EPA-ECOS Alignment and PPA Work Group Meeting
"Turning Planning into Action and Results"
November 30-December 1, 2004
Hotel Washington, Washington, D.C.

Meeting Summary (January 27, 2005 Final Draft)

The ECOS-EPA Alignment-Performance Partnership Agreement Work Group held its final meeting on November 30th and December 1st. Attendees included EPA Deputy Regional Administrators or their designees, representatives from all major EPA program offices and support offices, and representatives from 15 states, including 8 commissioners or deputy commissioners.

The primary purposes of the meeting were to 1) assess the actions already underway to improve the alignment of state and EPA priorities and the use of Performance Partnership Agreements (PPAs) and 2) discuss possible further actions to advance joint planning and in other ways improve the State-EPA working relationship.

The group took up these topics in the context of nearly ten years of experience in implementing the National Environmental Performance Partnership System (NEPPS) and with an eye on beginning to establish a road map for the next ten years of working together. The group also recognized that all parties will have important responsibilities in advancing this work and that maintaining clear roles and responsibilities will be key as we make improvements to our processes over time.

The group reaffirmed the fundamental purposes for working better together:
- Focus on the most important environmental results
- Make measurable progress in achieving them
- Minimize the transaction costs of planning and priority setting

Listed below are those actions for which there seemed to be a consensus for moving ahead now. There were a number of actions that had been developed by the Co-Chairs in advance of this meeting. A handout for the meeting listed a set of actions believed to be ready (or mostly ready) for implementation without discussion at this meeting. These are noted in the summary. A few of these items will need further discussion and development.

Over-arching conclusions and agreements from the meeting:

- The overall directions underway to enhance joint planning and priority setting are correct and should be pursued and enhanced as we learn from experience.
- States and EPA need to continue building their capacity to plan strategically and need to be open to having their priorities and strategies influenced by each other.
- The members reaffirmed the importance of early and frequent state-regional discussions of priorities and strategies and the importance of Regional Plans as the primary – but not exclusive – vehicle for influencing national program planning efforts. EPA and state

representatives also highlighted specific success stories on collaboration over the last year.

- EPA's planning documents, such as Regional Plans and national program guidance documents, can be streamlined and made user-friendlier. Headquarters and regions will need to reach agreement on the level of detail needed in future updates or revisions of Regional Plans if they are to concisely but effectively communicate state/regional priorities and strategies.
- There is a need for continued improvement of the quality and outcome orientation of performance measures. The group identified the measures associated with water and compliance/enforcement programs as a good starting point and an HQ/regional/state group will be convened to address improvements.
- EPA oversight of state programs will need continued attention and discussion between EPA and ECOS. The work already underway in OECA, OW, and Region 8 was recognized as a starting point for these discussions.
- The Performance and Partnership Work Group will now take up the work begun by the Alignment-PPA Work Group under the auspices of the ECOS Planning Committee. Beginning work on measures and continuing the discussions on oversight will be the immediate tasks for this new workgroup. Over the next several weeks, EPA and ECOS will identify senior-level representatives to serve on the group.

A more detailed summary of key ideas and next steps organized by topic is presented below.

I. <u>Strengthening State-Region Strategic Planning and the National Connection</u>

There was overlapping discussion during the first and second sessions on strengthening state-regional strategic planning and strengthening the national connection, respectively. Discussion primarily focused on how EPA and states can create opportunities to better engage in joint planning activities.

There was general agreement on the importance of states engaging with regions on strategic planning and that this work should be done early enough to inform the NPMs' development of national priorities. While there were lengthy discussions about the current usefulness and content of Regional Plans, there was general agreement that Regional Plans could be important vehicles to capture state and regional priorities and strategies for consideration in EPA's national planning system. Highlights of the discussion include:

- Regional Plans should be strategic documents oriented around regional-state priorities and strategies to support the achievement of national program priorities and address unique environmental conditions. Possible topics for inclusion in Regional Plans could include: (1) An articulation of priorities to address environmental problems, e.g., environmental risk or pattern of non-compliance in particular sectors; (2) Proposed approaches as alternatives to national program strategies to address regional and state-specific environmental problems, including identified measures to assess progress; and (3) Discussion of necessary resources, including possible disinvestments that might be needed, to focus on the identified priorities.

- Regional Plans should be simplified to make it easier to find key information. A short summary would be helpful.
- Regional Plans should reflect key regional and state strategic priorities that need to be communicated to EPA's national programs.
- Strategic discussions between the regions and states are critical in helping to determine the most important regional priorities and strategies.
- State and regional strategies should consider innovative practices and alternative approaches for unique environmental problems.
- EPA's annual commitment system, which contains the annual regional performance commitments across five national programs, is a useful tool to support negotiations among EPA national programs, regions, and states.
- Regions and states will confer on whether to disaggregate draft '06 performance commitments by state in order to facilitate state interaction.

Next Steps

EPA and ECOS identified the following next steps to address the issues raised during the discussion.

1. *Regional Plans:* Affirm that the Regional Plans will consider state priorities and be the primary nexus for state-regional strategic planning and promotion of regional strategies at the national level:
   - Future Regional Plans will include more user-friendly features (e.g., an executive summary, consistent format, shorter length, etc.).
   - There will be some flexibility in how Regions document their planning in Regional Plans.
   - Regions and states should begin strategic discussions by Summer 2005 in order to provide input to the new national EPA Strategic Plan.
2. *National program guidance documents:*
   - National program guidance documents will continue to have a 3-year horizon and are expected to be updated annually, as needed.
   - EPA will present national program guidance in a more user-friendly fashion. Improvements may include common formats, an integrated executive summary, and highlights of significant changes from previous years.
   - The national programs will consider input from a variety of sources, including Regional Plans, media associations, individual states and tribes, ECOS, etc. as they develop the guidance.
   - The national programs will explore ways to highlight regional/geographic variation in the national documents.
3. *Work Sharing*: Promote state-EPA joint work sharing to maximize the use of limited resources to do work.
4. *Reexamining priorities and agreements:* Regions should reexamine their joint state-regional priorities and agreements each year (ideally in the fall) and communicate any changes to national programs through an appropriate mechanism (e.g., amendments to Regional Plans). New or modified priorities that differ from these presented in the final Regional Plans should be communicated to NPMs as soon as possible in order to inform updates to NPM guidance for FY 2006 work planning and performance commitments.

5. *Responsiveness:* EPA will improve responsiveness and provide timely feedback to state input concerning EPA planning documents and processes.
6. *2006 Strategic Plan*: EPA and the ECOS Planning Committee will work cooperatively to determine an approach for state involvement and participation in developing EPA's 2006 Strategic Plan. OCFO will develop a workable timetable and broad guidance for how to make this input most useful.

Actions that were not explicitly decided upon at the meeting but which EPA and/or States will work on, and, where feasible, carry out:

1. *Transparency:* EPA will continue to increase transparency of its planning processes and the outcomes of those processes. EPA will also map out and describe the national and regional planning processes and will make this information available to EPA and states. As a result, states and regions will be better equipped to identify the most important opportunities for interaction.
2. *Bilateral PPAs*: To make PPAs more bilateral, EPA regions should include specific EPA commitments in PPAs as appropriate.
3. *Ensuring adequate time for state engagement:* EPA will create a planning cycle that allows adequate time (a goal might be one month for state input at each stage).
4. *Ensuring responsiveness – more detail on actions to be taken:*
    - NPMs and Regions will improve responsiveness to state input and requests:
        - Regions will provide a rationale for states when responding to a request for alternative strategies or resource allocations that require an EPA decision (either from the region or through the region to EPA headquarters).
5. *Clarifying state commitments*: Regions and states will work toward identifying all state commitments (including reporting requirements and grant commitments) to EPA in one place
6. *Defining strong strategic rationales*: States will focus on providing strong strategic rationales with their requests to EPA to do work differently (e.g., shift priorities, engage in an innovative project that requires EPA support, make a change to the measures it reports, etc.).
7. *Ensuring sufficient resources for joint planning*: Regions and states should define how joint planning is carried out in their organizations and ensure that sufficient resources are devoted for this work.
8. Regions will flag the most important parts of the NPM guidance documents for their states.
9. Draft regional performance targets could be included with the draft and final NPM guidance documents where appropriate.

2. <u>Creating a Joint Forum to Address Measures</u>

There were a number of themes in this discussion. EPA needs to be able to tell the national story on environmental progress. NPMs need to be clear about how they can improve the quality of performance measures and what they absolutely need for accountability purposes. Reporting creep is a common concern. In some instances, there are too many measures and the purpose of some is unclear. Measures are used for different purposes (e.g., program management, communicating to the public, accountability for results, etc.) and any examination of measures needs to consider their ultimate use. Some participants felt that core measures have provided a

solid foundation upon which to build. Progress is being made on using more outcome measures. Available data and temporal factors limit the use of outcome measures. Alternative measures used by states could be "translated" into the national system. Better measures are needed to show connectivity across programs.

The group agreed to form a state-EPA work group to address measures, beginning with those used in OW and OECA. EPA members who volunteered in the meeting include Region 1, Region 9, OW, and OECA. This effort will be conducted under the auspices of the ECOS-EPA Partnership and Performance Work Group. It was agreed that the measures workgroup would answer the following questions:

1. What purposes (internal and external) need to be served by measures (including accountability systems and oversight measures) used by EPA and states? Do current measures serve those purposes? Which measures would better meet those purposes?
2. Are there commitments/measures that constrain regions' and states' flexibility to deploy resources effectively?
3. What parts of regions' and states' work are not adequately addressed by EPA's accountability system?
4. For issues arising from questions 2 and 3: What would be a better way to track effectiveness that an NPM could bring to OMB, i.e., how can those activities best be measured in a way that can be rolled up and translated into national measures?

The scope and charge of the group should be informed by the following:

- While states expressed concern about reporting burden, burden reduction is a broader issue than measures and is not part of the specific charge to this group. However, the group needs to consider the relationship between measures and reporting burden as it addresses ground rules that might apply to its work (e.g., whether there should be no net increase in reporting as measures are adjusted and improved) and it may have ideas for how EPA and States can take up the broader issue of reducing reporting burden.
- The group should aim to make progress quickly. To this end, the group should strive to complete its work in a one-year horizon and should work to demonstrate progress within six months.
- The group should be aware of and not replicate the ongoing work to improve individual measures, but should stay focused on the higher-level question of using measures and ensuring that measures support important work.
- The group needs to consider the relationship between measures and reporting burden as it addresses ground rules that might apply to its work.
- The group should aim to dovetail its work with the efforts now beginning to better state the long-term measurable commitments in the upcoming 2006 Strategic Plan. Since EPA's short-term goals and measures largely derive from the Plan's objectives, this work will be central to improving the overall set of measures.

3. Oversight

Some progress has been made through recent efforts such as the OECA's pilot program review framework. The Office of Water and Region 8 also have related efforts underway. Innovative approaches in other agencies (e.g., NRC) may prove helpful. These efforts could provide valuable starting points for a more comprehensive examination of oversight if EPA and ECOS decide to undertake one. The co-chairs of the new Work Group will consult their respective EPA and state peers and may determine how to address this issue.

There were several points made which should be considered as part of a future look at oversight. EPA needs to clearly define its accountability under the statutes to provide a context for oversight. There needs to be a consistent national approach for oversight. Any oversight approach needs to be sensitive to state-to-state comparisons of delegated programs, and acknowledge the continuum of programmatic capability in both EPA and the states. Given the national and state budget pressures, duplicative efforts (of any ilk) need to be eliminated. Some of EPA's resources being spent on oversight might add more value by assisting states in implementation of programs. Program reviews (with joint EPA-state representatives) instead of permit-by-permit reviews may be a more appropriate approach for mature, delegated programs. Improved performance measures will provide a better context for judging the effectiveness of environmental programs. In addition, EPA is under increasing pressure from the Office of Management and Budget and others to strengthen EPA grant oversight.

4. Ensuring Leadership and Capacity

The group did not have time to directly explore the options around leadership and capacity. The new Partnership and Performance Work Group should explore this issue further. The items listed below include some of the actions identified by the Work Group over the past 18 months. Many of these actions could be implemented in 2005. Evaluation findings demonstrated the importance of senior leadership involvement to further strengthen joint planning and priority-setting. RAs, DRAs, and state commissioners should play a strong role in communicating the importance of cross-media joint planning and in improving the awareness and involvement of media and enforcement program managers.

- ECOS could raise awareness among states (particularly in the media and enforcement programs) of specific opportunities for improving environmental results through successful joint planning—and how these opportunities strategically fit together in the big picture. EPA could undertake a similar effort within national and regional program offices.
- ECOS could hold a plenary session at the Spring 2005 ECOS meeting to make clear the importance of senior leadership on both sides to make this successful.
- ECOS and EPA could consider holding conferences and trainings to help states and Regions engage more fully in PPAs and PPGs.
- ECOS and EPA could provide outreach, incentives, and support to expand state capacity for planning and priority setting.

- ECOS could launch a next round of ECOS pilot projects aimed at building state capacity to engage in joint planning with EPA and to measure the results of the planning work—both qualitatively and quantitatively.
- ECOS could work on building state capacity to develop and successfully promote proposals to EPA for alternative/innovative work or improved outcome measures.
- EPA and ECOS could highlight and promote the experiences, strategies, and success stories of those states, regions, and national programs that have made significant progress.

Conclusion

Considerable progress has been made over the past 18 months. There is still much to be done, but a solid foundation has been set through the efforts of the ECOS-EPA Alignment and PPA Work Group. Although November 30-December 1 was the Work Group's last meeting, there was a consensus in this meeting that this effort should continue to go forward. The new and Partnership and Performance Work Group being established under the ECOS Planning Committee will continue to advance state/EPA joint planning and priority setting. The approach of making steady progress, while not striving for perfection, is working and should continue to be the approach as we move forward.

Meeting Participants

Italics = Work Group Co-chair

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