



Government  
Business  
Council

# Improving Grants Management for Government

Insights from Public Sector Leaders

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Underwritten by



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# Overview

## Purpose

The federal government uses grants to invest approximately \$700 billion each year in mission-critical needs for taxpayers.<sup>1</sup> Grants-giving organizations often face challenges balancing compliance requirements with meeting their agency missions. A lack of trained staff, cumbersome grantee-reporting systems, and poor communication can diminish the success of grant programs, wasting taxpayer money and leaving unresolved the problems that the grants were created to address in the first place.

In this era of accountability, agencies are working hard to maximize the value from grants without increasing the complexity and cost of their administration for both themselves and their grantees. To better understand how organizations are overcoming the challenges of grants management, Government Business Council (GBC) conducted an in-depth research study of public sector employees involved in their agencies' grant programs.

## Research Methodology

In September and October of 2019, GBC issued a survey on grants management to approximately eighty thousand public sector employees. While 1,335 respondents participated in the survey, the findings shown here are limited to the 288 individuals who qualified for inclusion based on their direct involvement with grantees and grant administration. The respondent pool consists of a mix of employees from either federal or state and local agencies. Additionally, the majority of survey takers have at least 15 years of government work experience.

For more information on respondents, please see the Respondent Profile.

<sup>1</sup> [https://www.performance.gov/CAP/action\\_plans/sept\\_2019\\_Results-Oriented\\_Accountability\\_for\\_Grants.pdf](https://www.performance.gov/CAP/action_plans/sept_2019_Results-Oriented_Accountability_for_Grants.pdf)

# Executive Summary

## **Successfully measuring grantee performance remains a challenge**

Reforming the administration of grant programs to focus on project performance instead of recipient compliance with regulations has long been a priority of the federal government. In recent years, the Office of Management and Budget (OMB) codified these performance measurement requirements with the development of the [Uniform Guidance](#). A majority of respondents say their organization's grantees achieve their intended outcomes at least half of the time. Yet only 58% say their organization keeps track of how often grantees achieve their intended public policy outcomes.

## **Government agencies have not widely adopted risk management systems**

Fewer than half of those surveyed believe that their agency identifies and assesses top grant risks well. This shortcoming stems from the fact that less than 50% say that their agencies have programs in place to identify and evaluate grantee risk, only 31% proactively manage grantee risk, and only 39% consider past performance results when making evaluations. The survey's results highlight the need for organizations to invest in and improve their grantee evaluation process.

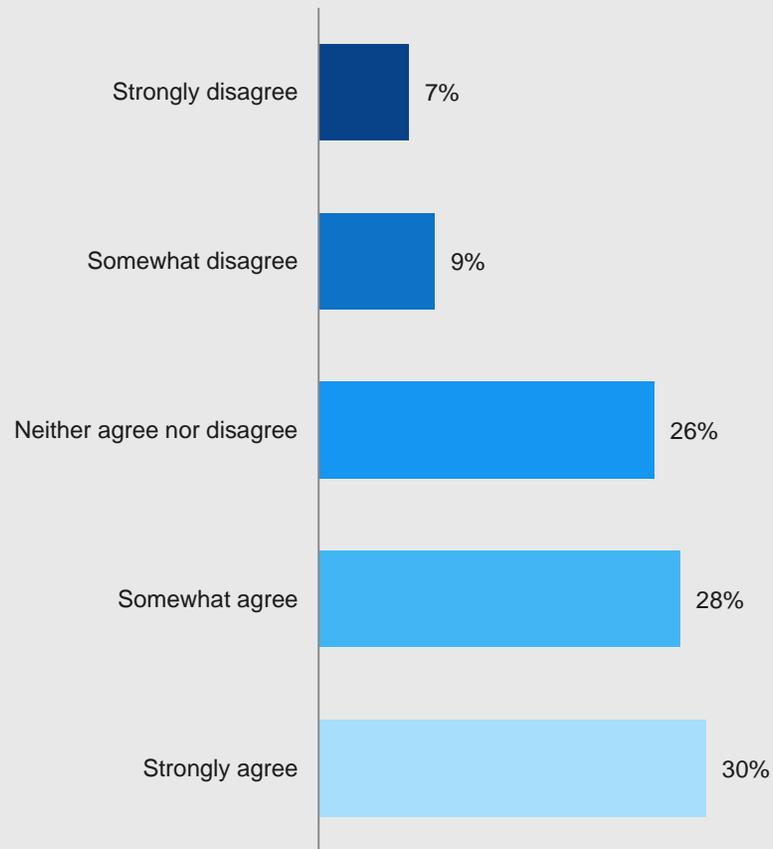
## **A major opportunity exists to leverage data for improved decision-making**

Despite the widespread agreement that performance accountability depends on access to credible, consistent, and valid data that is aligned with program objectives, agencies have not fully implemented this vision. Respondents report challenges with not only the technology their organizations have for analyzing data (32%), but also the quality of the data itself (30%). While the source of these problems vary, respondents indicate that they are at least in part caused by a continued reliance on manual reporting systems, with only 27% of respondents indicating that their organizations use automation technology that can greatly improve speed and efficiency.

# Research Findings

Only 58% of respondents say their organization keeps track of how often grantees achieve their intended public policy outcomes

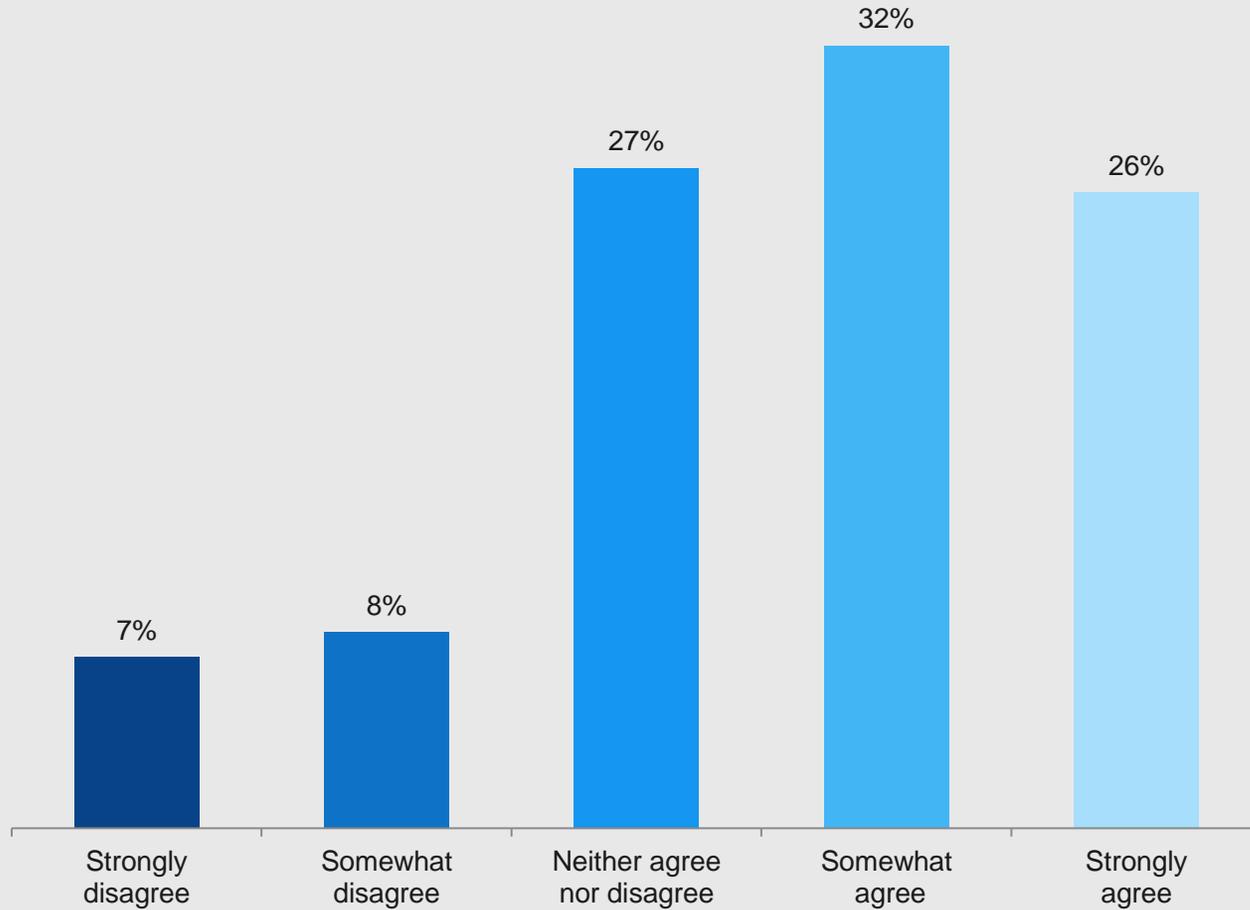
*“My organization keeps track of how often grantees achieve the public policy outcomes the grant was intended to provide.”*



Percentage of respondents, n=286  
Note: Percentages may not add up to 100% due to rounding

Only 58% of respondents approve of the metrics used by their organizations to track grant performance outcomes

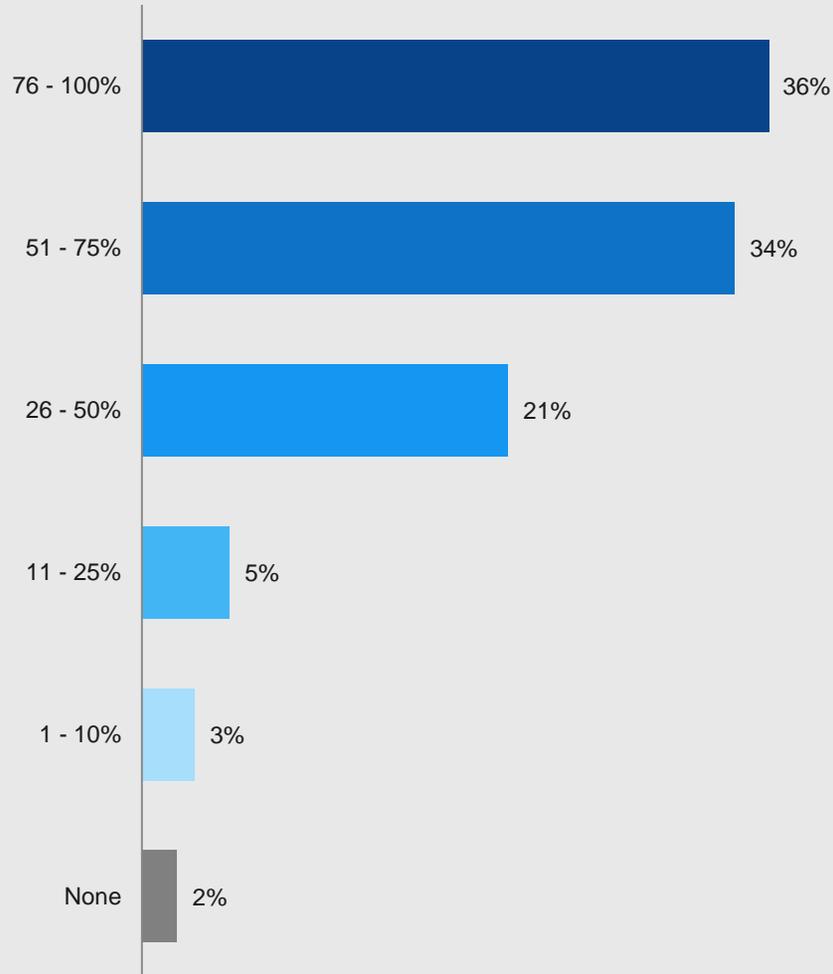
*“The performance data/metrics that our grantees report enable my organization to evaluate grant performance outcomes.”*



Percentage of respondents, n=285  
Note: Percentages may not add up to 100% due to rounding

**A majority of respondents say their agencies' grantees achieve their intended outcomes at least half of the time**

*In your opinion, approximately what percentage of your agency's grantees achieve their intended outcomes?*

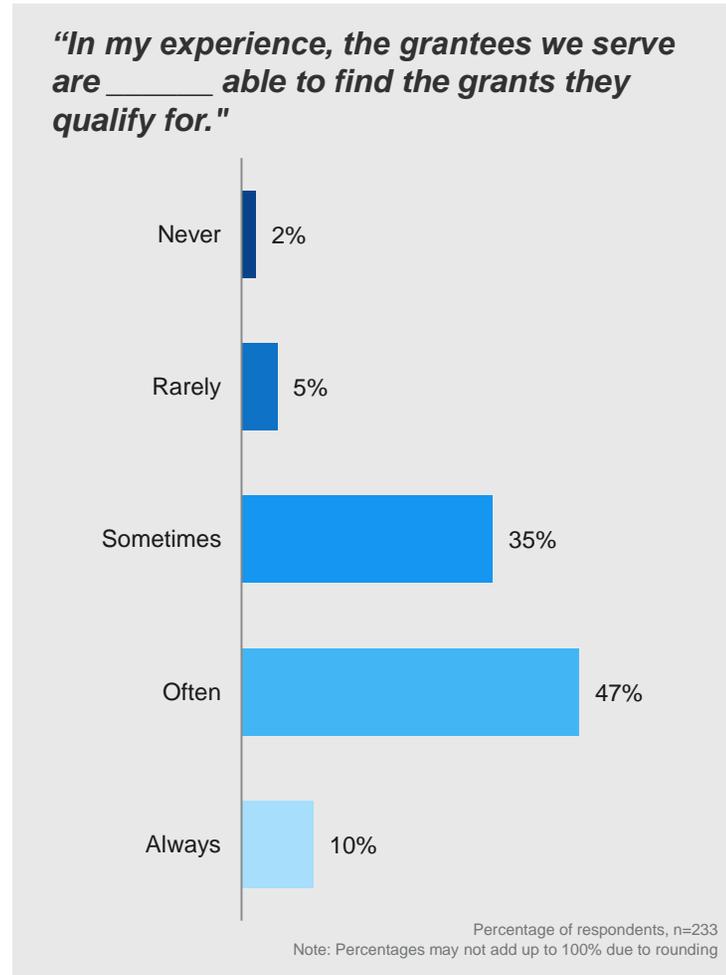


Percentage of respondents, n=234  
Note: Percentages may not add up to 100% due to rounding

**Over 1 in 3**

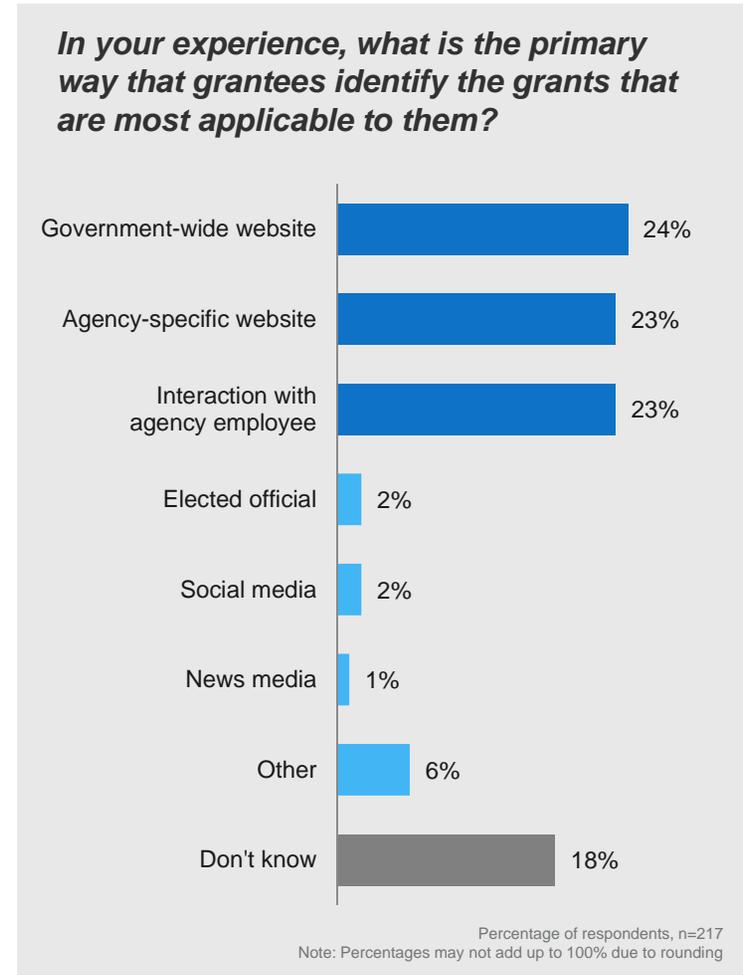
respondents say the grantees their organization works with achieve their intended outcomes at least three-quarters of the time.

Only 10% of respondents say that eligible grantees can always find available grants



**57%**

of respondents say that candidates often or always receive the grants they qualify for.

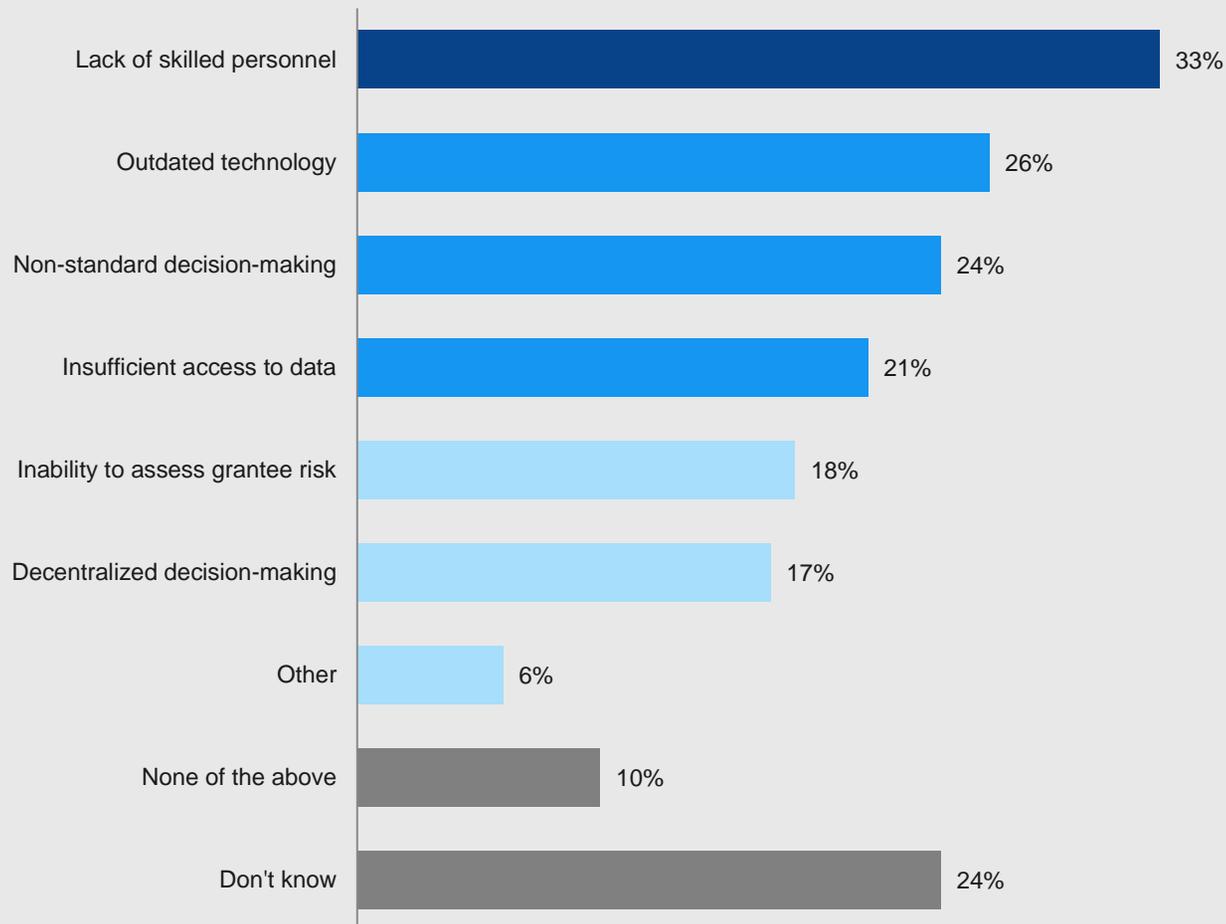


**47%**

believe that grantees most often learn about grants via government-wide or agency-specific websites.

**Limited personnel, outdated technology, and non-standard decision-making processes hinder grant administration efforts**

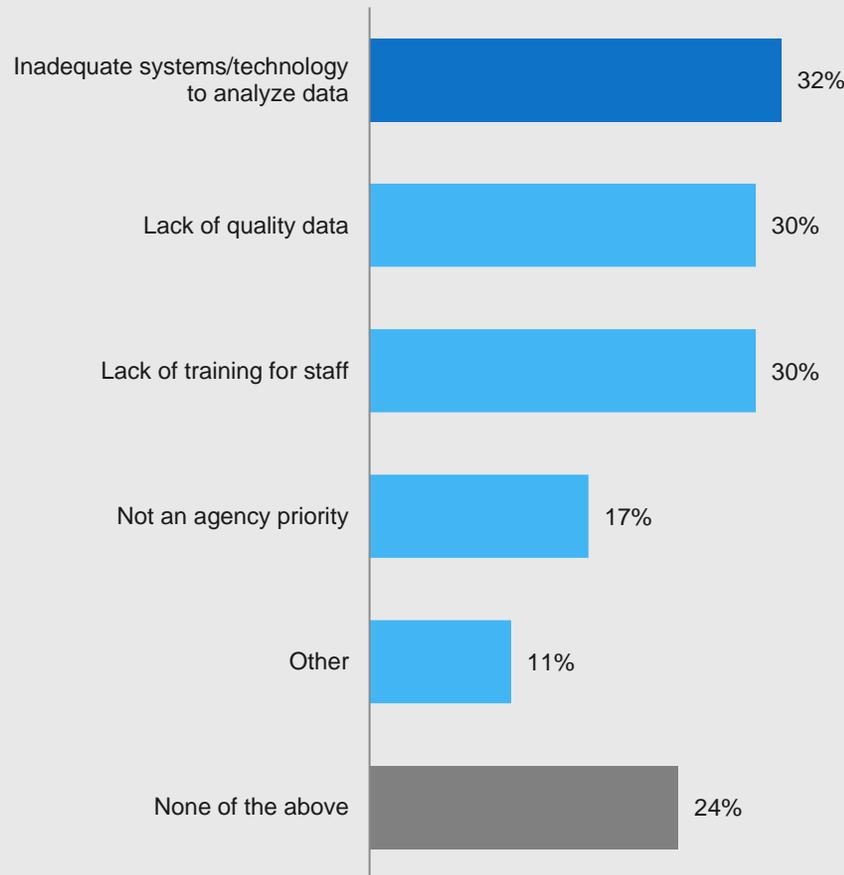
*Which of the following challenge your organization's ability to successfully administer grants? Please select all that apply.*



Percentage of respondents, n=199  
 Respondents were asked to select all that apply

**For nearly a third of respondents, quality data – and the technology to analyze that data – is insufficient**

*What challenges does your agency face in using data on grant performance to support decision-making? Please select all that apply.*



Percentage of respondents, n=213  
Respondents were asked to select all that apply

17%

say that their organization doesn't consider data a priority when it comes to informing grant performance for effective decision-making.

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Managers report spending 40% of their time using antiquated processes to monitor compliance instead of analyzing data to improve results.”<sup>2</sup>

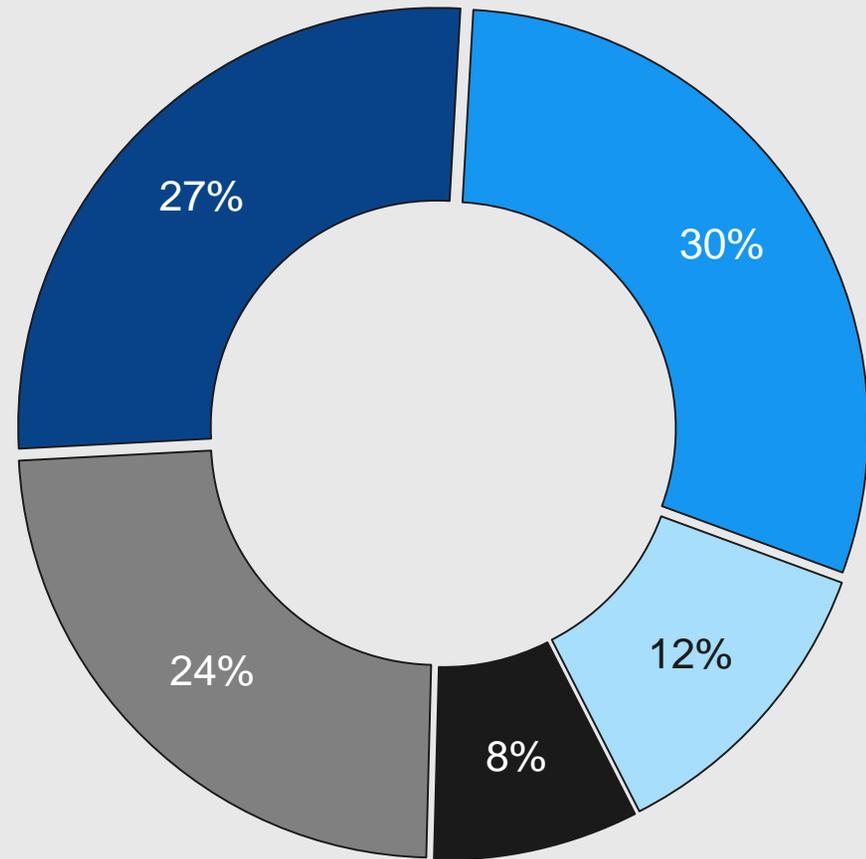
– CAP Goal Overview: Results-Oriented Accountability for Grants

<sup>2</sup> [https://www.performance.gov/CAP/action\\_plans/sept\\_2019\\_Results-Oriented\\_Accountability\\_for\\_Grants.pdf](https://www.performance.gov/CAP/action_plans/sept_2019_Results-Oriented_Accountability_for_Grants.pdf)

A majority of respondents report that their organizations use automation technology, but only 27% see significant value from it

*Does your organization's grants management system use automation technology to reduce manual transactions?*

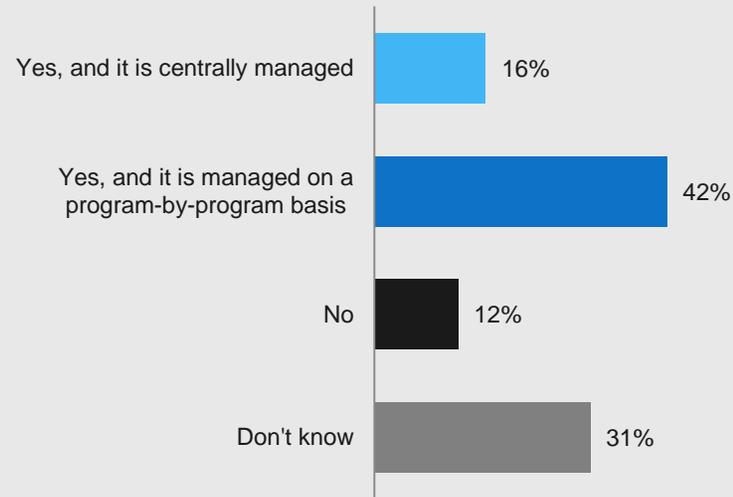
- Yes, and it GREATLY improves our speed and efficiency
- Yes, and it SLIGHTLY improves our speed and efficiency
- Yes, but it DOES NOT impact our speed or efficiency
- No
- Don't know



Percentage of all respondents, n=212  
Note: Percentages may not add up to 100% due to rounding

58% of respondents say their agencies have a system to identify and evaluate grantee risk

*Does your agency have a system in place to identify and evaluate grantee risk?*

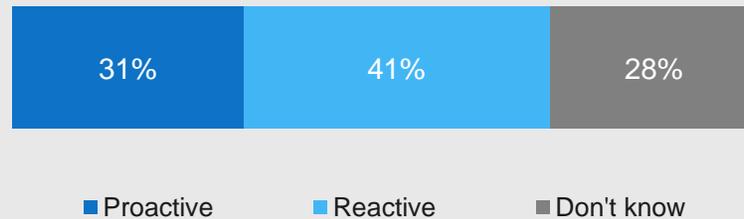


Percentage of respondents, n=200  
 Note: Percentages may not add up to 100% due to rounding

42%

of respondents say their organization manages grantee risk on a case-by-case basis, indicating the lack of a systematic approach.

*Which of the following best describes how your agency manages grant risk?*



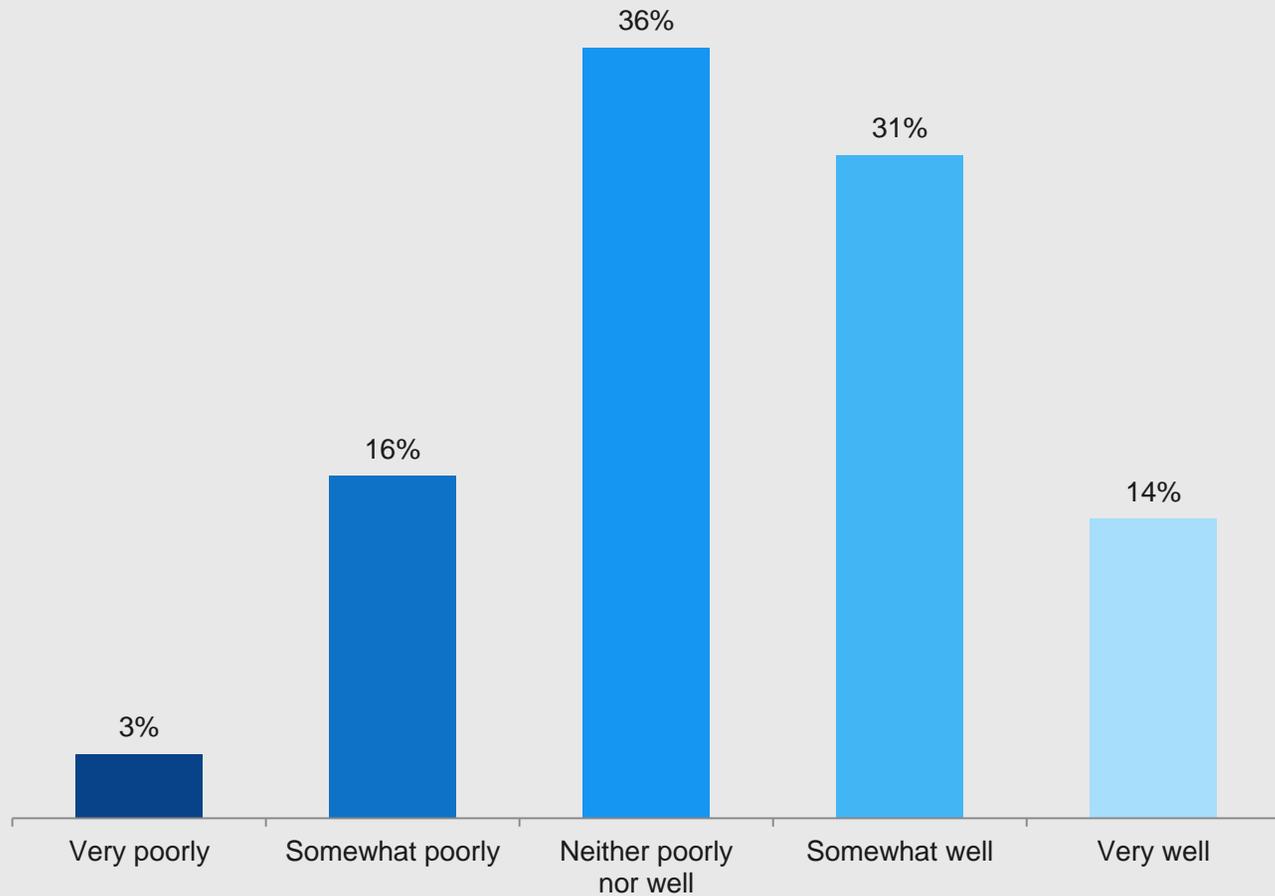
Percentage of respondents, n=192  
 Note: Percentages may not add up to 100% due to rounding

41%

of respondents believe their organization manages grant risks with a reactionary mindset, responding only when issues emerge that require attention.

Fewer than half of respondents say their agency identifies and assesses top grant risks well

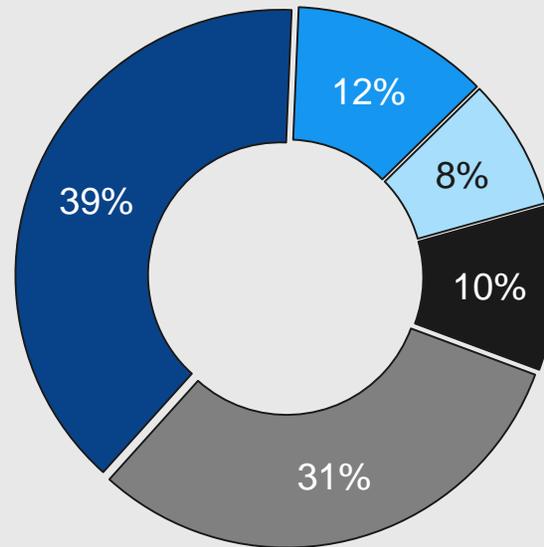
*How well does your agency identify and assess top risks for its grants portfolio?*



Percentage of respondents, n=185  
Note: Percentages may not add up to 100% due to rounding

**Fewer than half of respondents already have a tool to ensure that past performance informs future risk evaluations**

*Does your agency consider past performance results when evaluating risk?*



- Yes, we currently have a tool for this
- We have a tool in progress
- We have a tool planned for the future
- No
- Don't know

Percentage of respondents, n=179  
 Note: Percentages may not add up to 100% due to rounding

**41%**

either do not believe their organization has a tool for considering past performance results or are unaware of such a tool's existence.

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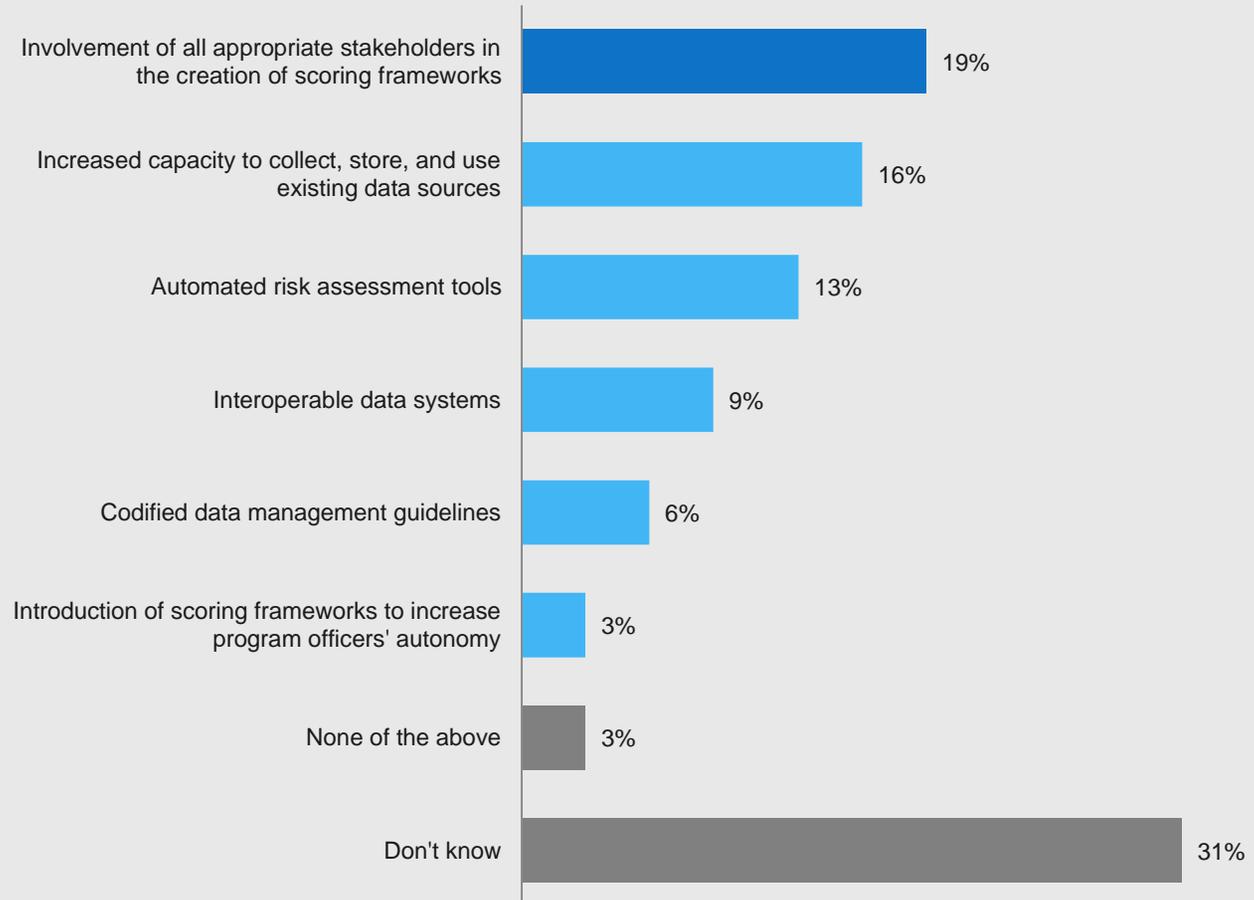
A comprehensive risk management tool for determining federal funding that is low risk and high value **must include consideration of past performance danger**, financial risk, and an applicant's capabilities to deliver the proposed results. In order to do this, agencies **must have ready access to performance data**, and the data infrastructure to include performance in risk modeling.”<sup>3</sup>

– President's Management Agenda

<sup>3</sup> [https://www.performance.gov/CAP/action\\_plans/sept\\_2019\\_Results-Oriented\\_Accountability\\_for\\_Grants.pdf](https://www.performance.gov/CAP/action_plans/sept_2019_Results-Oriented_Accountability_for_Grants.pdf)

**A plurality of respondents don't know the best way forward for improving their agency's risk management system**

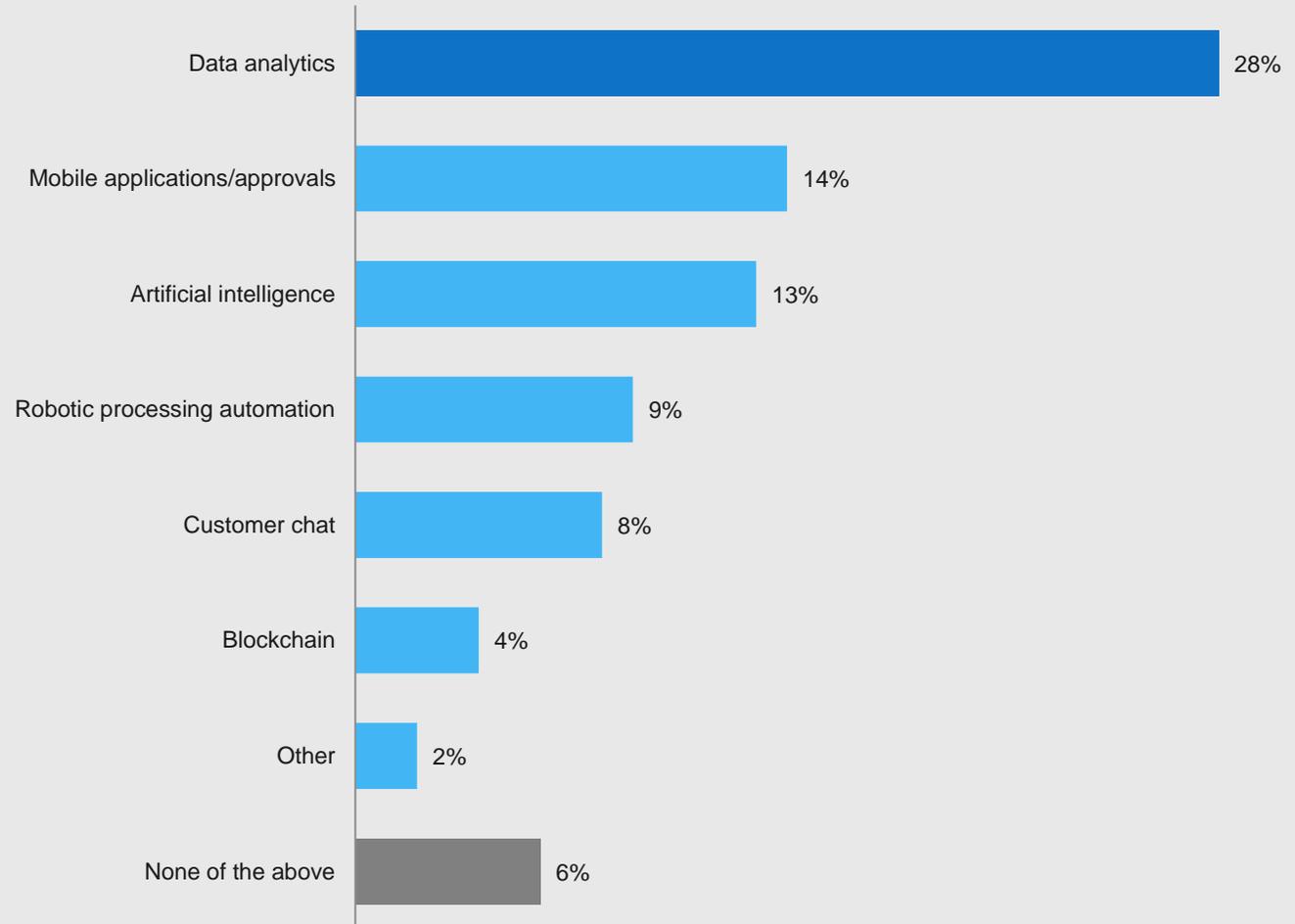
*Which operating capability can drive the greatest improvement to your agency's risk management system?*



Percentage of respondents, n=180  
 Note: Percentages may not add up to 100% due to rounding

**Data analytics tops the list of tools that respondents say are poised to impact how grants are awarded**

*Looking ahead, does your agency plan to incorporate any of the following in its grants program? Please select all that apply.*



Percentage of respondents, n=208  
Respondents were asked to select all that apply  
56% of respondents selected "Don't know"

# What Respondents Say...

*“If you could change one thing about the way your agency manages grants, what would it be?”*

- Hire more staff with program management skills
- Work with other grant-making agencies to avoid overlap
- Hold delinquent grantees responsible
- Create a centralized grants management office
- Increase staff training
- Make online grants systems user friendly
- Award grantees who retain internal staff
- Utilize quantifiable past performance data when choosing grantees
- Automate the grant assessment process
- Standardize and streamline the process
- Reduce the bureaucratic paperwork and irrelevant requirements
- Change the requirement that grantees cannot be directed
- Create performance-based outcomes in the grant contracts like those seen at the state level of government
- Limit the reporting impact to grantees. One grantee should be able to report all grant performance in one system from the awarding agency
- Consolidate the numerous stove-piped processes into one targeted process
- Work to revise and streamline regulatory administrative process requirements.
- Create more versatile and meaningful performance goals that are consistently applied across programs

# What Respondents Say...

*“Do you have any other thoughts about ways your organization can address the challenges it faces around grants management?”*

- Explore block chain technology as a way to track grants and reduce corruption
- Use the grants management systems and software of other grants-making agencies rather than re-invent our own
- Do not overextend ourselves
- Incorporate AI into our decision making
- Eliminate lobbyists' influence on decision-making
- Increase cross-function educational interaction between program and financial shops
- Adopt automation and other direct-user data input systems
- Management has to trust that the transparency that comes with interoperable standard data is worth it
- I recommend active and ongoing quarterly data performance management and risk analysis data reporting
- It needs a more coordinated effort across partners involved in grant awards, execution, project implementation, and evaluation — all parties need to be at the table to understand their roles and relationships
- We ought to upgrade existing electronic single reporting systems to more comprehensive multi-program reports
- There's a need to incorporate training for each level of the process beginning with the grantee
- Establish an incurred cost team to review proposals to ensure cost is allowable, allocable and reasonable
- The grants program office needs to have better communications with the field offices

# Industry Insights from EY

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- The *Grants Management for the Public Sector* survey was conducted through a two-pronged approach, the electronic survey as described above and in-person interviews with federal government agency leadership. The in-person interviews were approximately 30 to 60 minutes each and used a structured interview approach. Below is a summary of the findings from in-person interviews:
  - From the agency leader perspective, most of the time and resources go into “getting grants out the door.” Overall, they believe their agencies are effective at providing grant funding to the appropriate recipients.
  - Government-wide coordination and information-sharing on grants management has improved over the past decade.
  - Agency leaders often have limited visibility into grant performance outcomes or risk management, and enterprise-wide reporting is not readily available.
  - The discretionary grant review process is generally highly manual and labor-intensive, and it can be costly due to the number of resources and travel required to fully staff application reviews during peak times.
  - Agency leaders want a centralized grants management system; however, they view the unique rules and authorities of each grant program as substantial barriers to any near-term change to separate grants systems.
  - Federal grantors want to learn more about the challenges that grantees face in finding grants for which they are eligible.
- EY recommends prioritizing data analytics to provide insights and improve operations. Quality data – and the technology to analyze that data – is a top challenge for agencies. Better data analytics will help agencies to monitor risk and performance of grantees.
- While the Office of Management and Budget (OMB) is driving an enterprise-wide approach to data standardization, agencies can take smaller, incremental approaches to data improvements in parallel. For each data and analytics challenge it faces, it is advisable that an agency apply a strong data and analytics transformation framework.

# Final Considerations

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**When considering how to improve the success of grant programs, agencies should:**

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## **Strengthen communications and outreach strategies**

Nearly half of survey takers said that grantees find applicable grants through government and agency-specific websites, yet only 10% believe that grantees are always able to find the grants for which they qualify. Improving grantee communication and outreach could increase the pool of qualified applicants and, as a result, also have an impact on grant performance. Agencies should invest resources in not only improving their webpages, but also in developing a targeted communication strategy across multiple channels to inform stakeholders, extend their reach and influence, and foster valuable connections.

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## **Improve data analysis and processes in support of it**

A plurality of those surveyed said that their organizations lack adequate systems to analyze grant performance data. Too often, agencies request a tremendous amount of information on their programs, which not only burdens their grantees, but makes it challenging for them to identify the useful pieces of information within that larger dataset. A better approach is for agencies to identify a small number of specific measures that will inform how grantees are performing toward short-term, medium-term, and long-term outcomes. When selecting these metrics, agencies should consider their grantees' ability to actually collect and report the relevant data quickly enough to inform decision-making..

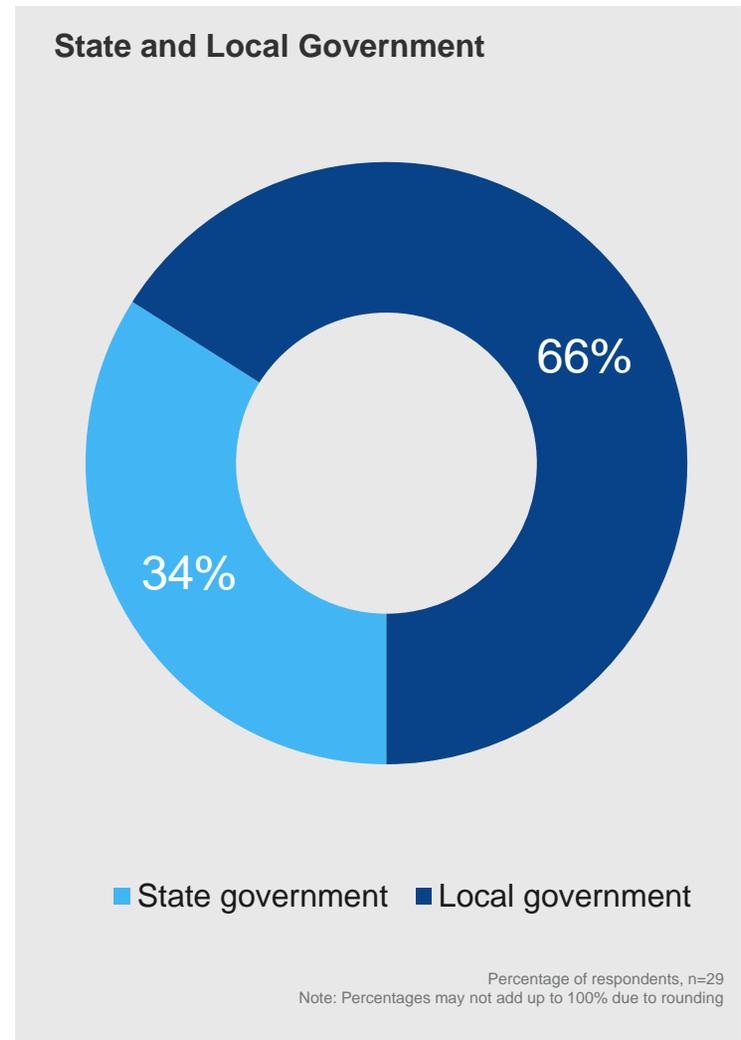
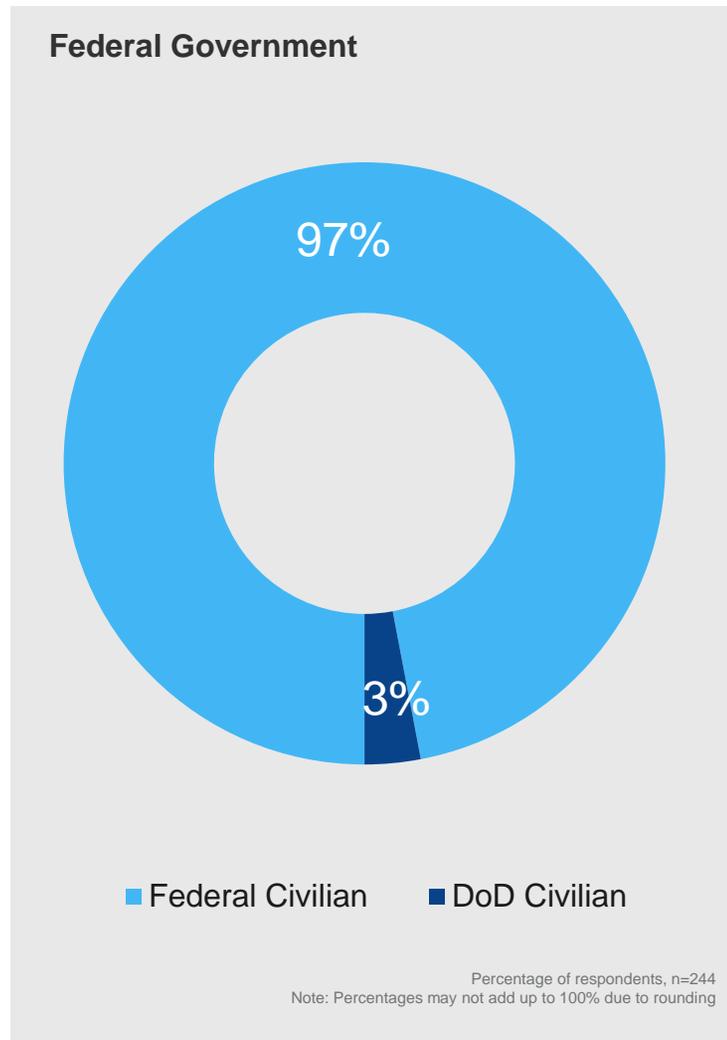
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## **Introduce systematic measures to assess grantee risk**

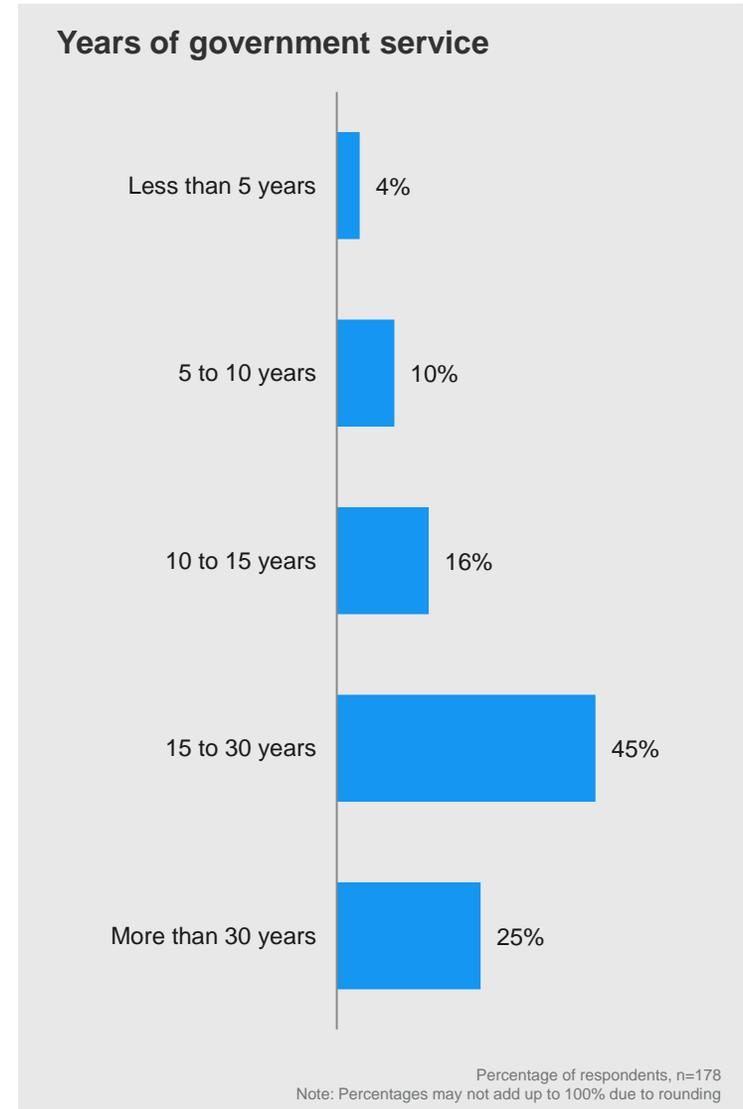
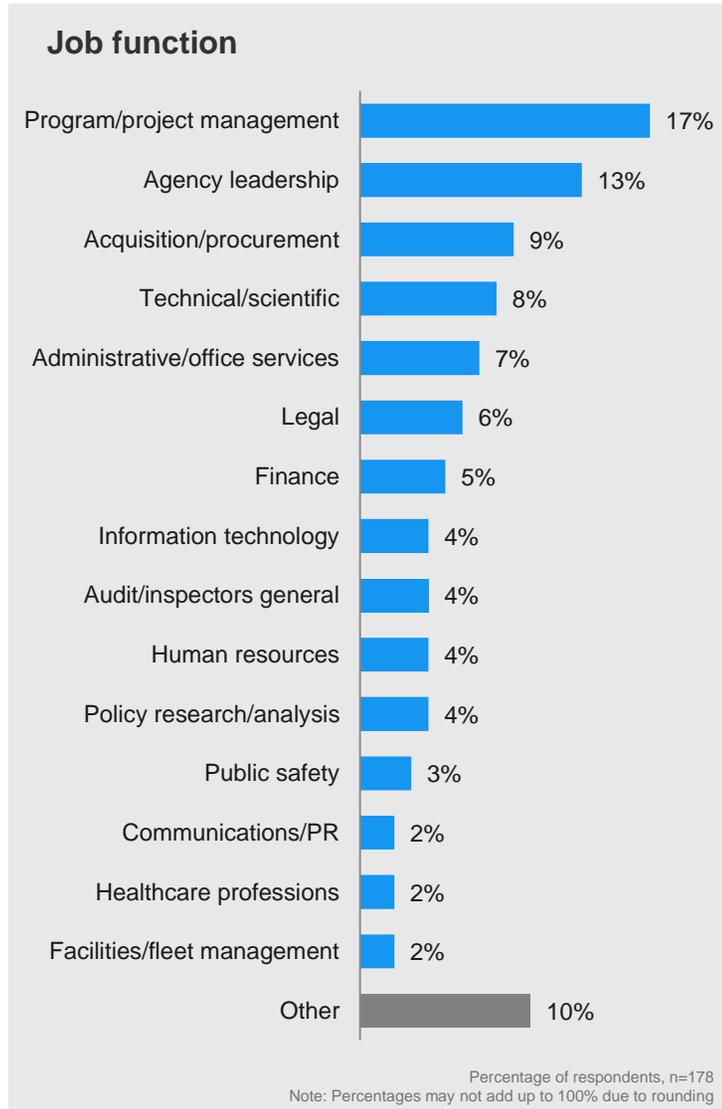
Only 39% of respondents say their organizations have tools in place to ensure that past performance informs future risk evaluations, and only 16% say their organization implements a centralized system to evaluate grantee risk. Additionally, 41% of respondents either do not know if their organization has a risk assessment system, or report that no such system exists. Past grant performance is a major indicator of how a grantee will perform in the future, and as a result should be a focus area for agencies moving forward.

# Respondent Profile

Respondents work for agencies from across the public sector



Most widely represented are program managers, agency leaders, and acquisition officers



Respondents were asked to choose which single response best describes their job function.

**70%** of respondents have served 15 years or more in the public sector.

# About

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