



STATE OF VERMONT  
AGENCY OF HUMAN SERVICES

MEMORANDUM

**TO:** House Committee on Appropriations  
**FROM:** Al Gobeille, Secretary, Agency of Human Services  
**DATE:** Monday, March 12, 2018  
**SUBJECT:** Implement Grants Management Best Practices

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In the FY19 budget, the Agency of Human Services proposes to achieve \$3.3 million in general fund grant reductions. Of this, \$1.3 million reflects specific grant cuts in DCF and DOC. The remaining \$2 million in savings (plus \$400K related to DCF from the \$1.3 million stated previously, \$2.4 million total) will be identified by a thorough examination process that is detailed below.

Background:

The Agency of Human Services leadership team has been working for nearly a year to improve the grants management process agency-wide. Grants management is part of the AHS strategic plan and one of the identified Targeted Action Plans (TAP) under the Governor's Program to Improve Vermont Outcomes Together (PIVOT). Part of the work completed includes the extensive inventory of grants reported that was provided to the General Assembly. Our work in the coming year will be to further refine our grant awarding process, leading to an automated system which will provide greater transparency, accountability and outcomes for these investments.

In FY17, AHS executed 686 grants totaling \$198 million across all fund sources. This reflects \$77 million in state funds (includes general fund and the state share of global commitment fund).

AHS Plan - Implement Grants Management Best Practices:

To meet the targeted savings of \$2.4 million (general fund), departments will implement grants management best practices agency-wide to better monitor grant performance and expenditures.

Best practices include adopting payment provisions which are reimbursement based, or closely controlled advanced payments, and are contingent upon meeting defined performance standards and deliverables. Adjusting grant award documents and aligning payment provisions in this manner could allow AHS to capture savings in the following ways:

- Closely aligning grantee billings with actual spending;
- Analyzing budget to actuals to identify opportunities for savings through realignment;

- Savings from delays in project performance;
- Lower caseload utilization leading to reduced capacity;
- Grantees not achieving defined performance standards.

*Through best practices and the interventions listed above, it is our intent to accomplish these savings without across the board cuts.*

#### Grants Analysis:

In addition, during FY2019, AHS will continue to examine granting practices to identify cases where long term spending reductions can be made through elimination of programs that are redundant, ineffective, or have already achieved the program objective. This analysis will coincide with implementing grants management best practices as detailed above. The results of this examination, and specific recommendations for reductions of grants, will be included in the FY2020 executive budget proposal.

Financial Directors are currently analyzing FY2017 grant expenditures. This analysis will provide the information necessary to allocate each department's share of the \$2.4 million savings target. Appropriations will be reduced in accordance with the savings allocations. Each department will review the grants they administer against the best practices standards to achieve savings. Department reviews will be presented to the Secretary for approval, to ensure that the \$2.4 million reduction is achieved.