



# State/EPA Priority Planning and Resource Allocation in Region 8

November 2004

**T**his document is intended to describe the annual planning cycle for State / EPA Performance Partnership Agreements (PPAs) and the grant work plans that may accompany them. When a state and EPA have entered a multiple year PPA, this planning model should guide development of the original PPA and any annual update that may be needed. The model portrays an agreement cycle based on the federal fiscal year. However, the planning process should be dynamic and cyclic, feeding off the previous year's results and accomplishments. If a state chooses some other yearly cycle for its agreement the negotiation schedule should be adjusted quarterly to fit while the EPA planning and priority setting schedule remains constant. In any case, the PPA and accompanying work plans record resource allocations based on priorities agreed to by the state and region, and should be considered the single document defining the working relationship between the state and EPA for its duration.

## Winter

### Preliminary Priority and Resource Planning

State and EPA planning and preparation for the coming fiscal year begins in the winter. The start of the calendar year is a time for the region and states to reflect on their long-term goals, what is to be accomplished in the next fiscal year and what their priorities are to continue to implement their strategic goals in the Performance Partnership process. During the winter, Senior Managers will assess the progress made on the multi-media regional priorities, retire existing priorities and adopt new ones based upon last year's end-of-year report. They will determine strategies to accomplish priority work in the coming year and estimate state and EPA programmatic impacts.

### January - February

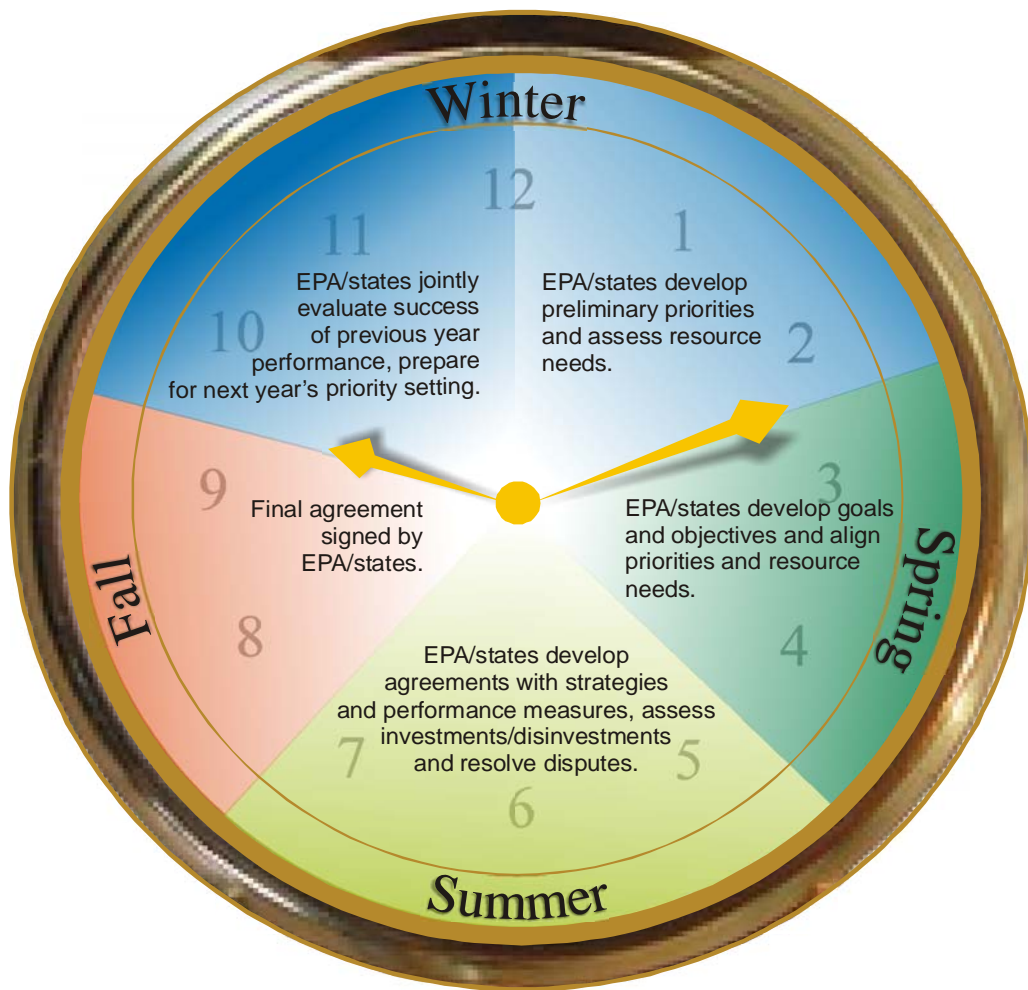
EPA has adopted a three-year cycle for its national and regional strategic plans. Major revisions to national program guidance are made on the same cycle with only minor changes made annually. EPA headquarters provides the regions with national program manager (NPM) guidance by February so regions will have the information to begin State/EPA planning and priority-setting.

The EPA Region will serve as a key point of nexus to advance state priorities into the national and regional planning and priority setting processes, including the EPA Strategic Plan, National Program Manager (NPM) Guidance, EPA Regional Plans and Annual Performance Commitments and annual budgets.

EPA and state program managers will independently assess financial and resource availability needs in light of state and regional or national priorities. In February, federal programmatic resource projections and proposed state allocations of federal funds based on the President's proposed budget are provided to the States with draft program guidance. Preliminary regional strategies for multi-media priority implementation are also sent to state agency directors.

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# PDRA Cycle



### January - March

#### Review and Feedback on Draft NPM Guidance

##### *States*

States provide EPA their preliminary priorities for the forthcoming fiscal year along with a brief description of resource allocations and where they may have resource allocation problems to meet their preliminary priorities. States provide comments to the region on any concerns they may have with the draft NPM Guidance documents. States may also choose to convey their comments into the national review process on the guidance.

##### *EPA*

Regional programs should immediately review the draft NPM guidance and annual performance commitments and determine where they appear to be inconsistent with state priorities. EPA programs provide feedback on draft guidance to NPMs, based upon state priorities and regional priorities. EPA regional programs should provide feedback about any disconnects between the state program and the draft guidance to the NPMs, based upon state and regional priorities. The regional office should facilitate resolution of any difference, potentially including changing the NPM guidance, negotiating a resolution in the region and/or state planning process, or addressing the item in the APCs development process.

### March

#### Synthesis and Analysis of Planning Information

##### *EPA & State*

To prepare for State/EPA planning and priority setting, both states and EPA should synthesize and distill all relevant information to begin to develop their proposed goals, priorities and action items for the next fiscal year. EPA and the states must consider the preliminary state priorities and how these priorities align with NPM guidance and regional priorities without adding an undue burden on state resources.

#### EPA and State “first-cut” of Program and Multi-media Priorities

##### *EPA & States*

EPA programs and states should document their winter work for use as a basis for regional guidance, and as a talking piece for the planning and priority-setting meetings between EPA and the states during the following season.

EPA and the states must consider the preliminary state priorities and how these priorities align with NPM guidance and regional priorities without adding an undue burden on state resources.



## Spring

The negotiation that occurs at these meetings must include an effort to align EPA and state priorities and program implementation roles, and to discuss resource allocation issues.

Where EPA has expectations of the states that are not aligned to state priorities, discussions of investment, disinvestment or EPA assistance must occur.

EPA programs and states should make good-faith efforts to align priorities. Where alignment is not achieved; flexibility, innovation and resource allocation issues must be discussed. This must include consideration of disinvestment of lower priority projects, programs or redistribution of available resources.

### State/EPA Joint Planning and Priority-Setting

Spring is a time for the states and EPA to begin to develop the following fiscal year's agreement. An important first step in this development process is for EPA and state program managers to share and discuss their initial priorities, goals and action items developed during winter. This occurs in two ways: first, when EPA programs and states share their priorities, and second, when states and EPA hold their program-to-program planning meetings. Some EPA programs hold region-wide meetings, including all states from a particular program, while others hold state-specific meetings. At these meetings EPA and state programs discuss their future year priorities as well as issues and concerns noted in the evaluations and assessments. The meetings should result in further identification of issues and refinement of priorities to be captured in the final regional or state-specific guidance sent to states by May 1.

The negotiation that occurs at these meetings must include an effort to align EPA and state priorities and program implementation roles, and to discuss resource allocation issues. Where EPA has expectations of the states that are not aligned to state priorities, discussions of investment, disinvestment or EPA assistance must occur. Flexibility and innovation should also be a significant part of these negotiations so that resource expenditures go to the greatest environmental good. Information from program planning meetings then flows to senior management to prepare them for their discussions with states. Senior managers review the program priorities and consider their alignment with top priorities for the state or region. At the senior management planning meetings, these top priorities are shared and mutual goals are developed.

### March - April

#### EPA/State Program Planning Meetings

##### *EPA & States*

EPA program managers should meet with their state program counterparts to discuss state and regional priorities. These may be captured in a "first-cut" document developed in winter. The meetings should focus on high level goals and priorities (the big picture) and not be limited to small minor issues. Regions should use the feedback received at these meetings to finalize regional strategies and guidance and respond to national guidance and proposed performance commitments. These meetings may involve all states or be state-specific. EPA programs and states should make good-faith efforts to align priorities. Where alignment is not achieved, flexibility, innovation, and resource allocation issues must be discussed. This must include consideration of disinvestment of lower priority projects, programs or redistribution of available resources. Where alignment is not achieved, issues will be elevated to the attention of the State Assistance Program.



**April****EPA Creates Regional Guidance and Sends to States for Review****April 1 - NPM Guidance****May 1 - Regional Guidance Package*****EPA***

Regional program managers will use whatever NPM guidance is available as of April 1, to create regional guidance and to develop annual performance commitments. EPA program managers should distill the NPM guidance and other information into a succinct regional guidance packet for the states. This packet would include consideration of the shared state priorities and how the state priorities can be accommodated without additional undue burden on the states. Regional guidance should clearly describe the national and regional priorities and recommended commitments for each state that includes consideration of the State's priorities. Each program should send its regional guidance to the state programs and to the State Assistance Program by the end of April. The State Assistance Program will post a compiled regional guidance package on the Regional website by May 1. The State Assistance Program will also transmit the proposed PPG funding allocations that are available by May 1 to each state.

***States***

State PPA coordinators should assure that each program has received its appropriate regional guidance. It is recommended that state programs review the guidance prior to EPA/State PPA negotiations so that they are prepared to respond to the recommended priorities and commitments and/or propose alternatives.

***EPA & States***

EPA and state senior managers will meet to discuss program status, trends, and priorities. Senior managers review the program priorities and consider their alignment with top priorities for the state or region. At the senior management planning meetings, these top priorities are shared and mutual goals are developed.



## Summer PPA Negotiation and Development

Agencies jointly determine what goals, objectives, outcomes, outputs and performance measures will be included in the agreement for the upcoming year(s)

At this stage where disagreements in priorities or resource shortages may exist, the state may recommend disinvestments, based upon its priorities for where the greatest environmental benefits will be achieved.

Funding allocations may cause reconsideration of resource allocation and reinvestment/disinvestment decisions.

Summer is the time of year when EPA and the states conduct the detailed negotiations that result in a PPA or revised and amended agreement in the case of multi-year PPAs. The importance of this phase is that the agencies jointly determine what goals, objectives, outcomes, outputs, and performance measures will be included in the agreement for the upcoming year(s). Regional guidance developed and refined as a result of state input is the basis for PPA negotiations. It is anticipated that this will be a highly interactive phase with both agencies sharing and negotiating commitments and measures proposed for the final agreement that defines the state and EPA working relationship for its duration. The state will take the lead in drafting the PPA, with ongoing EPA input, and will submit a final draft to EPA for review and concurrence. At this stage where disagreements in priorities or resource shortages may exist, the state may recommend disinvestments, based upon its priorities for where the greatest environmental benefits will be achieved. Innovations in how work is accomplished, who does what work and whether certain work elements are necessary will be discussed. The states are encouraged to recommend resource reallocation in how EPA provides oversight and support. The State Assistance Program will work to ensure that issues are elevated, discussed and resolved as quickly as possible to keep the process moving forward. Also during summer, the State Assistance Program will provide states with revised projected funding allocations, by program, for the upcoming year. The states will use these allocations to create the PPG application and the final draft agreement.

### June - July

#### State/EPA Program-to-Program Negotiations

##### *EPA & States*

The PPA negotiations are based on national and regional guidance and performance commitments, EPA and state program priorities, agency-wide priorities, and resource considerations. Program staff and managers will negotiate the specific commitments and performance commitments to be included in the agreement. In addition to the state commitments, these should include items such as: EPA commitments to enhance state capacity, agreed upon work-sharing by EPA that is necessary to achieve environmental or program objectives, or other mutually agreeable elements.

##### *States*

The states should initially develop program-specific drafts and send them to their EPA program counterparts for review during June and July. State and EPA staff should be involved in ongoing communications via phone calls, e-mail or meetings to discuss and come to agreement on the commitments and measures in the draft PPAs. The State Assistance Program should be made aware of any critical, unresolved issues as they emerge.

##### *EPA*

By July 1, EPA must inform states of any known changes in the proposed funding allocations for the next year. Funding allocations may cause reconsideration of resource allocation and reinvestment/disinvestment decisions.



## **S**ummer PPA Negotiation and Development - *continued from page 6*

The state is responsible for submitting the PPG application and the final draft PPA for the following fiscal year by August 1, of the current year.

### August 1

#### State Submits PPG Application and Draft PPA

##### *State*

The State is responsible for submitting the PPG application and the final draft PPA for the following fiscal year by August 1, of the current year. The original PPG grant application is submitted to the Grants Management Office with copies to the State Assistance Program. The draft PPA should be submitted to the appropriate State Planning Manager (SPM) in the State Assistance Program. States are encouraged to highlight unresolved issues that have arisen during negotiations when submitting the draft agreement.

### August 1 - 15

#### EPA Review and Comment

##### *EPA*

The State Assistance Program distributes the draft PPA to program coordinators. The coordinators, in turn, distribute the PPA to all relevant staff for their review. During this time, staff should review the PPA and attempt to resolve any issues with their state counterparts.

All comments, including unresolved issues and/or agreements, should be sent to the appropriate SPM by August 15, or 15 days after receipt of the draft PPA from a state. For all unresolved issues, programs should describe the issue from both the EPA and state perspective. The State Planning Managers will summarize the PPA agreements and issues and communicate them with their state counterparts.

### August 15 - September 1

#### Issues Resolution by Management

##### *State and EPA*

Managers and Program Directors discuss and seek resolution of outstanding issues.

### September 1

#### Unresolved Issues Elevated to Senior Management

##### *EPA*

The Program Coordinators and SPMs ensure that Program Directors are informed about all unresolved issues. The SPMs work with programs and states to resolve the issues and may set up meetings or conference calls to facilitate discussions and resolution. By September 1, all issues should be resolved. Any remaining issues will be elevated for resolution to the highest levels of management in both EPA and the states.

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## **S**ummer PPA Negotiation and Development - *continued from page 7*

### September 1 - *continued from page 7*

#### Unresolved Issues Elevated to Senior Management

##### *States*

State PPA contacts will also work to ensure that unresolved issues are identified and resolved. State contacts will also ensure that all agreements are incorporated into the PPA. After issues have been resolved, states will revise the PPA for final submittal, if needed.

### September 1-30

#### Signing of new PPAs

##### *State*

The state obtains the Director's signature and submits the final draft PPA to the State Assistance Program for EPA's final review and concurrence.

##### *EPA*

The SPM distributes the final draft PPA to Program Directors for final review, and obtains all concurrences from Directors and Assistant Regional Administrators and then takes the agreement to the Regional Administrator for signature. A copy of the final signed document is sent to the state. Both EPA and the state distribute the PPA to program staff and managers to use to track progress of work and accomplishment of commitments throughout the year. Once finalized and if the state agrees, the PPA can be posted on the EPA web site.

### August - September

#### Regional Workplan Attachments to Regional Plan

##### *EPA*

The Region will complete its workplan attachment with final annual commitments based on PPAs.





## Autumn

During autumn, EPA and the states evaluate the previous year's performance in order to take an objective look at the status of the environment, and to identify critical issues, resource and program needs, and opportunities for improvement.

### Measuring EPA/State Performance

During autumn, EPA and the states evaluate the previous year's performance in order to take an objective look at the status of the environment, and to identify critical issues, resource and program needs, and opportunities for improvement. The evaluation will be conducted through a variety of instruments such as: the joint end-of-year report as required by the PPA, program oversight and management reviews, file reviews, audits, database reviews and other information as necessary. It is expected that both parties will use all relevant information to determine the strengths and problem areas needing follow-up. Evaluation information will later be used in developing the following year's set of agreements.

#### October

##### Gather Data on Performance

###### *EPA & State*

Both EPA and the state should review the status of PPA commitments. In addition, states and EPA may conduct and assess data pulls from national databases, and conduct program and oversight reviews and audits, as appropriate, to determine performance. The annual performance commitments in the PPA should be used as criteria to assess state and EPA effectiveness in accomplishing program goals and objectives. The purpose of this step is to gather all known information for the next step – a joint analysis of the progress made in accomplishing the goals and objectives defined in the PPA.

#### October - December

##### Discussion/Negotiation of EPA/State Performance

###### *EPA & State*

Both EPA and the state should discuss the information gathered on performance to determine if program goals and objectives are being met. This may occur through phone calls or meetings. The state and EPA should share draft versions of end-of-year assessments on a program-to-program basis to initiate discussions on performance. The state and EPA should attempt to come to an agreement on the information being provided in the end-of-year report, although there may be situations where the state and EPA do not agree on the level of performance.

#### November-December

##### Development of a Joint End-of-Year Evaluation Report

###### *State*

The state takes the lead in drafting the end-of-year report to meet federal grant requirements. The report should include a summary of successes, areas for improvement, and action items for each program and cross-cutting initiative in the PPA. It should also provide or reference quantitative and/or qualitative data on each of the performance measures in the PPA, unless otherwise negotiated with EPA. The state can

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## Autumn

### Measuring EPA/State Performance - *continued from page 9*

#### November-December

##### Development of a Joint End-of-Year Evaluation Report - *continued from page 9*

either send in the report as a final “self-assessment” (with EPA input) or it can send it in as a draft assessment and negotiate a final joint report with EPA. If the state submits a self-assessment, EPA may provide the state with comments on its’ evaluation of state performance, if different from the state’s perspective or beyond the scope of the PPA. Please note that EPA may conduct other reviews and assessments of delegated programs throughout the year as part of its oversight role. These other reviews may be accomplished differently from state-to-state and program-to-program according to the results of accreditation audits performed. Information from any review may be incorporated in state end-of-year reports or in another format, determined by the program.

## Mid-Course Changes

#### Negotiation Process

If either party to the agreement requests a mid-course change in the agreement because of emerging issues, the following process will be followed:

##### *State and EPA*

- If changes are necessary and both parties agree to the change, the changes to the agreement can be made in the current cycle.
- If there is disagreement between the parties on making a mid-course change the parties will follow established procedures in the PPA for resolving disputes. Ultimately, if the parties disagree then the change would only be considered if the request was made by the Governor or the EPA Administrator. In this case, negotiations should occur promptly to address the requested change during the current cycle.



# State/EPA Priority Planning and Resource Allocation

## Roles in PPA Development

### State and EPA Senior Managers will:

- Set the direction for the state and region by identifying individual and mutual priorities;
- Develop strategies, allocate resources and identify investments and disinvestments to meet these priorities;
- Determine which programs will be covered by the PPG and the general content, format, and level-of-detail to be used in the Agreements;
- Monitor progress in completing an Agreement within the boundaries defined at state-specific planning meeting;
- Push back at EPA headquarters or State Governor or boards pressures to add to or change Agreements because of late guidance or change of direction;
- Include state and regional priorities and concerns when developing and negotiating the EPA Strategic Plan and Annual Performance Commitments and providing feedback at ECOS or other State/EPA agency-level meetings; and
- Concur on Agreements to be signed by the State Secretary and the Regional Administrator.

### EPA and State Program Directors/Managers will:

- Exchange preliminary goals, priorities and resource estimates for the forthcoming year early in the process;
- Based on priorities, identify resource needs;
- Disseminate draft and final EPA national and regional program guidance or state directives to State/EPA counterparts (copy to SPMs and State Coordinators) as early in the year as they are received, but no later than May 1 for final EPA guidance;
- Identify region-wide priorities for programs and/or functions for which they are responsible, using Agency guidance, regional environmental needs and issues, and direction set by regional/state senior managers;
- Identify state-specific priorities before state-specific senior planning meetings, using state guidance, end-of-grant year report findings, and state environmental conditions;
- Assure staff follow the schedule, content, format, and level-of-detail conditions agreed to by EPA and state senior managers;
- Resolve issues elevated from staff and elevate issues that cannot be resolved;
- Coordinate with program and compliance/enforcement EPA/State counterparts who will share in making commitments and disinvestments for a program or goal;
- Keep SPM and State Coordinator apprised of conflicts and unresolved issues; and
- Brief senior management on their proposed priorities and on portions of the Agreement in which they or their staff have participated, noting that which is acceptable and/or where negotiations must continue at the senior management level.

### Program Coordinators *(designated by a Program Director/Manager)*

- Program Directors may designate a staff person or people to coordinate the PPA process and support the Director in getting Director role assignments accomplished. The Program Director will clearly define the role of the Program Coordinator to the Program Coordinator, program staff, and to the SPMs or State Coordinator. This role will probably exist at EPA, but not necessarily in the states.

## Roles in PPA Development - *continued from page 11*

### Program and Compliance/Enforcement staff will:

- Negotiate the conditions and commitments for their program within the schedule, content, format, and level-of-detail agreed to by senior managers, and as possibly further defined by the Program Director;
- Assure EPA and state priorities are addressed during negotiations; and
- Elevate issues timely to Program Director (notify SPM or State coordinator) at impasse.

### Regional Planners will:

- Coordinate the development of the Regional Strategic Plan;
- Serve as the liaison for the Annual Commitment System between Headquarters and the Region and the states and the region;
- Work to develop regional priorities; and
- Work to develop an accountability process and system for our regional priorities.

### State Assistance Program and State Coordinators (State Agency) will:

- Arrange senior level planning meetings and raise questions regarding content and format;
- Develop schedule for negotiating and completing the Agreement (schedules may vary from state-to-state);
- Disseminate state-specific schedule, content, and format information to staff and managers;
- Compile and exchange a record of EPA and state guidance;
- Negotiate or assure negotiation of umbrella language;
- Assure EPA and state priorities are reflected in program or goal commitments;
- Monitor process and schedule;
- Resolve disputed issues, or elevate them to senior management for prompt resolution;
- Facilitate resolution of cross-program and cross-functional issues, assuring appropriate persons at EPA and the State are involved; and
- Work with EPA grants specialist and state financial staff to assure PPG documents are developed consistent with PPAs.

### Grants, Grants Budget, and Financial Specialists will:

- Consult with their EPA and state counterparts regarding the forms, certifications, and level of detail needed for completion of grant application documents, grant amendments, Financial Status Reports, carryover and forward-funding procedures;
- Review forms for accuracy, completeness, and consistency with grant application requirements; and
- Provide technical assistance to State Planning Managers, State Coordinators, and Senior Managers regarding preparation of grants, status of funds, and grant obligations.

