



GRANTS.PR.GOV

PUERTO RICO FEDERAL FUNDS
MANAGEMENT OFFICE

Federal Funds Management Office

Commonwealth of Puerto Rico

Merril Oliver



OMB

OFFICE OF MANAGEMENT AND BUDGET
GOVERNMENT OF PUERTO RICO



1 Impact of Federal Funds on Puerto Rico

2 Benchmarking of Potential Opportunity

3 Progress on PR Federal Funds Management Office

4 Next Steps and Upcoming Events

TOTAL YEARLY FEDERAL FUNDS INFLOWS TO PUERTO RICO EXCEED \$23.5 BILLION WHEN ALL SOURCES ARE CONSIDERED



Puerto Rico Annual Federal Funds Distribution – FY 2010 (1)

(in \$ millions)



- Government Grants
- Block Grants
- Formula Grants
- Project Grants
- Includes Municipal, Private, State and Nonprofit

- Direct Loans
- Guaranteed Loans
- Insured Loans
- Includes student, SBA, farm, and housing (VA & FHA)

- Retirement
- Disability
- Social Security
- Medicare
- Other benefits that flow to individuals

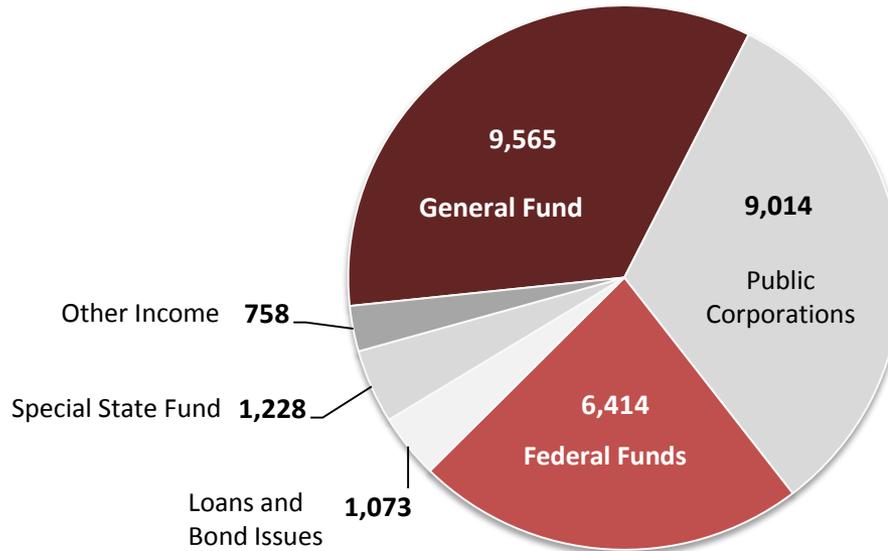
- Total impact is particularly significant when considering that the formal economy of the Commonwealth is approximately \$70 billion
- Data from the latest available US Census Bureau Data on federal funding to the states

FEDERAL FUNDS ACCOUNT FOR ALMOST A QUARTER OF THE CONSOLIDATED BUDGET OF THE COMMONWEALTH



Consolidated FY 2015 Budget - \$28,052M

(millions \$)



Federal Funds represent 23% of total resources

Funds Uses:

- Funds for entitlements, programs and state agency operations
- Main programs are PAN; Medicaid; Education and Housing
- Large majority of funds are pass through benefits to individuals
- Facing substantial budget pressures from federal government

The following agencies represent 81% of the total Federal Funds assigned for FY 2015:

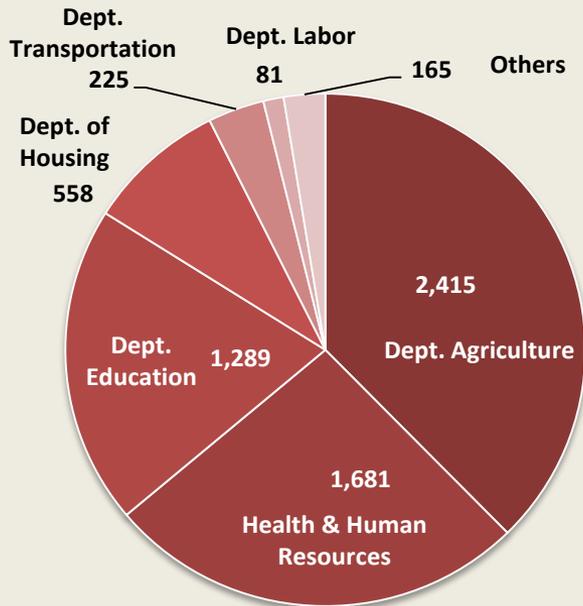
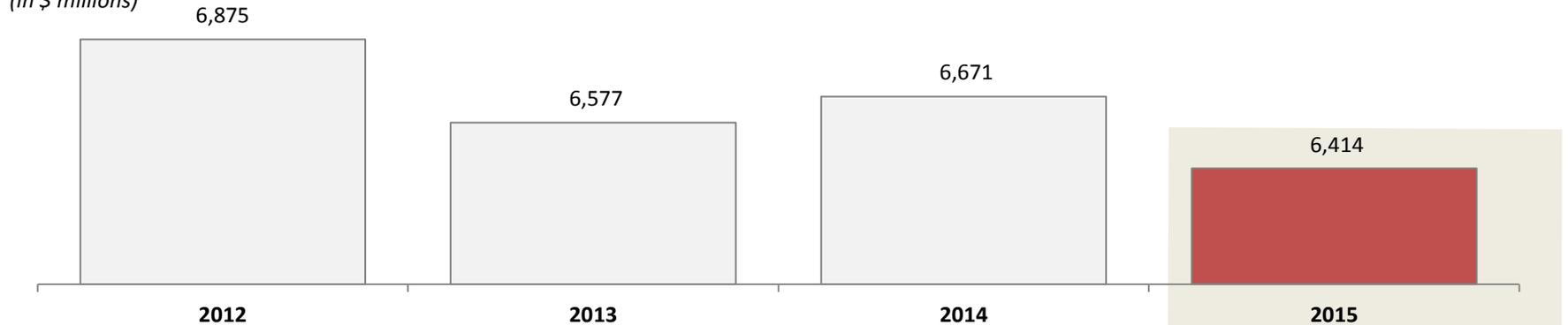
Government Agency	Federal Funds FY 2015	% of Total FF
Family Socioeconomic Development Adm.	\$ 1,998,254	31%
Department of Education	\$ 1,275,525	20%
Health Insurance Administration	\$ 1,110,479	17%
Department of Health	\$ 386,740	6%
Public Housing Administration	\$ 307,832	5%
University of Puerto Rico	\$ 270,175	4%

THREE FEDERAL DEPARTMENTS – HHS, AGRICULTURE, AND EDUCATION – CONTRIBUTE MORE THAN 80% OF FUNDING TO THE ISLAND



Federal Funds to Puerto Government Agencies – Commonwealth Consolidated Budget (1)

(in \$ millions)



Department of Agriculture

- Nutrition Assistance
- WIC
- National School Lunch

Department of Education

- Title I Grants
- Special Education Grants
- Pell Grants
- Improving Teacher Quality Grants

Dept of Health and Human Resources

- Medicaid
- Title XIX
- Head Start
- Temporary Assistance for Needy Families

Department of Housing & Urban Dev.

- Public and Indian Housing
- Section 8 Rental Certificate Program
- Section 8 Housing Choice Vouchers
- Public Housing Capital Fund

Department of Labor

- WIA Dislocated Workers
- Unemployment Insurance
- Employment Services
- Occupational Safety and Health State Program

Department of Transportation

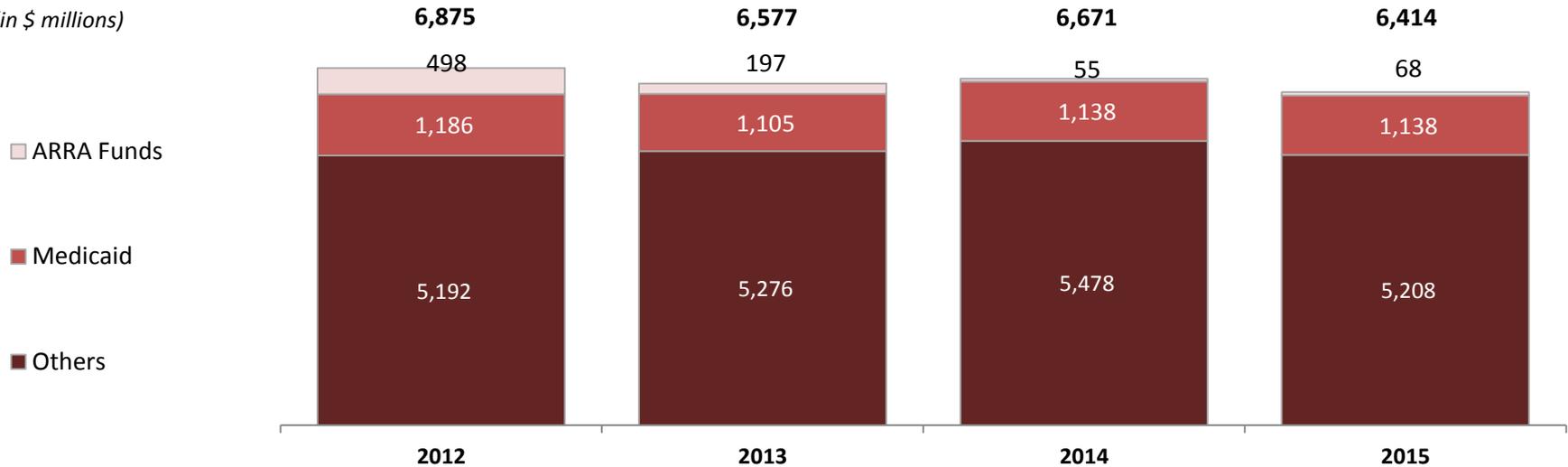
- Highway Planning and Construction
- Federal Transit and Formula Grants
- State and Community Highway Safety

AFTER DEDUCTING ARRA FUNDS AND MEDICAID, FEDERAL FUNDING GROWTH TO PUERTO RICO HAS STAGNATED IN THE PAST 4 YEARS



Puerto Rico Federal Funds – FY12 – FY15

(in \$ millions)



Growth Rate

FY12 - FY13

FY13 - FY14

FY14 - FY15

ARRA FUNDS

-60%

-72%

+24%

MEDICAID

-7%

+3%

-

OTHERS

+2%

+4%

-5%

Medicaid budget subsequently approved with much higher federal funding contribution (~\$250M) due to enhanced match rate. However, this advances depletion date of ACA funds.



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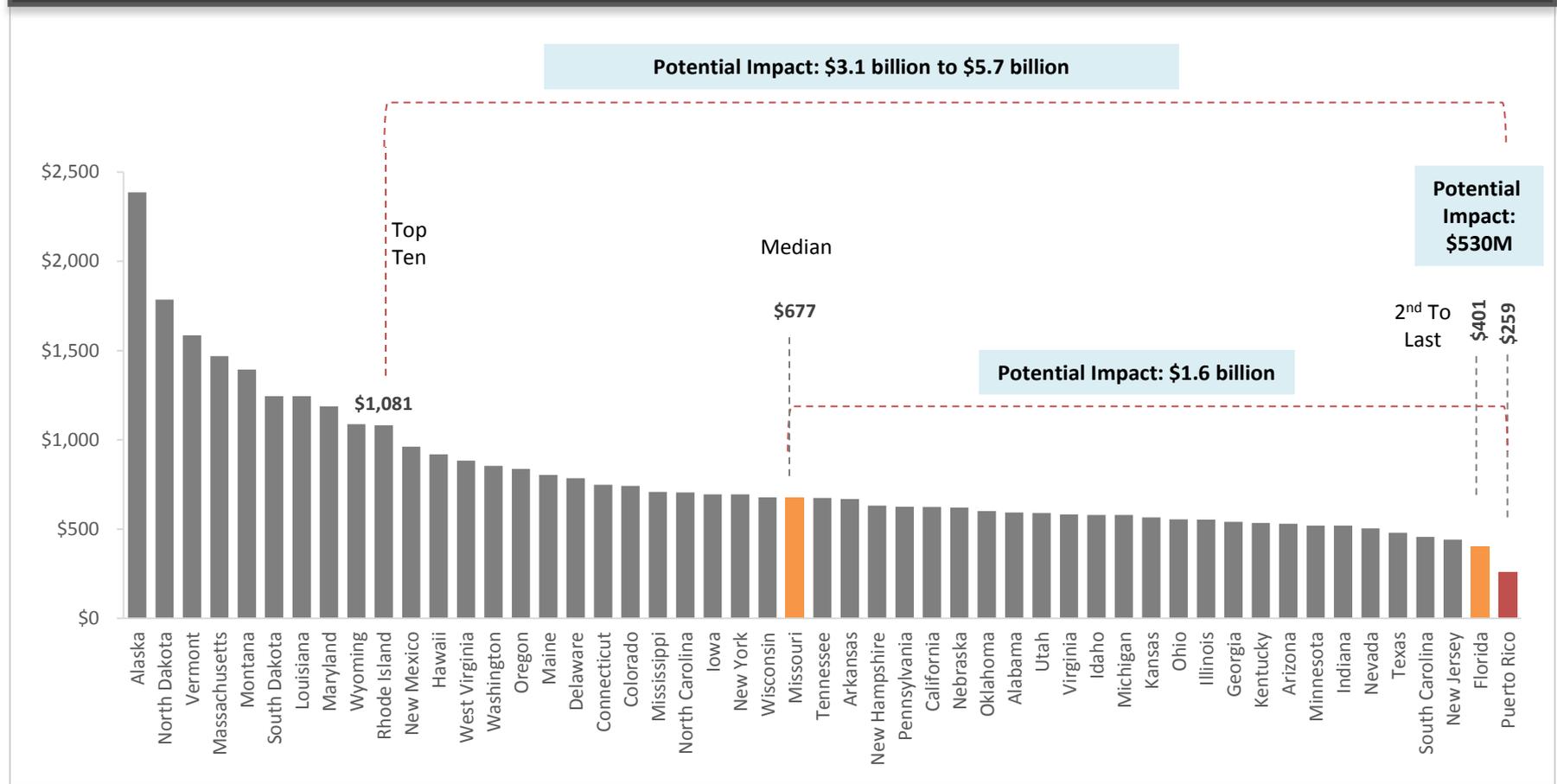
3 Progress on PR Federal Funds Management Office

4 Next Steps and Upcoming Events

IMPROVEMENT IN THE PER CAPITA RANKINGS FOR COMPETITIVE GRANTS WOULD IMPLY RECURRING IMPACT OF \$530 MILLION TO \$3.1 BILLION



State Ranking Based on Number of Competitive Programs

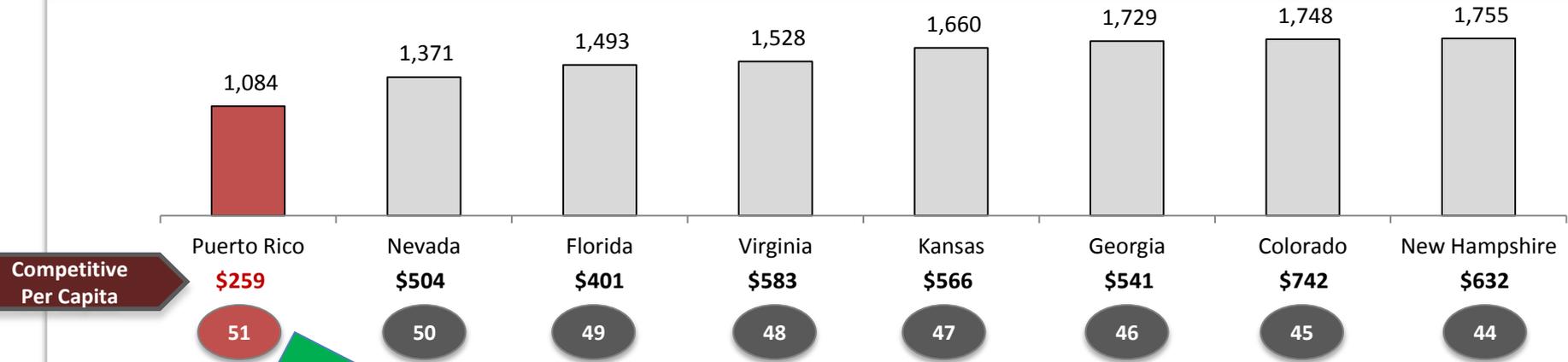


Source: Based on data from Consolidate Federal Funds Report FY 2010.

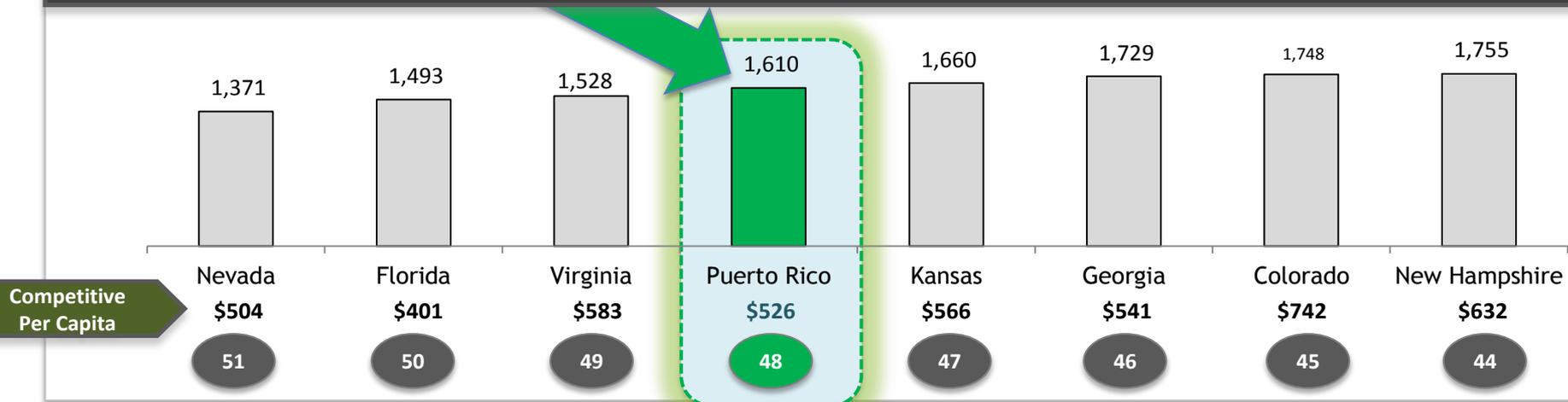


EFFECT ON OVERALL FEDERAL GRANT PER CAPITA RANKINGS

Current Overall Per Capita - Benchmark

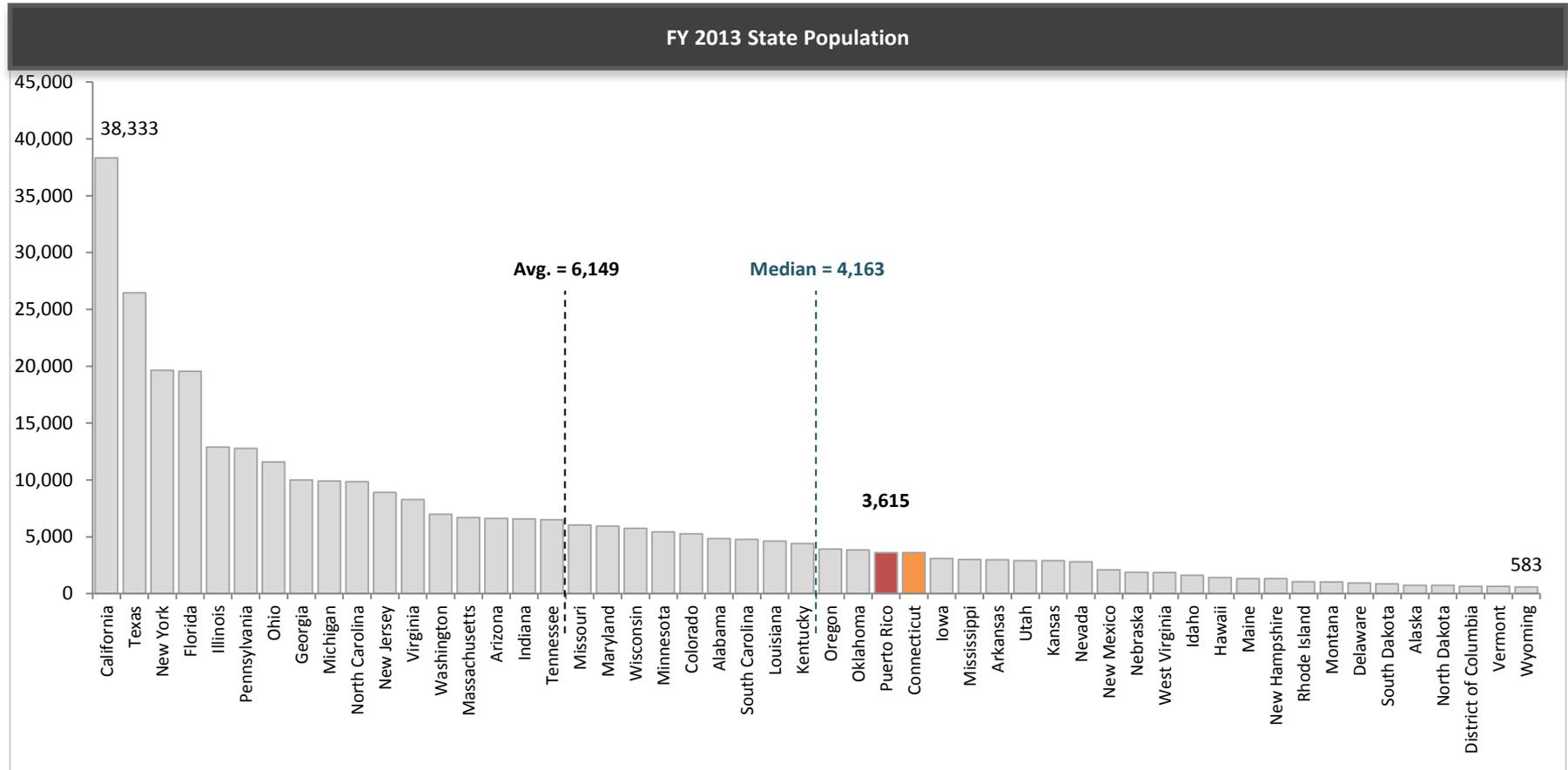


Overall Per Capita - With Increased Funding Opportunities and advancing to average position (2nd Scenario)





DISTRIBUTION OF POPULATION BY STATE FOR FFY2013

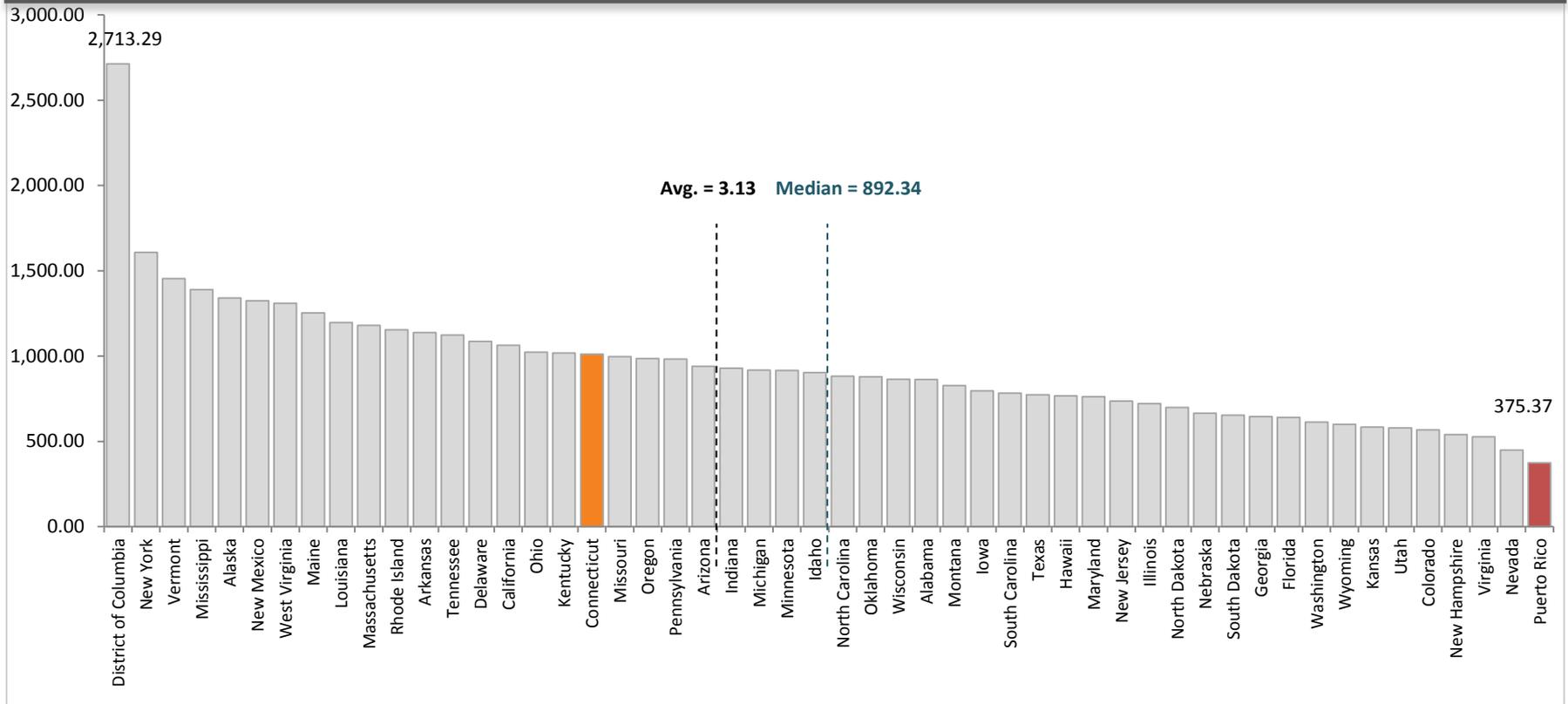


Source: Federal Funds Information for States (FFIS)



PER CAPITA FEDERAL SPENDING - HEALTH

FY 2013 Per Capita Federal Spending by Function – Health

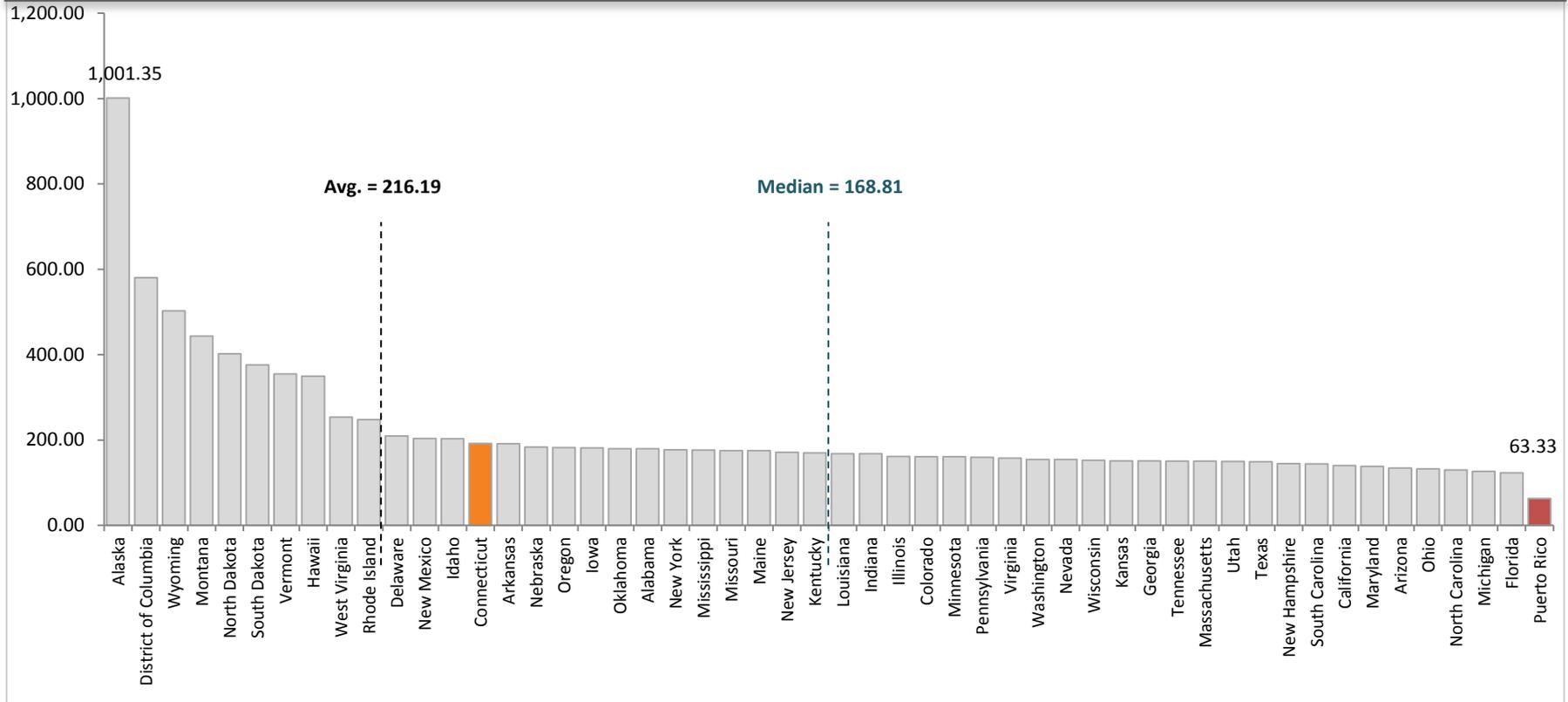


Source: Federal Funds Information for States (FFIS)



PER CAPITA FEDERAL SPENDING - TRANSPORTATION

FY 2013 Per Capita Federal Spending by Function – Transportation

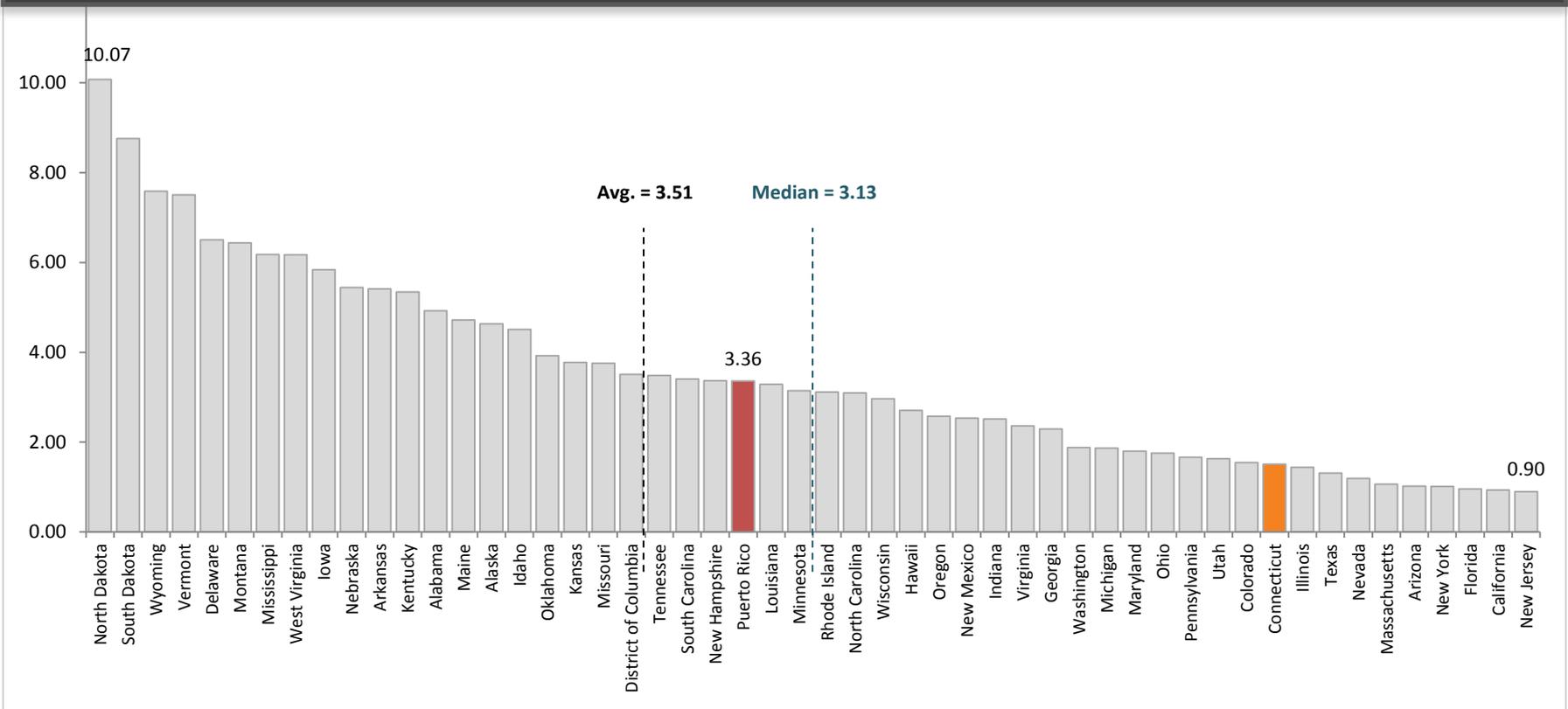


Source: Federal Funds Information for States (FFIS)



PER CAPITA FEDERAL SPENDING - AGRICULTURE

FY 2013 Per Capita Federal Spending by Function - Agriculture

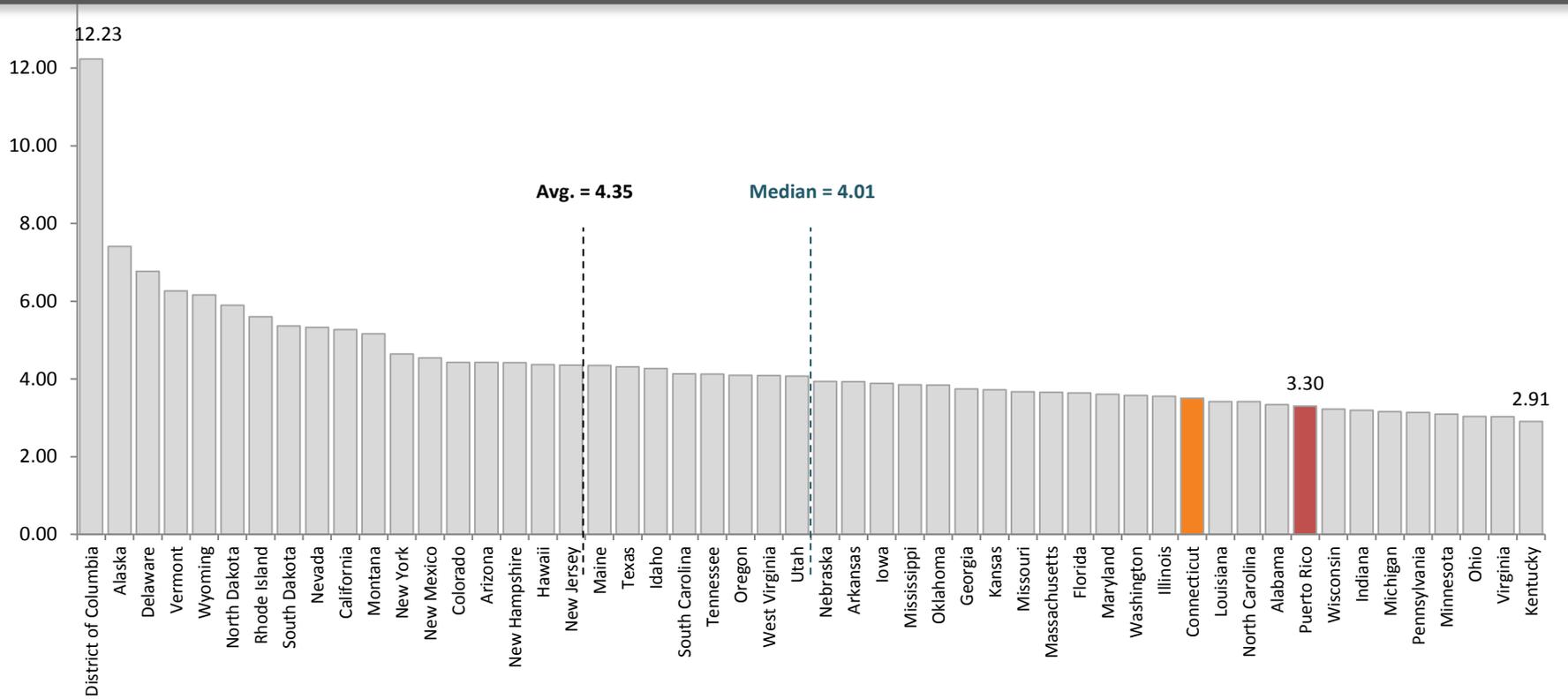


Source: Federal Funds Information for States (FFIS)

PER CAPITA FEDERAL SPENDING - JUSTICE



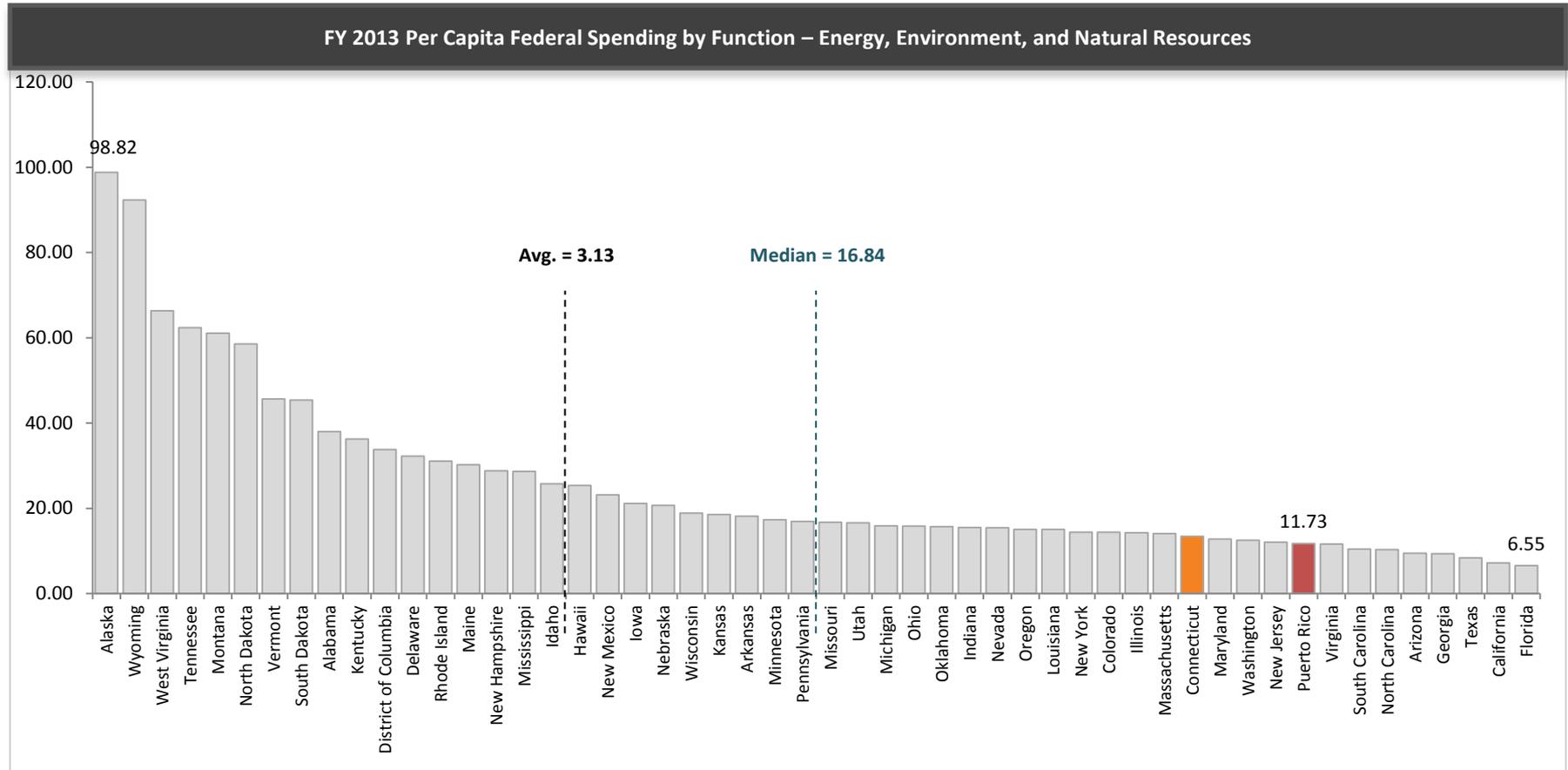
FY 2013 Per Capita Federal Spending by Function - Justice



Source: Federal Funds Information for States (FFIS)



PER CAPITA FEDERAL SPENDING – ENERGY, ENV. AND NATURAL RESOURCES

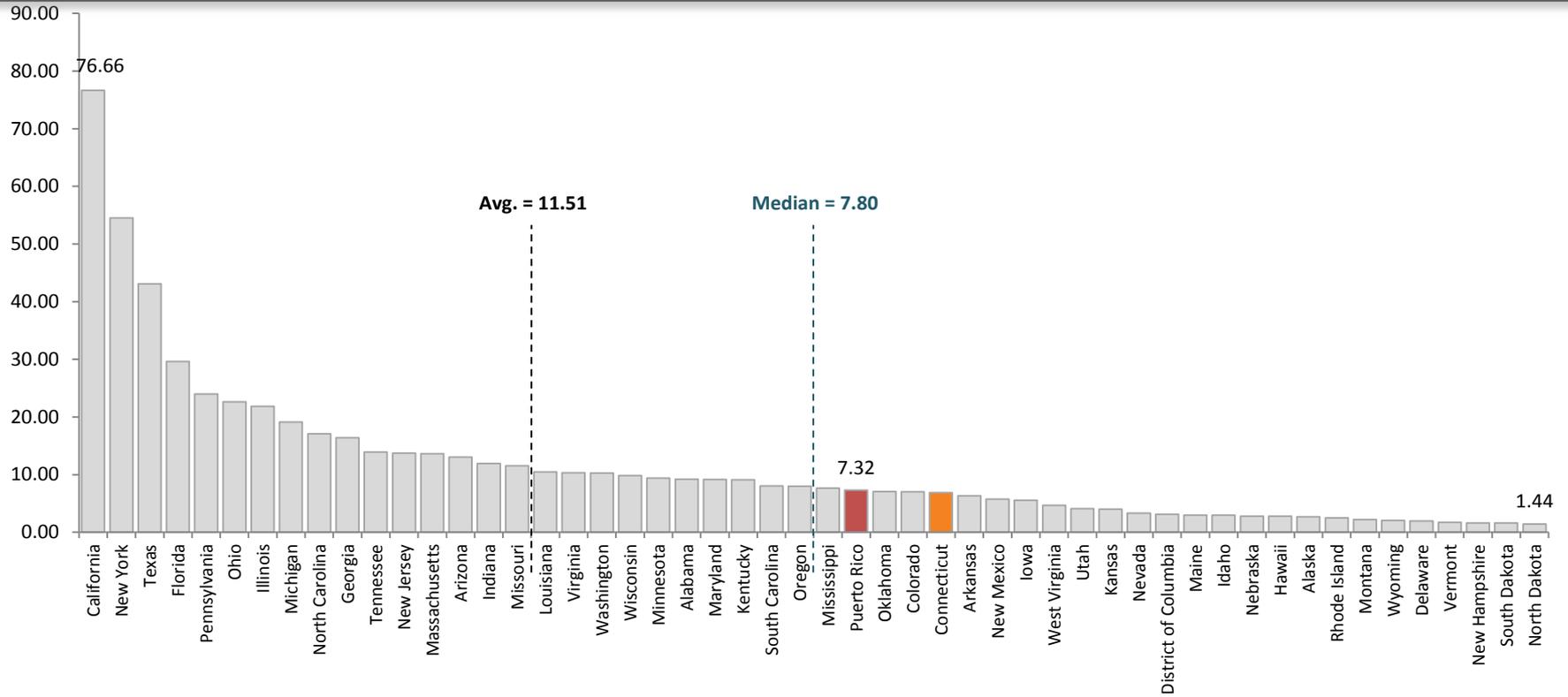


Source: Federal Funds Information for States (FFIS)

TOTAL FEDERAL SPENDING ON SELECTED GRANTS – FY 13

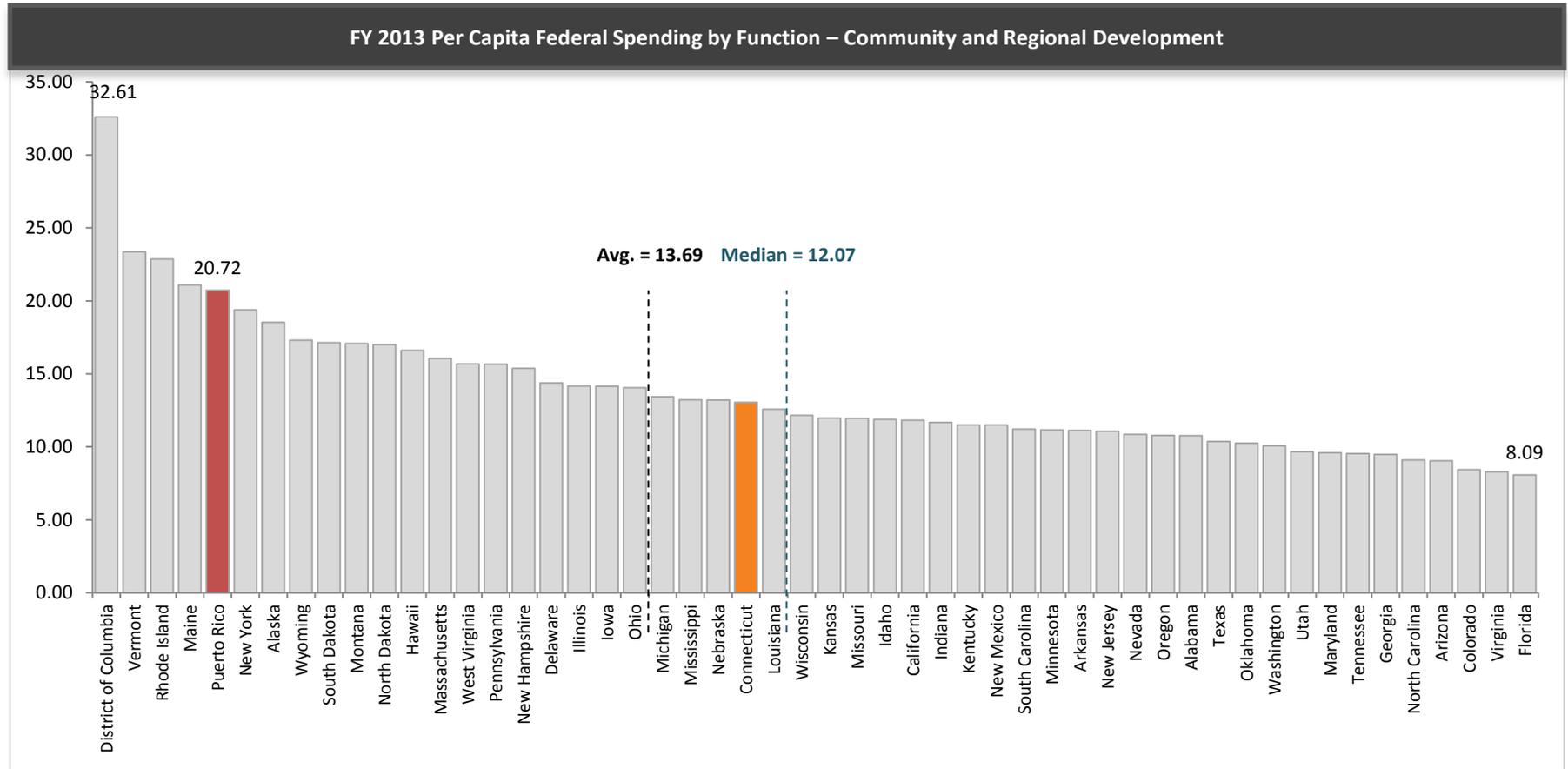


FY 2013 Total Federal Spending on Selected Grants (in \$ billions)



Source: Federal Funds Information for States (FFIS)

PER CAPITA FEDERAL SPENDING – COMMUNITY & REGIONAL DEVELOPMENT

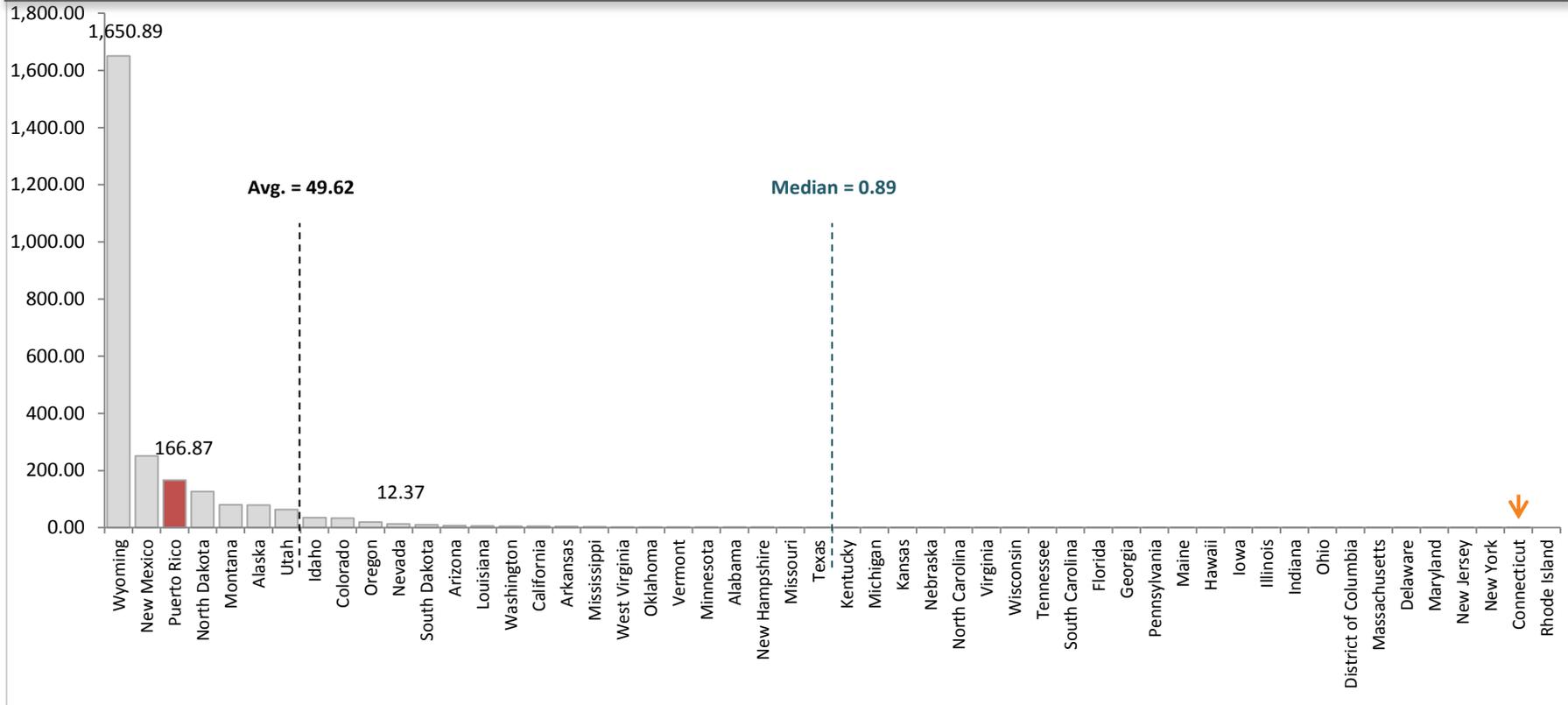


Source: Federal Funds Information for States (FFIS)



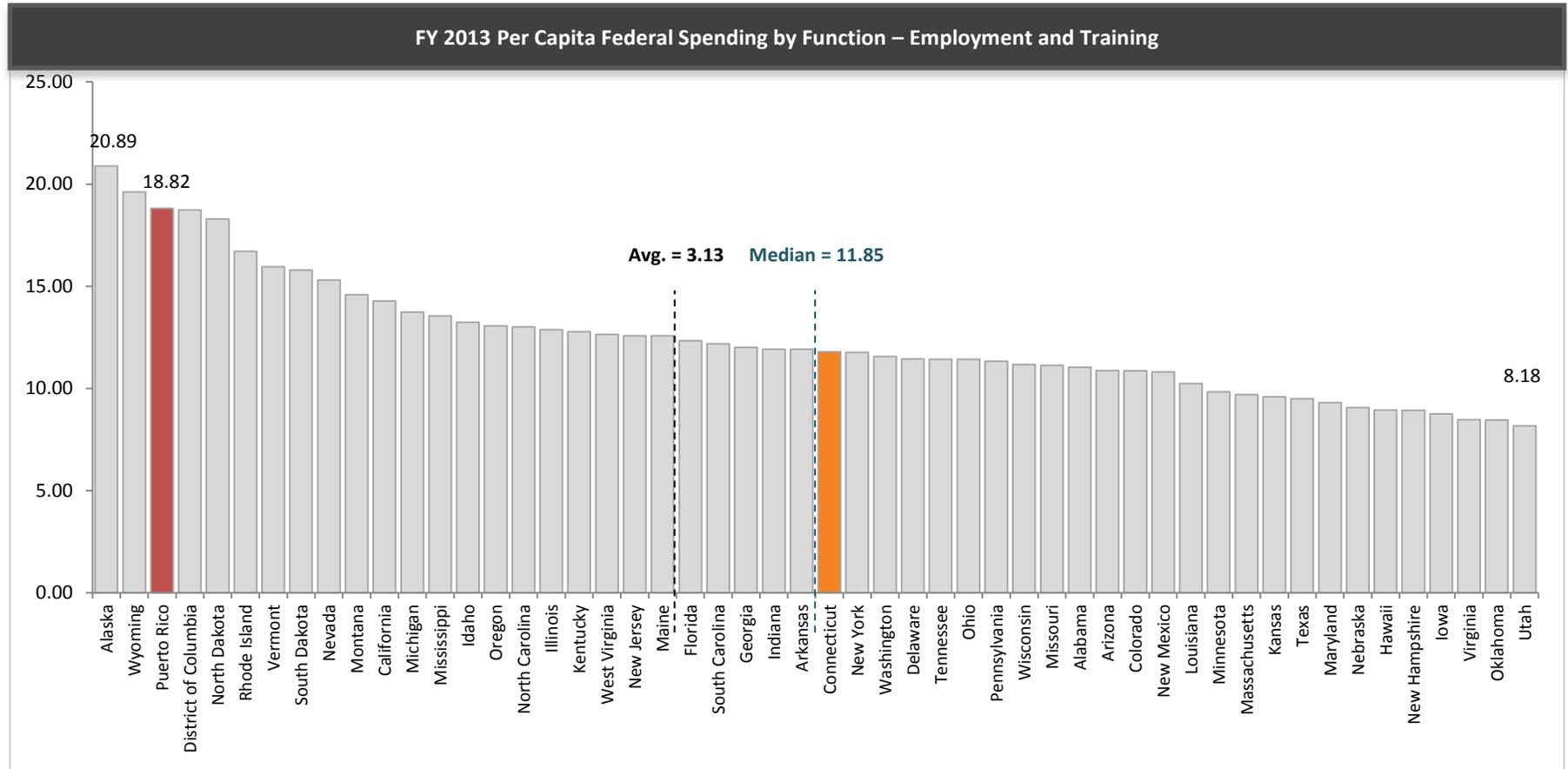
PER CAPITA FEDERAL SPENDING – GENERAL GOVERNMENT

FY 2013 Per Capita Federal Spending by Function – General Gov't



Source: Federal Funds Information for States (FFIS)

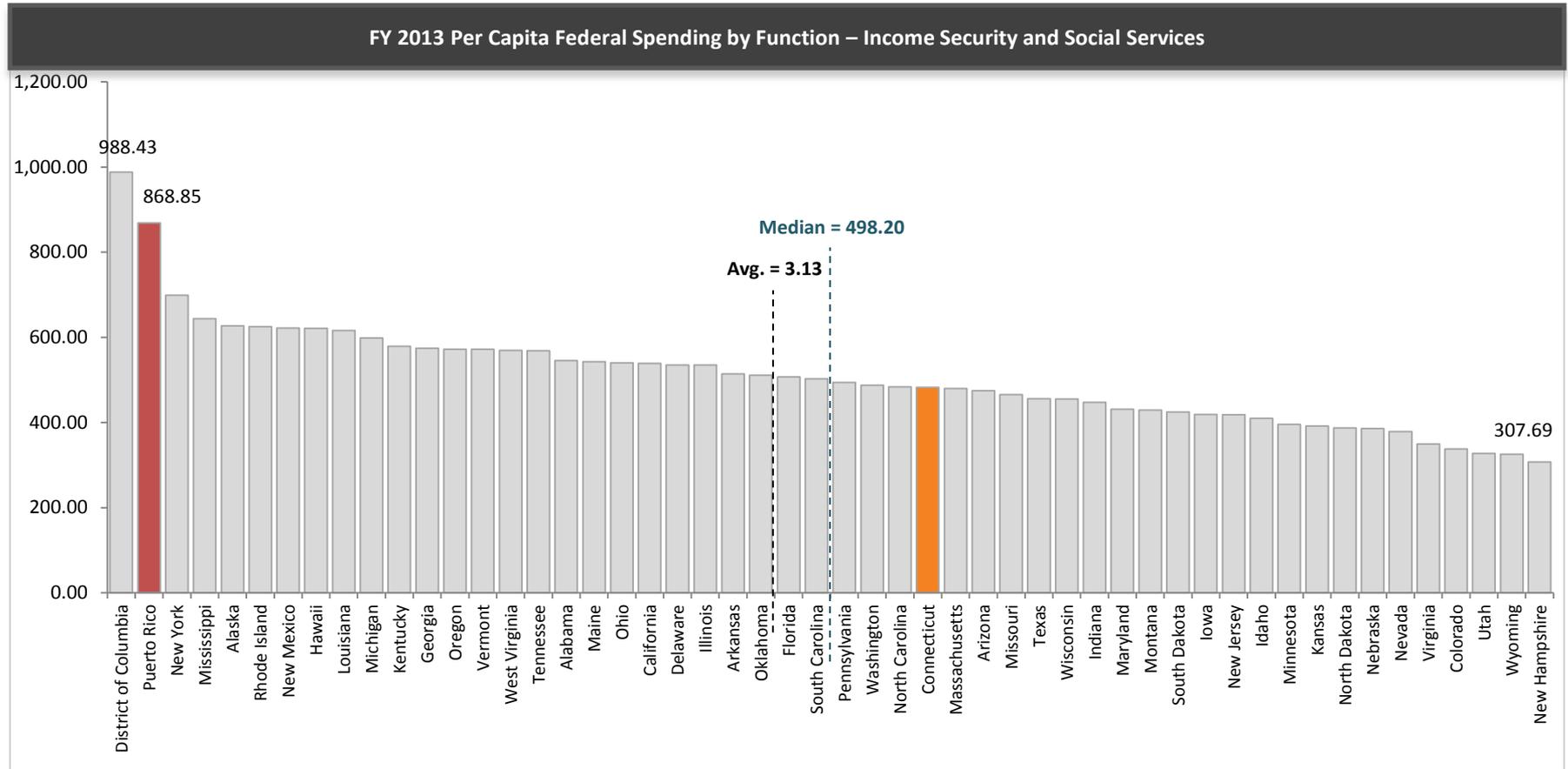
PER CAPITA FEDERAL SPENDING – EMPLOYMENT AND TRAINING



Source: Federal Funds Information for States (FFIS)



PER CAPITA FEDERAL SPENDING – INCOME SECURITY AND SOCIAL SERVICES

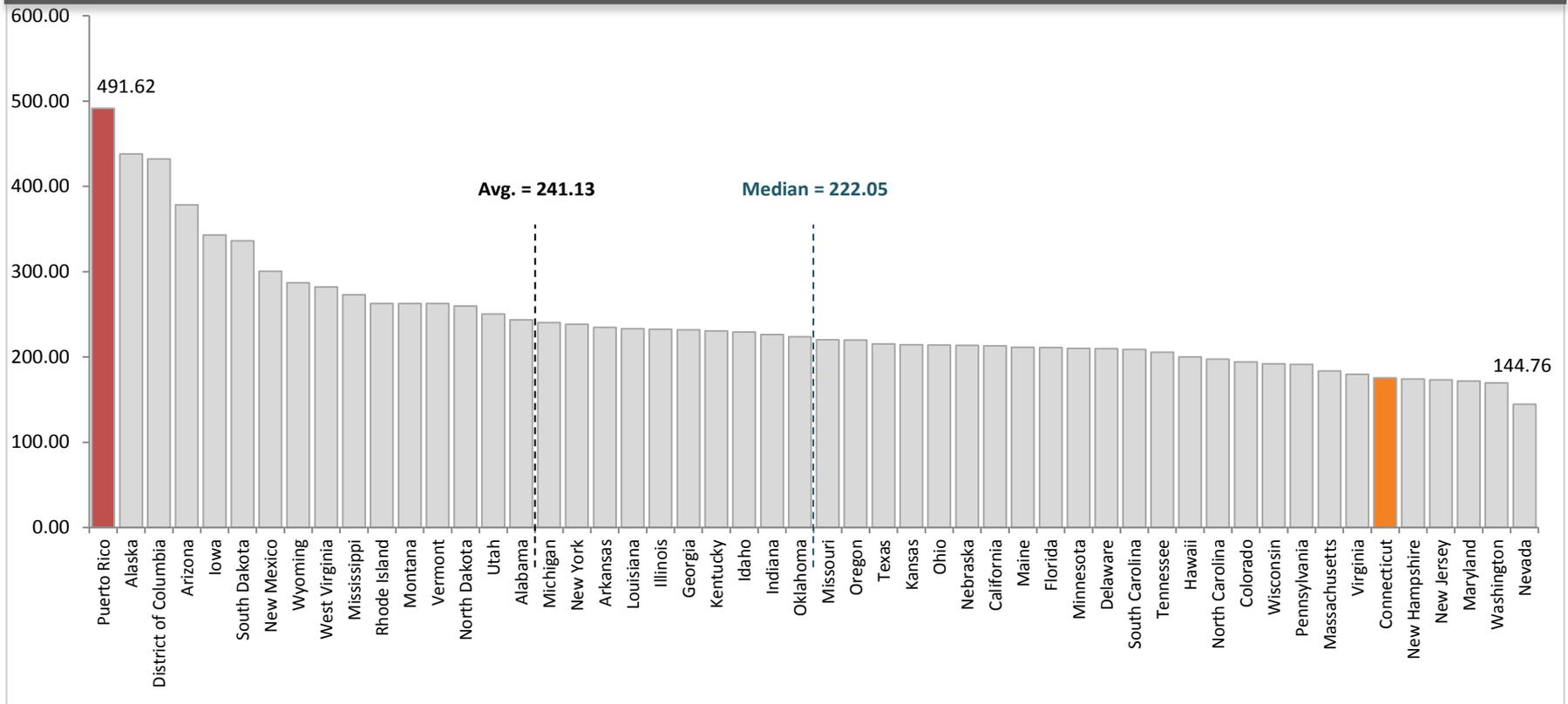


Source: Federal Funds Information for States (FFIS)



PER CAPITA FEDERAL SPENDING - EDUCATION

FY 2013 Per Capita Federal Spending by Function – Education



Source: Federal Funds Information for States (FFIS)



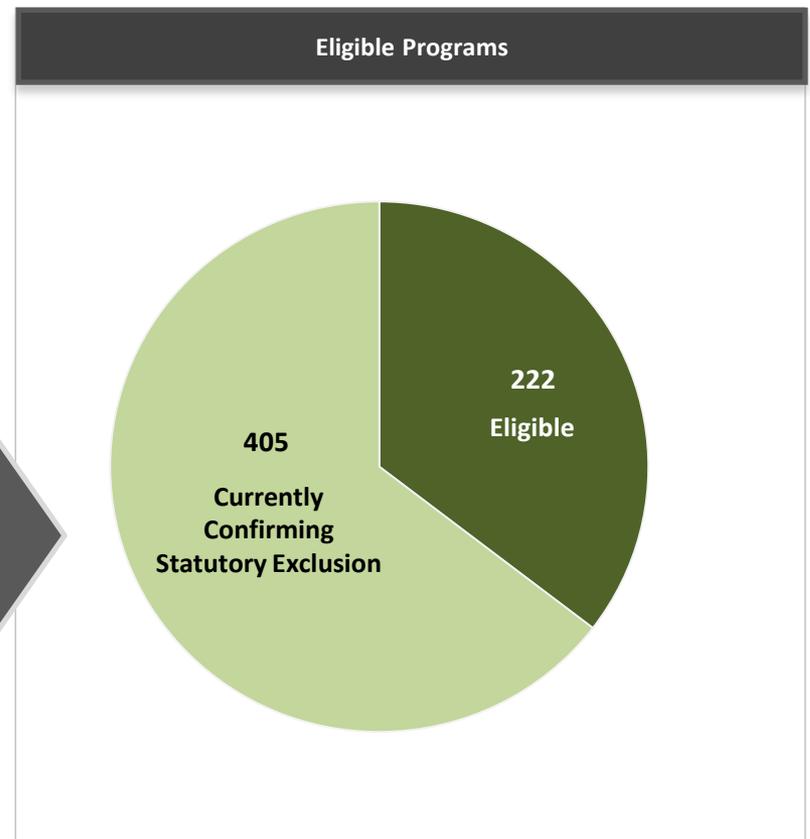
HOW TO GET THE \$1.6 BILLION

841: Total Competitive Programs - \$201,934M (25% of total FY2010 Obligations)

214: Total Competitive Programs in which Puerto Rico participated - \$964M

222: Competitive Research and Non Research Programs under which Puerto Rico is eligible to participate and has not participated up to FY12

405: Potential number of Competitive Programs in which Puerto Rico should be eligible to participate

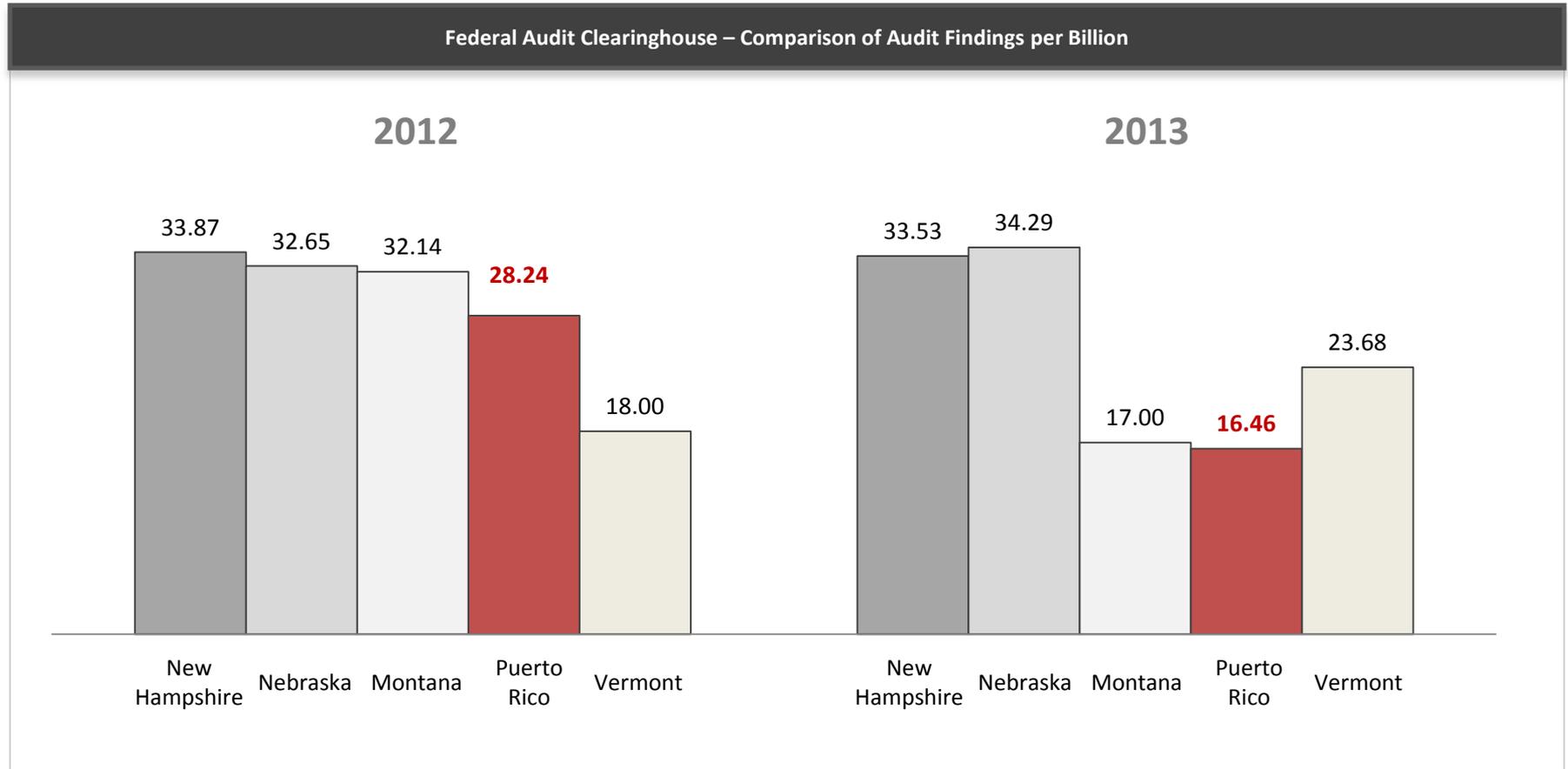




SUMMARY OF COMPLIANCE FINDINGS BY TYPE

Compliance Requirement	2010		2011		2012	
	Including UPR	Excluding UPR	Including UPR	Excluding UPR	Including UPR	Excluding UPR
Activities Allowed or Unallowed	30	24	17	17	NA	19
Allowable Costs/Cost Principles	48	44	40	40	NA	42
Cash Management	39	35	29	29	NA	22
Davis Bacon Act	3	3	0	0	NA	1
Eligibility	22	22	7	7	NA	11
Equipment and Real Property Management	148	48	166	34	NA	21
Matching, Level of Effort, Earmarking	107	7	5	5	NA	2
Period of Availability of Federal Funds	16	16	7	7	NA	2
Procurement and suspension and debarment	21	21	143	9	NA	18
Program Income	1	1	1	1	NA	0
Real Property Acquisition and Relocation Assistance	0	0	0	0	NA	0
Reporting	56	56	205	73	NA	35
Subrecipient and Monitoring	24	24	18	18	NA	18
Special Tests and Provisions	60	60	56	47	NA	61
None	286	171	328	235	NA	135
Other	79	79	179	31	NA	42

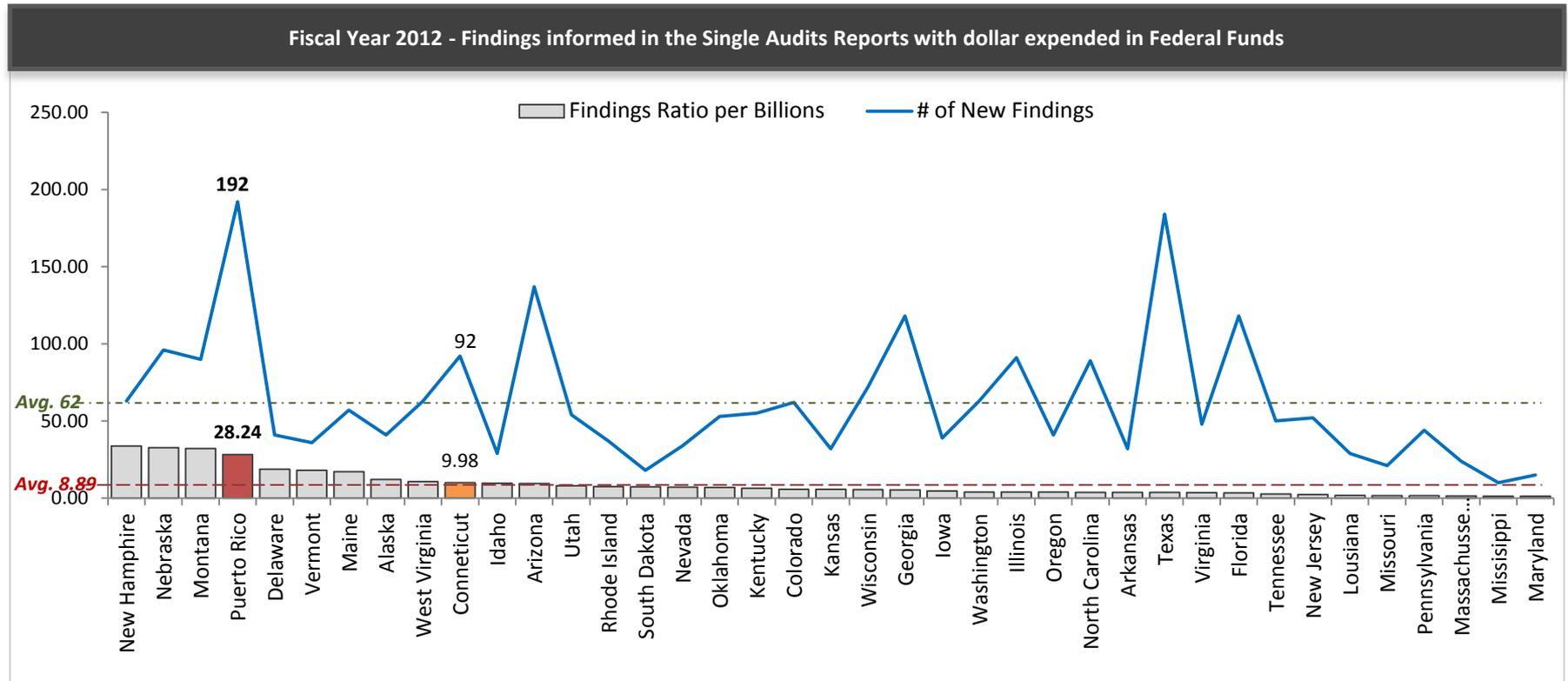
PUERTO RICO FINDINGS PER BILLION IN FEDERAL FUNDING ARE IN THE BOTTOM FIVE BUT ARE WITHIN RANGE OF PEERS



Source: FAC(Federal Clearing House)/ States Single Audits Reports Fiscal Year 2012 and 2013/ Schedule of Award Expenditures/National Ranking and Trends in Finding of Maryland's Annual Single Audit/Commonwealth of PR consolidated budget.



FY 2012 STATES COMPARISON OF FINDINGS



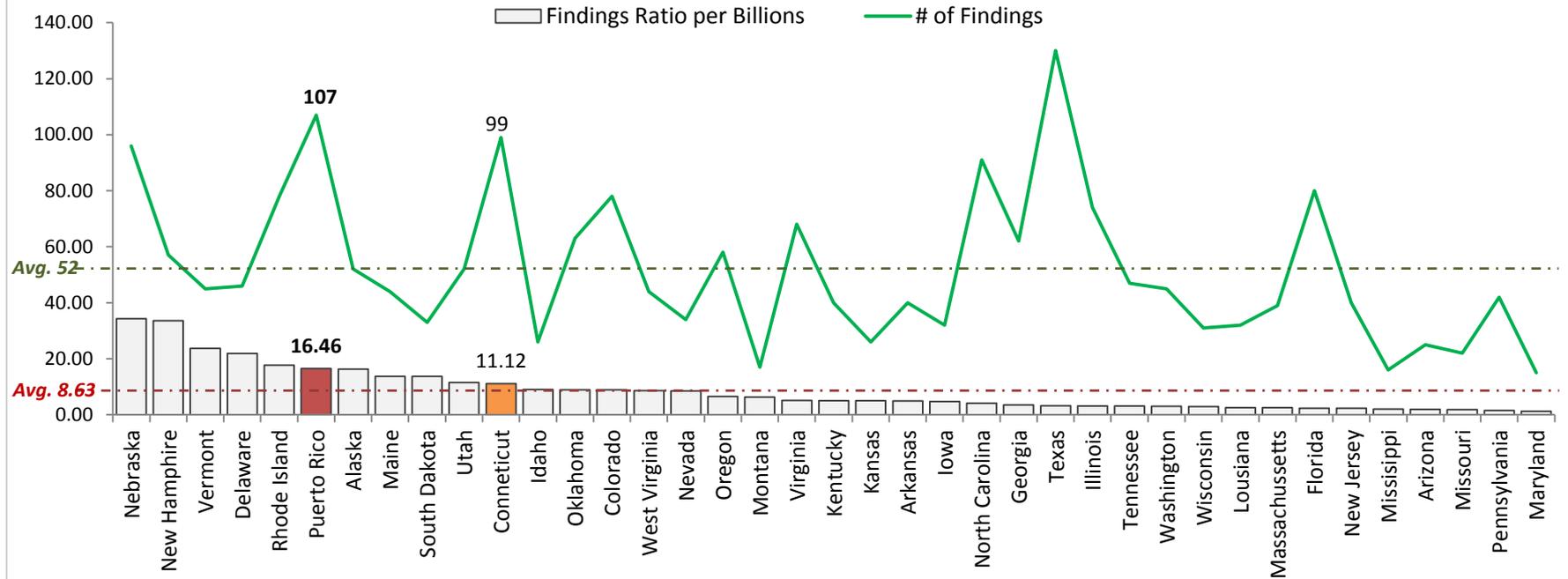
2012 - TOP STATES WITH HIGHEST FINDING RATIO

#	State	# of New Findings	Findings Ratio per Billion
1.	Hawaii	74	108.82
2.	New Hampshire	63	33.87
3.	Nebraska	96	32.65
4.	Montana	90	32.14
5.	Puerto Rico	192	28.23
6.	Delaware	41	18.72



COMPARISON OF FINDINGS WITH OTHER JURISDICTIONS IN FY2013

Federal Audit Clearinghouse – Comparison of Audit Findings per Billion and Total Findings (F2012)



2013 - TOP STATES WITH HIGHEST FINDING RATIO

#	State	# of Findings	Findings Ratio per Billion
1.	Nebraska	96	34.28
2.	New Hampshire	57	33.52
3.	Vermont	45	23.68
4.	Delaware	46	21.90
5.	Rhode Island	78	17.72
6.	Puerto Rico	107	16.46

PUERTO RICO FINDINGS 2012 v 2013

	2012	2013	Change
Findings	192	107	-85
Finding Ratio per Billion	28.24	16.46	-11.77



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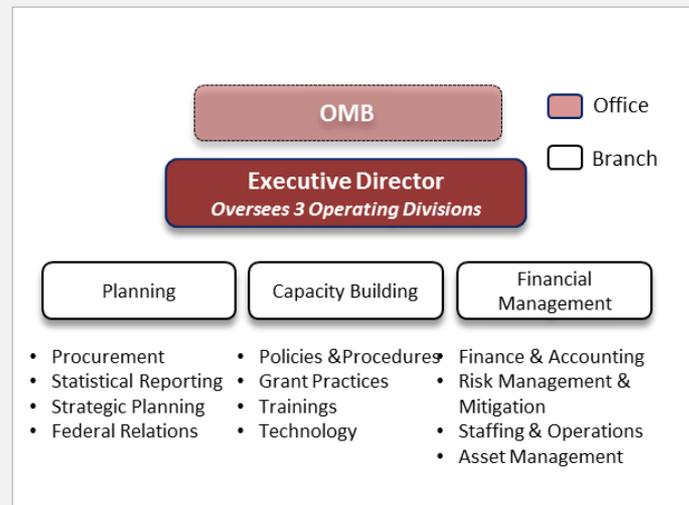
FEDERAL GRANTS OPTIMIZATION INITIATIVE INCLUDES BOTH AN INFRASTRUCTURE COMPONENT AND A PARALLEL ACTION AGENDA



1

Build first rate FFMO

- ▶ Increase capacity of grants and program management through training and grant writing support to increase probability of award
- ▶ Enhance functional knowledge through cross-cutting key management processes and improve compliance
- ▶ Enforce accountability by taking responsibility for centralized oversight and compliance practices to minimize waste, fraud, and abuse to further maximize use of funding.
- ▶ Demonstrate continuous capability and capacity improvements



2

Maximize funding to Puerto Rico through improved operations and enhanced process efficiency

- ▶ Maximize funding to Puerto Rico through increased identification and pursuit of opportunities utilizing a consolidated research effort and database of available grants to ensure that agencies and constituents are applying for the maximum number of grants, increasing the likelihood of an award
- ▶ Increase coordination between agencies, DC Office, and Grantors by facilitating direct communications to ensure that applications align with federal goals
- ▶ Drive implementation of a consolidated Financial Management System to simplify audits to strengthen capability and risk management

THE WORKPLAN OF FEDERAL GRANTS OPTIMIZATION INITIATIVE IS DEVELOPED AROUND THE TWO PARALLEL OBJECTIVES



Objectives

A Federal Funds Optimization

- ▶ Increase capacity to identify and optimize federal fund opportunities to maximize economic development
- ▶ Develop integrated strategies for funds maximization to address needs that require various services, resources, and vision
- ▶ Optimize use of resources

Federal Funds Management Office

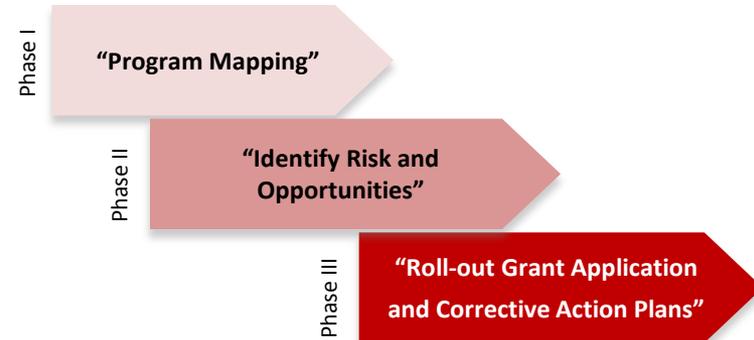
Objectives

B Federal Funds Office

- ▶ Create a Federal Funds Management Office to maximize resource utilization
- ▶ Increase coordination across agencies with DC office to ensure that applications align with federal goals and minimize overlap and wasted effort
- ▶ Strengthen capacity of grants and program management to maximize impact; training program to develop necessary skills

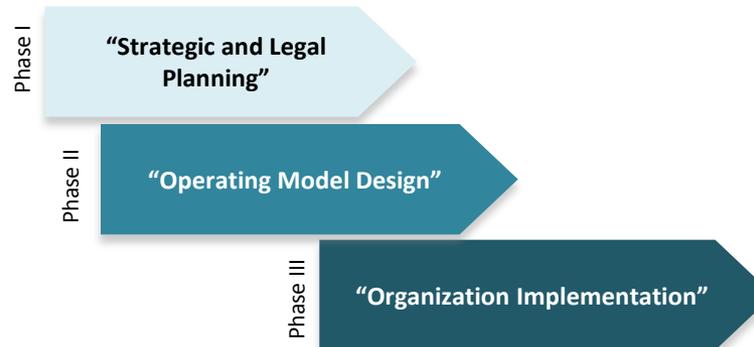
Estimated Implementation Timeline

Oct 13 Jan 14 Apr 14 Jul 14 > 2015



Estimated Implementation Timeline

Oct 13 Jan 14 Apr 14 Jul 14 > 2015





0 – 6 Months

7 – 12 months

13 – 24 months

PHASE I – What to do?

PHASE II – How to do it?

PHASE III – Do it!

COMPLETED

“Program Mapping”

Partially Completed

Identify Risk and Opportunities”

“Roll-out Grant Application and Corrective Action Plans”

Objectives

- ▶ Acquire New Federal Funding Opportunities - Map New Opportunities Tasks
- ▶ Prevent Loss of Existing Federal Funds - Identify Funds at Risk Tasks

- ▶ Acquire New Federal Funding Opportunities - Apply for Funds Tasks
- ▶ Prevent Loss of Existing Federal Funds - Design Mitigation Plan Tasks

- ▶ Acquire New Federal Funding Opportunities - Implement Grants Tasks
- ▶ Prevent Loss of Existing Federal Funds - Implement Mitigation Plans Tasks

Deliverables

- Completed benchmarking against state jurisdictions
- Grants portfolio master list
- Compilation of Single Audit historical data
- Summary tables with risk factors, compliance requirements, program schedules and audit data back to FY2010
- Schedule of competitive programs under which Puerto Rico is eligible but has not participated
- Schedule of top underfunded programs when compared to the combined per capita funding for participating jurisdictions
- Initial agency coordination and training roll-out
- Test version of Internet Portal with grant search capabilities, grant writing, management and training resources, and program and audit data

- ▣ List of new grant program application commitments by agencies
- List of actions to resolve causes for underfunding in active programs
- ▣ Roll-out of new and underfunded grant applications
- ▣ Roll-out agency survey to assess grants management readiness
- ▣ Roll-out grantor survey to assess grantee agency performance
- ▣ Worksheets with finding causes trends and risk factors and prioritized schedule of actions
- ▣ Program risk and compliance monitoring procedures
- ▣ Grants Lifecycle Manual
- ▣ Design for basic training module
- Internet Portal Go-Live

- ▣ Agencies infrastructure in place
- ▣ Establish performance measurement program
- ▣ Provide training to all required staff
- ▣ Final process manuals



B PROGRESS TO DATE: INFRASTRUCTURE DEVELOPMENT

0 – 6 Months

7 – 12 months

12 – 24 months

PHASE I – What to do?

PHASE II – How to do it?

PHASE III – Do it!

COMPLETED

Partially Completed

“Strategic and Legal Planning”

“Operating Model Design”

“Organization Implementation”

Objectives

▶ Define Office Model and Scope

▶ Design Operational Model

▶ Launch office

Deliverables

- Interstate collaboration with Maryland’s Governor’s Grants Office
- Point-of-Contact from every agency enrolled
- List of grant program federal Point-of-Contact
- Functional organizational chart with objective and key functions by area
- Documentation of top-tier governmental processes
- Worksheets of data sources and data sets to support analytics scenarios and reports
- Test version of Internet portal to support program’s scope and transparency policy
- Draft of legislation structuring grant system’s components

- Program lead hired
- ▣ Program’s job profiles and initial staff selection
- Agency Grants Workgroup in place
- Ongoing coordination with Federal OMB and federal grantors
- Enrollment in Federal, interstate and grants industry workgroups
- ▣ Grants lifecycle management procedures and grants planning protocol
- ▣ Data collection and analytics roadmap, survey and data pull roll-out
- ▣ Filed legislative measure
- Schedule of improvements to top-tier processes
- Internet portal Go-Live

- Office in place
- ▣ Final staff selection and actual staff movement
- ▣ Provide training to all required staff
- ▣ Technology deployed to support monitoring and analytical functions on grant portfolio and growth strategy, financial management, compliance management and program management
- ▣ Deployment of top-tier process improvements
- Processes to manage stakeholders’ relationships

THE DELIVERY TEAM ALSO INCLUDES TOP TIER NATIONAL AND LOCAL CONSULTANTS TO SUPPORT RAPID SCALING



	<u>Scope of Work</u>	<u>Description</u>	<u>Firm</u>	<u>Status</u>
A	Benchmarking	Problem and opportunity sizing, and quantitative benchmarking of States' grant utilization; identify current grant opportunities to maximize grant utilization by government entities, and deliver a schedule for new and underutilized grants	Estudios Técnicos, Inc. 	
B	Grant writing	Grant writing and application assistance with new and underutilized programs	TBD	
C	Design Risk & Loss Mitigation	Design risk identification and loss mitigation strategies pertaining federal grant programs that are being managed by government entities; draft a grant's lifecycle management guide for the Commonwealth entities.	 INTELLIGENT GRANT SOLUTIONS LLC <i>Working Smarter For You</i>	
D	Grants Architecture	Document current state of the Commonwealth's statewide Central government's grant accounting, drawdowns, Single Point of Contact, CMLA's interest liability calculation, Cost Allocation Plan implementation, Comptroller's extent of grant auditing and data repositories, and UPR's research grants mangmt. processes;	Estudios Técnicos, Inc. 	
E	Grant Management	Document the current state of the Commonwealth's grant management workforce and prepare a plan for the development of a grant management workforce within the public sector	DISEÑO Y DESARROLLO DE SISTEMAS, INC.	
F	Grant Data Analysis	Develop a data analytics scenario mapped to correspondent regulatory sources to support the future OMB's Grants Management Program functions regarding programmatic and budgetary control, compliance monitoring and forestalling of risks; prepare a specification for the collection of data	Deloitte.	
G	Data Collection	Collect data relevant for characterizing federal grant programs that are being managed by government entities, as directed in the templates and methods to be provided by the OMB	TBD	

USE OF SPECIFIC SCOPE OF WORK CONTROLS EXPENSES WHILE ENSURING STRATEGIC STRUCTURE AND PROFESSIONALISM



OBJECTIVE

Equip the **Federal Funds Management Office** to strategically promote the utilization of grants, gain visibility into program compliance, strengthen its programmatic, budgetary and risk monitoring functions, and to maximize management capability and funds utilization across government.

SCOPE OF WORK (DETAIL)

Develop a data analytics scenario mapped to correspondent regulatory sources to support the future FFMO functions regarding programmatic and budgetary control, compliance monitoring and forestalling of risks

Design a specification for the collection of data on active grants to support the proposed analytics scenario

Deliver templates, surveys and methods to facilitate the collection of data relevant for characterizing active federal grant and to assess the capabilities of both funded and unfunded agencies

Design a survey to gather qualitative input from agency executives, federal agencies, and to sample sub-recipients regarding performance of existing programs

Model the data collection processes, including protocols for data accuracy and validation

Design a functional specification for reports

END PRODUCT

1

28 Data Sources identified and documented and 108 data elements singled-out and formatted for analysis

2

Reporting specification advanced for monitoring Growth Strategy, Capabilities, Compliance, Portfolio Benchmarking and Funds Expiring

3

Questionnaire contents advanced to conduct surveys on local and federal agencies; and

4

Data collection processes workflow modeled



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WE HAVE ALREADY ROLLED OUT THE NEW PR FEDERAL FUNDS MANAGEMENT WEBPAGE BUILD MOMENTUM AROUND THE INITIATIVE



www.grants.pr.gov

The screenshot shows the homepage of the Federal Funds Management Office. At the top, there is a navigation bar with the Puerto Rico flag and 'pr.gov' logo, and menu items for 'Servicios', 'Agencias', 'Municipios', and 'Subastas'. Below this is a header section with the text 'Federal Funds Management Office' and 'COMMONWEALTH OF PUERTO RICO', accompanied by a map of Puerto Rico and the state seal. A secondary navigation bar contains 'HOME', 'Library', 'Contacts', and 'Links'. The main content area features a welcome message, a 'Health' banner with an image of a doctor and patient, and a 'USA SPENDING .GOV' widget showing a total of \$2,110,907,621.60. At the bottom, there are two large buttons: 'Grant Opportunities' (blue) and 'Grant Stewardship' (orange).

Functions

- Puerto Rico Federal Funds management webpage provides the tools to strengthen our capacity to **ACCESS** and **MANAGE** federal funds
- On the **ACCESS**, provides real time grant information on new opportunities, grant writing tools, and a number of resources to improve the success ratio on grant applications.
- On the **MANAGE**, provides detailed data on grant by grantee, granular data on findings based on single audits, compliance rules and norms, and many other resources
- Training resources from Pre-Award to Close-Out. Training is readily available from federal, state and industry sources, ranging from general to program-specific topics.



THE FEDERAL FUNDS OFFICE HAS BEEN UNDERGOING A GRADUAL OUTREACH EFFORT

January

Training Sessions to Agencies

- Audit of Federal Grants
- Grant Writing
- Grant Reform : Uniform Compliance Requirements
- Use of FFIS services and data for strategic grants management

2014 Recent Major Events

March

Delivery of Top Tier Project Proposals

- Manufacturing Communities Grant \$995.6M (Hotwash Request)
- Job Driven National Emergency Grant \$6.1M (Awarded Maximum \$)

June

FFMO Kickoff to Governor's Cabinet, CFO's, Procurement

June

FFMO Kickoff to Commonwealth Agency POC's & Federal Agency POC's

August

FFMO Follow Up Meeting to Commonwealth Agency POC's & Federal Agency POC's

February

Federal Grants Summit

2015

Future Events

THE OUTREACH EFFORT WILL ACCELERATE LEADING UP TO A PLANNED LARGE SCALE FEDERAL FUNDS SUMMIT AT THE PR CONVENTION CENTER



How to Find, Win, and Manage Grants

Event Date

February 2015

Location

**Puerto Rico
Convention Center**

Attendees

800 projected attendees from:

- Commonwealth & local government
- Higher Education
- Non Profits
- Private Industry
- Foundations
- Professional Associations

THE OUTREACH EFFORT HAS INCLUDED MULTIPLE FEDERAL AGENCIES, AND THE EFFORT CAN INTENSIFY

