




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

SEP 19 2006

MEMORANDUM

DEPUTY ADMINISTRATOR

**SUBJECT:** Maximizing Performance Partnership Grants (PPGs)

**FROM:** Marcus Peacock   
Deputy Administrator

**TO:** Assistant Administrators  
Associate Administrators  
General Counsel  
Inspector General  
Chief Financial Officer  
Regional Administrators

After considering the comments many of you provided during our recent discussions, I have decided to move forward with a project to help states take greater advantage of the flexibility available through Performance Partnership Grants (PPGs). Because PPGs can help advance many of the Administrator's priorities, I am asking that you give this project high level attention.

Many of you mentioned that to successfully maximize the full potential of PPGs, complex and often sensitive policy issues will need quick resolution. I am committed to following through on this need, and ask your support in finding solutions that advance environmental protection while improving state flexibility.

I am asking the existing EPA-State Partnership and Performance Work Group, comprised of senior leaders from the states, Headquarters and the Regional offices, to provide leadership for this project. The Partnership and Performance Work Group will be responsible for identifying obstacles to maximizing PPGs, elevating issues that need resolution, and guiding the work of a staff work group. You may be asked to provide a representative to serve on the staff-level group.

Please review the attached project description. This fall, the Work Group will be asking each of you to help select candidate states for this showcase effort.

Please let me know if you have any questions or suggestions, or you may contact Brent Fewell, Acting Associate Administrator for the Office of Congressional and Intergovernmental Relations at 202/564-5200.

Attachment: Maximizing Performance Partnership Grants  
cc: State Environmental Commissioners

## MAXIMIZING PERFORMANCE PARTNERSHIP GRANTS (PPGs)

Greater use of PPGs can help advance many of EPA's priorities. Most states now combine at least some grant funds in PPGs and benefit from reduced paperwork and administrative streamlining. Fewer states have used the programmatic flexibility available through PPGs to fund important cross-cutting projects or to shift resources among programs in accord with the state's priorities. Through this initiative, EPA hopes to encourage greater state use of PPG authorities in each of three situations (see categories, below). The lessons learned from these PPGs will be used to inform policy decisions and to develop practical "how-to" information on how states and regions can use PPG features to help them address priority needs.

### **Comprehensive, Integrated "Model" PPG**

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**Provide states with strong strategic planning efforts an opportunity to take full advantage of all PPG features**

- Combines funds from most or all major PPG-eligible grant programs
- Allocates resources in accord with priority needs among all programs
- Maximizes use of multi-media approaches (e.g., place-based or sector initiatives; multi-media inspections, monitoring)
- Criteria for potential participants: Solid background in strategic planning with EPA; already combines most or all grants in PPG; capacity for performance-based reporting (*1-2 states*)

### **Multi-Media Environmental Priority PPG**

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**Show how features of PPGs can be used to direct funds to a priority environmental problem that cuts across program boundaries**

- Options: (a) PPG combining *all* funds from each grant program, with a portion of the work plan for the multi-media project; (b) PPG that combines a "tap" or percentage of funds from each grant program with the remainder awarded in categorical grants
- Multi-media priority is broadly defined -- includes sector or place-based environmental priority, compliance/enforcement initiative, innovation or stewardship project, data management improvement project, other cross-cutting project
- Criteria for potential participants: Multi-media environmental priority identified through strategic planning; at a minimum, capacity for performance-based reporting for the multi-media project; current PPG or negotiating PPG for the first time (*multiple states*)

### **First-Time or Expanded PPG**

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**Show value of PPG features to states that have not yet taken advantage of them**

- For first-time states, funds from multiple programs are combined in PPG to achieve administrative and/or programmatic flexibility
- For states with a current but limited PPG, scope of PPG (number of programs combined) is expanded and programmatic flexibility is used to address strategic priorities
- Criteria for Potential Participants: No current PPG or PPG combining just a few programs in a PPG and using only administrative flexibility; some joint strategic planning with EPA, at least on an individual program basis (*multiple states*)