

How government agencies can use data to expand reach of grant funding

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A measurement-driven,
AI-powered platform can
streamline grant applications,
enabling better support for
resource-limited organizations.

In brief

- By intelligently connecting relevant data points, organizations can develop meaningful performance narratives that inform policy and decision-making.
- Digital tools can help grant-makers better analyze, understand and adapt to changing conditions impacting grant programs.
- Data analytics can also be crucial in tracking disbursed funds and measuring impact and reach.

Grant funding has the power to change the world. But it also typically comes with heavy oversight and layers of burdensome complexity.

And it's why we built our EY Grants Accelerator technology platform to encapsulate our grants and compliance experience within a technology offering that uses AI and automation to increase impact and transparency while minimizing risk.

Little-known fact: in the US, grants are the one of the largest methods of procurement in the federal government. For example, in 2022, about \$1.2 trillion was provided to state, local, tribal and territorial governments.¹ This means that it's more critical than ever to address key administrative and substantive challenges and put grant-making organizations in a stronger position to meet the needs of their stakeholders and communities. It's about maintaining public trust and creating a system in which grant funds reach intended recipients quickly and securely, with minimal risk, maximum impact and complete transparency.


Many policy initiatives are particularly appropriate to address via grant funding; two recent US domestic examples are the Infrastructure Investment and Jobs Act (IIJA) and the Inflation Reduction Act (IRA). Both pieces of legislation expect to allocate

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funding to a large portfolio of complex, long-term projects. Performance of these projects will be measured in multiple ways, including financial efficiency, quality of outputs and value of outcomes – measurement across these three factors is a fundamental construct of grants.

The influx of new funding through these and other policy initiatives represents an opportunity for government agencies to develop a more user-friendly way to identify, apply for and receive grant funding. Done right, it could unleash a wave of life- and community-changing impact across the country.

Data analytics and AI can help grant-making organizations shield grant applicants from onerous and repetitive data entry while improving the quality and robustness of the data collected. Just as importantly, they make the effort of eligibility analysis and risk evaluation more manageable for grant administrators. The reality is people typically don't become grant managers because they have a passion for paperwork. Those who work in grants do so because they have a passion for creating impact, helping people and making government work better to provide for its constituents.



Boost engagement, minimize bureaucracy

The implementation of a measurement-driven, AI-supported grant administration platform for government agencies would begin with reforming grant-related data collection.

It would make applying for grants even easier for those with prior grants experience by using their own data to prepopulate or draft application content (including narrative components, like theory of change, that typically require weeks or months of research and revision), and would make grant review and risk assessment more automated and targeted. This would free up government personnel to offer more support to organizations with less experience or with fewer resources to commit to applying for grant funding. Applicants would experience a simplified process with reduced duplication of effort and manual data entry.

High-quality performance management can be very data intensive; to see and understand more, we need more data. Rather than asking grantees to submit yet more data, grant-makers can use AI and other leading technologies to intelligently connect relevant data points. This would help grant-makers identify patterns and develop a performance narrative to inform decision-making. For example, asking recipients of infrastructure-related grant funding to upload photographs from a mobile device would allow richer metadata gathering without additional data entry; installing a variety of low-cost measurement devices at properties receiving subsidy funding for rental assistance would reduce the frequency of critical on-site inspections and provide more reliable feedback to the grantor via automated data feeds. In places like Ukraine, crowd-sourced and geo-tagged drone surveillance footage is used to collect damage data that in turn is used to define proposed reconstruction projects; the same technology is then used to monitor those projects.

Technical innovations would also boost fraud detection efforts. Grant-makers would have better tools to follow the flow of disbursed funds to more easily find patterns of improper payment or use of funds. With integrated systems, or tools like the distributed ledger we've built into EY Grants Accelerator, grant recipients will be able to more clearly demonstrate how funds are used and may even be able to reduce their cash handling responsibilities (particularly in scenarios where a recipient is further sub-disbursing funding).

Interrogate the data

But collecting lots of great data is only helpful if we use it for something

First order of business when designing grant programs: know what to measure. It can be especially difficult to identify the most logical metrics and measurements when an organization hasn't previously managed a program, but it's also hard for even long-time grantors to define metrics for programs they've run the same way for years. And if they don't have the right data at their fingertips, it's not always easy to know which questions to ask.

We've already established the challenge of balancing administrative burden with the imperative to collect good, plentiful data. Add to that the fact that grants by their very nature are attacking some of the most complicated and systemic issues that society faces, and we start to see that asking the right questions about grant performance is not as easy as it sounds. There are many variables that determine whether or not a grant is successful, and many of them are not within the grant-maker's power to control, even with a well-conceived program and excellent grantees. Often, the results of a grant program are divided into "outputs" that represent widgets of productivity (e.g., last month, we distributed medications to 57 home-bound patients) vs. "outcomes" that represent the goals of the program (e.g., over the course of the program, the preventable death rate of home-bound patients was reduced by 15% in the target geography). Obviously, one of these categories is controllable; the other is subject to a vast array of network effects.

Considering the many moving parts, it can be challenging to evaluate whether interventions applied through a grant are working. Any kind of societal headwinds, such as a pandemic,

a military conflict or a recession, could impact the outcomes of even well-designed programs.

This is where technology and AI can help. Digital tools enable grant-makers to interrogate available data. In other words, they can effectively ask questions of their data. That may be in the form of filtering and sorting data into more focused subsets or it can be more literal: with generative AI (GenAI), nontechnical users can ask questions using human-style (i.e., natural) language and the AI model can review available data and generate a natural language response, even building tables and explanations to support. This allows grant-makers to better see patterns in their data that may be obscured by external conditions; when paired with the flexibility and configurability of modern technology solutions, grant-makers can then adapt grant programs as conditions change. Modern ecosystems and platforms, like Microsoft Power Platform for EY Grants Accelerator, help us take advantage of openAI to quickly build transparent, traceable models that can answer questions about any aspect of the underlying data model.

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Build a data model and strategy

As data analytics and data governance continue to become more essential to grant-making at every stage of the lifecycle, we must think critically about the systems and resources needed to harness that data.

This transformation is being built on a new technology infrastructure of cloud, AI, Internet of Things (IoT) and other technologies that form a data fabric to support the grants lifecycle from strategy through closeout and impact measurement. While technology is a critical part of this transformation, humans are at the center – a more empowered workforce that uses data from various sources to manage risk, increase efficiency and demonstrate impact.

Defining a robust data model allows grant-making organizations to answer questions from stakeholders and relate relevant data points to illustrate a clear picture of a grant program. For example, domestic and international aid programs must frequently and fluidly aggregate and disaggregate data to

analyze both the case for investment and the impact of grants-funded interventions. To do this, when they collect raw data, they must include many independent characteristics for each data point (e.g., sex, race, age, marital status, economic status, education level, more) to support the flexible aggregation needed to conduct a population level analysis. But they must also be able to answer questions in many ways by disaggregating data into relevant groups.

Without a well-defined data model to enable flexibility and pivoting, grant-making organizations typically struggle to answer key questions or disaggregate into relevant groupings. The result is a frustration that will likely sound familiar: spending months manually recalculating previously collected data to answer fact-based questions, e.g., what percentage of the impacted population is under age 18?, at great effort and expense. With the right planning and governance, we can set up data hubs that allow for flexible pivots on existing data, creating space for “discovery analytics” and shifting the people focus to analysis, strategy and decision-making.



Enable and empower the people



When recipients and implementation partners submit a grant proposal or application, they are also expected to submit a budget and propose a set of performance measures they intend to achieve through the funded grant project. Budget line items typically include data like cost categories, planned date of spend and more. Performance measures are managed similarly: grantees commit to achieving specific milestones by specific points in the project. When grant recipients submit expenditures and performance results later as part of their progress reporting, they are measured against their original proposed budget and performance.

To then weave together spend and performance becomes a laborious task. For most grant programs, it is near-impossible to evaluate important effectiveness metrics, like cost of performance, without extensive additional data manipulation. For programs managed manually, the only way to avoid these after-the-fact data machinations is to ask grantees to submit complicated, formula-based spreadsheets that they must painstakingly work through to connect all these dots.

The complexity often results in poor quality reporting. Instead of layers and layers of paperwork, grant-making organizations can get the information they really need by asking simple questions during the proposal process and measuring against those answers. Rather than simply organizing expenditures by cost categories, grant-makers can instead reframe expenditures around performance measures, e.g., What were your results against your planned performance measures?; What were your expenditures to achieve these results? By anchoring expense to performance, we can reframe grant funding as an investment and impact as the return on that investment. This reorientation is made possible with the right data model. When the complexity

of reporting is reduced, it gives grant-making organizations the ability to simplify the user experience for both recipients and grant administrators. In EY Grants Accelerator, each budget line item is tied to a performance measure; each expenditure is tied to its budget line item. This helps us define the “cost of performance.”

This creates more space for stakeholders in the grants lifecycle to get back to the core focus: driving impactful change. Team members can spend time working with recipients, creating capacity for grant-making organizations to better support new recipients who may be less familiar with administering grants. Creating this space means opening the door to innovative new approaches and ideas.

Whether it's helping a school create a new after-school program or funding a nonprofit that gives people who have lost their jobs new pathways to rejoining the workforce, we should be able to tell stories about what has been achieved through the grant funding. If that can't be done, it becomes very difficult to build future support for similar grant-funded interventions.

Data is an inextricable foundation of this effort. Grant-making organizations can't evaluate results and study trends without comprehensive data, and potentially can't justify continued funding without the data to demonstrate impact. With solutions like EY Grants Accelerator that offer configurable platforms, extensible data models and AI features, grant-makers can simplify user experience and improve measurement and analytics to supercharge impact.

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Here are four core principles that can be used to shape a successful grant management program:

1

Designed for users

- ▶ Improving access to hard-to-reach places and people
- ▶ Acting quickly to address new challenges
- ▶ Reducing complexity and manual burden to apply for assistance

2

Focused on outcomes

- ▶ Designing for impact by aggregating data across programs
- ▶ Adjusting iteratively mid-stream to improve targeting and impact
- ▶ Informing design and policy with decades of finance and risk experience

3

Powered by technology

- ▶ Rapidly configuring new programs with integration to other systems
- ▶ Using data to improve targeting and cross-program impact
- ▶ Automating compliance and monitoring to focus on driving impact
- ▶ Quickly scaling through cloud

4

Ready for complexity

- ▶ Managing risk and fraud through robust, AI-powered controls
- ▶ Building capacity with exceptional, directly experienced practitioners
- ▶ Tracking trends to help stay ahead of what comes next

References:

1. [Analytical Perspectives, Budget of the U.S. Government, Fiscal Year 2024, U.S. White House.](#)

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