

**SUBCOMMITTEE ON TECHNOLOGY, INFORMATION POLICY,
INTERGOVERNMENTAL RELATIONS AND THE CENSUS
Oversight Hearing**

**Hearing topic: "Federal Grants Management: A Progress Report on Streamlining
and Simplifying the Federal Grants Process."**

**Tuesday, April 29, 2003
10:00 a.m.**

Room 2203 Rayburn House Office Building

**Testimony of:
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Introduction

Mr. Chairman, and Members of the Subcommittee:

I am Marvin G. Parnes, the Associate Vice President for Research and Executive Director of Research Administration at the University of Michigan. In that capacity, I oversee many of the processes associated with the administration and management of approximately \$700 million annually in grants and contracts for research and other sponsored projects with seventy percent, or nearly \$500 million, of that total from Federal sources. Like many major research universities, the University of Michigan receives funds from virtually ALL Federal agencies, which speaks to the rich and fruitful partnership between universities and the Federal Government on behalf of the nation's citizens, but also to the potential for a great deal of administrative complexity, redundancy, and waste in both granting agencies and recipient institutions.

Through the University of Michigan's membership in the Federal Demonstration Partnership (FDP), a coalition of ninety research institutions and ten federal granting agencies, as well as my participation on the Board of the Council on Government Relations (COGR), a membership organization of over 100 research universities, I have developed a keen understanding of the common issues that impact our research institutions. I am grateful for the opportunity to speak to the concerns of the Subcommittee as they relate to the key reforms intended to simplify and streamline the federal grants process.

Overview

The Federal Financial Assistance Management Act (P.L. 106-107) was enacted in 1999, As you know, it directed each Federal agency to develop and implement a plan that, among other things, streamlines and simplifies the application, administrative, and reporting procedures for Federal financial assistance programs. This includes, of course, government grants.

I am here today to report that from the perspective of our nation's universities, to date, the progress made by most government agencies in fulfilling the intent of P.L. 106-107 appears to us to be minimal at best. The single product to emerge from several years of fairly intensive inter-agency deliberations is a pilot standard format for funding opportunity announcements. Other outcomes surely exist, but are less visible to the university community because the inter-agency working groups have had inadequate on-going contact with our community. Indeed, the key groups involved in implementing P.L. 106-107—the Grants Management Committee of the agency Chief Financial Officers Council, the E-grants Program Management Office, and OMB's Office of Information and Regulatory Affairs—may not be as well coordinated with each other as one could hope. Some in our community believe that this may be the result of a lack of funding for these efforts.

The proliferation of inter-agency and intra-agency efforts may add to the difficulties in meeting the universities greatest need—true uniformity, simplicity, and utility in an electronic grants process. While universities account for only 1/6th of the grant funds awarded, we represent 1/3rd of the number of awards; thus, the administrative impact of these systems on our institutions is both broad and deep.

Concerns and Hopes

I will focus my remarks today on the areas of greatest concern to the University of Michigan, and I believe those of other universities as well. Much of my time will be spent on one area, in particular, where while we saw much promise from the enactment of P.L. 106-107, we have yet to see any fulfillment -- Electronic Grants Submissions.

One of our senior grants administrators carries a sign that he places on the table at all computer related meetings he attends. It reads: "First Do No Harm." Consider that as a motto for all work in the electronic arena. It is our opinion that much harm has been, and is being done, in the current research environment. Many agencies have jumped on the proverbial bandwagon of electronic grants systems. Each agency touts its system as the easiest to use, the most comprehensive, the best and foremost, and the most in tune with the users' needs. Indeed, taken alone, each might be. Taken en mass, they become a cacophony.

At a recent national meeting, a Federal agency staffer thought he was doing a good deed by asking potential university users to review his new grants application system. To his surprise, there was great consternation among the group, such that they did not even want to look at the draft. Why? Their collective comment was it had to be a bad system because it was different, and would require yet another set of requirements to be understood and mastered at each institution.

University grants offices, and often individual faculty and laboratory staff, must learn all of the new systems introduced, often with less than ideal instruction or documentation available, resulting in much wasted effort. Without efficient and effective communication between the granting agency, the researcher, and the university administrators charged with fiduciary and administrative oversight, the introduction of new systems might do more harm than good.

I would like to highlight six crucial points that we believe must be attended to in order to advance the Congressional vision represented in P.L. 106-107 and realize the potential benefits to grant recipients as well as to the grant makers.

1) SINGLE SYSTEM FOR FEDERAL GRANT CONTACT:

The ambitious goal of presenting a government-wide “common face” to the recipient community seems as remote now as it was three years ago. Agencies continue to develop “rogue systems” that simplify their business processes by transferring the burden to the recipient. We call these systems “rogue” because they are developed outside of the E-grants initiative, and because they ignore the fundamental principles of electronic commerce. Since the Law was enacted, our faculty and sponsored programs offices have had to learn and manage a dozen or more different agency systems for what are essentially the same business process. Many of these systems are fault-ridden and cumbersome. It appears to us that some agencies—notably the Department of Education and the Department of Energy—have funds for developing these systems, but not enough funding to contribute to a government-wide solution. There are simply too many systems among agencies, and even within single agencies. The numbers are increasing, even as the E-grants E-government initiative seeks uniformity. While some agencies, like NASA and Agriculture thoughtfully deferred their own systems development to the E-grants process, others continue separate efforts. The Department of Education has at least three systems we must learn to use. The Department of Energy is using a very cumbersome system developed for contracts with the for-profit sector to attempt to handle grants with universities—leaving many faculty and administrators chagrined.

The President’s management agenda calls for streamlining interactions with the recipient community by means of electronic processes for such things as receiving proposals, making, and managing awards. Electronic processes that “pave the cow path” and allow agencies to continue to use dozens of different systems with each recipient should be discontinued immediately, and any resulting savings devoted to developing a small range

of solutions that meet the needs of sponsors and recipients. Recipient organizations cannot build or obtain electronic research administration systems that will conform to the idiosyncrasies of 40 different agency systems. The funding agencies need to commit to a set of core data elements for such things as proposals, awards, financial reports, and technical reports. OMB needs to use its authority to regulate data collection and manage the IT budgets of agencies so that funds for non-standard systems are captured for the government-wide effort.

We strongly endorse the vision of a single Federal system with no others required. The new E-Grants/grants.gov initiative under Charles Havekost seems to be making some progress in this arena and we offer several suggestions to ensure its success.

2) STANDARDIZATION: Universities have been working for as long as ten years to develop internal systems to help faculty and staff prepare grant proposals and route them for institutional approvals. It has been difficult to proceed with these efforts because the Federal agencies have never standardized their needs, making universities reluctant to invest in systems that might be limited in their applicability to some Federal agencies. In the last major cross-cutting initiative “Transaction set 194” was a put forward as a standard, but almost no agency accepted it. We hope that E-grants may overcome the barriers of past efforts to compel cross agency cooperation and thus allow universities to standardize. Agencies should be mindful that these efforts are underway and be planning such that their infrastructure can connect to this larger architecture rather than developing their systems in a vacuum. We hope that OMB, rather than promoting plans of its own, can provide stronger oversight and approval mechanisms to ensure agency cooperation with E-grant/E-government.

We are already witnessing that while the E-grant initiative has a fixed set of data fields based on the Federal Form 424, it is permitting each agency to add other data fields, which may blunt the standardization impact. In any event, whatever the program initially includes, we must trust that it remains fixed for a number of years. Since the E-grant system requires universities to develop the internal capacity and infrastructure to launch the appropriate data stream to the proposed E-grants portal, we want some stable period to ensure our investment in this effort is worthwhile. Due to caps on recovering indirect costs associated with administration, and the increasing burden associated with many new regulatory expenses, we are concerned with where the resources for continuing to adapt to system changes will come from, let alone the funds to create the necessary internal system. As long as we must create or buy our own internal system to link to the E-grants portal, we hope for as much standardization as possible. We also hope to be informed of those standards soon.

3) APPROPRIATENESS OF SYSTEM USER: Whatever systems universities and Federal agencies develop, it is important that they not require a great deal of time and effort on the part of university researchers/scientists. Researchers are expensive resources who should be devoting their time to substantive research activity, not learning and using a variety of administrative systems to prepare their grant applications. Prior to

electronic submissions, the faculty did not personally type their applications—it would be ironic that new “more efficient” systems would now require that they be personally responsible for data entry. Systems must be engineered so that the researchers do the research and the administrators do the administration.

4) AGENCY TO UNIVERSITY SYSTEMS, NOT AGENCY TO INDIVIDUAL:

In keeping with point #3, Federal systems need to be centered at each university in the “grants office” and not designed to deal directly with the faculty. NSF and NIH have correctly understood this principle and have established their systems to reflect the role of the universities’ Sponsored Research Offices in managing the administration of grants. These agencies establish an initial link with the central Sponsored Research Office. None of the other agencies go to the grants office first to implement their systems, but instead deal directly with the faculty scientist or researcher. Sometimes the faculty is asked to identify someone to “authorize” the proposal. The agencies expect the university to maintain fiduciary oversight for research grants and we believe they should accept the grant application from the university central office designated to manage that oversight. At universities, grants are made to the institution, not the individual faculty member—if NIH and NSF can get this right, we don’t understand why other agencies cannot. One of the Department of Education’s systems now allows the faculty to make changes, such as time extensions or budget changes, without approval by the grants office. Thus, the university is forced to accept the fiduciary duties associated with these changes without notice or approval. The role that institutions play in the grant-making process cannot be disregarded.

Also, if the GAO expects certain data to be collected and maintained at the institutional level, each institution must be able to monitor its own data to satisfy audit requirements. If institutions are to be held administratively and fiscally responsible for federally issued awards, then an integral component of the application system should include institutional review and approval, preferably at final application submission but, at least, prior to final award (with the opportunity for negotiation).

A Federal common access portal (such as proposed by the e-Grants Initiative), should allow an applicant, whether individual or institutional, to work with not only a single, common application, but also encompass a single administrative and reporting system for the many programs administered by Federal agencies. Any agency-specific variations should be very obvious and subject to prior scrutiny and approval by a designated government monitor that has some power for enforcement.

5) TRAINING: Whatever system is adopted, it must have adequate training materials, help links, practice options, support desks, regional workshops and other services to make its use simple for all levels of people using it, clerical support, research assistants, university administrators, faculty and even rocket scientists. The present state of training and help materials is woefully inadequate.

6) USER INVOLVEMENT: The E-grants project and others, for the most part, have not had sufficient input from universities and other users. NIH is an exception. They have had an advisory group of 14 users organizations (universities, hospitals and others) meeting 3-4 times a year for 3 years, with on-line contact in between meetings to provide them with advice on the process. That group tests all new processes. Most other agencies have taken the position that they know what's best for the users and will make those users live with whatever they come up with. Will E-grants be let loose upon us with no input from us, no testing by select users, no systematic feedback? I would like to strongly urge that you encourage Federal agencies to involve and interact with the university user community early in the process through work with groups like FDP, COGR, and professional societies like NCURA and SRA.

Concluding Remarks

May I end with a request, a plea, that you help us stop the proliferation of new systems and persuade agencies to defer to E-grants when it is in operation. Once again, I thank you for this opportunity. Universities well understand the complications and complexity inherent in designing and developing large systems for massive data transmission. We hope that the partnership inherent in the relationship between our nation's needs and our researchers' efforts will be reflected in our shared efforts to build an administrative infrastructure to ensure that this partnership is well managed.