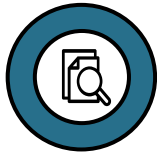


BEST PRACTICES GUIDE
for Performance Partnership Grants
with States

Last updated:
April 2023

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Purpose

This *Best Practices Guide for State Performance Partnership Grants* serves as a reference tool for EPA and state officials, at both the management and staff level, to better understand and apply the numerous features and benefits of Performance Partnership Grants (PPGs).

States continually seek to expand the use of PPGs to best leverage resources and optimize the efficiencies and flexible approaches toward meeting joint environmental goals and priorities. EPA and state counterparts regularly collaborate in sharing best practices and approaches in managing PPGs, much of which is captured within this guide.

Using a question-answer format, this guide:

- Explains how PPGs can help achieve agreed-upon environmental goals and objectives.
- Highlights key regulations, policies, and procedures for developing and managing PPGs.
- Provides examples showing how PPGs have been used to achieve administrative efficiencies and direct resources to support state priority environmental programs and results.
- Provides information and resources for state and federal personnel involved in negotiating, managing, and maintaining PPGs.
- Offers a glossary of terms, and active links to training and reference materials to allow the user to further explore the context and related information influencing PPG implementation.

This document is meant to provide supplemental information regarding PPGs that may not be included in the Office of Congressional and Intergovernmental Relations' (OCIR) National Program Guidance. The best practices guide will be continually updated as topics are raised by PPG recipients and their EPA regional counterparts. To raise a topic or question that you believe should be addressed in this guide, please email regionaloperations@epa.gov with "State PPG Best Practices Guide" in the subject line.



Section I: Introduction to Performance Partnership Grants (PPGs)

What are Performance Partnership Grants?

A Performance Partnership Grant (PPG) is a single grant combining funds from two or more eligible environmental program grants. A PPG requires only a single application, work plan, and budget, regardless of the number of eligible programs included in the PPG. Recipients are encouraged to use PPGs to fully capitalize on their ability to leverage EPA financial assistance and optimize flexibilities through joint priority setting while minimizing reporting requirements and financial constraints. Once funds are awarded in a PPG, the recipient can direct the funds as needed to achieve work plan commitments and does not need to account for funds in accordance with their original program sources. Unlike [consolidated grants](#), PPGs have their own statutory authority distinct from individual program statutes, which provides unique flexibilities to recipients enjoyed by no other grant program at EPA.

Which statutes and regulations apply to PPGs for States?

For many years, states wanted greater flexibility in how they use and manage the grant funds they receive from EPA. In 1995, EPA asked Congress for new authority to provide this flexibility. In response, Congress authorized EPA to award assistance agreements that combine funds from two or more of the eligible environmental program grants without the restrictions of consolidated grants, and those agreements were titled Performance Partnership Grants or PPGs.

The statutory authority to award PPGs was provided to EPA in the Omnibus Consolidated Rescissions and Appropriations Act of 1996

([Public Law 104-134](#)) and in EPA's 1998 Appropriations Act ([Public Law 105-65](#)). EPA established regulations governing the award and administration of PPGs to states in [40 CFR Part 35, Subpart A](#) ("[Environmental Program Grants](#)").

In addition, all EPA grants, including PPGs, must also comply with the EPA general assistance regulations in [2 CFR Parts 200](#) and [1500](#), known collectively as the Uniform Administrative Requirements for Grants and Cooperative Agreements, or Uniform Grant Guidance (UGG), and [40 CFR Part 33](#), Participation by Disadvantaged Business Enterprises in United States Environmental Protection Agency Programs.

What are the advantages of PPGs?

A Performance Partnership Grant allows states to realize administrative savings and provides states with programmatic flexibility to direct grant resources where they are most needed to address public health and environmental priorities. PPGs streamline administrative requirements, give state agencies greater flexibility to direct resources to their most pressing environmental problems, and make it easier to fund efforts that cut across program boundaries. Under standalone environmental program grants, state agencies receive funds to administer and implement air, water, waste, pesticides, and toxics programs. Each standalone grant can only be used for the specific purposes set out in the authority for that grant.

REDUCE ADMINISTRATIVE BURDEN

PPGs enable states and interstate agencies to combine funds from more than one environmental program into a single grant with one budget, one financial status report, and one negotiated work plan that groups work plan commitments by component. When environmental program grant funds are combined into a PPG, the program funds are no longer required to be tracked by the original program source. This reduces the administrative burden of managing grants by streamlining paperwork and accounting procedures.

MAXIMIZE AVAILABLE RESOURCES

States may elect to leverage a PPG to fund innovative projects or special initiatives. For example, a state may want to use a PPG to fund multimedia inspections to assess compliance with air, water, and hazardous waste management requirements. If the PPG combines funds from the Clean Air Act (CAA) §105, Clean Water Act (CWA) §106 and Solid Waste Disposal Act (SWDA) §3011(a) programs, these multimedia inspections could be funded through the PPG if included in the approved PPG work plan. Conversely, the EPA would not be able to approve multimedia inspections that include evaluation of compliance with underground storage tank (UST) requirements or rules under the Toxic Substance Control Act (TSCA) unless funds from those grant programs were also included in the PPG.

Distributing funds included in a PPG to projects or activities that cut across program boundaries can be a significant benefit. A state may also use the PPG work plan negotiation process to discuss opportunities for work sharing.

CONSIDER HIGHEST PRIORITY NEEDS

PPGs are often developed in a process that involves not only EPA and state program managers but also more senior leaders who bring a broader perspective about priorities to the table. This can lead to PPG work plans that better reflect the priorities of the state. Another advantage of a coordinated work plan process is that program managers are made aware of the work of their counterparts. Thus, they may be able to leverage resources collaborating on efforts of mutual interest.

While EPA regions are responsible for negotiating with states on requests for flexibility in PPGs, if a state's proposal deviates significantly from the National Program Guidance, the Regional Administrator must consult with the appropriate National Program Office before approving the state's proposed work plan. States are required, by [40 CFR §35.137](#), to explain the reasons and expected benefits of any requested programmatic flexibilities in a proposed work plan.

Reduce administrative costs through streamlined paperwork and accounting procedures, e.g., single performance/progress reports, Federal Financial Reports (Standard Form 425).



Fund efforts that involve multiple programs and activities that are eligible under the environmental programs listed in 40 CFR § 35.101.



Focus EPA grant funds on **priority environmental program needs**.



Reduce cost share requirements.

Are there any challenges with PPGs?

While a PPG can afford a state entity with additional financial and administrative flexibility during the grant's period of performance, PPGs require increased collaboration and coordination upfront to successfully negotiate a work plan and throughout the grant to report and track progress. This guide will delve deeper into these challenges and present best practices to help alleviate them.

How can new or existing grant programs be deemed eligible for inclusion in a PPG?

For grant programs to be deemed eligible for inclusion in a PPG, they must be funded through the same specific appropriation as the funds for PPGs: Categorical State and Tribal Assistance Grants (STAG). Only funds included in the categorical line item within the STAG appropriation account are available for inclusion in PPGs because the statutory authority to award a PPG ([Public Laws 104-134](#) and [105-65](#)) is limited to those funds. Additional grant programs are thus made eligible for inclusion in PPGs if they are funded in the same line item for the categorical environmental program grants.

If grant programs are funded in a separate line item, they can be made eligible if Congress makes clear through statutory language that the program should be eligible for inclusion in PPGs.

As provided in [40 CFR §35.133\(b\)](#), the EPA Administrator may, in guidance or regulation, describe subsequent additions, deletions, or changes to the list of state environmental programs eligible for inclusion in PPGs.

EPA policy presumes newly eligible grant programs will be approved for inclusion in a PPG unless there is specific legislative language stating the program may not be included in a PPG. The Office of Congressional and Intergovernmental Relations (OCIR) will coordinate with the appropriate EPA program offices to develop a decision package for the Administrator's signature approving new programs for PPG eligibility. If an EPA program office believes a new STAG program should be excluded from PPGs, the office must notify OCIR. OCIR will convene meetings with interested offices and raise the issue, as necessary. The Administrator makes the final decision as to whether or not a grant program is approved for inclusion in PPGs.

What state agencies are eligible to receive PPGs?

PPGs may be awarded to all states and interstate agencies that are eligible to receive funds pursuant to more than one eligible categorical environmental program grant authority [e.g., Clean Air Act (CAA) Section 105 and Clean Water Act (CWA) Section 106]. For a state agency to be eligible, it must be designated the state agency authorized to receive grants under the environmental programs to be combined in the PPG (see [40 CFR §35.134](#)).

A state agency may be awarded funds within a PPG for another state agency to perform work. For example, a state environmental agency may be awarded a PPG that includes funding for a drinking water program (i.e., Public Water System Supervision—SDWA Sec. 1443(a)) even though the authority to implement the drinking water program resides with the state public health agency. This is allowable if there is an agreement between the environmental and public health agencies about how the funds will be shared between the agencies to carry out the drinking water program.

Congress authorized EPA to award PPGs to interstate agencies, but only as provided in authorizing statutes. Recipients must be interstate agencies as defined by either the CWA, the CAA, or both, depending on which funds are included in the PPG. Specifically, interstate agencies are eligible for PPGs that include funds from the following programs: Air Pollution Control (CAA Sec. 105); Water Pollution Control (CWA Sec. 106); and Wetlands Development Grants (CWA Sec. 104(b)(3)).

Can a state receive more than one PPG?

Yes. Some situations where a state may opt to have multiple PPGs include:

- ❖ A state agency has multiple PPGs in order to effectively align grant work based on state programs/departments (e.g., media-specific PPGs like a “water PPG” and an “air PPG”)
- ❖ Timing of multi-year grant project would cause an existing PPG to go beyond the 5-year limit, so a second PPG may be awarded with new funds that overlaps an existing PPG for a year or more.

States can have more than one active PPG, but careful considerations must be made, such as:

- ❖ Expenditures must be carefully tracked and documented to ensure costs are charged to the appropriate grant.
- ❖ The recipient must ensure records support the distribution of the employee's salary or wages among specific activities or cost objectives, as required by [2 CFR §200.430](#).

Which grant programs are eligible for inclusion in PPGs?

There are currently 19 environmental program grants eligible for inclusion in a PPG, listed in [Table 1](#) with the corresponding assistance listing number. Assistance listings are detailed public descriptions of federal programs that provide grants, loans, scholarships, insurance, and other types of assistance awards. The assistance listing number for PPGs is 66.605. For more information on assistance listings, please refer to <https://sam.gov/content/assistance-listings>.

Since the inception of the [National Environmental Performance Partnership System](#) (NEPPS), there have been other EPA grant programs eligible for inclusion in a PPG. However, these programs were either discontinued or are inactive and excluded from the table below. Examples include Multimedia Sector Program Grants and Water Quality Cooperative Agreements (CWA §104(b)(3)).

Table 1. Eligible Environmental Programs for Inclusion in PPGs

EPA Office	Assistance Listing Number	Environmental Program Grant
Office of the Administrator	66.204	Multipurpose Grants to States and Tribes
Office of Air and Radiation	66.001	Air Pollution Control Program Support
	66.032	State Indoor Radon Grants
Office of Chemical Safety and Pollution Prevention	66.707	TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals
	66.708	Pollution Prevention Grant Program
Office of Enforcement and Compliance Assurance	66.700	Consolidated Pesticide Enforcement Cooperative Agreements¹
	66.701	Toxic Substances Compliance Monitoring Cooperative Agreements
Office of International and Tribal Affairs	66.926	Indian Environmental General Assistance Program (GAP)
Office of Land and Emergency Management	66.801	Hazardous Waste Management State Program Support
	66.804	Underground Storage Tank Prevention, Detection, and Compliance Program
	66.812	Hazardous Waste Management Grant Program for Tribes
	66.817	State and Tribal Response Program Grants
Office of Mission Support	66.608	Environmental Information Exchange Network Grant Program and Related Assistance
Office of Water	66.419	Water Pollution Control State, Interstate, and Tribal Program Support
	66.432	State Public Water System Supervision
	66.433	State Underground Water Source Protection
	66.460	Nonpoint Source Implementation Grants
	66.461	Wetland Program Development Grants
	66.472	Beach Monitoring and Notification Program Implementation Grants
¹ Pesticide cooperative enforcement (section 23(a)(1) of the Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA)), pesticide applicator certification and training (section 23(a)(2) of FIFRA), and pesticide program implementation (section 23(a)(1) of FIFRA) fall under this assistance listing.		

Section II: Applying for and Negotiating a PPG



What activities are eligible for funding under PPGs?

The ability to fund a broad range of activities is one of the most flexible features of PPGs. PPG funds should address activities consistent with the negotiated work plan and grantees are required to implement program requirements, but PPGs provide flexibility to address priority environmental activities. Flexibilities provide opportunities to utilize PPG funds to address priorities and activities under at least one of the categorical environmental programs within the PPG, even if a small portion of the available program grant funds are included in a PPG. This is commonly referred to as the “dollar in rule” because if even one dollar is included in the PPG from a given program, then PPG funds exceeding that amount can be used for that program as long as all the work plan requirements are met.

What is the period of performance for a PPG?

The period of performance for a PPG is flexible and can be negotiated between EPA and the recipient for up to a maximum of five years. To maximize flexibilities and ensure program continuity, it is a best practice to apply for multi-year PPGs. Recipients are encouraged to align their multi-year PPG work plans with EPA’s 2-year [National Program Guidances \(NPGs\)](#) to streamline the work plan negotiation process and reduce administrative burden.

What needs to be included in a PPG work plan?

A PPG work plan should be the product of joint planning, priority setting, and mutual agreement between the state and EPA. The PPG grant work plan is the result of negotiations between EPA and state program managers and staff.

Successful PPG work plan negotiations rely on a predictable process that fosters prompt resolution of issues, including elevation of issues to senior management levels if necessary. In successful work plan negotiations, EPA and the state will reach a mutual understanding and agreement about what will be accomplished under the agreement.

An approvable work plan, as outlined [at 40 CFR §35.107](#), must specify:

- ❖ The work plan components to be funded under the grant;
- ❖ The estimated work years and the estimated funding amounts for each work plan component;
- ❖ The work plan commitments for each work plan component and a time frame for their accomplishment;
- ❖ A performance evaluation process and reporting schedule in accordance with [40 CFR §35.115](#); and
- ❖ The roles and responsibilities of the recipient and EPA in carrying out the work plan commitments.

The work plan must also be consistent with applicable federal statutes; regulations; circulars; executive orders; and EPA delegations, approvals, or authorizations.

COMPONENTS AND COMMITMENTS

A work plan component is a negotiated set or group of work plan commitments established in the grant agreement. A PPG work plan typically has more than one work plan component. All states are provided flexibility through the work plan negotiation process and can organize work plan components in any way that works best for them. For example, components can be media specific, or they can be cross-media, grouping together similar activities that fall within multiple media.

Work plan commitments are the outputs and outcomes associated with each work plan component. Outputs may be quantitative or qualitative but must be measurable during an assistance agreement funding period, while outcomes must be quantitative and may not necessarily be achievable within an assistance agreement funding period. Outcomes may be environmental, behavioral, health-related, or programmatic in nature.

It is [EPA policy](#) to link proposed assistance agreements to the [Agency's Strategic Plan](#) and ensure that outputs and outcomes are appropriately addressed in work plans and performance reports.

While developing their work plan, states have the option to use a state PPG work plan template. This simplified document offers a user-friendly approach to capturing the essential elements for a grant work plan. This template may also serve as a tool for tracking and reporting environmental results. States interested in learning more about the template and integrating it into the PPG process should contact their [regional NEPPS Coordinator](#) and Project Officer (PO).

What is the relationship between PPGs and PPAs?

A Performance Partnership Agreement (PPA) may be defined as a high-level document signed by state and Regional Senior Leadership to identify joint environmental priorities to be accomplished. While the scope and content may vary, PPAs typically address joint goals and objectives through work plan commitments. PPAs also include the roles and responsibilities of each partner and how they will assess progress. PPAs include details of program implementation needs, as well as the planned approach to achieve the greatest environmental results.

PPAs are based on an assessment of environmental conditions and program implementation needs as well as an analysis of the approaches and tools that are most likely to bring about the greatest environmental results. Many states now use the process of negotiating a PPA with its EPA region as a mechanism for reaching mutual agreement on joint priorities and grant work plans.

A fundamental concept underlying PPAs is the recognition that all states have unique capacities, interests, and environmental priorities. Each EPA-state partnership negotiation accommodates for these differences and considerations. Individual PPAs can range from a general statement about how the state and EPA will work together as partners (perhaps identifying joint priorities that will be addressed) to more comprehensive, multi-program documents that detail each party's roles and responsibilities.

While the scope and content may vary, PPAs typically set out goals and objectives, priorities and plans, the roles and responsibilities of each partner, and the measures they will use to assess progress. The best PPAs are based

on a state-specific assessment of environmental conditions and program implementation needs as well as analyses of what approaches and tools are most likely to bring about the greatest environmental results.

A PPA, or a portion of a PPA, can serve as the grant work plan for a PPG. The most strategic, flexible, and outcome-oriented option for states may be a comprehensive PPA that serves as a PPG work plan. The PPA (or portion thereof that serves as a grant work plan) must meet the same work plan requirements as for any state program grant. The portion(s) of a PPA that serve as a work plan must be clearly identified and distinguished from the rest of the PPA. The regulation at [40 CFR § 35.107\(c\)](#) provides, in summary, that:

An applicant may use a PPA or a portion of a PPA as the work plan for an environmental program grant if the portions of the PPA that serve as all or part of the grant work plan:

- ❖ Are clearly identified and distinguished from other portions of the PPA; and
- ❖ Meet the requirements in [§35.107\(b\)](#).

Though a PPG does not require an accompanying PPA, the PPA provides the strategic and collaborative underpinning for PPGs.

How do the National Program Guidances (NPGs) influence PPG work plans?

EPA program offices issue NPGs to serve as the two-year framework for EPA regions and grant recipients to meet Agency national priorities, strategies, and goals.

EPA regions and states should factor in the priorities in the NPGs when they negotiate grant work plans. To allow flexibility when addressing regional and state needs, the

states are encouraged to develop work plans that reflect jointly identified priorities as well as state-specific environmental and programmatic needs.

EPA typically issues the NPGs every two years, typically in April. EPA encourages grant negotiations to continue in the event a program office is late in issuing its NPG, or when a state fiscal year begins earlier than a federal fiscal year. As outlined in [40 CFR §35.107\(a\)\(3\)](#), states should use the NPG that is in place at the time the state prepares its grant application.



CONSIDERATION OF STATE PRIORITIES

The PPG regulations require that state priorities be considered, along with national program and, if applicable, regional supplemental guidance, in developing grant work plans (see [40 CFR §35.107\(a\)\(1\)](#)). This allows for state flexibilities to be applied to propose grant work plans that differ from the goals, objectives, and measures in the NPM guidance.

If the state proposes a work plan that is significantly different from the National Program Guidance, the Regional Administrator must consult and approve this with the affected National Program Manager before agreeing to the work plan. For PPGs where the proposed differences affect more than one program, the Regional Administrator must consult with each affected National Program Manager, along with OCIR.

What is the general planning cycle for development of a PPG work plan?

The schedule for developing PPG work plans will vary by state depending on state fiscal year and grant project cycle. As a best

practice, applicants are encouraged to apply for multi-year PPGs. States are encouraged to align multi-year work plans with the issuance of EPA's Strategic Plan and the two-year NPGs.

The states then develop preliminary priorities and assess resource needs, based on the results from the previous year's grant, EPA's NPGs, and state priorities. Work plan commitments are then proposed, discussed, and documented in a draft work plan.

The state submits its work plan with its complete PPG grant application to EPA at least 60 days before the beginning of the proposed funding period ([40 CFR §35.105](#)) via www.grants.gov. The EPA PO and Grants Specialist (GS) then process the grant application and ensure the grant is awarded in a timely fashion when the appropriated program funds are available. For more information, please see EPA's grants policy issuance, [GPI-12-06](#), regarding the timely obligation, award, and expenditure of EPA grant funds.

How does a state apply for a PPG?

All applications for new EPA assistance agreement awards must be submitted using www.grants.gov. Applicants that have limited or no internet capacity should refer to the PDF on the [Exceptions to the Grants.gov Requirement page](#) describing the process to request an exception.

PPG applications are to be submitted through grants.gov at least 60 days before the beginning of the proposed funding period. As a best practice, applicants should consult their [regional NEPPS Coordinator](#) or EPA Project Officer (PO) to discuss submitting an application and determine if more time is needed for review. The steps to apply are as follows:

1. Go to www.grants.gov.

2. Under the "Applicants" tab, click "How to Apply for Grants."
3. Near the bottom-right of the page, click the red button, "[Search for Opportunity Package.](#)"
4. In the field "Funding Opportunity Number," type EPA-CEP-01 (leave the "Opportunity Package ID" field blank) and click "Search."
5. CFDA 66.605 can be found at the bottom of the list; users can click "Preview" to download the required forms or "Apply" to begin the application process.

Applicants with questions about submission requirements, including required forms and other materials, should contact their PO, regional Grants Management Official (GMO), or [regional NEPPS Coordinator](#).

What needs to be included in a PPG application?

An application for a PPG must contain:

1. A list of the environmental programs and the amount of funds from each program to be combined in the PPG;
2. A consolidated budget (SF 424, 424A and a budget narrative) that includes funding for all years in the grant period;
3. A consolidated work plan (including a project narrative) that addresses each program being combined in the grant and meets the requirements of [40 CFR §35.107](#);
4. [EPA Form 4700-4](#); and
5. [EPA Key Contacts Form](#).

Can a state include competitive funds in a PPG?

Yes, a state may include competitively awarded funds from PPG-eligible programs in a PPG. Among the PPG-eligible grant programs, there are currently three grant

programs that award funds competitively to states. Those programs are:

- ❖ *Pollution Prevention State Grants (PPA Sec. 6605)*
- ❖ *State Wetlands Development Grants (CWA Sec. 104(b)(3))*
- ❖ *National Environmental Information Exchange Network*

As indicated in the [Federal Register](#), a state must first be selected in the competitive process to include competitive grants in a PPG. To maintain the integrity of the competitive process and ensure that the work that was the basis for EPA's selection of the proposal is performed, the State must include the work plan commitments proposed in the competitive grant application in the PPG work plan. As with other program funds included in a PPG, the State does not need to account for these funds in accordance with the funds' original environmental program source.

EPA GRANT COMPETITION POLICY

Award of competitive grants must adhere to the requirements of [EPA Order: 5700.5A1, "Policy for Competition of Assistance Agreements."](#) This policy ensures that grant competitions are conducted according to accepted government-wide principles. The Agency's policy assures fair competition while giving programs the flexibility to customize a competition to maximize program results. Each of the PPG-eligible competitive grant programs issues unique guidance that includes the criteria for award.

ADDING A COMPETITIVE GRANT TO PPGS

If a recipient opts to include competitive funds in a PPG, the budget and work plan commitments from the competitively selected

application will be incorporated into the budget and work plan of the PPG. This can be done with an initial PPG award or through a supplemental amendment to an existing PPG.

If the time required to complete work plan commitments from the competitive program is longer than the funding period for the existing PPG, states must make provisions to carry the activities (and funds, if appropriate) to subsequent PPG funding period to complete them. In some cases, extending the period of performance for the PPG may be a suitable option to ensure all the work plan commitments are completed. In other cases, opening a new PPG for the competitive program to ensure ample time to complete work plan commitments may be a better option. This option would require the applicant to identify an additional eligible program to be combined in the competitive program into the PPG.

As a best practice, the recipient should consult with their Project Officer to determine which option may work best.

Do state PPGs have cost share requirements?

Many environmental program grants require states to provide non-federal funds to support the environmental program activities. This state contribution is called a cost share and there are two types of cost sharing provisions: **match** and **maintenance of effort (MOE)**.

With a PPG, the required amount of the state cost share is the sum of the minimum non-federal cost share required under each of the programs combined in the PPG. The non-federal share of a PPG may be expended on work plan commitments without regard to the original source of the cost share requirement.

The general rules for cost share are found at [2 CFR §200.306](#) and further described

specifically for PPGs in [40 CFR §35.136](#) for the individual environmental programs.

A **match requirement** is the portion of project costs not paid for by federal funds or contributions that generally requires the state to contribute a set percentage of total project costs for the program.

A **maintenance of effort requirement** is a cost share requirement that requires a state to provide a sustained minimum level of investment that is based on prior year expenditures, regardless of the amount of the federal grant.

When the cost share becomes a part of the PPG, it must be detailed in the budget and must follow the federal grant regulations and the specific terms and conditions of the grant. Grant recipients may use non-federal resources from any of the eligible categorical environmental programs included in a PPG to meet the cost share requirement. Once included in the PPG, the non-federal funds may be used to complete any of the approved PPG work plan commitments.

The PPG approach to cost share is valuable to states because states may have the necessary resources to meet the required cost share in one program, but not enough in another program included in the PPG. In such cases, a state can use excess cost share from one program to cover the cost share requirement for another program.

The cost share must be broken out in the budget by cost category (e.g., personnel, fringe, equipment, etc.) for each work plan component, but does not need to be broken out by program. For example, if a PPG includes three programs, and only two programs contain cost share, the PPG budget would show the sum of cost share for those two programs in personnel, the sum of cost share for those two programs in fringe, and

so on. The recipient is not required to break out the cost share by how much program X and program Y are contributing to personnel, fringe, and so on.

At the end of the grant period, the recipient is required to submit a final Federal Financial Report (FFR). The recipient is required to document in the FFR that the required composite cost share has been met. When a recipient receives resources in a PPG, the recipient is not required to show whether each environmental program cost share requirement has been met. The recipient need only show that the total, composite minimum cost share for the PPG was met. See Table 2 below for PPG-eligible programs with required state cost-share requirements.

Can voluntary cost share be included in a state PPG?

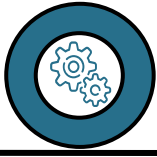
Yes. As defined in [2 CFR §200.1](#), voluntary committed cost sharing (referred to within this document simply as “voluntary cost share”) means cost sharing specifically pledged on a *voluntary* basis in the proposal's budget or the federal award on the part of the non-federal entity and that becomes a binding requirement of federal award.

Because cost share initially included on a voluntary basis becomes legally binding after the PPG is awarded, applicants are discouraged from including voluntary cost share in their proposed PPG work plans and budget. Instead, as a best practice, any state funding put towards eligible PPG activities beyond the required cost share should be reported on in the recipients FFRs. This amount can be reported on in line “j. Recipient share of expenditures”. This additional funding is considered overmatch and can be used to replace any costs that may be disallowed over the course of the PPG project period to minimize any potential repayments.

Table 2. PPG-Eligible Programs with State Match Requirements

PPG-Eligible Programs with Match Requirements¹	Required State Match
Pesticide Applicator Certification and Training – FIFRA Sec. 23(a)(2)	50% of Total Project Costs (TPC)
Pollution Prevention Grant Program – (PPA Sec. 6605) (<i>competitive</i>)	50% of TPC
Air Pollution Control – CAA Sec. 105	Whichever is greater: 40% of TPC or MOE
Nonpoint Source Management – CWA Sec. 319	Whichever is greater: 40% of TPC or MOE (average of FY 1985 and 1986 expenditures)
State Indoor Radon Grants – TSCA Sec. 306	40% of TPC (for recipients with two or more years in the program)
Hazardous Waste Management – SWDA Sec. 3011(a)	25% of TPC
Public Water System Supervision – SDWA Sec. 1443(a)	25% of TPC
State Underground Water Source Protection (Underground Injection Control) – SDWA Sec 1443(b)	25% of TPC
Toxic Substances Compliance Monitoring – TSCA Sec. 28	25% of TPC
Underground Storage Tanks – SWDA Sec. 2007(f)(2))	25% of TPC
Wetlands Program Development – CWA Sec. 104(b)(3) (<i>competitive</i>)	25% of TPC
Water Pollution Control – CWA Sec. 106	MOE equal to expenditures in FY ending June 30, 1971

¹ Source: CFDA 66.605, Performance Partnership Grants



Section III: Managing a PPG

How is PPG performance evaluated?

PPGs are subject to the reporting, joint evaluation, and accountability requirements of 40 CFR Part 35. States are held accountable for achieving the commitments set out in approved PPG work plans. States with PPGs continue to report information into national data systems and submit any other reports required by regulation as outlined in the terms and conditions of the award.

As discussed in [EPA Order 5700.7, Environmental Results Under EPA Assistance Agreements](#), program offices must review performance reports submitted by recipients under [2 CFR §200.329](#) to determine whether the recipient achieved the environmental and/or public health outputs and outcomes contained in the assistance agreement work plan. This includes ensuring that performance reports provide a satisfactory explanation if outcomes or outputs were not achieved. The review is to be documented in the official project file.

REPORTING

PPGs can be comprised of program grants that require different frequencies of reporting. While a reporting schedule can vary across programs, recipients are required to report at least annually and must satisfy the requirements for progress reporting under [2 CFR §200.329](#). Some programs may ask recipients to report more frequently, either semi-annually or quarterly. In these instances, only those programs requiring more frequent reports would need to be reported on as specified in the terms and conditions of the

award; the other programs included in the PPG would provide updates in an annual progress report that covers all programs in the PPG.

PPG TEMPLATE

OCIR developed a work plan and reporting template that can be used to facilitate work plan negotiation, creation, and progress reports. This template includes the required essential elements identified in [GPI 11-03](#). The template also contains additional (optional) data fields which may be included at the discretion of all participating federal and state partners.

As a best practice and in accordance with [GPI 11-03](#), the Regions should ensure that their work plans align with the three *Essential Elements* in the work plans. These Essential Elements are:

1. *Strategic Plan Goal*
2. *Strategic Plan Objective*
3. *Work plan Commitments (including the negotiated timeframe for commitments to be achieved)*

The template provides a standardized list of work plan components, which is intended to create greater consistency in reporting of the PPG activities and results. This template may also be used for mid-year and end-of year reporting by recipients to record progress of meeting work plan commitments. To obtain a copy of the template, please contact your [regional NEPPS Coordinator](#) and Project Officer.

JOINT EVALUATION

As required by [40 CFR §35.115](#), PPG performance is assessed by reviewing reported outputs and outcomes according to an agreed upon joint evaluation process. EPA and the states develop a joint evaluation process that is intended to analyze and report progress on accomplishments under the work plan. A description of the evaluation process and a reporting schedule must be included in the work plan and the schedule must require the recipient to report at least annually and satisfy the requirements for progress reporting.

The elements of the joint evaluation process must provide for:

- ❖ A discussion of accomplishments as measured against work plan commitments
- ❖ A discussion of the cumulative effectiveness of the work performed under all work plan components
- ❖ A discussion of existing and potential problem areas; and
- ❖ Suggestions for improvement, including, where feasible, schedules for making improvements.

The purpose of the joint evaluation process is to assess progress in accomplishing the commitments in a grant agreement. Joint evaluations produce valuable performance information to support state and EPA program planning and decision making and provide assurance that EPA and the recipient are meeting their environmental program responsibilities.

EPA and State Coordination

The basis for joint evaluations comes from a variety of sources and may be achieved in a variety of ways involving one or many program reports about the commitments in

the work plan, including formal reports from program data systems, informal and formal program reviews, site visits, and most important, ongoing EPA-state staff relationships. In addition to the joint evaluation process, other program specific reviews may be used to complement and inform the joint evaluation. These include reviews of delegation and other program requirements and may occur outside of the time frame for the joint evaluation process. The joint evaluation will reveal both progress and possible shortfalls under the work plan.

Fiscal Accountability

PPG recipients must maintain accounting and financial records which adequately identify the use of federal funds and cost share for PPG activities. These records should contain relevant information such as obligations, unobligated balances, outlays, expenditures, and program income. Recipients track PPG funds to the total effort or costs incurred for the PPG work and draw down funds from the PPG budgetary account for the federal share of costs incurred.

Can changes be made to an approved PPG work plan?

Yes, the regulations at [2 CFR §200.308](#) and [40 CFR §35.114](#) provide information on when prior approval from the agency is necessary. A best practice that is embedded in the terms and conditions of a PPG award is for the recipient to consult with their EPA Project Officer (PO) before making a post-award change to the work plan. Consulting the PO will help the recipient determine whether their proposed work plan change is significant or not. If the PO determines the change is significant, the recipient must work with the EPA PO and Grant Specialist (GS) to create a formal amendment to the PPG, to be approved by EPA's GMO.

Per the “Transfer of Funds” General Term and Condition, the recipient will notify the EPA PO and GS of any transfers of funds among direct budget categories, programs, functions and activities or transfers that change amounts budgeted for indirect costs. If the PO determines that a transfer of funds significantly changes work plan commitments, or involves an item of cost subject to a prior approval requirement under [2 CFR §200.407](#), the recipient must consult with the PO and obtain approval by EPA’s GMO prior to making the transfer of funds. All transfers must be reported in performance reports.

If the recipient and PO cannot agree on whether a significant change to work plan commitments will take place, the matter will be elevated to the EPA approval official for the assistance agreement and an appropriate senior manager for the recipient for a negotiated resolution. The recipient cannot make the change until the matter is resolved. If a negotiated resolution is not achieved the EPA’s GMO or other authorized official will issue an Agency Decision under the [2 CFR Part 1500, Subpart E Dispute Procedures](#).

Can the period of performance for a PPG be extended?

Yes. If the original project period for a PPG is less than five years, and a recipient needs more time to finish the work plan commitments, they can request an extension. The administrative terms and conditions of each assistance agreement dictate where to send requests for an extension. Typically, requests for extensions are sent to the EPA GS and PO.



EXTENSIONS BEYOND FIVE YEARS

When necessary, PPG recipients can request an extension to the period of performance

beyond five years. To request an extension, recipients should work with their PO to submit the request, which must include:

- ❖ Grantee Name
- ❖ Grant Number
- ❖ Current and Proposed Budget/Project Periods
- ❖ Remaining Award Amount
- ❖ A justification for the extension, including pertinent background information, a description of their circumstances, and what the extension will allow the recipient to do.

The PO will submit the extension request on the recipient’s behalf to the Office of Grants and Debarment (OGD) for consideration, following standard agency procedure. As a best practice, PPG recipients that anticipate needing an extension beyond five years should notify their PO six months before their project end date to ensure it is processed in time.

What is the EPA Quality Program?

EPA organizations and non-EPA organizations performing environmental information operations funded by or on behalf of EPA are required to participate in the EPA Agency-wide Quality Program. EPA’s Quality Program supports EPA’s mission to protect human health and the environment and to ensure environmental information operations products and services are of known and documented quality for their intended use(s). Project-specific details of individual projects are documented in a Quality Assurance Project Plan (QAPP). Thus, the Quality Management Plan (QMP) may be viewed as the “umbrella” document under which individual projects are conducted. Requirements for QMPs can be found in [EPA QA/R-2, EPA Requirements for Quality Management Plans](#). Please also contact your sponsoring organization for additional requirements for QMPs.

The terms and conditions of the award will specify a recipient's quality assurance responsibilities. Any data collection that does not follow quality assurance procedures is unusable and therefore the costs must be disallowed. For more information on EPA's Quality Program, please visit www.epa.gov/quality.

What is a Quality Management Plan (QMP)?

A Quality Management Plan (QMP) describes an organization's Quality Program. It documents how an organization structures its Quality Program including descriptions of its internal quality procedures for implementing and assessing the effectiveness of the program; criteria for and areas of application; and roles, responsibilities, and authorities. The QMP must also document all technical activities to be performed under the Quality Program and how the program will integrate quality assurance (QA), quality control (QC), and Quality Assurance Project Plans (QAPP) into all its environmental information operations.

What is a Quality Assurance Project Plan (QAPP)?

A QAPP is a planning document related to a project that describes in comprehensive detail the necessary QA/QC requirements and other technical activities that must be implemented to ensure that the results of the work performed will satisfy the stated performance and acceptance criteria. It integrates all the technical and quality aspects of the project in order to provide a "blueprint" for obtaining the type and quality of environmental information needed for a specific decision or use. All work performed or funded by EPA that involves environmental information operations must have an approved QAPP.

A QAPP is a post-award requirement that needs to be **completed and approved before environmental information operations are conducted**. Environmental information operations is a collective term that encompasses the collection, production, evaluation, or use of environmental information by or for EPA and the design, construction, operation, or application of environmental technology. Additionally, activities involving environmental information operations in the grant work plan may not be funded until the QAPP is approved.

Requirements for QAPPs can be found in [EPA QA/R-5, EPA Requirements for Quality Assurance Project Plans](#). Please also contact your sponsoring organization for additional requirements for QAPPs.

What is the difference between a QMP and a QAPP?

A QMP is a document that describes a quality program in terms of the organizational structure, policy and procedures, functional responsibilities of management and staff, lines of authority, and required interfaces for those planning, implementing, documenting, and assessing all activities conducted. A QAPP is a document that describes the necessary quality assurance, quality control, and other technical activities that must be implemented to ensure that the results of the work performed will satisfy the stated performance criteria. A QMP documents the overall organization/program whereas a QAPP documents project-specific information. Usually, a quality program is documented once (and updated on a regular basis), but the quality assurance activities are documented for each project.

How does a PPG recipient draw down funds?

As required by [2 CFR §200.305\(a\)](#), recipients must only draw funds for the minimum

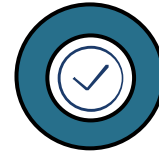
amounts needed for actual and immediate cash requirements to pay employees, contractors, subrecipients or to satisfy other obligations for allowable costs under the assistance agreement. The timing and amounts of the drawdowns must be as close as administratively feasible to actual disbursement of EPA funds. Disbursement within five business days of the drawdown will materially comply with this requirement. Excess funds drawn down not meeting this requirement should be returned to EPA. More information on receiving assistance agreement payments can be found [here on EPA's website](#).

PPG recipients do not need to account for PPG funds in accordance with the funds' original environmental program sources; they need only account for total PPG expenditures. When drawdowns are made, they are charged proportionately to each source of funds in the PPG.

If funds remain after all work is complete, what can a recipient use those funds on?

If funds remain on the grant after all work plan commitments have been accomplished, PPG recipients may use those remaining funds for additional activities that fall within the scope of work. Recipients must contact their PO to confirm proposed activities fall within the scope of work before proceeding.

Section IV: Closeout



What does closeout mean?

[Closeout](#) refers to the systematic process EPA uses to determine that a recipient has completed all the required work under a grant and to confirm that all applicable financial and administrative requirements have been met.

Most grants follow the closeout procedures that are outlined in the Office of Management and Budget's (OMB) [Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards](#) regulations, located at 2 CFR Part 200. In addition, EPA grant policy requires all grants to be closed as soon as possible prior to the end of the calendar year following the project end date(s):

- ❖ 90 days before the project expiration, the Agency Finance Center sends a reminder to the grant recipient with closeout procedures and requirements
- ❖ No later than 120 days after the project is complete, the grant recipient should submit a final Federal Financial Report (FFR) to the Agency Finance Center

- ❖ Grant recipient should also submit a Final Technical Report for EPA review and approval
- ❖ The PPG PO must complete the PO certification form and return to the EPA Grants Office

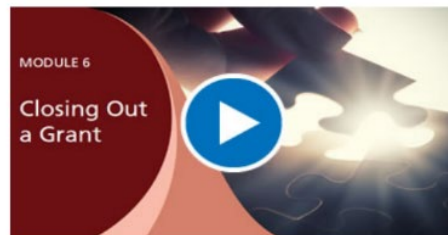
What is the process for closeout of a PPG?

About 90 days before the PPG expires, EPA's Research Triangle Park Finance Center (RTPFC) will send a letter to remind the recipient about the approaching end date and explain the grant closeout requirements. Under federal grant regulations as noted in [2 CFR §200.344](#), grants must be closed out within 120 days of the end of the performance period, meaning all final progress and federal financial reports have been submitted. More information and training modules [can be found on EPA's website](#). Module 6, as depicted below, offers insight on closing out a grant.

Module 6

Reviews guidelines and information about closing out an EPA grant in accordance with EPA's grant regulations and the terms and conditions of the award.

Approximately 60 minutes | [Launch](#)





Program-Specific Requirements

There are program-specific requirements that do not apply to program funds when they are included in a PPG. The following provides examples, but is not an exhaustive list, of program-specific requirements that do not apply to PPGs:

- ❖ [35.268\(c\)](#): Administrative costs in the form of salaries, overhead, or indirect costs for services provided and charged against activities and programs carried out with these funds shall not exceed 10 percent of the funds the State receives in any fiscal year. The cost of implementing enforcement and regulatory activities, education, training, technical assistance, demonstration projects, and technology transfer programs are not subject to this limitation.
- ❖ [35.272](#): Recipients must use the lead-based paint program funding in a way that complements any related assistance they receive from other federal sources for lead-based paint activities.
- ❖ [35.298\(c\)](#): The costs of radon measurement equipment or devices (see [§ 35.290\(b\)\(1\)\(iv\)](#)) and demonstration of radon mitigation, methods, and technologies (see [§ 35.290\(b\)\(1\)\(ix\)](#)) shall not, in the aggregate, exceed 50 percent of a State's radon grant award in a fiscal year.
- ❖ [35.298\(d\)](#): The costs of general overhead and program administration (see [§ 35.290\(b\)\(1\)\(vii\)](#)) of a State Indoor Radon grant shall not exceed 25 percent of the amount of a State's Indoor Radon Grant in a fiscal year.
- ❖ [35.298\(e\)](#): A State may use funds for financial assistance to persons only to the extent such assistance is related to demonstration projects or the purchase and analysis of radon measurement devices.

While [40 CFR §35.134](#) states that [§35.298\(g\)](#) does not apply to PPGs, EPA has a class exception in place that requires recipients of State Indoor Radon Grant (SIRG) funds to maintain and make available to the public, a list of firms and individuals in the State that have received a passing rating under the EPA proficiency rating program, regardless of whether those funds are in a standalone SIRG award or a PPG.

Appendix A: Glossary of Terms

Allotment: EPA's calculation of the funds that may be available to an eligible recipient for an environmental program grant. An allotment is not an entitlement.

Consolidated Grant: A single grant made to a recipient consolidating funds from more than one environmental grant program. After the award is made, recipients must account for grant funds in accordance with the funds' original environmental program sources. Consolidated grants are not Performance Partnership Grants. See [§ 35.109 Consolidated grants](#).

Environmental program: A program for which EPA awards grants under authorities listed in 40 CFR §35.101. The grants are subject to the requirements of 40 CFR Part 35 Subpart A.

Funding period: The timeframe specified in the grant agreement during which the recipient may expend or obligate funds for the purposes set forth in the agreement.

Outcome: The environmental result, effect, or consequence that will occur from carrying out an environmental program or activity that is related to an environmental or programmatic goal or objective. Outcomes must be quantitative, and they may not necessarily be achievable during a grant funding period.

Output: An environmental activity or effort and associated work products related to an environmental goal or objective that will be produced or provided over a period of time or by a specified date. Outputs may be quantitative or qualitative but must be measurable during a grant funding period. See "outcome."

National Program Guidance: Guidance issued by EPA's National Program Managers for establishing and maintaining effective environmental programs. This guidance establishes national goals, objectives, and priorities as well as the core performance measures and other information to be used in monitoring progress. The guidance may also set out specific environmental strategies, criteria for evaluating programs, and other elements of program implementation.

Performance Partnership Agreement: A negotiated agreement signed by the EPA Regional Administrator and an appropriate official of a State agency and designated as a Performance Partnership Agreement. Such agreements typically set out jointly developed goals, objectives, and priorities; the strategies to be used in meeting them; the roles and responsibilities of the State and EPA; and the measures to be used in assessing progress. A Performance Partnership Agreement may be used as all or part of a work plan for a grant if it meets the requirements for a work plan set out in § 35.107.

Performance Partnership Grant: A single grant combining funds from more than one environmental program. A Performance Partnership Grant may provide for administrative savings or programmatic flexibility to direct grant resources where they are most needed to address public health and environmental priorities (see also [40 CFR §35.130](#)). Each Performance Partnership Grant has a single, integrated budget and recipients do not need to account for grant funds in accordance with the funds' original environmental program sources.

Pre-award costs: Pre-award costs, as defined in [2 CFR §200.458](#), are those incurred prior to the effective date of the Federal award or subaward directly pursuant to the negotiation and in anticipation of the Federal award where such costs are necessary for efficient and timely performance of the scope of work. Such costs are allowable only to the extent that they would have been allowable if incurred after the date of the Federal award and only with the written approval of the Federal awarding agency. If charged to the award, these costs must be charged to the initial budget period of the award, unless otherwise specified by the Federal awarding agency or pass-through entity.

Per [2 CFR §1500.9](#), EPA award recipients may incur allowable project costs 90 calendar days before the Federal awarding agency makes the Federal award. Expenses more than 90 calendar days pre-award require prior approval of EPA. All costs incurred before EPA makes the award are at the recipient's risk. EPA is under no obligation to reimburse such costs if for any reason the recipient does not receive a Federal award or if the Federal award is less than anticipated and inadequate to cover such costs.

Work plan: The document which identifies how and when the applicant will use funds from environmental program grants and is the basis for management and evaluation of performance under the grant agreement to produce specific outputs and outcomes (see [40 CFR §35.107](#)). The work plan must be consistent with applicable federal statutes; regulations; circulars; executive orders; and EPA delegations, approvals, or authorizations.

Work plan commitments: The outputs and outcomes associated with each work plan component, as established in the grant agreement.

Work plan component: A negotiated set or group of work plan commitments established in the grant agreement. A work plan may have one or more work plan components.

Appendix B: Frequently Used Acronyms

CAA	Clean Air Act
CERCLA	Comprehensive Environmental Response, Compensation and Liability Act
CFDA	Catalog of Federal Domestic Assistance
CFR	Code of Federal Regulations
CEP	Continuing Environmental Program
CWA	Clean Water Act
ECOS	Environmental Council of the States
FFR	Federal Financial Report
FIFRA	Federal Insecticide, Fungicide and Rodenticide Act
GMO	Grants Management Official
GPI	Grants Policy Issuance
GPRA	Government Performance and Results Act
GS	Grant Specialist
MOE	Maintenance of Effort
MPG	Multipurpose Grant
NEPPS	National Environmental Performance Partnership System
NPM	National Program Manager
OCFO	Office of the Chief Financial Officer
OCIR	Office of Congressional and Intergovernmental Relations
OGD	Office of Grants and Debarment
OMB	Office of Management and Budget
PO	Project Officer
PPA	Performance Partnership Agreement
PPG	Performance Partnership Grant
PRC	Program Resource Code
RA	Regional Administrator
SDWA	Safe Drinking Water Act
SWDA	Solid Waste Disposal Act
STAG	State and Tribal Assistance Grant
TPC	Total Project Costs
TSCA	Toxic Substances Control Act