the applicant;

7. upon submittal by each selected applicant of a final acceptable proposal, EPA HQ will prepare the final Commitment Notice and obtain all appropriate approvals and provide the funding document control numbers to the Region;
8. completion by the Region of the required two-week Congressional notification period;
9. official notification by the Region's Grant Awards Decision Official to the recipient of their award and issuance of a press release/announcement.

See Section III.E, below, for due dates associated with this process.

B.   Award Type

For the sake of simplification, this guide frequently refers to this funding opportunity as a "grant program" and the funding itself as a "grant." However, the State Innovation Grant Program is more broadly 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. For the three pre-proposals selected as part of the 2008 State Innovation Grant competition, EPA has elected to make awards in the form of cooperative agreements (pending approval of applicants' final proposals / workplans).

C.   Award Terms and Conditions

In making the award, EPA will specify a number of "special terms and conditions" (e.g., quarterly program reporting) that recipients must comply with. A model for "special programmatic terms and conditions" that will accompany the award package is included in the training workbook "Data Collection and Reporting" Tab.

D.   Intergovernmental Review

Applicants must comply with the Inter-Governmental Review Process and/or consultation provisions of Executive Order (E.O.) 12372. To the extent required by individual states for their state agencies, applicants will be required to contact affected state, regional, and local governments as mandated by E.O. 12372.

E.   Award Timeline

Selected applicants will have until **June 16, 2008** to prepare a draft of the final proposal workplan and budget. Following review and comment for revisions by EPA, selected applicants will be required to complete and submit final proposal / workplan packages (including Application for Assistance Form SF-424 and other required documents noted in Section IV) through www.grants.gov by **July 18, 2008***. (***NOTE:** Since awards are being made by EPA's Regional Offices, the Regional Grant Project Officer will need to confirm the deadline for receipt of final grant applications based on their grant office requirements for FY 2008). Applicants are encouraged to work closely with their EPA Regions in completing this final proposal package - particularly the workplan, in order to promote an expeditious final review and award process. 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.

Important 2008 State Innovation Grant award activities and deadlines are provided in the table below.

Dates	EPA/NCEI (HQ)	EPA Region	Selected Applicant
Week of April 14	Notifies non-selected applicants by e-mail or telephone. Sends official notification of non- selection status to applicants, Regions, and other EPA offices. Identifies NCEI liaison to advise selected applicants and facilitate communication with HQ (the NCEI liaison will work through the Regions' GPOs).	Notifies selected applicants by telephone. Sends selected applicants and other EPA offices official notification of intent to award. Designates a GPO to complete the Assistance Agreement and manage the Assistance Agreement process. Designates an EPA manager and staff to provide programmatic / technical oversight of project and serve as points of contact for applicants during development of final proposal and for ongoing management of agreement.	Confirms point of contact for the proposed project and initiates dialogue with Region on final proposal requirements.
May 20-21	Hosts SIG workshop.	Attends SIG workshop.	Attends SIG workshop.
May 22 – June 15	Coordinates consultations with EPA HQ program offices to support applicant in preparing 1st draft of final workplan and to prepare for rapid review once draft is received.	Works with HQ and applicants to resolve issues in workplan development and guides applicants through development of complete proposal packages. Initiates any required compliance screening.	Contacts EPA Region to initiate discussion of issues to be addressed in final proposal. Prepares 1st draft of final workplan and budget in collaboration with Region & HQ.
June 16			Submits 1st draft of final workplan and budget via email to EPA for review.
June 23	Provides comments on 1st draft of final workplan and budget to Region (for consolidation with Regional comments).	Provides consolidated comments on 1st draft of final workplan and budget to applicant.	
July 2			Submits 2nd draft of final workplan and budget via email to EPA for review.
July 9	Provides comments on 2nd draft of final workplan and budget to Region (for consolidation with Regional comments).	Provides consolidated comments on 2nd draft of final workplan and budget to applicant.	
July 18		Initiates Funding Recommendation form.	Submits final proposal / workplan package via Grants.gov
July 28	Prepares Commitment Notice.	Submits Commitment Notice and award package to Regional Grants office.	
August 2008	Completes final review and signoff.	Completes funding package and forwards award package to EPA Regional Grants Administration staff.	
September 2008		Completes Congressional notification.	
October 2008		Notifies recipient of official award.	Upon receipt of official award letter from Regional Grants office, begins work.

IV. Materials You Need to Complete Your Final Proposal / Workplan

Prior to awards being made, each finalist must provide a detailed final proposal / workplan package that includes a project narrative, milestones, a logic model, performance goals and measures, a detailed budget, and the required federal assistance application forms. Your pre-proposal is a good starting point for the development of a more detailed final workplan. All documents required for the final proposal package are listed below along with brief directions on how to complete them. Final documents must be submitted to EPA via Grants.gov (see Section V below for information on using Grants.gov). See the "Final Proposal Development" Tab in you training notebook for an example of a recently completed final proposal / workplan package. Applicants should contact their EPA Grant Project Officer (identified in the "State Innovation Grants Contacts List" included in the "Administrative Information" section of the workshop training notebook) with any questions on how to complete required documents.

A. Standard Form (SF) 424, Application for Federal Assistance

This is the same form you submitted with along with your pre-proposal; update it as necessary for re-submission with your completed final package. 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.

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 V.C.1 for additional information.

F. **EPA Form 4700-4, Pre-Award Compliance Review Report**

Complete the form. There are no attachments.

G. **Project Narrative Attachment – Workplan**

As mentioned earlier, you will be required to develop a final workplan that provides significantly greater detail than your project pre-proposal, including clearly defined project goals, expected outputs and environmental outcomes, a logic model that articulates the connection between project activities and outcomes, and milestones that will demonstrate progress toward outputs and outcomes. We recommend that you start with your pre-proposal as the foundation and build your final proposal by adding more detail to meet requirements. One reason for this is that your pre-proposal was selected based upon how it addressed the program competition criteria and thus using it as the groundwork for your final proposal helps ensure that your final proposal will also address all the evaluation criteria that are the basis of your selection. If you develop your final workplan from scratch, there is the possibility that you will overlook including information on one or more critical factors that lead EPA to select your pre-proposal. While there is no required format for this document, a workplan template document titled *Components of an Effective Project Narrative / Workplan* is included as Appendix B of this document to serve as a guide. As you will observe in the template, and as mentioned above, the final project workplan should address all program competition criteria (see Section VI.A below and Appendix A for program competition criteria information). There is no page limit for the project workplan.

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 V.C.2 for additional information.

I. **SF-LLL, Disclosure of Lobbying Activities**
(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**
(required 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 V.C.3 for additional information. 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.

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

V.   How to Submit Your Final Proposal / Workplan Package Using Grants.gov

With Grants.gov, you will be able to submit your entire final proposal package online with no hard copies or computer disks. The information contained in this section is intended to help walk you through the Grants.gov process, but please be sure to view additional instructions for online submission 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. Also, refer to the "Grant Application Online Submission" Tab in you training notebook for Grants.gov website slides.

Note that draft final workplan and budget submissions should be made to EPA via email for review. Following EPA comment and applicant revision, the completed FINAL proposal package should be submitted through Grants.gov.

A.   Registering with Grants.gov

The electronic submission of your application must be made by an official representative of your institution who is registered with Grants.gov. Based upon your initial pre-proposal submission, we believe that all three of this year's selected applicants are currently registered but 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 Adobe 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, EPA-OPEI-OEPI-08-01-A, 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".

C.   Filling Out and Attaching Required Documents

Required documents described in Section IV (Materials You Need to Complete Your Application) can be filled out and attached in Grants.gov as follows:

1. **Documents A through F**
   These documents should appear in the "Mandatory Documents" box on the Grants.gov Grant Application Package page. 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."

2. **Documents G and H**
   These documents should also appear in the "Mandatory Documents" box on the Grants.gov Grant Application Package page. You will need to attach electronic files. Prepare your project workplan (as described in Section IV.G and Appendix B) and save the document to your computer as an MS Word or WordPerfect file. (EPA prefers to receive documents in MS Word, but documents prepared in WordPerfect may also be accepted.) When you are ready to attach your workplan to the application package, click on "Project Narrative Attachment Form," and open the form. Click "Add Mandatory Project Narrative File," and then attach your workplan (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 workplan, 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."

3. **Documents I through 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."

D.   Marking Confidential Business Information

Applicants should clearly mark information contained in their final proposal / workplan package which they consider confidential business information (CBI). 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 final proposal / workplan when it is received by the EPA, it may be made available to the public by EPA without any further notice to the applicant. By submitting a final proposal package and accepting the award, the recipient consents to EPA's posting of the proposal (with financial and other CBI information redacted) to the State Innovation Grants website in effort to promote the sharing of information and collaboration among the states, U.S. territories, and tribes. Quarterly progress reports and final reports will also be posted.

E.   Completing and Saving Your Final Proposal / Workplan

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 webpage. 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 – FY08 – Assoc Prog Supp – 1st Submission" or "Applicant Name – FY08 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 – FY08 Assoc Prog Supp – 2nd Submission."

F.   Transmitting Completed Final Proposal / Workplan

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

In the "Application Filing Name" box, your AOR should enter your organization's name (abbreviate where possible), the fiscal year (e.g., FY08), 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.

G. **Confirmation**

If you have not received a confirmation of receipt from EPA (*not from* support@grant.gov) within three days of the application deadline, please send an email to: innovation_state_grants@epa.gov or contact Sherri Walker at (202) 566-2186. Lack of confirmation may mean your application has not been received for review and could result in a delay in the award process.

VI.   Final Proposal / Workplan Review Information

EPA will review final proposal / workplan packages for the following information.

A. **FY 2008 State Innovation Grant Program Competition Criteria**

The selection criteria for the State Innovation Grant Program advance 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. EPA evaluated and ranked the pre-proposals based on these criteria and will look for this information in the final proposal / workplan as well. As we mentioned above, using your pre-proposal as a starting point, you will need to be sure to address the Eligibility Screening Requirements and Quantitative Evaluation Criteria contained in the FY 2008 State Innovation Grant Program Solicitation / Request for Proposals (RFP). For your reference, this information is excerpted from the RFP and attached as Appendix A of this document.

B. **Cost Sharing and Matching Requirements**

Although matching funds are not required for State Innovation Grants, applicants may provide voluntary "leverage" funding in their budgets. Selected applicants are expected to adhere to any cost sharing commitments made in their pre-proposal submission. Final proposal budgets should reflect these cost share commitments.

VII.   Post-Award Obligations

A. **Information Collection Requests**

Recipients of EPA cooperative agreements must comply with requirements of the Paperwork Reduction Act when conducting information requests associated with their funded project (e.g., surveys of participating facilities related to project outcomes). To assist recipients in complying with the Act, EPA has obtained Information Collection Request (ICR) authorization from the Office of Management and Budget (OMB) that allows all State Innovation Grant recipients to collect data for measurement of project performance. Recipients should cite the OMB authorization number (EPA ICR 1755.08) in any information collection requests they make of more than nine respondents.

B.   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 Grant Project Officer (GPO) for the award and to NCEI simultaneously. The final report must be completed no later than ninety 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. Detailed guidance on developing Quarterly Progress Reports and a Final Technical Report is contained in the "Data Collection" Tab of you training notebook.

C.   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.

APPENDIX A

State Innovation Grant Competition Evaluation Criteria

In preparing your final workplan narrative, we suggest that you start with your pre-proposal and build on it to fully develop a final workplan (see Section IV.G and Appendix B of this document for more information on final workplan development). Your pre-proposal was judged to adequately address the evaluation criteria for the competition; any deletion or significant conceptual change to the original pre-proposal elements in the final workplan risks failure to receive an award.

> Information below is excerpted from the FY2008 State Innovation Grant Request for Proposals, Section III (Eligibility Information).

C. Eligibility Screening Requirements: Threshold Criteria

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

> • **Threshold Criterion #1 -** A project must consist of *activities* authorized under one or more of the six EPA grant authorities cited in Section I.C (Statutory Authority) of this announcement. Most of the statutes authorize assistance agreements for the following activities: "...*research, investigations, experiments, training, demonstrations ... .*" These *activities* relate generally to the gathering or transferring of information, and/ or to advancing the state of knowledge. A project's pre-proposal must emphasize "learning from" a new approach or innovation, as opposed to only "fixing" an environmental problem using a well-established method. A pre-proposal must clearly demonstrate how the project's activities will advance the state of knowledge and/ or transfer information. The statutory term "demonstration" means involving new or experimental methods or approaches, where the results will be disseminated so that others can benefit from the knowledge gained in the demonstration project. A project that is accomplished through the performance of routine, traditional, or established practices, or a project that is simply intended to carry out a task rather than transfer information or advance the state of knowledge, however worthwhile, is not a demonstration. The term "research" may include the application of established practices when they contribute to "learning" about or from an environmental concept or problem.

> • **Threshold Criterion #2 -** In order to be funded, a project's *general focus* must be one that is specifically linked to at least one of the goals referenced in Section I.D (Alignment with EPA's *Strategic Plan*) of this announcement. For example, a project must address either: the causes, effects, extent, prevention, reduction, and/ or elimination of air, water, or solid/ hazardous waste pollution; and/ or a project must "carryout the purposes of" the Toxic Substances Control Act or the Federal Insecticide, Fungicide and Rodenticide Act. While the primary purpose of the State Innovation Grants is to promote innovative approaches to environmental protection, an over-arching goal of the State Innovation Grant Program is to fulfill the statutory purposes of the applicable grant authorities- in most cases "to prevent or control pollution." Pre-proposals for projects relating

to other topics sometimes included under the term "environment" (e.g. recreation, conservation, restoration, or protection of wildlife habitats) must clearly demonstrate how these topics relate to and fulfill the statutorily-required purpose of pollution prevention and/ or control for statutes cited in Section I.C of this solicitation. Pre-proposals for projects with an integrated, multi-media (and/ or multi-statute) approach are encouraged. For assistance in understanding the statutory authorities under which EPA is providing these assistance agreements, please contact the EPA representative listed in Section VII of this solicitation.

• **Threshold Criterion #3 -** Substantial Compliance. Proposals must substantially comply with the proposal submission instructions and requirements set forth in Section IV. A, B, and D of this announcement or else they will be rejected.

Information below is excerpted from the FY2008 State Innovation Grant Request for Proposals, Section V (Proposal Review Information).

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

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

a. **Targeting National Priority Environmental Issues, 20 points**
Each proposed project will be evaluated based upon its relevance to the State Innovation Grant Program's 2008 theme (innovation in environmental permitting or alternatives to permitting that will provide measurably better results than conventional program approaches). Additionally, each pre-proposal will be evaluated based upon how well it addresses national environmental protection improvement priorities identified in EPA's *Innovation Strategy* and *Strategic Plan*. All pre-proposals must demonstrate their project's potential contribution to achieving one or more of EPA's *Strategic Goals* (see http://www.epa.gov/ocfo/plan/plan.htm). Pre-proposals for projects utilizing multi-media approaches to address national innovation priorities will be evaluated more favorably under this criterion.

b. **Building on Our Existing Knowledge of Innovative Approaches and Expanding the Testing of Priority Innovations, 20 points**
Pre-proposals will be evaluated based on the extent and quality to which they address one (1) or more of three (3) strategic focus areas identified below:
i. Supporting the development of state Environmental Results Programs (ERPs);
ii. Implement National Environmental Performance Track (PT) or similar performance-based programs by states, particularly including the development and implementation of incentives; or
iii. Involve the application of Environmental Management Systems (EMS), including those that explore the relationship of EMS to permitting (see *EPA's Strategy for Determining the Role of EMS in Regulatory Programs* at http://www.epa.gov/ems or http://www.epa.gov/ems/docs/EMS
and_the_Reg_Structure_41204Fpdf), or otherwise support integrated or multimedia strategies.

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

c. **Producing Environmental Results - Measurable or Quantifiable Outputs and Outcomes, 20 points**

Appendix A

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

d. **Transferring Innovation, 20 points**
Each pre-proposal will be evaluated based on the project's potential for replication or broader application in other sectors, permitting programs, agencies, states, or tribes. Pre-proposals that identify a plan and commitment to sharing the lessons from and outcomes of the project, and providing guidance to other prospective users and partners, will be evaluated more favorably under this criterion. Pre-proposals should clearly describe their plans for and commitment to the following project components:

• documenting and publicizing the outcomes and methods of this innovation and making the information available to other jurisdictions;

• making information about the project, including performance data, available to stakeholders in a form that is both easily accessible and understandable;

• assuming the role of convener by hosting one or more information exchange meetings for other states, tribes and/ or interested stakeholders to facilitate the transfer of information and innovation (the pre-proposal budget should reflect sufficient funding for the expenses of invitational travel to the meeting[s]);

• promoting organizational or system change, or developing a culture of innovative environmental problem-solving as a "way of doing business" within the state or more broadly;

▪ providing consultation and mentoring to other states or tribes wishing to adopt similar innovations;

• participating in national or regional workshops and symposia to report on the project progress;

• proposals that advance our knowledge of innovative tools for strategic innovation; and

• provide or address the need for and new applications of, the tool / approach as a model for "next generation" environmental protection.

e. **Project Technical Feasibility, 20 points**
Under this criterion, pre-proposals will be evaluated based on the likelihood of project success within the proposed budget and time frame, and the extent to which there may be technical issues to be addressed, and how those issues will be resolved. A pre-proposal will be scored under this criterion based upon how well it describes the proposed plan for a successful technical approach and how well it considers the state's prior experience, and the experience of other states, in constructing the technical approach**.**

2. Quantitative Evaluation Criteria to be Considered by Regional Panels

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

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

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

b. **Programmatic Capability, 15 points**
Under this criterion, applicants will be evaluated based on their ability to successfully complete and manage the proposed project taking into account the applicant's: (i) past performance in successfully completing and managing federally funded assistance agreements (assistance agreements include Federal grants and cooperative agreements but not Federal contracts) similar in size, scope, and relevance to the proposed project performed within the last 3 years, (ii) history of meeting reporting requirements under federally funded assistance agreements (assistance agreements include Federal grants and cooperative agreements but not Federal contracts) similar in size, scope, and relevance to the proposed project performed within the last 3 years and submitting acceptable final technical reports under those agreements, (iii) organizational experience and plan for timely and successfully achieving the objectives of the proposed project, and (iv) staff expertise/qualifications, staff knowledge, and resources or the ability to obtain them, to successfully achieve the goals of the proposed project.

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

c. **Regulatory and Statutory Environment for Project Implementation, 10 points**
Each pre-proposal will be evaluated based upon whether the statutory and regulatory climate to support the innovation exists within the state to implement the project as proposed. The Regional Evaluation Panels will consider what, if any, statutory changes and/ or regulatory flexibility from federal, state, or local governments may potentially be necessary in order to implement the project, and what impact these circumstances may have on the likely success and timely completion of the proposed project. In order to address this criterion, pre-proposals must: describe what specific statutory and/ or regulatory authority under federal, state, or local laws already exists to allow the project to go forward; and clearly identify the steps that have been and/ or will be taken to implement the project (e.g., development, review, and authorization of state rule, permit, order, etc.), including the project authorization timeline. The need for regulatory or statutory flexibility is secondary. States must disclose whether or not they are currently involved in litigation, or if they can reasonably anticipate litigation, that could delay or stop the proposed project. Applicants will be scored under this criterion based upon the existence of statutory and regulatory authority, and reasonable assurance that tools such as regulatory flexibility can be granted and/ or litigation avoided or overcome, in order to ensure implementation and successful completion of the project within the specified period of performance.

d. **Budget Reasonableness, 10 points**
Project pre-proposals will be evaluated under this criterion based on the efficiency of cost and reasonableness of budget, (based upon guidance on average of projects provided by NCEI for the State Innovation Grant Program with states' projects of similar type and scope). Each proposed budget will be evaluated based upon the extent to which the budget for the project is reasonable, as compared to cost for implementation of similar innovations in other states or by the submitting state. This assessment will include the total budget, with all required categories, and any leveraged resources.

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

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

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

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

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

APPENDIX B

Components of an Effective Project Narrative / Workplan

The PROJECT NARRATIVE/WORKPLAN STATEMENT should include the following:

I.   Project Title

II.   Applicant Information. Include applicant (organization) name, address, contact person, phone number, fax and e-mail address.

III.   Funding Requested. Specify the amount you are requesting from EPA.

IV.   Project period. Funds are available now, but the beginning date is contingent on the date of final official approval (award) from the EPA Regional office. Provide project period beginning and ending dates based on a relative "date of approval".

V.   Narrative Elements:

A. Overview of the project (one to two paragraphs, similar to an executive summary).

B. Statement of the problem that the proposal seeks to address.

C. Technical approach to address problem:

   1. Goals & objectives of the project (accompanied by narrative explaining these).

   2. Logic Model (indicating links from goals to outcomes, also accompanied by narrative explaining these).

   3. Table and narrative describing key activities and milestones including submission of a Quality Assurance (QA) plan & quarterly progress reports. Narrative should include discussion of the following:

      a. **CURRENT SITUATION AND NEED** -- Describe the current situation and need for the project/program. Include a problem statement that explains what the issue is that needs to be solved or improved.

      b. **OBJECTIVES AND PUBLIC BENEFITS** -- Must have clear project objectives and methods to reach these objectives. Include a clear statement of project goals and expected outcomes focusing on environmental change (e.g., what are the specific goals for environmental improvement) but also describe improvements in management and regulatory processes. In the end, what do you want the world to look like as a result of this project? Identify the public benefits of the project.

Explain how the activities will be accomplished. From a technical approach, identify the key elements and key staff for implementing your project.

Identify target dates and milestones. Identify the key process and outcome milestones (not all of them, just the key ones) and when they will be accomplished in the implementation of the project. (This not only helps us track projects and document what's been done, but also provides a roadmap to help other states interested in developing programs.)

Display a schedule or timetable for the proposed activities.

Identify deliverables and outputs for quarterly reporting and final case study report.

c. **INDICATES COMPLIANCE WITH REQUIREMENTS** -- Justify proposed financial, facility, equipment, and resource needs. Provide technical and other information required by program-specific regulations/requirements.

d. **REFLECT ENVIRONMENTAL OUTCOMES** -- Identify expected environmental outcomes. Outcomes must reflect anticipated benefits, impacts, or changes in environmental conditions for individuals and populations

The project must have measurable environmental outcomes. Identify the performance goals and how they will be measured against a baseline. Performance goals can relate to change in process or an output (e.g., completion of key steps in the project; measure of the numbers of participants, etc.) but the narrative should focus more on outcomes (e.g., change in environmental conditions; reductions in pollutant releases). Environmental outcomes may be influenced by outputs. It is absolutely essential that some measures, either direct or through surrogates, be devised to measure the performance outcomes to see if the goals have been met.

Link outcomes to funding. Performance measurement for grant programs requires that grant recipients report the results and outcomes of their grants to demonstrate performance and accountability. An important step in performance-based budgeting is understanding and clarifying the budget process and the relationship between costs and desired results. Indicate the overall expected time frame across multiple years and tell what progress has been made in a specific year. Provide an overall estimate of the time needed to affect the outcome. Use this as an opportunity to communicate program substance and context. Consider factors relating to strategy (some accounts or all), timing (now or later), potential barriers (organizational, management, cultural, political), likely costs (systems development, installation, operation), and possible benefits (better, cheaper, more accountable service). Think in terms of explaining and making clear what it takes to deliver the end outcome. Use performance indicators that provide significant milestones along the way. Use available data to comply with the reporting schedule. Account for the expenditure of funds in the same structure used for the budget request.

e. **TRANSFERABILITY** -- Assuming success, describe how you might transfer the innovation to other programs within the agency or state and/or to other agencies and states.

Does the communication strategy identify a commitment to mentoring others? Does it demonstrate a clear commitment to document the project in such a way that it can be described sufficiently for someone else who wants to try it?

f. **PUBLIC INVOLVEMENT** -- Identify the participants. Who are the stakeholders? What is the plan for the appropriate involvement of each of these groups? EPA's public participation policy and other resources may be found at EPA's Public Involvement website: http://www.epa.gov/publicinvolvement/.

What is the communication strategy? Does it demonstrate a clear commitment to provide for evaluation; and to describe for stakeholders and the public the rationale, process and measures of success?

Proposed or illustrative performance measures.

VI. Reporting Requirements. Discuss quarterly progress report updates (schedule to be established by EPA) and a detailed follow-up case-study report to be prepared at the end of the grant period. See handout for Progress Report contents in training handbook Tab 10. The case study report should include: summary of the project, reductions achieved if applicable, cost analysis, problems, successes, and lessons learned.

VII. Total Project Cost. Specify total cost of the project. Identify funding from other sources including any in-kind resources.

VIII. Detailed Itemized Budget. Clearly explain how EPA funds will be used as well as any matching contributions - both financial and in-kind services that will be used. Provide a budget for the following categories:

A. Personnel
B. Fringe Benefits
C. Contractual Cost
D. Travel
E. Equipment
F. Supplies
G. Other
H. Total Direct Costs
I. Total Indirect Costs: must include documentation of accepted indirect rate
J. Total Cost

IX. Key Personnel. A one paragraph description of qualifications and experience should be included for the project manager and all other key personnel. Resumes or Curricula Vitae

should be attached at the end of the narrative. In the narrative, demonstrate that key project staff support is appropriate and the right mix to meet project objectives.