



OFFICE OF INSPECTOR GENERAL

*Catalyst for Improving the Environment*

## Evaluation Report

# **EPA's Efforts to Demonstrate Grant Results Mirror Nongovernmental Organizations' Practices**

Report No. 2005-P-00016

June 2, 2005

**Report Contributors:**

Erin Barnes-Weaver  
Katie Butler  
Ben Webster

**Abbreviations**

|      |   |
|------|---|
| EPA  | Environmental Protection Agency                   |
| GAO  | Government Accountability Office                  |
| GPRA | Government Performance and Results Act            |
| OARM | Office of Administration and Resources Management |
| OIG  | Office of Inspector General                       |



# At a Glance

*Catalyst for Improving the Environment*

## Why We Did This Review

In 2005, EPA's Office of Administration and Resources Management introduced new policies to improve EPA's ability to demonstrate grant results. We sought to determine how these policies compare with techniques used by leading nongovernmental organizations.

## Background

EPA historically faced challenges demonstrating grant program impacts on human health and the environment. As recently as 2004, Congress, the Government Accountability Office, and the EPA Office of Inspector General expressed concerns about the Agency's ability to demonstrate the results of the \$4 billion per year it grants to States, localities, tribes, nonprofits, and other organizations.

**For further information, contact our Office of Congressional and Public Liaison at (202) 566-2391.**

**To view the full report, click on the following link:**  
[www.epa.gov/oig/reports/2005/20050602-2005-P-00016.pdf](http://www.epa.gov/oig/reports/2005/20050602-2005-P-00016.pdf)

## EPA's Efforts to Demonstrate Grant Results Mirror Nongovernmental Organizations' Practices

### What We Found

EPA recently took steps to improve its ability to demonstrate results from grants. In 2005, EPA instituted Results and Pre-Award policies intended to (1) ensure clear links between grant results and EPA goals, and (2) enhance oversight of grantee qualifications and performance. We found the practices required by these policies generally consistent with practices of leading nongovernmental organizations that fund environmental projects and emphasize grantee performance measurement. We identified nongovernmental organization techniques that EPA could consider to augment its policies.

### What We Suggest

We suggest that EPA:

- Track implementation of the Results and Pre-Award Policies to ensure that EPA staff and grantees follow the policies and better demonstrate grant results.
- Adopt the technique of providing sample logic models that lead grant applicants toward established environmental and human health improvement goals.
- Consider providing an online resource for grantees that provides training, examples, and a question and answer bulletin board, as recommended by the Office of Water. This one-stop resource could provide grantees with extensive information about how to meet results reporting requirements.
- In order to ensure that grant dollars fund projects with a high chance of success, EPA could include grantees' past performance as a ranking criterion when competing discretionary grants and selecting successful applicants.
- Conduct a retrospective evaluation of a sample of EPA grant results to provide the Agency with valuable information about how grant dollars contributed in the past to environmental and human health improvements.

EPA agreed with our suggestions, but recommended conducting a retrospective evaluation in 3 or 4 years, once the new results policy has been implemented, rather than engaging in a retrospective evaluation now.



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

OFFICE OF  
INSPECTOR GENERAL

June 2, 2005

**MEMORANDUM**

**SUBJECT:** Evaluation Report: EPA's Efforts to Demonstrate Grant Results Mirror Nongovernmental Organizations' Practices  
Report No. 2005-P-00016

**FROM:** Jeffrey Harris /s/  
Director, Cross Media Issues

**TO:** Luis Luna  
Assistant Administrator  
Office of Administration and Resources Management (OARM)

This memorandum transmits our final evaluation report titled *EPA's Efforts to Demonstrate Grant Results Mirror Nongovernmental Organizations' Practices* conducted by the Office of Inspector General (OIG) of the U.S. Environmental Protection Agency (EPA). EPA agreed with the suggestions contained in the draft report, and the OIG did not substantially change the final report. Therefore, this transmittal memorandum represents the final close-out for this evaluation. We have no objection to the further release of this report to the public. For your convenience, this report will be available at <http://www.epa.gov/oig>.

We appreciate the cooperation and assistance provided by your staff in completing this work. If you or your staff has any questions regarding this report, please contact me at 202-566-0831 or Erin Barnes-Weaver at 303-312-6871.

Attachment

cc: Sandy Womack, Audit Followup Coordinator, OARM  
David O'Connor, Deputy Administrator, OARM  
Howard Corcoran, Director, Office of Grants and Debarment, OARM  
Mike Weckesser, Associate Director, Resource Management Staff, Office of Water

# Table of Contents

---

## At a Glance

|   |           |
|---|-----------|
| <b>Introduction</b> .....   | <b>1</b>  |
| Grant-Making at EPA .....   | 1         |
| Congressional Testimony on EPA Grant Results.....                             | 2         |
| EPA Took Actions to Better Demonstrate Results .....                          | 3         |
| Purpose of This Evaluation.....   | 4         |
| Scope and Methodology.....  | 4         |
| <b>Comparison of EPA and Nongovernmental<br/>Organization Practices</b> ..... | <b>5</b>  |
| Testimony Response.....   | 5         |
| Additional Considerations .....   | 9         |
| Conclusions.....  | 10        |
| Summary of Suggestions and EPA Response.....                                  | 10        |
| <b>Appendices</b> .....   | <b>12</b> |
| A Process Flow for Competitive Grants.....                                    | 12        |
| B Agency Response to Draft Report.....  | 13        |
| C Distribution .....  | 16        |

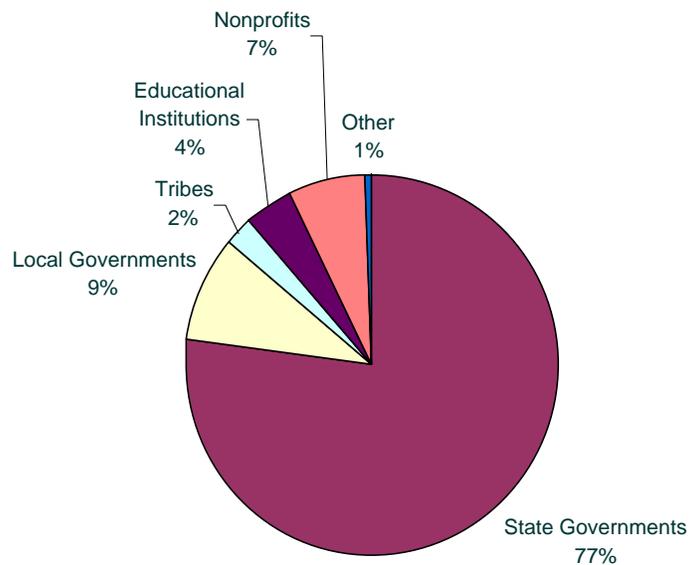
# Introduction

The United States Environmental Protection Agency (EPA) historically faced challenges demonstrating the impact its grant programs make on improving environmental and human health. Guided by a series of recommendations from recent congressional testimony, we compared EPA grant management practices to those used by a sample of nongovernmental organizations. In many instances, EPA demonstrates practices currently used by nongovernmental organizations. However, the nongovernmental organizations we assessed use additional techniques that EPA could consider to better measure grants effectiveness.

## Grant-Making at EPA

EPA awards over one-half of its annual budget in grants to its State, local, tribal, educational, and nonprofit partners. From fiscal years 1997 through 2003, EPA awarded an average of \$4,165,853,900 per year to governments, educational institutions, and nonprofit organizations so that they could help EPA achieve its goals. As Figure 1 demonstrates, EPA awarded most of the funds (88 percent) to State, local, and tribal governments. EPA awarded 11 percent of its grant funds to educational institutions and nonprofit organizations.

**Figure 1:  
Distribution of Awarded Funds by Recipient Type  
(Average Per Year for Fiscal Years 1997 – 2003)**



Source: EPA

EPA divides its grant management responsibilities between (1) program offices that manage grant agreements and outcomes; and (2) the Office of Administration and Resources Management (OARM), which manages administrative requirements associated with EPA’s grant programs. The table below depicts major responsibilities of program offices and OARM with respect to grant management.

| <b>Grant Management Responsibilities at EPA</b> |  |
|---|--|
| <b>Program Offices</b>                          | Oversees grant management and implementation, including: <ul style="list-style-type: none"> <li>• Writing requests for proposals;</li> <li>• Agreeing with grantees on statements of work;</li> <li>• Making determinations on programmatic special conditions;</li> <li>• Reviewing work plans (and noting environmental results);</li> <li>• Determining how closely EPA will work with recipients; and</li> <li>• Reviewing grantees’ interim and final technical reports.</li> </ul> |
| <b>OARM</b>                                     | Manages administrative requirements, including: <ul style="list-style-type: none"> <li>• Awarding grant funds to grantees chosen by program offices;</li> <li>• Writing national policy related to grant administration; and</li> <li>• Overseeing grantees and program offices to ensure grantees and EPA staff follow orders, guidance, and procedures.</li> </ul>   |

See Appendix A for a grant process flow chart describing how EPA issues competitive grants.

## Congressional Testimony on EPA Grant Results

Testimony before the United States House of Representatives on July 20, 2004,<sup>1</sup> indicated that EPA faced challenges managing grants and, in particular, demonstrating results from grants. During its testimony, the EPA Office of Inspector General (OIG) testified that EPA project officers identified neither expected results nor a means of measuring whether grant documents demonstrated results, and also did not include an environmental performance measurement component when establishing new assistance programs. The Government Accountability Office (GAO) testified that EPA did not ensure that it linked awarded grants with outcomes in grant work plans. GAO reviewed seven grant programs and found that an average of 69 percent of work plans did not

---

1

- (1) Statement of John B. Stephenson, Director, Natural Resources and the Environment, Government Accountability Office, before the Subcommittee on Water Resources and Environment, Committee on Transportation and Infrastructure, U.S. House of Representatives, Grants Management: EPA Continues to Have Problems Linking Grants to Environmental Results.
- (2) Statement of Nikki L. Tinsley, Inspector General, EPA, before the Subcommittee on Water Resources and Environment, Committee on Transportation and Infrastructure, U.S. House of Representatives.
- (3) Statement of David J. O’Connor, Acting Assistant Administrator for Administration and Resources Management, EPA, before the Subcommittee on Water Resources and Environment, Committee on Transportation and Infrastructure, U.S. House of Representatives.
- (4) Testimony of A. Alan Mohgissi, President, Institute of Regulatory Science, before the Subcommittee on Water Resources and Environment, Committee on Transportation and Infrastructure, U.S. House of Representatives.
- (5) Testimony of Peter Maggiore, Commission on Assessments and Reviews, before the Subcommittee on Water Resources and Environment, Committee on Transportation and Infrastructure, U.S. House of Representatives.

include outcomes. GAO also reported that the Office of Management and Budget reviewed 10 grant programs and found that eight did not demonstrate results.

GAO, EPA OIG, and others testifying recommended the following additional steps that OARM should take to enhance grant results management:

1. Develop outcome-based goals and measures for grant programs and demonstrate the impacts of programs on human health and the environment.
2. Require grantees to submit work plans describing how grantees would achieve measurable environmental results, including methods for measuring the environmental results of funded projects or programs.
3. Develop a process for evaluating qualifications of investigators and institutions seeking grants.
4. Train both EPA personnel and grantees on how to implement EPA's January 2005 grant results policy (described below) and how to better cooperate with each other.

## **EPA Took Actions to Better Demonstrate Results**

In its testimony, OARM described its plans to solve the problems raised during the testimony. OARM said it would encourage strong senior leadership, effective communication, and enforcement of new grants policies and procedures through internal reviews and performance evaluations. OARM also noted a forthcoming policy that it believed would help solve grant management problems:

- **EPA Order 5700.7: Environmental Results under EPA Assistance Agreements (Results Policy), effective January 1, 2005:** This established EPA's policy for addressing environmental results under EPA assistance agreements, including grants and cooperative agreements. The policy required program offices that administer grants to (1) link proposed grants to EPA strategic goals and Government Performance and Results Act (GPRA) plans; (2) ensure that grantee plans and reports address outputs and outcomes; and (3) consider how results contribute to EPA goals and objectives.

EPA subsequently issued a second policy designed to improve the way it evaluated potential grantees:

- **EPA Order 5700.8: EPA Policy on Assessing Capabilities of Nonprofit Applicants for Managing Assistance Awards (Pre-Award Policy), effective March 31, 2005:** This established internal controls for determining the capability of nonprofit organizations applying for EPA assistance agreements to carry out planned activities. This policy also enhanced post-award oversight by requiring EPA grants officials to take appropriate remedies against nonprofit grant recipients who fail to comply with the terms and conditions of the grants.

## Purpose of This Evaluation

We conducted this evaluation to address recurrent congressional concerns about how effectively the results of EPA grants contribute to achieving the Agency's goals. We specifically sought to determine: "how do EPA grant results policies compare with techniques used in leading nongovernmental organizations?"

## Scope and Methodology

To answer the question listed above, we interviewed EPA officials to determine how the Agency responded to the issues raised during congressional testimony. We compared EPA policies and practices with the techniques used by six leading nongovernmental organizations. We chose nongovernmental organizations for assessment based on the recommendations of other organizations.<sup>2</sup> We based our sample on organizations' familiarity with funding environmental projects, and their interest in measuring the results of their funding activities. We limited the scope of this project to six organizations, ranging from a small, nonprofit venture-philanthropy fund started in 2001 to a large, multi-billion dollar foundation started in 1930. We assessed how these organizations demonstrated grant and investment results by searching printed materials supplied by the organizations (e.g., annual reports), surveying information posted on organizational Web sites, and conducting telephone interviews with individuals responsible for monitoring grant results.

To determine the practicability of adapting these organizations' practices to EPA's grant management process, we met with EPA officials and discussed the feasibility of implementing suggested practices. We noted that EPA may be more limited in its ability to control grant requirements than nongovernmental organizations, especially with the grant funds given to State, local, and tribal governments each year (an average of 88 percent).

We performed our field work in February and March of 2005. We conducted our evaluation in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States.

---

<sup>2</sup> This method, "snowball sampling," relies on previously identified members of a group to identify other members of the population. As newly identified members name others, the sample snowballs in size. (Fink, Arlene. 1995. *How to Sample in Surveys*. Thousand Oaks, Calif.: Sage Publications. P. 70)

# Comparison of EPA and Nongovernmental Organization Practices

## Testimony Response

EPA took actions intended to solve the problems raised in the congressional testimony by issuing the Results and Pre-Award Policies, and taking other actions described below. We found that nongovernmental organizations used similar techniques to ensure that their grantees contributed to organizational goals.

We summarized both the actions EPA took in response to the congressional testimony, as well as practices used by a sample of nongovernmental organizations. We compared EPA and nongovernmental organizations’ practices and offered suggestions for EPA, where applicable.

|   |  |
|---|--|
| <b>Testimony Suggestion 1</b>                 | <b>Goals: Develop goals and measures for all grant programs that are outcome-based and demonstrate the impacts of programs on human health and the environment.</b>  |
| <b>EPA’s Actions</b>                          | EPA outlines program goals in its annual GPRA plan. The Results Policy requires program offices that administer grants to (1) link proposed grants to EPA strategic goals and GPRA plans, (2) ensure that grantees address outputs and outcomes in plans and reports, and (3) consider how results contribute to EPA goals and objectives. The Results Policy requires each program office to determine “significant results” to which grantees should contribute. |
| <b>Nongovernmental Organization Practices</b> | Each of the organizations we assessed described clear organizational goals. Three organizations required that grant applications tier to organizational goals in order to receive approval. One organization emphasized logic modeling in grant applications to demonstrate that applicants considered connections between inputs, planned program activities, anticipated outputs, and anticipated outcomes.  |
| <b>OIG Assessment</b>                         | EPA and nongovernmental organizations both developed policies to address this issue. In order to ensure that grantees clearly understand how to demonstrate results, we suggest that EPA adopt the additional technique of providing sample logic models that lead applicants toward established program goals.  |

|   |  |
|---|--|
| <b>Testimony<br/>Suggestion 2</b>                     | <b>Methods and Work Plans:</b> Require grantees to submit work plans describing how grantees would achieve measurable environmental results, including methods for measuring the environmental results of the funded projects or programs.   |
| <b>EPA's Actions</b>                                  | <p>The Results Policy requires program offices that administer grants to ensure that grantees addressed outputs and outcomes in grant plans. EPA provided training/workshops in Headquarters and in Regions on implementing the Results Policy. OARM ultimately expected program offices to provide their own program-specific training on their respective environmental outcomes. If grantees do not achieve their expected outcomes, the Results Policy required them to provide reasons they did not succeed. OARM said that training associated with implementing the Results Policy would focus on carefully negotiating grantee work plans – including ensuring that grantees use appropriate methods to assess outcomes.</p>   |
| <b>Nongovernmental<br/>Organization<br/>Practices</b> | <p>The organizations we assessed required a range of levels of detail in work plans or for agreed-upon projects. All organizations required recipients and/or applicants to provide anticipated results. In some cases, organizations asked for basic anticipated outcomes and performance measures. Other organizations required more detail about desired results and performance measurement systems. They offered specific directions and examples about how applicants should outline potential results in grant applications, or worked with grantees to develop appropriate results and measurement systems. One organization specified that its recipients must engage in performance measurement throughout the project, or face consideration as “in breach of the terms” of the grant or loan. This organization developed a quarterly, forced-ranking system for evaluating investment results on the basis of their current levels of success as defined through their performance metrics.</p> |
| <b>OIG Assessment</b>                                 | <p>Both EPA and nongovernmental organizations required grantees to demonstrate their expected outcomes, and report on their success in work plans. In order to ensure that EPA's actions address this issue, we suggest that EPA track implementation of the Results Policy to ensure that its implementation corrects the problems raised in the congressional testimony.</p>   |

|   |  |
|---|--|
| <b>Testimony<br/>Suggestion 3</b>                     | <b>Grantee Qualifications: Develop a process for evaluating qualifications of investigators and institutions seeking grants.</b>   |
| <b>EPA's Actions</b>                                  | <p>EPA required grantees to include grant applicant qualifications in work-plans for the principal investigator and the project manager. EPA said that the Pre-Award Policy required using the Grantee Compliance Assistance Initiative Database to conduct pre-award audits because the database includes results of prior grantee reviews. The database included results of programmatic and administrative reviews. EPA staff validated data quarterly, and EPA relayed validation results to relevant national program managers to indicate areas for improvement. Program offices would evaluate grantee past performance using the results contained in the database.</p>  |
| <b>Nongovernmental<br/>Organization<br/>Practices</b> | <p>One organization evaluated applicants' qualifications when deciding to issue a grant. Before the organization made a grant request or program-related investment, the organization advised applicants to produce letters of inquiry describing the qualifications of those engaged in the project. After receiving the letters, organization staff members asked grants seekers to submit formal proposals that should include the names and curricula vitae of those engaged in the project. They also asked applicants to recount accomplishments under current or previous grants, and specifically asked for references to benchmarks provided in previous proposals.</p> |
| <b>OIG Assessment</b>                                 | <p>Both EPA and one nongovernmental organization required grant applicants to report on the qualifications of its key grant staff. In order to ensure that EPA's actions address this issue, we suggest that EPA track implementation of the Pre-Award Policy to ensure that its implementation corrects the problems raised in the congressional testimony.</p>   |

|   |   |
|---|---|
| <b>Testimony<br/>Suggestion 4</b>                     | <b><u>Training:</u> Train both EPA personnel and grantees on how to implement the January 2005 policy and how to better cooperate with each other.</b>  |
| <b>EPA's Actions</b>                                  | <p>EPA provided training/workshops in Headquarters and in the Regions on implementing the Results Policy. EPA anticipated that grant programs would provide their own program-specific training on their respective outcomes. For example, the Office of Water trained its project officers on measures grantees needed to address in order to fulfill the Office's responsibilities under GPRA. The Office of Water started preparing an online course that includes a section on environmental results. EPA planned to make each program office aware of other offices' activities so they could borrow/benefit from each other. EPA also planned a manager certification course where managers must maintain their certification in order to sign off on grant allocations. These courses would complement basic training that provides skills such as developing and using logic models.</p> <p>EPA provided online guidance for grant seekers.</p>   |
| <b>Nongovernmental<br/>Organization<br/>Practices</b> | <p>The organizations we assessed used three types of techniques for training and providing information to help grantees with results reporting:</p> <p><b>In person:</b> One organization regularly convened program officers and grantees working on similar problems to compare strategies and advance learning, and supported grantee travel to observe each other's work. Two organizations worked with grantees to ensure that they chose appropriate goals and measures.</p> <p><b>On paper:</b> Two organizations provided paper guidance for applying for and reporting on grants. One of these organizations included a list of "Answers to Frequently Asked Questions" that addressed common concerns potential grantees had about requirements.</p> <p><b>On the Internet:</b> Two organizations created, or planned to create, Web sites for the exchange of ideas. One planned to provide an evaluation library with basic profiles on all grants as well as information about how grantees used adaptive management techniques. They hoped to provide message boards so that grantees could ask and answer each other's questions about evaluating grant results.</p> |
| <b>OIG Assessment</b>                                 | <p>Both EPA and nongovernmental organizations provided organizational staff and grantees resources in person, on paper, and on the Internet. In order to provide clear information about reporting results, we suggest that EPA consider providing an additional online resource for grantees that provides training, examples, and a question and answer bulletin board, as recommended by the Office of Water. This one-stop resource could provide grantees with extensive information about how to meet results reporting requirements. EPA could accomplish this through a central, government grants Web site such as <a href="http://www.grants.gov">www.grants.gov</a>. This resource could provide "tips" that users could search for according to grant type, dollar amount, grant goals, and other characteristics.</p>  |

## **Additional Considerations**

During our evaluation we noted two additional techniques used by nongovernmental organizations that the congressional testimony did not specify. The first awards grants to those recipients with the best chance of success. EPA has considered this technique in its Pre-Award Policy. The second technique retrospectively evaluates previous grants. While EPA does not currently undertake retroactive grant results evaluations, it might consider doing so.

### ***Considering Past Performance in Awarding Future Grants***

Nongovernmental organizations looked at past performance to make decisions about future grants. One organization asked applicants to recount accomplishments under current or previous grants, and specifically asked for references to benchmarks provided in previous proposals. Another organization surveyed its grant recipients to identify areas for improvement in demonstrating outcome-oriented results from its grant programs. One organization intended to use the results gleaned from a 30-year retrospective evaluation to target future grants toward the most successful techniques or subjects, as appropriate.

EPA created the Grantee Compliance Assistance Initiative Database, organized by grantee, to house the results of EPA's monitoring. This database defined trends by type of grantee based on findings or issues addressed in oversight reviews. EPA also used the database to perform pre-award audits because the database included results from prior grantee reviews. Database users checked a box to indicate whether they addressed environmental results, and users provided attachments explaining their responses. Users also completed corrective action plans for grants that did not adequately address database components like environmental results. EPA planned to periodically analyze trends in Grantee Compliance Assistance Initiative Database results, and EPA planned to relay results to relevant national program managers to indicate areas for improvement. EPA's Pre-Award Policy required grant program offices to verify that past grantees met requirements before issuing them new grants.

EPA OIG previously reported on grant competition and strongly recommended using a competitive process for awarding discretionary grants.<sup>3</sup> Therefore, EPA could include a grantee's past performance or ability to manage grant funds as a ranking criterion when competing discretionary grants and selecting successful applicants. We urge EPA to track implementation of the Pre-Award Policy to ensure that program managers award grant dollars to the most capable sources.

---

<sup>3</sup> See EPA OIG Audit Report: EPA Needs to Compete More Assistance Agreements, Report No. 2005-P-00014, March 31, 2005 (<http://www.epa.gov/oig/reports/2005/20050331-2005-P-00014.pdf>).

## ***Retrospective Evaluation***

Two nongovernmental organizations we assessed hired independent contractors to conduct retrospective evaluations of grant projects. One organization conducted a project evaluation covering a number of long-term grants it issued over the past 30 years. They intended to use the results gleaned from these evaluations to target future grants toward the most successful techniques or subjects, as appropriate. Another organization commissioned an independent group to survey its current grantees and unfunded grant seekers.

EPA did not have plans to conduct a retrospective evaluation. An OARM official said that because EPA just recently began focusing on outcomes, many previous grants might not demonstrate outcome-based results. The official said that EPA would consider taking a retrospective look at grant results.

We believe that a retrospective evaluation of a sample of EPA grant results would provide the Agency with valuable information about how grant dollars contributed in the past to environmental and human health improvements. EPA could apply methods and results from retrospectively assessing completed grant projects to recently completed or ongoing grants. EPA could report the results to the public.

## **Conclusions**

EPA developed policies and procedures designed to improve the Agency's ability to demonstrate grant results. We found the practices required by EPA's policies generally consistent with practices of leading nongovernmental organizations that fund environmental projects and emphasize grantee performance measurement. We also found that nongovernmental organizations developed additional practices that EPA could adopt when implementing corrective steps to improve the Agency's grants effectiveness. Specifically, we suggest that EPA consider both providing sample logic models to grant applicants that demonstrate how their activities connect with EPA goals, and also developing an online grants resource Web site. We also believe that additional, retrospective evaluation work could help EPA, Congress, and the public determine what EPA has achieved with its grant dollars in the past. These steps could help EPA surmount the challenge of demonstrating the environmental and human health impact of the Agency's grant-making activities.

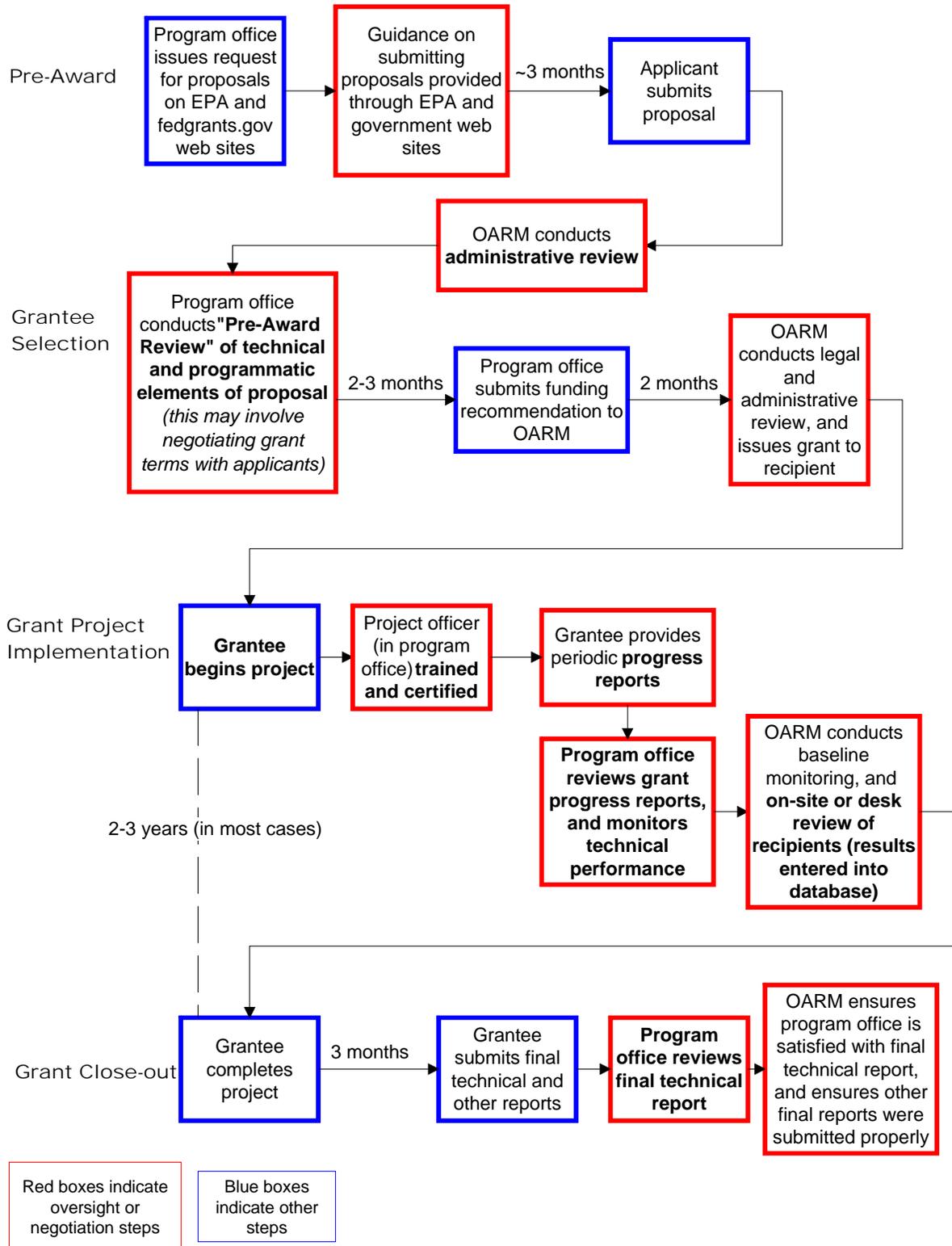
## **Summary of Suggestions and EPA Response**

- We suggest that EPA track implementation of the Results and Pre-Award Policies to correct the problems raised in congressional testimony by establishing methods to measure environmental results in grantee work plans, assessing grantee qualifications, and awarding grant dollars to successful former grantees.

- To ensure that grantees clearly understand how to demonstrate results, we suggest that EPA adopt the additional technique of providing sample logic models that lead applicants toward established program goals.
- To provide clear information about reporting results, we suggest that EPA consider providing an additional online resource for grantees that provides training, examples, and a question and answer bulletin board, as recommended by the Office of Water. This one-stop resource could provide grantees with extensive information about how to meet results reporting requirements. EPA could accomplish this through a central, government grants Web site such as [www.grants.gov](http://www.grants.gov). This resource could provide “tips” that users could search for according to grant type, dollar amount, grant goals, and other characteristics.
- To ensure that grant dollars fund projects with a high chance of success, EPA could include grantees’ past performance as a ranking criterion when competing discretionary grants and selecting successful applicants.
- We believe that a retrospective evaluation of a sample of EPA grant results would provide the Agency with valuable information about how its past grant dollars contributed to environmental and human health improvements. EPA could report this information to the public.

In its comments on the draft report, EPA agreed with the first four suggestions, but suggested an alternate time frame for the fifth suggestion on conducting a retrospective evaluation. EPA recommended that conducting the evaluation in 3 or 4 years, once the results policy has been implemented, would provide more information about grant results than an evaluation conducted now. In the interim, EPA plans to work with the Office of the Administrator to do a pilot review of work products obtained from environmental education grants.

## Process Flow for Competitive Grants



## ***Agency Response to Draft Report***

May 23, 2005

### **MEMORANDUM**

**SUBJECT:** Response to Draft Evaluation Report: “EPA’s Efforts to Demonstrate Grant Results Mirror Nongovernmental Organizations’ Practices”

**FROM:** Luis A. Luna  
Assistant Administrator  
Office of Administration and Resources Management

**TO:** Jeffrey Harris  
Director, Cross Media Issues  
Office of the Inspector General

This provides the response of the Office of Administration and Resources Management (OARM) to the Office of Inspector General (OIG) draft evaluation report (Report) entitled “EPA’s Efforts to Demonstrate Grant Results Mirror Nongovernmental Organizations’ Practices” (Report No. 2005-000847, dated April 14, 2005).

The purpose of the Report is to determine how EPA’s grant results policies compare with the techniques used in leading nongovernmental organizations. We are pleased with the Report’s conclusion that the practices required by EPA’s new policies on Grant Environmental Results (EPA Order 5700.7) and Pre-Award Reviews of non-profit organizations (EPA Order 5700.8) are generally consistent with the practices of leading nongovernmental organizations that fund environmental projects and emphasize grantee performance measurement. The Report also contains suggestions on nongovernmental organization techniques that EPA could consider to augment the new policies. OARM’s response to these suggestions is as follows.

C **Suggestion 1:** Track Implementation of the Results and Pre-Award Policies to ensure that EPA staff and grantees follow the policies and better demonstrate grant results.

**OARM Response:** We agree with this suggestion. The Results Order contemplates that Office of Grants and Debarment (OGD) will assess compliance through its Comprehensive Grants Management Reviews. In addition, we have convened a work group to examine how to improve the Agency’s data systems for collecting/reporting grant results information.

- C **Suggestion 2:** Adopt the technique of providing sample logic models that lead grant applicants toward established environmental and human health improvement goals.

**OARM Response:** We agree with this suggestion and are in the process of putting on the Internet a grantee tutorial on environmental results that will contain sample logic models.

- C **Suggestion 3:** Consider providing an online resource for grantees that provides training, examples, and a question and answer bulletin board, as recommended by the Office of Water. This one-stop resource could provide grantees with extensive information about how to meet results reporting requirements.

**OARM Response:** We understand that the Office of Water recommended this approach for training EPA project officers and not grantees. Consistent with this suggestion, we will be providing training to grantees in three phases - the grantee tutorial noted above, a nonprofit applicant forum in October, and online training in 2006.

- C **Suggestion 4:** Include grantees' past performance as a ranking criterion when competing discretionary grants and selecting successful applicants.

**OARM Response:** We agree with this suggestion. Section 6c. of the Results Order requires, effective January 1, 2006, that all competitive funding announcements include ranking criteria for evaluating an applicant's past performance in reporting on outputs and outcomes.

- C **Suggestion 5:** Conduct a retrospective evaluation of a sample of EPA grant results to provide the Agency with valuable information about how grant dollars contributed in the past to environmental and human health improvements.

**OARM Response:** OARM disagrees with this suggestion. Since many past grants have focused primarily on outputs rather than outcomes, we believe that a retrospective evaluation would produce limited useful information and not allow the Agency to draw meaningful conclusions. A better approach would be to monitor compliance with the Results Order, and provide training to project officers and grant applicants, with a view to conducting a retrospective evaluation three or four years from now. In the interim, we plan to work with the Office of the Administrator to do a pilot review of work products obtained from environmental education grants.

Thank you for the opportunity to comment on the Report. Please be assured that OARM and EPA's program offices are committed to ensuring that the Results and Pre-Award policies are efficiently and effectively implemented. If you have any questions about these comments, please contact Howard Corcoran of OGD at (202) 564-1903.

cc: Dave O'Connor  
Senior Resource Officials  
Junior Resource Officials  
Grants Management Officers  
Peggy Anthony  
Howard Corcoran  
Richard Kuhlman

## ***Distribution***

### **EPA Headquarters**

Office of the Administrator

Assistant Administrator, Office of Administration and Resources Management

Director, Office of Grants and Debarment

Agency Followup Official (the CFO)

Agency Audit Followup Coordinator

General Counsel

Audit Followup Coordinator, Office of the Administrator

Audit Followup Coordinator, Office of Administration and Resources Management

Associate Administrator for Congressional and Intergovernmental Relations

Associate Administrator for Public Affairs

Inspector General