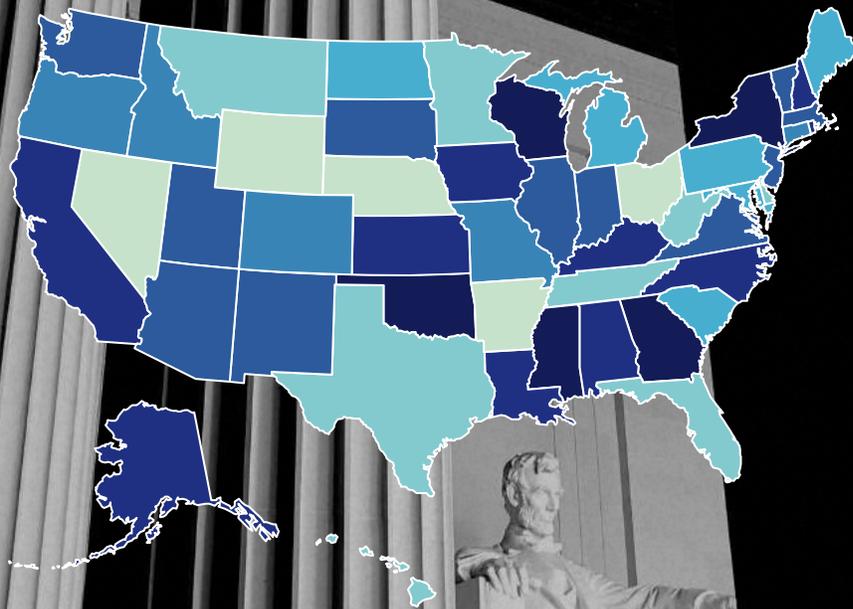




Transforming Federal Grant Reporting: Current Challenge, Future Vision

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Introduction

The U.S. federal government's system of awarding and monitoring grants is about to enter a period of technological innovation, driven by a need for greater transparency and efficiency. To enable transparency and efficiency, the government is about to transform the reporting requirements associated with receiving grant funds from their current state of disconnected documents into open and standardized data, governed by a unified data taxonomy.

Data standardization will deliver two primary benefits. First, it will allow grantees to automate their reporting processes, reducing compliance costs and allowing them to focus on the missions the grants were intended to serve. Second, it will allow the federal government to aggregate information reported by grantees in new ways, agency-wide and even government-wide, enabling better oversight for program managers and transparency for all Americans.

Federal grant reporting is currently separately administered by thousands of grant programs, governed by hundreds of laws, and fulfilled using outdated documents. It is time for a transformation to a data-centric system that facilitates automation and transparency while still conveying the same information from grantees to grantors.

To accomplish this transformation, the White House Office of Management and Budget will establish a government-wide data structure, or taxonomy, which standardizes the data fields that are used to communicate details on grantees' receipt and use of grant funds. Every federal agency awarding grants will be required to adhere to that data structure in collecting information from its grantees.

In the future system, a government-wide data structure will govern the *format* of all information reported by federal grantees to grantor agencies, while still providing agencies with enough autonomy to custom-design some *content*, thereby accommodating the unique requirements of governing legislation and program needs.

The move towards a government-wide data structure for grant reporting began with data standardization for stimulus reporting under the American Reinvestment and Recovery Act of 2009 and continued with a pilot program mandated by the DATA Act of 2014. In early 2018, bipartisan legislation to require a government-wide data structure, known as the GREAT Act, was introduced in Congress. Shortly afterward, the Trump Administration announced it would begin a project to create the first version of a government-wide data



structure, even in advance of any legislative mandate, as part of the President’s Management Agenda. Under this project, a “taxonomy,” or structured list of standardized data elements, will be created and published by the end of Fiscal Year 2018.

Throughout these policy changes, federal leaders in grant reporting have signaled increasing support for a transformation to a data-centric grant reporting system. But despite growing support and the possibility of a legislative mandate, many challenges still stand in the way of the transformation.

To best understand these challenges and identify solutions to them, we interviewed a diverse group of experts representative of the grantee and grantor communities. The initial creation of a government-wide data structure, and the mandatory adoption of that structure by grantor agencies, will be federal projects. We therefore focused our interviews on grant management leaders in the federal government. However, understanding that the burden of reporting falls on grantees who receive federal funds, we also consulted a representative list of grantees and organizations representing them.

We believe that future research projects should focus more closely on grantees and their needs. In particular, as the government begins the process of defining a data structure, grantees must be consulted extensively to ease the adoption of the legislative mandate.

For now, our interviews have highlighted a number of challenges standing in the way of a data-centric reporting system, but have also shed light on the best ways to confront them.

More than ever, federal grant management leaders are ready for change. In all our interviews, we uncovered no serious opposition to the idea of a government-wide data structure for grant reporting. Moreover, our interviewees themselves often identified solutions to the problems they raised when asked.

Our hope is that this report provides useful guidance to policymakers in Congress, the White House, and grantor agencies as they consider how to conquer these challenges and turn the vision of data-centric grant reporting into a reality.

Technical Challenges

Technical Solutions

Cultural Challenges

Cultural Solutions

1. Some data elements are common across all or most federal grant reporting, but every program imposes unique requirements.

1. Standardization should begin with “core” data elements.

1. Grantees and other stakeholders must be consulted extensively, yet standardization requires choices to be made.

1. The DATA Act’s agile consultation process shows how standardization can be transparent and open.

2. Grant programs are governed by a wide range of laws that impose disparate reporting requirements.

2. A scalable data structure can accommodate unique legal requirements.

2. Grantees, especially small local and tribal governments and nonprofits, lack resources to track and manage significant changes.

2. Standardization changes the format, but not the content, of information grantees report.

3. Grantor agencies have already deployed a range of disparate systems to collect information from their grantees; system upgrades are expensive and complex.

3. Data standardization should not require significant system changes.

3. Open data requirements raise privacy concerns.

3. Privacy concerns can be alleviated through clear privacy protections in legislation and rulemaking and intentional stakeholder engagement.

4. Some grantees lack the technical capacity to comply with electronic reporting requirements.

4. Standardization should enable the development of automated platforms for even the smallest grantees.

We will summarize the most recent policy developments that are moving the government toward transformation followed with a deep dive into the challenges and solutions.

Policy Developments Driving Transformation

As the Data Foundation previously wrote in December 2017, “the grant reporting system is broken, in two distinct ways: first, it does a poor job of delivering transparency to agencies, Congress, and taxpayers; and, second, grantees sustain unacceptable costs of compliance.”¹ Our interviews with grant management leaders further illuminated these problems. Interviewees cited the high costs of compliance and barriers to entry associated with the current outdated and form-based grant reporting system.

As a baseline, complying with grant reporting requirements imposes a huge cost burden on grantees. In the non-governmental charity space, grant compliance costs an estimated \$1.3 billion per year and requires 20 annual hours of reporting work for each grant.² No estimates have been created for federal grant compliance, but aggregate and annual burdens can be assumed to be equal or higher.

Grant reporting requires specialized skills and experience, further contributing to the costs of compliance for grantees. Allison Grayson, Director of Policy Development and Analysis at the Independent Sector, explained that writing grant and contract proposals “as well as [navigating] the reporting mechanisms is more of an art than people believe or would think...[creating] some talent management constrictions with organizations that are trying to navigate this process. So, if you lose someone for whatever reason, it is really expensive and difficult to try to find someone else to come in and support that work because it’s not very easy to do.”³

ARRA SHOWS THE PROMISE; DATA CREATES THE CONSENSUS

These problems are not new, but the promise of data standardization to address them only became clear with the implementation of the American Recovery and Reinvestment Act of 2009 (ARRA). Data standardization within the grant reporting required by ARRA⁴ allowed some grantees to automate reporting while also delivering government-wide transparency into stimulus spending.⁵



The resulting data set helped inspectors general recover (or prevent from being spent) more than \$157 million and identify \$5 billion more in potential savings.⁶

The DATA Act of 2014, which required the federal government to adopt a standardized data structure for all spending information reported by agencies, also required the White House Office of Management and Budget (OMB) to run a pilot program (the “Section 5 Pilot”) to explore the value of standardized data within grant and contract reporting. OMB’s final report to Congress on the results of the Section 5 Pilot endorsed the idea of building a government-wide, standardized data structure for the information that grantees are required to submit.⁷

OMB’s report highlights the complexity of the existing reporting process for both grantees and contractors. Grantees are currently tasked with completing a complex set of document-based forms that they submit to a range of different offices in the federal government. Grantees must report to one (or more) of more than 2,300 different offices across the federal government, as well as government-wide entities, like the Federal Audit Clearinghouse.⁸ Those forms are often “highly duplicative”, with over half of their data elements matching the data elements of some other form. In fact, “15 forms contain the exact same set of data elements as at least one other form.”⁹

THE GREAT ACT: A LEGISLATIVE MANDATE FOR TRANSFORMATION

With lessons learned from the successful implementation of the DATA Act and the results of its Section 5 Pilot, Congress turned its attention to grant reporting as the next step on the path towards transforming all government information from document-driven to data-centric.

On January 29, 2018, Representatives Virginia Foxx (R-NC) and Jimmy Gomez (D-CA) introduced Grant Reporting Efficiency and Agreements Transparency Act (GREAT Act), with additional support from Representatives Darrell Issa (R-CA), Derek Kilmer (D-WA), and Mike Quigley (D-IL).¹⁰

If passed, the GREAT Act would implement the recommendations from OMB's report on the Section 5 Pilot, specifically by requiring the creation of a comprehensive and standardized data structure covering all data elements reported by recipients of federal awards, including both grant and cooperative agreements. It charges OMB and a leading grant-making agency to work together on implementation.¹¹

In addition to mandating the creation of government-wide grant data standards, the GREAT Act would direct OMB and its partner agency to issue guidance to all grantor agencies on how to implement the new data standards into their existing grant reporting requirements with minimum disruption. It would also lead to the publication of open data, with exceptions for privacy and other concerns, on a government-wide website, such as the existing grants.gov portal.¹²

The GREAT Act was quickly passed by the House Committee on Oversight and Government Reform and sent to the full House of Representatives.¹³ The fast action is a good indication that one of Congress' key oversight bodies remains interested in the future of data transparency and focused on improvements to the reporting process.

THE WHITE HOUSE'S CAP GOAL: AN EXECUTIVE-BRANCH PUSH FOR TRANSFORMATION

On March 20, 2018, OMB announced the President's Management Agenda, with a particular focus on "providing 21st century services Americans can expect today and tomorrow."¹⁴ The PMA included 14 new Cross Agency Priority Goals (CAP Goals), aimed at tackling "critical government-wide challenges that cut across agencies."¹⁵

GREAT ACT IMPLEMENTATION TIMELINE



One of the new CAP Goals, under the heading of Functional Priority Areas, is "Results-Oriented Accountability For Grants." The grants CAP Goal is not only ambitious in scope, but also in timeline. It commits, by the end of Fiscal Year 2018, to compile and "standardize data elements to inform [a] comprehensive taxonomy for core grants management data standards."¹⁶ It does not, however, specify a specific deadline for requiring grantor agencies to use the taxonomy within their reporting requirements.

TIMELINE FOR IMPLEMENTATION OF THE DATA STANDARDIZATION COMPONENTS OF THE WHITE HOUSE'S GRANTS CAP GOAL

COMPLETE

FY2017
Q3

Leverage Federal Integrated Business Framework (FIBF) to develop comprehensive map of core capabilities for grants management

IN PROGRESS

FY2018
Q4

Based on FIBF capabilities, standardize data elements to inform comprehensive taxonomy for core grants management data standards

FY2018
Q4

Develop plan for outreach, governance, and maintenance of data taxonomy

TBA

Develop and execute long-term plan for implementing data standards government-wide

American taxpayer within a risk framework; standardize grant reporting data and improve data collection in ways that will increase efficiency, promote evaluation, reduce reporting burden, and benefit the American taxpayer; measure progress and share lessons learned and best practices to inform future efforts, and support innovation to achieve results.”¹⁷

In an interview, the grants CAP team at the Department of Education reiterated those priorities. They specifically focused on the short-term goal of easing the compliance burden for grantees and the long-term goals of driving better performance reporting and creating value.¹⁸

The introduction of the GREAT Act and the release of the grants CAP Goal show that the Administration and Congress agree on the idea of a government-wide data structure for grant reporting, and on the two primary benefits. First, the White House recognizes grantees currently spend an inordinate amount of time complying with outdated requirements and processes¹⁹—time that could be spent accomplishing the goals that they sought grant funding to achieve in the first place, if grant reporting were automated via data standardization. So, do the sponsors of the GREAT Act.²⁰ Second, both the White House and Congress are seeking to bring about government-wide electronic transparency for the information that grantees report, and see data standardization as the way to do that.²¹

With the White House and Congress each pursuing these parallel and consistent policy changes, it seems certain that at some point OMB—or perhaps OMB and a partner agency—will create a government-wide data structure for grant reporting and instruct all grantor agencies to begin using it. What challenges lie ahead for the implementation of this data structure, and how can they be overcome?

Our interviewees identified two categories of challenges and solutions: technical and cultural.

Technical Challenges and Solutions

These are the non-human roadblocks in the way of building, and imposing, a government-wide data structure for all federal grant reporting. While, overall, our interviewees were optimistic about overcoming technical challenges, they are important to understand and plan for.

Nevertheless, with this goal, the Trump Administration has committed to the same transformation that is envisioned in the GREAT Act, regardless of whether the GREAT Act becomes law or not.

The grants CAP Goal is led by senior leadership from OMB, the Department of Education, and the Department of Health and Human Services. Accompanying the goal is a promise to “rebalance compliance efforts with a focus on results for the



TECHNICAL CHALLENGE 1: DIVERSE AND UNIQUE REPORTING REQUIREMENTS

Through research and our interviews, it has become clear that the size and complexity of the federal grants system will pose one of the most significant challenges to building a government-wide taxonomy for grant data.

The federal government spends more than \$660 billion per year in grants—half again the size of the world’s largest private-sector companies. While HHS is the largest grant making agency, non-health grants still represent around 7% of the federal budget. These grants come from agencies all across government and to programs in a wide array of topic areas tackling an even broader set of problems.

Grantees are often required to report to multiple program offices spread across several agencies. This represents a high burden, thanks to the current paper-based process, but also potential complications when trying to build a data-driven system. While it is clear that there is plenty of commonality in language across the grants landscape, there is also an incredible amount of deviation and complexity. For example, the Common Data Element Repository (CDER) library, developed by HHS as a repository of data elements used in grant reporting, has nearly 26,000 elements, yet is seen as merely a starting point.²²

Most grant programs have non-standardized fields and specific terminology that could further complicate efforts to build a government-wide taxonomy. To this point, grantees rely on the ability to report narratively and tell stories about their success. This type of reporting is not necessarily well suited for a standardized system, or as Mike Chamberlain, CEO of the Grant Professionals Association, explained it, “not one-size-will-fit-all for the grantees...we [have to] recognize the importance of having some flexibility in the system.”²³ In other words, as another interviewee made clear, accommodations will have to be made for these program specific requirements.²⁴

Throughout our interviews, we heard about the differences between “programmatic” or “performance” reporting, on the one hand, and “financial”, “standard”, or “generic” reporting, on the other. While financial reporting was often cited as relatively easy to standardize, performance reporting was cited as a major potential roadblock or, as one interviewee put it, “the most challenging place to find any common taxonomy or alignment across agencies.”²⁵



TECHNICAL SOLUTION 1: STANDARDIZE THE “CORE” ELEMENTS FIRST

Getting all the relevant stakeholders to agree on common standards should help limit the related size and structure issues. There are several ongoing attempts at standardizing grant definitions that, together, will prove useful as a government-wide taxonomy is built.

These existing efforts included the CDER Library and the standardization process underway as part of the grants CAP Goal, which is using the Federal Integrated Business Model (FIBF) as a guide.²⁶

The CDER Library “is designed to be a federal-wide, online searchable repository for grants-specific data standards, definitions, and context.”²⁷ It was created as part of the DATA Act implementation process to provide grantees with a standard catalogue of grants related data, with the hope that it would help grantees report more consistent data.²⁸

CDER, which incorporates most common grant forms across 26 agencies and contains nearly 26, data elements, should serve an important role in the larger effort to create a standard taxonomy of grant data elements. In addition to containing a huge number of potential elements, it contains the superstructure of a standard taxonomy.²⁹

Meanwhile, the effort being undertaken through the grants CAP goal as part of the PMA has embraced the FIBF and should lead to the identification of a much narrower subset of “core” data elements for grant reporting. The FIBF specifically calls for identification of the “the minimum data fields required”³⁰, while the grants CAP Goal aims for a “comprehensive taxonomy for core grants management data standards” by the end of FY2018.³¹

One clear, and commonly touched upon, solution to concerns over the size, structure, and difficulty in coming to agreement on common standards was to start with a relatively limited scope. As this paper described earlier, there are significant differences between “programmatic” and “generic” data in the grants world. Often, as one interviewee explained, “people fail to draw a proper line between what is program specific data and what is generic across the board data.”³²

Several interviewees cited the idea that a majority of grant data fields are specific or programmatic, while a minority are more generic or administrative.³³ Ideally, then, the initial scope of standardization efforts would be limited to that minority of “standard” or administrative data. Certain things will be easy to find common ground on, those things will also prove beneficial. As explained above, the project underway as part of the PMA will focus on standardizing a “core” group of data elements, not the entire universe of them.³⁴

By way of example, although the CDER library contains nearly 26,000 data elements, an interviewee from a grants management solutions provider cited only 800 core elements within their system.³⁵ While still a large number, starting with a universe of 800 data elements is much more manageable than one of 26,000.

Once the scope is narrowed down, where to house the grant data standards is an open question with several possible answers. Reasonable suggestions from our interviews included in the CDER library itself, attached in some way to the Uniform Grant Guidance, and more.³⁶

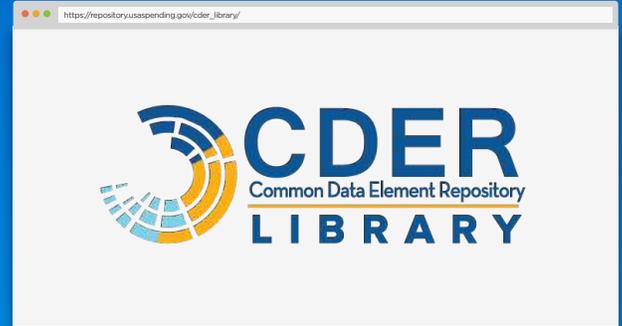
While the standard elements are being agreed upon inside the federal government, one interviewee explained, programmatic or “impact” data, which is much more complex and specific, can be tackled by the practitioners outside government who create much of it.³⁷

TECHNICAL CHALLENGE 2: LEGAL COMPLEXITIES

Federal grant programs are governed by hundreds of different laws that have been passed and reauthorized at various points over many decades. Programs are often legally required to ask for specific information from their grantees. Many laws and regulations have differing definitions or requirements, potentially complicating efforts to simplify or connect definitions across programs.³⁸

Specifically, “the complexity of those programs may inhibit or slow down that translation of those common data elements or the reporting elements.”³⁹

Additionally, grants are split into two types—block grants and discretionary grants—with significant reporting differences and legal requirements that could create roadblocks to standardization.⁴⁰ Further, while most reporting happens at the close of the Fiscal Year, not all



legislatively mandated grant reporting requirements operate on the same timeline. This raises potential complications for data intake and electronic reporting.

Amending all of these laws in a coordinated fashion would be a monumental—although potentially unnecessary—undertaking.

TECHNICAL SOLUTION 2: FLEXIBILITY TO ACCOMMODATE LAWS

The legal complexities of the grants world are real and a real hurdle to truly seamless grants management. However, they are not nearly enough of a reason to give up. When considering how to approach challenges associated with the various legal and regulatory regimes underlying the grant system, interviewees focused on finding low-hanging fruit and areas of synergy across grants.

Focusing on a core set of standards that can be agreed upon across government will ease some of the existing complexities in the grant-making process. Many pieces of information (data elements) are already available across government, even if their names sometimes differ. Focusing on identifying and working to standardize these elements was cited as a good first step.⁴¹



TECHNICAL CHALLENGE 3: EXISTING SYSTEMS

There are already a number of grants management systems operating within government, functioning at various levels of technical sophistication. Adjusting to a government-wide taxonomy may put additional burden on these systems.

For example, one interviewee who runs a grant system that operates across a number of agencies within a large federal department expressed concern over the cost and administrative burden that would be applied to the existing system if a government-wide taxonomy were imposed. Specifically, every change to a reporting requirement affects a number of objects within the grant management system, “which means that a simple change turns out to be not so simple.”⁴² On the other hand, another interviewee leading a major grant management system was optimistic that a government-wide taxonomy for grant data would ultimately improve the system and its processes.⁴³



TECHNICAL SOLUTION 3: STANDARDIZE DATA, NOT SYSTEMS

The operators of existing government-managed grant management systems wanted to be sure that their systems would still be able to function after the adoption of a government-wide grant data taxonomy.

Ideally, a government-wide taxonomy for grant reporting data will only make existing systems more relevant and functional. While it may impose some short-term costs on systems owners, the long-term effects should be overwhelmingly positive.

This is already happening with respect to at least one shared system within the USDA. The system has fully integrated and normalized DATA Act data, providing the system owners “leverage to get agencies to join in our enterprise solution, because...one program really need only come into the system to get the full benefit of what we have to offer with respect to DATA Act.”⁴⁴ It is reasonable to envision a future in which that same system integrates standard grants data, providing new functionality to its users.

Additionally, standardization and simplification will ideally make it easier for grantees to engage with existing federal grants systems. Currently, grantees face overwhelming complexity when trying to report on their federal grants. One interviewee explained that she has roughly 50 different user names and passwords for the federal systems that she has to interact with to do her job.⁴⁵ Standardization should ultimately lead to a more simplified path for grantees.



TECHNICAL CHALLENGE 4: LACK OF TECHNICAL CAPACITY AMONG SOME GRANTEES

Several grantees and grantee representatives expressed concerns that transitioning from a document-based grant reporting system to a data-driven one would put unnecessary burden on small grantees who cannot invest in overhead to modernize their systems and technology.

A major worry was that data-centric grant reporting would require smaller organizations to invest in their own expensive new systems to manage grant funds and generate required reports. Grantees already face pressure to keep overhead low, often resulting in an underinvestment in technology. New requirements that required major investments in technology could be difficult for grantees to embrace.⁴⁶

There was also some concern that data reporting could be beyond the capability of outdated computer systems. Specifically Ann Ebberts, CEO of the Association of Government Accountants, cited “mom and pop shops that are either grant recipients or sub-recipients are doing good work, and may be keeping track of data on spreadsheets... their systems are probably more antiquated in some cases than some of the old COBOL systems still in use at the federal level.”⁴⁷



TECHNICAL SOLUTION 4: AUTOMATION FOR SMALL GRANTEES

Lack of technical capacity among certain grantees is a valid concern, but one that has a number of solutions.

First, it should be acknowledged that across the universe of grantees, only a small number feasibly lack technology that is modern enough or Internet access that is adequate to report information electronically rather than through paper filings. In our interview Rhea Hubbard, a policy analyst at OMB’s Office of Federal Financial Management (OFFM), outlined a situation in which a rural grantee may have to dig telecommunications lines out from a snow drift as a reasonable, if rare, connectivity issue.⁴⁸

More broadly, as Allison Grayson put it, “we’re just getting to the stage where we can really talk about how to utilize technology more efficiently because we feel like there’s a baseline capacity of charities to participate in that kind of way.”⁴⁹ To put it another way, broad-based access concerns for grantees may have represented a major problem in the past, but have now transitioned to more isolated situations.

Concerns over the cost of upgrading to new systems is another, more widespread, concern. For example, some grantees wanted to ensure that there would be a way for them to report directly to the government, without relying on an expensive grants management system. Ideally, this would be the case, with existing government reporting systems like grants.gov merely embracing data standards to improve reporting processes.

Several interviewees encouraged novel approaches to building the government-wide taxonomy in order to avoid getting bogged down while testing and fine tuning the work on an ongoing basis.

“Technology sprints” currently being run by the Opportunity Project at the Census Bureau were suggested as one potential model for development. In these sprints, stakeholders come together for 14 weeks to work on a solution to a specific problem.⁵⁰

Similarly, one interviewee suggested building small, agile teams to pilot and test different issues and parts of the taxonomy before bringing working prototypes to a larger governance structure for approval.⁵¹ This would avoid slow-downs and overly bureaucratic decision making processes while ensuring that real world work and testing is being accomplished.

Another interviewee suggested that this agile approach could eventually bleed into the way grants are carried out and reported on. Better data can help move away from old ideas of compliance and bring along more innovation in grant making.⁵²



Cultural Challenges and Solutions

Cultural challenges are the human elements standing in the way of the successful adoption of a government-wide data structure for grant reporting. The federal grant system is broad and the stakeholders are diverse. In order to come together on a government-wide data structure and ultimately build a more modern grant reporting system, these cultural challenges will have to be overcome.



CULTURAL CHALLENGE 1: PROCESS AND GOVERNANCE

Concerns over process and governance came up throughout our interviews. The federal grants system is complex, with a wide range of stakeholders. Finding the right type of governance both to build the initial taxonomy and to ensure the health and success of the system moving forward is key.

Existing actions—whether it be the GREAT Act or the President’s Management Agenda—represent a good start on governance by bringing together OMB with the most significant grantor agencies. However, as the grants CAP team at the Department of Education explained, there is not yet consensus on a long-term “home” for data standards and no one agency has stepped up to take leadership of the overall federal grant-making process moving forward.⁵³

At least one interviewee pointed out that the governance structure should not become too unwieldy, instead convening small, agile groups to work on individual components of the larger problem before bringing a more robust product forward to the larger community for feedback.⁵⁴ A lean governance structure and approach to development would ensure that the goals of the process were met.

Additionally, interviewees stressed the need for stakeholders outside of government to be consulted and kept in the loop. It will be vital to ensure that other, non-governmental stakeholders are represented in the governance process. As one interviewee pointed out, some of the most important stakeholders to consider “are the recipients of federal grants, [including] other governments, tribal governments and state and local governments.”⁵⁵

If all stakeholders are not considered and consulted, the process will be more likely to fail. One interviewee stressed the need to engage with states and subrecipients receiving subgrants from states, because “they are the ones that generate and report the data.”⁵⁶ Useful examples of good consultation processes, which we will explore further below, were cited.



CULTURAL SOLUTION 1: AGILE DEVELOPMENT

Communication to stakeholders -- both inside and outside of government -- was regularly cited as key to a successful grant modernization process. Throughout our interviews, we also heard a number of great examples of successful communication both inside and outside government.

“I think the OMB uniform guidance was the perfect example of good consultation and using tribal government concerns and taking those into consideration as they were developing the guidance as well as developing the FAQs that came out later.”

— Jennifer Parisien, Director of Resource Development and Financial Management Policy for the Native American Finance Officers Association

The DATA Act was cited as a key driver in better communication among internal government stakeholders. Jeffrey Johnson explained that it “has been tremendous internally, because for one of the first times, grants, acquisitions, finance, budget, program offices, etc. have all had much needed conversations about what they are doing and how they are doing it...they have gotten on the same page and stopped talking past each other.”⁵⁷

More broadly, while long term governance will always be a concern, our interviewees expressed optimism and support



for the frames of governance outlined in both the GREAT Act and the PMA. Both put OMB in charge alongside major grantor agencies. OMB's participation is vital because OMB has the ability to issue government-wide guidance on grants management. Another interviewee backed up that assertion, saying that if you give OMB the lead, others will follow.⁵⁹

Another key component of governance, from an engagement perspective, is the importance of not giving any agencies "long term outs", according to one of our interviews. The Federal Demonstration Partnership was cited as an excellent opportunity for federal agencies to share information and interact with their partners, but if "an agency is allowed not to participate they don't."⁶⁰

The need for consultation and engagement with non-governmental stakeholders was a consistent theme throughout our interviews. It was also an area where many existing efforts were cited as good, working models.

Interviewees cited both the DATA Act implementation process and the recent Uniform Grants Guidance (Uniform Guidance) process as positive examples of stakeholder engagement.⁶¹

For example, Jennifer Parisien, whose organization represents a number of tribal governments, called the Uniform Guidance process "the perfect example of good consultation and using tribal government concerns and taking those into consideration as they were developing the guidance as well as developing the FAQs that came out later."⁶²

More broadly, the idea of having specific individuals within government accountable for progress was cited several times as an important piece of coherent engagement. For example, the fact that "accountable officials" were identified in every agency during DATA Act implementation was cited as a potential best practice.

From an even more stakeholder facing perspective, the idea of "data stewards" holds a great deal of promise. Drew Zachary, director of the Opportunity Project at the Department of Commerce, described an ongoing process that brings outside stakeholders together with relevant government actors to solve problems with data, specifically highlighting the value of having "human being data steward who knows everything about this data and can answer... questions and be available to [the stakeholder]."⁶³

The novel approaches to building the government-wide taxonomy for grant data described above can be useful from a technical and cultural perspective.

Agile teams and "sprints" can help ensure that various stakeholders have the opportunity to engage over the short and long terms as well as keep energy and attention focused on the specific issues at hand. The DATA Act implementation process, which has included regular updates and opportunities for engagement was mentioned as effective in highlighting ongoing challenges and solutions.⁶⁴

Starting with a small number of data elements and an engaged community will create momentum and help the whole project move forward.⁶⁵ Furthermore, working in these ways allows for problems to be identified and feedback to be incorporated at various points in the process.

A key cultural solution mentioned by one interviewee was the importance of seeing this as part of a longer and broader process. The cultural shift from documents to data won't happen overnight. It requires leadership commitment to drive a step-by-step process that results in sustainable cultural change.⁶⁶

That process has already begun, thanks to efforts like the DATA Act and the ongoing shift from paper based systems to electronic and data-driven systems across the government. As our interviewee explained, the first step is to move from paper reporting to electronic reporting. Once stakeholders are used to an electronic system, switching to a data-driven approach will come more naturally.

When we talked to Amy Haseltine and Mike Peckham, two leaders in the grants community at HHS, they had positive things to say about the efforts already underway at OMB which appear to have a long view, indicating that "they realize that this takes time and effort, but it's worth doing."⁶⁷



CULTURAL CHALLENGE 2: GRANTEE CAPACITY

Often, grantees receive funds from multiple grants, spread out across various agencies and any number of program offices.

Every grants office has different programmatic needs and requirements. These requirements often differ even within the same agency. On top of that, grantees often have to report to multiple places, across different agencies, who all have varying expectations. Coming to consensus around common data fields across the entire federal ecosystem was cited as a major challenge by several interviewees.⁶⁸

Further, multiple interviewees cited high turnover within federal grant offices as a significant challenge to both grantees and to modernization efforts. Turnover makes it more difficult for grantees to perform and report efficiently. Turnover also slows down internal momentum for change.⁶⁹

While overall the grantees and grantee representatives that we spoke to were optimistic about the benefits of a government-wide taxonomy for grants data, we did hear concern from multiple sources over the potential loss of narrative freedom.

As mentioned in the technical challenges section, most grants have unique reporting requirements that are often hard to standardize. Our interviewees specifically noted that these unique requirements often allowed grantees to share narrative details and tell the story of their work, making them feel unique, but also boosting their chances for continued funding.⁷⁰

Additionally, trying to compare requirements across programs, which may have completely different goals and

areas of focus, was likened to trying to compare apples to oranges by one interviewee.⁷¹

Expertise in grant reporting procedures is in short supply among grantees, especially among smaller organizations. This led to concerns among interviewees that smaller grantees with limited expertise and resources could struggle to comply with shifting requirements or technical changes.

For example, one interviewee told a story from her time working at a large, but local nonprofit. The organization had two staffers who managed grants and had significant expertise. They were viewed as indispensable because no one else knew how to engage with the grants system and training replacements would be too costly.⁷²

However, this sort of situation can also represent a potential benefit of modernization. Once the grant reporting system is transitioned from documents to data it should lower the barrier to entry for potential grantees and make it easier for current grantees to report.⁷³

Several interviewees expressed cost concerns. An attempt to build a government-wide taxonomy for grant information is a cross cutting effort that requires buy in and energy from every agency. Interviewees expressed some concern that, because money had not been allocated to previous efforts like the DATA Act, Congress and executive branch leaders would not properly consider the costs associated with grants modernization.

Specifically, one interviewee noted the lack of clarity on costs as a concern about the GREAT Act as well as overall efforts to modernize the grant system.⁷⁴

“Creating a common taxonomy, at the very least, just makes the whole process a little bit simpler and a little bit easier to understand, then maybe it’s not this opaque black box that only one or two people at an organization know how to do.”

— Allison Grayson, Director of Policy Development and Analysis at Independent Sector



CULTURAL SOLUTION 2: SEPARATE FORMAT FROM CONTENT

The process of standardization and innovation may actually help alleviate the second cultural concern. As Allison Grayson explained to us, expertise in grant reporting is a highly valued skill that is not always easy for grantees, no matter the size, to obtain and maintain.⁷⁵

A simplified, less-burdensome reporting system could make it easy for grantees to hire and retain staff with the necessary skills to manage grants while lowering the barrier to entry for potential new grantees.

When considering money, it is important to remember that data standardization efforts are aimed at lowering costs throughout the system over time. Because of that, it’s important to accept the idea that there might be some short term costs.

The best way to handle cost concerns might be the most obvious, but also one of the most difficult to achieve; appropriate the necessary funds to help pay for standardization efforts. As one interviewee argued, “there’s a price for change and whoever it is that has those purse strings really needs to make funds available for these efforts when they’re doing that to the agencies.”⁷⁶



CULTURAL CHALLENGE 3: PRIVACY CONCERNS

We heard some concerns around privacy associated with the open data aspects of the GREAT Act. Specifically, Native American tribes deal with a unique history and set of circumstances that gives them good reason to be hesitant about the potential impact of the release of certain details about their interaction with the federal grant system.⁷⁷

Additionally, we heard some concerns from auditors that fully-open data would open audit reports to tampering and potentially limit the candor of comments.⁷⁸

While the GREAT Act includes language that could potentially shield certain actors with privacy concerns, it is important for those implementing these projects to consider the concerns of all stakeholders and take privacy implications seriously as they build open data programs.



CULTURAL SOLUTION 3: PROTECT PRIVACY

There are several solutions to privacy concerns. First, policymakers can make it clear in legislative and regulatory language that privacy is important and that accommodation will be made for relevant concerns. Such language already exists in the GREAT Act.⁷⁹

Second, standardization leaders can continue to engage all relevant non-governmental stakeholders throughout the standards-development and implementation processes. As Jennifer Parisien, Director of Resource Development and Financial Management Policy for the Native American Finance Officers Association, put it, “consultation, I think, is the biggest thing.”⁸⁰

Conclusion: Conquering Challenges, Realizing the Vision

While we highlighted the solutions above, several points are imperative for policymakers to keep in mind as they embark upon this next segment of the road from a document-based federal government to a data-driven one.

First, the transformation of federal grant reporting is a long-term process. The first steps already being taken by the White House, finding consensus on a “core” set of grant data elements, are appropriate in scope. From there, grant innovation can be tackled in systematic way. We recommend embracing an agile, iterative approach to ensure that failures and setbacks are small, while progress is steady.

Additionally, stakeholder engagement will be key. Whether with grant practitioners inside the federal government or grantees in state and tribal governments, university offices, and nonprofits, the success or failure of this effort will be driven less by policymakers than by those who spend their days administering, writing, reporting on, and carrying out grant requirements. Luckily, there are several existing models for stakeholder engagement in this area that can be leveraged. If in doubt, it became clear from our interviews that looking to DATA Act implementation and the Uniform Grants Guidance process for engagement inspiration will be fruitful.

The federal grant reporting system is on the cusp of a major transformation. The White House and Congress are on the same page, and an effort to forge a common taxonomy of grant data elements is already underway.

There are challenges to achieving the goal of a modern grant system with standardized data elements at its core, but those challenges are far from insurmountable. Indeed, in many cases, their solutions are already underway or apparent. With proper attention to these solutions, the federal government is quite capable of replacing today’s document-based system of grant reporting with a data-centric one—to the great benefit of grantees’ bottom lines, grantor agencies’ ability to manage programs, the constituencies helped by grant programs, and all Americans.





APPENDIX I - LIST OF INTERVIEWEES

- **Michael Curtis**, Executive Director, GrantSolutions.gov
- **Chris Coppenbarger**, Senior Grant Systems Advisor, United States Department of Agriculture
- **Michael Peckham**, Reimage Grants Lead, United States Department of Health and Human Services
- **Amy Haseltine**, Executive Director, Office of IT Policy, Strategy, and Governance, United States Department of Health and Human Services
- **Jeffrey Johnson**, Associate Deputy Assistant Secretary for Grants, United States Department of Health and Human Services
- **Drew Zachary**, Senior Analyst, Commerce Data Service, United States Department of Commerce
- **Paul Felz**, Audit Manager, United States Environmental Protection Agency
- **Robin Thottungal**, Chief Data Officer, United States Environmental Protection Agency
- **Daniel Morgan**, Chief Data Officer, United States Department of Transportation
- **Douglas Webster**, Chief Financial Officer, United States Department of Education
- **Tim Soltis**, Deputy Chief Financial Officer, United States Department of Education
- **Phil Maestri**, Director, Department of Education Risk Management Service, United States Department of Education
- **Pamela Dawkins**, Management Analyst (G5 system), United States Department of Education
- **Holly Clark**, Office of Innovation and Improvement, United States Department of Education
- **Hilary Cronin**, Program Manager, Risk Management and Monitoring, United States Department of Education
- **Mike Chamberlain**, Chief Executive Officer, Grant Professionals Association
- **Cornelia Chebinou**, Washington Director, National Association of State Auditors, Comptrollers, and Treasurers
- **Richard Fenger**, Open Government Co-Chair, Federal Demonstration Partnership
- **Allison Grayson**, Director, Policy Development and Analysis, Independent Sector
- **Ann Ebberts**, Chief Executive Officer, Association of Government Accountants
- **Jennifer Parisien**, Director of Resource Development and Financial Management Policy, Native American Finance Officers Association
- **Urmila Bajaj**, Director of Post-Award, Office of Sponsored Programs, University of Virginia
- **Vonda Durrer**, Senior Director of Electronic Research Administration, Office of Sponsored Programs, University of Virginia
- **Laurie Petrone**, Director of Grants Management, Office of Management and Budget, The State of Rhode Island
- **Christopher Connor**, The State of Wisconsin
- **Adam Roth**, Founder and Chief Executive Officer, StreamLink Software
- **Jason Saul**, Chief Executive Officer, Mission Measurement
- **Sophia Parker**, Chief Executive Officer, DSFederal
- **Dianne Walsh**, Vice President of Management Solutions, DSFederal
- **Thiagarajan Prakash**, Director of Enterprise Information Solutions, DSFederal
- **Echo Wang**, Project Manager, DSFederal
- **Rhea Hubbard**, Policy Analyst, Office of Federal Financial Management, Office of Management and Budget, the White House



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