

New Congressional Proposal for Federal Grant Flexibility

By Reece Rushing, OMB Watch

Following up on a plan first introduced by retired Sen. Mark Hatfield (R-OR), Sen. John Glenn (D-OH) has prepared draft legislation proposing changes in the management of federal grants, contracts, and loans, concentrating on application procedures and reporting requirements.

The issues addressed in Sen. Glenn's "Federal Financial Assistance Management Improvement Act" have long concerned nonprofits and local governmental agencies that receive federal grants. The following report on the draft bill was prepared by Reece Rushing of OMB Watch, which is monitoring the progress of the proposed legislation.

Senator Glenn's staff spent much of 1997 seeking the views of nonprofit organizations and others on how to provide greater flexibility in federal financial assistance programs, while either improving or maintaining program performance.

A member of Glenn's staff traveled to three community briefings in Ohio that focused on local flexibility, and also joined about 100 nonprofits, led by the Ohio Association of Nonprofit Organizations, in an eight-week online conference dealing with devolution issues.

There was resounding support from the Ohio nonprofits for streamlining the grant application and reporting burden imposed by federal, state, and local agencies.

A draft of Senator Glenn's bill, issued in July, covers all domestic "federal financial assistance" programs. This means all programs, including entitlements, that provide resources (e.g., grants, contracts, loans, in-kind contributions) to states, localities, organizations, or individuals. The draft bill requires the Office of Management and Budget (OMB) to work with other federal agencies to establish, when consistent with existing law:

- A uniform application for financial assistance (e.g., grant applications) from multiple programs across multiple federal agencies;

- Ways to simplify reporting requirements and administrative procedures, including uniformity and standardization of rules affecting funding from multiple programs;
- Electronic methods for applying for, managing, and reporting of financial assistance funds;
- Improved approaches for the collection and sharing of data pertaining to financial assistance programs, and efforts to strengthen the information management capacity of state, local, and tribal government and nonprofit organizations.

This includes the development of a release form to be used by grantees for the sharing of information where "appropriate and otherwise lawful." (Presumably, the data sharing requirements could include a wide range of information, from program performance data to information about clients and other people receiving services); and

- Specific annual goals and objectives to achieve these items.

OMB may exempt a federal agency from these requirements if OMB determines that the agency does not have a "significant number" of financial assistance programs. For those agencies not exempt, they must designate a lead official who will work on the tasks required by the bill. Agencies are to develop a plan for implementation of the tasks. These plans are to be published in the Federal Register for public comment. To the extent practicable, agencies are to hold public hearings or "related public forums" on the plan. Additionally, the designated lead official is to consult "regularly... during development of the plan" with state, local, and tribal governments, and nonprofit organizations.

The final plan is to be submitted to OMB and Congress. On an annual basis, the agency is to evaluate its performance in meeting the goals and objectives of the law, and report its findings in its general management reports currently required by law (e.g., the Government Performance and Results Act).

Within three years, OMB is to report to Congress on overall implementation of the law. Additionally, OMB is to initiate a contract with the National Academy of Public Administration to evaluate the effectiveness of the law. The evaluation, which is to be completed within four years, is to:

- Assess the effectiveness of the law and make recommendations for improvements;
- Evaluate agency performance in carrying out the tasks required by the bill; and
- Assess the level of cooperation of OMB, federal agencies, state, local and tribal governments, and nonprofit organizations in implementing this law.

While the July 25 draft bill may need some refinement for purposes of clarity, the requirements of the draft bill appear to address the concerns that nonprofit groups have expressed over the years.

Many nonprofits are frustrated with the administrative burdens imposed on receipt of federal funds, including different reports to multiple agencies for essentially the same programs. Moreover, nonprofits voice frustration about different types of grant application forms for essentially the same program or type of program. The Glenn bill attempts to deal directly with that frustration.

The Glenn draft may need some clarification as to: what programs are covered; setting timeframes for when agency plans are to be completed; and how public comments can be included in the agency's annual assessment of implementation.

The bill does not deal with the problem that nonprofits face with regard to different application and reporting requirements mandated by local, state, and federal governments. Legislation may still be needed to improve intergovernmental grants management rules and procedures.

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