



**Federal Financial Assistance Management Improvement Act of 1999
Public Law 106-107**

Annual Progress Report

2007

I. Overview

As required by section 5 of the Federal Financial Assistance Management Improvement Act of 1999 (Public Law [P.L.] 106-107), the Department of Health and Human Services (HHS) provides the following annual report. This report covers our grant streamlining and standardization activities during the period September 1, 2006 through November 30, 2007. Grant application and award counts and Grants.gov utilization statistics reflect the Fiscal Year (FY) 2007 activities.

HHS is the largest grant-awarding agency in the federal government. HHS has eleven grant-awarding Operating Divisions and Office of the Secretary Staff Divisions (referred to as OPDIVs) which are collectively working toward common ways of doing business to present a more unified HHS and government-wide grant-making approach. HHS has a vast and varied portfolio that includes both mandatory and discretionary grants. Currently we have over 300 programs listed in the *Catalog of Federal Domestic Assistance* (CFDA). We award grants to all types of entities—governmental and non-governmental, non-profit and for-profit, domestic and foreign. In FY 2007, we awarded \$243 billion in mandatory grants and \$40 billion in discretionary grants, representing 86 percent and 14 percent of our grant obligations, respectively. However, when looking at the volume of awards, this split shows a very different result—71,462 awards under discretionary grants and 4,743 awards under mandatory grants, accounting for 94 percent and six percent of the awards, respectively. All of our OPDIVs award discretionary grants, with a subset of them awarding mandatory grants, but in varying proportions within their overall portfolios.

In addition to its Department-wide grant streamlining and standardization responsibilities, HHS is in a unique position in that it serves four important government-wide roles responsible for the successful implementation of P.L. 106-107. First, HHS assumed a leadership role as the Project Management Office (PMO) for the P.L. 106-107 streamlining and standardization effort. Second, HHS continues to serve as the managing agency and PMO for Grants.gov. Third, HHS serves as co-manager of the Grants Management Line of Business (GMLoB) initiative. Fourth, the DAS for Grants at HHS is the Co-Chair of the FFATA Grant Committee. Finally, the Administration for Children and Families (ACF), an HHS OPDIV, serves as a government-wide GMLoB Center of Excellence (CoE).

During FY 2007, HHS continued its leadership role in P.L. 106-107 grant streamlining and standardization activities by participating in the work groups formed under the Chief Financial Officers Council Grants Policy Committee (GPC). While the HHS responsibility to serve as the P.L. 106-107 PMO concluded September 30, 2007, when these responsibilities merged with and were transferred to the GMLoB PMO, HHS committed significant additional human resources to ensure headquarters staff membership on the GPC work groups and subcommittees.

HHS continues to provide leadership, guidance, and human resources for the GPC's government-wide initiatives, as well as devote resources to department-wide implementation of those initiatives. Under the spirit of P.L. 106-107 standardization, HHS worked to develop more consistent policies and practices throughout its OPDIVs and their respective array of grant programs. Our standardization efforts have made a positive impact in our ability to provide

quality service to our applicant and grantee communities. As additional P.L. 106-107 initiatives and products are implemented, HHS expects further quality improvements and significant grantee burden reductions.

In addition to its P.L. 106-107 streamlining and standardization responsibilities, HHS has also undertaken a principal role in enhancing the transparency of government funding through its leadership and implementation of the Federal Funding Accountability and Transparency Act (FFATA).

HHS appointed the Deputy Assistant Secretary for Grants as the Department's representative on the Office of Management and Budget (OMB) FFATA Task Force, he was later selected as the Co-Chair for the Grant Committee. HHS led the way in compliance by first modifying our Tracking Accountability in Government Grants System (TAGGS) for external search of grant awards to meet FFATA data element requirements, then by working with OMB to define Program Source and help solve data collection issues. In addition, HHS provided a full time detailee to support OMB in its efforts for 120 days to ensure the publicly viewable website for federal funding information went live on time. Since the official kickoff for data submission, HHS was the first to submit all of FY 2007 grant and contracts data, and has submitted timely ever since and is making progress on cleaning up all DUNS number validation issues.

In the next phase of FFATA, HHS hopes to use the Federated Search approach for data submission for grants, allowing HHS to use its more robust data source, TAGGS, to provide the HHS data input. By June of 2008 HHS has committed to resolve any data quality issues related to DUNS.

II. Grants.gov

HHS remains committed to ensuring the successful implementation of Grants.gov as the single government-wide portal for locating funding opportunities and obtaining application packages. One OPDIV has reached the point of formally requiring applicants to submit through Grants.gov. Most OPDIVs are advising their grantees to submit their non-competing continuation applications through Grants.gov and some OPDIVs are posting application packages for mandatory grant programs on that site. HHS has conducted exceptional outreach through continuous dialogue with our constituencies to make them aware of Grants.gov. We have provided outreach to both internal HHS and external audiences through a variety of means with the potential to reach all constituencies and thousands of individuals.

For our external constituencies, we have targeted specific programs and types of entities through workshops and other technical assistance sessions. Given the magnitude of the change—both in terms of the forms we have historically used and the means of submission—our OPDIVs developed transition strategies that involve many different ways of getting the message out and keeping the message in the forefront of potential applicants. In addition to training, Webcasts, teleconferences, and in-person presentations, OPDIVs have created dedicated Web sites or e-mail mailboxes for this purpose. As a result, we have reached thousands of potential applicants and recipients. We also have provided many hours of one-on-one assistance to applicants. Internally, we have trained our own staff through "train the trainers" workshops. Of the

approximately 183,000 application submissions HHS received in FY 2007 (including hard copy and electronic), we received 60 percent (or 108,000) through Grants.gov. We attribute this, in part, to the outreach we have performed.

Our Grants.gov activity pertains primarily to our discretionary grants. For FY 2007, we posted 1,167 synopses at Grants.gov FIND, accounting for 100 percent of our competing funding opportunities. For those 1,167 synopses, 1,013 had corresponding application packages posted to Grants.gov Apply (1,026 total packages were posted). Using the Grants.gov performance metric, which does not include continuation opportunities, we posted electronic application packages for 87 percent of all funding opportunities. HHS's utilization of Grants.gov results in 32 percent of the total packages available to applicants and 60 percent of the electronic application submissions received government-wide. Competitive opportunities lacking application packages are primarily limited to those opportunities that require applications or application materials not yet supportable by Grants.gov. HHS is currently working with Grants.gov to define and develop the functionality to receive proposals for multi-project/complex mechanism applications.

While increased applicant utilization of Grants.gov Apply has reduced HHS staff time required to process paper applications, HHS continues to experience some cost savings from the use of Grants.gov through FY 2007. The bulk of HHS cost savings resulted in prior years from initial system application elimination. Since its inception, Grants.gov utilization appears to have resulted in significantly higher OPDIV system development and operating and maintenance costs than overall savings achieved. As the applicant use rate of Grants.gov steadily increases over the next few years, we do anticipate cost savings resulting from reduced manual data entry. The focal point for HHS is on the longer range vision for user friendly, consolidated applicant user approaches to governmental services, including access to assistance award funding.

III. Grants Management Line of Business

To position HHS OPDIVS for full participation in the GMLoB, several years ago HHS mandated OPDIVs to begin transitioning to one of two selected HHS grants processing systems—ACF GrantSolutions.gov (formerly referred to as the GATES) or National Institutes of Health (NIH) eRA/IMPAC II. To identify the system that best fit their needs, OPDIVs conducted a fit-gap analysis and developed transition plans. By the end of 2006, six OPDIVs selected and transitioned to GrantSolutions and five OPDIVs selected and transitioned to eRA/IMPAC II. An exemption request has been submitted on behalf of the OPDIVs migrating to eRA/IMPAC II to allow HHS to continue implementing this important streamlining activity.

The Grants CoE supported by the ACF is one of the three GMLoB government-wide consortia leads selected. Currently, ACF has a service-level agreements with three non-HHS Federal agencies: the Department of Agriculture's Food Safety and Inspection Service, the Denali Commission and the Department of the Treasury's Community Development Financial Institutions program.

The HHS ACF GrantSolutions.gov Web site was deployed in January 2007 as the CoE's common Web site and system for grants and program management functions. To provide a technology solution easily accessible to the CoE partners and their grantee communities, the

legacy client server GATES system capabilities are being fully incorporated into GrantSolutions.gov.

In July 2007, the CoE implemented the system upgrades and began the data migration from GATES to the new platform. The transition and completion of data testing and user training for existing client-server users is targeted for an 18-month period. Two of the HHS OPDIV service partners maintain a temporary data transfer technology to the GATES legacy client-server system. One OPDIV's data transfer is expected to shut down with the release of the full funds control and accounting interface capabilities in early FY 2008. A fitgap analysis and subsequent enhancements to GrantSolutions.gov must be completed before other OPDIV can migrate.

The ACF CoE has done extensive outreach in the form of presentations and meetings with specific agencies this year including Environmental Protection Agency, Social Security Administration, United States Department of Agriculture, Centers for Medicare and Medicaid Services, Department of Veterans Affairs, United States Department of the Treasury, the Denali Commission, and the Department of State. The CoE has promoted the development of a common interface between financial/payment systems and grants management systems and has met with Financial Management Line of Business Task Force Members.

The grantee community is embracing the opportunities to conduct business electronically with the ACF CoE client agencies. The percentage of grantees submitting post award reports electronically has increased from 10 % in 2006 to 55% in 2007. The technical strength of the CoE systems is reflected in the availability of those systems, which has risen from 99.5 percent in 2006 to 99.9 percent in 2007. Also, the level of e-authentication is now at level two, up from level one in 2006.

Due to the department's size and organizational complexity, as well as the extensive nature of its OPDIVs' grant portfolios, the transition to GrantSolutions.gov and eRA/IMPAC II continues. And, while this transition to GrantSolutions.gov and eRA/IMPAC II has allowed components of HHS to retire redundant grants management systems and reduce some non-essential operations and maintenance costs, HHS implementation is in an investment phase. Therefore, most OPDIVs have achieved no FY 2007 or cumulative cost savings resulting from their migration. Again, HHS takes the long range, applicant viewpoint in assessing the worth on ongoing investments in consolidated access systems.

IV. Debarment and Suspension

On March 1, 2007, HHS implemented the government-wide regulations on non-procurement debarment and suspension by adopting those rules in Subtitle B of Title 2 Code of Federal Regulations (CFR) and eliminating the prior HHS implementation of the common rule within its department-specific Title 45.

V. Agency Commitment to Future Involvement with Government-wide Grants Initiatives

As in prior years, HHS continues its commitment to government-wide assistance award related initiatives that seek to improve governmental services through more efficient and effective business processes supported by emerging information technologies. Within HHS, this means continuation of the migration to one of two HHS operational centers. External to HHS, this means continuing to support and actively participate in ongoing government-wide discussions. Through its leadership role in the government-wide arena, HHS will continue to ensure prudent government-wide decision making on behalf of the current and future HHS award recipients while continuing to ensure all such work is commensurate with the HHS core mission and the missions of its many OPDIVs.