

U.S. Environmental Protection Agency
2007 Annual Report to Congress on Implementation of Public Law 106-107

I. Overview

This is the sixth annual progress report submitted to the Congress and the Office of Management and Budget (OMB) as required by section 5 of the Federal Financial Assistance Management Improvement Act of 1999 (Public Law [P.L.] 106-107). This report covers our interagency activities between September 1, 2006 and November 30, 2007.

The U.S. Environmental Protection Agency (EPA) awarded 2,403 discretionary grants in the amount of \$419,933,196 during Fiscal Year 2007. EPA also awarded 1,975 continuing environmental program grants in the amount of \$1,037,403,270; 827 earmark awards in the amount of \$361,036,655; and 136 non-discretionary awards in the amount of \$1,791,029,727 during Fiscal Year 2007.

EPA participates in a number of interagency workgroups related to P.L. 106-107. These workgroups include Pre-Award, Post-Award, Audit, Training and Certification, the Grants Policy Committee, the Grants Executive Board, the Mandatory Grants group, the Research and Research-Related group, and the SF 424 V2 groups.

This year EPA accepted the chair for the Grants Executive Board, the interagency group that provides consultation and oversight to the Grants.gov project. The role of the Board has been recently expanded to include the Grants Management Line of Business Initiative and implementation of the Federal Funding Accountability and Transparency Act. This action is expected to provide more efficient organization and coordination between the various E-Gov projects in the grants arena and between the federal agencies at the management level and the Office of Management and Budget.

II. Grants.gov

Grants.gov is the central Federal portal envisioned by P.L. 106-107 that allows the public to electronically find and apply for Federal grant opportunities. Grants.gov makes it faster, easier and more cost effective for grant applicants to electronically interact with EPA. EPA considers the Grants.gov project a success.

EPA issued 173 competitive grant announcements during Fiscal Year 2007, all of which were posted on Grants.gov. EPA received approximately 9,100 applications from all its grant programs, including earmarked projects. EPA received 2,975 of the Fiscal Year 2007 applications through Grants.gov (32 percent of all applications, and over 750 more applications received through Grants.gov in Fiscal Year 2006). Additionally, in Fiscal Year 2007, EPA received 5,600 competitive applications; 52 percent of these applications were submitted through Grants.gov.

In Fiscal Year 2007, at the request of some states, three EPA regions began posting non-competitive grants to Grants.gov. Up to 25 formula grant programs listed in the Catalog of Federal Domestic Assistance are available in Grants.gov APPLY for states in those regions. Further, the program is being expanded to more locations.

The Grants.gov Initiative benefits EPA and its grant programs by providing a single location to publish grant opportunities and application packages, and by providing a single site for the grants community to apply for grants using common forms, processes and systems. The grants community benefits from savings in postal costs, paper and envelopes (EPA estimates grantees saved \$11,000 in 2006 on such costs). Additionally, EPA benefits from using Grants.gov APPLY for non-competitive state applications. EPA built and maintains a system for collecting electronic grant applications received from Grants.gov and these applications are processed through the EPA grant award system.

EPA has not yet realized internal cost savings related to Grants.gov, but cost avoidance is realized by not building a front-end application submission process to the existing EPA award system. EPA's Office of Grants and Debarment, which is a grant-making office, contributes funds to the Grants.gov initiative through an interagency agreement.

EPA did not conduct training for applicants to use Grants.gov, because Grants.gov has online instructional materials and an effective Help Desk to support users. Grants.gov APPLY allows applicants to submit the entire application and workplan on-line. Likewise, reviewers can review and share the applications electronically. Grants.gov has the functionality to allow on-line collaboration between reviewers. Paper applications are scanned or copied for reviewers to share.

III. Grants Management Line of Business (GM LoB)

EPA is a participating member of OMB's GM LoB Initiative. Under the Initiative, the Agency will migrate to a new back-end system operated by an OMB-approved Federal agency service provider beginning in Fiscal Year 2011.

EPA established an Evaluation Workgroup to assess the fit between Agency needs and the business services and features offered by the three GM LoB service providers. The workgroup identified Agency criteria, evaluated the options and recommended a service provider for EPA. EPA staff also conducted some testing in the proposed system with positive results.

The GM LoB Alternatives Analysis Workgroup, based on regional and program input, determined that the Department of Health and Human Services (HHS) is the only provider that meets all criteria of the grants workflow. In addition, preliminary testing of GrantSolutions.gov suggests that the HHS alternative would work for the Agency. The GM LoB Steering Committee, the governing board for the project, agreed that HHS was the best alternative and approved EPA's recommendation to engage in the Memorandum of Understanding (MOU) with HHS. The Agency has signed such an MOU with HHS.

EPA anticipates the key benefit will be having a centralized location to download all applications, make awards, and track awards to closeout. Automated business processes available through consortium service providers will decrease agency reliance on manual and paper-based processing. Consortium lead agencies will spread the costs of operations and maintenance (O&M), and development, modernization, and enhancement (DME) across agencies, decreasing the burden that any one agency must bear.

GM LoB will lead to a reduction in the number of systems of record for grants data across EPA and the government and the development of common reporting standards, improving EPA's ability to provide agency-wide and government-wide reports on grant activities and results. Migrating to a consortium lead agency will help EPA comply with the Federal Financial Assistance Management Improvement Act of 1999 and the Federal Funding Accountability and Transparency Act of 2006.

Service to constituents will be improved through the standardization and streamlining of government-wide grants business processes. The public will realize time savings as a result of quicker notification and faster payments due to an automated system for grants processing. Furthermore, GM LoB will minimize complex and varying agency-specific requirements and increase grantee ease of use on Federal grants management systems. Constituents will benefit from having fewer unique agency systems and processes to learn. The ability of grantees to learn how to use the system will be improved, and reliance on call center technical support will be reduced. Consortium lead agencies will also provide grantees with online access to standard post-award reports, decreasing the number of unique agency-specific reporting requirements.

IV. Debarment and Suspension

EPA published on January 19, 2007 its new regulation on nonprocurement debarment and suspension in Title 2 of the Code of Federal Regulations as the final step of a four-step process in streamlining the government-wide nonprocurement suspension and debarment rules. The purpose of the government-wide initiative was to make the rule on nonprocurement suspension and debarment easier to find and use by the regulated community.

The first step in this process was the update to the nonprocurement suspension and debarment common rule published in the *Federal Register* on November 26, 2003. The second step was the establishment of Title 2 in the Code of Federal Regulations May 11, 2004. The third step was the publication of the OMB's guidance on nonprocurement suspension and debarment as adoptable guidance of the new 2 CFR Part 180 on August 31, 2005. On January 19, 2007, EPA removed the contents of 40 CFR Part 32 and relocated it as an adoptive regulation at 2 CFR Part 1532. The effective date of the final rule was February 20, 2007.

V. Agency Commitment to Future Involvement with Government-wide Grants Initiatives

EPA participates in the Grants Policy Committee. The Grants Policy Committee voted on a resolution recommending not reauthorizing P.L. 106-107. Although EPA and the Grants Policy Committee are not in favor of reauthorizing P.L. 106-107, EPA is committed to supporting and initiating continued efforts to streamline grants processes and systems. EPA is currently developing its 2008-2013 long term Grants Management Plan, which includes goals supporting P.L. 106-107 initiatives.

On November 29, 2007, EPA provided award transactions for grants awarded between October 1, 2006 and October 31, 2007 in the first Federal Funding Accountability and Transparency Act submission. EPA was one of four agencies to provide the submission on time. The Agency assessed the completeness and accuracy of the data and identified gaps and technical issues in a report to OMB. EPA has a plan of action for addressing data gaps and technical issues. The Agency believes that investment in this project could have a number of positive impacts. EPA anticipates that the website will reduce the number of Freedom of Information Act Requests for grants award data. For the first time, agencies will be able to establish total federal funding for a recipient for more accurate identification of recipients with a Single Audit requirement. Acceptance of the website as an authoritative source could also eliminate the need to maintain an EPA site for providing the public access to EPA grant information.