



Lean Government

EPA Region 7 Clean Water Act Section 319 Grant Process Lean Kaizen Event Case Study

Summary

EPA Region 7 (Region 7) conducted a Lean kaizen event in August 2012 to improve the efficiency and effectiveness of the Clean Water Act (CWA) Section 319 Grant Process. Section 319 of the CWA established a national program to control non-point source (NPS) pollution through developing assessment reports, adopting management programs to control NPS pollution, and implementing those management programs. NPS pollution control is voluntary and involves promoting practices to protect watersheds. U.S. EPA awards grants to states to assist them in implementing NPS pollution management programs. States that receive §319 federal grant funds use the assistance for activities including technical assistance, financial assistance, education, training, technology transfer, demonstration projects, and monitoring to assess the success of NPS implementation projects.

The event focused on the first stage of the §319 grants process, including workplan negotiation and application development through the award of the grant to the state. Prior to the Lean event, the event facilitator conducted interviews with 11 EPA and state managers and staff familiar with the §319 grants process to collect background information and perspectives. The information gathered during those interviews helped to inform the pre-event work, including the identification of goals, objectives, and event scope. During the event, participants developed a map of the existing grant process, identified areas of waste, and identified action items to implement a more efficient future process.

Scope of the Lean Project

Project Scope: Clean Water Act Section §319 Grant Process beginning with the states' solicitation of proposals for §319 projects and ending with EPA approval of state project implementation plans, including individual state processes and the EPA process.

Results

The team developed a new process that reduces the number of steps, handoffs, and the overall time to finalize grants. While the team did not establish the expected number of steps and target time for the new process, the team expects that the improvements will enable the grants process time to be faster than before the event. The team also expects that the process will take a different amount of time in each state.

This effort resulted in the development of a process whereby Region 7 will be able to award 319 funds in a more effective and efficient manner through increased transparency and understanding. This new process will improve the timeliness and collaboration of the process within Region 7. In addition, the states are exploring opportunities to streamline their internal processes to allow for submission of 319 grant applications and workplans earlier in the fiscal year.

Goals of the Lean Event:

The goals of the event included:

1. Establish a better understanding of the Clean Water Act §319 grants process by all participants
2. Improve consistency of requirements, processes, and reviews across all states and EPA state coordinators
3. Clearly identify state and EPA roles and responsibilities within the process
4. Standardize response times and time frames for action
5. Gain an awareness of ways to address national §319 program expectations, in light of the new draft guidelines that will be effective in 2014

Process Time Goals of the Lean Event:

1. Region 7 will award §319 grant funds to states as soon as possible once final funding allotment is received from EPA headquarters.
2. Applications from the states will be received by the start of the fiscal year (October 1) for which funds are requested.



Figure 1: Current Process Timeline

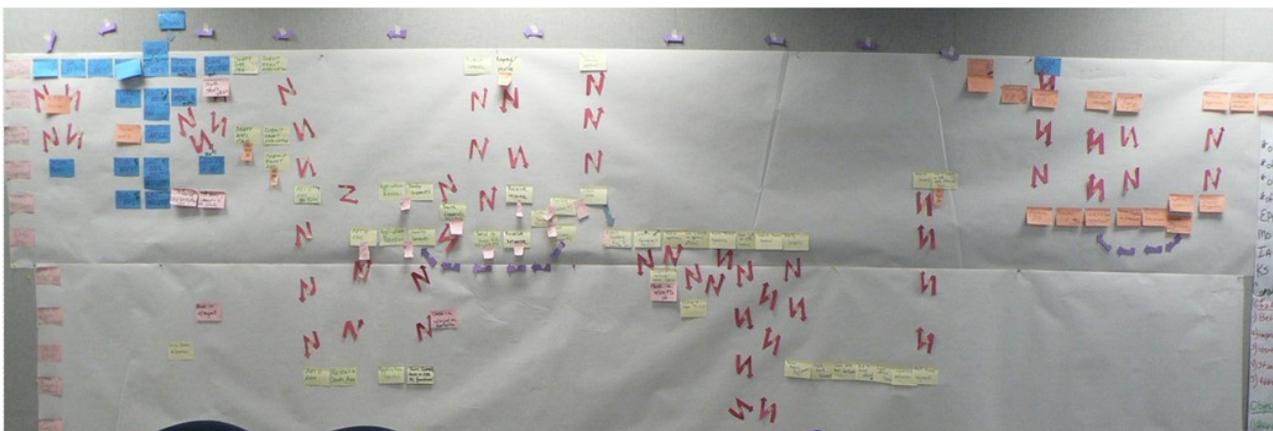


Figure 2: Current Process Swim-Lane Map

Process Changes and Improvements

In the existing §319 process, grants were awarded late in the 4th quarter of each fiscal year. The team for the kaizen event wanted to find a way to make the process better and faster so the grants could be awarded earlier in the fiscal year. The team created traditional swim-lane maps (see Figure 2) to outline the EPA and the state processes. The team also created a timeline (see Figure 1) to document when the process milestones occur for all four states and Region 7 activities. This exercise highlighted the considerable variability among states on when they submit their grant application materials.

The team brainstormed improvements to the swim-lane maps, specifically how to streamline the process steps. The team did not end up creating a new process map from scratch, but instead added and removed steps from the existing process map to create a future process. The team developed a list of action items including a standardized checklist for states to use when developing their §319 grant workplan. The standardized workplan will help states turn in accurate and complete workplans the first time and reduce the time spent revising them. The timeframe adjustments rest largely with the states in getting their materials to Region 7 earlier in the year.

The team also created an “ideal” timeline (see Figure 3) for the grants process, with a target date of getting awards to states by the end of the 2nd quarter or start of the 3rd quarter of the fiscal year. The team acknowledged that the ideal timeline would likely be impossible, because it relies on Congress passing a budget at the first of the federal fiscal year and on states being ready to choose projects before the beginning of the year. Despite this, the team decided to create a timeline and future process map to encourage states to submit their applications early so EPA could award grants as soon as possible after Congress releases the budget. The adjustments to the EPA steps focused on making the regional process more efficient so EPA can award the §319 grants earlier. The team also created an “ideal” process map corresponding to the ideal timeline to show what the process could look like if the ideal time frame could be accomplished. The team created a list of implementation steps with the goal of getting as close as possible to awarding grants immediately after the release of the Congressional budget. This would require some states to advance their process by as much as an entire year.

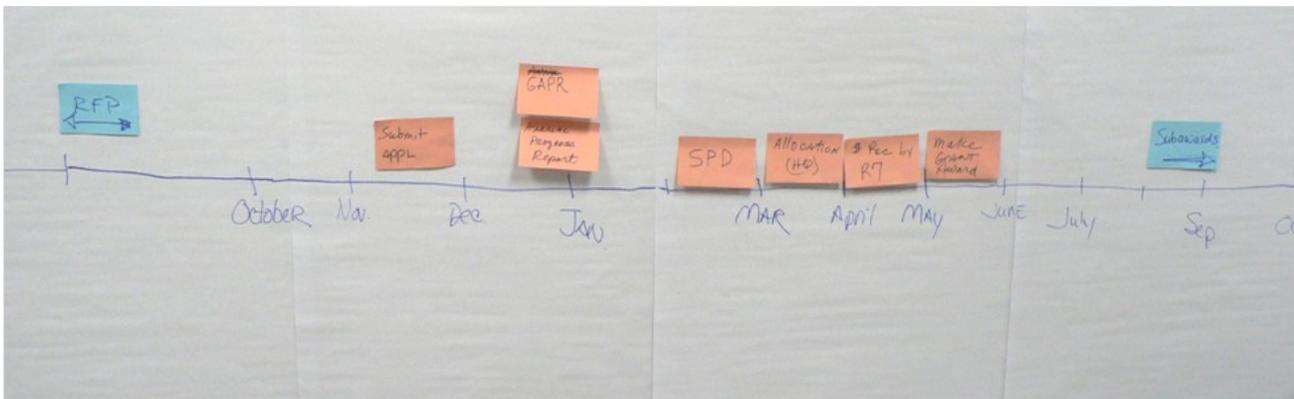


Figure 3: Best Possible Future Timeline

Implementation

The team created a list of action items to implement the improvements identified during the event. They created a tracking spreadsheet that includes a lead person responsible for each item, that person's manager, the item due date, and the percent completion for each item at each of the three follow-up meetings (30-, 60-, and 90-days). The team has now held the 30-, 60-, and 90-day follow-up meetings to discuss implementation and track progress. As of August 2013, nearly all of these items were 100 percent complete.

Completed Implementation Items:

1. **Project Implementation Plan (PIP) Process template/checklist.** Each state submits a PIP for each project to Region 7 for approval as part of the grants process. To improve efficiency, the team created a template and checklist to help states create approvable plans the first time.
2. **Workplan application template/checklist.** In addition to the project PIPs, the states each submit a workplan on their overall work at the state level. The team created a template and checklist to help states submit workplans that can be approved with fewer feedback loops.
3. **States' best practices list.** The states have created a list of their best practices and combined these into one list, which is available for sharing.
4. **Clarifying EPA expectations in watershed plans.** As part of the updated 2014 guidelines, EPA HQ provided clarification of what states are expected to provide in their watershed plans, which are required for a portion of grant funding to be awarded. The event team had identified this as an improvement that they would implement after the event, but it was accomplished by EPA HQ separately.
5. **Communication and outreach about the event.** States have communicated about this event with the Environmental Council of the States (ECOS), the Association of Clean Water Administrators (ACWA), and participants in the October 2012 Total Maximum Daily Load (TMDL) four-state meeting. Part of the purpose of this outreach was to inform other states that they should prepare to begin submitting grant applications much earlier than before.
6. **Improve communication with the Region 7 Water, Wetlands and Pesticide Division (WWPD).** The Region 7 budget staff has increased the number of emails and check-in meetings they hold with WWPD in order to ensure that the grant award review process is consistent.
7. **Region 7 will communicate the results of the event to the Nebraska Department of Environmental Quality (NDEQ).** Because NDEQ will be subject to the changes that resulted from this event, the team has communicated with NDEQ about the changes to help ensure that they will be prepared.
8. **Develop a standard operating procedure (SOP) for Region 7 Water Division management involvement.** This SOP, which is now final, establishes guidelines for the Region 7 Water Division for when managers need to intervene in the grant process.
9. **§319-specific 4-state follow-up meeting.** During the Region 7 annual meeting during the winter of 2013, the team held a check-in meeting to discuss follow-up and implementation.
10. **10% administrative costs limit clarification.** On any grant, a maximum of 10 percent of funds can be used for administrative costs. EPA HQ team created a list of the specific types of costs that qualify after the Region 7 office requested that they do so. EPA HQ then distributed the list of qualifying costs to all regional offices in the updated guidelines.
11. **Clarified National Program Manager (NPM) expectations.** Under the existing process, a state's workplan could not be approved until Region 7 had finalized a Performance and Progress Determination (PPD) which cannot be completed until the state submits their annual report at the end of the summer. This created unnecessary delays in workplan approvals. The Region 7 office requested and received permission from EPA HQ to issue interim PPDs in order to approve state workplans and distribute grants as quickly as possible. This improvement has resulted in substantial reductions in delays.

Implementation Items in Progress:

1. **States will apply Lean principles to their internal processes.** Participating states committed to review and streamline their internal processes to identify potential improvements and improve efficiency.
2. **Pilot grant pre-payment project.** Typically, grantees do not receive money until they have already conducted their projects, and states use grant funds to reimburse them. This “pay-it-forward” pilot project in Kansas will give some projects their money in advance, after asking them to satisfy several criteria (e.g. information about what they plan to do with the money). This pilot project, if successful, would be a significant improvement in the overall grant program’s ability to distribute funds efficiently. As of August 2013, Kansas has created a list of criteria that grantees must meet in order to participate in the pilot, and has shared that list with other states.

These improvements will help to realize the event goals by clarifying roles and responsibilities, increasing consistency and understanding of requirements, and creating awareness of standard expectations. Already, the Region and states have benefited from improved communication and understanding of procedures resulting from the event. As the Region and states continue to implement the items above, improved communication and outreach will ensure a more streamlined process going forward into the future.

For More Information:

Lean Event Contacts:

Leah Medley, EPA Region 7, (913) 551-7167, medley.leah@epa.gov
Ashley Betts, EPA Region 7, (913) 551-7336, betts.ashley@epa.gov

EPA Lean Government Initiative:

Kimberly Green-Goldsborough, EPA Office of Policy, (202) 566-2355
green-goldsborough.kimberly@epa.gov

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