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**Rasmuson Foundation/State of Alaska
Department of Health and Social Services (DHSS)
Process Assessment
Summer 2006
Final Report**

September 8, 2006

DHSS Process Assessment • Final Report Contents

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I. Introduction

Note: Throughout this report, DHSS and Department are used interchangeably, but both refer to the State of Alaska (SOA) Department of Health and Social Services (DHSS).

Background

In March 2006, the Rasmuson Foundation issued a Request for Proposal seeking to assist the State of Alaska (SOA) Department of Health and Social Services (DHSS) in assessing its grant application and management systems.

The process of allocating and/or awarding monies to and subsequently managing these awards (through closure) for an array of providers and communities is time consuming and burdensome for the SOA DHSS. The entire process within DHSS, from the development of Requests for Proposals (RFPs) through conducting Proposal Evaluation Committee (PEC) meetings, to making grant awards and monitoring ongoing compliance with grant requirements occupies the time of hundreds of staff. From a grantee perspective, developing grant proposals, ensuring programmatic and fiscal compliance with grant requirements and compiling and filing reports also takes numerous staff hours. In many instances these reports contain information about what grantees are doing but very little about what is being accomplished (outcomes). In addition a number of grantees have to submit separate reports for each grant they receive. In many cases, the process remains paper-based.

In partnership with the Rasmuson Foundation, DHSS sought to gain information that will guide it in a process to streamline grant management processes for both DHSS and its grantees to increase transparency around programmatic effectiveness and outcomes, improve customer service and achieve administrative and programmatic efficiencies.

In May 2006, our firm, Cliff Consulting, Inc, was awarded the contract to conduct this initial assessment. The following report documents our findings and recommendations. (See Appendix I, "About Cliff Consulting," for background and contact information.)

II. Executive Summary

Overview

The objective of this study was to identify opportunities to increase the efficiency and effectiveness of SOA DHSS grantmaking processes in order to:

- Reduce the administrative burden for DHSS while ensuring adequate fiduciary control.
- Increase customer (grantee) satisfaction.
- Reduce the administrative burden for grantees to interface with DHSS.

The scope of the project included a review of the current state of DHSS's grantmaking practices and grantee satisfaction, identification of potential improvement opportunities, and a high level evaluation of the organization's readiness for change.

Process

Over the months of June and July 2006, we heard from over 125 grantees representing over 90 organizations through:

- A series of six focus groups, held in Anchorage, Fairbanks, Wasilla, and Juneau.
- One-on-one interviews with grantees unable to attend the focus groups.
- Written comments submitted by some grantees.

In addition, we spoke with over 25 employees of DHSS, representing Grants and Contracts, Finance and Management Services (FMS), and all six Program Divisions of DHSS.

During that time, we also reviewed documentation from previous studies, performed several in-depth discovery sessions with Grants and Contracts staff, and performed some analysis on grant data provided by DHSS.

Summary observations, improvement ideas and key issues were discussed periodically with the project's Steering Committee (listed in Appendix II), and in considerable detail with managers from Grants and Contracts. Review sessions were also held with representatives from some of the Program Divisions.

Key Observations

In the course of our study, we identified a number of processes that were working well, both for DHSS staff and for the grantees. As expected, we also identified a number of areas where participants felt there was an opportunity for improvement and we gathered ideas on how those improvements might be accomplished. In some cases, these were ideas that have already been implemented or are underway, highlighting an opportunity for DHSS to more effectively communicate its activities and plans.

Processes Working Well

Key areas that were identified as working well are as follows.

1. Many grantees report that DHSS staff is cooperative, responsive and helpful – especially when they are able to work with the same person for a period of time.
2. Recent efforts at standardization, especially movement toward a common RFP format and standardized cumulative fiscal reporting, have improved the process.
3. The change to longer grant periods with continuation grants has worked very well.
4. Centralization of Grants and Contracts has provided increased coverage when someone is out or not available.
5. Elimination of the need to resubmit organizational documents reduces paperwork (although not all grantees trust the system enough to take full advantage).

Opportunity Areas

Through the discovery process, we documented observations covering a wide range of topics and complexity (see Appendix V - Detailed Matrix of Findings), summarized below.

Internal Organization:

Communications: Inconsistent levels and quality of communications result in misunderstandings, unnecessary work, and reduced service to the grantee community.

Opportunity: Establish stronger and clearer communications throughout the Department, particularly across Divisions and from the Commissioner’s office down through the organizational hierarchy.

Roles, responsibilities, and service level agreements: There is a lack of clarity on roles and responsibilities within the Department, which causes confusion, delays, and interruptions in service. There are also no defined service level agreements between Divisions making it difficult to plan for turnaround of documents and decisions, or provide consistent response times to grantees. **Opportunity**: Clarify and communicate roles and responsibilities, broadly, with regular reinforcement given frequent turnover. In addition, establish internal service level agreements for key handoffs between Divisions such as grant approvals and report reviews.

Policies and procedures: Policies and procedures are not consistent from program to program and Division to Division, confusing grantees with mixed messages and inconsistent standards and complicating operations for both grantees and Department staff. **Opportunity**: Complete Department-wide policies and procedures documentation, currently underway, along with targeted staff training for those policies and procedures most likely to improve operations and grantee relations.

Turnover and training: Frequent turnover across DHSS is having a significant adverse impact on the Department's ability to operate efficiently and effectively with respect to both internal relationships and to handoffs of grantee relationships. This problem is exacerbated by frequent turnover in many grantee organizations.

Opportunity: Implement a combination of quick, short-term "fixes" such as creating a web-accessible listing of current Grant Administrators and Program Managers and reinforcing solid turnover practices. Over the longer-term, implement solutions such as creation of online notes capability and cross training to mitigate the impact of staff changes. Additional training of DHSS staff is also needed to ease some of the issues caused by turnover, including recurring training on roles and responsibilities, policies and procedures and on general Departmental grantmaking practices.

Relationships with Grantees

Communications and relationships: Many grantees express a lack of connection with the Department, with particular frustration at feeling micromanaged on compliance issues rather than treated as a partner in delivering needed services. Specifically, grantees would like:

- More transparency about the Department's plans, strategies and activities (particularly when they directly affect grantees).
- More consistent sharing of outcomes information, particularly any synthesis of outcomes data.
- A healthier balance of mission-related contact and compliance-related interactions.

Predictability: Grantees are very frustrated with their inability to schedule their activities and staffing given a lack of predictability of the grant cycle. Specifically, the timing of when RFPs are issued changes from year to year and Division to Division, as does the lead-time for submission and the timing of specific grant awards. Grantees also have no firm commitments from DHSS on such things as turnaround time between submission of reports and receipt of payment.

Opportunity: Provide basic service level agreements to grantees for key processes such as turnaround on payment processing, minimum time for submission of RFP responses, etc. Additionally, publish a calendar for all RFPs, containing release dates and due dates where feasible.

Streamlining

Paperwork reductions: Grantees and DHSS staff feel overburdened with the extensive documentation for RFPs and reporting. This is especially true for small grants, where the workload is perceived to be disproportionate to the amount of the grant. Grantees are also frustrated by the perceived need to resubmit the same organizational documents for each grant submission rather than once for each organization. Grantees also perceive that their reports are frequently lost, causing delays and the need for resubmissions. **Opportunity:** Create a task force to evaluate options and move forward on simplifying small grant processing.

Process efficiencies: Grantees also find that responding to RFPs requires extra effort due to inconsistencies in the documents and lack of easy-to-use templates for response. On the reporting side, there is confusion and frustration regarding the use of multiple software platforms for reporting with no clearly communicated integration strategy for the various systems in place. **Opportunity:** Implement process improvements to ensure that RFPs are internally consistent and that required forms are easy to complete. In the long term, DHSS would benefit from developing and broadly communicating an integrated technology vision.

Improvement recommendations range from short-term, relatively simple efforts to longer-term initiatives that will take some time to implement. They are detailed under the following summary headings:

- 1. Internal Organization**
- 2. Communications and Relationships with Grantees**
- 3. Streamlining**

A summary of the key recommendations is provided in the detailed discussion section of this document. A comprehensive listing is provided in Appendix V.

Action Plan

The following steps are recommended as immediate actions:

1. Identify a DHSS owner for continuation of this process.
2. Convene a cross-divisional team to further assess the recommendations contained in this report, recommend which should be pursued and over what timeframe and, from there, develop a detailed implementation plan.
3. Draft, review, and issue a communication to grantees on the results of this study, actions already taken or in process and, to the extent known, other planned improvements.
4. Draft, review, and issue a communication to internal DHSS staff on the results of this study, communications and commitments to grantees, and actions underway or planned.

III. Detailed Discussion

A. Discovery: Process Overview

This study began in early June as a partnership between the Rasmuson Foundation and DHSS using Cliff Consulting, Inc. as a third party expert in operations review and analysis. The project began with a kickoff meeting to clarify the objectives for the study, define the scope, establish project oversight, and begin exploring potential areas of focus. We also used this meeting to review the findings from an earlier study, obtain copies of current grant regulations, and identify key contacts within the Department.

DHSS Discovery

To gain a high level understanding of current practices within the Department, we spoke with over 25 employees of DHSS. (See Appendix II for a list of internal interviews.) During this initial phase we:

- Conducted a number of interviews with the Grants and Contracts staff in which we reviewed the processes for RFP creation, payments and reporting. (Resulting documentation of these workflows are contained in Appendix IV.)
- Reviewed the current status of the E-grant system and planned future enhancements.
- Analyzed data on current grants to look at grant distribution by Division, grants by grantee, and grant size. (See Appendix III.)
- Conducted interviews with Division Directors, Program Staff and Administrative Managers to gain their perspective on current processes and opportunities for improvement.

Grantee Discovery

We gathered grantee input from a variety of forums. Our primary source of input was from six grantee sessions conducted in four cities. Attendance at these sessions was open to all grantees and call-in capability was provided for those in remote locations. We also provided the opportunity for one-on-one phone interviews and comments via email for those who could not attend. In total, through the various forums, we heard from over 125 grantees representing nearly 100 grantee organizations.

Utilizing the information obtained from the internal interviews, grantee sessions, and reviews of prior studies, we compiled an initial list of opportunities for improvement. These ideas were reviewed at a high level with the project Steering Committee and in detail with Grants and Contracts and select Program Staff. Updates were made to reflect comments on feasibility, impact and complexity.

B. Discovery Findings: Current State

History

A major reorganization was implemented in DHSS in 2003, resulting in the centralization of functions that had previously been distributed throughout the Divisions. These included establishment of a centralized Grants and Contracts function, centralization of administrative and fiscal management, and centralization of other functions, including Human Resources and Information Technology.

It is commonly acknowledged by DHSS staff and by grantees that the initial period following the centralization was very chaotic. The new structure was implemented without a significant amount of prior planning or necessary clarification of roles and responsibilities. This led to confusion, delays in processing, and general frustration for both grantees and staff.

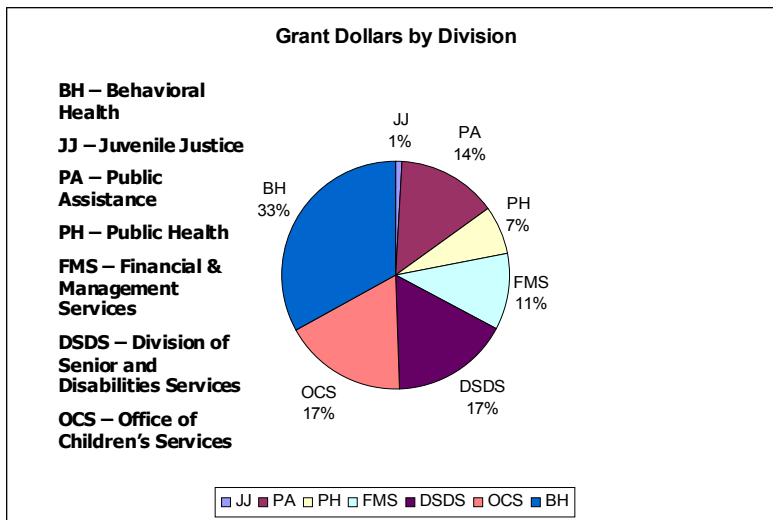
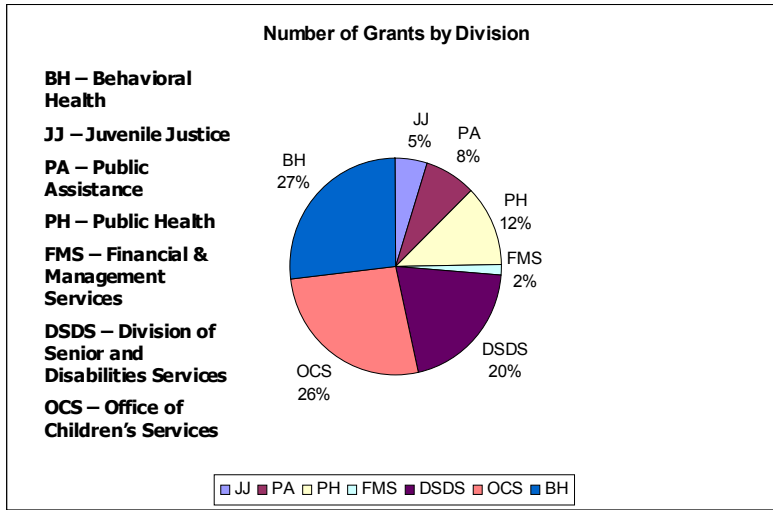
Since that implementation, many of these issues have ironed out and processes have improved. However, there are still mixed feelings, both internally and with grantees, regarding the benefits of the centralization.

- On the positive side, a number of DHSS staff and grantees find the new structure to offer significant benefits including increased standardization across divisions, centralized submission and storage of documents, improved back up and coverage for staff outages, and improved fiscal control.
- Some grantees think that the new structure introduces more complexity, involving more people in each process and interjecting more opportunity for communications and documents to be “lost” in the process.
- In addition, some staff members within the Divisions are frustrated that they no longer have complete control over all aspects of their programs and believe that the physical and organizational separation of Grants and Contracts causes delays.

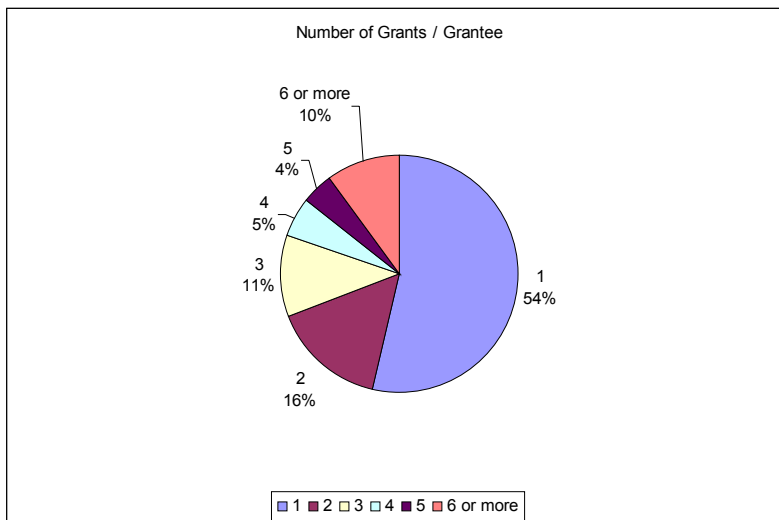
Assessment of Grant Distribution and Size

As part of our review of the current state, we took a look at current grant volume, distribution across the Department and distribution by size and program.

In reviewing grant distribution by Division, we see that 75 percent of the grants, representing 67 percent of the dollars, are issued by just three Divisions (Behavioral Health, Office of Children’s Services, and Division of Senior and Disability Services). Given this distribution, if the Department wanted to focus on specific Division(s) in which to improve or prototype new processes, these three would clearly offer the greatest advantages. The pie charts on the following page provide the breakdown of grants by Division by number of grants and by grant dollars.

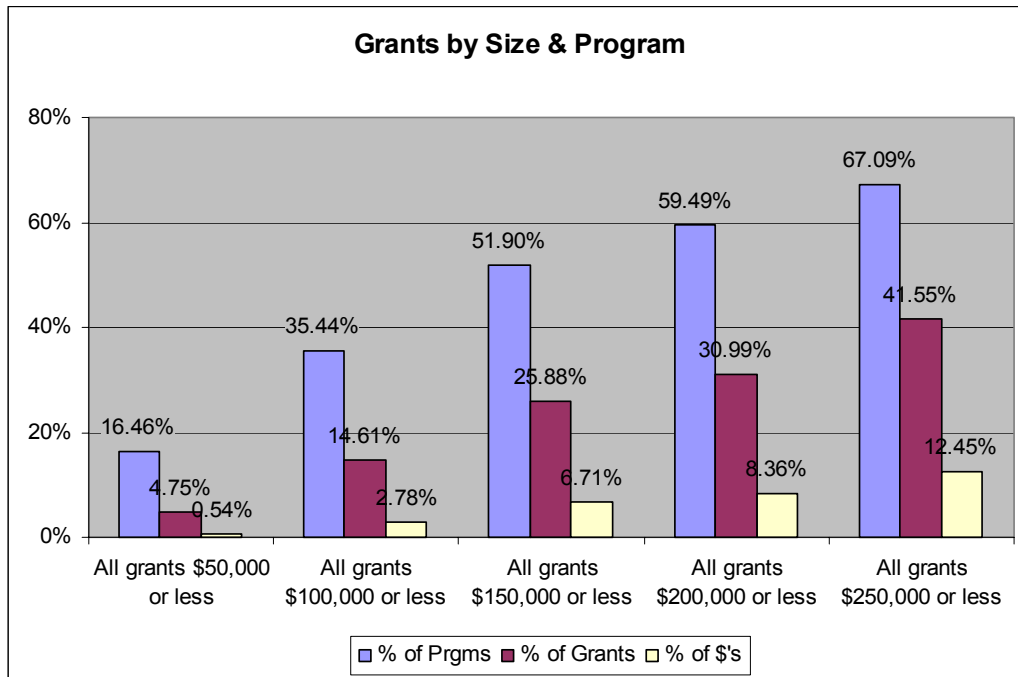


It is also useful to see the number of grants by grantee and the distribution of grantees across Divisions. As shown in the graph below, about 70 percent of the grantees have only one or two grants. This indicates that streamlining at the individual grant level would have a significant impact on both the organization and on a high percentage of grantees.



In looking at grant distribution across Divisions, we found that though a large number of grantees interact with only one Division, 30 percent of the grantees have relationships with more than one Division. This indicates some opportunity for standardization of practices across Divisions, a common technology strategy and improved ability to share information across Divisions.

We also analyzed the distribution of grants by size. This analysis indicates that there is a sizeable volume of grants below certain defined thresholds that, if streamlined, could provide significant improvement opportunities for both DHSS and grantees. For example, as illustrated in the following chart, in FY2006, 35 percent of the programs had grants that were all \$100,000 or less but these represented only about 3 percent of total DHSS grant dollars. If RFPs, approval process and reporting for these programs could be streamlined, this could represent a significant savings in time and effort with considerably lower financial risk to the Department than a simplification of the grantmaking and review processes for larger grants.



What is Working Well

In the course of the study, we identified a number of processes that were working well, both from the grantee perspective and internally. They included:

1. Many grantees report that the DHSS staff have been cooperative, responsive and helpful – especially when they’ve been able to work with the same person for a period of time.
2. Recent efforts at standardization, especially movement toward a common RFP format and standardized cumulative fiscal reporting, have improved the process.

3. Move to longer grant periods with continuation grants has worked very well.
4. Elimination of need to resubmit organizational documents reduces paperwork (although not all grantees trust the system enough to take full advantage).
5. Centralization of Grants and Contracts has provided increased coverage when someone is out or not available.

C. Primary Observations and Opportunities for Change

In the course of our discovery, we identified a number of areas with potential for improvement. We have classified them into the following major categories:

1. Internal Organization
 - 1a. Improve internal communications
 - 1b. Clarify roles and responsibilities and service levels
 - 1c. Implement policies and procedures
 - 1d. Accommodate high turnover
2. Communications and Relationships with Grantees
 - 2a. Improve grantee communications and partnership
 - 2b. Increase predictability of RFPs and payments
3. Streamlining
 - 3a. Reduce paperwork for RFPs and reporting
 - 3b. Implement process efficiencies for RFP and report submissions

In each of these categories, we have identified “short-term” opportunities that could be implemented relatively quickly (within three to six months), and those that would probably take longer than six months to plan, design, and implement (“medium/long-term”).

1. Internal Organization

a. Improve Internal Communications

Insufficient internal communications are adversely impacting operations particularly in the areas of:

- Communicating overall grantmaking strategy from the Commissioner’s office down through the entire organization.
- Process improvement identification, planning, and implementation identification.

Staff throughout the organization desire improved internal communications in order to:

- Ensure all staff members understand and are working together toward current Department strategy.
- Eliminate unnecessary work in program design and RFP development resulting from miscommunications about the Departments’ overall direction and priorities.

- Facilitate more cooperation and consolidation of grantmaking activities across Divisions.
- Highlight and reward best practices.
- Better coordinate and communicate process changes.

Specific Recommendations

Short-Term:

1. Ensure that all strategy decisions made by the Commissioner are broadly communicated to all levels of the organization both through staff meetings and written communications. If not already in existence, establish grant strategy review sessions between Commissioner and each of the Division Directors at least once prior to the start of the RFP cycle to review and establish policy on upcoming grants, competition versus waivers, levels of funding, etc.

Impact: Improves the efficiency of the Department since everyone has a common understanding of the Department vision and strategy and reduces unnecessary work resulting from misunderstandings or lack of clear direction.

Medium/Long-Term

2. Identify an Operations Lead within each Division to serve as the focal point for process review and implementation of process changes within that Division.

Impact: Simplifies the identification and implementation of process changes by providing a central point person within each Division who can provide Division input, coordinate the change and assist with communications.

3. Establish an Operations Council with representation from Grants and Contracts, Administrative Managers, and Division Operations Leads to:
 - Evaluate recent changes and plan for needed adjustments.
 - Identify, coordinate, implement, and monitor process and technology changes going forward.

Impact: Improves the chances for success of any organizational or process change by:

- Ensuring that the needs of each Division are addressed in the context of the overall Department.
- Increasing buy-in.
- Leveraging best practices.
- Improving the implementation process of the change through more thorough planning and communications throughout the organization.

b. Clarify Roles, Responsibilities and Service Levels

The centralization of Grants and Contracts, Information Technology and other functions greatly changed the roles and responsibilities within DHSS. Although

responsibilities are much clearer now than they were immediately following the centralization, there are still ambiguities on roles, decision points, and escalation paths. Also, the centralization introduced a number of new handoffs between Divisions for which there are no defined service level agreements for turnaround on designated actions.

Specific Recommendations

Short-Term

1. Document and clarify roles and responsibilities in the organization, particularly where there are decision points and handoffs involved.
 - Clarify decision points and who is empowered to make decisions.
 - Clarify handoffs and dependencies.
 - Clarify and train staff on roles and responsibilities of Grants and Contracts, Program Staff and Administrative Managers.
 - Define escalation path for exceptions and issues.

2. Publish and adhere to a set of standard Service Levels Agreements (SLAs) for internal responses. SLAs suggested for internal handoffs are:
 - *(Grants & Contracts to Program Staff)* Amount of time from receipt of reports in Grants & Contracts until they are distributed to Program Staff.
 - *(Program Staff to Grants & Contracts)* Amount of time for Program Staff to review and approve reports once they are received from Grants & Contracts.
 - *(Program Staff to Grants & Contracts)* Amount of time for Grants & Contracts to issue payment to grantee once the report approval has been received from Program Staff.
 - *(Administrative & Division Directors to Grants & Contracts)* Amount of time for approval of funding recommendation memo and spreadsheets by the Administrative Managers and Division Director.
 - *(Program Staff to/from Grants & Contracts)* Review and approval of RFP drafts.
 - *(Program Staff to Grants & Contracts)* Review and approval of grant agreement.

Impact: Establishes commitments between Divisions that will allow staff in various groups to better plan their activities and establishes the basis for commitments to grantees.

c. Implement Policies and Procedures

Policies and procedures are not consistent from program to program and Division to Division, complicating operations for both grantees and DHSS staff.

Specific Recommendations

Short-Term

1. Improve inter-departmental efficiency and grantee response time by clarifying and enforcing Department policies, procedures and service level agreements. Upon completion of policy and procedures documentation (underway), provide training and broad communications to all impacted staff for high impact policies and procedures.

Impact: Improves consistency of responses and processes, reducing frustration among grantees and internal personnel. Also facilitates cross-training and coverage

Medium/Long-Term

2. Establish an owner and regular process to review, update and communicate changes to policies and procedures.

Impact: Ensures currency and appropriate use of policies and procedures.

d. Accommodate High Turnover:

Grantees and internal DHSS staff pointed out that turnover in Grants and Contracts and the program side is having a significant impact on operations. This turnover may result from employees leaving DHSS or from those moving to other jobs within the Department. While we don't have specific recommendations to reduce the turnover, we see opportunities to mitigate its impact.

As a general comment, the Department's level of turnover points to a high need for regular training of internal staff.

Specific Recommendations

Short-Term

1. Implement short-term solutions to mitigate the impact of staff turnover, including:
 - Creating and maintaining web-accessible listing of current Grant Administrators and Program Managers for every grant.
 - Reinforcing the use of the centralized mailing address for submission of documents.
 - Reinforcing good turnover practices, including prompt notification of grantees and DHSS staff of changes and providing appropriate phone and email messages to redirect communications.
 - Encouraging grantees to maintain proper contact information at DHSS.

- Requiring that one of the initial tasks in a new job be outreach to all grantees as well as to affected internal Divisions to introduce oneself, provide contact information, and if appropriate, provide new contact information for the prior person filling that job.

Impact: Provides some immediate relief to some of the problems caused by staff changes.

Medium/Long-Term

2. Provide regular cross-training to staff to provide for coverage during absences and during turnover period.
3. Create the ability to log notes electronically so that comments on internal status and grantee interactions are stored for each grantee and available to anyone in the Department who might need access to them.
4. Provide routine, on-going training for DHSS staff on the following:
 - RFP writing and preparation.
 - Grant processing.
 - Roles and responsibilities.
 - Policies and procedures.

Impact: Enhances the skills of the staff and creates a more efficient workforce. Makes the transition to new staff members more transparent, making for smoother grantee relations and elimination of re-work by grantees and internal staff.

2. Relationships with Grantees

a. Improve Grantee Communications and Partnership

Grantees would like a stronger, more cooperative relationship with DHSS in which they:

- Understand the Department's plans, objectives and expected benefits for changes.
- Are fully informed of process changes that have already been implemented and those that are planned.
- Participate more fully in the development of reporting requirements and sharing of resulting information.
- Have a more balanced relationship with DHSS with more focus on the shared mission to provide critical services versus less emphasis on monitoring and fiscal control.

We suggest that DHSS perform an assessment of existing grantee communications vehicles, evaluating such things as:

- Written and in-person communication forums.
- Communication frequency.
- Delivery methods.
- Key messages.
- Maintenance of current grantee contact information.

A study such as this would illuminate opportunities to improve communications so that key messages are received and better understood by the grantee community.

Specific Recommendations

Short-Term

1. Deliver and regularly reinforce within DHSS, through policies and practice, recognition of the grantees' role in providing critical services to the citizens of the state.

Impact: Establishes a better working relationship with grantees and increased recognition of the value of their services.

2. Communicate to grantees the changes that have already been made or are currently in process. Among the list of items to be communicated are the following:
 - Process for review and updating of organizational documents kept on file at DHSS.
 - Elimination of the need to resubmit organizational documents with each RFP.
 - Elimination of the need to submit certain documents, such as proof of insurance.
 - DHSS efforts underway to stagger grants.
 - Process for grantees to obtain grant number on EFT payments.
 - Elimination of the need for fourth quarter and final reports (provided fourth quarter does not need to be adjusted).
 - Process for pre-proposal conferences and the need to review and post answers to grantee questions.
 - Use of centralized address for submission of reports and other documents.
 - Standardization of RFP formats.
 - Identification of federal funding in the grant agreement.
 - Development of reporting requirements as part of RFP process.
 - Inclusion of past performance as criteria in proposal review.

Impact: Clarifies confusion among grantees and shows DHSS' commitment to making continual improvements.

3. Provide additional communications to grantees on the Department's vision and activities. Be sure to communicate changes to organizational structure, technology, reporting requirements, programs, policies, and processes broadly. Communicate the context and reasoning as well as expected benefits

Impact: Communicating strategy, plans, changes and expected benefits to grantees will allow them to participate more fully in the change, provide suggestions and to better tolerate any disruption as the change is implemented.

Medium/Long-Term

4. Use existing forums such as provider meetings to provide continuing training to grantees on responding to RFPs, data required in quarterly reports, budget terms and preparation, etc.

Utilize the website to post examples of best practices or other self-training materials for grantees' use.

Impact: Improves the efficiency of the grantee in responding to RFPs and completing monthly reports. Reduces rework and need for one-on-one training and communications for both DHSS and grantees.

5. Work more closely with grantees to identify outcomes and meaningful reporting requirements. Provide frequent feedback to grantees on reports so that they know that the information they are providing is useful. Share all information accumulated for reports to the Legislature or other sources with grantees.

Impact: Improves the ability to efficiently measure outcomes of grantmaking.

6. Establish a grantee council to work with DHSS to identify and help continue to improve internal processes.

Impact: Provides increased grantee input into process changes, which should result in improved processes, increased acceptance of the change and better communications and relationships with the grantee community.

**Note: Not recommended until other changes are put in place and the Department is prepared to work with and incorporate grantee suggestions.*

7. Establish a routine process for monitoring changes in grantee perception.

Impact: Establishes a routine method for obtaining feedback from grantees so that issues can be identified and addressed.

b. Increase Predictability of RFPs and Payments

Grantee operations are severely impacted by their inability to predict DHSS actions, including release and due dates for RFPs, issuance of grant awards, turnaround for report processing and issuance of payments.

Although RFPs are typically released at some point early in the calendar year, there are no specific calendars for each Division indicating when RFPs will be released or when they will be due. As a result, grantees are not able to plan for this increased work until the RFPs are posted on the website.

When RFPs are released late, the stress on grantee organizations is exacerbated by a shortened lead time for submitting a response. Once RFPs are submitted, they are not able to plan for when the award will be announced, sometimes forcing them to commit to staffing prior to knowing if the funding will be available.

On the payment side, without a published commitment from DHSS on turnaround of payments, grantees are not able to predict how long it will take to receive a payment once they have submitted acceptable reports to DHSS.

Specific Recommendations

Short-Term

1. Move toward publishing and adherence to a calendar detailing the key dates for RFPs (release date, due date, etc.). Begin this process by prototyping creation of calendar with select program(s) (possibly Office of Children's Services Family Preservation). At the end of the cycle, review success of the calendar with internal staff and affected grantees. Use these results to determine how to implement in other programs.

Impact: Improves grantee's ability to plan their workload and staffing, significantly reducing grantee frustration and stress.

2. Establish and communicate Service Level Agreements for relationships with grantees, including the following:
 - Elapsed amount of time from submission of organizational documents to update of information on website.
 - Elapsed amount of time from release of RFPs to due date for responses. Grantees request a minimum of six, preferably eight weeks.
 - Amount of time from receipt of grant agreement from grantee to issuance of first quarter advance (already in regulations but reiterate to grantees).
 - Amount of time for payment after submission of acceptable reports.

Impact: Improves predictability for grantees, allowing them to better plan for staffing, resources, and cash flow.

Medium/Long-Term

3. Expand the use of an RFP calendar across the Department, including:
 - Expected RFP release dates, due dates and anticipated award dates.
 - Plan the RFP cycle so that grant awards are received by grantees prior to the start of the fiscal year (provided the necessary budget approvals are received).

- Review possibility of an earlier start for non-general fund programs where funding is known earlier (e.g. Mental Health Trust Fund).

Impact: Improves predictability of RFPs for grantees, allowing them to better plan for staffing, resources, and cash flow.

3. Streamlining

a. Reduce Paperwork for RFPs and Reporting

Grantees and internal staff are currently overburdened by the volume of paperwork necessary to complete RFPs, proposals, and monthly reports. In addition, grantees feel frustrated by the perception that organizational documents they submit are often lost or misplaced, requiring resubmission of documents and delays in processing.

Areas with the highest opportunity for impact include:

- Requirements for and internal handling of organizational documents.
- Processing of small grants, especially on the RFP side.
- Automation of report submission.

Specific Recommendations

Short-Term

1. Clarify current rules and processes around submission of organizational documents, including:
 - Communicating current process to grantees, which has changed over time and is not consistently understood by the grantee community.
 - Directing grantees to the current website address to review what documents they currently have on file.
 - Requesting that grantees update organizational documents in advance of the RFP cycle to spread the workload around organizational documentation to off-peak times.
 - Communicating to grantees that there is no more need to submit insurance documents.

Impact: Reduces grantee frustration and workload by reducing the volume of organizational documentation required, and the frequency of the need to resubmit documents. Updates to organizational documentation submitted to DHSS outside the RFP cycle can also help to smooth the workload for both the grantee and DHSS.

Medium/Long-Term

2. Establish a joint team consisting of Program Managers, Grants and Contracts, and Administrative Managers to develop streamlined processes for small grants, beginning with programs where all grants are less than \$100,000. This cutoff was selected because it allows for streamlining of approximately 35 percent of RFPs while changing the process for less than 4 percent of the

grant dollars. The following opportunities for streamlining should be considered:

- Reducing the RFP narrative sections.
- Minimizing report narratives.
- Reducing frequency of reporting (e.g. move to semi-annual reporting, at least for the narrative portion).
- Eliminating or simplifying the need for letters of support. Consider switching to one per year or asking for letters after the grant has been awarded.
- Eliminating Proposal Evaluation Committees
- Streamlining the approval process.

This team should also:

- Evaluate the risk/reward tradeoffs of implementing streamlined processes.
- Create a plan to monitor for and respond to potential risks.
- Monitor the success of the streamlining effort at the \$100,000 level and consider increasing the dollar limit in future years.

Impact: Based on FY2006 grant volumes, reduced paperwork and workload for 35 percent of all RFPs with minimal added risk to about 3 percent of total Department grant dollars.

3. Reduce the burden of reporting by moving some grants to semi-annual reporting on the narrative section.

Impact: Reduces workload on grantees to report quarterly data, especially in those circumstances where there are no significant changes from quarter to quarter. Also reduces burden on DHSS staff to process, review and approve reports.

Medium/Long-Term (cont)

4. In the longer term, implement process for online reporting of both narrative reports and Cumulative Fiscal Reports.

Impact: Provides more efficient method of reporting information to DHSS, would likely result in increased standardization of reporting formats for narrative information, reduces the incidence of lost documents, and reduces workload in DHSS currently spent logging, scanning and distributing reports.

5. Also in the longer term, develop a process for online development and submission of RFP responses with automated features such as checking for all required documents, completion of required fields, etc.

Impact: Streamlines processes for grantees and DHSS by providing a standard format that is easier to use and to submit.

b. Implement Process Efficiencies for RFP and Report Submissions

Current processes are sometimes unnecessarily difficult because of errors and inconsistencies in the RFPs, lack of easy-to-use template forms, lost or misdirected communications, and lack of an integrated technology solution.

Areas that provide highest opportunities for process improvements are:

- Additional quality control in RFPs to reduce confusion and rework.
- Processes to minimize lost reports and other documents.
- Creation of templates and standard formats for RFP responses.
- Use of technology to provide an integrated reporting solution.

Specific Recommendations

Short-Term

1. Hire a proofreader who is not familiar with the RFP content to identify errors and inconsistencies within a draft RFP (*note: the objective is to minimize errors and inconsistencies, not to obtain an outsider's opinion on the RFP itself). This resource would:

- Tie scoring sheet to RFP requirements and checklist.
- Be sure appendix requirements correlate to the body of the RFP and checklist.
- Check for wording that might be unclear.

Impact: Provides more accurate RFPs, which simplifies the response process for the grantee and the review and approval process within DHSS.

2. Reduce the instance of lost and delayed processing of reports by implementing the following changes:

- Communicate to grantees what they can do to facilitate communications and minimize lost documents, such as:
 - Including grantee number on all communications.
 - Sending reports and communications to central Grants and Contracts address or fax to central number.
 - Providing grantee name and address on all documents.
 - Providing the proper contact point in their organization for receipt of communications.
- Maximize communications opportunities to reiterate where to send documents. For example, when notifying a grantee about a change in Program Officer, include the name of the Grant Administrator and information on where to send documents. Do the same when the Grant Administrator changes.
- Utilize administrative help and a standard process to log, scan and distribute reports immediately upon receipt.

Impact: Increases the efficiency of processing documents at DHSS and reduces frustrations caused by lost or misfiled documents.

3. Provide templates for required RFP forms such as application and the budget. Where possible, by program, provide templates for narrative reports. Where templates already exist, reiterate communications to grantees on where to find them.

Impact: Simplifies the grantees' response to the RFP and improves consistency

Medium/Long-Term

4. Establish an integrated technology solution that utilizes a single point of entry and meets the reporting requirements for all Divisions. Eliminate the need for grantees and staff to work with separate systems such as AKAIMS, SAMS, etc.

Impact: Streamlines reporting process, minimizes duplication of effort, limits need for development, maintenance, and training on multiple systems. Enables the Department to share and aggregate data across Divisions.

IV. Recommended Action Plan

Readiness for Change

Over the past four years, DHSS has undergone significant organizational upheaval, resulting in numerous changes to roles, responsibilities, relationships and processes. “Change fatigue” is an issue that was mentioned repeatedly by DHSS staff. Even among those individuals who strongly prefer the old organizational structure, most do not recommend changing back because they would not advocate another large-scale change at this time.

Overall, we found that a number of individuals within DHSS were very supportive of this project and were very open to making improvements. However, in an organization of this magnitude, particularly given a built-in change cycle from the electoral process, this organization can not be expected to be particularly nimble when it comes to implementing many of the cultural or process changes outlined in this report. Even when people see opportunities for improvement, there is built-in resistance to change in an organization such as this, making even the smallest opportunities potentially large hurdles to overcome.

That said, given the high visibility of this project, internally and with the grantees, it is important for DHSS to gain momentum and show progress. Acting quickly to implement some of the short-term recommendations will show internal staff and grantees that their input and time was worth the effort. This feedback is critical both to successful implementation of short term improvements, and to sustaining the support and enthusiasm DHSS will need to implement larger changes such as new systems or automated processes.

Given the enthusiasm of some groups and individuals within the Department, we do feel there is clear opportunity to make progress. We encourage DHSS to move forward with a plan to implement some of the recommended changes, starting with some “quick wins”. As always, changes will be most successful when they are:

- Actively promoted by leadership through visible support and devotion of sufficient resources.
- Well planned.
- Endorsed by key stakeholders.
- Implemented at an appropriate pace.
- Communicated effectively.

Recommended Immediate Actions

1. Assign owner: One of the first steps needed is to define a DHSS owner for continuation of this project. The owner would be the person responsible for assuring that the remaining immediate actions are completed, and as such should have the appropriate level of authority to make decisions, have sufficient influence to enlist participation and cooperation, and capacity to successfully drive the next steps in this process.
2. Establish team: Another immediate step is the establishment of a cross-divisional team to further assess the recommendations contained in this report. This team would be responsible for reviewing the opportunities identified, assessing such factors as availability of staff, capacity for change, senior management priorities, etc. Using that information, the team can recommend to the Commissioner which opportunities should be pursued over what timeframe and what resources might be required. When approved, the team can then develop and execute a detailed implementation plan.
3. Communication to grantees: Because of the visibility this project, we recommend a communication to grantees as soon as possible to provide an update on this study. This communication should identify the major findings, improvements that have already been made, and those already underway. To whatever extent they have been decided, they should also outline planned future improvements. Follow-up communications should be distributed at regular intervals to keep grantees abreast of the on-going activities. Ideally, the communication will indicate when a follow-up communication can be expected covering status and updates.
4. Communication to internal staff: In addition to communicating to grantees, a communication regarding the outcomes of this study should be sent to all DHSS staff members. Like the communications to grantees, this document should contain the findings from the study, changes already implemented or underway, and planned future enhancements. A copy of the communications sent to grantees should also be provided.

V. Concluding Comments

There is clearly a high level of commitment on all sides to address the critical concerns of the residents of Alaska through an improved partnership between DHSS and its grantees. DHSS has a history of improving upon its operations through implementation of studies, organizational changes, and process improvements over the years.

This report highlights a number of short, medium and long-term opportunities DHSS could implement as part of its ongoing efforts toward operational excellence. We have full confidence that implementing even a subset of these suggestions will help to further reduce the administrative burden for DHSS and its grantees, improve communications, and bolster relationships all around.

Appendices

Appendix I – About Cliff Consulting

For almost 35 years, Cliff Consulting has been helping organizations reduce their costs and improve their operations with cost effective project consulting assistance. Our expertise lies in helping information systems and business operations professionals define their needs and implement pragmatic, lasting solutions.

Our People

Bob Cliff, our founder, started the practice while an Industrial Engineering professor at the University of California at Berkeley. His background in operations improvement formed the foundation for the work we do today. Our team of consultants is comprised of professionals who have years of consulting experience, focused in the areas of operations streamlining, systems implementation and overall project leadership.

Our Clients

Cliff Consulting works with a broad range of for-profit and non-profit clients, ranging from Fortune 500 to middle market (see client list attached). Our clients operate in industries ranging from banking, insurance, and consumer products to health care, biotech, hi-tech, philanthropy and more.

In the philanthropy arena, we have significant experience in the evaluation of grantmaking processes. Specifically, for the David and Lucile Packard Foundation (Packard Foundation), we supported a comprehensive review and streamlining of their grantmaking processes, which started with an overall operational audit and has resulted in substantial improvements within the organization.

Contact Information:

For questions or additional information on this study, contact:

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Jean deVera

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jeandevera@sbcglobal.net

Appendix II – Study Participants
DHSS

Steering Committee

Bill Hogan	Janet Clarke
Tony Lombardo	Cristy Willer
Rod Moline	Sammye Pokryfki (Rasmuson Foundation)

Interviews

Directors

Richard Mandsagar	Steve McComb
Rod Moline	Tammy Sandoval
Cristy Willer	

Grants and Contracts

Janet Clarke	Darla Madden
Chris Carson	Janine Place

Administrative Managers

Leslie Houston	Shane Miller
Bobby Miles	Susan Mitten

Program Staff

Diane Casto	Joan Gone
Tammy Green	Rebecca Hilgendorf
Claudia Shanley	Cyndee Sugar
Stacy Toner	Karen Forrest

Appendix II– Study Participants
Grantee Organizations

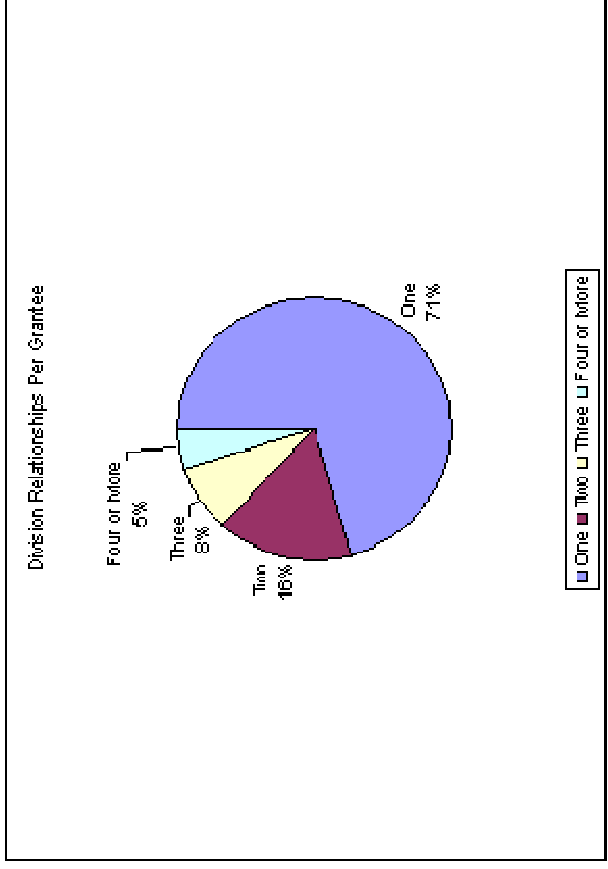
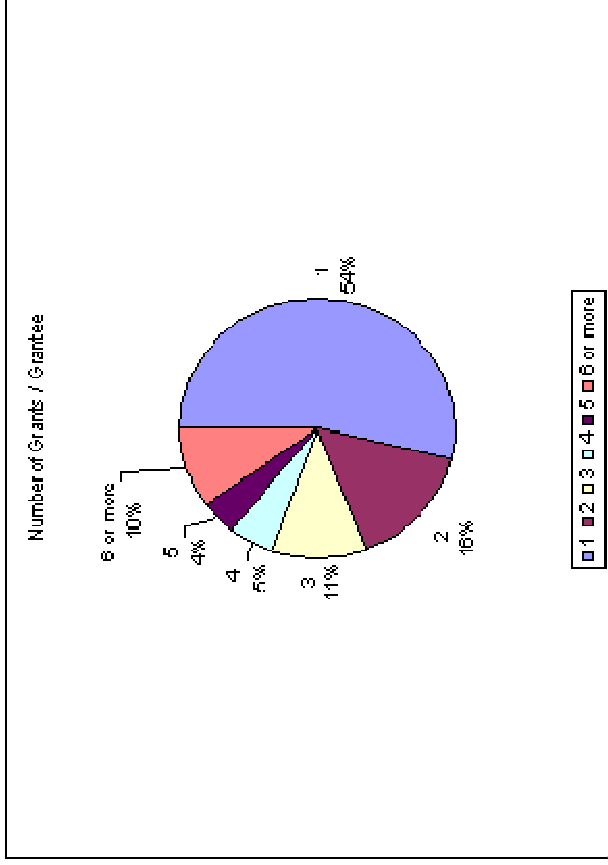
Adult Learning Programs of AK	Communities Organized for Health Options
Alaska Community Services	Connecting Ties Valdez
Akeela	Cook Inlet Council in Kenai
Alaska Baptist Family Services	Cook Inlet Tribal Council
Alaska Family Services	Cordova Family Resource Center
Alaska Legal Services	Covenant House
Alaska Legal Services Corporation	Diocese of Juneau
Alaskan Aids Assistance Association	Eastern Aleutian Tribes
Alzheimer's Resource of AK	Fairbanks Community Behavioral Health Ctr.
Anchorage Community Mental Health Services	Fairbanks Community Food Bank
Anchorage Neighborhood Health Center	Fairbanks Native Association
Anchorage Senior Center	Fairbanks Resource Agency
Anchorage Youth Court	Family Centered Services of AK
Assn. For Education of Young Children in SE Alaska	Focus (Family Outreach Ctr)
AWARE	Foraker Group
Bartlett Regional Hospital	Frontier Community Services
Big Brothers Big Sisters of Southeast Alaska	Gateway Center for Human Services
Boys and Girls Club of Southcentral Alaska	Gastineau Human Services
Bridges Community Services – Soldatna	Homer Children's Services
Bristol Bay Area Health Corp	Hope Community Resources, Inc.
Catholic Community Services	Iliulik Family and Health Services, Inc.
Catholic Social Services	Interior AIDS Assoc.
Central Peninsula Counseling	Interior Community Health Center
Chugiak Senior Citizens	Juneau Alliance for Mental Health
City of Ketchikan	Juneau Youth Services

**Appendix II– Study Participants
Grantee Organizations (Continued)**

Kawerak
Kenai City
Kenai Peninsula Youth Court
Kenai Police Department
Kenai Senior Services
Kids are People, Inc.
Kodiak Island Borough
Kodiak Senior Center
MADD Alaska State Office
Mat-Su Borough
Mat-Su Youth Court
Mid Valley Seniors
NAMI
National Council on Alcohol and Drug Dependence
North Slope Borough
North Slope Fire Dept
North Star Council on Aging
NSB Health Department
Nugen's Ranch
Palmer Senior Citizens Center
Palmer Senior Citizens Center- Mat-Su Agency Partnership
Programs for Infants and Children
Railbelt Mental Health and Addictions
REACH
Resource Center for Parents and Children
Rural Alaska Community Action Program
Salvation Army
Salvation Army – Clitheroe Center
Salvation Army Older Alaskans Program
Seaview Community Services
Seldovia Village Tribe
Senior Citizens of Kodiak
Senior Citizens of Kodiak
Sitka Counseling & Prevention Services
South Peninsula Behavioral Health
Southeast Alaska Regional Health Consortium
Southeast Senior Services (CCS)
Southern Region EMS
Stone Soup Group
The Children's Place
United Way of Anchorage
University of Alaska Southeast
Valdez Senior Citizens Center
Victims for Justice
Volunteers of America
Wasilla Police Dept

Appendix III – Grant Distribution Graphics

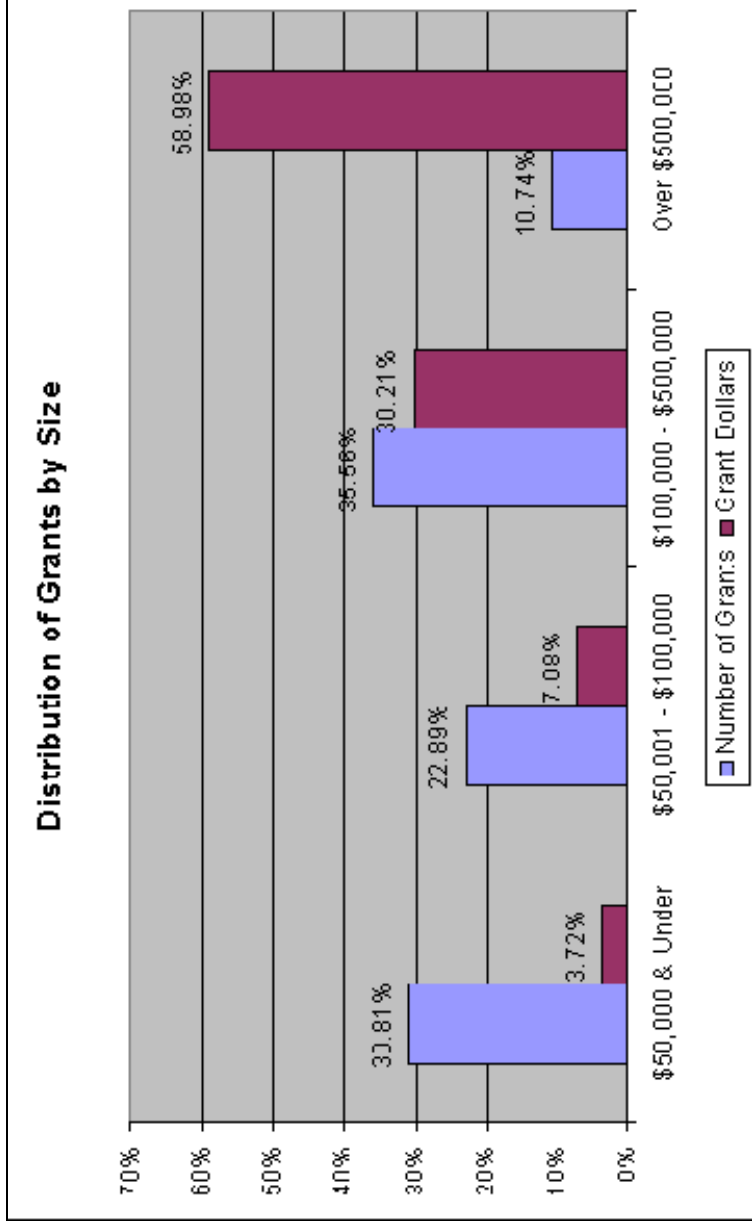
- o Three Divisions (Behavioral Health, Office of Children’s Services and Division of Senior and Disability Services) issue nearly three-fourths of all grants, with each of these Divisions holding at least 20 percent of the grants.
- o Grant dollars are also concentrated in these Divisions and comprise about 67 percent of DHSS grant dollars.
- o Implementing changes to one or more of these three Divisions would result in the broadest impact.
- o Average grant size varies by Division with Juvenile Justice having the smallest average grant size at under \$40,000 per grant, making it a good candidate for prototyping small grant processes.



Appendix III- Grant Distribution (Continued)

The distribution of grants by size indicates a significant opportunity for streamlining the process for small grants with limited risk in total grant dollars.

- Approximately one-third of all grants are \$50,000 or under but these represent less than 4 percent of the total grant dollars.
- Over half the grants are under \$100,000 and still represent only a little over 10 percent of the total grant dollars.

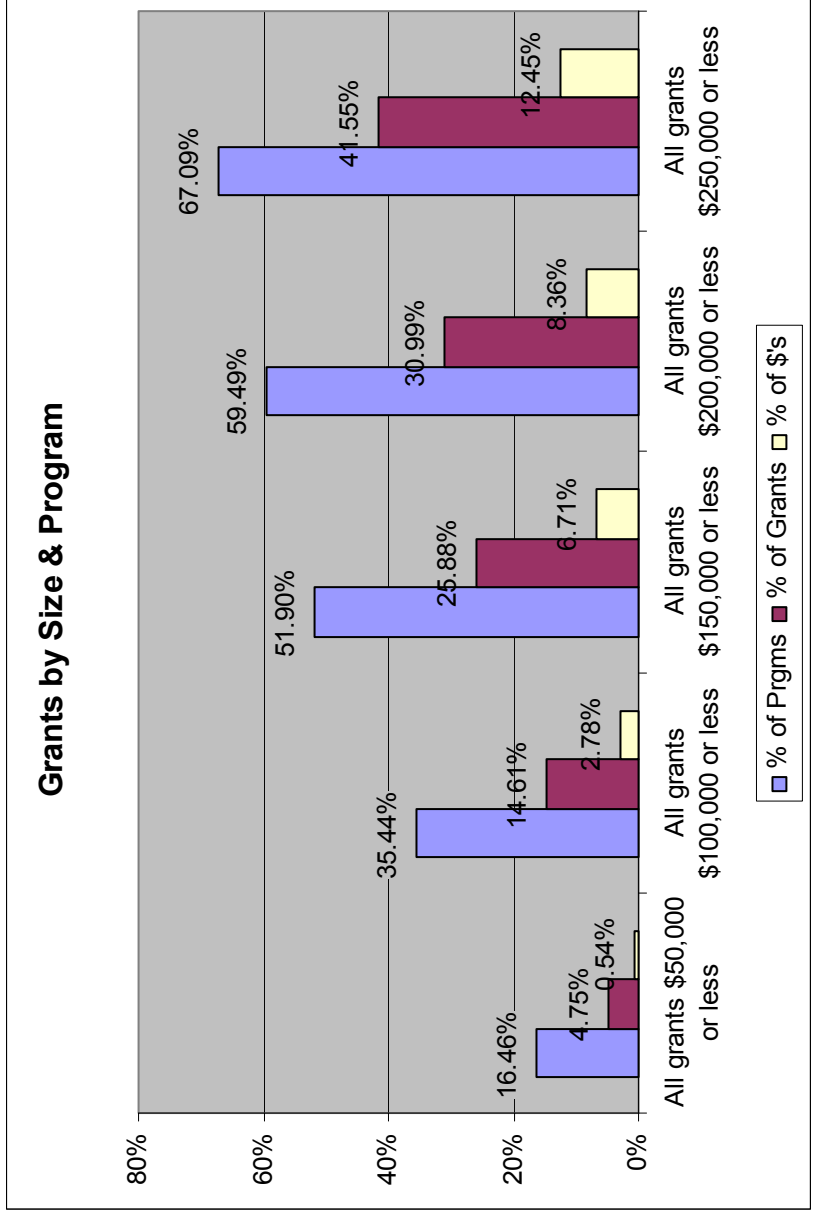


Appendix III - Grant Distribution (Continued)

Distribution of Small Grants by Program

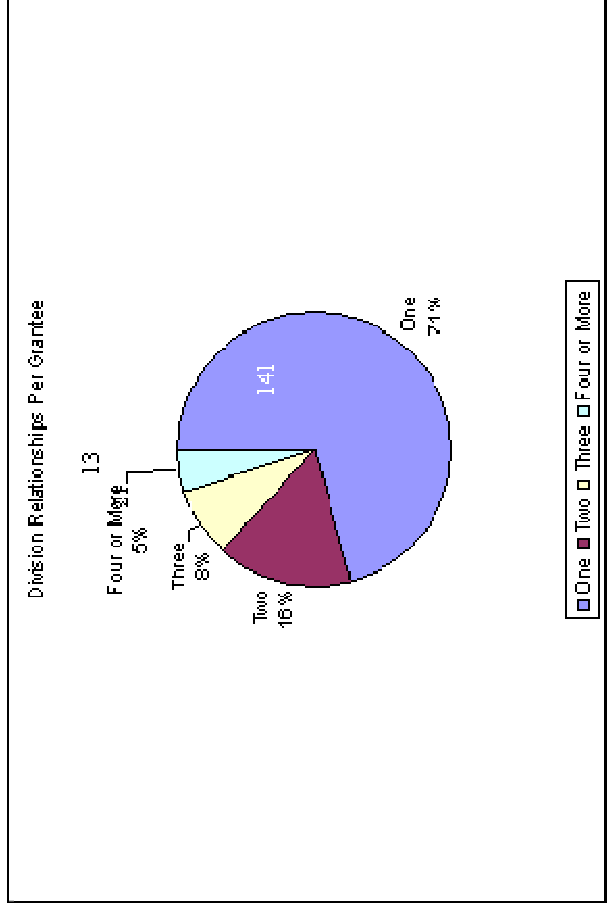
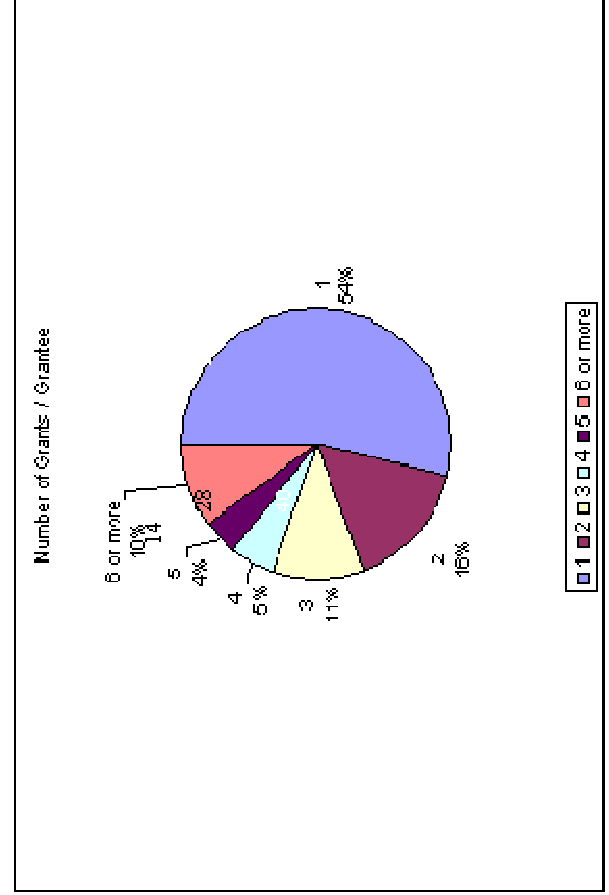
In looking at small grants by program, the distribution indicates an opportunity to streamline processes for programs containing grants under \$100,000 with limited risk in total grant dollars.

- o In FY2006, over 1/3 of all grant programs consisted exclusively of grants of \$100,000 or less but they represent only 3 percent of the Department grant dollars.
- o Streamlining the RFPs, approval process, and reporting for grants at this level could provide advantages to DHSS and grantees.

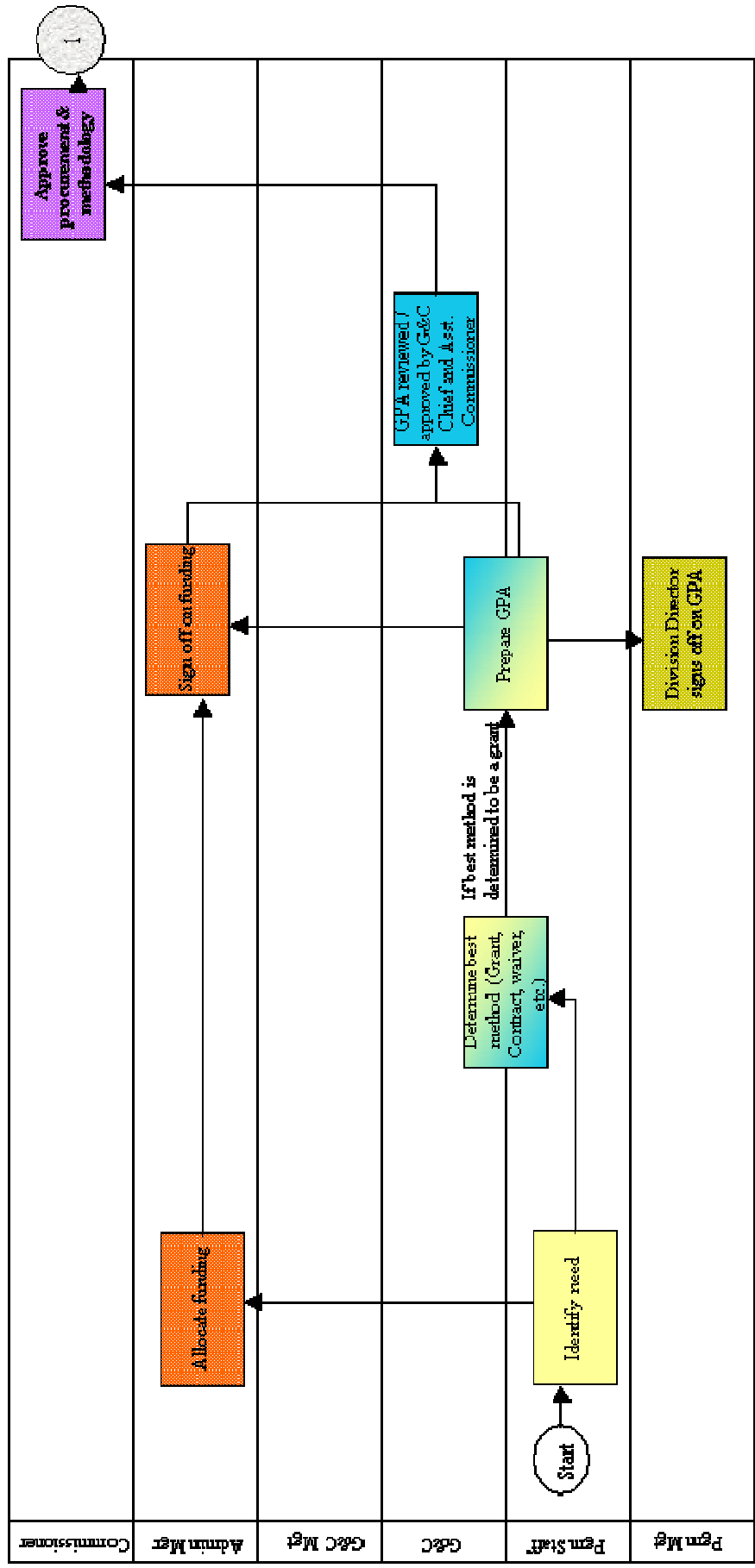


Appendix III- Grant Distribution (Continued) Distribution of Grants by Grantee

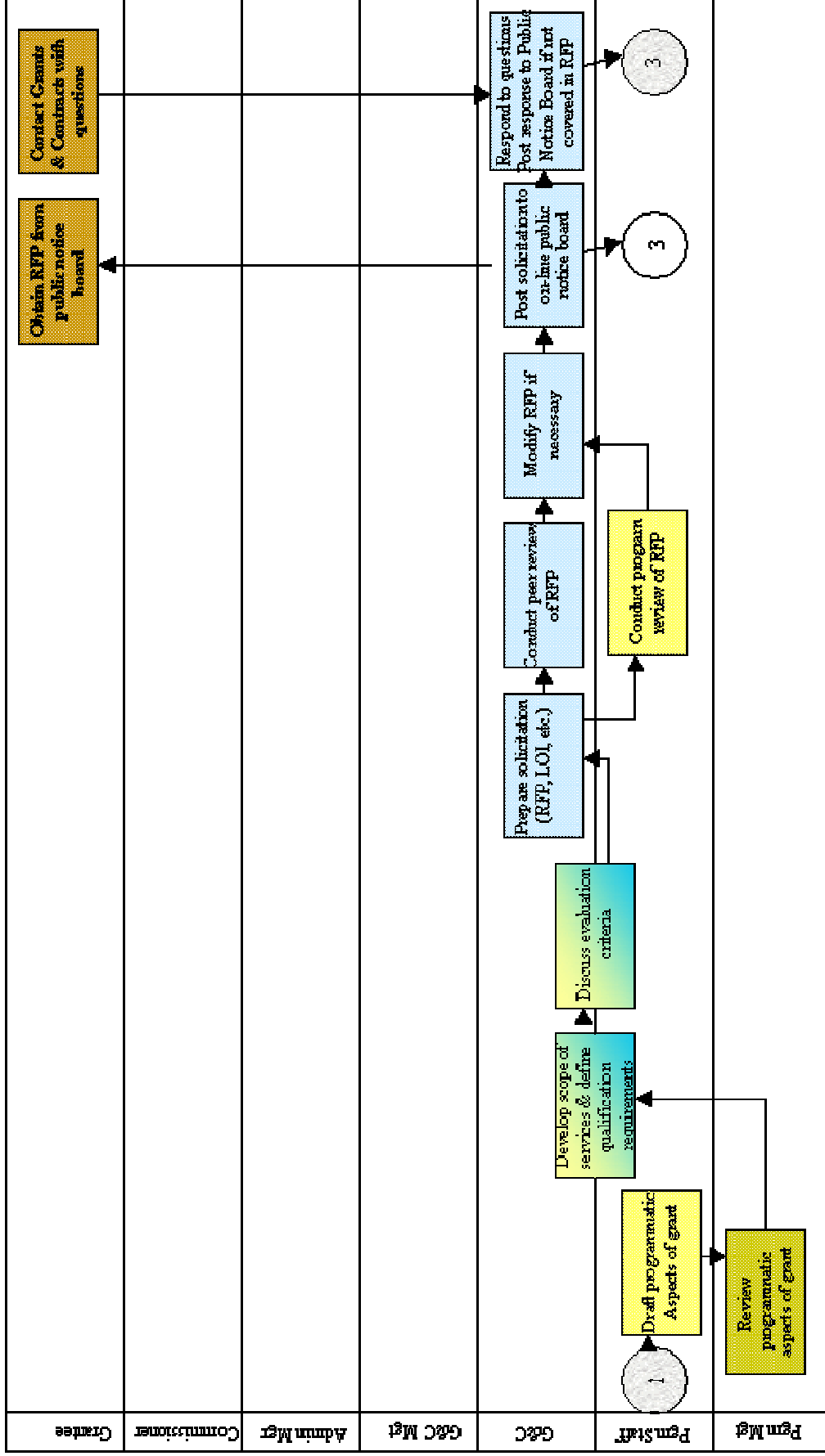
- o Approximately 70 percent of the grantees have only one or two grants with DHSS so streamlining processes at the individual grant level will benefit a majority of grantees.
- o A significant number (approximately 30 percent) of grantees have three or more grants which provides opportunities for grant consolidation, streamlining of organizational documents for multiple grants, standardization of RFP and report formats, etc.
- o A significant percentage (71 percent) of grantees deal with only one Division which offers opportunities for standardization within a Division, providing a single point of contact within the program and possible grant consolidation within a Division.
- o About 30 percent of grantees deal with more than one Division, which provides additional opportunities in such areas as standardization of practices across Divisions, inter-Divisional sharing of information, and a common technology platform.



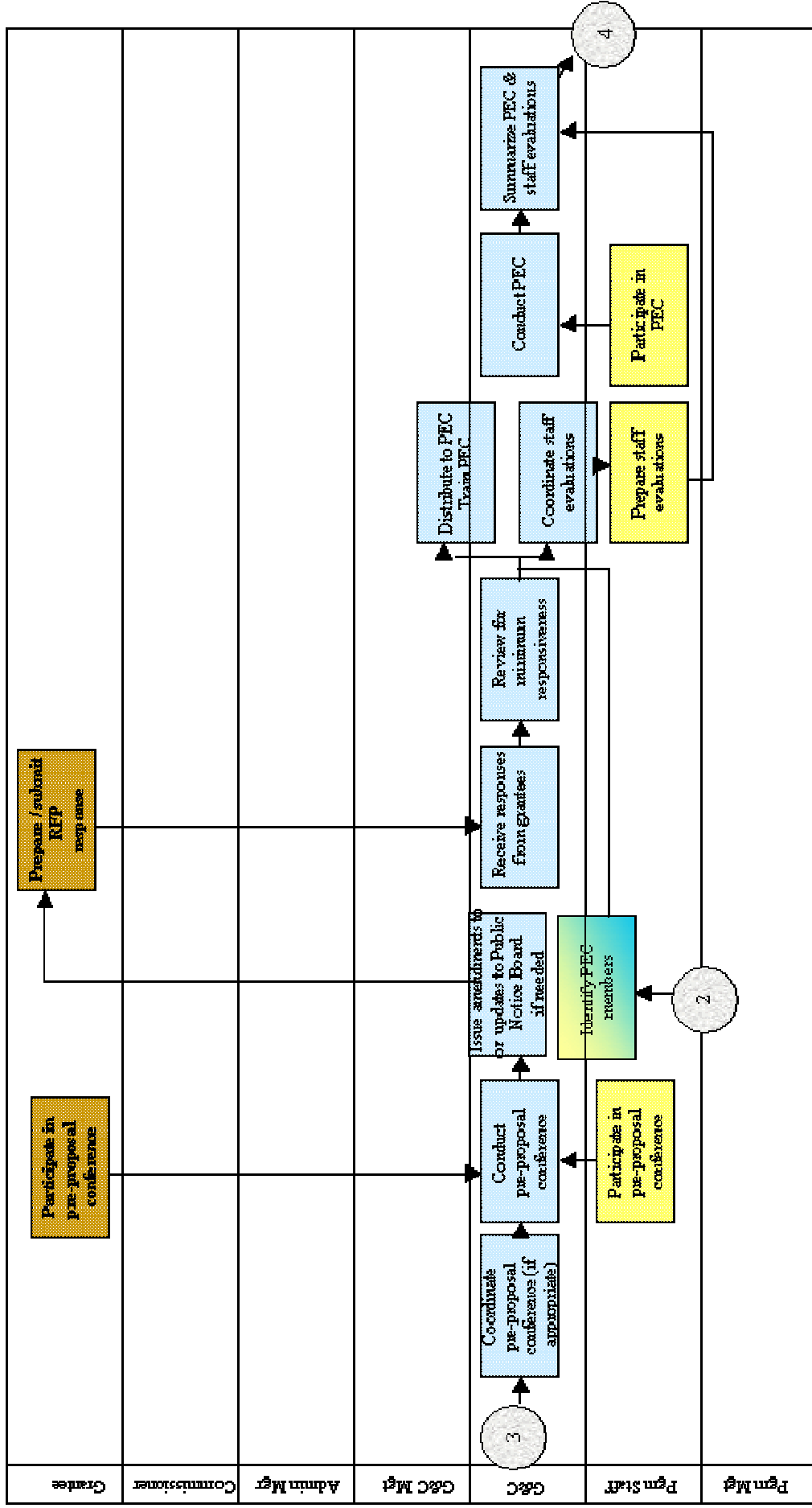
Appendix IV – High Level Process Flows
Authority to Seek Grants



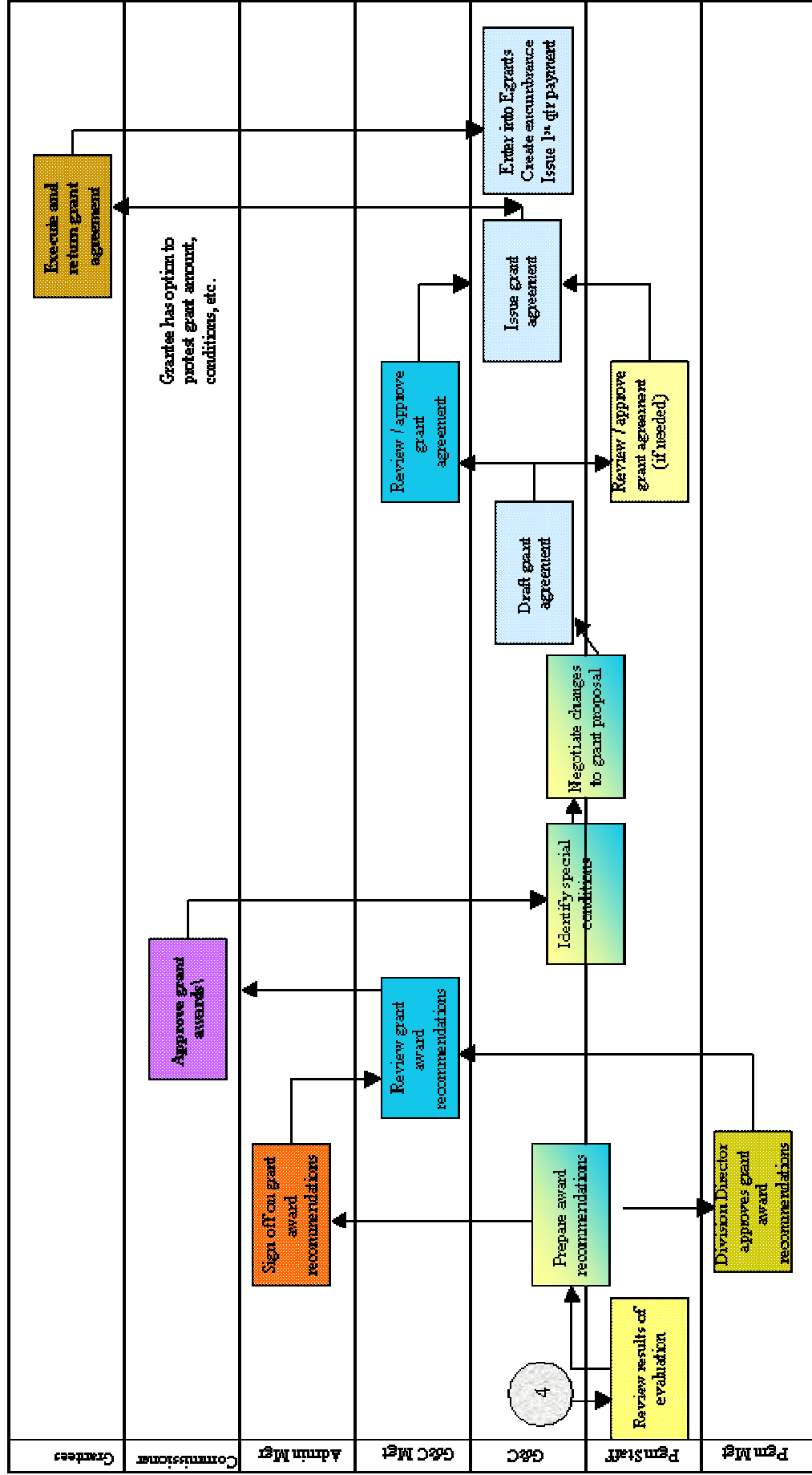
Appendix IV – High-Level Process Flows
Prepare and Issue RFP



Appendix IV – High-Level Process Flows
Conduct Evaluation



Appendix IV – High-Level Process Flows
Review and Issue Award



Appendix IV – High-Level Process Flows
Report Processing

