CASE STUDIES IN COOPERATIVE AGREEMENT REQUIREMENTS

PROJECT OVERVIEW

CASE STUDY #3

National public health funding is a complex network of funding streams and associated terms and conditions ("requirements") that arise from government at all levels as well as private sources. Cooperative agreements are common in the federal government and may be directly awarded to local public health or "passed through" states through agreements often contain expansive lists of requirements to ensure efficient and effective uses of public money; these requirements are the focus of the project.

Researchers first reviewed NOAs and state-local ("aid-to-local") agreements to identify specific requirements placed on the local health department through funding arrangements. Then, researchers distinguished those devised by the pass-through entity ("add-on requirements") from those that originated in NOAs ("flow-down requirements"). Finally, selected key informants were interviewed to offer additional context for each case site.

Background on Case Site

The present case site is a local health department serving an urban population greater than one million. The department is accredited by the Public Health Accreditation Board (PHAB) and offers a multitude of clinical and population-based services to their local communities. The department delivers a wide range of services across domains of infectious disease control, environmental public health, chronic disease and health behaviors, clinical care, and addressing the social determinants of health.

Funding for activities within the jurisdiction arises through many different sources. Local taxes are the most substantial source of funding and offer flexibility in governmental activities. Grants and other contributions make up nearly one-third of revenues for governmental activities. The remaining one-fifth of revenues arise out of charges for services which contribute primarily to business activities. Most public health services are delivered through shared service contracts with vendors and other contractors in the area, with the health department serving as the pass-through entity for some federal cooperative agreement funds. The case site offered an opportunity to investigate directly funded arrangements.

Cooperative Agreements Reviewed

- Integrated Human Immunodeficiency Virus Surveillance and Prevention (HIV) CDC-RFA-PS18-1802
- Public Health Emergency Preparedness (PHEP) CDC-RFA-TP17-1701
- Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) CDC-RFA-CK19-190

Per Capita Estimated Funding Allocation of Reviewed Agreements:

- HIV: > $5 million (>$4.50 per capita)
- PHEP: > $1 million (<$0.75 per capita)
- ELC-CARES: > $2 million (>$2.25 per capita)
- ELC-ED: > $50 million (>$55.00 per capita)

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Findings from Subcontractor Agreements

The case site subcontracted much of their directly received funds, making the case site a pass-through entity. The process was described by one interviewee:

> *"…we try to add as little as necessary…we may add some vari- ables, but we really work on the principle here that we want as lean a data collection system as possible…as everything that applies to us applies to whoever we fund."*

The case site aimed to have few subcontractors, then blended multiple aligned funding streams, allowing the case site to "move money around within a contract."

General Circumstances of Agreements

Requirements of the federal cooperative agreements (i.e., NOAs) were generally directed to the recipient. The local jurisdiction was the recipient of the HIV and ELC cooperative agreements, while PHEP was passed through the State; the health department was not involved with the State procurement of PHEP. HIV and PHEP are regularly occurring federally funded cooperative agreement programs while the ELC agreements arise from an exist- ing federal program with additional crisis funding made available to address the SARS-CoV-2 (COVID-19) pandemic. The awards generally included standard administrative, activity, and performance requirements expected of recipients while the PHEP agreement included requirements devised specifically for the local health department, likely not retaining the original NOA term or condition language. This may have presented a challenge in distinguishing flow-down requirements from State add-on requirements.

Perceptions on Requirements

Health department staff were interviewed about their experiences with public health funding and requirements associated with that funding. Conversations elicited perceptions on how federal pass-through awards differed from directly-funded arrangements as well as how different requirements facilitated or impeded achievement of objectives devised by the state and federal grantors.

How Achievement May Have Been Facilitated

Interviewees appreciated the lack of 'nit-picking' and enhanced flexibility with the directly funded arrangements. The periodicity of reporting may be more beneficial with direct federal grants than pass-through grants in that quarterly or annual reporting may be more likely. The interviewees acknowledged that, generally, terms and conditions associated with funding opportunities tended to facilitate successful completion of program goals.

How Achievement May Have Been Impeded

Most interviewee experience was specific to directly-funded arrangements and subcontracting with those funds. A strong perception was shared by an interviewee that their state may go "overboard" in retaining funds and may use the funds as a means of "backfilling the state's general fund," potentially leading to a dramatic "disinvestment from public health at the state level." The following interviewee statements capture key barriers to achievement.

On tracking blended and braided funds:

> *"Everybody wants to know what their dollars are doing and, in many cases, it becomes a little arbitrary to decide, you know, what someone's dollar is doing or not."*

On administrative burden of requirements:

> *"…activities in the work plan are not assigned a dollar figure… It is difficult to break out how much each thing actually costs… [and] it takes me a lot of time to reconstruct this information when I had to do a report which maybe comes months after the month in which the activity was done."*

On issues of changing requirements and guidance:

> *"So when you're talking about trying to manage the ELC enhancing detection budget, you're doing it under the assumption that the budget that we originally submitted is kind of going to stay accurate and you don't have to reallocate to the vaccine."*

Experience with Direct Funding

A clear benefit of direct funding is an enhanced level of funding versus awards from a pass-through entity. One such benefit is that direct federal funding agreements allow the jurisdiction to budget or charge for indirect costs which may not be allowable with other arrangements. Though completely appropriate for an entity to retain a portion of pass-through funds to cover expenses, some conflicts arise with the sub-recipient in believing that too much funding may be withheld. A strong perception was shared by an interviewee that their state may go "overboard" in retaining funds and may use the funds as a means of "backfilling the state's general fund," potentially leading to a dramatic "disinvestment from public health at the state level."

Communicating with different teams or programmatic units often leads to what seems to be different streams of information that do not appear to be "fully aligned." Further, directly funded arrangements are favorable to pass-through arrangements in that activity and reporting timeframes are relaxed and there is a less burdensome clearance process for funding and reporting. Direct awards are generally considered to be bureaucratically simpler and faster in administration, having "cut out a lot of middlemen." For these reasons, the jurisdiction prefers direct federal awards.

Lessons Learned

- A clear benefit of directly funded arrangements was the ability to budget for indirect costs and infrastructure.
- Direct funding was often perceived be at a higher level relative to pass-through arrangements, with a lower load of requirements, and with greater flexibility.
- Direct arrangements have less intermediaries or bureaucracy to provide barriers to achievement of goals.

Recommendations

- Funders should "think more globally" and reduce the high administrative burden by reforming data reporting requirements and supporting local prioritization of funding use and decision-making.
- Funders should consider incorporating process allowances for budgeting or reimbursement, such as no-cost extensions for budget remainders below designated thresholds or shorter turnaround time by funders for budget adjustments.

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