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# TOXIC SUBSTANCES COMPLIANCE MONITORING GRANT GUIDANCE FOR FISCAL YEAR 2017

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Funding Opportunity Number – Title: EPA-CEP-02 – EPA Mandatory Grant Programs

CFDA: 66.701 – Toxic Substances Compliance Monitoring Grants

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## SECTION 1: INTRODUCTION

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EPA's Office of Enforcement and Compliance Assurance (OECA), Office of Compliance (OC) developed this Guidance for use by EPA regional offices in negotiating and managing state and tribal grants under TSCA to conduct compliance assurance and enforcement activities. This Guidance covers the following topics:

- Law and EPA policy governing TSCA grants to states and tribes.
- Applicant submission requirements.
- Activities that can be funded.
- Minimum expectations for program implementation.
- State/tribal responsibilities concerning grant accountability.
- Regional responsibilities concerning grant accountability.

If a regional office issues regional guidance on TSCA grants to reflect special environmental or management conditions in a particular state, tribe or region, it must contain all key provisions of this national Guidance.

The Toxic Substances Compliance Monitoring grant program creates environmental partnerships with states and tribes to strengthen their ability to address environmental and public health threats from toxic substances. These state grants are used to fund compliance monitoring programs to prevent or eliminate unreasonable risks to health or the environment associated with chemical substances such as asbestos, lead-based paint and PCBs, and encourage states to establish their own compliance and enforcement programs for lead-based paint and asbestos (waiver programs). EPA may provide funding for compliance monitoring grants to states and tribes under the Toxic Substances Control Act (TSCA) to conduct inspections to ensure compliance with the Asbestos-in-Schools requirements (inspections at charter schools, public schools, private, non-profit schools and religious schools), the Model Accreditation Plan (MAP), Asbestos Ban and Phase Out Rule,<sup>1</sup> the TSCA Asbestos Worker Protection Rule, lead-based paint regulations and PCB regulations. For states with asbestos waiver or lead-based paint programs, these grants also fund enforcement activities.

For all three TSCA programs, funds are used to

- conduct compliance monitoring activities, and where appropriate, enforcement for the asbestos waiver and lead-based paint programs;
- train inspectors including train-the-trainer courses, which allow an inspector to return to his office to train other inspectors;
- provide equipment to inspectors, including sampling and personal protective equipment, to inspectors;
- fund travel and salary costs associated with conducting inspections;

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<sup>1</sup> 40 CFR part 763, subpart I

- purchase hardware and software to support inspection activities

## SECTION 2: LAW AND POLICY ON TSCA GRANTS

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A grant is an award of financial assistance by the federal government to an eligible grantee. A cooperative agreement is a type of grant. Section 6305 of the Federal Grant and Cooperative Agreement Act requires the use of a cooperative agreement for grants where EPA is expected to be substantially involved with the state/tribe when they are carrying out the activity contemplated in the agreement. The Agency will treat these funds as grants, and not as cooperative agreements. The TSCA grants are governed by statute, regulation and policy.

### STATUTES

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[Section 28\(a\) of TSCA](#) authorizes EPA to make grants to states for the establishment and operation of programs to prevent or eliminate unreasonable risks to health or the environment associated with chemical substances or mixtures (including asbestos and PCBs). State grants may not exceed 75% of the total program costs. Therefore, states must provide a 25% match to receive a TSCA 28(a) grant. The term “state” has been interpreted to include any state or tribe of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, the Canal Zone, American Samoa, the Northern Mariana Islands, or any other territory or possession of the United States.

[Section 404\(g\) of TSCA](#) authorizes EPA to make grants to states and tribes to undertake compliance and enforcement activities where there are approved state or tribal programs to administer and enforce standards and regulations pertaining to lead exposure reduction. Specifically, [TSCA Section 402](#) pertains to lead-based paint activities (including abatement and renovation), training and certification and [TSCA Section 406](#) pertains to pre-renovation education, including the dissemination of a lead hazard information pamphlet. Unlike TSCA section 28(a), there is no state matching requirement. An approved program must be at least as protective as the federal standards set forth in [40 CFR Part 745](#).

[2 CFR 200.24](#) describes the purpose of a cooperative agreement. [2 CFR 200.51](#) describes the purpose of a grant agreement. Both are:

“... used to enter into a relationship the principal purpose of which is to transfer anything of value from the Federal awarding agency or pass-through entity to the non-Federal entity to carry out a public purpose authorized by a law of the United States (see 31 U.S.C. 6101(3)); and not to acquire property or services for the Federal awarding agency or pass-through entity's direct benefit or use;”

The difference between the two financial instruments is that a cooperative agreement provides for substantial involvement between the Federal awarding agency or pass-through entity and the non-Federal entity in carrying out the activity contemplated by the Federal award while the grant agreement does not provide for substantial involvement between the Federal awarding agency or

pass-through entity and the non-Federal entity in carrying out the activity contemplated by the Federal award.

## REGULATIONS AND POLICY

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EPA has codified policies and procedures for grants and grants awarded by EPA to states and tribes in the “Uniform Administrative Requirements for Grants and Grants to State and Local Governments”, [40 CFR Part 31](#). Effective December 26, 2014, EPA’s codified policies and procedures for grants and cooperative agreements are found at [2 CFR 1500](#). Federal policies and procedures, issued by the Office of Management and Budget, for all federal grants and cooperative agreements are found at [2 CFR 200](#).

[40 CFR Part 35](#) codifies policies and procedures for financial assistance awarded by EPA to state and tribes for specific pollution abatement and control programs. Part 35 provisions supplement the EPA general assistance regulations found at 2 CFR 200. Specifically, 40 CFR 35.310 through 35.318 govern the TSCA Section 28(a) grants to states and 40 CFR 35.710 through 35.718 govern the TSCA Section 28(a) grants to tribes. TSCA Section 28(a) grants to states or tribes are to be allotted based on national program guidance. TSCA Section 404(g) grants to states are governed by 40 CFR 35.270 through 35.272. TSCA Section 404(g) grants to tribes are governed by 40 CFR 35.690 through 35.693. TSCA 404(g) grants to states or tribes must be used in a way that complements any related assistance received from other federal sources for lead-based paint activities.

Two Office of Management and Budget (OMB) circulars are applicable to state and tribal grants. [Circular A-87](#) establishes principles and standards for determining costs for federal awards carried out through grants, cost reimbursement contracts, and other agreements with state and local governments and federally-recognized Indian tribal governments (governmental units). [Circular A-102](#) establishes consistency and uniformity among federal agencies in the management of grants and grants with state, local, and federally-recognized Indian tribal governments. Both Circular A-87 and Circular A-102 are now combined at 2 CFR 200 (for all federal agencies) and at 2 CFR 1500 for EPA-specific requirements.

On March 13, 2013, a Policy Notice, [PN-2013-G02](#), was issued requiring organizations generating or using environmental data under certain EPA-funded assistance agreements to submit documentation of their competency prior to award of the agreement or, if that is not practicable, prior to beginning any work involving the generation or use of environmental data under the agreement. This includes organizations performing environmental sampling, field measurements, and/or laboratory analyses under EPA-funded agreements.

A federally recognized tribe or intertribal consortium may seek a project grant via a [Direct Implementation Tribal Cooperative Agreement](#) (DITCA), which is authorized by the Consolidated Appropriations Act. DITCAs may be used to fund activities for environmental programs where EPA is responsible for direct implementation in the tribal context or where EPA is responsible for the program in the absence of an acceptable state or tribal program. DITCA activities must be consistent with this Guidance and are subject to EPA consultation and pre-approval. For more

information about DITCAs, contact the Indian Coordinator located in your Region found on the map at the end of the [EPA Tribal Website](#).

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## SECTION 3: APPLICATION REQUIREMENTS

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The Grant Application Package is available at <https://www.epa.gov/grants/how-apply-grants>. Grant applications must comply with 2 CFR Part 200 as well as 40 CFR Parts 35.104 through 35.109. Each application must include an adequate proposed workplan. See the section “Essential Elements of a Workplan” below.

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### BUDGET REQUIREMENTS

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For the PCB and AHERA grants, a 25% match by applicants is required by the statute. There is no match required for applicants for the lead-based paint grant.

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### PERFORMANCE PARTNERSHIP GRANTS

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Applicants may choose to combine TSCA Section 404(g) and Section 28(a) grant funds with other environmental program grants as part of a Performance Partnership Grant (PPG). States must comply with the requirements for PPGs codified at 40 CFR 35.130 thru 35.138. Tribes must comply with the requirements for PPGs codified at 40 CFR 35.530 thru 35.538. For more information, see [www.epa.gov/grants](http://www.epa.gov/grants).

Applicants interested in a PPG should direct their inquiries to their regional contacts. Information is available at <https://www.epa.gov/ocir/national-environmental-performance-partnership-system-nepps>. In addition, states should check the “Best Practices Guide for Performance Partnership Grants with States” at: [https://www.epa.gov/sites/production/files/2015-12/documents/best\\_practices\\_guide\\_for\\_ppgs\\_with\\_states.pdf](https://www.epa.gov/sites/production/files/2015-12/documents/best_practices_guide_for_ppgs_with_states.pdf). Tribes should follow the “Best Practices Guide for Performance Partnership Grants with Tribes” at: [https://www.epa.gov/sites/production/files/2015-12/documents/ppg\\_guide\\_for\\_tribes-final.pdf](https://www.epa.gov/sites/production/files/2015-12/documents/ppg_guide_for_tribes-final.pdf) for additional guidance.

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### SCHEDULE FOR SUBMITTAL OF APPLICATION

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As stated in 40 CFR 35.105, the applicant must submit the grant application to the Regional Grants Management Office at least 60 days before the beginning of the proposed funding period. The application must be accompanied with a workplan.

In accordance with 2 CFR 200, Regions may reimburse the award recipients for pre-award costs that incurred prior to the effective date of the grant provided that the costs would have been allowable if incurred after the date of the Federal award and only with the written approval of the Regional office.

## STANDARD APPLICATION FORMS

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Applicants must apply for the TSCA grant using SF-424, which requires basic information about the applicant. Various application forms needed to apply for the grant are available at <https://www.epa.gov/grants/epa-grantee-forms>. All applications must be submitted via the grants.gov website.

The grantee should go Grants.Gov at <http://www.grants.gov/web/grants/applicants/apply-for-grants.html> to start the grant application process.

The grantee should select “Get Application Package” located at the right side of the screen.

The grantee should enter **CFDA Number: 66.701** for the Toxic Substances Compliance Monitoring Grant. The grantee should select the “PACKAGE TAB” and click on “select package” for 66.701.

If the grantee followed the above steps, the following Opportunity Package should have been selected:

**Funding Opportunity Number – Title:** EPA-CEP-02 – EPA Mandatory Grant Programs

**Opportunity Package ID:** PKG00214124

**CFDA:** 66.701 – Toxic Substances Compliance Monitoring Grants

**Competition ID – Title:**

**Agency:** Environmental Protection Agency

**Opening Date:**

**Closing Date:** Oct 04, 2020

For directions on how to download, complete, submit and track the application package, the grantee can go to: <http://www.grants.gov/web/grants/applicants/apply-for-grants/step-1-download-an-application-package.html>

## ESSENTIAL ELEMENTS OF A WORKPLAN

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The contents of the workplan must comply with Part 35.107, which provides that the workplan is negotiated but must consider such factors as national program guidance in place at the time the application is being prepared, any regional supplemental guidance and any goals, objectives and priorities proposed by the applicant or jointly identified. An approvable workplan must be consistent with applicable federal statutes, regulations, circulars, Executive Orders and EPA delegations, approvals or authorizations, and must specify:

- All components to be funded under the grant.
- Estimated work years and the estimated funding amounts for each workplan component.
- Commitments for each workplan component and a time frame for their accomplishment.

- A performance evaluation process and reporting schedule in accordance with Part 35.115.
- Roles and responsibilities of the recipient and EPA in carrying out the workplan commitments.

Additionally, workplans should clearly label what EPA Strategic Plan Goal and Strategic Plan Objective the grant work will meet. Based on the [FY2014-2018 EPA Strategic Plan](#), work plans covered by this Guidance should identify that they will meet Strategic Goal 5: Protecting Human Health and the Environment by Enforcing Laws and Assuring Compliance and Objective 5.1: Enforce Environmental Laws to Achieve Compliance. In their work plans, grantees must identify what activities they will be conducting that will enable them to meet EPA's strategic plan. For instance, in their work plan, a grantee could state that they will conduct 40 inspections to meet Strategic Goal 5 and Objective 5.1. This is consistent with [EPA Order 5700.7](#) - Environmental Results under EPA Assistance Agreements.

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## WORKPLAN COMMITMENTS AND TIME FRAMES

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Commitments in the workplan must be consistent with and support the [TSCA Compliance Monitoring Strategy \(CMS\)](#) for each program. In addition to the program specific commitments, the following should be included as workplan commitments, as applicable to the particular grant:

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## OVERSIGHT ACTIVITIES

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The regional Project Officer (PO) will conduct oversight of state program (grant) activities as it relates to the TSCA compliance monitoring grant. Oversight includes:

- Monitoring state and tribal compliance with the programmatic terms and conditions of the grant.
- Reviewing mid-year and end-of-year reports.
- Ensuring that the grant is being carried out as originally outlined in the workplan.
- Monitoring progress toward the goals of the workplan.
- Ensuring the grants funds are being expended properly.

Oversight activities may include regular meetings, consultations and training opportunities. POs can also review grant documentation such as travel and training costs and financial, procurement and payroll records. It is also recommended that regions conduct periodic reviews (as necessary) of state inspection reports as well as data and trends concerning other pertinent state activities.

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## REPORTING

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The workplan should identify clearly the requirement to submit Mid-Year and End-of-Year Reports. See "Accountability Requirements" for a full discussion concerning reporting responsibilities. Quarterly reports are at the region's discretion.



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## TARGETING

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All inspection targeting activities should adhere to the principles set forth in the TSCA CMS. Consistent with the TSCA CMS, inspection commitments should be clearly identified based on a plan that includes criteria-based “neutral scheme” inspections as well as “for cause” inspections sufficient to provide an appropriate mix of federal and state compliance monitoring activities. The workplan should identify the high-priority geographical areas, industry sectors and/or vulnerable populations that will be the focus of the state’s efforts. Regional and state targeting efforts should be complementary to ensure adequate coverage of the regulated universe.

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## TRAINING AND CREDENTIALS

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The workplan must affirm that state employees who conduct inspections on EPA’s behalf must have federal credentials. State employees who conduct inspections on behalf of EPA must comply with the minimum training requirements set forth in EPA Order 3500.1 on Inspector Training and any other applicable EPA policy governing the issuance of federal credentials to state inspectors. See the 2004 Guidance for Issuing Federal EPA Inspection Credentials to Authorize Employees of State/Tribal Governments on Behalf of EPA.

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## INSPECTION REPORTS AND ANALYTICAL REPORTS

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Reports of inspections conducted under the authority of TSCA for the federal government (in the PCB and asbestos non-waiver programs) must be submitted to the regional office within 30 days from the date of inspection. When samples requiring analysis have been collected during an inspection, the inspection and analytical reports must be submitted to the regional office within 60 days from the date of inspection. If case development is done by the state, timeframes for completing case development should not exceed 120 days. Regions may extend dates as long as they meet any headquarters reporting deadlines. Copies of all inspection reports shall be retained by the state until any associated enforcement cases are resolved and closed, or until the closeout of a grant cycle. These reports must be available to EPA or forwarded to the EPA regional office.

Inspection reports for inspections conducted on behalf of EPA must contain supporting documents and shall be reviewed by a designated State Quality Control Officer for case review and development, prior to submitting them to the EPA regional office.

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## QUALITY ASSURANCE (QA)

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All grants involving measurements or data generation are required to develop and implement quality assurance practices consisting of policies, procedures, specifications, standards and documentation sufficient to produce quality data adequate to meet project objectives and to minimize loss of data.

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### QUALITY ASSURANCE (QA) PROJECT PLAN

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A Quality Assurance (QA) Project Plan is required for sampling and analytical activities conducted under a grant. Sampling activities are not authorized until an EPA-approved QAPP is in place. Regional offices should provide information on the appropriate guidelines required to develop QA

Plans. See [EPA Requirements for Quality Assurance Project Plans](#), March 2001. If a QA Plan submitted in a previous year continues to reflect the sampling and analytical activities proposed for the current year, reference to the approved plan on file in the EPA regional office will suffice. Any significant changes in content (including signatories) will require submittal of updated pages or the entire plan, as appropriate.

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### STANDARD OPERATING PROCEDURES

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The QA Project Plan should include Standard Operating Procedures (SOPs) for both sample collection in the field as well as the analysis of samples at designated or contractor laboratories. These SOPs should cover:

- (1) sample collection, receipt, custody and storage;
- (2) sample analysis;
- (3) data review and evaluation;
- (4) instrumentation;
- (5) reagents, solvents and glassware;
- (6) reference standards;
- (7) routine quality control; and
- (8) training plans.

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## SECTION 4: ELIGIBILITY FOR OECA TSCA GRANT FUNDING

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### LEAD-BASED PAINT (LBP)

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A state or tribe is eligible to receive a grant pursuant to TSCA Section 404(g) if it is either (1) implementing an EPA authorized lead-based paint (LBP) program, or (2) making satisfactory progress toward developing a lead-based paint program that will be authorized in the future. It is the responsibility of the EPA regional office to determine whether a state or tribe is making sufficient progress toward the development and implementation of a lead-based paint program.

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### PCBS AND ASBESTOS

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A state or tribe is eligible to receive a grant pursuant to TSCA Section 28(a) if it has a compliance monitoring program to prevent or eliminate unreasonable risks to health or the environment associated with PCBs or asbestos and it provides a 25% match of the total program cost.

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## SECTION 5: USE OF FUNDS

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The TSCA CMS and the NPM Guidance should be used to frame state and tribal program priorities and address identified or suspected compliance assurance issues. Funds awarded under the Toxic Substances Compliance Monitoring Grant program must be used to assist in the implementation of compliance and enforcement provisions of TSCA.

As defined in the TSCA CMS:

The term “compliance monitoring” in the CMS is not limited to inspections. It encompasses the array of methods EPA uses to determine the compliance status of a regulated “operation” and gather evidence for potential enforcement, including but not limited to field inspections; information request letters (IRLs) and so-called “desk inspections”; subpoenas; and other measures to determine and promote compliance.

Funds awarded under the Toxic Substances Compliance Monitoring Grant program for state and tribal **asbestos** grants can be used to:

- Conduct inspections and compliance monitoring activities.
- Enforce non-compliance with appropriate enforcement response, as appropriate.
- Ensure that state inspectors using EPA credentials meet the minimum training standards.
- Apply for the waiver program.
- Acquire and/or update existing technology for use in compliance and enforcement activities, including data management systems and reporting.
- Carry out other compliance and enforcement activities as set forth, with particularity, in the grant workplan.

Funds awarded under the Toxic Substances Compliance Monitoring Grant program for state and tribal **lead-based paint** grants can be used to:

- Partner with state, city, county and local government code enforcement, building permit programs and state health departments to conduct joint inspections.
- Partner with state and county health departments, and health care providers to identify lead “hot spots” and individual pre-1978 housing and areas with children under 6
- Partner with Occupational Safety and Health Administration (OSHA) or the state OSHA to conduct joint inspections.
- Acquire and/or update existing technology that can be utilized to identify “hot spots” by evaluating existing data on EBLs. The technology can be used in compliance and enforcement activities by tracking the total number of tips-and-complaints received, and the different types of inspections and compliance assistance accomplished.
- Carry out other compliance and enforcement activities as set forth, in the grant workplan.

Funds awarded under the Toxic Substances Compliance Monitoring Grant program for state and tribal **PCB** grants can be used to:

- Inspect and monitor for compliance with 40 CFR Part 761
- Gather information concerning improperly or un-manifested PCB waste.
- Acquire and/or update existing technology for use in compliance and enforcement activities.
- Carry out other compliance activities as set forth in the grant workplan.

## SECTION 6: ACCOUNTABILITY REQUIREMENTS

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The 1993 Government Performance and Results Act (GPRA) requires federal agencies to be accountable for using resources wisely and achieving program results. To meet its obligation under GPRA, EPA focuses heavily on activity “outcomes” which are defined as the actual environmental results, such as fewer children with elevated blood lead levels, rather than on the number of inspections. The numbers of inspections are considered “outputs” not “outcomes”. Output measures are defined as “quantitative measures of important activities, work products or actions taken by EPA or by states under delegated federal programs.” Outcome measures are “quantitative measures of changes in behavior of the public or regulated entities caused, at least in part, by actions of government.” Outcome measures include changes in understanding, changes in behavior and site-specific environmental and human health improvements. The TSCA CMS and the NPM Guidance contain information concerning expected outputs and outcomes. When reviewing grant applications, regions must ensure that there are clear, measurable compliance and environmental outcomes as well as outputs, and that there is a process to evaluate progress towards reaching those outcomes.

### ACCOUNTABILITY OF REGIONS

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Beginning in FY2016, Grants Administration Division, OARM and the Office of the Budget developed a timeliness metric designed to monitor when grant awards were obligated to states and tribes. The metric will be used as a management tool to evaluate the timeliness of grants that are awarded. The purpose of this metric is to ensure the Agency obligates the awards in a timely manner to our state and tribal partners. See Appendix 1 for the memorandum.

### INTEGRATED GRANT MANAGEMENT SYSTEM (IGMS)

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Under the CFDA code of 66.701, Regional project officers must upload grant information into the [Integrated Grant Management System \(IGMS\)](#). In the State Grant Workplan and Progress Report Database, grant information needs to be submitted under Grant Program “K”, Toxic Substances Compliance Monitoring Grants. Please ensure the lead-based paint program funds are reported under Grant Program “K” and not under Grant Program “PB”, State Lead Grants, which tracks activities supporting the OPPT grant for lead-based paint.

### REPORTING

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EPA has developed a TSCA State Performance Measures Excel spreadsheet for work plans and reports for grants awarded under this Guidance. This spreadsheet was developed by EPA Headquarters with extensive input from the Regions. This spreadsheet was developed with the goal of significantly reducing the administrative burden associated with accomplishment reporting for both the grantee and EPA regional personnel. The spreadsheet also promotes clarity in end-of-year

results, makes reports more consistent throughout the country, and facilitates compilation and review of national year-end review.

General grant reporting is currently approved by the Office of Management and Budget (OMB) under OMB Control No. 2030-0020. Until EPA obtains approval from OMB for the TSCA State Performance Measures Excel spreadsheet, the use for end-of-year reporting in the Excel spreadsheet is voluntary. Grantees that use the spreadsheet are asked to submit it to the Pesticides, Waste, and Toxics Branch (PWTB) within OC's Monitoring, Assistance, and Media Programs Division by March 17, 2017.

All recipients of OECA TSCA grants must submit Mid-Year and End-of-Year reports to the regional office that awarded the grant. Regions may require additional quarterly reporting, which goes beyond the minimum reporting requirements set by EPA's Grant Administration Division. The award recipient should be aware that the OPPT lead-based paint grant requires grantees to submit quarterly reports to the regional office. If the grant is awarded on the federal government's fiscal year cycle, Mid-Year Reports are due by April 30<sup>th</sup> and End-of-Year Reports are due by December 31<sup>st</sup>. If the grant is awarded on the calendar year cycle, Mid-Year Reports are due by July 30<sup>th</sup> and End-of-Year Reports are due by January 31<sup>st</sup>. The reports must contain an accounting of the funds expended during the period and, at a minimum, include all of the following:

- A narrative describing program highlights, including outputs and outcomes
- A narrative describing problems encountered during the reporting period and what is being done to resolve problems that remain unresolved at the end of the reporting period.

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### END-OF-YEAR REPORTS

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In addition to the above accountability requirements, for each state fiscal year, the regions must submit to PWTB staff an electronic copy of the state submitted End-of-Year Report for each state program funded through the Toxics Substances Compliance Monitoring Grant program. The report must be submitted within 90 days after the close of the FY 2017 grant. The package must also include a cover e-mail or letter from the Region that evaluates the state's performance under the grant and outlines any concerns that the Region may have with that state.

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### ACCOUNTABILITY OF STATES AND TRIBES

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- It must be explicit in the award agreement that the state or tribe commits to (1) expend the funds as specifically set forth in the agreement and (2) account for the funds awarded.

## APPENDIX 1



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
WASHINGTON, D.C. 20460

March 11, 2016

**MEMORANDUM**

**SUBJECT:** FY 2016 Grant Award Timeliness Metric

**FROM:** Carol L. Terris *CLT*  
Director, Office of Budget  
Office of the Chief Financial Officer

Howard F. Corcoran *HFC*  
Director, Office of Grants and Debarment  
Office of Administration and Resources Management

**TO:** Senior Budget Officers,  
Regional Comptrollers  
Junior Resource Officials  
Grants Management Officers

The FY 2016 Advice of Allowance Memorandum stipulates that the Office of Budget and the Office of Grants and Debarment will develop an FY 2016 metric for grant award timeliness. The goals of this metric are to: 1) ensure that timely progress is made on environmental and public health priorities; 2) spread grant workload more across the fiscal year; and 3) meet stakeholder expectations that the agency awards funds as promptly as possible.

This metric and associated performance targets focus primarily on non-competitive STAG Continuing Environmental Program (CEP) and the Clean Water and Safe Drinking Water State Revolving Funds (SRFs), which account for the bulk of the EPA's grant appropriations. The metric provides an initial framework for enhancing the timeliness of grant awards, while also reflecting the reality that we are already in the second quarter of FY 2016.

Over the next four fiscal years, Programs are expected to make continued progress in accelerating grant obligations and reducing fourth quarter grant workload. This progress includes making necessary adjustments to business processes that build on the procedures currently in place to expedite grant awards. The parameters are explained below and will be incorporated as appropriate in future OB/OGD guidance. In addition, to ensure that the grants community is informed of the availability of grant funds, OB/OGD will send a message to the Grants Customer

Relations Council and the Grants Management Officers notifying them when final operating plan figures have been loaded in the financial system.

*Existing Procedures to Expedite Awards*

Once the President signs the EPA's Appropriations Act, the date when Regional offices receive their final funding allocations for STAG CEP and SRF awards will depend on the time needed to complete key OCFO and NPM processes. These processes include: 1) OCFO preparing and obtaining OMB approval of an Apportionment; 2) OCFO and NPMs developing an Operating Plan; and 3) OCFO issuance of final numbers, including any rescission impact, which require OMB clearance.

While the timing of these processes affects Region/State agreement on final grant amounts, that impact should not significantly delay grant negotiations or require extensive rework of submitted applications for two reasons:

First, the enacted budget typically includes very clear direction on the funding level of SRF and CEP grants. While it often takes weeks or months to get a final Apportionment and Advice of Allowance, NPMs typically should be able to provide Regional offices high quality estimates of state funding levels for their programs within two weeks of receiving an enacted budget. In the case of rescissions, NPMs should also be able to provide Regions final numbers following the issuance of guidance by OCFO.

Second, prior to the passage of an appropriations act, a great deal of work has already been done to help expedite the development of grant workplans and to promote timely grant awards. That work includes the following:

- 7 Months prior to the start of the Fiscal Year -- Issuance of the of the President's budget request for the upcoming year that contains estimated state-by-state breakout of funding levels (Budget Information for State or BIS);
- 5 Months prior -- Issuance of the National Program guidance (or addendum) that establishes performance targets for the upcoming year;
- 4 Months prior -- Most state and Regions have begun discussions on priorities, performance goals and workplans for the upcoming year; and
- Streamlined workplan negotiation and grant award processes as provided in Amended Grants Policy Issuance 12-06 and Grants Policy Issuance 13-02. Including, among other things, commencing grant negotiations based on last year's amount or the amount derived from the President's budget, whichever is higher. In the event final grant allocations are lower than the amount applied for, EPA grants personnel have the ability to make pen-and-ink changes without requiring the submission of a revised workplan or a new grant application.

FY 2016 Grant Timeliness Metric

The FY 2016 performance targets take into account that final grant allocation numbers and this guidance are being issued late in the fiscal year.

1. Consistent with Section 5.0 of Amended GPI 12-06, the goal for all EPA assistance programs is to obligate FY 2016 grant funds in the first year of availability.
2. The agency's goal is to exercise best efforts to have 35% of FY 2016 non-competitive STAG CEP/SRF grant *dollars* awarded by the end of the third quarter (representing approximately a 7% increase over the average performance level for the period FY 2011-FY 2015). Covered CEPs include the non-competitive CEPs contained in 40 C.F.R. Part 35 Subparts A and B.

With regard to this target, it should be noted that in many cases, a Regional office's ability to take funding actions for non-competitive CEPs is **not** dependent on the issuance of final funding allocations. For example, many CEP grants are multi-year awards for which the initially approved amount is a projected total for the multi-year period. This provides flexibility to incrementally fund these agreements even while final targets are being developed each year. Similarly, where a State has a critical funding need, Regions are authorized to make partial CEP awards.

3. The agency's goal is to exercise best efforts to have 50% of FY 2016 non-competitive STAG CEP/SRF monetary grant *actions* completed by the end of the third quarter (representing approximately a 5% increase over the average performance level for the period FY 2011-FY 2015).
4. For the fourth quarter, Grants Management Offices will give priority to funding packages submitted to the GMO by June 30, 2016, provided the packages are acceptable (i.e., meet all applicable grants management requirements).
5. OB and OGD will provide monthly reports, sorted by RPIO, to Senior Management on the agency's progress in meeting the metric. The report for Items 1 and 2 will measure obligation rates. The report for Item 3 will measure progress in reducing the number of monetary grant actions in the fourth quarter, using grant action trend data over the past three fiscal years. At the end of FY 16, OB and OGD will issue a final report showing overall agency performance for the fiscal year.

Expectations for FY 2017-2020

As previously stated, the agency's expectation is for continued progress in grant award timeliness over the next four fiscal years. Performance targets for those fiscal years are provided below:



Fiscal Year	Q3 non-competitive STAG CEP/SRF grant obligations	% of non-competitive STAG CEP/SRF grant actions completed by Q3
2017	45%*	55%*
2018	50%*	60%*
2019	55%*	65%*
2020	60%*	75%*

\*Assumptions:

- 1) Timely passage of EPA's Appropriations Acts.
- 2) Completion of Apportionment, Operating Plan, OCFO issuance of final numbers (including rescission impacts) and NPM guidance process within 100 calendar days of the President's signing the Appropriations Act.
- 3) These assumptions may be used to help explain any variations between actual end-of-fiscal year accomplishments and the annual performance targets.

If you have any questions about this memorandum, please contact Howard Corcoran, or Laurice Jones of OGD at (202) 564-0223.

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