

# Agency of Human Services

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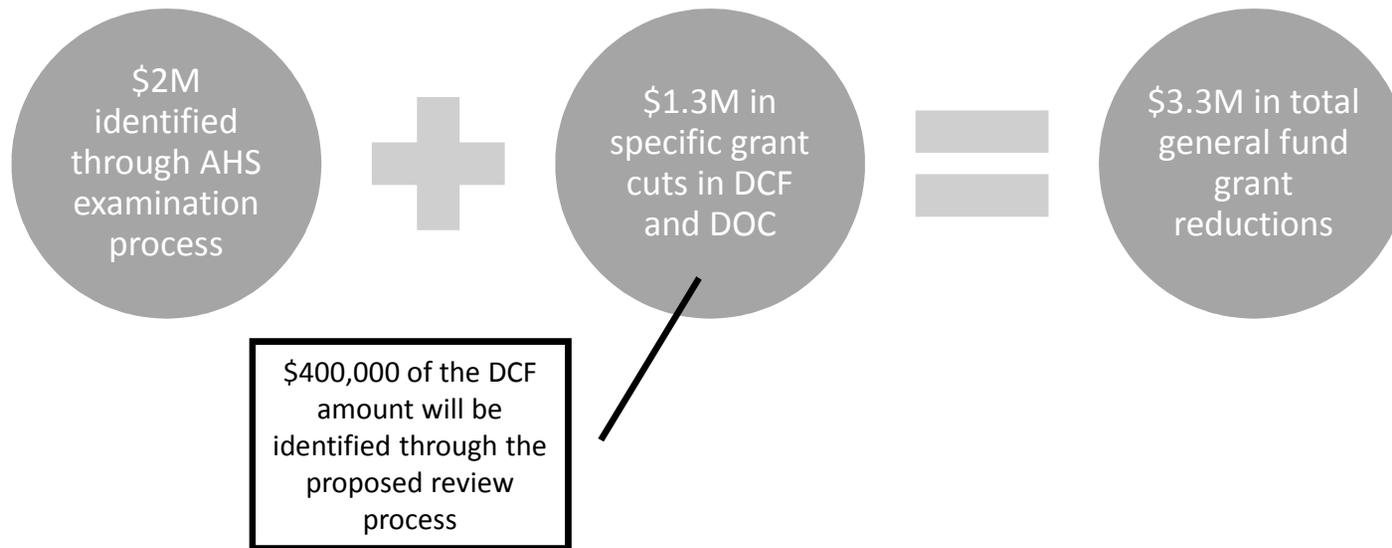
FY2019 Budget Targeted Grants Savings = \$3.3 million

House Appropriations Committee  
February 22, 2018



# FY2019 AHS Grants Proposal

- The FY2019 AHS budget includes \$3.3 million total in general fund grant reductions.

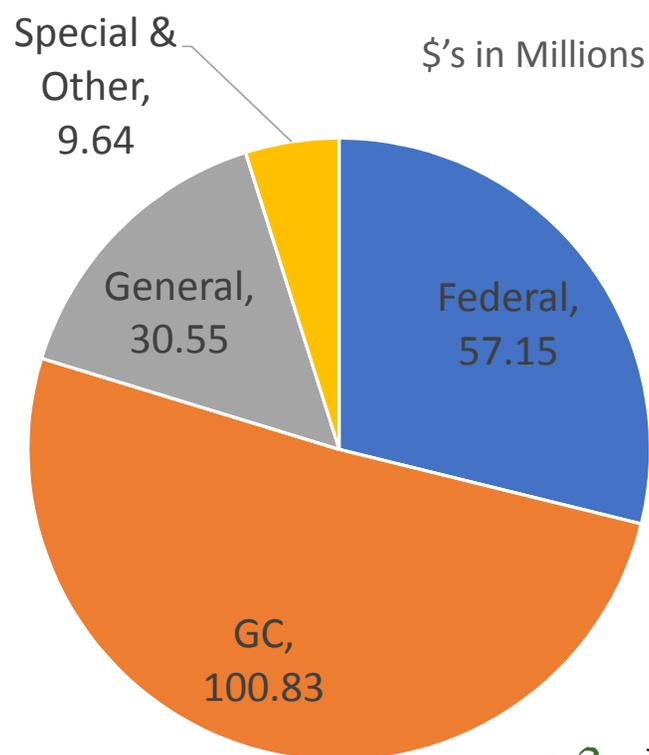


# Background

- AHS has been working over the last year to improve grants management processes
- Grants management is:
  - Part of the AHS Strategic Plan
  - Identified as a Targeted Action Plan (TAP) under PIVOT
- In the coming year, AHS will refine our grant awarding process, leading to an automated system which will provide greater transparency, accountability and outcomes.
- More detail is available in the AHS annual grants inventory and grant prioritization report
  - <https://legislature.vermont.gov/assets/Legislative-Reports/AHSGrantPrioritization-Report-Jan2018.pdf>
  - <https://legislature.vermont.gov/assets/Legislative-Reports/AHSGrantInventory-Report-Jan2018.pdf>

# FY 2017 Grants Inventory Results

- AHS executed 686 grants for approximately \$198M all fund sources.
- In FY2017, this reflects \$77M in state funds (includes GF and GF on GC).
- In any given year, AHS would execute similarly - in both number and \$ value.



# Plan – Implement Best Management Practices

- To meet the targeted savings of \$2 million GF (and \$400K in DCF), 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
  - Making payments that are contingent upon meeting defined performance standards and deliverables.
- Through best practices and the interventions listed above, it is our intent to accomplish these savings without across the board cuts.

## How will the plan achieve savings?

Adjusting grant award documents and aligning payment provisions will capture savings by:

- 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.

# Example of Savings with Reimbursement Based Payments

- ESD – Reach Up Grants/Contracts
  - In Summer 2017, we converted to monthly, reimbursement based payments
  - With a monthly payment schedule we can closely monitor the actual costs associated with the grantees
  - Savings of 3%-5% is expected due to vacancy savings at grantees
- AHS Secretary's Office – Direct Service Grants

	# of Grants	Award	Committed	Uncommitted
<b>FY16</b>	5	\$66,250	\$33,397	\$32,853
<b>FY15</b>	8	\$141,000	\$56,973	\$84,027
<b>FY14</b>	8	\$150,000	\$82,610	\$67,390

## Grants Analysis

- In addition to implementing best practices, AHS will continue to examine grants 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
- Using the FY2017 grant expenditures as a starting point, we will work to allocate each department's share of the \$2 million savings target.
  - Future 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 million reduction is achieved.