

from data to impact
**Driving Impact for
Federal Grant Programs**



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Introduction

Grants are a critical tool for the Federal government — for many agencies, they are the primary vehicle to drive better public services and achieve their overall strategic goals. In fiscal year 2013, the Federal government distributed an estimated \$633 billion in grants.¹ With so many taxpayer dollars funding grants, there is a clear need for programs to be thoughtfully designed, implemented, and monitored to achieve real impact. This notion is underscored by OMB’s recently published Grant Reform guidance which aims to “more effectively focus Federal resources on improving performance and outcomes while ensuring the financial integrity of taxpayer dollars in partnership with non-Federal stakeholders.”² But how should an agency manage its grants programs to increase their impact? What role can performance data play in improving the impact of grant dollars?

This paper describes six approaches that Federal agencies can deploy to answer these questions and better demonstrate the impact of their grant programs:

1. Start with a clear understanding of what the grant program is trying to achieve and how grantees can make a difference
2. Draw on existing evidence to design the program, and through the program, seek to further deepen knowledge of what works
3. Collect the right data from grantees — information that is genuinely useful to improve outcomes
4. Support grantees to use data to better understand how to make a difference
5. Give grantees the freedom to achieve outcomes, not just comply with grant conditions
6. Blend pay-for-success approaches into more conventional grant programs.

Principle 1: Start with a clear understanding of what the grant program is trying to achieve and how grantees can make a difference.

New grant programs are often designed at a frenetic pace because agencies face a need to “get the money out the door” before the end of a fiscal year.

With budgets often finalized late in the fiscal year, agency staff can face the unenviable task of designing grant programs quickly to deal with a fiscal imperative. The natural instinct is to quickly design a program that funds grantees to engage in activities that agency staff believe will make a difference. But, often, agencies invest little energy defining clearly what the program is trying to achieve — or establishing that the activities are actually likely to move the needle. These programs can struggle later on — with agencies finding that they are funding activities

Improving Grant Solicitations at CDC

The Centers for Disease Control and Prevention (CDC) recently revised its internal process for designing grant solicitations to help guide programs in understanding their intended impact.

All new CDC grant programs are required to build a “logic model” to articulate short and long-term outcomes, and better understand the relationships between the activities funded and the intended outcomes of the program.

¹ Historical Tables, Fiscal Year 2013 Budget of the U.S. Government, Office of Management and Budget, retrieved from <http://www.whitehouse.gov/sites/default/files/omb/budget/fy2013/assets/hist.pdf>.

² Office of Management and Budget, 2 CFR Chapter I, and Chapter II, Parts 200, 215, 220, 225, and 230: Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. 26 December 2013, retrieved from <https://federalregister.gov/a/2013-30465>.

that once seemed to make sense, rather than ones that are genuinely making a difference.



To combat these risks, agencies should start by defining clearly intended program outcomes at a relatively sophisticated level of detail. For example, if the objective of a new program is to reduce the rate of obesity, the agency should begin by determining the intended geographies (areas where the issues are most significant or the nation as a whole) and the population of interest (reducing the average obesity rate or reducing the rate in targeted groups, like children).

Once these outcomes are defined, the agency should identify the appropriate activities to fund. For instance, a program aimed at reducing the rate of obesity among children may direct funding towards policy efforts such as school lunch program reforms, or may choose to use funds for outreach and education programs.

Although these activities may both contribute to a long-term reduction in obesity rates, they employ very different approaches.

Principle 2: Draw on existing evidence to design the program, and through the program, seek to further deepen knowledge of what works.

Once agencies are clear about what they are trying to achieve, they should think about what activities will have the greatest impact. The Federal government has commissioned hundreds of program evaluations over the last few decades — there is invaluable evidence of what works in those studies, and also in evaluations funded by others.

Tiered Evidence — A New Form of Grant Program

The Investing in Innovation or i3 Program at the Department of Education is a new form of grant program that uses evidence to drive innovation. In 2013, the department awarded 18 'development grants' for practices that are supported by evidence of promise or strong theory and 7 'validation grants' to support expansion of projects supported by moderate evidence of effectiveness. Funding is also available for 'scale-up' grants to support the expansion of projects supported by strong evidence of effectiveness.

Program managers can find it challenging to identify lessons learned from evaluations, as they do not have the time to read through hundreds of long, complex evaluations. Fortunately, there are a number of repositories that bring together evaluation data in a usable form — including the Department of Education's What Works Clearinghouse,³ the Washington State Institute of Public Policy,⁴ and the Cochrane Collaboration⁵ that aggregate data on what works.

Continuing with the obesity example above, there are a number of evidence-based practices shared by the CDC, Community Preventive Services Task Force, the Robert Wood Johnson Foundation, and the

³ See Institute of Education Sciences What Works Clearinghouse, <http://ies.ed.gov/ncee/wwc/>.

⁴ See Benefit-Cost Results. Washington State Institute for Public Policy, <http://www.wsipp.wa.gov/BenefitCost>.

⁵ See Cochrane Reviews. The Cochrane Collaboration, <http://www.cochrane.org/cochrane-reviews>.

National Heart, Lung, and Blood Institute (NHLBI). For instance, to prevent and control obesity, the Community Preventive Services Task Force recommends a “tv turnoff challenge” in which participants are encouraged not to watch TV for a specified number of days. This recommendation is based on findings that reducing screen times by 36.6 min/day was related to a modest improvement in weight-related outcomes when compared to controls.⁶ Similarly, to meet the U.S. Department of Health and Human Services Physical Activity Guidelines⁷ specifying children should aim to be physically active for 60 minutes every day, the NHLBI recommends keeping a family activity log and training together for a charity walk or run.⁸

Where possible, program managers should examine existing evidence to fund grantees to focus their activities on what works. Sometimes, program managers will find that the evidence is just not strong enough to identify which activities are the right ones to fund. In these situations, agencies should support activities that may be more experimental in nature to gather evidence around what works. For example, by employing low-cost randomized controlled trials or adopting rapid cycle evaluation methods, agencies can ‘test’ these activities and build the evidence for future scaling.⁹

Principle 3: Collect the right data from grantees — information that is genuinely useful to improve outcomes.

Too often, agencies request tremendous amounts of data from their grantees and only use a small portion to drive program decisions. This lose-lose approach overburdens grantees and makes it very difficult for programs to identify the useful pieces of information within these large data sets. A better approach is for agencies to identify a small number of specific measures that will inform how grantees are performing towards short-term, mid-term, and long-term outcomes. When selecting these measures, agencies should consider their grantees’ ability to actually collect and report the relevant data quickly enough to inform decision-making.

Performance data should also be both aggregatable and disaggregatable — it should be possible to look at the picture across grantees, and also at the individual grantee level. While each grantee may have some distinct performance measures, agencies should identify measures that are common across all grantees. These common, aggregatable measures will help agencies determine how the program is achieving its objectives as a whole — and also allow for the identification of patterns in

CMS’ Rapid-Cycle Evaluation

In 2010, the Patient Protection and Affordable Care Act established the Center for Medicare and Medicaid Innovation (CMMI) at the Centers for Medicaid and Medicare Services (CMS), which seeks to identify and test models that could have a transformative impact on healthcare quality or costs.

One pioneering approach it has adopted with its funding recipients is Rapid Cycle Evaluation. Rather than waiting until the end of a project to see if a model works, the Center commissions evaluation that is ongoing and rapid — with results available every three months or so. That allows CMMI to work with grantees to evolve the model so that it improves on the basis of emerging evaluation findings. In rapid cycle evaluation, an independent third party analyzes existing administrative data analyzed using sophisticated regression techniques.

⁶ Community Preventive Services Task Force, Obesity Prevention and Control: Behavioral Interventions to Reduce Screen Time, January 2008, retrieved from <http://www.thecommunityguide.org/obesity/behavioral.html>.

⁷ U.S. Department of Health and Human Services, Physical Activity Guidelines for Americans, 2008, retrieved from <http://www.health.gov/paguidelines/guidelines/default.aspx>.

⁸ National Heart, Lung, and Blood Institute, Make Family Time Active Time, retrieved from <http://www.nhlbi.nih.gov/health/educational/wecan/get-active/family-active-time.htm>.

⁹ Monitor Deloitte, Vetan Kapoor, Michael Taylor, and Ana Boltik, “How Low-cost, Lightweight RCTs Can Improve Program Evaluation,” June 2014, retrieved from http://www.deloitte.com/assets/Dcom-UnitedStates/Local%20Assets/Documents/Federal/us_fed_RCTWhitePaper_June2014.pdf.

performance that can help agencies establish not only what works but also why. Disaggregated data will enable agencies to determine the performance of specific grantees and provide technical assistance where needed.

Using a Positive Deviance Approach

Another way to identify scalable best practices is through the positive deviance approach. Instead of focusing on programs' barriers to success, the positive deviance approach looks for the successful outliers within a program and tries to understand what factors contribute to that success. If a particular set of grantees are doing especially well, positive deviance approaches try to find out the factors that are driving this success. These factors are then shared with others and adopted as promising practices.

This approach was first used by the international development community, but has been adopted by a number of other disciplines. For instance, positive deviance has been used to help hospitals decrease healthcare-associated infections.¹⁰

Successful practices should emerge as programs mature and better data becomes available. For example, one grantee may show great improvement in one measure throughout the year, such as the reduction of obesity among elementary-school age children. The agency can then explore the specific interventions that enabled this success and work to spread adoption of those activities by other grantees.

Principle 4: Support grantees to use data to better understand how to make a difference.

Because agencies rely on their grantees to achieve program impact, they should give their grantees the tools and data needed to enable success. Not only should agencies use the data they collect from grantees, but they should also support grantees to use that data as a performance management tool.

For example, agencies should provide technical assistance to grantees around collecting and using good performance data. In addition, agencies should also encourage grantees to build performance measurement and evaluation capacity into their projects so that they can turn data into insights that inform day to day management. Investing in performance measurement skills at the grantee level will not only assist each grantee in effectively understanding their performance and what they can do to enhance it, but it will also help agencies with measuring, understanding and communicating progress and impact across the entire program.

Agencies should also encourage peer-to-peer technical assistance, creating a "learning community" for grantees to share successful practices with each other. Performance data should be used to target specific challenges across grantees to focus on the areas that need to be addressed. Agencies can coordinate regularly scheduled webinars or in-person roundtable sessions that help facilitate dialogue and learning. These activities can be included as expectations in the program requirements in order to encourage participation.

Sharing performance reports with awardees is also a powerful tool to encourage collaboration and improvements. Agencies should provide grantees with information on how they perform and how they compare relative to peers with similar goals and circumstances. That will allow grantees to learn from each other. This type of transparency can also cultivate a more trusting relationship between the agency and grantees and may generate additional motivation for grantees to improve performance.

¹⁰ Deloitte GovLab, Emily Malina and Kara Shuler, "What Darwin Can Teach Government," July 2013, retrieved from http://www.deloitte.com/assets/Dcom-UnitedStates/Local%20Assets/Documents/Federal/us_fed_whitepaper_GovLab_Positive_Deviance.pdf.

Principle 5: Give grantees the freedom to achieve outcomes, not just comply with grant conditions.

Sometimes agencies become too preoccupied with collecting and reporting performance data and lose the perspective of the grantees on the ground trying to make an impact. Grantees complain that they spend too much time complying with grant conditions including applying prescriptively defined approaches, and collecting and reporting data to agencies. Not only does this impose significant cost on grantees (and therefore the program) but they can also view the process as getting in the way of “real work” that seeks to achieve program goals.

Especially in programs in which evidence is lacking and there are no best practices established, agencies should not be too prescriptive in their grant requirements. Instead, agencies should give grantees considerable freedom to define approaches that they believe are likely to achieve program goals — and rather than ask for detailed justifications of why, instead focus energy on requiring that grantees collect evidence to establish whether they actually work. This allows grantees the flexibility to be more innovative and increases the likelihood of identifying successful and replicable evidence-based activities that can be shared with other grantees, or scaled up in the future.

Evidence will only be built if grantees try new methods, achieve success, and then replicate and scale these methods across the program.

Remember, grantees are the most critical resource for a program to achieve its outcomes; therefore, they need to be nurtured and supported rather than hindered by excessive requirements.

Principle 6: Blend pay-for-success approaches into more conventional grant programs.

Grants are traditionally about funding activities in the hope that they will move the needle in the way that program managers intend, but all too often, the lack of emphasis on impact means that they fail to achieve the desired outcomes. There are new and very different funding forms emerging — such as Social Impact Bonds (SIBs — also referred to as Pay for Success models) — which fund outcomes rather than activities.

The SIB model is fairly straightforward: government agencies define an outcome they want to accomplish and agree to pay an external organization a sum of money if they achieve that outcome. There is considerable freedom in how the external organization can achieve the outcome of interest, but no money flows from government unless outcomes are successfully achieved.

Organizations must identify and acquire the working capital to fund activities from one or more non-governmental sources. For example, the external organization might acquire such funds from financiers who are committed to achieving better results for people receiving social services and for the taxpayers funding those services.¹¹ New SIBs are taking off rapidly in the United States and globally. The first American SIB, which focused on reducing the rate of recidivism for inmates at

¹¹ Center for American Progress, Jitinder Kohli, Douglas J. Besharov, and Kristina Costa, “Social Impact Bonds: What Are Social Impact Bonds?” 22 March 2012, retrieved from <http://www.americanprogress.org/issues/open-government/report/2012/03/22/11175/what-are-social-impact-bonds/>

Rikers Island, was agreed to in New York City in 2012.¹² As of mid-2014, there are more than 20 SIBs in development across the nation.¹³

While this model may only be suitable for a small subset of grant programs, it is possible to build aspects of the SIB approach into traditional grant programs. For example, agencies can focus on funding external organizations that measure progress towards outcomes, provide bonus payments and renewals contingent on outcomes, and employ stage-gate funding models where future outlays of money are contingent on evidence that the approaches the organization employed are effective. The White House is encouraging agencies to deploy these techniques, as demonstrated in recent grant reform guidance published by OMB.¹⁴

Conclusion

The six principles described in this paper present a series of strategies agencies can use to improve the impact of their grant programs. By employing the approaches described above, agencies can put themselves and their grantees in a better position to use scarce taxpayer dollars to drive greater impact. In particular, these approaches help agencies to identify and employ successful practices among grantees, while also encouraging and rewarding innovation and building new evidence for future success.

To learn more about Monitor Deloitte's approach to helping government deliver results, visit our *from data to impact* practice site and read our recent reports: www.deloitte.com/us/fromdatatoimpact

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¹² Center for American Progress, Jitinder Kohli and Kristina Costa, "Social Impact Bonds: New York City and Massachusetts to Launch the First Social Impact Bond Programs in the United States," 5 November 2012, retrieved from <http://www.americanprogress.org/issues/economy/news/2012/11/05/43834/new-york-city-and-massachusetts-to-launch-the-first-social-impact-bond-programs-in-the-united-states/>.

¹³ Nonprofit Finance Fund, Pay for Success Deals in the United States, 2014, retrieved from <http://payforsuccess.org/pay-success-deals-united-states>.

¹⁴ Office of Management and Budget, 2 CFR Chapter I, and Chapter II, Parts 200, 215, 220, 225, and 230: Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. 26 December 2013, retrieved from <https://federalregister.gov/a/2013-30465>.

