



Office of Information
Technology Services



New York State Grants Reform Initiative

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Category: Improving State Operations

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Executive Summary

New York State relies heavily on grants to deliver critical benefits and programs to our citizens. In many cases, government grants and/or contracts are the largest source of revenue for New York State partners that provide critical services to our residents. Historically, however, New York State's grants making process was disjointed with no standardization around grants management among state agencies – ***Eighteen agencies used over 50 systems or databases to manage the grant contracting process. Each grant making agency used at least one unique master contract and many had varying contracts among programs.*** This left nonprofits applying for grants buried under mountain of paperwork, a barrage of different contract templates, and never ending requests for supporting documentation. Approvals were often late with ***only ~17% of approvals granted prior to project start date.*** With a large reliance on government funding, this had a substantial, detrimental effect on State partners, and the populations and goals they served.

As part of his statewide effort to transform business practices to better serve the people, New York State Governor, Andrew M. Cuomo, put forward a key initiative to revolutionize the State grants making process. Between 2011 and 2015, New York State (NYS) successfully centralized grants making activities across 30 State agencies and thousands of nonprofit, for profit, and municipal providers in a single enterprise.

In 2011, NYS initiated the **Grants Reform Initiative** (<http://grantsreform.ny.gov>) to explore the issue of late contracting and to develop innovative business process and technology-based solutions to profoundly transform grants making. Following an extensive analysis, the following shared vision and project objectives were confirmed:

- Standardize the grants making process across State agencies, replace outdated manual processes with technological solutions, and eliminate unnecessary layers of review
- Standardize the grant contract template, and eliminate agency specific contract forms
- Implement a statewide enterprise grants management system
- Enact a prescreening process to ensure nonprofit organizations were contract ready prior to applying for a grant

Relying heavily on change management strategies, NYS established precursors for a successful transformation including cross-agency consensus, detailed new business processes, standardized contracts terms and conditions, and an enterprise grants making platform. Thereafter, the State implemented these components to reengineer grant making activities across the State enterprise, and launch the NYS Grants Gateway – *a one stop shop for those interested in contract opportunities with NYS.* To date, nearly 6,000 nonprofits are prequalified in the Grants Gateway, 21 State agencies have posted a total of 127 grant opportunities for online application, and there are a total of 2,332 online contracts in the system today.

Realized improvements to State operations have been substantial and transformative through the Grants Reform Initiative. The widespread use and acceptance of the new business processes, as well as the use of the Grants Gateway, are solid indicators of the project's success. More importantly, increasingly, contracts are being approved prior to their start date.

The Problem – A Broken System

Annually, individual State agencies release mission specific requests for proposals (RFPs) to procure services for vulnerable populations, advancement of the arts, scientific research, environmental protection and conservation, and for the development and maintenance of critical infrastructure. Successful applicants are awarded funding defining the work they will do to make the State a stronger and better place to live.

Historically, however, New York's grants making process was inefficient, at best. It was fragmented across the State enterprise, and handled mainly through a paper-based process. Every state grants making agency had their own Master Grant Contract Template, and it was not uncommon for additional variations to exist across programs within one agency; terms and conditions of grants were inconsistent and varied among agencies; and advance payment terms conflicted. This disparate process left applicants buried under a mountain of paperwork. A barrage of different contract templates, never-ending request for supporting documentation, and an endless review process strained not only nonprofit staffing resources, but hampered their limited budgets as well. It was also common for nonprofits to incur hefty expenses to vet different contracts through attorneys in order to avail New York State grants.

The manual process was putting a strain on state agencies, all of who had diminishing resources and shrinking budgets. Since many of the same documents were required by each grants making agency, NYS was reviewing, validating, and approving the same documents multiple times across different agencies. Additionally, a manual signature and approval process required the contract to travel across three separate entities – *from the grants making agency, to the Attorney General's office, to the State Comptroller*. This process placed significant delays in an already extensive approval process.

Petra Maxwell, Esq., Deputy Executive Director of Operations for the NYS Council of the Arts (NYSCA) said, *"Before Grants Reform, our two-person contract staff, reviewed, collated, signed, and ran to the post office to mail the contracts to Albany. This process took months. Deserving nonprofits received much-needed grant award money as much as six to twelve months late."*

Grant contracts had a long established record of being approved late, or being executed well after their planned start date. In 2011, the Office of the New York State Comptroller's (NYSOSC) Annual Report on Prompt Contracting indicated that 80% of NYS grant contracts were late. In 2012, this figure rose to a staggering all-time high of 87% late.

Late payments often forced State partners to choose between two losing alternatives 1) to delay implementation of their program or 2) work at risk. While delaying the program may seem like the obvious choice, often significant planning and expense had already been incurred. For example, a nonprofit may have entered into a lease for space to operate their program, hired staff, or both. If the nonprofit chose to work at risk, cash flow issues were often presented. In many cases, the nonprofit needed to leverage a loan, and then was forced to cover interest expenses until the contract was approved and state payments arrived.

Developing a Vision for Transformation: Formalized in the 2012 Executive Budget, the NYS Grants Reform Team (GRT), was charged with examining New York State’s grants making activities with a goal to streamline, simplify and bring online grant activities that were fragmented through multiple state agencies and primarily handled through a paper-based process. The GRT, in partnership with Governor’s Office for Nonprofit Coordination (GONC) and KPMG – an organization that provides advisory services, first conducted extensive research into the causes and effects of late contracting. Significant effort was taken to engage process stakeholders, including state grants making agencies, the NYS Attorney General (NYSOAG), NYSOSC, and non-profit organizations and associations.

The causes of late contracts were determined as follows:

- A proliferation of grants management and tracking systems. Eighteen agencies used more than 50 systems or databases to manage the grant contracting process
- A proliferation of contract documents, more than one per agency, including agency specific terms and conditions, and numerous different budget forms and work plans
- A reliance on outdated, agency-specific manual processes to award, develop and execute contracts
- Redundant request for information from grantees

These factors produced the following effects:

- High administrative costs, and no “big-picture” reporting view of all grants awarded
- Vendors could not work with the State as a single enterprise due to varying contract processes, procedures, and systems
- Potential grantees must use multiple State agency systems to identify and apply for each grant and to manage awards

Drawing on this groundwork, the following shared vision and objectives were confirmed:

- Implement a Statewide enterprise grants management system
- Standardize the grants making process across State agencies, replacing outdated manual processes with technological solutions and eliminating unnecessary layers of review
- Standardize the grant contract template and eliminate agency specific contract forms
- Enact a prescreening process to ensure nonprofit organizations were contract ready prior to applying for a grant

Fran Barrett, NYS Interagency Coordinator for Nonprofit Services said, *“The Grants Reform will undoubtedly make it easier for every nonprofit to submit documentation, to apply online, and to manage contracts.”*

Working to Fix a Broken System

It was clear from the onset that the shared vision constituted a sea of change in NYS’ approach to grant processing, and that a solid change management platform would be an essential precursor for success. In the as-was environment, individual state agencies had longstanding freedom to determine their own grants making procedures. Often, the same staff worked on the same grant program year after year, resulting in a siloed and entrenched landscape.

As such, the GRT recognized early on that success would require an aging workforce to envision entirely new ways of doing business, as well as complete a great deal of time sensitive, detail-oriented work. It was understood that agencies would be operating outside of their comfort zone which could be a significant barrier to a timely adoption of a new process. To combat potential pushback, the GRT adopted three basic premises as the hallmark of the initiative.

1. State agency participation was to be extensive, ongoing, and required. A Change Team was established, with a lead from each agency, to ensure agency participation.
2. Despite widespread variation in State agency grants making procedures, it was determined that 80%, or more, of business could be standardized, and that it would be impossible to implement an enterprise system without requiring stakeholders and end users to conduct the same business in the same way.
3. Decisions would be made in the interest of the overall objective. An enterprise system, no matter how well designed, could not replace a grant specific system honed over the course of several years, operating the same program, without some loss of individualized functionality.

Putting It All Together

Throughout the entire process, the GRT engaged its partners. This enabled resistance to be countered gradually over time, and provided stakeholders with a detailed understanding of the early components of the new process, enabling them to better participate in ongoing efforts.

Selecting a Grants Management Platform. In 2011, the GRT convened a grants workgroup with representatives from 12 State agencies to collaborate and evaluate both homegrown NYS grants management applications, and leading off-the-shelf solutions. With consideration for New York's detailed specifications, the workgroup selected Agate's software, IntelliGrants, as the solution that best addressed the entire grant lifecycle, and met state goals. **The new enterprise software solution was refined to become the NYS Grants Gateway.**

Defining a Standard Business Process. In order to streamline the grants making process, business processes across the enterprise needed to align to a standard. In 2012, a subset of 20 grant programs known for their relative complexity were sampled in effort to develop a comprehensive solution to address a complicated set of challenges among 500+ agency programs. By focusing on programs with the greatest complexity, a generic standard process was identified, validated and implemented among state grant making agencies.

Standardizing the NYS Grant Contract. A Master Grants Contract for Grants, which included standard terms and conditions, and a common budget and work plan, was developed. The goal was to reduce development and review times by creating a known entity that remained constant across contracts.

Defining the Document Vault and Nonprofit Prequalification. Finally, NYS employed the Change Team to develop a way to eliminate redundant requests for the same information from

grantees. Under the existing siloed approach, each agency-specific program required grantees to provide the same critical information and documents. In an effort to eliminate the need to provide the same supporting documentation as part of every application, a Document Vault was created that allows grantees to self-maintain organizational information, and upload commonly requested documents that would be viewable by all State agencies.

To expedite the contracting process and ensure contract readiness, a prequalification feature for nonprofit organizations was also integrated into the Gateway. The prequalification feature determines a nonprofits readiness in the areas of organizational compliance, capacity, and integrity. The prequalification feature provides nonprofits with the opportunity to clear up loose ends before submitting a bid by working with a Prequalification Specialist.

Launching the Grants Gateway. The launch of the Grants Gateway occurred in three major phases. The initial launch in May 2013, introduced the Grants Gateway as a one-stop-shop for anyone interested in doing business with NYS to review agency specific funding opportunities, to download grant opportunities, and to register to receive email notifications regarding grant opportunities. The integration of the Document Vault allowed existing grantees, and potential applicants, to store key information in a single, secure, online location for use by all State agencies. The nonprofit Prequalification feature allowed nonprofits to ensure they were contract ready before placing a bid.

Subsequent releases in 2013, 2014, and 2015 expanded the capabilities to include the online grant application, online contract development, enhanced reporting, and online signatures.

Impact and Achievements

Today, the NYS Grants Reform Initiative is effectively working to fix a once broken system by:

1. Simplifying grants management and facilitating more timely payments to nonprofits

- **Increasingly, contracts are being approved prior to their start date.** Prior to the launch of Grants Reform Initiative, an average of only 17% of grants were approved on time. Since the launch, ~ 50% of Gateway contracts executed are approved prior to their start date. Elizabeth Wood, Director of the Bureau of Contracts for the NYS Department of Health said, *“Use of the Grants Gateway has helped standardize the competitive grant application process, streamlined our business processes, and improved our ability to execute contracts on a timely basis.”*
- **Significant workload management tools allow for the management of on-time approval.** State agency and nonprofits can log into the Gateway and work together to finalize and execute agreements in real time.
- **The widespread use and acceptance are solid indicators of the project’s success.** Twenty-one State agencies posted a total of 127 grant opportunities online. The completed opportunities have produced over 3,600 applications, resulting in over \$1.2 billion in funding awarded.

2. Streamlining contract processes and standardizing terms and conditions

- **Uniform Grants Contract.** Nonprofits biggest hurdle was dealing with all the different grants contracts that existed among state agencies. Every state grants making agency had their own Master Grant Contract Template, with variations across programs within the same agency. With the implementation of the Master Grant Contract, each state agency uses the same standard contract, budget pages and amendments.
- **Standard statewide terms and conditions** eliminate the redundancy of contract language, and reduces development and review times, resulting in speedier approvals.
- **The modern, automated process** replaces the time consuming exercise of manually assembling contract documents and eliminates discrepancies and inconsistencies. Michael Stoller, former Executive Director of the Human Services Council of New York said, *"It is an incredible time saver. It is an incredible decrease in paper. It will make it, ultimately easier for any nonprofit that wants to do business with the State."*
- **The electronic signature feature** eliminates the need for mailing documents across three elected offices (the grants making agency, the Attorney General's Office and the State Comptroller). **The Grants Gateway was the first statewide system to introduce this feature, and laid the ground work for reforming other State contracting processes.**
- **Multi-year contract.** A new focus on multi-year contracts (contracts can extend over five years) reduces paper and processing, and nonprofit cash flow issues.

3. Improving the effectiveness and accelerating performance of local grant programs

- **Use of the Gateway is getting nonprofits on the job quicker reducing time, cost, and duplication.** Nonprofits can complete most of their requirements within one single system and can track a grant submission as it works its way through the process. Doug Sauer, CEO, NY Council of Nonprofits said, *"The Grants Gateway is helping nonprofits become stronger, so they can carry out their services to fulfill their contract and be better organizations."*
- **Searchable database** allows potential grantees to look for information on upcoming and available grant opportunities, and to set preferences.
- **With the Storage Vault**, all state agencies have access to nonprofits information. This reduces redundant requests for the same documentation, and speeds approval process.
- **Prequalification enables nonprofits to interact more directly with State agencies**, enabling them to make adjustments and address concerns prior to entering a competitive bid process. To date, nearly 6,000 nonprofits have prequalified in the Gateway, and 70% to 80% remain prequalified at any point in time. Fran Barrett, NYS Nonprofit Services said, *"The Gateway levels the playing field for all nonprofits. Smaller nonprofits do not need a cast of thousands to apply for a state grant."*

While NYS will continue to refine grants making, the realized improvements to State operations have already been substantial and transformative. Petra Maxwell, Esq., NYSCA said, *"The results have been staggeringly positive. NYSCA contracts, for the first time in years, have been issued on time and grantee organizations have received their award money, on average, within 30 days of their contract start date. NYSCA has climbed from a 0% prompt contract rate, to an 89% prompt contract rate in FY16."*