

NATIONAL ENDOWMENT FOR THE ARTS

PL 106-107 Annual Report to Congress

June 2005 through August 2006

Background

The National Endowment for the Arts (NEA) is a small, independent Federal agency. It was created in 1965 to nurture American creativity, to encourage widespread access to the best of our nation's arts and culture, and to sustain and preserve the country's many artistic traditions. The Arts Endowment's mission is to: support excellence in the arts, both new and established; bring the arts to all Americans; and provide leadership in arts education.

The Arts Endowment carries out its mission through: direct grant making, primarily to arts organizations; National Initiatives that often involve other public and private partners; and partnership agreement grants with the State Arts Agencies (SAAs) and their Regional Arts Organizations (RAOs).

Our grant-making appropriation covered by this report was approximately \$100 million. Forty percent of our grant funds are awarded to the SAAs and RAOs. As mandated in our legislation, each SAA and RAO must submit an acceptable plan in order to receive its partnership agreement award. A portion of the funds available is allotted on the basis of a prescribed formula (population, etc.) to the 50 state and six jurisdictional arts agencies and the five regional organizations; the remaining funds are awarded competitively among those agencies found to have the strongest plans and accomplishments in certain specified areas. During the reporting period, this one grant program awarded approximately \$40 million.

Most of our remaining grant funds were awarded through three annual discretionary programs: Access to Artistic Excellence (about \$33.5 million), Learning in the Arts (about \$10 million), and Challenge America: Reaching Every Community (about \$10.5 million). The balance of our grant funds (about \$6 million) was directed to our National Initiatives -- highly focused, limited opportunities often undertaken with additional support from private and public partners.

Participation in Interagency Streamlining Efforts

We are pleased to report our continued involvement with the PL 106-107 interagency work groups and specially formed subgroups, through which we assist with the government-wide grants streamlining, Grants.gov, and Grants Management Line of Business (GMLoB) efforts. Our Director of Grants & Contracts represents the Arts Endowment on the **Grants Policy Committee** (GPC), and along with our senior grants specialist, actively participates on the **PL 106-107 Pre-Award, Audit, and Training and Certification** work groups, as well the Central Contract Registry (**CCR**), **Administrative Requirements**, and **Definitions** subgroups. (More information about the activities of these groups is included in the enclosed Government-wide report.) Our Director of Guidelines and Panel Operations leads an Electronic Application Team (EAT) of seven Arts Endowment staff members who are vigorously involved with **Grants.gov**. Members of EAT ensure attendance at **Grants.gov Stakeholders'** meetings and two members are active participants on the **Grants.gov User Group**. Our Chief Information Officer (CIO) was recently elected Chairman of the **Grants Executive Board** (GEB), which oversees Grants.gov and GMLoB.

Grants.gov

The National Endowment for the Arts has been an active partner in the development of Grants.gov from its inception. In 2002, the agency established its Electronic Application Team to assure that this government-wide system met the needs and abilities of the Endowment's constituents. The NEA has implemented both Grants.gov FIND and APPLY, working closely with Grants.gov Program Management Office staff and contractors.

During the June 2005 through August 2006 time period covered by this report the Arts Endowment has:

- Posted 100% -- or 24 -- of its discretionary funding opportunity announcements on Grants.gov.
- Posted 29 -- or more than 96% -- electronic application packages representing all but one of its discretionary funding opportunities, which will be added in the coming year. This allowed the agency to exceed OMB and Grants.gov's FY 2006 goal of posting electronic application packages for 75% of the agency's discretionary funding opportunities.
- Transitioned its one mandatory funding opportunity to Grants.gov.
- Required electronic application through Grants.gov for two of the agency's funding opportunities and highly encouraged it for all others.
- Received 1,751 electronic applications representing 25% of 7,000 total applications received. However with each deadline, the percentage of Grants.gov applications to paper applications has increased.

Training and Outreach

The Arts Endowment has been providing information about and promoting Grants.gov since the inception of this initiative. We work with applicants to heighten their awareness and acceptance of Grants.gov; encourage them to register with Grants.gov; and assist their transition to using Grants.gov through customized instructions, workshops, and technical assistance. Of particular note: Our senior management now includes information about Grants.gov in workshops that they periodically hold in conjunction with Congressmen in their districts. We remind our applicants of the benefits of using Grants.gov:

- One place to find and apply for grants, making it easier and less costly to locate opportunities throughout the Federal government.
- A subscription service that sends automatic e-mail alerts about grant opportunities that might be of interest.
- The ability to apply online.
- Standard application material (e.g., the SF 424 Short Form), which reduces the administrative burden involved in completing applications.

- More time to work on applications. The Arts Endowment allows applicants to submit their applications until 11:59 p.m., Eastern Time on the day of a deadline.
- Reduced costs. Copying and mailing costs are reduced, as three copies of hard copy application material are no longer required.
- Instant e-mail confirmation of application receipt by Grants.gov and the Arts Endowment.

The agency also is working internally to increase staff understanding of Grants.gov through training and information sharing, and to revise business practices to accommodate electronic applications. This year two sessions, *Grants.gov 101* and *Grants.gov 201*, were held for the entire agency. These sessions covered registration, including hands-on demonstrations and review of the step-by-step registration instructions; how to access files from Grants.gov; how to respond to and work with applicants at various stages; and the lessons learned during this first full year of Grants.gov activity.

A site was established for Agency staff to continue to familiarize themselves with this new way of doing business. Posted information includes material from the *Grants.gov 101* and *201* training sessions, tips for processing Grants.gov applications, sample CCR registration renewal letters, and more. As our staff becomes more comfortable with Grants.gov, they see as a distinct benefit the ability to obtain quick access to submitted applications. Prior to the implementation of Grants.gov, staff had to wait up to two weeks for application information, including data needed to begin the review process, to be entered by a temporary data clerk. For applications coming through Grants.gov, that information is now available within two days.

Challenges

Unfortunately, applying through Grants.gov doesn't mean that applicant data is necessarily correct. When an organization registers in CCR, CCR verifies that basic organizational information (e.g., taxpayer ID, DUNS number, etc.) is correct. However, the CCR data doesn't populate the Grants.gov application forms. Thus an applicant can still "type" incorrect data. Simple typos can allow incorrect data to be imported into our backend system, which can lead to time-consuming corrections. We recommend that Grants.gov import the CCR data that is provided by the registered applicant.

During the transition period covered by this report, the Arts Endowment continued to support a paper application process, as well as an electronic one, and costs were incurred for both ways of doing business. Because we didn't know how many applications would be submitted through Grants.gov vs. paper, we still needed to ensure adequate contract coverage for manual data entry. However, we are pleased to report that we believe our temporary data entry costs were reduced by approximately \$15,000, due in large measure to Grants.gov.

Plans for the Future

In FY 2007, applicants will be strongly urged (and in some areas required) to use Grants.gov as the preferred method of application submission to the Arts Endowment. In FY 2008, electronic application via Grants.gov will be required of all applicants, both organizations and individuals.

Grants Management Line of Business

The Arts Endowment has embraced the goals promoted by the Grants Management Line of Business (GMLoB). Our CIO represents the agency on the GEB, which oversees GMLoB. He has also served on the GMLoB consortia lead selection committee for both rounds.

Our senior leadership is anxious to replace the agency's antiquated grants management system with one that meets our needs and is within our financial resources. When the selection of the first three GMLoB service providers was announced, we immediately requested personalized briefings with the U.S. Department of Education (ED) and the Department of Health and Human Services' Administration on Children and Families (ACF). [The third provider, the National Science Foundation (NSF), had promoted its system as appropriate for research agencies, which we are not.] The briefings were enlightening, and ED provided us with their own functional requirements document from which we could develop a GAP-fit analysis. However ED and ACF are large, complex agencies, whose awards are very different from our own, and we were concerned about migration and maintenance costs.

We also are conscious of the difficulties inherent in trying to retrofit our processes to fit into some other agency's system, particularly in view of certain legislatively mandated requirements on the way we manage and report on our awards and goals. We found the experience of migrating our financial system and converting legacy data challenging. One major lesson learned that will be directly applicable to migrating our grant system: the importance of clearly defining each agency's roles and responsibilities.

Status Assessment and Plans

In the summer we were notified that there would be a call for new consortia lead proposals. When we heard that the National Endowment for the Humanities (NEH) was going to submit a proposal to become a lead, we requested a briefing on their system. We share many constituents, e.g., museums, libraries, and some colleges and universities. Both Endowments also award grants to individuals. We are approximately the same size in terms of budget and staff. Our legislative mandates and business processes are also similar, with applications at both agencies reviewed by both outside panelists and a national advisory council appointed by the President. Finally, the agencies' technical infrastructures are compatible. We have also had experience working with the NEH on issues relevant to small agencies for Grants.gov. The two Endowments, along with the Institute of Museum and Library Services, developed the Grants.gov SF 424 Short form and the SF 424 Individuals form, both of which are now used by other Federal agencies as well.

Arts Endowment senior management and key office staff were enthusiastic about NEH's demonstration. In August 2006, the Arts Endowment declared its intention to partner with and be a member in a consortium led by the NEH.

As mentioned before, our grants management system is old. For some time now, in preparation for a move to a new system, we have been documenting the many areas in which it does not function adequately. While there are obviously costs to migrating, they should be substantially less than building a system from scratch.