



**NATIONAL ENVIRONMENTAL  
PERFORMANCE PARTNERSHIP SYSTEM  
(NEPPS) NATIONAL PROGRAM MANAGER  
GUIDANCE FOR FISCAL YEARS 2018/2019**

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**National Environmental Performance Partnership System  
FY 2018/2019 National Program Guidance**

**CONTENTS**

EPA Overview to the FY 2018/2019 NPM Guidance ..... 3

***Key Programmatic Activity I: Collaborate with states and tribes to develop NEPPS Agreements that reflect the flexible and efficient allocation of resources to support agreed upon priorities*** ..... 4

*Description*..... 4

*Actions* ..... 4

***Key Programmatic Activity II: Foster fiscally sound PPG management practices.*** ..... 7

*Description*..... 7

*Actions* ..... 7

**APPENDIX A: KEY CONTACTS** ..... 10

## **National Environmental Performance Partnership System FY 2018/2019 National Program Guidance**

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### *EPA Overview to the FY 2018/2019 NPM Guidance*

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The EPA Overview to the National Program Managers (NPM) Guidance communicates Agency-wide information as well as other applicable requirements critical to effective implementation of EPA's environmental programs for FY 2018/2019 and should be reviewed in conjunction with this Guidance. The Overview is available at: <http://www2.epa.gov/planandbudget/national-program-manager-guidances>

The National Environmental Performance Partnership System (NEPPS) reflects EPA Administrator Scott Pruitt's positive environmental agenda to fulfill EPA's core mission to protect public health and the environment while restoring cooperative federalism among the states in order to afford them with the flexibilities necessary to protect and promote both their state's environment and economy. Since 1995, EPA, states, tribes and territories<sup>1</sup> have been implementing NEPPS, a performance-based approach to provide states and tribes greater administrative and programmatic flexibility to set joint priorities, strategically leverage resources, and assess environmental conditions.

Through NEPPS, substantive progress has been made to improve the efficiency and effectiveness of EPA-state and tribal partnerships. This progress is illustrated by the robust use of Performance Partnership Grants (PPGs) and Performance Partnership Agreements (PPAs). Similarly, EPA-Tribal Environmental Plans (ETEPs) are improving EPA-tribal partnerships by providing the big picture of how the EPA and tribe will work together to protect human health and the environment within the context of EPA programs.<sup>2</sup> These tools are widely used by state environmental and agriculture agencies and tribal governments to guide the use of State and Tribal Assistance Grant (STAG) funds<sup>3</sup> that support capacity building and implementation of environmental programs.

The Office of Congressional and Intergovernmental Relations (OCIR) is issuing this Guidance to the Regions in order to continue fostering joint intergovernmental planning and priority setting that is central to Performance Partnerships. The FY 2018/2019 NEPPS NPM Guidance<sup>4</sup> lays out the overarching key programmatic activities and related actions for Performance Partnerships. The NEPPS Guidance provides a framework for the Regions to use as they tailor their approaches and strategies for partnering with states and tribes throughout the NEPPS and grant workplan process.

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<sup>1</sup> For the purposes of this document, any further reference to "states" includes U.S. territorial governments.

<sup>2</sup> For further discussion of ETEPs, see the Office of International and Tribal Affairs National Program Managers Guidance for Fiscal Year 2018 and 2019.

<sup>3</sup> To view the grants eligible for inclusion in a Performance Partnership Grant, please visit the [Catalogue of Federal Domestic Assistance \(CFDA\) 66.605](#)

<sup>4</sup> The Guidance is a compilation of existing policies and initiatives. It does not impose any new legally binding requirements. For more information on NEPPS and the allowable activities within, visit the NEPPS website at: <https://www.epa.gov/ocir/national-environmental-performance-partnership-system-nepps>

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## Key Programmatic Activities and Actions for FY 2018/2019

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***Key Programmatic Activity I: Collaborate with states and tribes to develop NEPPS Agreements that reflect the flexible and efficient allocation of resources to support agreed upon priorities.***

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### ***Description***

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EPA, states, and tribes each fulfill critical roles in protecting and improving human health and the environment. By law and through shared experience, to be successful, all partners must effectively collaborate in the planning and implementation of environmental programs and ensure compliance with statutory and regulatory requirements.

Regions are asked to review their existing approaches to accomplish the key principles set forth in the original *1995 NEPPS Agreement*<sup>5</sup>, and the 2015 renewal, to ensure that: (1) priorities, resources, and available flexibilities are considered and discussed together across programs based on the states' and tribes' environmental conditions<sup>6</sup>; and (2) the results of these discussions are captured in the priorities and commitments negotiated in PPAs, PPGs and individual grant workplans.

Regions are also encouraged to discuss with states how to implement actions through NEPPS that align with the ECOS State Measures Project and other state documented environmental measures and trends. The E-Enterprise Leadership Council (EELC), composed of EPA Senior Executives, State Commissioners, and Tribal representatives, has developed a Strategic Directions Document that may further support regional, state and tribal efforts to streamline, reform, and integrate environmental programs.

### ***Actions***

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- ***Regions are strongly encouraged to proactively reach out to states and tribes to discuss the value and benefits of PPAs and PPGs as tools for implementing Performance Partnership principles.***
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Partnership tools such as Performance Partnership Agreements (PPAs) and Performance Partnership Grants (PPGs) enable states and tribes to obtain greater flexibility in managing funds they receive from EPA. To foster implementation of performance partnerships, EPA Regions should encourage feedback from states and tribes regarding prior experiences, including improvements that can inform future efforts. In addition, Regions should foster discussions among states and tribes to identify shared experiences and facilitate collaborative efforts that can improve performance partnerships. Participating in a comprehensive dialogue with states and tribes can both encourage

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<sup>5</sup> Joint Commitment to Reform Oversight and Create a National Environmental Performance Partnership System: [https://www.epa.gov/sites/production/files/2015-12/documents/joint\\_commit\\_create\\_nepps.pdf](https://www.epa.gov/sites/production/files/2015-12/documents/joint_commit_create_nepps.pdf)

<sup>6</sup> Regions are encouraged to review tribe's environmental priorities as laid out in an ETEP. For specific guidelines on developing ETEPs, Regions should refer to Chapter 4 of Guidance on the Award and Management of General Assistance Agreements for Tribes and Intertribal Consortia. <https://www.epa.gov/tribal/2013-guidance-award-and-management-general-assistance-agreements-tribes-and-intertribal>

performance partnerships and ensure that EPA remains responsive to the concerns of all partners. EPA Regions should relay shared experiences to OCIR so that they may better inform future improvements to the NEPPS program.

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- ***Regions should discuss requests for flexibility early in the negotiation of NEPPS agreements and relay these requests to OCIR. If necessary, Regions should resolve any issues in a timely manner through the existing NEPPS issue resolution process.***
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Regions should encourage states and tribes to review documents such as the *Best Practices Guide for Performance Partnership Grants with States* and *Best Practices Guide for Performance Partnership Grants with Tribes* and the Environmental Council of the States *Field Guide to Flexibility and Results*<sup>7</sup>, to better understand the flexibilities provided by NEPPS.<sup>8</sup> When requests for flexibility, innovation, or creativity are made, this information should be relayed to OCIR. Sharing the requests enables OCIR to document the types of flexibility utilized nationally and support the Regions should any issues arise.

Should issues arise, the process for resolving any policy and implementation issues related to Performance Partnerships are outlined in EPA's *Best Practices Guides*<sup>9</sup>, *GPI-15-01 Performance Partnership Grants for States*<sup>10</sup>, and 2 CFR Part 1500, Subpart E. Regions should make every effort to resolve issues through direct communication and negotiation, and use the formal dispute resolution process as a last resort. If an impasse occurs, the offices should contact OCIR to begin a process to achieve resolution of the issue.

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- ***Regions are encouraged to identify, in collaboration with the states and tribes, shared business process modernization projects or activities currently proposed or underway, using the E-Enterprise shared governance model to support shared priorities, processes, or objectives.***
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Through E-Enterprise shared governance, EPA Regions should proactively engage with states and tribes to improve environmental and public health outcomes by simplifying, streamlining, and modernizing the implementation of our environmental programs. This includes broadening participation by Regions, states, and tribes in E-Enterprise by (1) setting shared priorities, (2) streamlining and modernizing business processes to generate efficiencies, and (3) and using IT tools where appropriate to deliver process efficiencies.

In addition, Regions are encouraged to consider temporary tradeoffs in traditional workplan activities in order to initiate and support streamlining and modernizing business process activities. Information on how to undertake temporary tradeoffs can be found in

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<sup>7</sup> Field Guide to Flexibility and Results: <http://www.ecos.org/documents/field-guide-to-flexibility-and-results/>

<sup>8</sup> NEPPS Website: <https://www.epa.gov/ocir/national-environmental-performance-partnership-system-nepps>

<sup>9</sup> The *Guides* can be found on the NEPPS home page at: <http://www.epa.gov/ocir/nepps/>.

<sup>10</sup> GPI-15-01: [https://www.epa.gov/sites/production/files/2015-08/documents/final\\_ppg\\_policy.pdf](https://www.epa.gov/sites/production/files/2015-08/documents/final_ppg_policy.pdf)

the *Guidance on E-Enterprise Workload Tradeoffs Using Performance Partnership Grants*.<sup>11</sup>

As the Agency implements E-Enterprise activities with states and tribes, projects may be connected to, and impact, the NEPPS process.

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- ***Regions are strongly encouraged to collaborate with states and tribes to use Lean principles and methods to improve the effectiveness and efficiency of the NEPPS process.***
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The use of Lean principles and methods in the NEPPS process can be very effective in identifying and eliminating unnecessary steps in processes and activities, while optimizing desired outcomes. EPA Regions should empower and incentivize employees at all levels to use Lean methods and/or complete projects alongside state and tribal partners.

Regions should seek transference of previously achieved Lean results and identify new areas for process improvement. This includes focusing on projects where transference can be achieved to improve the effectiveness of NEPPS. To date, several Regions have undertaken Lean activities for NEPPS, with much success. One effort involved streamlining the PPA renewal process in a particular state. The success with this effort will soon be applied to two additional states within the Region. Another successful Regional Lean effort focused on improving and streamlining the overall management and accountability of the grant funding process. Tools and resources, such as “how to” guides and case studies, are found on the EPA and ECOS websites.<sup>12</sup>

Regions are also encouraged to seek transference of successful joint EPA-state and EPA-tribal process improvement projects, as a result of work of both the Lean Action Board (LAB)<sup>13</sup> and the E-Enterprise Leadership Council (EELC).

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- ***Use the NEPPS process to coordinate mutual compliance and enforcement (C/E) efforts and ensure they are aligned with commitments in PPGs and other categorical grant workplans.***
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As a best practice, Regions are encouraged to organize and articulate compliance and enforcement priorities and commitments through the NEPPS process to achieve more comprehensive, integrated and flexible work planning. Regions are also encouraged to provide information that can advance compliance assistance, including information available through the Compliance Assistance Centers.

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- ***Support implementation of the Administrators positive environmental agenda and other cross-programmatic activities and initiatives through NEPPS, where appropriate.***
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<sup>11</sup> Guidance on E-Enterprise Workload Tradeoffs: <https://www.epa.gov/sites/production/files/2016-10/documents/e-enterprise-tradeoffs-guidance.pdf>

<sup>12</sup> For more information see EPA Website: [www.epa.gov/lean](http://www.epa.gov/lean) and ECOS Website: [www.ecos.org](http://www.ecos.org).

<sup>13</sup> The Lean Action Board is composed of six EPA and two state officials and is tasked with identifying Lean projects whose results can be transferred or scaled up to help better accomplish the Agency’s mission.

The Regions are asked to consider how to advance the goals of the *FY 2018-2022 Strategic Plan* and other priorities identified by the Administrator when negotiating NEPPS agreements. Regions should also identify the priorities shared by states and tribes to foster joint intergovernmental planning and priority setting within Performance Partnerships.

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***Key Programmatic Activity II: Foster fiscally sound PPG management practices.***

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***Description***

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The Agency supports the use of PPGs as a tool to balance needed flexibility with fiscal accountability to achieve program outcomes. PPGs have the same fiscal accountability requirements as other environmental program grants. The accountability requirements apply to the entire grant process and ensure that proposed grants are linked to the goals and objectives in the Agency's Strategic Plan and the applicable Grants Policy Issuances (GPIs). These strong procedures provide a proper balance between accountability and the flexibility benefits of PPGs.

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***Actions***

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- ***Promote greater PPG utilization to improve efficiency and streamline grants management.***
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The new two-year cycle for the NPM Guidances now offers additional opportunities for states and tribes to incorporate greater flexibilities in developing grant workplans. This new process is designed to allow the program offices to foster more strategic approaches with the Regions as they tailor their state and tribal engagement through PPG workplan negotiations.

PPGs have been successfully implemented by 49 states and territories as well as numerous tribes. However, in FY 2016, less than 50% of eligible categorical grant funding was managed within PPGs. Regions are encouraged to promote PPGs through directing agencies to resources that clearly explain the benefits of PPG participation. Regions should provide key resources to states and tribes including the Best Practices Guides and the *Fieldguide to Flexibility and Results*. Regions should also share examples about how states and tribes have used funding flexibilities to address budget shortfalls, hire temporary personnel, fund emergency activities, and fund multi-media permitting, inspections and compliance initiatives.<sup>14</sup>

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- ***Encourage the use of multi-year PPG workplans.***
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Regions are encouraged to shift to multi-year PPG grant workplans. These multi-year grant workplans should align with the two-year NPM Guidances. Regions should assess any impediment for states and tribes to shift to a multi-year workplan and discuss these

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<sup>14</sup> See: <https://www.epa.gov/ocir/national-environmental-performance-partnership-system-nepps> for more examples of how states, tribes and territories have used PPGs.



concerns with OCIR. *GPI 12-06: Timely Obligation, Award and Expenditure of EPA Grant Funds* includes provisions encouraging Program Offices and the Regions to use multi-year grant workplans, enumerates the benefits of such an approach, details the process for adjustments and revisions, and covers other pertinent topics.

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- ***Ensure that state and tribal PPGs are managed in a manner that is consistent with the budget, workplan and progress reporting requirements of 40 CFR 35, Subparts A and B.***
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PPGs provide benefits that include streamlined administrative procedures. In general, 40 CFR Part 35 only requires a single budget, financial status report and a negotiated workplan that incorporates commitments for each workplan component funded by the PPG. Once grants are combined within a PPG, funds do not have to be tracked by the original program source. For grants within a PPG, performance reporting is required either annually or semi-annually. In certain circumstances, Regions may require more frequent performance reports (not to exceed quarterly reporting) where agreed to by a state or tribe or where there may be performance issues. In instances where discrepancies occur between individual grant guidance and traditional flexibilities allowed within PPGs, states and tribes should coordinate with their EPA regional counterparts and discuss these concerns with the OCIR. OCIR will coordinate with the appropriate EPA program office to clarify requirements and address any concerns.

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- ***Regions should ensure proper reporting of competitive agency grants included within a PPG.***
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Regions should utilize the *Interim Guidance on Issuance of Performance Partnership Grant (PPG) Competitive Funding Identification* (PN-2017-G03<sup>15</sup>) to properly code new PPG awards and amendments to existing PPG awards. This interim guidance directs PPG project officers and grants specialists to use proscribed language for the inclusion of noncompetitive grants. The Interim Guidance further details additional requirements for any PPG award action, regardless of whether it includes competitive funding.

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- ***Regions and NPM's should ensure that states and tribes are informed of the option to include eligible grant programs in PPG's and are aware of the opportunity for administrative and programmatic flexibility.***
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As identified in GPI 15-01, *Performance Partnership Grants for States* Regions should communicate opportunities for states to participate in PPGs. This includes EPA's commitment to award a PPG to a recipient that applies and meets the applicable requirements of 40 CFR Part 35 Subparts A and B, 2 CFR Part 200 and 2 CFR Part 1500 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Furthermore, Regions and NPMs should clearly articulate which categorical grants are eligible for inclusion in a PPG, including those that are competitively allocated.

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<sup>15</sup> See: PN-2017-G03 [http://intranet.epa.gov/ogd/policy/policy\\_notice\\_library.htm](http://intranet.epa.gov/ogd/policy/policy_notice_library.htm)



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- ***Ensure that grantee performance in PPGs is assessed consistently and in compliance with relevant grant regulations.***
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The Regions should address grantee performance issues (e.g., when deliverables are not met and funds have been expended) by imposing additional conditions as described in 2 CFR §200.207. Should the Region determine that noncompliance cannot be remedied by imposing additional conditions, the Region may take appropriate action as described in 2 CFR §200.338 which lists actions that EPA may take against the grantee. Regions should also review 2 CFR §200.205, which contains pre-award (e.g., special grant conditions for “high-risk” grantees) and post-award (e.g., standards for financial management systems) requirements.

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- ***Ensure that the following GPIs are implemented when developing PPGs:***
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- *GPI 08-04: State Grant Cost Review*<sup>16</sup> streamlines cost review procedures for state grants awarded under 40 CFR Part 35 Subpart A and other specified state Continuing Environmental Program Grants.
- *GPI 09-01: Burden Reduction for State Grants*<sup>17</sup> codifies and summarizes actions EPA has taken to address major grant-related issues identified under the Agency’s State Reporting Burden Reduction Initiative.
- *GPI 11-01: Managing Unliquidated Obligations and Ensuring Progress under EPA Assistance Agreements*<sup>18</sup> addresses the Agency’s responsibilities under the Federal Managers’ Financial Integrity Act (FMFIA) and *EPA Order 5700.6 A2 CHG 2, Policy on Compliance, Review and Monitoring*, and includes limits on project periods, development of indicators to assess the effectiveness of funds utilization, requirements for workplan milestones and delivery dates, and “sufficient progress” terms and conditions.
- *GPI 11-03: State Grant Workplans and Progress Reports*<sup>19</sup> requires that workplans and associated progress reports prominently display the EPA Strategic Plan Goal; the EPA Strategic Plan Objective; and Workplan Commitments plus time frame. To further transparency, the GPI established the State Grant IT Application (SGITA)<sup>20</sup> database to electronically store workplans and progress reports.
- *GPI 12-06: Timely Obligation, Award and Expenditure of EPA Grant Funds*<sup>21</sup> promotes timely and efficient award/utilization of grant funds.
- *GPI 13-02: Streamlining Tribal Grants Management*<sup>22</sup>

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<sup>16</sup> See: <http://intranet.epa.gov/OGD/policy/GPI%2008-04%20State%20Grant%20Cost%20Review.pdf>

<sup>17</sup> See: [http://intranet.epa.gov/OGD/policy/GPI\\_09-01\\_final.pdf](http://intranet.epa.gov/OGD/policy/GPI_09-01_final.pdf).

<sup>18</sup> See: [https://www.epa.gov/sites/production/files/2014-12/documents/gpi\\_11\\_01\\_12\\_07\\_10.pdf](https://www.epa.gov/sites/production/files/2014-12/documents/gpi_11_01_12_07_10.pdf)

<sup>19</sup> See: <https://www.epa.gov/grants/grants-policy-issuance-11-03-state-grant-workplans-and-progress-reports>

<sup>20</sup> See: <https://ofmext.epa.gov/apex/sgita/f?p=SGITA:Home>.

<sup>21</sup> See: <https://www.epa.gov/grants/grants-policy-issuance-12-06-timely-obligation-award-and-expenditure-epa-grant-funds>

<sup>22</sup> See: [https://www.epa.gov/sites/production/files/2015-03/documents/grants\\_policy\\_issuance\\_13\\_02.pdf](https://www.epa.gov/sites/production/files/2015-03/documents/grants_policy_issuance_13_02.pdf)

provides a framework for a streamlined, consistent approach to managing grants (including cooperative agreements) awarded to tribes.

- *GPI 15-01: Performance Partnership Grants for States*<sup>23</sup> 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.
- *GPI 17-01 Sustainability in EPA Assistance Agreements*<sup>24</sup> outlines procedures for encouraging the integration of sustainability considerations into assistance agreements awarded by the Environmental Protection Agency.

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***APPENDIX A: KEY CONTACTS***

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Contact Name	Subject Area	Phone	Email
Michael Dexter	Performance Partnerships & PPG Policy	202-564-7437	<a href="mailto:Dexter.Michael@epa.gov">Dexter.Michael@epa.gov</a>
Dan Murphy	Performance Partnerships & PPG Policy	202-564-3227	<a href="mailto:Murphy.Dan@epa.gov">Murphy.Dan@epa.gov</a>
Laurice Jones	Grants policy	202-564-0223	<a href="mailto:Jones.Laurice@epa.gov">Jones.Laurice@epa.gov</a>

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<sup>23</sup> See: [https://www.epa.gov/sites/production/files/2015-08/documents/final\\_ppg\\_policy.pdf](https://www.epa.gov/sites/production/files/2015-08/documents/final_ppg_policy.pdf)

<sup>24</sup> See: [http://intranet.epa.gov/ogd/policy/grants\\_policy\\_issuance\\_17\\_01.pdf](http://intranet.epa.gov/ogd/policy/grants_policy_issuance_17_01.pdf)