



P L E X U S

# **TRANSFORMING GRANTS MANAGEMENT**



**A STRATEGIC APPROACH TO IMPROVING  
PERFORMANCE AND REDUCING BURDEN**



**2007**

# **Transforming Grants Management: A Strategic Approach to Improving Performance and Reducing Burden**

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## **Executive Summary**

The Federal government provides more than \$460 billion annually in grants to state and local governments, non-profit organizations, universities, community groups, and other government and non-governmental entities. These funds support a broad range of programs, including those related to defense and homeland security, transportation, health, education, and economic development and a wide array of other industries. Government-funded programs affect virtually every aspect of American society, increasing attention on the effective and efficient use of government resources. In the last several years, there have been numerous initiatives that focus on improving the processes that drive management of government grants, and associated proposals to reform the Federal grants process. Recent regulatory and legislative efforts include the Government Performance Results Act of 1993, the Federal Financial Assistance Management Improvement Act of 1999, and the 2001 President's Management Agenda. These share a common goal of simplifying the application and reporting process, reducing burden, and linking funding to program results.

There has been a dramatic increase in programs rated as more effective since enactment of these new policies. Despite this, a vast majority of programs are still not considered effective, and are more likely to see their budgets cut. Common concerns with grants management processes include:

- ◆ Overreliance on technology as a solution rather than a tool
- ◆ Performance measures based on inputs rather than outcomes
- ◆ Burdensome requirements that do not increase the quality of oversight
- ◆ Imposition of top-down, overly standardized processes that do not take into account differences (including varying risk factors) of grantees or, on the other hand, over reliance on individual grantee experience and decentralization

To address these challenges, Plexus Scientific Corporation has formed a partnership with Practical Strategy LLC, and HandySoft, Inc. We propose a five-step conceptual approach for improving grants management processes from pre-application deliberations through closeout. Each of these steps is detailed in the main section of the document.

1. Assess performance and results
2. Conduct business process analysis to identify opportunities for improvement
3. Increase buy-in and improvement through greater communication and coordination with grantee
4. Develop systems for data-driven, outcome-based reporting and oversight
5. Manage risk through targeted oversight efforts

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Although grants and programs across agencies serve a vast array of purposes and employ a variety of management and oversight approaches, a common grants process means that many face similar challenges. By reviewing lessons learned and best practices of grantees, all Federal programs can become efficient, achieve desired outcomes, and have a better chance of obtaining increased funding.

The purpose of this paper is to review the grants management process and provide insight into ways in which Federal agencies can improve the effectiveness and efficiency of their limited funds. It also describes how the teaming partners' combined expertise positions us to help Federal agencies and other grant-making bodies address these challenges.

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## **1. The Magnitude of U.S. Grant Distributions**

The Federal government disbursed more than \$460 billion in grants (21.3 percent of Federal government expenditures) in fiscal year 2004<sup>i</sup>. The recipients of these funds are more than 60,000 organizations, including state and local governments and non-profit organizations<sup>ii</sup>. These grants fund programs include public priorities ranging from defense and homeland security to Temporary Assistance to Needy Families, minority business development, housing assistance in disasters, transportation, K-12 and higher education, research, and a wide range of other critical needs. Grants are bestowed in a variety of ways—some by formula (for example, based on population and indicators of need), others through competitive processes. There are also billions of dollars given in private sector grant-making each year (from foundations and other sources), as well as grant disbursement at the state and local level.

The more than \$460 billion in Federal grants is annually distributed from 32 different Federal agencies across all states and U.S. territories (refer to the Appendix for details). Table 1 lists the top five grant-making Federal agencies based on dollars granted.

**Table 1 - Selected Federal Agencies that Award the Highest Amount of Grants<sup>iii</sup>**

<b>Agency</b>	<b>Grant Amount</b>
<b>Department of Health and Human Services</b>	<b>\$267,189,711,000</b>
<b>Department of Transportation</b>	<b>\$48,496,756,000</b>
<b>Department of Education</b>	<b>\$38,757,134,000</b>
<b>Department of Housing and Urban Development</b>	<b>\$33,848,541,000</b>
<b>Department of Agriculture</b>	<b>\$24,921,811,000</b>

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1. Assess performance and results
2. Conduct business process analysis to identify opportunities for improvement
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These steps are addressed in Section 3, *A Strategic Approach to Improving Grants Management*.

### **Federal Government Grant Process**

Federal grant-making typically follows the same general process of pre-application, application, grant award and disbursement, monitoring, and closeout. Each of these steps, described below, is quite complex, with each stage of the process offering a great opportunity for innovative ideas to improve efficiency.

#### Pre-application

Congress passes legislation authorizing a grants program, determining programmatic goals and eligibility requirements, and assigning a Federal agency to oversee the grants competition and monitor grantees. The designated agency then develops implementing regulations and guidance.

#### Application

Grant programs generally include a detailed application process, wherein the agency designs the application or request for proposal to which potential grantees respond. The process of developing applications is typically a public one, with proposed rules published in the Federal Register. The cognizant agency publicly announces grant opportunities, and reviews and rates proposals that are submitted, eventually selecting a slate of grantees.

#### Grant Award and Disbursement

The agency selects grantees and negotiates with them to ensure eligibility criteria are met. Some grants are disbursed by formula, while others are administered as part of a competitive process. The agency must publicly announce this decision and process funds to the grantee. Grantee management of grant funds is subject to regulations specified by the Office of Management and Budget, through government-wide policies and procedures for financial and program management, and direction from the grantor.

#### Monitoring

According to Federal statute, the agency monitors grantees to ensure proper use of funds, both in terms of programmatic operations and financial controls. This monitoring typically occurs through formal reporting and includes informal discussions, site visits, and an ongoing collaborative relationship between grantee and funder.

#### Closeout

During closeout of the grant, the agency works with the grantee to prepare and review any final reports, and to conduct a final financial accounting and reconciliation.

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### **Efforts to Improve Grants Management**

Across the Federal government, a long history of initiatives for accountability of Federal funds and tying these funds to program outcomes has marked grants management improvement efforts. The first attempt to provide unbiased information about grants performance began with the Budget and Accounting Act of 1921, which established both the Office of Management and Budget (OMB) and the Government Accountability (formerly Accounting) Office (GAO). The Budget and Accounting Procedures Act of 1950 established the Joint Financial Management Improvement Program (JFMIP), which in part focused on increasing communication and coordination to share financial best practices<sup>iv</sup>.

Other initiatives have included the 1965 Planning-Programming-Budgeting System (PPBS), which sought to quantify program outputs and relate them to planning over multiple years. The Management by Objectives Act (MBO) of 1973 intended to link the President's budget to agency results. Zero Based Budgeting (ZBB) of 1977 attempted to establish a direct link between funding level and program results by asking agencies to detail program activities and results achievable at different funding levels<sup>v</sup>.

### Recent Initiatives

Many of these early initiatives had mixed results, in part because there was little relationship between program measurement, the President's budget, and Congressional authorization and appropriations.<sup>vi</sup> As a result, the Government Performance Results Act of 1993 (GPRA) was enacted to improve public confidence in government grant-making while increasing impact, initiating a government-wide focus on measuring performance and ensuring that public funds achieve their intended goals. GPRA seeks to hold Federal agencies accountable for the programmatic accomplishments of their grantees through measurement of results and customer satisfaction, improved oversight of outcomes, and a focus on efficiency by tying allocation of funds to results.

Subsequently, the Federal Financial Assistance Management Improvement Act of 1999 (Public Law 106-107) was enacted to improve the Federal grant making process and directly link funds with results while simultaneously reducing the burden by<sup>vii</sup>:

- ◆ Simplifying application and reporting requirements
- ◆ Increasing coordination
- ◆ Improving the effectiveness and performance of grant programs
- ◆ Improving the delivery of services

The Office of Management and Budget oversees both The Grants Policy Committee (GPC) and the Grants Executive Board (GEB). GPC was established to create policies that facilitate the implementation of P.L. 106-107. The Committee convenes a variety of interagency work groups to ensure the streamlining and simplifying of the grant making process, including common rules

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and processes. GEB is responsible for the technological aspects of P.L. 106-107, including grants.gov.

Grants.gov is one of many different government initiatives to result from P.L. 106-107. An electronic clearinghouse of Federal discretionary grants by 26 different Federal agencies with the intent to simplify the searching and applying process, grants.gov is used by more than one million users/organizations who receive more than \$400 billion from the Federal government each year<sup>viii</sup>.

Government agencies have struggled to implement GPRA, which has received renewed focus in the 2001 President’s Management Agenda (PMA). The PMA included language about results-based government, including a focus on high-risk grantees. The OMB is attempting to quantify program effectiveness based on evidence of results with the PART, first launched in FY 2004.

As shown in Table 2, there is evidence that these tools are starting to have an impact<sup>ix</sup>:

**Table 2 – Examples of PART Measures of Performance**

<b>Examples of PART Measures of Performance</b>	
<b>Health and Human Services: Grants to Health Centers</b>	<b>Grants targeted to facilities for underserved populations. From 2000 to 2003, they increased the number served by 30%.</b>
<b>Department of Education: Federal Student Aid</b>	<b>Processes more than 9.1 million loan applications via the web. FSA is able to process the applications within 24 hours.</b>
<b>Department of Agriculture (USDA)</b>	<b>Received the first clean audit opinion (in 140 years)</b>
<b>Social Security Administration: Supplemental Security Income</b>	<b>Taken off GAO’s list of high risk programs in 2003 due to better oversight of overpayments</b>

Source: Office of Management and Budget, The Federal Government is Results Oriented: A Report to Federal Employees, August 2004

The PART was designed to measure the effectiveness of government programs. From 2003 (the first year the PART was used) to 2005, there was a dramatic increase in the effectiveness of these programs. This rating system also has direct impacts on programs—42 percent of the programs labeled as ineffective experienced budget cuts<sup>x</sup>. As illustrated in Figure 1, Government Programs are becoming more effective, but more work is still needed.

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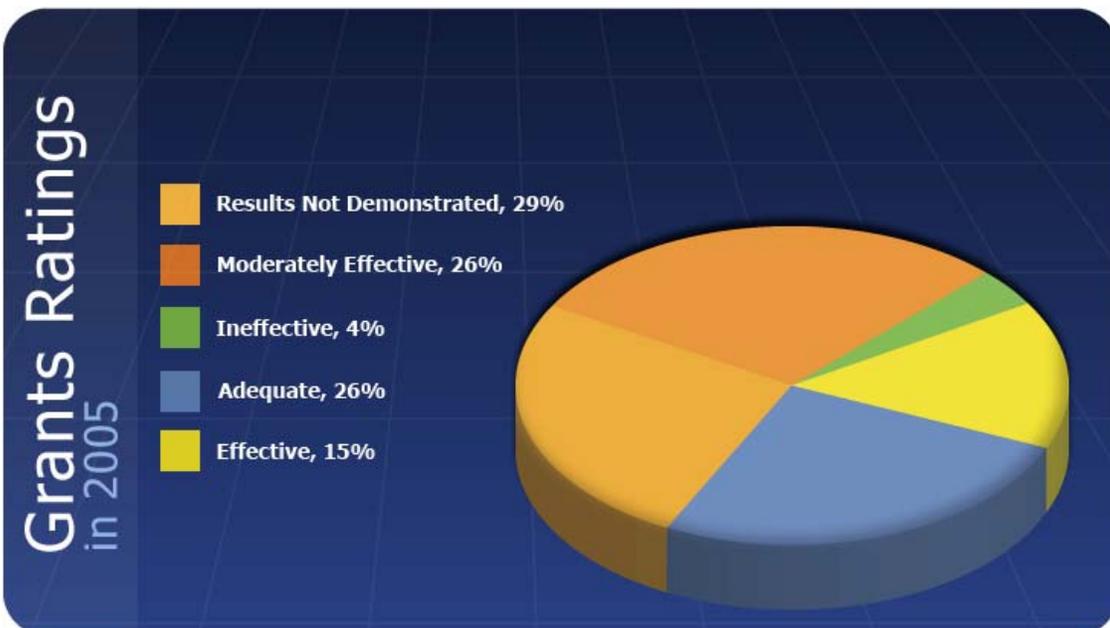
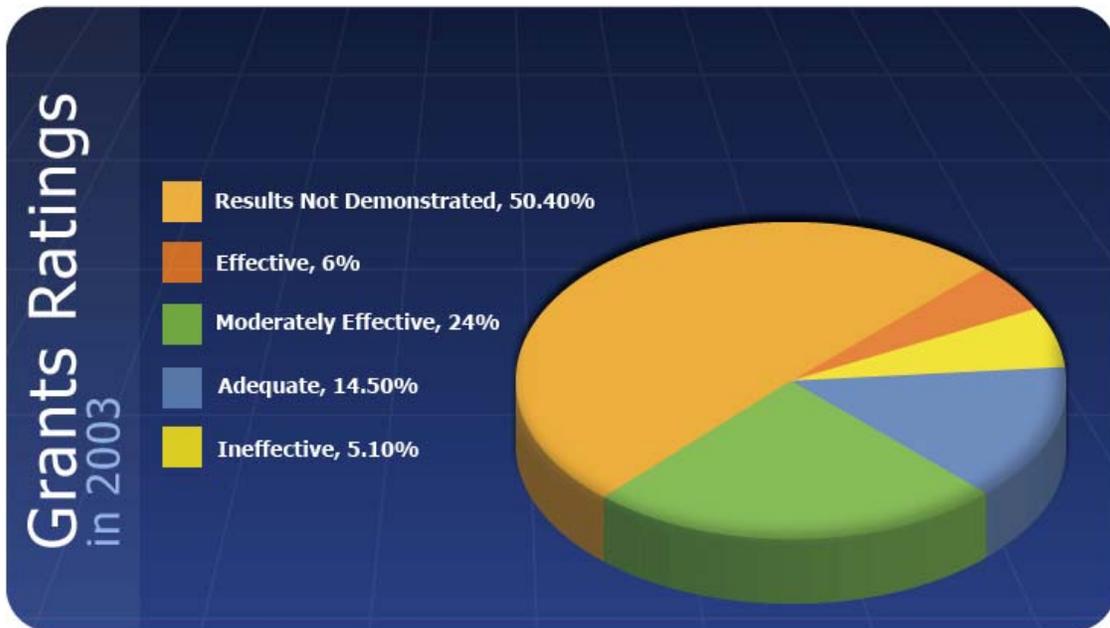


Figure 1 - Grant Ratings in 2003 and 2005

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## **2. Agency Grants Management Improvement—Lessons Learned**

Our analysis of efforts to improve grants management processes in several Federal agencies identified a number of common challenges that face reform efforts:

- ◆ Over-reliance on technology as a solution vs. a tool
- ◆ Performance measures based on inputs rather than outcomes
- ◆ Adding burdensome requirements that do not increase the quality of oversight
- ◆ A standardized process that does not take into account differences (including varying risk factors) of grantees

### **Over-reliance on technology as a solution vs. a tool**

Government agencies have invested substantial sums in developing new technology for improving grants management. At times, these technology investments have supplanted strategic program improvement efforts. While technology can be a powerful tool for streamlining management of grant programs and finances for grantor and grantee, it is not an end in and of itself. Reengineering business processes, and understanding and addressing the challenges of grants management requires concerted attention prior to developing technology solutions.

### **Performance measures based on inputs rather than outcomes**

A performance measurement process is an effective means of measuring progress and monitoring grantee activities, but only if care is taken to ensure that measures are focused on the desired inputs, outputs, and outcomes. Because "*what gets measured gets done*," ensuring that measurement processes provide incentives for the most effective and efficient program results is critical. Government measurement processes have improved significantly in recent years as the PART and other efforts have prompted agencies to better define program outcomes, and make distinctions between input and output as well.

### **Adding burdensome requirements that do not increase the quality of oversight**

Review of grants management processes also revealed a tendency toward proliferation of requirements and requests for data and documentation and burden, but not a clear correlation between those requirements and grantee performance. Additional requirements can be essential in effective grants management and oversight, but increasing burden also increases administrative costs and can decrease the amount of time spent on program delivery. Burden is often in the eye of the beholder—clearly, some burden is entirely appropriate to ensure adequate fiscal and programmatic oversight. Care should be taken, however, to calibrate requirements with the difficulty in meeting them, and with the size of the grant and other factors, so that the costs of reporting and other requirements do not exceed the benefits (to grantee and grantor) of collecting the information.

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### **A standardized process that does not take into account difference (including various risk factors) of grantees**

When designing a process for effective grants management, it does not necessarily make sense to use the same process for each grantee. In fact, we found that a “one-size-fits-all” approach tended to be detrimental to both the government’s ability to provide effective guidance and oversight, and the grantees’ ability to manage their programs. The size of the grant, funder priorities, and potential risk factors could all influence desired oversight and other requirements. For very small grants, it may not make sense to have the same reporting requirements or investment in technological support that may be appropriate for larger grants. Additionally, if monitoring and oversight have shown that a grantee is particularly effective, reducing reporting requirements could allow the grantee to focus even more effort on improving outcomes. Defining minimum reporting and accountability requirements is essential, as is targeting resources to higher risk issues. Triage in grants management can be an effective tool in managing limited Federal staff capacity—freeing up time to mentor and provide additional support and technical assistance to new grantees or those that need more assistance.

### **Reducing Burden**

Many observers inside and outside government—grantor and grantee alike—lament what can be perceived as overly burdensome grants management processes while simultaneously recognizing the need for oversight and careful stewardship of taxpayer dollars. An overly burdensome grant application and monitoring process may discourage some of the best grantees from applying for funds or favor current grantees, thereby limiting competition. Obviously, Federal funds are intended to be used to run an effective program, achieve the intent of the Congress, and steer clear of potential for waste, fraud and abuse. The need to streamline the grant-making process and reduce burden should in no way reduce accountability. Rather, a balance which simultaneously values grantee discretion while ensuring effective fiscal management and monitoring of program results should be sought.

Our analysis identified several aspects of the grant process that are perceived as burdensome to many organizations, including:

- ◆ Length of application
- ◆ Number of reporting requirements
- ◆ Length of time in providing requested information
- ◆ Overall timeline of grant cycle and how it meshes with the needs of grantees
- ◆ Technical complexity
- ◆ Unclear guidance

Surveys of grantees have identified several parts of the process where requirements are perceived as potentially burdensome, and could benefit from some streamlining or rationalization. The length and complexity of some applications (or perceived time to complete)

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can deter organizations less experienced in Federal work from applying, or appear burdensome in proportion to the likelihood and size of the potential grant. Agencies can help potential grantees and expand applicant pools by systematically seeking feedback from target groups on the application process, regularly reviewing the application to remove unnecessary information (some suffer from the *Christmas tree ornament* syndrome), and offering technical assistance before and during the application process to organizations interested in pursuing Federal funding.

Once a grantee receives an award, reporting requirements and time to provide the requested information can be both essential to effective grants management and oversight and problematic in terms of administrative costs and complexity. Grantees may need extra assistance in developing a system to manage information or analyze progress towards goals, and to comply with both fiscal and program requirements. In addition, the overall timeline of the grant cycle may differ from that of program implementation, causing sequencing challenges in reporting (for example, if outcome data is sought prematurely). Finally, some grantees have expressed concerns about technical complexity of compliance with reporting requirements, and unclear and inconsistent guidance. Lack of clear, ongoing communications processes between the grantee and funding agency can be a substantial contributor to burden for both grantee and grantor.

The concept of perceived burden has proven to be an important one in identifying means of improving grants management processes. Perceived burden could be related to many factors, such as:

- ◆ Experience of organization in receiving government funds
- ◆ Capacity of organization
- ◆ Workload
- ◆ Training of organization's staff

Analysis of grants and programs across agencies reveals a vast array of program purposes, sizes, management and oversight approaches. While many grant aspects vary both within and across agencies, grants management processes typically follow several common steps (pre-application, application, grant award and disbursement, monitoring, and closeout) and many face the same aforementioned themes.

Recent government efforts to improve grants management processes have a significant potential payoff in terms of improved program results and efficient use of funds. Thorough and deliberative process analysis of each step of the grant-making process and systematic means of seeking feedback from all stakeholders during all phases of the process can help funders determine high priority problems and where potential for improvement lies.

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### **3. A Strategic Approach to Improving Grants Management**

Our experience across government agencies has resulted in a five-step conceptual approach for improving grants management processes, from initial pre-application deliberations through closeout. We suggest that agencies employ these steps to analyze and improve their grants management processes:



Each of these steps is briefly described below.



#### **1. Assess performance and results**

This initial step is intended to gain an overview of the strengths and weaknesses of the grant-making process and identify potential areas of improvement. It involves the following actions:

Collect data regarding effectiveness and efficiency of grants processes

Review the entire grant-making process with the goal of reducing the administrative burden and improving collaboration between agency staff and grantees on programmatic outcomes. This also requires examination of monitoring and oversight processes.

Examine the range of performance metrics, including program outcomes and outputs

Performance measures, or key performance indicators (KPIs), are an integral part of results-based accountability as they allow more effective program measurement and fine tuning. Some KPIs may not be what the grantee is used to tracking or what is easiest to report. Their intent

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is to guide the grantee to fulfill the agency's desired goals and objectives. While it may be easier to measure inputs (such as number of centers or number of flyers printed), the focus must be on outputs/outcomes (such as number of children vaccinated). Examination of performance metrics and identification of areas where they seem to work well in gauging program progress, and where they do not, are important steps.

### Assess efficiency in terms of resources required by grantor and grantee

- ◆ One way to improve efficiency is by eliminating wasteful or duplicate requests. The time that a grantee spends on administrative requirements detracts from his or her ability to run a program. If some information is collected but never used, that process should be considered wasteful and eliminated. Duplication (asking for the same information multiple times for no apparent reason) is also a wasted effort.
- ◆ Intensive reporting requirements, if not used, useful, and understood, also detract from the time an agency has available to conduct thoughtful monitoring and oversight. Oversight can be improved through regular communication with the grantee, feedback on all submitted information, more targeted information requests, site visits, and formal reporting requirements.

### Examine regulatory and legislative requirements

All regulatory and legislative requirements must be carefully reviewed when developing performance measures and reporting requirements to ensure legislative intent and letter are met.

### Agency strategic direction/strategic planning for program success

While each grant/grantee is unique, the overall goals and direction of the agency need to be examined to ensure that combined, individual grantees pursue the overall goals of the organization.

### Work with key stakeholders

Coordination and communication with key stakeholders can help identify new and innovative ideas and ensure buy-in of new initiatives or processes. This is a step that many agencies overlook or have not pursued in systematic, ongoing ways.



## **2. Conduct business process analysis to identify opportunities for improvement**

This step entails assessment and process analysis of all steps in the grants management process, from pre-application through closeout, to determine ways to streamline and increase efficiency and outcomes.

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### Review grant timeline and application requirements

- ◆ Examining the overall grants process timeline will reveal opportunities for streamlining the process and reducing complexity. For example, organizations can reduce complexity when standardizing language, terminology, and forms. A sample application and report can also be provided to ensure clear expectations and that grantees understand the level of detail and type of information to be provided. Communicating with grantees helps determine where instructions or requirements need to be clarified. This extra support during the application process can also help diversify the applicant pool, rather than favor current grantees.
- ◆ Analyzing the grants process will ensure that deadlines are appropriately spaced so that grantees have time to run a program and adequately answer reporting requirements.

### Develop understanding of grantee requirements, lessons learned and determinants of success

By examining all programs and comparing the experiences of high-performance grantees, the agency can educate other grantees and incentivize this behavior. Additionally, “lessons learned” can be shared to help guide programs facing similar issues. Care must be taken to ensure that these lessons do not become implemented in a rigid manner, thereby discouraging innovation.



### **3. Increase buy-in and improvement through greater communications and coordination with grantee**

Focus groups and interviews with grantees can gauge means of improving performance, as described below:

- ◆ When making significant changes, extra efforts to communicate and involve agency personnel will help ensure that agency staff understand the new process and requirements, and the rationale behind these changes. Staff buy-in and expertise is crucial to successful implementation.
- ◆ Equally crucial is buy-in from the grantees. Communication with the grantee will help clarify the process and rationale for agency requirements. By explaining why certain information is collected and can support grantee goals, one can obtain buy-in and the grantee will be more likely to embrace performance measures and reporting requirements. The agency should consider whether there are ways to incentivize participation and acceptance of standards.
- ◆ The grantee is entitled to adequate feedback from funders regarding performance. This reporting is not to be viewed as merely a requirement that must be “checked off,” but rather an important and useful tool for gaining more information to better monitor the grantee.

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- ◆ Frequent communication and interaction with the grantee is an opportunity to discover problems as they develop and help troubleshoot challenges. It also provides an opportunity to discuss best practices of other grantees. Staff will discover that this ongoing communication allows them to be more responsive to grantee concerns and improves grantees ability to implement programs effectively.



### **4. Develop systems for data-driven, outcome-based reporting and oversight**

Examination and subsequent streamlining of formal reporting can ensure that information submitted is used by and useful for the agency and grantee. When assessing performance, customer satisfaction should be considered (in limited cases, this may be the only measure necessary). One way to ease the burden on the grantee while still having enough data to accurately provide oversight and inform the agency, is to use existing external evaluations or surveys. This allows grantees to focus on the community programs where they have skills, rather than forcing them to be social scientists.

Streamlining of the grants process should not reduce innovation, nor should it impede financial oversight. Performance-based funding and use of best practices are crucial for accountability.



### **5. Manage risk through targeted oversight efforts**

With the renewed focus on improving grant outcomes while reducing burden, time is better spent on the monitoring and oversight of grants and less time on the bureaucratic process of grant awards. Effective and early monitoring and oversight offer a great opportunity to help grantees improve programmatic outcomes and desired results.

Agencies must take extra care to reduce unnecessary burden on grantees. Some things to consider:

- ◆ Burden matching the overall utility of information
- ◆ Burden having a direct relationship to size of grant
- ◆ Decreasing burden for grants that are the least risk

By identifying minimum compliance requirements and characteristics of risk, government oversight can focus on those grants that are perceived as the highest risk. These high-risk grantees could benefit from increased training and monitoring. Risk factors that might warrant increased attention include:

- ◆ Large grants
- ◆ Large grants related to organization's budget

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- ◆ Prior unsatisfactory performance
- ◆ History or indication of management problems
- ◆ Financially instability or turnover
- ◆ New grantees

By identifying risk factors and analyzing grantees through that lens, the agency can focus its efforts on grantees that are potentially at increased risk and provide them with additional education, training, and assistance. Risk analysis can also provide the opportunity to develop mentoring programs (for example, pairing organizations with strong programmatic but weak administrative skills with intermediary organizations that can assist them).

### **Case: Improving Grants Management and Reducing Burden at the Corporation for National and Community Service**

***What:*** With multiple grant programs across a wide range of grantee organizations, the Corporation for National and Community Service realized that streamlining its grants management processes was an important part of improving overall agency operations and results. The ensuing agency-wide initiative to reduce burden resulted in an overall assessment of grants management practices and recommended changes in policies and operations to improve accountability, increase cost effectiveness, and bolster program results. Listening carefully to grantees nation-wide and Federal personnel allowed the corporation to develop steps to reduce burden and simultaneously meet fiduciary and program requirements.

***Impact:*** The core competencies for effective grants management and findings on reducing burden that were developed as part of this project are guiding ongoing grants management reform across the Agency, with many changes already made.

***Relevance:*** This approach could be used by government agencies and foundations to better align grantee requirements with desired results, find opportunities to streamline reporting, and generally improve grants management processes.

***Project description:*** Under the GSA MOBIS schedule contract, Plexus Scientific and Practical Strategy LLC have been supporting part of a two-year undertaking with the Corporation for National and Community Service to provide technical assistance and strategic support to grantees nation-wide. The project includes assessment of field needs, development of grants management tools, identification of core competencies, and other support for program improvement.

## **4. Taking a Process-Driven Solution Approach to Implementing Strategy**

Agencies have the opportunity to develop and implement solutions that recognize and align all aspects of grants management lifecycle. Using tools associated with Business Process Management (BPM) can help implement these criteria to create a Grant Management solution.

### **Creating a Grants Management Application**

Considering the above criteria, organizations should consider using a BPM product such as BizFlow® BPM from HandySoft. BizFlow can help manage the criteria listed above, including:

- ◆ **Standardizing workflows, terminology, and forms**

During the process analysis, organizations will define roles, responsibilities, activities and rules as they pertain to grant workflows and their associated forms and documents.

*Roles.* Grant-making involves many participants, each playing a crucial role in achieving strategic alignment. Once roles are defined, they can be incorporated into electronic workflows, making them transparent to all participants.

*Activities.* Grant processes involve numerous activities or steps in a workflow (e.g., solicitation, review, approval, negotiation, audit). Achieving alignment and process efficiencies requires that activities seamlessly interact, enabling information, documents, and approvals to easily flow among process participants.

*Rules.* Underlying each role and activity are rules determining what participants can and cannot do. These rules also dictate who are involved, routing choices, deadlines, and more.

*Responsibilities.* With roles and rules in place, grant participants must complete the tasks and activities assigned to them.

*Electronic Forms.* As cited in this document, eliminating paper can help reduce the burden associated with reporting and compliance. By using electronic format, process participants can facilitate and capture knowledge through a shared medium that all can view, edit, expand, and store. Built into the electronic forms are the rules governing workflow and submission. The form also guarantees the proper use of terminology. Because the form is part of each activity, it effectively reduces paperwork while streamlining overall process workflows.

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- ◆ **Creating and tracking key performance indicators**

Using BizFlow, organizations imbed KPIs into workflows that can be tracked for reporting and optimization purposes. For example, data may identify bottlenecks, which organizations can use to quickly change a process or form. The objective is to create and use data to impact outcomes, making the whole grant management process more efficient, effective, and collaborative.

- ◆ **Ensuring proper timelines and deadlines**

As explained earlier, organizations can use BizFlow to create and deploy workflows that incorporate proper timelines. Grant participants may receive notifications and alerts to keep them on track and meet deadlines. These built-in alerts help participants to stay on track and enable managers to monitor performance.

- ◆ **Promoting and supporting collaboration**

Grant-making steps require input, feedback, and direction for various individuals. Grant solutions should support collaboration among all participants. With BizFlow, forms can include areas of commentary, discussion, and recommendations. In addition, some activities may require input from external participants. With BizFlow, organizations can include others on an ad-hoc basis to ensure knowledge of the required input is captured in the workflow and archived for later review.

- ◆ **Developing an integration approach to ensure seamless flow of data**

Since grant-making is not just a human-driven process, the grant solution should tie into other systems and databases. This way, organizations can avoid redundant data entry, ensure data integrity, and automate transactions.

- ◆ **Monitoring progress**

Grant Officers, field representatives, and grantees themselves often complain about not knowing the status of their projects. Without complete visibility into the process, organizations cannot identify and resolve potential issues before they become serious. Having visibility of each activity enables process participants to know who is doing what and when. As a result, participants become more responsible for their actions, and organizations have reliable data to use for compliance and optimization purposes.

### **Case: U.S. Department of Labor**

#### ***The Challenge***

The United States Department of Labor (DOL) issues more than \$8 billion in grants annually. Starting in 2000, the DOL developed numerous homegrown systems for tracking the *who*, *what*, *where*, and *how much* of grant management. Although the DOL had automated many aspects of the grants process, there were still numerous manual, paper-driven steps. As a result, there were long paper trails, lost documents,

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and unallocated funds. There was no one overall or all-encompassing approach for grants management.

### ***The Solution***

The DOL selected BizFlow to create e-Grants, an integrated business process management and workflow platform for grants management. It will be used for all types of grants, including discretionary, sole source, non-competitive, and earmarked. The application, which streamlines the grants management process, includes steps for pre-award, award, post-award, and close-out. For example, during the pre-award phase, those seeking grants can access Grants.gov to find DOL grant solicitations. Submitting an application through Grants.gov initiates a BizFlow process. BizFlow then notifies first line reviewers (administrative assistants and specialists) via email. With one click, users can access their BizFlow work list, which allows them to open the application to proof and validate documentation, and then submit it to the Grants Officer. Inside BizFlow, the Grants Office has access to all application data. The Grants Officer works offline with a committee to review applications, with committee members using BizFlow to score applications. Using the application, the Grants Officer continues the selection and approval process by submitting recommendations to executive management for further review and final selection, and then notifying applicants. In some cases, Grants Offices will initially notify members of Congress to give them a chance to offer their congratulations prior to the award.

During the award phase at the DOL, Grants Officers meet with those selected to receive grants to negotiate terms and conditions. Once a contract is in place, the grant is awarded. Using the BizFlow application, Grants Officers notify DOLLARS, the DOL accounting system, to set up an account, which in turn informs the Department of Health and Human Services (HHS) to cut a check. HHS manages all grant-driven financial transactions for the U.S. Government. Grants Officers then work with their peers to assign field personnel to manage grants that are moving forward in the process.

### ***Results***

More than 1,000 users spread across the national office, six regional offices, and grant recipients will use the e-Grants system to initiate, monitor, and close out grants. Value created includes:

- ◆ Helping DOL to meet the President's Management Agenda by tying process to results-based objectives
- ◆ Reducing grant turnaround time by 20 percent
- ◆ Allocating all funds

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### **Expected Results**

All government grant-making agencies follow the same grants process, but have very different outcomes. By examining the lessons learned and effective practices, one can avoid common pitfalls and greatly streamline the grants management processes without compromising financial oversight or programmatic results. In fact, such a process can result in significant improvements in effectiveness and efficiency for Federal government and grantee personnel alike, with a net benefit in terms of program impact.

Agencies that take the time to examine the grants management process can improve effectiveness of their grantees. Areas such as the grants timeline, performance measures, and reporting requirements all provide an opportunity to incentivize desired outcomes. The most effective agencies assess performance and results; conduct business process analysis to identify opportunities for improvement; develop an integrated approach to meeting program needs; increase buy-in and improvement through greater communication and coordination with grantees; develop systems for data-driven, outcome-based reporting and oversight; and manage risk through targeted oversight efforts.

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## Appendix

Distribution of Federal Grants by State<sup>xi</sup>

Alabama	7,008,000,000	New York	50,009,000,000
Alaska	3,217,000,000	North Carolina	12,574,000,000
Arizona	8,364,000,000	North Dakota	1,515,000,000
Arkansas	4,683,000,000	Ohio	16,514,000,000
California	54,534,000,000	Oklahoma	5,271,000,000
Colorado	5,643,000,000	Oregon	5,185,000,000
Connecticut	5,556,000,000	Pennsylvania	19,916,000,000
Delaware	1,241,000,000	Rhode Island	2,329,000,000
D.C.	4,205,000,000	South Carolina	6,145,000,000
Florida	19,610,000,000	South Dakota	1,620,000,000
Georgia	11,759,000,000	Tennessee	9,863,000,000
Hawaii	2,158,000,000	Texas	27,792,000,000
Idaho	1,995,000,000	Utah	2,948,000,000
Illinois	16,531,000,000	Vermont	1,423,000,000
Indiana	7,436,000,000	Virginia	7,991,000,000
Iowa	4,039,000,000	Washington	9,083,000,000
Kansas	3,469,000,000	West Virginia	3,701,000,000
Kentucky	6,743,000,000	Wisconsin	7,484,000,000
Louisiana	7,787,000,000	Wyoming	1,636,000,000
Maine	2,758,000,000		
Maryland	8,837,000,000	American Samoa	178,000,000
Massachusetts	13,876,000,000	Fed States of Micronesia	94,000,000
Michigan	13,227,000,000	Guam	269,000,000
Minnesota	7,209,000,000	Marshall Islands	56,000,000
Mississippi	5,379,000,000	Northern Marianas	156,000,000
Missouri	8,734,000,000	Palau	47,000,000
Montana	1,997,000,000	Puerto Rico	5,324,000,000
Nebraska	2,531,000,000	Virgin Islands	263,000,000
Nevada	2,322,000,000		
New Hampshire	1,879,000,000	Undistributed	44,000,000
New Jersey	11,333,000,000		
New Mexico	4,663,000,000		

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Distribution of Federal Grants by Agency<sup>xii</sup>

Dep't of Agriculture	24,921,811,000	Dep't of the Interior	4,021,625,000
Appalachian Regional Commission	65,702,000	Dep't of Justice	7,155,656,000
Dep't of Commerce	1,574,605,000	Dep't of Labor	8,561,568,000
Corp. for Nat'l and Community Service	707,511,000	Nat'l Aeronautics and Space Admin.	1,084,871,000
Corp. for Public Broadcasting	411,970,000	Nat'l Archives and Records Admin.	9,704,000
Dep't of Defense	4,537,556,000	Nat'l Endowment for the Arts	96,057,000
Dep't of Education	38,757,134,000	Nat'l Endowment for the Humanities	121,739,000
Election Assistance Commission	1,333,855,000	Nat'l Science Foundation	5,232,033,000
Dep't of Energy	1,847,718,000	Small Business Admin.	45,678,000
Environmental Protection Agency	4,116,198,000	Social Security Admin.	11,016,000
Equal Employment Opportunity Commission	30,959,000	Dep't of State	205,631,000
Dep't of Health and Human Services	267,189,711,000	State Justice Institute	1,767,000
Dep't of Homeland Security	3,644,351,000	Tennessee Valley Authority	337,269,000
Dep't of Housing and Urban Development	33,848,541,000	Dep't of Transportation	48,496,756,000
Institute of Museum and Library Sciences	238,922,000	Dep't of the Treasury	800,141,000
		Dep't of Veterans Affairs	654,107,000
		Other	90,120,000

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### **The Partners**

#### **Plexus Scientific Corporation, Inc.**

Plexus Scientific Corporation is a highly diversified consulting firm offering environmental, safety, and information technology services to both the Government and commercial arenas. The company features staff who are experts in program and project management, information technology, regulatory affairs, engineering, remediation, science, and the environment. Its clients are federal managers responsible for program implementation, business leaders who are responsible for program design and oversight, and the military. Plexus is both CMMI Level 3 and ISO 9001:2000 certified.

#### **Practical Strategy LLC**

Founded in 2004 by Robert D. Muller, PRACTICAL STRATEGY LLC provides education and management consulting services to organizations seeking to drive change and improve performance. At the Federal level, the Corporation for National and Community Service develops effective grants management practices and core competencies for grantees. Recent state-level projects have included assessments of customer service, teacher licensure, accountability and assessment for the New Mexico Public Education Department; state-wide high school and career and technical education redesign for the Commonwealth of Pennsylvania; alignment of secondary and postsecondary education and workforce needs in Arizona; and dual enrollment in Ohio. We have helped school districts in several states to develop high school reform and smaller learning community plans, and successful grant proposals. Non-profit clients include the Jane Goodall Institute, National Service Learning Partnership, and KaBOOM!, where strategy implementation and performance measurement were the focus. The PRACTICAL STRATEGY team includes experts in grants management, strategy development, K-12 and higher education, and other areas of client interest.

#### **HandySoft Global, Inc.**

HandySoft Global Corporation is a leading global provider of Business Process Management (BPM) software and solutions. By unifying people, processes and information, HandySoft's products drive breakthrough individual and organizational performance. HandySoft takes a unique approach to BPM by providing a framework for both structured and dynamic work. HandySoft's offering includes the award-winning BizFlow® platform and OfficeEngine™, the industry's first solution to combine the power of traditional BPM with the flexibility of e-mail.

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### Notes

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<sup>i</sup> U.S. Census Bureau, *Consolidated Federal Funds Report for Fiscal Year 2004*, U.S. Government Printing Office, Washington, DC, 2004.

<sup>ii</sup> Federal Financial Management Report 2007. Executive Office of the President, Office of Management and Budget.

<sup>iii</sup> U.S. Census Bureau, *Consolidated Federal Funds Report for Fiscal Year 2004*, U.S. Government Printing Office, Washington, DC, 2004.

<sup>iv</sup> OSD Comptroller icenter: <http://www.defenselink.mil/comptroller/icenter/topnav/timeline.htm>

<sup>v</sup> GAO - Performance Budgeting: Past Initiatives Offer Insights for GPRA Implementation, March 1997.

<sup>vi</sup> *ibid*

<sup>vii</sup> Public Law 106-107 - Federal Financial Assistance Management Improvement Act of 1999.

<sup>viii</sup> Grants.gov Annual Report for FY 2006, <http://www.grants.gov/section3/AnnualReport2007.pdf>.

<sup>ix</sup> Office of Management and Budget, *The Federal Government is Results Oriented: A Report to Federal Employees*, August 2004.

<sup>x</sup> Performance Management and Budgeting in the Federal Government: Brief History and Recent Developments, March 16, 2005.

<sup>xi</sup> U.S. Census Bureau, *Consolidated Federal Funds Report for Fiscal Year 2004*, U.S. Government Printing Office, Washington, DC, 2004.

<sup>xii</sup> *ibid*