# MAKING THE MOST OF GRANTS IN STATE AND LOCAL GOVERNMENT

# GRANT FUNDIN
# GATEWAY TO P
# CITIZEN-CENTR
# THAT PEOPLE A
# UNITED STATES

# IG IS THE
# ROVIDING
# RIC SERVICES
# ACROSS THE
# S DEPEND ON.

# CONTENTS

# EXECUTIVE SUMMARY

Citizens often take beautiful days in homey neighborhoods for granted. Daily, they stroll through pristine parks, take their children to brand-new playgrounds and ride bikes on paved trails without a second thought as to how these places came to be.

Who actually pays for all of these amenities? Usually, the government does. So when a new after-school program, highway expansion or library improves residents' communities, citizens can see evidence of their tax dollars working for them.

Unfortunately, state and local taxes alone aren't enough for these governments to provide a high quality of life for residents, as overarching legacy costs and scarcity of funding often put them in dire financial straits.

In this case, grants often fill the gap, appropriated from higher levels of government to trickle down into local communities.

The city of Detroit is a perfect example of how grants can bridge the financial gap to attain real results. Once the per-capita richest city in America, Detroit fell on tough times and became the largest American city to file for bankruptcy in 2013.

But in just a few short years, it has turned the tide. With a reinvigorated urban corridor, reinvestment in the city's green spaces and funds to battle homelessness, the Motor City is using grants to fuel its comeback.

Detroit's revival is one that so many governments can learn from – as prioritizing grant funding offers state and local communities a chance to accomplish citizen-centric missions they otherwise could not afford. As of today, most governments already use grants, but many don't take full advantage of them.

Finding the right grant is a process in and of itself, and even after securing funding, unforeseen costs can leech cities' budgets and waste program dollars. Meanwhile, small staffs not solely dedicated to grants regularly have to keep track of reporting and account for meticulous details to satisfy legal requirements.

Fully capitalizing on grant programs requires purpose and progress. Leadership needs to signal the importance of grant funding to government missions, while the technology must be there to find, track and report programs. By automating the compliance portion of grants, program managers can then focus on achieving the desired outcome, rather than worrying about documenting individual costs and compliance checks.

In this pocket guide, you'll discover more about the philosophy and technology behind modern grants management. GovLoop teamed up with eCivis, a technology leader in full-lifecycle grants management, to put this report together, featuring insights from President and CEO James Ha and Chief Operations Officer Merril Oliver.

# GRANTS MANAGEMENT:
# THEN AND NOW

Grant funding has become a major player in service delivery across state and local governments. From humble beginnings, it is now one of the biggest sources of funding for citizen-focused missions.

# 1879
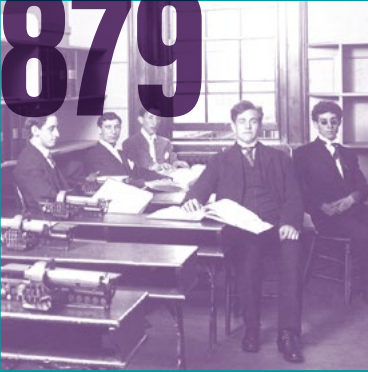
The federal government adopts the first ongoing cash grant to states for anything besides the National Guard. The grant is $250,000 and dedicated to education for the blind, marking the beginning of the modern "grants-in-aid" system.

# 1938

President Franklin Delano Roosevelt's administration oversees a dramatic uptick in federal grant allocation to state and local governments. As a way to spur employment and buck the Great Depression, grant awards reach $790 million–a nearly 300% increase from six years prior.

# 2010

The Affordable Care Act is passed into law, dramatically broadening the scope of Medicaid. Congress authorizes and amends 71 new grants as part of the expansion, strengthening the importance of health care grants.

## 2010

Additionally, federal grant funding rapidly increases and peaks in the short term, as the American Recovery and Reinvestment Act reaches a program high of $112 billion available for fiscal year 2010. The Recovery Act, passed in 2009, distributes funds to governments to help residents fight through the Great Recession. In combination with the Affordable Care Act, it spikes grant funding for several years.

## 2013

The federal government awards more than 1,000 grants in a single year for the first time in history. Of 1,052, 1,030 are categorical grants, or grants designed for a very specific purpose. The other 22 are block grants, or grants designed for wide areas of interest. At the local level, Detroit falls into bankruptcy.
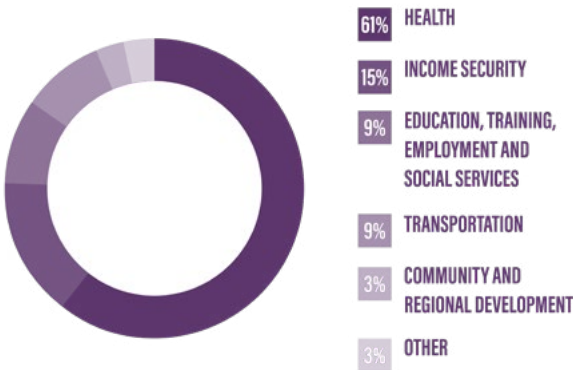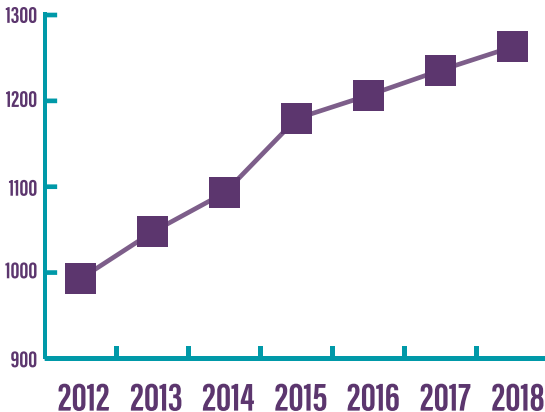
## 2015

The city of Detroit begins a streak of balanced operating budgets and surpluses after prioritizing grants and automating the process. With a grant management system, Detroit reduces 88% of its audit findings and, three years later, finishes the fiscal year with a $36 million surplus.

# BY THE NUMBERS

**$750 BILLION**

was the federal government's estimated grant total provided to state and local governments in fiscal year 2019.

**42%**

of the increase in federal funding to states was mainly driven by Medicaid from 2008 to 2018.

**132**

federal grant programs used Census data to distribute funds in fiscal year 2015.

**1/3**

of state funding is provided by grants.

*Outlays for Federal Grants to State and Local Governments by Function, FY2019 Estimate*

| % | Function |
|----|----------|
| 61% | HEALTH |
| 15% | INCOME SECURITY |
| 9% | EDUCATION, TRAINING, EMPLOYMENT AND SOCIAL SERVICES |
| 9% | TRANSPORTATION |
| 3% | COMMUNITY AND REGIONAL DEVELOPMENT |
| 3% | OTHER |

**$23 MILLION**

was awarded to the port of Los Angeles as part of the Recovery Act following the Great Recession, one small example of the many grants programs designed to rejuvenate the U.S. economy.

**$460 MILLION**

in grant funding is awarded through the Energy Department's Vehicle Technologies Office. This is just one example of a grant program, as many others covering a variety of interest areas have similar funding available.

## Number of Funded Grants Per Fiscal Year

| Year | Value |
|------|-------|
| 2012 | ~990 |
| 2013 | ~1050 |
| 2014 | ~1095 |
| 2015 | ~1180 |
| 2016 | ~1205 |
| 2017 | ~1235 |
| 2018 | ~1260 |

*Source: Congressional Research Service*

# TODAY'S LANDSCAPE OF GRANTS MANAGEMENT

In the U.S. system of federalism, the national government has the coffers but not always the connections to help local communities.

Legislators all compete for assistance to benefit their constituents, but agencies also want to ensure that federal funds reach communities' self-expressed areas of need. With grants passed as laws to be awarded based on merit and narrative, the government builds a bridge between local needs and federal funding.

The general principle of grants policy is based on the Constitution — with the purpose to "promote the general Welfare." The modern grants awards system, which uses legislation as the means to award grants programs, is the result of a 1977 law enforcing transparency and fairness.

Since the passage of that law, the Federal Grant and Cooperative Agreement Act, the government has seen the proliferation of grants programs, especially in recent years. Every state and local government wants a fair chunk of the now 1,300 federal grants awarded each year, but some capture funds better than others.

The reasons for this boom-or-bust grant economy are often rooted in process and capability.

Many local offices have not identified grants as a primary funding source. Maybe they'll send out a few applications year by year or peruse the grants.gov website, but they won't prioritize grants at the same level as other funding sources.

Another reason is smaller agencies and communities may not have the dedicated staff

or resources to actively pursue these programs or comply with the many regulations that come with them. Grants management could squarely fall on the plate of a city clerk or community programs director, as opposed to an employee with specialized expertise on the administration of grants, therefore decreasing the chance of a successful grants program.

Conversely, larger communities often have grant offices charged with handling the logistics of programs. In 2004, for example, Maryland created a centralized grants office to great effect. The new office, in turn, increased the share of grants used in its budgeting process and distribution of wealth to local communities.

Maryland represents a state with the resources to coordinate these efforts. However, many smaller, local communities don't have the manpower or resources to capture and manage grants in the same way.

For one thing, grants aren't like raffles. Once grants managers award the money, stipulations of the grant must be met, and awardees have to document and report progress to ensure the agency receives the funds. Inexperienced grants managers can get into trouble if they don't read the fine print, as they risk overlooking the terms, conditions and indirect costs of certain programs.

If a grant offers funds for building a neighborhood swimming pool, for example, it might come with the condition that the pool needs two lifeguards at all times and the community must build locker rooms. If an agency or grants manager doesn't consider these conditions in advance, governments can actually find themselves in tighter financial situations because of an ill-fitting award.

Simply put, some grants aren't worthwhile for smaller communities. They need to turn their energy toward programs more tailored to their needs.

Additionally, as funds are usually distributed through reimbursements, governments take a risk when they don't carefully plan out and monitor their monetary obligations for grant programs.

All of that's to say, grants management requires a lot of work, but it's all for good reason. The transparency and compliance measures built in are safeguards for taxpayers' money to prevent mismanaged programs. Of course, when communities pick the right programs, they access funds they never could have otherwise.

To make better use of grants, governments need to know all that goes into the process. That starts with understanding the lifecycle of a grant.

# THE LIFECYCLE OF A GRANT

## 1

### PRE-AWARD

Based on the corresponding law and available budget, a grant-making agency will release a formal Funding Opportunity Announcement, most of which can be found on grants.gov. Agencies then have the opportunity to apply.

After deciding the grant is a good fit, a grant-seeking agency compiles its application. Here, it addresses its need and budget, including a narrative about why it should receive the grant.

Once the application is submitted, it goes back to the awarding agency, where a panel reviews the grant on the basis of several factors – including whether the application meets the minimum criteria, how financially stable and responsible the applicant is, and how the applicant would administer the program.

## 2

### AWARD

During the next step, the grant-making agency notifies the applicant of its decision. The awarding agency irons out the final terms with recipients of the award. During this stage, they work to make sure the program will be a success, tweaking the terms or arranging for other resources if necessary.

Not every awardee will have a perfect application — whether due to finances or technical capabilities — but they can still receive the grant as long as the need is clear, the plan is achievable and the narrative is compelling. During the award phase, the grant-making agency can often step in and fill in the gaps, assisting the grantee.

# 3

## POST-AWARD

Following the award, the grantee carries out the binding terms of agreement and implements the grant program. As the implementation is often the longest part of the process, it is also the most hands-on by nature.

Officials oversee the program, regularly sending details back to the awarding agency, which can decide to step in and provide additional resources or assistance. As laid out by grant requirements, governments are responsible for tracking expenditures and related performance standards that must be met, then regularly reporting the information. Tracking and reporting all of the related information is often one of the more arduous administrative tasks due to sheer volume.

Even after the implementation is complete, the work is not done. Within 90 days of the project's close, the awardee submits a final summary of program information, including expenditures and performance reports. The awarding agency reviews these reports and signs off that the awardee has resolved all concerns and met the terms of the grant. The awardee also undergoes an audit.

This entire process is known as the "closeout" and officially marks the end of the grant lifecycle.

# eCIVIS IS THE LEADER IN SAAS-BASED GRANTS MANAGEMENT FOR STATE, LOCAL, AND TRIBAL GOVERNMENTS

## SIMPLIFY GRANTS.
## MAXIMIZE IMPACT.

**GRANT MANAGEMENT**

**COST ALLOCATION**

**PERFORMANCE ANALYTICS**

**PROFESSIONAL SERVICES**

# eCivis

**CHECK OUT OUR FREE TRAININGS TO LEARN HOW YOU CAN MAXIMIZE GRANT FUNDING:**

- **THURS. APRIL 16, 2-3 PM ET**
  NAVIGATING COVID-19 FUNDING

- **WED. APRIL 22, 2-3 PM ET**
  MAKING THE MOST OF GRANTS
  IN STATE AND LOCAL GOVERNMENT

Since 2000, eCivis has been the most trusted and widely used SaaS grant management system by state, local and tribal governments. eCivis helps thousands of government agencies maximize their grant revenues, track their financial and program performance, and prepare cost allocation plans and budgets.

877.232.4847 | ecivis.com          eCivis, a GTY Technology business unit

# AUTOMATION MARKS THE SPOT:
## A LIFECYCLE APPROACH TO GRANTS MANAGEMENT

### An interview with eCivis Chief Operations Officer Merril Oliver and CEO James Ha

Buried under stacks of stipulations, the treasure trove of government grants remains out of reach to many. State and local governments are in dire need of additional funds but often can't afford the full-time staff needed to spend days searching out grants and ticking off compliance requirements when front-facing projects need managing.

The complicated grants lifecycle ensures transparency and tax stewardship, but as a result, the costs and time required often rule out many governments from the process. The treasure hunt favors those with the resources and vision to pursue and complete grants programs.

But lifecycle grants management can even the playing field. Smaller departments and staffs that have often struggled to pursue grants can suddenly unlock the opportunity when they receive tailored opportunities, automate compliance requirements and gain visibility into hidden costs.

"When the grants management process is automated, you can put all of these measures in place that eliminate the concerns around compliance," said

Merril Oliver, Chief Operations Officer for eCivis. As a full lifecycle grants management solutions provider, eCivis offers tools throughout the grants lifecycle to automate the process – starting with finding opportunities and then processing compliance requirements and indirect costs.

GovLoop recently interviewed Oliver and eCivis CEO James Ha about how automation can deliver benefits both to communities applying for grants and to the offices managing that process. Specifically, they highlighted automation's impact on three aspects of the process:

### 1. Helping Communities Identify Grant Opportunities

In the pre-award phase of grants management, governments traditionally have to find their own opportunities on grants.gov. While a boatload of opportunities is available, it can be hard to see which ones are the right fit – especially when the fine print requires certain support outside of an agency's reach. Oliver, a former public sector grants manager, said it could take up to two hours to read over a single grant.

> *"We are able to help government not just access the grant programs but create a path toward sustainability through fully maximizing their grant dollars and claiming those indirect costs."*
>
> **—Merril Oliver, eCivis**

With a customized search engine and automated reports, agencies can carefully curate what they're looking for in grants programs. Using this type of automation, they can receive daily updates on the opportunities available that meet their strategic and logistical vision, so they can search and apply without wading through grants that don't fit their need.

## 2. Accounting for Indirect Costs

One of the most common grant pitfalls is that indirect costs can render a program ineffective or inefficient for local governments. For example, if a local government receives funds to repave a downtown street, it may not immediately consider the built-in requirement that it has to provide repairs every six months.

The federal government has a program to help local governments recapture these sorts of indirect costs, but local governments need to track them to be eligible. The eCivis system helps them do just that, by pointing out key terms and conditions of grants programs and reporting the costs through automation.

"We are able to help government not just access the grant programs but create a path toward sustainability through fully maximizing their grant dollars and claiming those indirect costs," Oliver said.

## 3. Ensuring Compliance

For grants managers, the largest burden is often tracking the nitty-gritty of a program – compiling every single cost and performance metric to submit in reports in preparation for closeout. But this can all be automated.

"Technology is just an opportunity to standardize and streamline that process," Ha said.

When automation aggregates and reports all the necessary information — syncing with financial systems and sending it to the awarding agency — local governments get to focus more on the most important part. Whether they're doing bridge repairs or revamping reduced lunch programs, grants managers can actually work with citizens and contractors to lead their programs to success. The compliance gets left to the computers.

# LEARNING FROM OTHERS: GRANT MANAGEMENT CASE STUDIES

Here we describe two government entities that have benefited from embracing lifecycle grants management.

# DETROIT FUELS ITS COMEBACK THROUGH GRANTS

Climbing out of the hole of bankruptcy in 2013, Detroit needed to revisit its approach to citizen services. After years of operating over-budget and on the radar of loan providers, the city had faltered financially, and audits had found tens of millions of questioned costs in its grant programs. It was clear that something needed to change for the city.

In 2014, under emergency financial management, the city acquired a new web-based grants management solution provided by eCivis to support compliance and reporting. The solution boasted a user-friendly interface, integration with financial systems and assistance with securing grants and complying with regulations.

With its new grants management system, Detroit has realized an 88% reduction in audit findings and had a balanced budget for three years from 2015 to 2017. In 2018, Detroit racked up a surplus of $36 million.

In the years since the rebound, Detroit's communities have surged, with a thriving downtown business district and reinvestment in historic neighborhoods. Grants played a major role. In 2017, Detroit received $202 million in grants and donations for neighborhood revitalization and service improvements.

# ARIZONA STANDARDIZES GRANTS MANAGEMENT THROUGHOUT THE STATE

With more grants than ever, many governments are struggling to keep up. But not Arizona.

Through its central Office of Grants and Federal Resources, Arizona coordinates the grant activities across more than 55 participating agencies with eCivis' grant management platform.

By running the same system throughout departments and agencies, Arizona reduces duplicative labor across its government. Moreover, when agencies work from the same system, compliance is significantly easier.

The system kicks in at the start of the process and stretches to the end. Grants professionals receive automated emails of programs that might be a good fit. As a result, they can spend less time searching for grants and more time implementing the $14.5 billion worth of grant dollars that Arizona receives.

# CHEAT SHEET

For a modern, well-oiled grants enterprise, governments need two things: a statement of intent and the technology to free up the workforce.

## Leadership

Grants management requires a leader to set the vision. These techniques can help.

- **Create a central grants office:** An office to coordinate grants across agencies can develop best practices and handle administrative work for grants. Individual agencies can then focus on the programs.

- **Develop a grants strategy:** The types of grants that governments target should be strategic and align with larger mission goals. Leaders can set the expectation by including language in yearly budgets and crafting grants strategies.

- **Find a uniform solution:** Grants don't only come in from the federal government. States, counties and cities all disperse grants too. If linked governments can work together to find a single solution, tracking and reporting can flow seamlessly between bureaucratic levels.

## Technology

Agencies can reduce the repetitive compliance work associated with grants by incorporating technology.

- **Narrow your searches:** On grants. gov, you can narrow down searches to more perfectly align with what you're interested in by using search tips. And with automated solutions, you can also have new results delivered to your inbox regularly, or use the database to more easily search for opportunities.

- **Reduce paperwork:** Technology has the power to automatically exchange receipts and compile information in one place to reduce the burden on agencies. This step can make a major difference when it comes to the audit and closeout.

- **Enable employees:** The solution should directly reduce the amount of time it takes to get work done, and that time should show up on the other side. Agencies should free up employees' time so they can spend it in the field, watching over the programs.

## Remember the Grant Lifecycle

**1** **Pre-Award:** Funding Opportunity Announcement and application review

**2** **Award:** Award decision and notifications

**3** **Post-Award:** Implementation, reporting and closeout

# CONCLUSION

Citizens always ask where their tax dollars are going. Show them. With the right tools and processes in place, grant funding goes directly back to the citizens as the most efficient, transparent and effective way to reach people through government operations.

*To learn more about grants management, visit these important resources.*

Federal grants for a variety of organizations are available on grants.gov, where you can also learn more about the process and how to apply for grant funding.

This study, "Federal Grants to State and Local Governments: A Historical Perspective on Contemporary Issues," by the Congressional Research Service revisits the historical growth and shifting importance of grants in the United States.

This online training, "Show Me the Money: Transforming Gov's Budgeting Process With Grants Management," by GovLoop demonstrates Detroit's model for grant funding and offers a path to follow.

These videos, available on eCivis' grants impact website, show what grants have accomplished throughout cities and states.

*THANKS TO ECIVIS FOR THE SUPPORT IN PRODUCING THE PUBLIC SECTOR RESOURCE.*

## About eCivis

Since 2000, eCivis has been the most trusted and widely used SaaS grant management system by state, local and tribal governments. eCivis helps thousands of government agencies maximize their grant revenues, track their financial and program performance, and prepare cost allocation plans and budgets.

For more information, visit **www.ecivis.com**.

## About GovLoop

GovLoop's mission is to inspire public sector professionals by serving as the knowledge network for government. GovLoop connects more than 300,000 members, fostering cross-government collaboration, solving common problems and advancing government careers. GovLoop is headquartered in Washington, D.C., with a team of dedicated professionals who share a commitment to the public sector.

For more information about this report, please reach out to **info@govloop.com**

*"In governments that really are successful with grants, they have a strong point of view about the importance of grants, they have a plan that they communicate, and they put the appropriate resources behind it."*

*—James Ha, CEO, eCivis*

**govloop**