



Federal Grants Management:

Improving Operational Quality

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Introduction

Grants are partnerships between grantors and grant recipients to advance shared outcome objectives. Because outcome improvement is the reason every grant program exists, it is the responsibility of every federal grant manager, first and foremost, to manage to realize better outcomes as discussed in the report, *Federal Grants Management: Improving Outcomes*.¹ Grant program managers also need to, and do, manage operational quality. That is the topic of this white paper.

This white paper hopes to contribute to the many promising federal government discussions and efforts already underway to improve the operational quality of federal grant programs. Noteworthy progress has already been made. Progress is evident, for example, in continuing improvements to the grant related websites USASpending.gov, beta.SAM.gov, and Grants.gov. Also, adoption of the first version of the Grants Standard Data Elements is expected to support future coordination and cost savings on common business processes across grant programs.

This white paper flags for consideration some issues about operational quality objectives and how operational quality data and analyses get used and communicated. It also shares a few examples of promising work currently under way as well as prior experience some of which worked well and some of which did not but nonetheless offer useful lessons. The objective is to help those thinking about governmentwide and agency efforts to improve the operational quality of federal grants in setting their future course.

A companion white paper, *Federal Grants Management: Improving Transparency*, explores a third dimension of performance that grant programs manage to improve along with outcomes and operational quality — transparency. More specifically, it looks at how federal grant programs can manage to improve transparency to improve outcomes and operational quality, strengthen accountability, and demonstrate results.

¹ Shelley H. Metzenbaum (2021). *Federal Grants Management: Improving Grant Outcomes*. IBM Center for The Business of Government.

Operational Quality of Federal Grant Programs

Goals and Objectives

This white paper starts with the assumption (and the assertion) that every grant program works to advance the following six objectives in support of the overarching goal of improving grant operational quality to improve grant program outcomes:

Service Quality:

Objective 1: Process quality. Courteous, fair, streamlined, and easily understandable transactions, including for grant application, grant payment, and grant recipient reporting

Objective 2: Information. Providing important information that grant recipients easily find, understand, and use, including and especially information that helps grant recipients find ways to improve outcomes and refine where and how to focus their outcome improvement efforts as well as information about how to apply for a grant and comply with grant compliance and reporting conditions

Objective 3: Shared tools and services. Investing in products and services that help grant recipients achieve higher quality results at lower cost than grant recipients could achieve acting on their own

Objective 4: Continuous learning and improvement networks. Nurturing continuous learning and improvement communities of grantees supported by data analysts and researchers, creating these networks where needed

Stewardship Quality:

Objective 5: Risk management and bias reduction. Wise problem and risk management, including minimizing measurement manipulation, unintended negative consequences, and operational and data bias

Objective 6: Cost savings. Reducing operational costs without compromising operational quality

Those running grant programs and governmentwide grant management initiatives may prefer to define operational quality in other ways. Most would likely agree that the grant application and award process should be courteous and fair and that, for that purpose, grant programs might want to set goals to help them manage the quality of discrete processes (e.g., application understandability and ease, reporting understandability and ease, fund award timeliness, redundancy and duplication, and conflicting or inconsistent reporting requirements and periods.)

Also, those who research trust in government conclude that procedural quality is extremely important for building trust in government. They identify the following aspects of procedural quality as important:

- Fairness—including the lack of bias or favoritism
- Equity—in the sense of distributing public benefits evenly or according to true needs

- Respect—including courtesy and responsiveness to citizens
- Honesty—in the sense of an open, truthful process and a lack of corruption.²

If procedural quality is so important to trust in government, how could grant programs improve these trust-boosting aspects of grant operations?

What about oversight aspects of the grant process? Should the predictability and fairness of those doing monitoring and conducting oversight be treated and managed as an important part of a grant program's operational quality along with application and payment processes? Moreover, should operational quality also include Objectives 2 through 4 listed above for the services grant programs provide grant recipients to help them improve outcomes and improve at lower cost?

With so many dimensions of grant program operational quality, what is clearly important is that both individual grant programs and governmentwide grant management efforts define and communicate their operational quality objectives. Moreover, to encourage effective, agile, innovative approaches to grants management, they need to communicate those objectives in as outcome-focused a manner as possible. For example, grant programs would not set compliance as an objective for its own sake, but perhaps to cut waste, fraud, and abuse. Similarly, while grant programs and governmentwide grant management efforts have set milestones for establishing data standards, those milestones advance a larger objective such as reducing reporting burden, increasing the accuracy and timeliness of payments to grant recipients, and helping grant recipients improve outcomes. To avoid getting caught in a compliance culture, it is important for grant programs to keep high-level operational quality objectives of the sort listed above prominently in the picture even when also using milestones and activity targets.

In addition to being clear about operational quality objectives, grant programs should treat grant recipients as their highest priority "customer" for service because grant program success depends on the capacity of grant recipients to deliver on the program's outcome objective. Grant programs can greatly enhance grant recipient capacity by providing services that advance Objectives 2 through 4. These services include providing grant recipients information that helps them find ways to improve outcomes, developing and sharing tools and services grant recipients find useful, and supporting continuous learning and improvement communities. It is also about providing these services in high quality ways.

Grant programs may, of course, also want to consider others whom they will treat as service priorities, such as beneficiaries (individuals or communities) and other goal allies with potential to contribute to better outcomes. Grant program leaders may also disagree with the suggestion offered here that grant recipients be treated as the top service priority for every grant program. Those who disagree are encouraged for the sake of everyone involved in delivering operational quality to make clear whom they want to give higher priority. The bottom line is that to manage operational quality well, grant programs need to be clear about their operational quality objectives, their target audiences for service, and priorities among them.

Once operational quality objectives and those to get service priority are decided, grant programs have other important decisions to make. They must analyze data and use other means to look for issues

² Gregg G. Van Ryzin (2011). "Outcomes, Process, and Trust of Civil Servants," *The Journal of Public Administration Research and Theory*. 21:745–760.

impeding progress on those objectives, while simultaneously scanning for opportunities that promise significant operational performance gains. They must also choose which of these problems and opportunities to pursue first. Beyond that, they need to manage progress on each objective. Specifically, they must decide who will manage progress on each objective and who else in an agency and across government will contribute to the effort. Also, they have to look for useful data, whether existing data such as audit information and website statistics or new data that may need to be gathered such as customer surveys or focus groups to assess where progress is being made and where it is not. They then need to understand why progress is or is not being made and decide next steps. Coherently communicating operational quality goals, data analyses, plans for and results of well-designed trials, and planned next steps is also important. Communication is important for helping all grant programs learn and improve and for facilitating collaborative efforts across grant programs to tackle shared problems and pursue collective opportunities. Communicating efforts to improve operational quality coherently can also help build trust in government, as well as motivating changes by others able to contribute to better operational quality.

The federal government began the process of setting and communicating governmentwide operational quality goals when it adopted the first cross-agency priority goal on grants (Grants CAP Goal), titled “Results-Oriented Accountability for Grants.”³ The goal statement read: “Maximize the value of grant funding by applying a risk-based, data-driven framework that balances compliance requirements with demonstrating successful results for the American taxpayer.” Discussion of the goal on Performance.gov made clear that the primary challenge the goal aimed to tackle was an operational quality issue: “[M]anagers report spending 40 percent of their time using antiquated processes to monitor compliance instead of analyzing data to improve results.”

In elaborating on the opportunities for improvement, the Grants CAP Goal identified two distinct operational quality objectives to be addressed through more standardized business processes and standardized data and through more open data: (1) ease burden and drive efficiencies, and (2) respond to customer needs. It also discussed a third objective to be addressed through standardized business processes and data and through open data: deliver on mission. In addition, the goal discussion indicated an intent to leverage data to “assess and manage recipient risk,” another operational quality objective suggested above.

What the Grants CAP Goal discussion makes less clear, however, is who the “customer” is, something that those charged with managing the improvement of operational quality presumably need to know or need to decide. Is the primary customer the grant recipient, as this white paper is recommending, or is it someone else?

Nor does the Grants CAP Goal discussion provide much sense of the nature of the recipient risk that needs to be managed. Is it the risk of waste, fraud, abuse, and mismanagement about which the U.S. Government Accountability Office (GAO), Inspectors General (IGs), and many others so frequently express concern? It is hard to disagree that these are problems all grant programs will likely want to prevent and reduce to improve operational quality, possibly setting specific goals for them. Do the categories of waste, fraud, abuse, and mismanagement wholly capture the complete set of risks grant programs want to manage, though? If not, what is missing? For example, do those four categories

³ U.S. Government (2020). Performance.gov . “Results-Oriented Accountability for Grants.” Retrieved from: <https://trumpadministration.archives.performance.gov/CAP/grants/>

capture the risks of measurement manipulation seen in education and other programs, unintended negative side effects such as police abuse, data collected but never used, the absence of useful outcomes information, biased past information collection practices contributing to biased algorithms used to choose targets and treatment methods, and procedural justice problems? Also, are waste, fraud, abuse, and mismanagement of equal import across and within categories or are certain subsets of these problems more troublesome than others

Governmentwide grant improvement efforts may find it useful to set specific objectives and sub-objectives in these or other operational quality areas to focus efforts to prevent and reduce these problems more successfully. They certainly may want to consider choosing key performance indicators and collecting other useful data to manage continual improvement on the full set of their operational quality goals.

In addition to governmentwide operational quality goals, individual federal grant programs can and arguably should also set and communicate their own operational quality goals or key performance indicators to help them manage and improve their grant operations. At a minimum, all should consider whether or not to set them if they genuinely want to focus efforts on improving operational quality. In its 1994 Strategic Plan, for example, the National Highway Traffic Safety Administration (NHTSA) adopted an explicit service goal: "[L]isten to, involve, and serve customers and partners in the planning, programs, and activities of the Agency."⁴ Interestingly, that objective no longer appeared in NHTSA's more recent 2016-2020 strategic plan. The closest to a service objective in the more recent plan gave far more attention to oversight than to listening to and serving customers and partners:

Objective 3: Provide Oversight and Guidance to State Highway Safety Offices

Objective 4: Provide Assistance and Oversight to State Departments of Motor Vehicles⁵

The narrative accompanying these objectives mentions assisting and providing technical assistance, but says nothing about listening, involving, and serving partners. In fairness, the federal government sometimes uses grants to get states and local governments to do something they have historically not done whether by explicit choice or simply by oversight, which can make it more difficult to treat the federal role as a service. That may be the case with NHTSA's objective of "assisting state DMVs and other recipients in identifying and removing unlawful barriers that discourage individuals from accessing State drivers licensing services,"⁶ an objective for which NHTSA also indicates that it will conduct compliance activities when necessary. Nonetheless, the way NHTSA's more recent strategic plan states its goals and objectives clearly sends more of a top-down compliance message than the language of the earlier plan with its discrete objective of service to partners. Goal statements can and do influence organizational focus so setting and communicating clear operational quality goals is likely to help improve operational quality.

⁴ National Highway Traffic Safety Administration. "Customer Service Report." Retrieved from: <https://one.nhtsa.gov/nhtsa/whatis/customer/custsrv.html>

⁵ National Highway Traffic Safety Administration (2016), "The Road Ahead National Highway Traffic Safety Administration Strategic Plan 2016—2020." Retrieved from: <https://www.nhtsa.gov/sites/nhtsa.dot.gov/files/documents/12532-nhtsa-strategicplan-2016-2020.pdf>

⁶ NHTSA (2016). "The Road Ahead" p. 36.

In its FY2019 Annual Performance Plan and FY2021 Annual Performance Report, the U.S. Education Department (ED) also included an explicit service goal. The ED strategic objective goal was stated as: “Support agencies and institutions in the implementation of evidence-based strategies and practices that build the capacity of school staff and families to support students’ academic performance.” This goal advances the second and third service quality objectives listed above that this white paper encourages all grant programs to adopt: (1) providing grant recipients important information they can easily find, understand, and use that helps them find ways to improve and refine where and how they focus their improvement efforts; and (2) sharing tools and services that help grant recipients achieve higher quality results at lower cost than grant recipients could achieve acting on their own.

Perhaps adoption of this explicit service goal encouraged ED program office staff to develop shared tools and services to help its grant recipients serve their own customers when implementing a provision of the “Every Student Succeeds Act.” ESSA requires federally supported state and local educational agencies (school districts) to produce report cards for parents and the public.⁷ To support states and localities in this effort, the U.S. Education Department held listening sessions with parents and other stakeholders to gather feedback on the format and accessibility of report card information. It published guidance and a parent guide and self-assessment tool. It sponsored a report card design challenge. It convened state report card communities of practice (CoP). It brought in subject-matter experts to help states and districts learn how to add more data to report cards, and how to communicate complex data to various external and internal stakeholders more successfully. One CoP focused on helping states improve the quality, accuracy, and timeliness of their data for the report cards. An ED office created a report card resource library that provides examples of how states are designing—and communicating about their report cards. ED also tried to help states with common, although not high volume, special communication needs, such as for Arab American, Native Hawaiian, or Pacific Islander English language learners.⁸

Grant programs can also think about supporting grantee associations to develop for their members shared tools and services that inform their focus, as the National Head Start Association (NHSA) is trying to do. Working with students at Carnegie Mellon Universities and frontline grantees, the NHSA Data Design Initiative (DDI)⁹ is trying to create a shared tool that makes it easier for individual Head Start programs to find and analyze data to do the needs assessment all Head Start grant recipients (quite sensibly) are required to do. One aim of this project is to provide a tool that does more than help local Head Start programs comply with the grant program’s needs assessment requirements. It also wants to help make those assessments more useful to local programs for setting their own priorities and crafting better local strategies. Based on feedback from the field during this project, NHSA’s DDI hopes to build a future feature of the tool that helps those local programs more easily find and tap local services to help the children and families they serve. Grant programs could similarly develop and continually update this sort of shared tool that helps all grant recipients make more informed decisions.

⁷ The report cards must cover matters such as how students fared on standardized tests by demographic group noting high school graduation rate, other aspects of school quality, climate and safety (e.g., rates of school suspensions, expulsions, school related arrests, and incidences of violence) as well as teacher qualifications.

⁸ U.S. Education Department. “U.S. Department of Education FY2019 Annual Performance Report and FY2021 Annual Performance Plan,” p.30-31. Retrieved from: <https://www2.ed.gov/about/reports/annual/2021plan/fy2019apr-fy2021app-report.pdf>

⁹ National Head Start Association, “Data Design Initiative.” Retrieved from: <https://www.nhsa.org/our-work/current-initiatives/our-work-initiative-data-design-initiative/>

Data: Inform Where to Focus and Find Ways to Improve Operational Quality

Data help a grant program decide where to focus amidst all the competing needs and opportunities. This is true both for high-level general goals and more specific targets. It is true whether outcome or operational quality objectives and whether governmentwide or individual grant program goals. It is true whether the goals are short or long term. Useful data also make it possible for grant programs to gauge progress on their operational quality improvement efforts and decide what to do next after goals are set. In short, grant programs need actionable information about the operational quality of their grant programs to inform decision making about where to focus and to find ways to improve in those areas of focus.

Consider, for example, how the statistic that those receiving federal grant funds spend 40 percent of their time on administrative matters might have influenced goal selection. The statistic comes from three successive surveys conducted starting in 2005 and reported by the Federal Demonstration Partnership, a network of research and development grantors and grantees. In the most recent survey of university-based grant managers released in 2018, grant-receiving researchers reported spending an average of 44.3 percent of their time meeting requirements rather than conducting active research. Interestingly, that is two percentage points higher than the percentages reported in the 2005 and 2012 surveys.¹⁰ The availability of this survey statistic may have influenced the adoption of the Grants CAP goal. It certainly seems to have influenced how much attention is being given to burden reduction or at least reinforced opinions about the validity of focusing on that goal.

Governmentwide and individual grant program efforts must think about if, what, and how to measure progress on operational quality goals, whether in the six categories listed above or in other areas. When measuring progress, it is important to avoid the temptation to default to managing what is easy to measure rather than what is important. Similarly, it is important to measure what is improvement-informing. Measurement methods for the federal cross-agency priority goal for “Getting Payments Right,” for example, have gotten more sophisticated over time. But these methods also evolved over time to support a change in the goal from focusing on “improper payments broadly, including process errors that do not affect money paid, rather than strategically targeting monetary loss to taxpayers.”¹¹ The goal itself has morphed multiple times. The initial CAP goal aimed to reduce the dollar value of improper payments. A subsequent iteration aimed to reduce the rate of improper payments and made the goal a sub-objective of a larger goal: improving mission-support operations.¹² It then focused again on reducing the size of improper payments. As the goal changed, measurement and analytics to identify and address root causes of improper payments seems to have become much more sophisticated. At the same time, it is unclear whether and how these improper payment measurements distinguish improper payments with a fraudulent intent from those done unintentionally, presumably an area of interest when setting and managing this goal.

The January 2021 Grants CAP Goal Quarterly Update indicates that efforts are also well underway to gather and analyze useful data about operational quality to inform where to focus and find ways to improve. The Quarterly Update describes a plan to conduct a governmentwide Grants Customer

¹⁰ Sandra L. Schneider et al (2020). “2018 Faculty Workload Summary,” Federal Demonstration Partnership. Retrieved from: <https://thefdp.org/default/assets/File/Documents/FDP%20FWS%202018%20Primary%20Report.pdf>

¹¹ Performance.gov (2020). “Getting Payments Right.” Retrieved from: <https://trumpadministration.archives.performance.gov/CAP/getting-payments-right/>

¹² Performance.gov (2016). “Benchmark and Improve Mission-Support Operations.” Retrieved from: <https://obamaadministration.archives.performance.gov/node/3397.html#apg>

Satisfaction Survey in the future and to run a “Marketplace Day” to gather feedback on new informational and transactional tools such as beta.grants.gov, beta.sam.gov, and a risk management tool. In addition, the Quarterly Update reports that efforts are already underway to get feedback on the development of the “Recipient Seamless User Experience prototype” using recipient user-centered design workshops.

Individual grant programs, too, need data to find ways to make progress on their operational quality objectives. The U.S. Department of Health and Human Services (HHS) measured “time used” and “cost” to assess its Reinvent Grants Management (RGM) Initiative, completed in September 2020. RGM was a three-year effort involving multiple HHS organizational units. It started by gathering input from multiple partners on possible areas for improvement, and then launched nine initiatives with three objectives: creating a single user experience, improving grants administration, and developing performance measurement capabilities. One of these nine initiatives built “a pre-award risk assessment tool on a blockchain using microservice architecture to reduce processes.” The HHS leader of this initiative estimates that use of this one tool cut processes that previously took four hours down to 15 minutes, generating \$142 million in annual savings that can now be redirected back to mission advancement activities. The leader of this HHS effort reflects that “This level of partnership and collaboration allowed us to accomplish a great deal in a short amount of time, with each initiative creating efficiencies that result in more effective grants management.” He also commented on the significant potential import of this effort to grant improvement given that HHS distributes over \$500 billion in grants annually, almost 70 percent of federal grant funding.¹³

NHTSA, too, measured progress after setting its 1994 service goal. It created a Customer Service Report Card and surveyed its customers, partners, and stakeholders to identify and understand their needs and to improve the delivery of its services and products, which it started by setting customer service standards.¹⁴

The Department of Education opted for a different kind of performance measure for its service goal, an activity count: “number of technical assistance engagements, events, or related activities or products focused on the grantees’ use of evidence in prekindergarten through grade 12 education.”¹⁵ Counting these activities this way is not likely to help the grant programs figure out where to focus future operational quality improvement efforts, however. Counting activities may be useful for managing service quality efforts in some way but sheds little light on which of those activities were successful enough to repeat and possibly expand and which did not work so need to be adjusted or dropped.

Interestingly, another part of ED already uses a measurement method that might be more helpful for measuring the K-12 service goal to improve the quality of the services it provides. The southeast Regional Education Laboratory sent a simple survey to participants of one of its online adult literacy webinars to ask participants not just if the webinar was helpful but also what was helpful, what was not, and additional information that would have helped. The answers to these simple questions are likely to

¹³ Michael Peckham (2020). “Closing Thoughts from Mike Peckham, Reimagining Grants Management (RGM) Initiative Lead at HHS,” Unpublished remarks to the HHS Re-Imagine Governance Board (October 1).

¹⁴ National Highway Traffic Safety Administration. “Customer Service Report.” Retrieved from: <https://one.nhtsa.gov/nhtsa/whatis/customer/custsrv.html>

¹⁵ U.S. Department of Education. “FY2019 Annual Performance Report and FY2021 Annual Performance Plan.” Retrieved from: <https://www2.ed.gov/about/reports/annual/2021plan/fy2019apr-fy2021app-report.pdf>, p. 54.

provide far more actionable insights than activity counts for individual webinar offerors wanting to deliver good products. Also, aggregating the feedback from these sorts of information-providing efforts and analyzing across them to look for pattern similarities and differences and possibly for relationships might produce insights that help multiple service efforts improve. Moreover, to the extent grant recipients are able to choose among service providers providing similar services, sharing this kind of information is likely to help grant recipients find the providers that best meet their needs.

Individual grant programs and governmentwide grant improvement efforts need to think and decide not only about their operational quality objectives, but also about what data they can use to identify the problems that need attention and what data they can use to look for operational quality improvement opportunities. Useful data can come from many places, such as administrative systems able to calculate time lapsed and use rates, user-centered design sprints, customer surveys, focus groups, and well-designed trials. Key performance indicators can change over time as experience and insights are gained about which goals and measures are useful and important and which are not. Sometimes, too, operational quality objectives change when organizational leaders change. What is important for improving operational quality, though, is for government grant programs to choose operational quality objectives and measurements and use those measurement to refine focus and continually improve. Also, as discussed later in this white paper, it is important to communicate those goals and objectives successfully to key audiences so they can apply that knowledge and collaborate on improvement efforts.

Analyses: Inform Where to Focus and Find Ways to Do Better

Of course, setting goals and finding ways to measure progress on them are only the first two steps in what needs to be approached as an iterative, integrative continuous improvement process. Also essential is analyzing and using the data to inform focus and improvement efforts and then communicating the insights gleaned so others can learn from and contribute to improvement. The most valuable improvement insights usually come from digging into the details of collected data to look for anomalies and unexpected situations, pattern variation and similarities, relationships, and clusters followed by probing to understand what is going on. The most significant improvement opportunities come from following up on those insights to brainstorm how to use them to improve and then running well-designed trials often integrated into operations to see if those improvement ideas worked as hoped. This requires a data-informed, problem-focused way of managing.

Consider, again, the survey of federal R&D grant recipients on the percentage of time spent on administrative matters. The 40 percent number is interesting and important as is the fact that the number is trending in the wrong direction. But neither number provides insights for ways to reduce the problem. Those kinds of insights may be harvestable, though, by diving deeper into the details of the survey to look for differences in the answers—possibly starting with the kinds of activities reported to be the most time consuming, understanding reasons for the most burdensome of those administrative requirements, brainstorming alternative ways to advance the purpose of those requirements, and then testing those alternate approaches to see if they produce a win-win result.

The Federal Emergency Management Administration (FEMA) has made noteworthy progress in recent years doing this sort of deeper dive analyses of the oversight information it collects with very promising results. FEMA consolidated grant oversight information previously collected by more than 40 grant programs into a single audit information repository. The consolidated oversight information is now managed by a single office, the Audit Liaison Office (ALO). The repository also includes information from previous reviews done by the U.S. Government Accountability Office and from Inspector General reports

as well as from the Single Audits that most grantees must get done annually and submit to the Census-managed Federal Audit Clearinghouse (FAC).

Before this consolidation, FEMA looked at and dealt with oversight findings in a fragmented way. For example, the IG would look at about 25 grantees per year and FEMA staff would work through the issues identified for each grantee individually. FEMA made a decision to see and manage the forest as well as the trees to reduce adverse findings and reduce the need to de-obligate or recoup funding. In other words, it opted to manage not just individual cases but also the caseload.

The ALO started to produce and regularly update what it calls the Compliance Dashboard. The Dashboard analyzes and visualizes all the data in the ALO system to inform focus. The Dashboard suggests what might be the most common and serious problems, as well as patterns of problems that might be addressable in more effective and cost-effective ways. In addition, it looks across programs and time for persistent and unresolved problems, progress, emerging problems, and possible causal factors.

FEMA ALO shares the Compliance Dashboard with FEMA leaders as well as those who run FEMA's training and technical assistance efforts. Communicating these analyses seems to be working. Trends in problem audit findings have been moving downward.

What the ALO database cannot yet help with, though, is sorting out if and how much the compliance requirements are reducing the real-world risks that those requirements are designed to reduce. Understanding that will require additional brainstorming and, possibly, additional data collection, categorization, and prioritization about what those real-world risks actually are.

FEMA's Risk Management Information Transformation

The Federal Emergency Management Administration¹⁶ has made noteworthy progress tapping technology and analytics to make its risk information about grants more useful. FEMA consolidated grant oversight information previously collected by more than 40 grant programs into a single audit information repository now managed by the Audit Liaison Office (ALO). This repository also includes information from previous reports from the FEMA Inspector General and from the U.S. Government Accountability Office as well as from the Single Audits that most grantees¹⁷ must get done annually and submit to the Census-managed Federal Audit Clearinghouse (FAC).

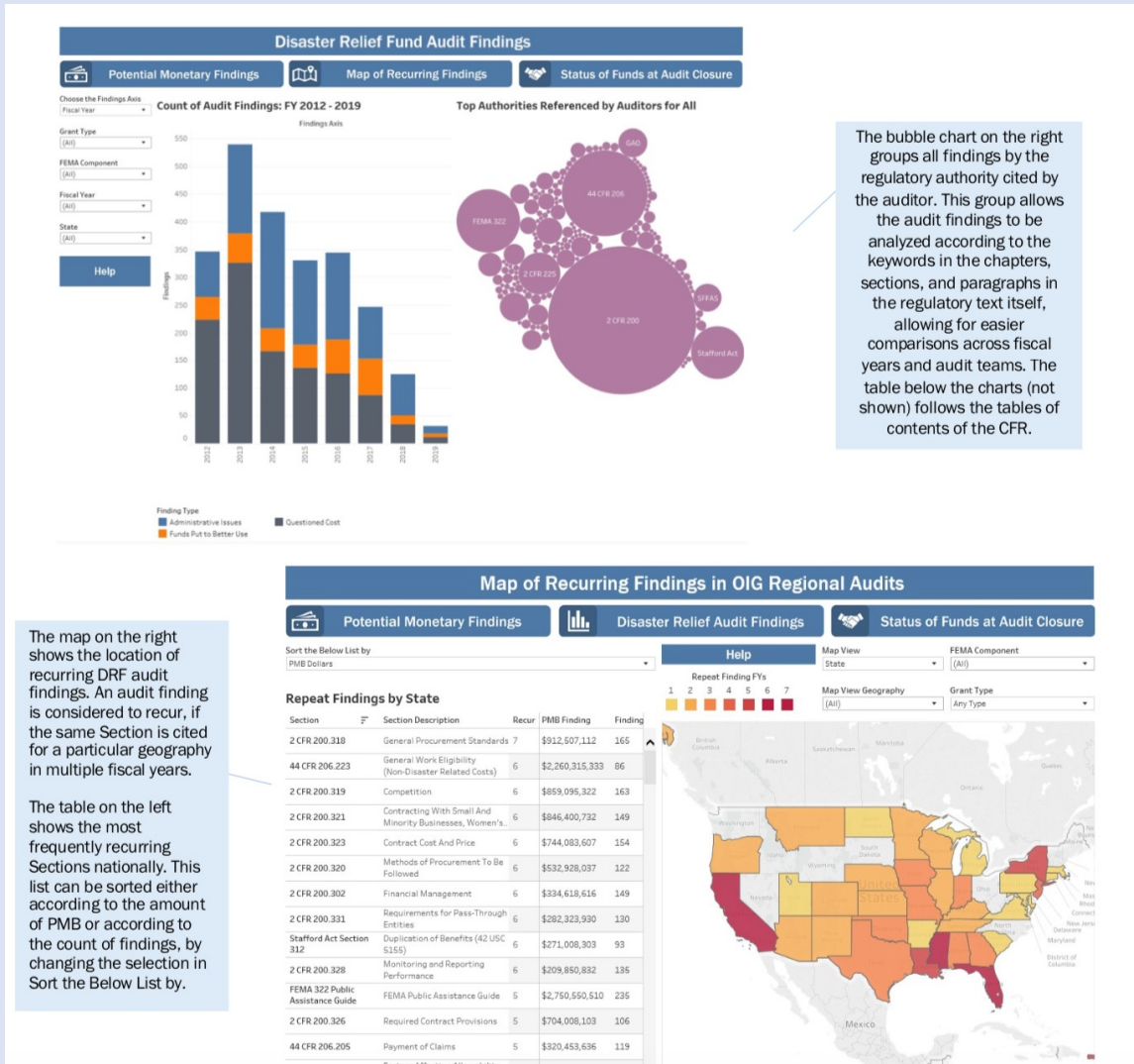
To build the repository, ALO staff initially entered historic IG, GAO, and Single Audit data manually into digital form using sections and paragraphs from regulatory text as keywords to organize the information. ALO now automates most of its Compliance Dashboard updates with a user interface that lets it copy and paste directly to and from a data source. It must still manually upload the content of audits from the Federal Audit Clearinghouse every week because Single Audits submitted to FAC are submitted as image files, not in machine-readable form. ALO also pulls information automatically from the current beta.SAM.gov file and reconciles naming differences in the two systems, automatically checking to confirm ALO has the most current files. ALO's system automatically crosswalks Office of Management and Budget and uniform guidance reference numbers with FEMA disaster codes, and automatically searches Department of Housing and Urban Development and the U.S. Geological Survey geography files for county codes for new auditees. This automated updating process takes between 10 and 30 minutes.

Figure 1 provides a sense of the kinds of analysis FEMA's ALO office is now able to do thanks to its consolidation of audit and other oversight data.

¹⁶ According to the DHS 2018-2022 Strategic Plan, FEMA awarded \$3 billion in pre-disaster preparedness grants and over \$10 billion in post-disaster assistance and mitigation grants between October 1, 2016 and February 2018. In that period, even before the Covid-19 pandemic, FEMA supported approximately 3000 grant recipients. Between FY2008 and FY2017, FEMA provided nearly \$100 billion in financial assistance. (Retrieved from: https://www.dhs.gov/sites/default/files/publications/19_0318_MGMT_CBJ-Annual-Performance-Review-DHS-Overview_0.pdf) Most but not all grantees are state, local, tribal, and territorial governments.

¹⁷ All grantees receiving more than \$750,000 in federal grants annually must submit an annual single audit to the Federal Audit Clearinghouse.

Figure 1: Example of How FEMA Presents Analyses Graphically



Source: U.S. Federal Emergency Management Administration (2020, January 23). "Compliance Dashboard." Presented at National Academy of Public Administration Grants Management Symposium. Retrieved from: https://napawash.org/uploads/FEMA_COD_Handout.pdf.

More informally but likely no less important a communication tool than the Dashboard, an in-house network of FEMA analysts meet frequently at a brown bag lunch of data analysts from across the agency. This frequent gathering not only helps FEMA data analysts learn from each other, but also coordinate and support each other on shared objectives.

FEMA's audit work is well integrated with other grant improvement efforts in the agency also tapping into technology and analytic advances to improve outcomes and service quality. The ALO's audit work complements a massive FEMA grants integration effort concurrently underway to migrate FEMA's 10 legacy grant systems to a single grant management platform on the cloud to make FEMA grants more coherent and simplify the grant application process. This integration work is being done incrementally using an agile approach that updates integration priorities quarterly. This agile effort is supported by the federal government's U.S. Digital Services (USDS) as an advisor/contractor. The ALO office also works with USDS but uses its own in-house staff to do much of the work on the compliance database because the staff know the data well and routinely analyze it, generating reports of the sort shown in the previous figure that make the information more actionable. (Interestingly, a number of FEMA's in-house analytic staff joined FEMA through FEMA Corps, a program jointly developed and run by the AmeriCorps program of the federal government's Corporation for National and Community Service.)

FEMA is also currently undertaking several other exciting interagency data integration efforts to improve situational awareness and help FEMA and its frontline partners improve outcomes (e.g., disaster consequences) and serve the public better and faster. Disasters.geoplatform.gov provides real-time maps, analyzable data bases and a platform for sharing information across the interested community, for example.

FEMA's promising work is not without challenges nor opportunities for further improvement. In August 2019, for example, the FEMA IG called for greater authority for the FEMA chief information officer and a more strategic agency vision and plan for IT integration, information sharing, and deficiency reporting. FEMA agreed with the IG's recommendations. Also, the FEMA ALO office continues to look for additional useful data about risks to complement IG and audit information as well as ways to make the Compliance Dashboard more useful to FEMA program offices and grantees.

Communication: Share Promising Practices and Common Problems

The kinds of analyses FEMA has done is very promising, but its Compliance Dashboard is not yet public. FEMA's work in this area is known because of a presentation made by the ALO leader at a Grants CAP Goal Innovation Exchange session, followed by a presentation at the quarterly Grants Management Symposium convened by the National Academy of Public Administration.¹⁸ Other agencies may have similarly intriguing work improving their operational quality underway, not just for audits but also to analyze and harvest insights from the feedback they collect on their service, process quality, and cost-reducing efforts. Unfortunately, finding those examples is not easy. Indeed, the lessons of the HHS Reinvent Grants Management Initiative mentioned earlier do not seem to have been broadly shared.

¹⁸ FEMA presented at the July 25, 2019 Grants CAP Goal Innovation Exchange session (retrieved from: <https://trumpadministration.archives.performance.gov/CAP/innovation-sessions/7-25-19-smarter-use-audit-data.pdf>) as well as at the January 23, 2020 National Academy of Public Administration Grant Symposium (retrieved from: https://www.napawash.org/uploads/FEMA_COD_Handout.pdf).

That so few of these promising innovative developments are broadly shared is not surprising given that those leading these sorts of change management efforts often have little time nor inclination to allocate to communicating about their work except with those involved in the change effort. Yet sharing lessons learned about these efforts—both the ones that worked well and the ones that worked less well—accelerates and amplifies the pace of constructive change.

The challenge is to find these kinds of operational quality improvements and share them with the tens of thousands and probably more people working in federal grant programs and among federal grant recipients who would benefit by knowing about these developments. This information must be shared in ways that catch attention, are easily accessed, and readily understood and applied. Communicating this way is much easier said than done, unfortunately, especially to the large number of federal officials who work on the outcome-improving and not the administrative and financial side of federal grants management as discussed in the *Improving Outcomes* report that this white paper complements. While those working on the outcome-improvement side may not need to know all the details of efforts to improve grant operational quality, they need to know enough to address the situation that seems to afflict most grant programs — compliance and administrative requirements overwhelming and displacing outcome-improving efforts.

The creation of a Grants CAP Goal is helping with the communication challenge, as have many of the implementation decisions made by OMB officials and Grants CAP Goal leaders such as holding monthly Innovation Exchange Sessions to share best practices for all aspects of grants management. It also includes the release of the first ever “Performance Management Playbook for Federal Assistance Awarding Agencies” (*Grants Playbook*) containing useful examples of the sort also illustrated here. Plus, it includes creation of a Grants Community of Practice that now numbers in the thousands that anyone can sign up online to join. This important work searching for and sharing promising practices as well as lessons learned needs to be continued. More than that, it needs to be greatly amplified.

Recommendations

What Leaders of Individual Grant Programs Can Do to Improve Operational Quality

As noted in the previous discussion, there is much individual grant program leaders can do to improve the operational quality of their programs—including:

- Decide if they want to adopt all six of the operational quality objectives proposed above or decide if they prefer others.
- Choose and communicate — within those six or other categories, informed by data where available — to relevant people in and beyond their organization more specific operational focus areas.
- Decide if they want to treat grant recipients or others as their priority customers for service.
- Find or generate, then, useful data to inform where to focus for each operational quality objective and analyze the data to search for insights about ways to improve.
- Communicate those analyses in ways that inform and engage the field, inviting them to try evidence-informed improvement efforts, iteratively, to learn and use what works better.
- Communicate lessons learned to accelerate adoption of better ways to operate, when found.

What the Office of Management and Budget and Agencies with Governmentwide Responsibilities Can Do to Improve Operational Quality

Individual grant programs can do much on their own to improve their operational quality, but their progress will be greatly accelerated if supported by collective efforts led by OMB, Grants CAP Goal leaders, and other organizations and people with governmentwide grant responsibilities. Particular areas of opportunity include:

Finding and sharing examples of service and stewardship improvement practices. Specifically:

- Collect and share examples of the general and specific service and stewardship goals that grant programs have adopted, together with descriptions of analyses a grant program may have used, if any, to inform where to focus. This might include, for example, goals for greater grant recipient satisfaction with data systems and report generators, as well as goals for payment timeliness and reporting ease.
- Collect and share, also, descriptions and examples of measurement methods grant programs use to gauge service and stewardship quality and improve it, such as customer surveys on training and technical assistance and methods for assessing and improving evidence repositories.
- Collect and share examples of management approaches to improve service, such as ED's report card effort, and to improve stewardship, such as the HHS Reinventing Grants Management initiative.

- Continue building capacity to find, communicate about, and learn from all of these efforts, as the Innovation Exchanges and *Grants Playbook* have already started to make happen.

Launch Communities of Practice to Improve Evidence Repositories, Learning Agendas, and Possibly Data Bases to Serve Grant Recipients. Find ways to make evidence repositories, learning agendas, and federal data bases more useful to grant recipients to help them decide where to focus and find ways to improve. One of the most important forms of service that grant programs can provide grant recipients is easy access to curated evidence that is easy to use. This is especially true since federal grant programs and federal law continue to push grant recipients to increase their use of high-quality evidence about what works and what works better in different situations. Evidence repositories have evolved significantly in recent years, but many still seem more geared toward researchers than practitioners.

CAP Goal Leaders should launch one or more Communities of Practice (CoP). One should focus on improving the usefulness of evidence repositories for grant recipients. The same or a different CoP should help grant programs work on making sure the learning agendas required by the Foundations of Evidence-Based Policy Making Act are helpful and understandable to grant recipients, including making sure that the research questions most important to grant recipients get included in the agendas. In addition, Grant CAP Goal leaders should consider launching a CoP to help grant programs understand how to design their data systems, reports, and report generators to make them more understandable and useful to grant recipients in their efforts to make progress on grant program outcome objectives.

Develop shared platforms and tools for better services and stewardship. Find opportunities for grant programs to develop shared platforms and tools to improve their service and stewardship. Examples include shared platforms for evidence repositories (something already happening with NASA and the National Library of Medicine in the National Institutes of Health as the *Grants Playbook* reported) and learning agendas, as well as shared platforms for conducting and analyzing webinar and training and technical assistance surveys.

Network around operational quality objectives. Identify and network those working on similar service and stewardship, as well as outcome, objectives so they can find and help each other.

Solve specific problems. Create problem-solving teams to tackle common problems interfering with grant program outcome improvement and service and stewardship quality. Candidate problems include: making it easier for grant recipients to share data across different grant-funded programs addressing the same problem or serving the same beneficiary without compromising privacy; making it easier to integrate audit information submitted to the Federal Audit Clearinghouse and other oversight information to make it more useful within and across all grant programs as FEMA has done for its programs; and making it easier to get more frequent and useful feedback from grant recipients to improve service and stewardship quality.

What Oversight Entities Can Do to Improve Operational Quality

Managing risk wisely requires as clear a sense of what risks exist and their relative import and probability as possible. This is often easier said than done. Nonetheless, Grants CAP Goal leaders should explore with GAO and the Council of the Inspectors General on Integrity and Efficiency (CIGIE) ways to tap evolving technology and data science methods to analyze audit, GAO, and IG reports more

systematically and scientifically and possibly other data sources such as payment management systems, waiver data bases, after-action reviews, and news articles to look for anomalies, relationships, warning signs, and other patterns to focus risk management efforts in the right place and make them more effective and cost effective. In addition, they should consider the following:

Count and characterize risk. Set data standards for different kinds of risk that agency program offices and IGs as well as other oversight entities such as GAO start to use to code the content of their reviews more precisely to enable more meaningful risk analysis and management within and across grant programs, updating risk category data standards and methods for coding content as experience is gained and technology evolves.

Search for better risk management, bias-reducing, and inclusion-increasing practices. Find, build, and share examples of effective ways to manage risks wisely, including the risks of inequity and discriminatory bias and the risk of measurement manipulation.

Manage costs wisely. Find and share examples of effective practices that grant programs have used to reduce costs without compromising outcomes or service quality, as well as lessons learned about cost-reducing efforts that did not work as well as expected.

Improve oversight. Collect feedback and suggestions from grant program officials and grantees about what works well in current oversight practices, what does not, and ways oversight could be more helpful. Search for and share relevant research and other evidence suggesting ways to make oversight as constructive as possible. Convene and support a continuous-learning-and-improvement community of grant programs, grantees, OMB Resources Management Offices, IGs, GAO officials, auditors, and interested congressional staff working in oversight, authorization, and appropriation committees to improve oversight practices. Engage oversight entities to build understanding not just about how oversight entities can encourage better grant program performance on outcomes, operational quality, and transparency objectives, but also about how they can complicate improvement efforts and ways to avoid doing that.

About the Author

Shelley H. Metzenbaum leads The BETTER Project and works with governments and other organizations to help them use and communicate goals, data, analyses, and research in ways that improve outcomes and other dimensions of performance and that avoid triggering discouragement and dysfunction. She currently co-chairs the Standing Panel on Intergovernmental Systems of the National Academy of Public Administration. As a recognized international expert, Metzenbaum teaches and writes about public sector performance and evidence-informed management.

Metzenbaum headed the Office of Performance and Personnel Management at the U.S. Office of Management and Budget during the first term of the Obama administration. In that role, she headed the administration's work with Congress to craft the language of the Government Performance and Results Act Modernization Act of 2010 and federal efforts to implement federal performance law. During her tenure, the federal government launched Performance.gov to provide a single portal to federal goals with quarterly updates of progress and planned next steps on all priority goals and annual reviews on all agency goals and objectives.

Metzenbaum subsequently served as founding president of The Volcker Alliance, an organization launched to increase attention to and excellence in government policy implementation, not just policy formulation. Prior to serving at OMB, she served as associate administrator of the U.S. Environmental Protection Agency for Regional Operations and State/Local Relations, where she steered the launch and implementation of the National Environmental Performance Partnership System and the Sustainable Development Challenge Grant program. Before that, she served as undersecretary of Environmental Affairs in the Commonwealth of Massachusetts, where she initiated several permit reform efforts. She also previously served as director of Capital Budgeting in Massachusetts and headed the City of Boston's Washington office. She ran the Environmental Compliance Consortium housed at the University of Maryland bringing state environmental agencies together to find better ways to measure and manage their compliance and enforcement programs. She also ran the Harvard Kennedy School's Executive Session on Public Sector Performance Management.

Metzenbaum is a fellow of the National Academy of Public Administration and a LEAP Ambassador. She has received a Fed 100 Award, the Harry Hatry Award for Distinguished Performance Measurement and Management from the American Society for Public Administration, and recently delivered the Getzen lecture on accountability at the University of Georgia. Dr. Metzenbaum holds a PhD in public policy from the Harvard Kennedy School and a bachelor of arts in humanities and Asian studies from Stanford University.

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