

A PLATFORM FOR THE NEW TRANSPARENCY

*Meeting the Challenge of ARRA Grants
Management in State and Local Government*



AN UNPRECEDENTED OPPORTUNITY ... WITH NEW RISKS?

With \$787 billion dollars at stake, the *American Recovery and Reinvestment Act (ARRA)* represents the largest opportunity and the most high-stakes challenge to state and local government in recent memory. Some observers have noted that the bill is the most expensive single piece of legislation in American history.ⁱ The level of investment is staggering for its breadth and depth: \$100 billion for public works, \$11 billion for upgrading the nation's electrical grid, \$48 billion for transportation projects, \$56 billion for primary education, \$7.2 billion for broadband access, \$19 billion for health care IT, and so on in many other areas.ⁱⁱ Much of these funds have already begun to flow down from their federal sources, through agencies of primary responsibility, and into new and existing grants programs.

The sheer size of these new grant opportunities has had a tremendous impact on the workload of grants management staff, agency executives and elected officials around the nation. But the size of the program is only part of the story.

David Quam, a senior official for the National Governor's Association, points out that with unprecedented funding comes stringent new federal requirements for transparency, reporting and funds management. The old rules of grants management no longer apply, replaced by challenging new regulations that seem to be shifting by the day. In Quam's words, "These dollars are going to be watched closer than any federal dollar that has ever come out of the Treasury. We're talking Congress, reporters, states, locals — everyone is going to be watching this money."

Quam explained what this means to citizens: "You might be able to know exactly where your tax dollar went at the

The level of investment is staggering for its breadth and depth: \$100 billion for public works, \$11 billion for upgrading the nation's electrical grid, \$48 billion for transportation projects, \$56 billion for primary education, \$7.2 billion for broadband access, \$19 billion for health care IT, and so on in many other areas.ⁱⁱ

end of the day. That's pretty remarkable considering where we are right now."ⁱⁱⁱ

In fact, the administration's commitment to transparency is more than a little popular — it's even more popular than the stimulus bill itself. A poll conducted by the Coalition for an Accountable Recovery, conducted shortly after the ARRA was signed into law, reported that roughly eight out of 10 voters supported the greater transparency measures in the stimulus bill. Notably, the support for greater transparency has been strong across all party affiliations. Seventy-six percent of voters thought that national and state-level Web sites were needed so that "citizens can see what companies and government agencies are getting the funds, for what purposes, and the number of quality jobs being created or saved."^{iv} Andrew Moylan of the National Taxpayers Union, summed it up this way: "Whether or not we agree with the stimulus bill's priorities, officials at the federal and state levels must assure taxpayers that their hard-earned money will be used in a responsible manner."^v

The first deadline for quarterly reporting on stimulus funding use was delayed three months — until October 2009 — to allow more time for the states to ramp up. The reporting task is non-trivial, and the stakes couldn't be higher for government and education officials.

NEW DEMANDS REQUIRE NEW SOLUTIONS

Gopal Khanna, president of the National Association of State CIOs (NASCIO) and CIO for the state of Minnesota, has helped spread the word about the new level of granularity and importance attached to ARRA's federal reporting rules. "At the tip of the iceberg is the very simple report that the governors will be required by law to sign and submit to the federal government," Khanna noted. "But beneath this is ... the huge granularity of the data that must be collected."^{vi}

Getting at that data won't be easy for a number of reasons. "Most of us are struggling with our current ability to capture information," Khanna said. "It's very siloed, it's very decentralized, and it's very fragmented."

The problem of reporting could become even more challenging at the local level.^{vii}



“CAN’T I JUST BOLT ON A NEW REPORTING TOOL AND BE DONE WITH THIS?”

Albert Einstein once said that a problem should be made as simple as possible — but no simpler. There is a real danger that CIOs will oversimplify the challenge and turn to “bolt-on” reporting tools as a short-term fix. While reporting tools are important, they fall short of a complete ARRA solution in some critical ways.

“With the deployment of our grant management tool, we are starting to see greater efficiencies in how we manage the full lifecycle of a grant from ideation through application, award, implementation and closeout. Those metrics are starting to come alive and really starting to show the value. Yes, we really did do the right thing,” said Carlo Govia, first deputy commissioner and CFO for the Chicago Department of Public Health.

Source: Interview with Adam Burns, GDS International

Steve Jennings, CIO for Harris County, Texas, agreed. Jennings led information and communications technology for the third largest county in America for 34 years. “If you look at it realistically, you are going to have 50 state transparency systems. You are going to have 3,060 plus county transparency systems, potentially. There are over 19,000 incorporated city ... transparency systems,” Jennings reminded. “What we have is no standard on either financial information exchange between those systems — because some counties and cities will get money directly from the federal government, some will be granted through the states, some will report back through the states, and some will report directly to the federal government.”^{viii}

This issue of siloed, disconnected information appears to be pervasive across government and education. Grants management processes are typically administered manually, or with only the assistance of ad hoc spreadsheets and documents. From state capitols to the schoolhouse, the process tends to be circuitous, confusing, opaque, and highly dependent on the expertise and knowledge of a precious few staff members.

Not long ago, the Government Finance Officers of America conducted a survey to identify what tools were being used to track the performance of government investments. “Much to our surprise, the top tool turned out to be Excel,” said Shayne Kavanagh, senior manager of research. “That says that there is a lot of room for improvement here.”

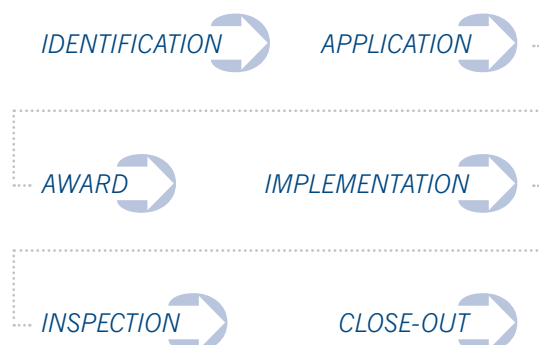
Analysts from the Center for Digital Government have travelled the country interacting directly with the CIOs and executives in government who are responding to this challenge. While we did find narrowly focused software solutions that help public agencies track and report on the use of ARRA funds and the creation or preservation of jobs, those point solutions are only part of the story. If we are to deliver on the promise of transparency and public accountability, a comprehensive digital platform is needed. The broader platform approach goes to the heart of good governance through the creation of systems that ensure better decisions through better data. The end result of this new approach is to improve public services and public accountability by avoiding fraud, waste and abuse.

Our research at the Center has identified five ways in which today's requirements far surpass anything we have seen before. Those key differences are:

INCREASED DEMAND FOR...	... WHICH MEANS ...
COMPLETENESS	We need a full lifecycle view across the enterprise that has visibility into all <i>stages</i> of the process.
ACCURACY	Citizens want it right the first time — and they won't stand for endless correction and restatement.
CLARITY	People want data that supports insight. In other words, information should not be confusing and should be useful in making decisions.
CURRENCY (SPEED)	No one wants to wait 30 days to find out what happened in the last two weeks. Reporting must be updated quickly — in real time, if possible.
FLEXIBILITY	Reporting rules and regulations are changing quickly, sometimes by the day. It's vital that grants management processes can flex to accommodate new (sometimes last-minute) requirements.

A NEW PLATFORM APPROACH DELIVERS ... AND BREAKS DOWN THE SILOS

Next generation grants platforms will meet the challenges of ARRA and future requirements, and link up the currently separated stages in the grants management lifecycle. While there are differing naming conventions for the lifecycle of a grant depending on your perspective, let's take the following as a benchmark:



These same stages — or some variation on them — are used in most agencies in the nation. The silo problem, as mentioned previously by Gopal Khanna, means that information is locked up inside of each of these steps because of the manual processes and inefficient communication that exists as the status quo. Not all opportunities are applied for; not all awards are well understood; not all implementations are tracked; and final results can often differ from what was anticipated. Not only does this erode trust on the part of granting authorities and the public, but it also leads to a financial cost when allocated funds are not fully spent by the end of the grant’s performance period. Sometimes, the result is that awarded grant funds that could have been used for another purpose must be returned to the granting authority and are lost to the recipient organization.

Carlo Govia, first deputy commissioner and CFO for the Chicago Department of Public Health, recently completed an automation project across the full lifecycle at this agency. Govia uses the new system to manage more than \$100 million across 60 grant programs.^{ix}

Before his project, Govia began where most people do in his position: with spreadsheets and manual processes. “Everything we do in the department is about data,” Govia said, “from our communicable disease investigations, our HIV investigations, our food protection investigations, women and infant children, our public nurses ... we gather a massive amount of data. In the past, we didn’t have the right kinds of tools to collect that data, disseminate it, analyze it and really use it for business intelligence.”^x

By deploying a true enterprise system that links together each stage of the grants management process, new capabilities become possible, including the following:

1. Visibility into a proper set of grant opportunities
2. Monitoring of the process at each stage
3. Early identification when funds may not be expended
4. Status and key metrics on grant-funded projects

The business results, for Govia’s organization and many others, have been remarkable. Govia’s agency is delivering better public value, making more prudent use of funds and reporting in more detail to upper management. “If we can become more efficient,” Govia said, “we can ask for more money because now we can justify that we are spending the money effectively during the grant year.”^{xi}

BENEFITS OF A PLATFORM APPROACH TO THE NEW TRANSPARENCY

By uniting the value created at each step of the grants management lifecycle – and providing executive visibility – the platform approach is changing grants management. Business value created comes in the form of:

- ✓ End-to-end process improvements and efficiency
- ✓ Better compliance with rules and regulations
- ✓ Hard-dollar efficiencies
- ✓ Better visibility for data-driven decisions
- ✓ Improved organizational agility
- ✓ Common/integrated view of the organization

Not only does this approach deliver business value, but there are IT benefits as well:

- ✓ Meet long-term maintainability, not just short-term requirements
- ✓ Flexibility
- ✓ Faster response to new requirements
- ✓ Process stability
- ✓ System performance

ON-DEMAND, SOFTWARE-AS-A-SERVICE MODEL IS A MUST

The people who would interact with a grants management system are separated geographically and sometimes aren't even members of the same organization. These individuals could take on a variety of roles, from executives to operational grants staff. This raises the importance of an on-demand, Software-as-a-Service (SaaS) architecture.

As an example, we can again look to the experience of Chicago Public Health. "We recognize that we don't want to be an IT shop," Govia said, "so we have moved to an on-demand, SaaS-based infrastructure. Now managing that is a minimal responsibility in the department, so we can focus on our core competency, which is public health."^{xii}

A ROADMAP FOR MOVING FORWARD

While the challenge of managing and reporting on grants programs has never been greater, the opportunity that ARRA represents is also unmatched. With a full lifecycle approach — powered with the right technology — government can realize extraordinary benefits. Four key steps await you on the road to grants management competence:

By working collaboratively and engineering better solutions for grants management, government can prepare itself for success well beyond the first deadline for stimulus reporting on Oct. 10, 2009. Greg LeRoy, executive director of Good Jobs First, a non profit, non-partisan research group that promotes accountability in the recovery process, perhaps said it best: "Transparency is not just necessary policy; it's good politics. No one wants well-intended stimulus funding to become tainted by corruption and waste at the state and local levels. Getting lots of taxpayer eyeballs on the money is President Obama's best bet for keeping governors and mayors from frittering away his Recovery Plan."^{xiii}

RESOURCES

STEP 1:
Understand your opportunities and obligations under the ARRA



Recovery.gov, General Accountability Office, your State's Recovery Web site, Governor's Task Force for Stimulus Reporting, Center for Digital Government

STEP 2:
Assess your current practices and areas for improvement



Leverage your team, grants management coordinator and IT management staff

STEP 3:
Choose the right private-sector partners to meet your needs



Assess the breadth of capabilities to ensure completeness across the full lifecycle of grants management

STEP 4:
Document the benefits you realize from the effort



By quantifying and documenting your efficiency gains and value created, you can aid your peers around the nation

ENDNOTES

- ⁱ “The First 100 Days,” Houston Chronicle, April 2009. www.chron.com/disp/story.mpl/politics/6392671.html
- ⁱⁱ www.recovery.gov
- ⁱⁱⁱ “Stimulus Expense Reporting Deadline Prompts ARRA Software for Government,” Matt Williams, *Government Technology*, August 2009. www.govtech.com/pcio/707334
- ^{iv} “National Poll Finds Demand for Transparency in Economic Recovery Package,” *Government Technology*, February 2009. www.govtech.com/gt/616247
- ^v “National Poll Finds Demand for Transparency in Economic Recovery Package,” *Government Technology*, February 2009. www.govtech.com/gt/616247
- ^{vi} In person interviews, Government Technology Television, March 2009.
- ^{vii} In person interviews, Government Technology Television, March 2009.
- ^{viii} In person interviews, Government Technology Television, March 2009.
- ^{ix} “ARRA: One More Good Reason to Modernize Local Governments’ Grantee Management Tools,” Gartner Industry Research Note G00167283, Massimiliano Claps, April 2009.
- ^x Interview with Adam Burns, GDS International
- ^{xi} “Paving the Way,” *Government Technology*, August 2009. www.govtech.com/gt/case_study/708323?id=&story_pg=1
- ^{xii} Interview with GDS International.
- ^{xiii} “National Poll Finds Demand for Transparency in Economic Recovery Package,” *Government Technology*, February 2009. www.govtech.com/gt/616247



CA (NASDAQ: CA), the world's leading independent IT management software company, helps government customers worldwide optimize IT for better mission outcomes. CA's Enterprise IT Management solutions for mainframe and distributed computing enable Lean IT — empowering agencies and government IT leaders to more effectively govern, manage and secure their operations. **For more information, visit www.ca.com.**



The Center for Digital Government, a division of e.Republic, Inc., is a national research and advisory institute on information technology policies and best practices in state and local government. Through its diverse and dynamic programs and services, the Center provides public and private sector leaders with decision support, knowledge and opportunities to help them effectively incorporate new technologies in the 21st century.

www.centerdigitalgov.com

ACKNOWLEDGEMENTS:



John Miri is a Senior Fellow at the Center for Digital Government

After a successful career as a private-sector software executive, Miri was appointed by the Texas governor to the top regulatory board overseeing statewide electronic government. He went on to lead transformational projects for two successive Texas State chief technology officers and has become an adviser and close confidant to leading state and local government CIOs around the nation. As the former director of E-Government and Web Services for the state of Texas, Miri led the state to breakthrough results of 829 online services, 83 million citizen financial transactions, and \$5 billion in online revenue. He directed a major inter-agency electronic grants project through to completion, with the support of the Texas governor. He has advised numerous jurisdictions on the impact of the American Recovery and Reinvestment Act, particularly as it relates to technology needed to meet the challenge. Miri is a nationally recognized speaker and author on government technology.