

Grants Policy Issuance (GPI) 15-01

Performance Partnership Grants for States

1.0 Purpose

This policy increases awareness of the administrative and programmatic flexibility available through Performance Partnership Grants (PPGs), encourages PPG use and ensures consistent PPG implementation and management. This policy is issued jointly by the Office of Grants and Debarment (OGD) and by the Office of Intergovernmental Relations (OIR), the National Program Manager (NPM) for PPGs.

2.0 Applicability and Effective Date

This policy is applicable to EPA personnel managing [40 CFR Part 35 Subpart A](#) programs and is effective on October 1, 2015.

3.0 Background

EPA and states recognize that a strong and effective partnership is vital to the nation's success in protecting public health and the environment, and PPGs are an important component of this effort. As a key tool of the National Environmental Performance Partnership System (NEPPS), PPGs can help organize the federal-state relationship in terms of setting priorities, deploying scarce resources, and measuring progress. State PPGs are governed by [40 CFR Part 35 Subpart A](#) State and Local Assistance Environmental Program Grants. All state grants are also subject to [2 CFR Part 200](#) and [2 CFR Part 1500](#) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

At the August 8, 2013 meeting of the Grants Management Council (GMC), the GMC directed OGD, as a Fiscal Year 2014 priority, to streamline grants management and explore options for reducing the number of individual grant awards managed by EPA Project Officers (POs) and Grants Specialists. EPA analyzed opportunities to increase the use of PPGs. In response to the GMC directive, OGD, in partnership with the Environmental Council of the States (ECOS), established the State-EPA PPG Utilization Work Group (Work Group). At its August 6, 2014 meeting, the GMC, among other things, directed OGD and OIR to coordinate the development of this policy.

4.0 Policy

This policy encourages the use of PPGs by: raising awareness of the availability and benefits of PPGs in Agency grant guidance and solicitations; initiating development of PPG training for EPA and state personnel; developing internal processes for streamlined coordination and consistent management of PPGs; and continuing efforts to ensure the broadest availability of PPGs.

5.0 Eligible PPG Recipients

In accordance with [40 CFR Part 35.134](#), all State agencies and interstate agencies eligible to receive funds from more than one environmental program may receive Performance Partnership Grants. A State agency must be designated by a Governor, State legislature, or other authorized State process to receive grants under each of the environmental programs to be combined in the Performance Partnership Grant, or have an agreement with the State agency that does have the designation regarding how the funds will be shared between the agencies. In addition, a university that is certified as an instrumentality or agency of the state by the Attorney General of the state may be eligible for a PPG.

6.0 Process for Adding Programs to List of Eligible PPG Programs

A list of PPG-eligible programs is available in section [66.605 of the Catalog of Federal Domestic Assistance](#) (CFDA). Under [40 CFR Part 35.133\(b\)](#), the Administrator has the authority to add, delete, or change the programs eligible for PPGs if a new grant program is authorized in the appropriate line item for multi-media and single media pollution prevention, control and abatement, in the State and Tribal Assistance Grants (STAG) appropriations account (i.e. the categorical environmental program grant line item).

EPA policy presumes that any new program funded in the appropriate STAG appropriations line item will be approved for inclusion in PPGs unless there is specific legislative language or a policy determination by the Administrator that inclusion in a PPG is not appropriate.

Note: All STAG categorical environmental program grant funds are grouped together in one STAG line item which Congress has determined to be PPG-eligible ([PL 104-134](#) and [PL 105-65](#)).

The procedure for making changes to PPG-eligible grants is as follows: for each PPG-eligible grant program in the STAG appropriation, the Administrator makes the final decision as to whether that program is approved for inclusion in PPGs. OIR will coordinate with the appropriate offices to develop a decision package for the Administrator's signature approving new programs for PPG eligibility.

If an EPA office believes a program should be excluded from PPGs, the office must notify OIR. OIR will convene meetings with interested offices and raise the issue to the Deputy Administrator or Administrator as necessary.

7.0 Agency Grant Guidance and Solicitations

OIR will issue PPG guidance as needed in order to address policy issues and promote best practices. NPMs must indicate that states have the option to include eligible programs in PPGs in their NPM and programmatic grant guidances. Competitive solicitations for PPG-eligible programs must include similar statements.

The regions, through their ongoing joint planning interactions, will communicate that states have the option to include eligible programs in PPGs. States and EPA should communicate early to discuss interest in initiating PPGs and which programs to include. EPA will award a PPG to any state that applies for one and meets the applicable requirements of [40 CFR Part 35 Subpart A](#), [2 CFR Part 200](#) and [2 CFR Part 1500](#) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

8.0 Workplan Negotiation

To ensure effective planning and priority setting, EPA will coordinate early with states to negotiate workplan goals in accordance with [40 CFR Part 35 Subpart A](#) and Section 6 of [GPI 11-03 State Grant Workplans and Progress Reports](#). The foundation of planning and priority setting is effective communication, problem-solving and understanding state environmental needs while upholding requirements, such as federal regulations and environmental results. In addition, Performance Partnership Agreements (PPAs) may be used, in whole or in part, as the PPG workplan when they provide sufficient detail to satisfy workplan requirements.

In accordance with Section 7.1.c. and 7.1.d. of [GPI 12-06 Timely Obligation, Award and Expenditure of EPA Grant Funds](#), applicants are encouraged to apply for multi-year awards. When applying for multi-year awards, applicants should apply for the total amount of funds expected for the period covered by the award and include any required match in the application. The workplan should also cover the same time period.

When negotiating multi-year workplans, states are encouraged to align them with the 2-year NPM Guidances and program-specific grant guidances that are issued separately.

9.0 Disputes

Sometimes an NPM and a Regional Administrator may be unable to resolve a PPG-related issue within a reasonable time frame. For example, an NPM may disagree with a Regional Administrator's decision to approve a state's request for flexibility in a grant workplan. When such an impasse occurs, the offices should contact OIR to begin a process to achieve resolution of the issue.

External disputes, such as those between states or other parties and EPA, are ultimately resolved through the formal disputes resolution process described in [2 CFR Part 1500, Subpart E](#). States and regions should make every effort to resolve issues through direct communication and negotiation, and consider the formal dispute resolution process as a last resort.

10.0 Financial Management and Accountability

When funds are in a PPG, they lose their programmatic identity. States have the option to consolidate overall amounts from each individual program into one budget in the SF-424A. Workplans must comply with the requirements of [40 CFR Part 35.107\(b\)](#).

Any required cost share is due by the end of the grant and must be accounted for when the state submits the Final Federal Financial Report (FFR). Tracking the individual cost share contributions for each drawdown is not required during the life of the grant.

A benefit of PPGs is that states have the option to submit one overall progress report, rather than one progress report for each program, on an annual or semi-annual basis. EPA should determine appropriate progress report frequency by following OGD's [GPI 09-01 Burden Reduction for State Grants](#) Section C and Attachment 1 of the policy.

States are accountable for achieving workplan commitments and should communicate with the program or regional office as early as possible when concerns arise that commitments may not be met. Because of the financial flexibility inherent in PPGs, monitoring workplan commitments is crucial for ensuring PPG success.

When concerns arise that workplan commitments are not being met, or if a state is otherwise not carrying out the terms of the PPG, POs and/or Grants Specialists should inform the appropriate Regional Program Manager (RPM), NPM, and/or Grants Management Office (GMO). EPA and states should work together at the lowest level possible to resolve issues; however, EPA may impose specific conditions as described in [2 CFR Part 200.207](#). If EPA determines that noncompliance cannot be remedied by imposing specific conditions, [2 CFR Parts 200.338 through 200.342](#) provide additional remedies for noncompliance.

11.0 Training and Resources

OGD is developing an online PPG training course that will be required for all EPA personnel managing [40 CFR Part 35 Subpart A](#) programs. OIR will provide tools for implementing PPGs on EPA's internet site such as [PPG best practices and success stories](#) and tailored training for EPA and states.

12.0 Continuation of Efforts to Remove Barriers to PPG Utilization

On a periodic basis, OIR will engage NPMs, regions and states to assess PPG utilization.

13.0 Coordination, Review and Evaluation

EPA regions should establish an internal process to ensure efficient coordination of the work of program offices participating in the development of a PPG. OGD and OIR will review this policy periodically to evaluate effectiveness.

14.0 Guidance

OGD and OIR will issue further guidance as necessary to address issues raised by this policy. The Office of General Counsel (OGC) will assist OGD and OIR, as appropriate.

15.0 Waivers

When the appropriate Senior Resource Official (SRO) submits a written request to the Director of OGD, the Director of OGD or a designee may authorize waivers to this policy on an individual or class basis in circumstances of compelling urgency or unique programmatic considerations, or where a waiver would be in the public interest.

16.0 Roles and Responsibilities

Office of Intergovernmental Relations

- Coordinate with the appropriate offices to make a determination about the PPG eligibility of new grant programs and develop a decision package for the Administrator's signature when a new grant program is added to the list of PPG eligible programs, as outlined in Section 6.0.
- Issue guidance as needed in order to address issues raised by this policy in accordance with Section 7.0.
- Convene meetings with regional offices and NPMs to resolve PPG-related flexibility issues, in accordance with Section 9.0.
- Provide tools for implementing PPGs on EPA's internet site, in accordance with Section 11.0.
- Engage NPMs, regions and states to assess PPG utilization, in accordance with Section 12.0.
- Review this policy periodically with OGD to evaluate effectiveness, in accordance with Section 13.0.
- Issue further guidance as necessary to address issues raised by this policy, in accordance with Section 14.0.

Office of Grants and Debarment

- Develop an online PPG training course, in accordance with Section 11.0.
- Review this policy periodically with OIR to evaluate effectiveness, in accordance with Section 13.0.
- Issue further guidance as necessary to address issues raised by this policy, in accordance with Section 14.0.
- Issue waivers to this policy in accordance with Section 15.0, as appropriate.

Office of General Counsel

- Assist OGD and OIR as appropriate, in accordance with Section 14.0.

National Program Managers

- Through NPM and programmatic grant guidance, communicate that states have the option to include eligible programs in PPGs, in accordance with Section 7.0.
- When issuing competitive solicitations, indicate that states have the option to include eligible programs in PPGs, in accordance with Section 7.0.
- Contact OIR to begin a process to achieve issue resolution with a region, in accordance with Section 9.0.
- Complete the online PPG training course once it is available, if managing [40 CFR Part 35 Subpart A](#) programs, in accordance with Section 11.0.

Regional Program Offices

- Communicate that states have the option to include eligible programs in PPGs through their ongoing joint planning interactions, in accordance with Section 7.0.
- When issuing competitive solicitations, indicate that states have the option to include eligible programs in PPGs, in accordance with Section 7.0.
- Communicate early with states to discuss interest in initiating PPGs and which programs to include, in accordance with Section 7.0.
- Approve a PPG if a state applies for one and meets the requirements in Section 7.0.
- Coordinate early with states to negotiate workplan commitments in accordance with Section 8.0.
- Determine appropriate progress report frequency in accordance with Section 10.0.
- Establish an internal process to ensure efficient coordination of the work of program offices participating in the development of a PPG, in accordance with Section 13.0.
- Contact OIR to begin a process to achieve resolution of a PPG-related flexibility issue with a NPM, in accordance with Section 9.0.
- Resolve issues with states through direct communication and negotiation and consider the formal dispute resolution process as a last resort, in accordance with Section 9.0.
- Complete the online PPG training course once it is available, if managing [40 CFR Part 35 Subpart A](#) programs, in accordance with Section 11.0.

Grants Management Offices/Award Officials

- Award a PPG if a state applies for one and meets the requirements in Section 7.0.
- Complete the online PPG training course once it is available, if managing [40 CFR Part 35 Subpart A](#) programs, in accordance with Section 11.0.

Project Officers

- Inform the appropriate regional program manager (RPM) and/or NPM when concerns arise that workplan commitments are not being met, or if a state is otherwise not carrying out the terms of the PPG, in accordance with Section 10.0.
- Complete the online PPG training course once it is available, if managing [40 CFR Part 35 Subpart A](#) programs, in accordance with Section 11.0.

Grants Specialists

- Inform the appropriate Grants Management Officer when concerns arise that workplan commitments are not being met, or if a state is otherwise not carrying out the terms of the PPG, in accordance with Section 10.0.
- Complete the online PPG training course once it is available, if managing [40 CFR Part 35 Subpart A](#) programs, in accordance with Section 11.0.