

**DEPARTMENT OF HEALTH AND HUMAN SERVICES SUPPLEMENT TO
THE GOVERNMENT-WIDE REPORT ON IMPLEMENTATION OF PUBLIC
LAW 106-107**

I. BACKGROUND

This enclosure is the Department of Health and Human Services (HHS) supplement to the government-wide portion (Enclosure 1) of the 2003 report on progress in implementing Public Law 106-107, the Federal Financial Assistance Management Improvement Act of 1999 (Pub. L 106-107 or the “Act”). This report summarizes HHS’ government-wide and intra-agency efforts to streamline and simplify its grants process and activities since we submitted the first annual report to Congress and OMB last year.

As the Federal department with the largest and most varied granting activity—\$ 224 billion in awards in Fiscal Year (FY) 2002 under more than 300 programs to all types of recipients—we are pleased to report significant progress in meeting the requirements of the Act. This progress results from our interagency role as the lead agency for implementing both P.L. 106-107 and the E-Grants¹ initiative and our intensive internal efforts to prepare our Operating Division (OPDIV) managers and staff members for the resulting changes. While our mandatory grant programs represent the largest portion of the dollar amount awarded (\$188 billion), our discretionary grant programs, which are the primary focus of this year’s interagency achievements as reported in Enclosure 1, account for the vast majority of the grants and cooperative agreements (about 67,000). These programs stand to directly benefit in the near-term from the pending and planned changes.

**II. PARTICIPATION IN THE GOVERNMENT-WIDE STREAMLINING
AND GRANTS.GOV EFFORTS**

As reported last year, HHS willingly assumed the responsibilities associated with its strategic and leadership roles under P.L. 106-107 and Grants.gov. HHS continued to serve in those roles during this reporting period. These responsibilities include tangible participation, in the form of funds, personnel, and space, and intangible resources in the form of management, leadership, and outreach to affected non-Federal constituencies to keep them updated on progress, to obtain their input, and, where appropriate, use them as “sounding boards” for proposals.

HHS co-chairs the Grants Management Committee, which is comprised of representatives of the 26 grant-making agencies, and the General Policy and Oversight Team, which is comprised of the chairs of each of the P.L. 106-107 Work Groups, the HHS leaders of the GMC and Grants.gov, and OMB representatives. HHS also leads and houses the Grants.gov Program Management Office and serves as the lead partner with 10 other partner agencies for Grants.gov. The Grants.gov Executive Board is co-chaired by two HHS managers—the E-Grants Program Manager and the Acting Deputy Assistant

¹ As noted in the government-wide portion of this report (Enclosure 1), this initiative is now known as Grants.gov.

Secretary for Grants and Acquisition Management—both of whom report to the Assistant Secretary for Administration and Management (ASAM). In conjunction with Grants.gov, HHS co-chairs the Inter-Agency Electronic Grants Committee (IAEGC) and the Electronic Standards Work Group (ESWG). Many of the accomplishments cited in the government-wide portion of this report have been completed due to the sustained leadership of responsible HHS managers working in concert with OMB and the grant-making agencies.

In addition to our overall leadership role for P.L. 106-107 and Grants.gov, we have representatives of our OPDIVs serving on all of the P.L. 106-107 work groups and subgroups, in the Grant.gov Program Management Office, on the Grant.gov committees, and on specially constituted teams, including the:

Pre-Award Work Group and its Discretionary and Mandatory Program Subgroups and the Interagency Committee on Debarment and Suspension

Post-Award Work Group and its Reporting and Cost Principles subgroups

Team of representatives from the three designated payment systems, one of which is operated by HHS

Audit-Oversight Work Group

IAEGC and its various subcommittees, including the ESWG

Evaluation teams for selection of contractors to support development and implementation of Grants.gov

Team formed to look at using the Dun and Bradstreet Universal Numbering System (DUNS number) and other possible means of adopting a universal identifier for applicant and recipient organizations.

Within these groups, where HHS may already have addressed an issue, we have shared our experience as the basis for the government-wide deliberations. For example, the National Institutes of Health (NIH) developed and hosts *i*-Edison, an electronic system which supports multiple Federal agencies in managing electronic invention reporting by grantees and contractors. NIH has been an integral part of the accomplishments and plans reported in Enclosure 1 with relation to standards for a government-wide summary report of inventions.

NIH, as a major participant in the Research and Related Subcommittee of the IAEGC, led an effort with the other research agencies, including the National Science Foundation, the Department of Defense, the Department of Energy, and the National Aeronautics and Space Administration, to agree on non-core data elements for use across grant-supported research programs government-wide. This data set has been recommended to the Grants.gov PMO for inclusion in the Grants.gov pilot and, eventually, the storefront.

Our participation serves several purposes—it allows other agencies to understand HHS programs and allows HHS staff members to understand that their programs are not unique and facilitates their thinking about alternative ways of doing business. As described below, we have established intra-HHS work groups to facilitate a similar type of exchange and thinking within HHS.

III. INTERNAL HHS EFFORTS TO CREATE AN ENVIRONMENT CONDUCTIVE TO GRANTS STREAMLINING AND SIMPLIFICATION

Late last year (November 2002) we recognized the need for sustained internal attention to ensure that our diverse OPDIVs are fully aware of and implement the P.L. 106-107 products consistently and in accordance with their intent. Therefore, while the interagency Work Groups and Grants.gov initiative are making progress and developing products, HHS has taken steps to ensure that it is well positioned to rapidly implement the resulting changes.

Primary among these is the establishment of a single focal point within our Office of Grants Management and Policy (OGMP) to oversee the HHS implementation of P.L. 106-107 and Grants.gov. We have detailed an individual to serve in this capacity full time. Creation of this position was part of an overall grants streamlining and simplification strategy under the auspices of ASAM that included:

Chartering two groups—the Grants Management Streamlining Subcommittee (GMSS) to assess the policy and business process-related aspects of grants administration and make recommendations for Departmental implementation; and the Electronic Grants Subcommittee (EGS) to advise on technical grants system requirements and how they impact HHS' implementation of Grants.gov. Both subcommittees fall under the HHS Executive Committee on Grants Administration Policy (ECGAP) and have full representation from each of the 11 grant-making OPDIVs.

OGMP outreach to the OPDIVs

Monthly progress reporting by OPDIVs to OGMP which allows OGMP to specify its priorities, monitor OPDIV progress in planning and implementation, and determine if technical assistance is needed

Using a quarterly scorecard to provide meaningful feedback to the OPDIVs on their P.L. 106-107 and Grants.gov implementation progress

Developing a department-wide intranet site to post information, such as current developments, planned activities, best practices, and frequently asked questions (the site will be live and accessible to all HHS staff through the HHS intranet by September 30, 2003).

Our strategy is an inclusive one that ensures the involvement of all parties that will be affected by these changes (senior managers, grants management staff, program management staff, information technology staff, budget staff, legal staff, and auditors). It should result in complementary actions to implement new or changed policies and, where appropriate, to efficient and effective use of automation. Given the size of most of our OPDIVs and the significance of grant activity within each, several of the OPDIVs have created internal subcommittees to coordinate their P.L. 106-107 and Grants.gov implementations.

Initially, we held several workshops for senior management, senior grants policy, information technology officials, and our Office of the General Counsel to introduce our strategy. More recently we have developed and delivered eight all-day training sessions, reaching about 1,000 HHS staff in the Washington DC area and in our other locations (e.g., Atlanta, GA for the Centers for Disease Control and Prevention (CDC)). The training provides the background and requirements for P.L. 106-107 and Grants.gov, discusses the various streamlining and simplification initiatives, and explores in detail those initiatives will take effect in FY 2004. It also includes their impact on the OPDIVs and HHS' expectations for their implementation. In addition to these general sessions, our staff has held targeted sessions for internal stakeholders (e.g., the Payment Management System, which is housed within HHS but which, as one of the three designated payment systems, also provides services to other Federal agencies) and for external constituency groups.

HHS representatives have spoken to constituency groups at the invitation of several congressional offices. They have also participated in the meetings of professional organizations to bring them the latest information on initiatives that will affect them, most particularly the initiatives coming in FY 2004. Individual OPDIVs are using technical assistance workshops, seminars to professional organizations, presentations during constituency meetings, web sites, site visits and other written means to announce pending and planned changes that will have an impact on their applicants and grantees. The specific activities of HHS and its OPDIVs in preparing for implementing the government-wide initiatives are described in the following subsections.

IV. PREPARING FOR THE RECENT AND COMING CHANGES AFFECTING THE PRE-AWARD PROCESS

Electronic Synopsis

HHS has been involved in the development and testing of the electronic synopsis—Grants.gov FIND—since its inception. We have participated in developing the website design and the data elements and have been active participants in the ongoing pilot. Five of the 11 grant-making OPDIVs participated in the initial pilot of the FIND capability. Even though full participation will not be required until October 1, 2003, all 11 OPDIVs are currently posting the synopses of their discretionary grant announcements on the Grants.gov FIND site. The Administration for Children and Families (ACF), which has a

large number of mandatory grant programs, also is considering possible use of the site in advance of any government-wide recommendation (as mentioned in Enclosure 1).

Announcement Template

In anticipation of the adoption of a standard funding opportunity announcement format as reported in Enclosure 1, several OPDIVS—NIH, the Administration for Children and Families (ACF), the Centers for Medicare and Medicaid Services, and the Office of Public Health and Science (OPHS)—already have begun to use it on a regular basis for FY 2003 announcements. Each has developed a standard template to facilitate completion by program or grants management staff of the various portions of the announcement. ACF has developed and is implementing an innovative technological solution—the Announcement Management System (AMS). This new software and announcement process management will allow electronic processing, approval/disapproval flow and simultaneous posting of the announcement information to the *Federal Register*, Grants.gov Find, and its own web site. ACF has demonstrated its AMS to the other OPDIVs as a possible best practice for implementing the new standard announcement format.

Several of our OPDIVs—the Health Resources and Services Administration (HRSA), the Substance Abuse and Mental Health Services Administration (SAMHSA), and CDC—are using or plan to use a consolidated means of announcing their annual funding opportunities. The consolidated format will provide more information than the synopsis but not have as much detail as the full announcement format. The consolidated announcements will be published before the beginning of each fiscal year to allow potential applicants the ability to see the scope of possible announcements and to plan for preparing and submitting applications. These consolidated publications will be supplemented by the detailed information of the standard announcement format and other application guidance.

As noted above, CDC has been working to consolidate funding opportunity announcements, which will reduce the number of individual announcements that a potential applicant will need to review; and allow consolidated grant applications, which will reduce the administrative burden of submitting multiple applications. In FY 2002, CDC's National Center for Chronic Disease Promotion and Health Prevention consolidated 25 announcements aimed at State and community-level programs into five. A comparable approach was recently used to announce combined initiatives across multiple OPDIVs related to health outcomes focused on asthma, diabetes, and obesity. These consolidated announcements encouraged applicants to identify appropriate opportunities for linkage of their program efforts.

HHS as a whole is putting forth our best effort toward the implementation of the new standard program announcement format. Our P.L. 106-107 training class included a segment (that was primarily geared toward program staff) in which the standard announcement format was reviewed in detail. We have also begun a review of the existing HHS grants administration policy, which creates the standard for HHS funding

opportunity announcements. We are aiming to ensure its full consistency with the government-wide policy and to determine areas where we may need HHS-wide language or policy to fully implement the intent of the standard announcement format. The Awarding Agency Grants Administration Manual (AAGAM), which is used by most of our OPDIVs, was modified in August 2002 to incorporate the explicit treatment of cost sharing as addressed in the standard announcement format.

In addition, the GMSS is currently reviewing the OPDIVs' internal business processes for preparing and obtaining approval of announcements to identify best practices and opportunities for making the process more efficient throughout the Department.

The Grants.gov Portal and Electronic Applications

During the summer of 2003, the Grants.gov PMO will be completing its pilot efforts in anticipation of electronic receipt of applications in October 2003. ACF, AoA, and CDC showed great enthusiasm for the Grants.gov Find portal by participating in the proof-of-concept ("testing the edges") pilot. Equally as enthusiastic are SAMHSA, OPHS, AoA, ACF and HRSA whom will be participating in the version 1 & 2 pilots that start on June 30, 2003.

One of the core data elements required for use of the Grants.gov Find portal is the DUNS number. In anticipation of this requirement, OPDIVs have been (or will be) announcing on their websites, in their program announcements and as a special remark with their Notice of Grant Awards the new requirement; and encouraging entities to obtain a DUNS number now if they do not already have one.

In addition, to preparing for electronic application through the Grants.gov Find portal, which will initially accommodate core data elements (see Enclosure 1), agencies have been asked to determine their non-core data elements, as the first step in eventually trying to make them more common across agencies. The OPDIVs have completed their analysis of remaining non-core data elements for discretionary grants. The HHS non-core data elements are in two major areas: 1) research and 2) health services. Both non-core data elements have been submitted to the Grants.gov PMO for inclusion in the pilot. In each area, the non-core data elements are used by multiple OPDIVs, creating HHS-wide consistency and increasing the ability of HHS OPDIVs to be able to accept applications electronically through the storefront. For example, the research data elements are used by all HHS research programs (NIH, AHRQ, FDA, CDC, and HRSA). The health services data elements are used by SAMHSA, HRSA, CDC, the Indian Health Service, and OPHS.

In order to participate in the application portion of the Grants.gov Find portal, OPDIVs must be able to receive applications electronically. Members of the EGS have been working closely with the Grants.gov PMO to obtain XML schemas and other interface tools needed to establish the "back office" interface with the Grants.gov portal. ACF has developed the On-Line Data Collection (OLDC) system that will be fully integrated with the Grants.gov portal and will be able to receive applications through XML data sets.

Once the Grants.gov Find portal begins acceptance of non-core data elements, most of the other OPDIVs, including NIH, will be able to receive applications through the Grants.gov portal. HHS also is undergoing internal grants management system consolidation to reduce the number of differing connections to the Grants.gov portal.