

Calendar No. 271

118TH CONGRESS }
1st Session

SENATE

{ REPORT
118-126

STREAMLINING FEDERAL GRANTS
ACT OF 2023

—
R E P O R T

OF THE

COMMITTEE ON HOMELAND SECURITY AND
GOVERNMENTAL AFFAIRS
UNITED STATES SENATE

TO ACCOMPANY

S. 2286

TO IMPROVE THE EFFECTIVENESS AND PERFORMANCE
OF CERTAIN FEDERAL FINANCIAL ASSISTANCE
PROGRAMS, AND FOR OTHER PURPOSES



DECEMBER 11, 2023.—Ordered to be printed

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STREAMLINING FEDERAL GRANTS ACT OF 2023

DECEMBER 11, 2023.—Ordered to be printed

Mr. PETERS, from the Committee on Homeland Security and
Governmental Affairs, submitted the following

R E P O R T

[To accompany S. 2286]

[Including cost estimate of the Congressional Budget Office]

The Committee on Homeland Security and Governmental Affairs, to which was referred the bill (S. 2286) to improve the effectiveness and performance of certain Federal financial assistance programs, and for other purposes, reports favorably thereon with an amendment, in the nature of a substitute, and recommends that the bill, as amended, do pass.

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I. PURPOSE AND SUMMARY

S. 2286, the *Streamlining Federal Grants Act of 2023*, seeks to simplify, streamline, and standardize federal grant administration. The bill requires that each grantmaking federal agency identify a senior agency official responsible for grant policy and management. The bill also requires the Director of the Office of Management and Budget (OMB) to establish a Grants Council, comprised of senior agency officials for grants, along with other relevant officials. The Council is tasked with streamlining and coordinating federal processes related to grant application, administration, and reporting of grants and cooperative agreements. The Director of OMB and the

Grants Council is directed to issue guidance for grantmaking agencies to use in developing plans to improve grant administration. The bill also requires the Director of OMB and the Secretary of Health and Human Services (HHS) to study and improve Grants.gov, the federal government’s website for searching and applying for federal grants. Finally, the bill directs the Government Accountability Office (GAO) to conduct two studies to: (1) analyze barriers to accessing federal grants; and (2) evaluate agency implementation of the bill.

II. BACKGROUND AND THE NEED FOR LEGISLATION

Grants and cooperative agreements are an accelerating component of federal expenditures. In FY 2022, the federal government spent \$1.13 trillion dollars on grants, a larger share of the federal budget than acquisitions.¹ Recent legislation such as the *American Rescue Plan Act*, the *Infrastructure Investment and Jobs Act*, the *CHIPS and Science Act*, and the *Inflation Reduction Act* significantly increased the amount of grant funding flowing to local communities and organizations to advance key climate, infrastructure, and competitiveness goals.²

Despite the significant impact of and money spent on federal grant funding, federal grant administration is fragmented, duplicative, and uncoordinated across agencies and programs. Currently, there are over 1,900 different federal grant programs administered by 51 agencies involving more than 131,000 award recipients.³ Programs often use different funding announcement formats, application forms, and software systems for grant application and management. This fragmentation increases the burden for communities and organizations applying and managing federal grants, particularly for groups that have not previously applied for or received federal grants.⁴

In the past, the Committee has sought to coordinate and streamline federal grant administration. The *Federal Financial Assistance Management Improvement Act of 1999* required agencies to coordinate grant reforms by developing streamlining plans, participating in a grants coordinating council, and standardizing certain grant application forms.⁵ The authorities and requirements set forth in the Act expired in 2007. Congress attempted to reauthorize the law but was unsuccessful.⁶

Despite the expiration of the authorities in the Act, the Administration continued certain limited efforts. For example, OMB continued to convene a council, the Council on Financial Assistance Re-

¹ Office of Management and Budget, *Analytical Perspectives: Budget of the U.S. Government, Fiscal Year 2024* (Mar. 13, 2023).

² American Rescue Plan Act of 2021, Pub. L. 117–2; Chips and Science Act, Pub. L. 117–167; Infrastructure Investment and Jobs Act, Pub. L. 117–58; Inflation Reduction Act of 2022, Pub. L. 117–169.

³ Grants Quality Service Management Office, *DC AGA Spring Training* (Mar. 29, 2023).

⁴ Ellory Monks and Shalini Vajjhala, *Transformative Infrastructure Funding is Here. The Application Process for Getting it Still Needs Work*, Brookings Institution (Jul. 11, 2022); *Billions for Climate Protection Fuel New Debate: Who Deserves It Most*, New York Times (Dec. 3, 2021) (www.nytimes.com/2021/12/03/climate/climate-change-infrastructure-bill.html).

⁵ Federal Financial Assistance Management Improvement Act of 1999, Pub. L. no. 107–107 (Nov. 20, 1999).

⁶ S. 303 amended in the House, as recorded in Federal Financial Assistance Management Improvement Act of 2009, Congressional Record, H14835 (Dec. 14, 2009); last action reported in Messages from the House, Congressional Record, S13249 (Dec. 15, 2009).

form, before fully disbanding the effort in 2017.⁷ In 2021, recognizing the need for greater coordination to improve efficiency, effectiveness, and equity in grantmaking processes while reducing administrative burdens for awardees, OMB issued a Management Agenda calling for the creation of a new community for grants policy leaders and established a Council on Federal Financial Assistance.⁸

Alongside executive branch efforts to improve grants policy and practices, the Committee worked to enact legislation that would do the following: prevent recipients of federal awards from using those funds for lobbying the federal government; streamline auditing requirements; close out expired grants; and create a single searchable website for federal award and subaward data.⁹

The Committee's most recent legislative effort to streamline grant administration was led by Senators Peters and Lankford with the *Grant Reporting Efficiency and Agreements Transparency (GREAT) Act of 2019*. That Act directed OMB to implement common data standards for grant application and reporting.¹⁰ At a May 2, 2023 hearing on improving access to grants for underserved communities, the Committee heard testimony from Jeff Arkin, Managing Director at GAO, who indicated that the *GREAT Act* had yet to be implemented because of the challenges of coordinating grant administration across the federal government.¹¹ Witnesses at the hearing also discussed the challenges caused by a lack of federal coordination and strategy, including difficulties in searching for grants, understanding notice of funding opportunities, and complying with inconsistently applied program guidance.¹²

This bill builds upon the Committee's previous work to improve grant administration and responds to concerns shared by communities and organizations that receive grants. In establishing the Grants Council, this bill formalizes coordination and reestablishes a forum for implementing interagency grant streamlining policies. The legislation tasks the Grants Council with the responsibility to implement the common data standards set forth in the *GREAT Act*. Other responsibilities assigned to the Council include simplifying notice of funding opportunities, improving data sharing, and ensuring cross-agency compliance with existing grant policies. Agencies are expected to build on this work by creating their own grants improvement plans.

III. LEGISLATIVE HISTORY

Senator Gary Peters (D-MI) introduced S. 2286, the *Streamlining Federal Grants Act of 2023*, on July 12, 2023, with original cosponsor Senator John Cornyn (R-TX). The bill was referred to the Committee on Homeland Security and Governmental Affairs.

⁷ Office of Management and Budget, *Reducing Burden for Federal Agencies by Rescinding and Modifying OMB Memoranda* (M-17-26) (June 15, 2017).

⁸ Office of Management and Budget, *Biden-Harris Management Agenda Vision* (Nov. 18, 2021); Office of Management and Budget, *Establishment of the Council on Federal Financial Assistance* (M-23-19) (Aug. 9, 2023).

⁹ Lobbying Disclosure Act of 1995, Pub. L. 104-65; Single Audit Act Amendments of 1996, Pub. L. 104-65; Grants Oversight and New Efficiency Act of 2014, Pub. L. 114-117; Federal Funding Accountability and Transparency Act of 2006, Pub. L. 109-282. Digital Accountability and Transparency Act of 2014, Pub. L. 113-101.

¹⁰ Grant Reporting Efficiency and Agreements Transparency Act of 2019, Pub. L. 116-103.

¹¹ Senate Committee on Homeland Security and Governmental Affairs, *Improving Access to Federal grants for Underserved Communities*, 118th Cong. (May 2, 2023) (S. Hrg. 118-XXX).

¹² *Id.*

Senator James Lankford (R–OK) joined as an additional cosponsor on July 13, 2023, and Senators Mike Braun (R–IN) and Raphael Warnock (D–GA) joined as additional cosponsors on July 27, 2023.

The Committee considered S. 2286 at a business meeting on July 26, 2023. At the business meeting, Senators Peters offered a substitute amendment to the bill and a modification to the substitute amendment. The Peters substitute amendment, as modified, clarified the definition of “nonprofit,” directed the Grants Council to promote language access and develop policies to prevent conflicts of interest, and included a new GAO report on barriers to accessing federal grants. The Committee adopted the modification to the Peters substitute amendment by unanimous consent, with Senators Peters, Hassan, Rosen, Padilla, Paul, Lankford, and Scott present. The Committee adopted the Peters substitute amendment, as modified, by unanimous consent, with Senators Peters, Hassan, Rosen, Padilla, Paul, Lankford, and Scott present.

Senator Paul offered an amendment to the bill and a modification to the amendment. The Paul amendment added a two year sunset to the bill, and the modification added language that sought to expand reporting requirements for grant recipients. The modification was adopted by unanimous consent, with Senators Peters, Hassan, Sinema, Rosen, Padilla, Paul, Lankford, and Scott present. The Committee did not adopt the Paul amendment, as modified, by a roll call vote of 6 yeas to 9 nays, with Senators Paul and Scott voting in the affirmative, and Senators Peters, Hassan, Sinema, Rosen, Padilla, and Lankford voting in the negative. Senators Johnson, Romney, Hawley, and Marshall voted yea by proxy, and Senators Carper, Ossoff, and Blumenthal voted nay by proxy.

Senator Scott offered an amendment that required agency heads to ensure that all grants are merit based. The Committee did not adopt the Scott amendment by a roll call vote of 6 yeas to 9 nays, with Senators Paul and Scott voting in the affirmative, and Senators Peters, Hassan, Sinema, Rosen, Padilla, and Lankford voting in the negative. Senators Johnson, Romney, Hawley, and Marshall voted yea by proxy, and Senators Carper, Ossoff, and Blumenthal voted nay by proxy.

Senator Scott offered an amendment that required agency heads to create a mechanism to rescind grant funds if grant recipients do not meet expected levels of performance. The Committee did not adopt the Scott amendment by a roll call vote of 6 yeas to 9 nays, with Senators Paul and Scott voting in the affirmative, and Senators Peters, Hassan, Sinema, Rosen, Padilla, and Lankford voting in the negative. Senators Johnson, Romney, Hawley, and Marshall voted yea by proxy, and Senators Carper, Ossoff, and Blumenthal voted nay by proxy.

Senator Scott offered an amendment that required state or local governments to contribute at least a 50 percent match to federal grants. The Committee did not adopt the Scott amendment by a roll call vote of 6 yeas to 9 nays, with Senators Paul and Scott voting in the affirmative, and Senators Peters, Hassan, Sinema, Rosen, Padilla, and Lankford voting in the negative. Senators Johnson, Romney, Hawley, and Marshall voted yea by proxy, and Senators Carper, Ossoff, and Blumenthal voted nay by proxy.

The bill, as amended by the Peters substitute amendment as modified, was ordered reported favorably by a roll call vote of 6

yeas to 2 nays, with Senators Peters, Hassan, Sinema, Rosen, Padilla, and Lankford voting in the affirmative, and Senators Paul and Scott voting in the negative. Senators Carper, Ossoff, Blumenthal, Johnson, Romney, Hawley, and Marshall voted yea by proxy, for the record only.

IV. SECTION-BY-SECTION ANALYSIS OF THE BILL, AS REPORTED

Section 1. Short title

This section establishes the short title of the bill as the “Streamlining Federal Grants Act of 2023.”

Section 2. Purpose

This section specifies that the purpose of the bill is to improve the effectiveness of federal grants, simplify grant applications and reporting, improve service delivery of grants with particular regard to underserved communities and organizations, and facilitate coordination among agencies.

Section 3. Definitions

This section provides definitions for “agency,” “agency co-chair,” “appropriate congressional committees,” “consultation with non-Federal entities,” “cooperative agreement,” “Council,” “Director,” “Federal financial assistance,” “grant,” “Indian Tribe,” “institution of higher education,” “local government,” “non-Federal entity,” “nonprofit organization,” “senior agency official for grants,” and “State.”

Section 4. Senior agency officials for grants

Subsection (a) requires that within 60 days of enactment, the head of an agency shall designate a senior agency official for grants who will carry out the responsibilities of the agency under this bill.

Subsection (b) instructs the Director of OMB to publicly maintain a list of the senior agency officials for grants and make the list publicly available within 90 days of enactment.

Section 5. Grants council

Subsection (a) requires the Director of OMB to establish the Grants Council within 80 days of the enactment of this legislation.

Subsection (b) requires the Council’s membership to include the Controller of the Office of Federal Financial Management (as chair), senior agency officials for grants, and other relevant officials at the discretion of the Chair.

Subsection (c) requires the General Services Administration to provide administrative support to the Council.

Subsection (d) requires the Director to consistently and regularly solicit feedback for the Council’s work from non-federal entities and incorporate that feedback into the Council’s work.

Subsection (e) describes the mechanism for determining a rotating agency co-chair and working groups.

Subsection (f) establishes the interagency duties of the Council, which include implementing shared grant data standards, simplifying notice of funding opportunities, improving interagency coordination of data sharing, improving timeliness and quality of data reporting, ensuring compliance with federal grants policy, supporting

the development of the federal grants workforce, promote language access, establish policies to reduce conflicts of interest, and other interagency grants streamlining priorities.

Subsection (g) requires reporting on the implementation on the bill to the appropriate Congressional committees every two years for 15 years, beginning 1 year after enactment.

Subsection (h) directs the Director of OMB, in consultation with the Council, to compile a report containing recommendations for changes in law and regulation no later than 4 years after enactment to improve the effectiveness, performance, and coordination of grant and cooperative agreement programs.

Section 6. Agency grant improvement plans

Subsection (a) requires the Director of OMB, in consultation with the Council, to issue agency guidance for developing agency plans for improving grants and cooperative agreements no later than 270 days after enactment. The plans must describe how agencies will streamline and simplify grant procedures, create streamlined notice of funding opportunities, participate in the Grants Council, cooperate with the Grants Quality Service Management Office, ensure potential grant recipients receive training and assistance, improve grant recipient data reporting, and establish performance metrics to further the purposes of this legislation.

Subsection (b) directs the Director of OMB to review agency plans.

Subsection (c) allows the Director of OMB to exempt agencies who do not administer a significant number of grants and cooperative agreements from the requirements of this legislation. The Director of OMB will make the list of agencies exempted from review available on the OMB website.

Subsection (d) requires each agency, not later than 1 year after the Director of OMB issues guidance or after 635 days, whichever is sooner, to create a grant improvement plan.

Subsection (e) allows the Director of OMB to give an agency a 1-year extension for agencies to develop a grant improvement plan.

Subsection (f) requires the head of each agency to publish the plan in the Federal Register and provide an opportunity for public comment. The senior agency official for grants may also consult with non-federal entities during the development of the plan.

Subsection (g) requires the senior agency official for grants to submit a report on the implementation and performance of the plan, no later than 1 year after submission of the plan and then annually thereafter. The reporting goals shall also be included in the agency's annual performance plan.

Section 7. Grants.gov

Subsection (a) requires the Director of OMB and the Secretary of HHS to create a separate report pertaining to the user experience of Grants.gov with recommendations for improvements no later than 1 year after enactment.

Subsection (b) requires that the Director of OMB and the Secretary of HHS implement the recommendations of the report from section 7(a) no later than 3 years after enactment.

Section 8. Analysis of access to federal grants

This section requires that within 2 years of enactment, the Comptroller General provide an analysis of access to federal grants, including challenges faced by underserved communities, specific barriers to access preventing underserved communities from receiving grants, and options for improving access. Additionally, the Comptroller General shall examine the extent to which agencies collect information on the number and characteristics applicants (including their geographic distributions) and provide an analysis of the information that is available.

Section 9. Evaluation

This section requires that within 5 years of enactment, the Comptroller General provide a report to relevant congressional committees on the effectiveness of the bill, further recommendations to improve the bill, the performance of each agency in streamlining grants, and the level of coordination.

V. EVALUATION OF REGULATORY IMPACT

Pursuant to the requirements of paragraph 11(b) of rule XXVI of the Standing Rules of the Senate, the Committee has considered the regulatory impact of this bill and determined that the bill will have no regulatory impact within the meaning of the rules. The Committee agrees with the Congressional Budget Office's statement that the bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

VI. CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

| S. 2286, Streamlining Federal Grants Act of 2023 | | | |
|--|------|---|---------------|
| As ordered reported by the Senate Committee on Homeland Security and Governmental Affairs on July 26, 2023 | | | |
| By Fiscal Year, Millions of Dollars | 2024 | 2024-2028 | 2024-2033 |
| Direct Spending (Outlays) | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 |
| Increase or Decrease (-) in the Deficit | 0 | 0 | 0 |
| Spending Subject to Appropriation (Outlays) | 1 | 12 | not estimated |
| Increases <i>net direct spending</i> in any of the four consecutive 10-year periods beginning in 2034? | No | Statutory pay-as-you-go procedures apply? | No |
| | | Mandate Effects | |
| Increases <i>on-budget deficits</i> in any of the four consecutive 10-year periods beginning in 2034? | No | Contains intergovernmental mandate? | No |
| | | Contains private-sector mandate? | No |

S. 2286 would require the Office of Management and Budget (OMB) to establish the Grants Council, which would issue guidelines for streamlining the administration of federal grants. The bill also would require the Director of OMB, the Secretary of Health and Human Services, and the Comptroller General of the United States to report to the Congress periodically on the bill's implementation and to recommend improvements to federal grant-making processes. Using information about similar activities, CBO estimates that the total cost of implementing the bill would be \$12 million over the 2024–2028 period. The administrative cost of producing reports required by the bill would total \$8 million and the cost of the Grants Council would total \$4 million. Such spending would be subject to the availability of appropriated funds.

The CBO staff contact for this estimate is Katie Zhang. The estimate was reviewed by Chad Chirico, Director of Budget Analysis.

PHILLIP L. SWAGEL,
Director, Congressional Budget Office.

VII. CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

This legislation would make no change in existing law, within the meaning of clauses (a) and (b) of subparagraph 12 of rule XXVI of the Standing Rules of the Senate, because this legislation would not repeal or amend any provision of current law.