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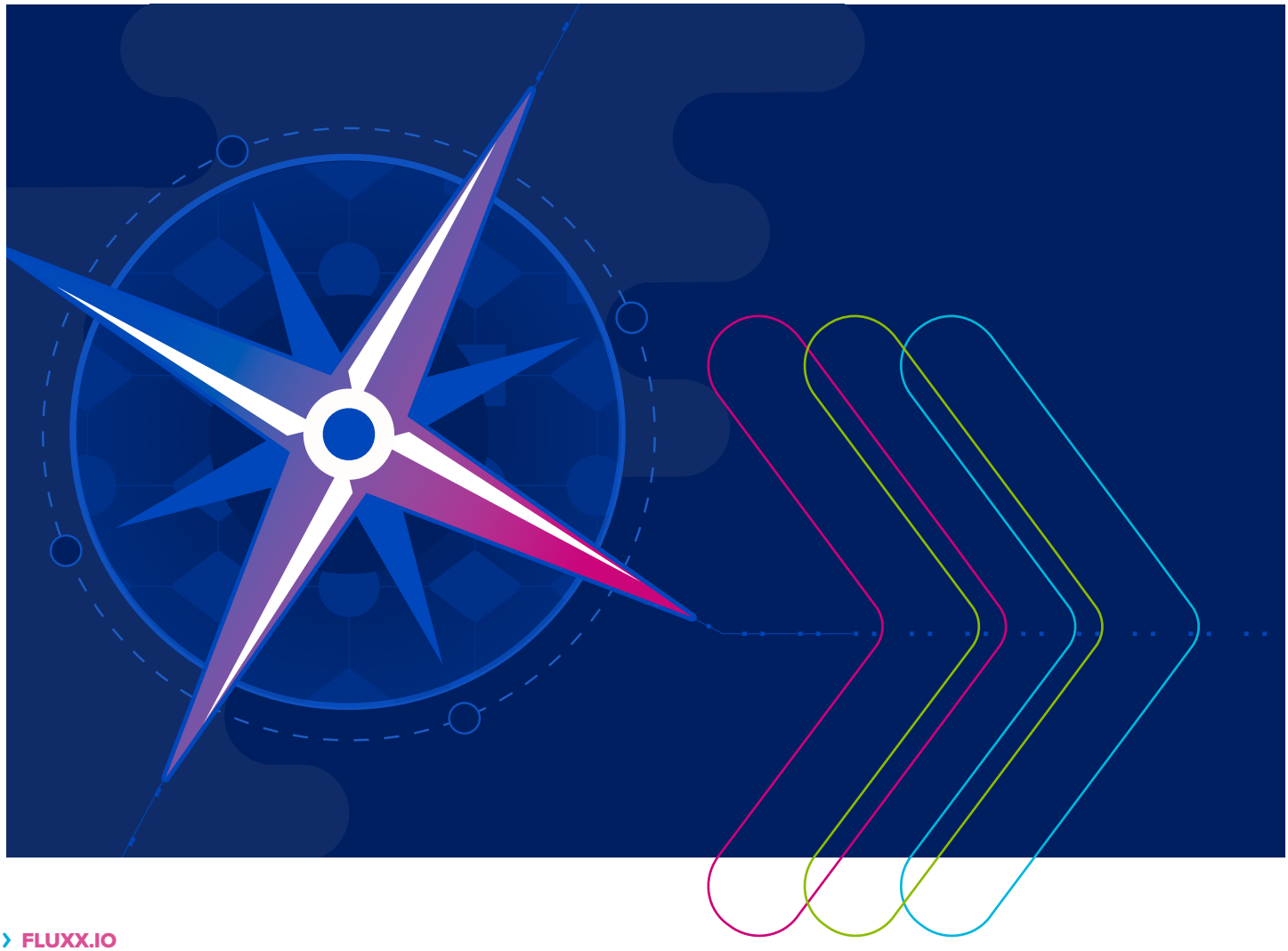
FROM MODERNIZING SYSTEMS TO TRANSFORMING OUTCOMES:

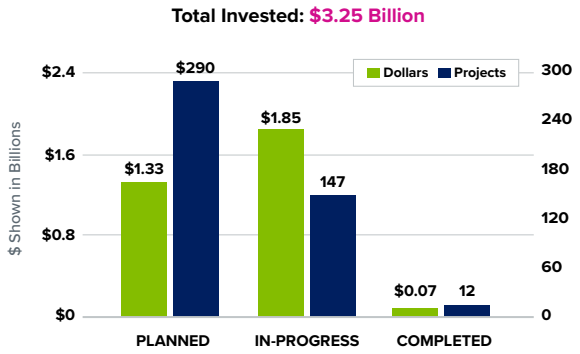
How to Navigate the Changing Landscape of Grants Management Systems



The grants management landscape is changing, and without modernization, agencies will struggle to maintain compliance and keep up with the pace of federal funding.

Since the $1.2 trillion Bipartisan Infrastructure Law (BIL), also known as the Infrastructure Investment and Jobs Act (IIJA), was passed back in November 2021, at least 23 related federal Notice of Funding Opportunities (NOFO) are now closed with more currently open and coming this fiscal year resulting in hundreds of billions in competitive and formula grants still in the early stages of flowing through state and local agencies.[1]

Only about $3.25 billion of California's estimated $41.9 billion in transportation funding has been invested to date.[3]



In fact, only about $3.25 billion of California's estimated $41.9 billion in transportation funding has been invested to date.[2] With the significant volume of grant funding across BIL and other federal programs still in the pipeline alongside the compliance requirements that accompany them, government agencies at all levels continue to actively explore opportunities to modernize their legacy processes and technologies in order to effectively steward those grants towards the generational social and economic impact they are intended to fund.

Despite the growing emphasis on the modernization of grants management, most agencies miss critical features and process considerations when exploring grants management solutions as legacy challenges are recast into requirements for a new Grants Management System (GMS). Over the course of the modernization effort, it will be the features that allow agencies to reimagine legacy processes rather than recreate them that will become the difference between simply building new tools that are underutilized and transformative outcomes that reduce administrative burden on agency staff and grantees to improve their grants management capacity while meeting an agency's compliance requirements.

In this paper, **we will outline the key elements to look for when seeking to modernize your grants management system, focusing on some of the more overlooked, yet critical components to maximize your potential for success.**

1 - https://www.gfoa.org/iija-notice-of-funding-opportunity-nofo-tracker
2 - http://rebuildingca.ca.gov/iija-by-the-numbers/

START WITH THE BASICS: INDUSTRY STANDARDS EVERY GMS SHOULD ADDRESS

Before discussing those critical aspects of a GMS that are often missed, it is essential to validate the components and capabilities across the industry that should serve as a baseline for any solution an agency chooses to invest in for its modernization effort. The items below are also starting to increasingly appear in most procurement-related solicitations (RFI/RFP) for Grants Management Systems/Software. They are most likely to be showcased in demonstrations from GMS vendors:

- **Grantee/Subrecipient Management:** The ability to enable Grantees/Subrecipients to submit applications, information about their organization, post-award documentation and the ability for agency grants and programs teams to review and update records and filter to select the most qualified applicants.
- **Automated Workflow:** The ability to build and configure several processes to match your grants management lifecycle. Segment workflows by role, process and build out collaboration tools to ensure that communication is recorded and tracked throughout the process. Process-defined compliance warnings that block users from violating rules and regulations at any point in the grants management workflow.
- **Data-driven Connectivity:** The ability to connect your records to all related documentation, contacts, payments, past performance, and more based on the record information. Intuitive functionality to dynamically tie data from the entire system into one screen so users are always connected to relevant data regardless of the record they are on.
- **Enterprise integration:** Ability to connect with the business tools critical to operation across functional areas, such as CRM, ERP, Accounting, and Finance systems, among others. This ensures that data is not lost or prone to manual errors. Robust APIs and documentation that agencies can leverage to build live connections with databases such as Grants.gov and SAM.gov to streamline review processes and other potential sources that will be required as new use cases arise in coming years.
- **Reporting and Compliance:** The ability to generate reports on payments, distribution of funds, evidence of usage of funds, and upstream reporting to maintain compliance. “Drag and Drop” report building that is accessible for end-users which can export data into standard formats for external consumption, facilitates agency reporting to stakeholders.

While many GMS solutions attempt to address these core components with varying degrees of success, many providers will make the case that simply implementing these components will enable an agency to future-proof its grants management operation. However, GMS providers have learned over the past few years of increased demand for their software that if an agency’s system is unable to handle certain unique functional needs or rebuilds legacy processes then that agency will run into significant roadblocks to successful modernization. For an agency to achieve a more future-proof posture with users adopting a modern GMS and transforming the way they work, the following capabilities will make all the difference.

LOOKING BEHIND THE CURTAIN:
WHAT TO (REALLY) LOOK FOR IN A TRANSFORMATIVE GRANTS MANAGEMENT SYSTEM

There are a multitude of elements to consider when looking to modernize an agency's legacy grants management functions. The unanticipated future challenges will be the key elements that need to be included, and the functionality to adapt and grow as government requirements and regulations change. Here are some critical areas to consider:

1 RAPID DEPLOYMENT BEYOND STANDARD WORKFLOWS WITHOUT CODE:

Agencies will often have numerous pre-award and post-ward processes for application intake, review, and grant monitoring. During a GMS implementation, these processes are consolidated (where applicable) to configure standard workflows and some may even be pre-built into the solution if the use case is common across agencies. However, a new government requirement or regulation that an additional step to their typical grants process, agencies should ask whether the system can be configured to incorporate multiple processes that work in conjunction with the larger grants process with minimal effort.

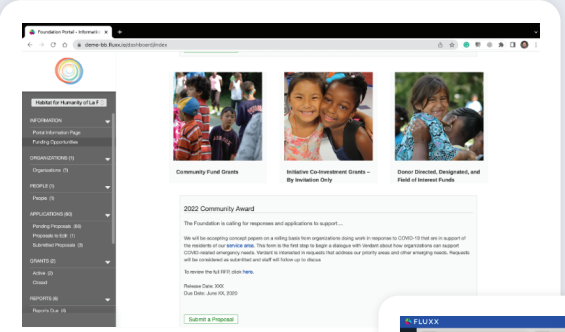
For example, the $42.45 billion Broadband Equity, Access and Deployment (BEAD) Program requires state awardees to run a "Challenge Process" for citizens and internet service providers (ISPs) to submit challenges regarding whether a particular location is unserved or underserved as part of a proposed grant-funded project for the state's sub-awardees.[3] This additional business process isn't necessarily a part of most standard grantmaking processes. Still, it needs to be tracked over the life of each individual challenge, from external intake to internal review and, ultimately, all related challenges linked back to the parent records in the overall grant workflow. While the program's NOFO describes this requirement for states at a high level, the operational detail of this process is evolving and the technical requirements subject to change presenting state agencies with a classic "curveball" that can result in the need for new technology solutions outside the GMS they just invested into.

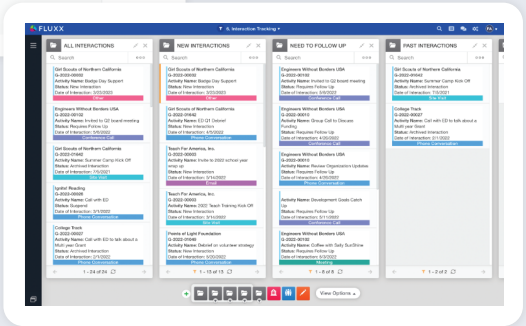
3 - https://broadbandusa.ntia.doc.gov/sites/default/files/2022-05/BEAD%20NOFO.pdf

What to look for:

1. **A solution that can be configured** to effectively hit these functional curveballs without reliance on additional systems or expensive implementation services dependent on writing and maintaining new code. Configurability of a system to have concurrent and related workflows that remain independent of each other on the front end but are connected as staff conduct review and due diligence is critical.

2. **The system should also not be restricted** by a single external portal with limited functionality. Agencies should be able to configure the external portal to handle the intake of information beyond grant applications and, when needed, easily configure multiple external portals within the same GMS solution to tailor intake for partners, vendors, engineering consultants, advocate groups, etc. While these groups may not be seeking the funds, if they are required to comment on the funding opportunity or grant project, their input will be a component to the success of the due diligence and review of the funding. Most importantly, all these different intake portals need to be connected. When agency staff need to conduct their reviews, all data is consolidated to provide a complete intelligent picture of the grant that is ready at their fingertips.





Easily configure multiple external portals within the same GMS solution.

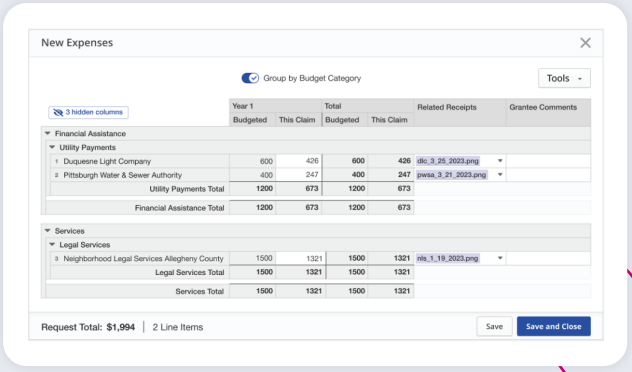
2 COMPREHENSIVE FINANCIAL REPORTING FROM ALLOCATIONS TO GRANTEE BUDGET LINE ITEMS

Most solutions will provide a degree of financial reporting that tracks how funding is distributed in terms of payment requests and transactions against the overall grant with some degree of this data rolled up to the program level. Yet, tracking grant expenditures only at the highest level provides a limited view that does not allow agency staff to dive deeper into the programmatic details of said expenditure. With more complex programs, multiple funding sources can pull into different programs or even departments, resulting in allocations connected to a single grantee/subrecipient budget.

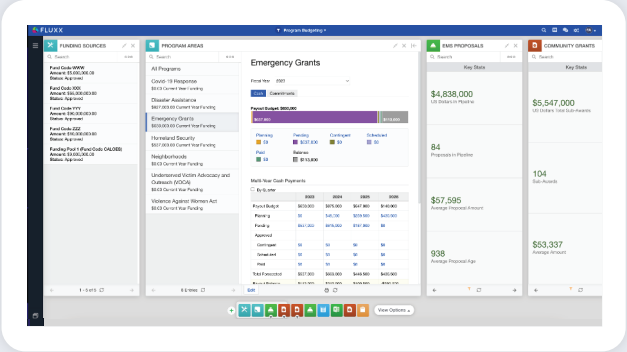
At the grantee/subrecipient budget level, information is submitted with budget categories and subsequent line items over the life of the grant. Reliance on Excel uploads for grant budget data also poses data challenges taking the data out of the system and introduces risk of manual errors as staff piece together data from disparate Excel files submitted across their grantees/subrecipients.

What to look for:

1. **From submitting a grant application to payment and claim requests,** grantees/subrecipients should be able to create dynamic grant budgets with multiple budget categories and levels of line items, all as structured data in an easy-to-use interface that can replace the need to collect budget data in Excel. Furthermore, the solution should allow for receipts and documentation to be attached to each line item to facilitate the agency's review of payment and claim requests and even amend line-items for an awarded grant. This will allow grants staff to track expenditures at the line item level, identify trends, and better manage reimbursement processes.



2. **When setting up programs and awarding grants**, the solution should provide the ability to associate each award to multiple funding sources and then track transactions against each grant that draw down from the funding sources with clear visualization of these links in real-time and funds are disbursed.



3. **A GMS solution that features a centralized reporting system** seamlessly integrated with various business systems responsible for providing the necessary data. The solution should be capable of generating financial reports that can be easily divided into multiple lines and budgetary categories. Avoid adding unnecessary complexity to the process; a well-designed GMS tailored for grantmaking and compliance-based reporting should inherently possess the capability to produce reports that offer the required level of visibility, maintain compliance, and minimize risk.

3 AUDITABILITY AND CHANGE TRACKING OF ALL DATA, NOT SOME DATA

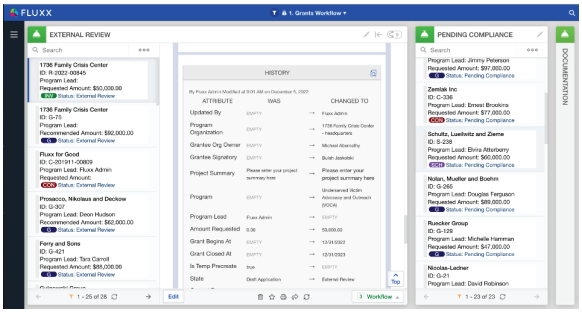
Compliance is a key component of the grants management process. It is critical for awardees and sub-awardees of federal funds expending over $750,000 in a given fiscal year to ensure that they are administering a transparent process across the grants lifecycle from selection to closeout per the requirements of 2 CFR 200 Subpart F- §200.501 Audit requirements.[4] However, when an audit eventually arrives, agencies should ask what level of manual effort will be needed to make relevant information quickly accessible. If the solution has minimal capabilities or disparate data, agencies may have to pull from multiple systems and generate additional reports, adding further risk to the auditing process.

4 - https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-F

Additionally, most GMS solutions provide some form of auditability out of the box, and sometimes, it needs to be configured or even turned on at the field level. An agency must make that adjustment during system implementation to avoid critical information loss. These field-level audit trails may also be limited in terms of which field types are automatically tracked and whether the system is tracking only the timestamp of the change or the actual old and new values throughout the life of a record in the system. Conducting application curing or revisions with applicants on a competitive grant program can undermine an agency's ability to validate that an applicant did not make unsolicited changes to their application.

What to look for:

1. **GMS solutions where the out-of-the-box audit trail** is comprehensive across all the fields on a record and does not require any configuration or implementation effort to enable. The audit trail should track who made the change, when it was changed and the exact values that were changed. This is especially important for large text area/box fields that may store thousands of characters in grant application, amendment, or post-award reporting narrative information for which many GMS solutions may not track changes. Such a robust audit trail allows an agency to easily revert data when internal or external users make unsolicited changes at any point in the grant management lifecycle.



2. **Audit reports should be available for all record types** to be easily exported and analyzed in preparation for or during a formal audit. Look for the quality of audit reports that are readily available in the system without configuration and then the ability to tailor data exports and audit reports from the system with minimal effort to provide to auditors or other external stakeholders as needed.

4 INTELLIGENT DATA ANALYTICS INSIDE (NOT OUTSIDE) THE GMS

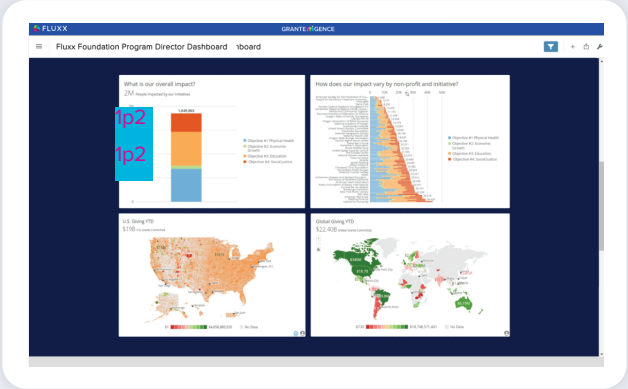
While most GMS solutions will offer some degree of ad-hoc report creation and export functionality, they often leave agencies seeking to create near real-time visualizations and analytics dashboards with the added burden to export, normalize, and transform data from their GMS with other sources in external data visualization platforms. While this capacity might already be available at certain larger agencies who have a robust business intelligence unit and suite of tools, it can be a barrier for agencies who only recently started to plan how they will visualize their grant data or do not currently have the internal infrastructure to build external analytics tools.

What to Look for:

1. **GMS solutions that provide a full suite of data analytics capabilities internal to the solution** that does not require the agency to procure additional software and build expensive data transformation processes to keep up to date. The GMS solution should be able to normalize grants field level and back-end metadata across the various record types that make up an agency's grants management workflow to create interactive data visualizations for key stakeholders.
2. **The solution's analytics capabilities should allow agency staff to both leverage pre-built visualizations as well as leverage the normalized data** to create tailored visualizations from geospatial tracking of dollars to service areas and political districts to predictive charts that can learn from the historical performance of a grantee/subrecipient to anticipate future trends.

Look for GMS solutions that provide a full suite of data analytics capabilities internal to the solution that does not require the agency to procure additional software and build expensive data transformation processes to keep up to date.

3. **Evaluate GMS solutions on their ability to demonstrate the quality of dashboards and data visualization** that are pre-built and readily available to the agency from the start, which will speak to the “purpose-built” nature of the overall product. Look beyond the GMS solution alone to the vendor's experience in the grants management space. Agencies should find solution providers with architects and implementation teams who share the lived experience of their program and grant staff, which provides an additional benefit in lending to not just the development of the solution but the best practices in helping the agency implement it. The combination of “purpose-built technology” with a “purpose-built vendor” will enable the agency to build a long-term partnership that ensures the way it manages grants is modern and transformative with industry best practices.



5 PREDICTABLE SCALABILITY OF FEATURES AND COST

Any modern GMS solution is going to be designed to scale - at least the ones most agencies will short-list during procurement or a vendor assessment. However, scalability at the platform level is usually the primary concern. In other words, agencies often ask whether the solution scales in functionality as they grow. This consideration should be a standard component of any assessment, but what is often overlooked is the scalability surrounding overhead and investment. As an agency scales to add new funding sources and grant programs, what will be the impact on their licenses, training costs, or administrative overhead to build new workflows and features into the recently deployed GMS solution. Simply put, predictability and simplicity in pricing and overhead need to be factored alongside platform scalability.

What to Look for:

1. **Agencies should ask vendors if the price point of a GMS solution remains stable** as the agency grows, or are they entering into a "pay-the-more-you-play" model? Stability in IT budgets will dictate the longevity of any solution; unpredictable overhead increases will negatively impact IT budgets and can lead to disruption when trying to justify expenditures needed for growth. Look to validate that the pricing model is predictable and straightforward, enables transparency with your vendor, and mitigates the risk of inevitable changes in the agency's IT budgets.
2. **Explore licensing options that are not based solely on the number of users,** as that can change drastically as the flow of federal funds makes its way through the public sector resulting in potentially exponential growth in the number of applicants using the agency's GMS solution. Where possible, consider enterprise licensing arrangements that allow an agency to build new workflows, add thousands of new internal and external users, and benefit from enhancements to the product across the vendor's customer at no additional cost to the agency.

Software selection is an investment in your future, and like any investment, there are risks associated with the long-term changes within an agency. Risk mitigation is the most important piece to consider, especially when you need to ensure that the system will grow and adapt to a changing landscape. While most GMS solutions will provide a core set of common components that satisfy immediate needs, agencies must seek out solutions that meet needs that are often overlooked or initially unanticipated to ensure their modernization efforts are ultimately transformative for stakeholders across the grants management lifecycle.

TO LEARN MORE, CONTACT:

› INFO@FLUXX.IO

ABOUT FLUXX

Fluxx is the cloud platform that powers impact in philanthropy. Fluxx connects givers and doers, creating capacity, increasing visibility, and improving collaboration for organizations throughout the philanthropy ecosystem. Hundreds of the world's largest foundations and tens of thousands of nonprofits rely on Fluxx to streamline their funding processes, get data-driven insights, and drive more impact.

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