



April 15, 2004

Dear Colleagues:

Strong, effective State-Federal partnerships are vital to the nation's success in protecting public health and the environment. In 1995, EPA and State leaders created the National Environmental Performance Partnership System (NEPPS), establishing a framework, principles, and tools that are helping us work together more effectively to deliver a safer, cleaner environment for all Americans. Performance partnerships provide an important mechanism to carry out the joint planning and management necessary to take full advantage of the unique capabilities of the States and EPA to solve the most pressing environmental problems.

For nearly a decade, we have made steady progress implementing key NEPPS principles: setting priorities collaboratively, leveraging our combined resources to address the most pressing environmental problems, assessing progress using a balanced mix of environmental indicators and activity measures, fostering innovative approaches, and increasing public awareness. Along the way, and in the spirit of continuous improvement, we have worked to make our partnerships stronger to yield greater environmental results. EPA and State leaders have reviewed our past successes, remaining challenges and have identified key improvements that will position us to make further progress.

The first and most fundamental improvement is to better align and integrate EPA and State planning systems, affording States more meaningful opportunities to contribute their strategic thinking and priorities to EPA's planning and budgeting. Second, EPA's Regional Plans—established as part of the effort to improve EPA-State joint planning—will serve as the primary nexus between EPA's *Strategic Plan* and State-specific initiatives and plans. Third, Performance Partnership Agreements structured around essential elements and based on the results of integrated planning will help to more clearly define the State-EPA working relationship.

Today, we affirm our support for making these improvements memorialized in the attached statement. With a solid foundation in place and a vision for the future, we are better positioned to realize the full potential of NEPPS. Change will not be easy, nor will it happen over night. But by collaborating to implement these improvements, we can focus more of our resources on important environmental priorities and minimize burdensome transaction costs that waste time, energy, and good will.

We applaud the joint State-EPA effort to improve our partnership. As we move forward, refining and implementing these improvements, we intend to work together to provide the American people with the best environmental protection possible.

Chris Jones, ECOS President

Michael O. Leavitt, EPA Administrator

ECOS-EPA Vision and Principles for Aligning Planning Systems Successful Performance Partnerships

Vision

EPA and ECOS jointly aspire to create a dynamic set of environmental planning and priority setting systems that are strategically aligned and integrated to assure the most protective and cost-effective delivery of environmental protection services in the United States. The goal is to make improvements in environmental protection performance, and efficiently and continuously improve how well these systems work together.

Principles

1. States should be given opportunities to bring their strategic thinking and priorities to EPA early in EPA's national and regional strategic planning, budgeting, and priority setting processes. EPA and the states should develop and utilize mechanisms that allow for early integration of state, local, and regional priorities into the national priority setting processes.
2. EPA and States will strive for as much consensus as possible in setting national, regional and state specific environmental goals, objectives, and priorities, recognizing that some tensions and legitimate constraints will exist for both states and EPA that need to be productively managed.
3. Regional Plans should be developed and will serve as a primary nexus between the national EPA Strategic Plan and state-specific strategic initiatives and/or plans. State-specific plans must be allowed to reflect individual state as well as federal priorities, and should encourage use of innovative and flexible approaches with accountability for results.
4. Joint planning and priority setting processes, particularly at the regional level, should be used to help EPA and the states more effectively delineate roles and responsibilities, integrate activities within and across media, and outline needed resources (i.e., FTEs, \$).
5. Performance plans and measurement systems that assure internal and external accountability for performance and that focus on environmental results need to be essential elements of the overall planning system. These systems need to be adaptive to support continuous improvement and need to be evaluated periodically to create joint learning opportunities for improvement.

Overview of the Improvements in Action

Key to improving State-EPA planning and performance partnerships is aligning State and EPA processes to enable better collaboration. Aligning our processes ensures that they are optimally timed to foster EPA national program, EPA regional, and state staff participation and promotes agreement on joint priorities, roles, and accountability for results. To this end, EPA and States are working together to implement a series of improvements:

- EPA will incorporate State feedback into its *Strategic Plan*, better align regional and State priorities via Regional Plans, and enable States to provide direct feedback on National Program Guidance, which shapes the Agency's priorities and performance commitments for a 3-year period.
- EPA will make its process for developing performance commitments more transparent and inclusive. States will be able to access and provide feedback on Regional Plans, National Program Guidance, and the Agency's new commitment system, allowing them to actively engage in developing regional targets before final commitments are established.
- The results of this more open process for joint planning and priority-setting will provide the basis for negotiating Performance Partnership Agreements (PPAs) between regions and States. Early and ongoing State-EPA collaboration will help to avoid potentially conflicting State and regional priorities during PPA negotiation.
- To ensure that PPAs clearly define and reflect all aspects of the State-EPA working relationship, EPA and States will (a) strive for consistency among National Program Guidance, grant requirements, and the PPA and (b) make clear within the PPA that neither EPA nor the State can unilaterally change or require actions or commitments that conflict with the PPA.
- PPAs will be more valuable in defining the State-EPA relationship and the work to be accomplished by including these recommended essential elements:
 - A description of environmental conditions, priorities, and strategies;
 - Performance measures for evaluating environmental progress;
 - A process to jointly evaluate how well the PPA is working;
 - A structure and process for mutual accountability; and
 - A description of how the priorities align with those in the EPA *Strategic Plan*, EPA Regional Plan, and/or the State's own strategic priorities and initiatives (Optional).