

**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 2004 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 the grants process during the past year—May 2003 through May 2004.

As the Federal department with the largest and most varied granting activity—\$239 billion in awards in Fiscal Year (FY) 2003—we are pleased to report continued progress in meeting the requirements of the Act. While our mandatory grant programs represent the largest portion of the dollar amount awarded (\$202 billion), our discretionary grant programs account for the vast majority of the grants and cooperative agreements (more than 70,000). Our discretionary grant programs will directly benefit from many of the accomplishments reported in Enclosure 1, which we have supported in our role as the lead agency for implementing P.L. 106-107 and the Grants.gov initiative, and which we are making extensive internal efforts to implement within HHS in the spirit of streamlining and simplification.

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

HHS continues in its strategic and leadership roles under P.L. 106-107 and Grants.gov. In these roles we work closely with the Office of Management and Budget (OMB) and the Federal grant-making agencies. We continue to provide leadership and resources for the Grants.gov Program Management Office (PMO) and this year we established a P.L. 106-107 PMO to provide greater focus and visibility to those efforts. Both PMOs operate under the oversight of the Grants Executive Board, which as reported in Enclosure 1, was re-chartered to include responsibility for P.L. 106-107 as well as Grants.gov. In the HHS organizational structure, the heads of the PMOs report to the Assistant Secretary for Administration and Management (ASAM). This year we also have re-instituted and renamed the P.L. 106-107 interagency coordinating body—the P.L. 106-107 Planning and Oversight Committee—whose members include the chairpersons of the P.L. 106-107 Work Groups and representation from the Grants.gov PMO. The HHS PMO co-chairs this committee with OMB.

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 and staff members 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, the Grants.gov

committees, and the newly established Grants Management Line of Business (GMLoB) Task Force. This year we have provided leadership for the

Post-Award Work Group's efforts to develop a standard approach to performance reporting under grant programs other than those for research

Research and Related Work Group's proposal for standard data elements for research grant applications

Indirect Cost Rates Subgroup's (of the Audit Oversight Work Group) work to improve the *OMB Circular A-133 Compliance Supplement* section addressing allowable costs and cost principles

Inter-Agency Electronic Grants Committee and the Electronic Standards Work Group.

Our Division of Payment Management (DPM), which operates the Payment Management System (PMS)—one of the three recognized Federal payment systems for grants, served as subject matter experts to the group that developed the Federal Financial Report.

All of these activities are described in Enclosure 1.

We also continue our longstanding work with our sister Federal agencies and the research community to streamline the administrative process in an effort to increase research productivity. The National Institutes of Health (NIH), which accounted for more than one-half of our FY 2003 discretionary grant obligations and almost three-quarters of the grants, is an active participant in the Federal Demonstration Partnership (FDP) and the Research Business Models (RBM) Subcommittee of the Committee on Science, National Science and Technology Council. NIH is a member of FDP Executive Committee, co-chairs the Electronic Research Administration Committee, and serves on various FDP committees. NIH also co-chairs the executive committee of the RBM Subcommittee and is actively involved in all of the Subcommittee's initiatives. In addition, the Director, NIH serves on the umbrella Committee—the Committee of Science. These efforts are consistent with and complement our efforts under P.L. 106-107.

III. INTERNAL HHS EFFORTS TO CREATE AN ENVIRONMENT CONDUCTIVE TO GRANTS STREAMLINING AND SIMPLIFICATION AND ASSESS IMPACT OF CHANGES

As the agency responsible for award of more than one-half of the Federal obligations for grants in FY 2003, we recognize the need for sustained internal attention to ensure that our Operating Divisions (OPDIVs), which have diverse missions, are fully aware of and implement new government-wide policies consistently and in accordance with their intent. We have taken a number of steps to ensure that result. We also have taken proactive steps to ensure that we can achieve expected future changes.

Two HHS-wide groups, which are subcommittees of the HHS Executive Committee on Grants Administration Policy, operate under the leadership of the Office of Grants Management and Policy (OGMP) under the ASAM. The Grants Management Streamlining Subcommittee (GMSS), which assesses policy and business process-related aspects, and the Electronic Grants Subcommittee (EGS), which advises on technical and system requirements, meet periodically to review pending changes for their impact on HHS as well as to provide advice to OGMP on HHS streamlining initiatives. During the past year the EGS has served as a forum to work toward HHS' internal consolidation of grants management systems (from nine to two systems)—one primarily supporting research and the other primarily supporting non-research activities. This effort is consistent with the government-wide direction of the GMLoB Task Force.

As we plan for and implement the changes resulting from the government-wide streamlining and simplification and our own internal efforts, we are working closely with the recipient community—State, local, and tribal governments, nonprofit organizations, and universities, to obtain their ideas on ways to make it easier for them to apply for and report on Federal grants; and also to provide them with information and technical assistance.

In its oversight role, OGMP requires quarterly progress reporting by the OPDIVs on their accomplishments and plans for the government-wide initiatives (e.g., Grants.gov FIND and APPLY, standard funding opportunity announcement template), which allows OGMP not only to monitor their progress in planning and implementation but also to determine if technical assistance is needed.

Through our Balanced Scorecard program, which includes surveys of HHS program staff, grants management staff, and grant recipients; we will be assessing satisfaction with implementation of the government-wide and HHS streamlining and simplification initiatives. We will use the results of those surveys to provide feedback to the interagency work groups as well as to make further improvements within HHS.

In addition, HHS staff has held targeted sessions for internal stakeholders (e.g., Indian Health Service, Centers for Medicaid and Medicare Services, Office of Public Health and Sciences, etc.) on the posting and receiving of electronic grant applications through the Grants.gov APPLY portal.

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 both the P.L. 106-107 and Grants.gov initiatives that will affect them, most particularly the initiatives coming in FY 2005. 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 implementing the P.L. 106-107 and Grants.gov requirements of this past year are described in the following subsections.

IV. IMPLEMENTING THE RECENT CHANGES AFFECTING THE PRE-AWARD PROCESS

A. Grants.gov FIND

HHS was involved in the development and testing of Grants.gov FIND since its inception. As a result, we were well positioned to implement the synopsis requirement when formally issued by OMB in October 2003. Once the Office of Federal Financial Management (OFFM) Policy Letter was issued, the Director, OGMP signed an Action Transmittal requiring compliance with the mandates to post synopses of competing funding opportunities at Grants.gov FIND using standard data elements and to provide the funding opportunity announcement on the Internet. Subsequently, we have worked with our OPDIVs to formally amend our HHS-wide and OPDIV-wide policies to include the Grants.gov FIND requirements. All of our OPDIVs are now posting 100 percent of their several hundred (in the aggregate) competing funding opportunities at Grants.gov FIND.

B. Announcement Template

Knowing that in the past our OPDIVs have had diverse formats for funding opportunity announcements and because HHS issues such a large number of funding opportunity announcements, we have taken special steps to ensure that HHS funding opportunity announcements comply with the requirements of the OFFM Policy Letter issued on June 23, 2003. In its oversight role, OGMP reviews most funding opportunity announcements in advance of their issuance. This review has enabled HHS to develop department-wide standards on the options provided in the OFFM Policy Letter on information to be included in announcements and the placement of the information.

As a matter of policy, with limited exceptions, HHS has historically required that funding opportunity announcements for competitive funding opportunities be published in the *Federal Register*. As part of the process of implementing the standard funding opportunity template, we consulted our Office of the General Counsel and determined that there was no legal impediment to changing our policy. We compared the access to information provided by Grants.gov FIND and posting of funding opportunity announcements on the Internet to any increased access provided by publication in the *Federal Register* and the cost of publication. We determined the potential benefits of continued HHS-wide use of the *Federal Register* for this purpose are limited in the present environment. Therefore, beginning in FY 2005, we will no longer require use of the *Federal Register* as our primary means of issuing funding opportunity announcements. This change in policy will have a positive impact on applicants because it will reduce the HHS lead-time needed to issue announcements and a positive impact on HHS because we will save the costs of *Federal Register* publication. The *Federal*

Register will be used on a case-by-case basis (e.g., if appropriate to reach a particular constituency).

To ensure that use of the standard P.L. 106-107 program announcement template is institutionalized in the HHS standard operating procedures, the Director, OGMP signed an Action Transmittal requiring adherence to the government-wide template. In addition, we have modified our detailed HHS and OPDIV policies, which provide guidance to HHS program and grants management staff. We will continue to review OPDIV funding opportunity announcements against the new standard.

Several of our OPDIVs have gone beyond the basic OMB and HHS requirements to further streamline the announcement process. The Substance Abuse and Mental Health Services Administration (SAMHSA) has developed a streamlined approach to the announcement of funding opportunities by creating standard grant announcements for four different types of grants that are available to potential applicants on an on-going basis. These announcements, which comply with the government-wide template requirements, provide the basic application instructions. Specific funding opportunities in each of these areas are announced through shortened Notices of Funding Availability. The purpose of this initiative is to provide applicants with the requirements for applying for a SAMHSA grant, and to enable them to start developing their proposed projects and grant applications early on. SAMHSA also developed a training webcast on its new approach for potential applicants. Another OPDIV, the Administration for Children and Families (ACF) developed an electronic announcement template using a COTS workflow software, which is populated with standard language that has been pre-cleared by reviewing offices. It allows the announcement to be prepared for review, approval and posting in HTML format to the agency 's website and links the summary URL (provided in Grants.gov FIND) to the full announcement.

C. The Grants.gov Portal for Electronic Applications

HHS has been an active participant in the efforts to develop the Grants.gov APPLY capability, including the pilot activities in the summer of 2003. Given our mission our discretionary grants generally fall into several broad categories. Two primary categories are service-related grants (which include provision of services, demonstrations, and technical assistance) and research (and related grants). SAMHSA and NIH, respectively, are leading the efforts to determine the need for non-core application data elements for these different types of programs.

We were one of the first agencies to place programs on Grants.gov APPLY for electronic application. ACF helped to thoroughly test the XML grant forms and the system-to-system interface to transfer applications electronically from Grants.gov to ACF's internal grants system. SAMHSA developed and implemented an automated grants intake system to receive and process electronic applications from the Grants.gov portal. Information from this system is automatically transferred to the SAMHSA Grants Information Management System database.

Through June 2004, we made application packages available at Grants.gov for application through the government-wide portal for 93 discretionary grant programs and have received a total of 464 applications. Among these were applications resulting from 55 ACF application packages, (representing a large proportion of the applications received both in HHS and government-wide), the NIH Director's Pioneer Awards, and the Centers for Medicare and Medicaid Services' Real Choice Systems Change Grants.

HHS OPDIVs have provided the outreach necessary to ensure that applicants are aware of the new requirements. Several of our OPDIVs have added coverage of: a) Grants.gov FIND, b) Grants.gov APPLY, c) the requirements to include the DUNS number in their applications, and d) the requirement to register in the Central Contractor Registry for electronic submission through Grants.gov, to their periodic technical assistance workshops. Information on obtaining and supplying a DUNS number (whether applications are sent in hard copy or electronically) is also regularly provided in funding opportunity announcements, application instructions, and letters to recipients.

As the Federal agency with the largest number of mandatory grant programs, we also are active participants in the P.L. 106-107 Mandatory Grants Work Group effort to develop core application data elements for those programs. When those data elements are approved for use, we will be able to receive applications and program plans for mandatory grants through the government-wide portal.

V. OTHER ACTIVITIES

We continue to look for ways to improve the grants process not only for the applicants and recipients of HHS grants, but also for those we serve in a service-center capacity. HHS' DPM staff designed and produced a grant recipient training compact disk (CD) for the PMS. The CD covers all PMS processes, has a Spanish language option, is fully scripted and closed captioned, and includes printable forms and a glossary of user terms. Over 6,000 copies of the CD have been distributed to grant recipients. The CD now serves as the primary training tool for users of PMS.

In addition, DPM has completed a business case analysis focused on streamlining and improving business processes through utilization of new technology, adoption of "industry best practices", and automation of manual procedures.

Last, as part of the HHS response to the OMB/GSA Line of Business Opportunity Development Initiative, Lines of Business (LOB) Enterprise Architecture, Request for Information for Financial Management and Grants Management, we proposed the GATES and IMPAC II ERA systems, HHS' Unified Financial Management System, and PMS as a "best of breed" solution not only for HHS but also for all Federal agencies.