

# In Brief

FEDERAL UPDATE | GFOA COMMITTEE UPDATE



## FEDERAL UPDATE

### Where's My Money!? BY GALEN MCDONALD

**F**ederal grants—you might have heard about a few in the last year and a half! With the Bipartisan Infrastructure Law and the American Rescue Plan Act in full force, grant opportunities are appearing right and left. And the federal grant process is simple—right? Well, we hope it will feel that way after you've read the following overview of federal grants and ways to make your grant applications stand out to the current administration.

#### What are grants?

Let's lay some groundwork. Grants are one funding mechanism the federal government uses to deliver funds to entities and programs around the country. There are two types of grants: formula grants and competitive grants. Formula grants are noncompetitive, meaning there are designated recipients that will receive funding, but these recipients are still required to

apply and to meet certain requirements. Competitive grants, which are also known as discretionary grants, don't go to predetermined recipients. They require applications and eligibility.

#### The federal grant process

There are several prerequisites to applying for a federal grant. Entities applying for federal funding must be registered through SAM.gov (the System for Award Management) and receive a unique entity ID (UEI), which is provided through SAM.gov. After receiving your UEI, your entity needs to register with Grants.gov, where you can search for grants, download Notice of Funding Opportunities (NOFOs), and submit applications. NOFOs may also list additional registration requirements for the specific funding agency.

The federal grant process includes three stages: pre-award, award, and post-award. For applicants, the pre-award stage involves searching for opportunities, registering on

grants.gov, and applying. The award phase includes applicants receiving a notice of award, working on the funded project, and meeting the award requirements—administrative, financial, and programmatic reporting. The post-award phase may include additional financial and programmatic reporting, and recipients will be asked to respond to audit requests.

Read funding announcements carefully to ensure that you and your entity are completing all the steps required by the specific funding agency or NOFO guidelines.

#### Fund-matching and/or cost-sharing requirements

Cost-sharing or matching requirements for federal grants mean that the grant awardee must contribute a specific percentage of funds toward the relevant project. NOFOs include specific match requirements, and reading them line by line will help you understand each individual grant's matching requirements.

You can find the general Federal guidelines for matching or cost-sharing requirements in the Code of Federal Regulations.<sup>1</sup> This does not include guidelines specific to individual funding agencies or specific grant opportunities, which must be explicitly described in NOFOs. According to a non-exhaustive list of criteria, shared costs and contributions that must be accepted for federal award matching requirements must be:<sup>2</sup>

1. Verifiable from the non-federal entity's records.
2. Not included as contributions for any other federal award.
3. Necessary and reasonable to accomplish project or program objectives.
4. Allowable under subpart E of the rules regarding third-party personnel volunteer services and other labor for integral and necessary services for the funded project.
5. Are not paid by the federal government under another federal award, except in cases where the federal statute authorizing a program specifically provides that federal funds made available for such programs can be applied to matching or cost-sharing requirements of other federal programs.
6. Are provided for in the approved budget when required by the federal awarding agency.
7. Conform to other provisions of this part, as applicable.

### Tips for meeting matching and cost-sharing requirements

If matching requirements deter you from applying for federal grants, you are not alone! Many entities have difficulties in finding the additional funding needed to meet matching and cost-sharing requirements. If your entity doesn't have the available funds or budget to handle cost-sharing, consider other options to increase your ability to match funds:

**Look for partners with an interest or stake in your project that may have the budget to provide funds.** This could include nonprofits, private businesses, or other non-federal governmental entities. States can be a source of funding for cost-sharing, but any state funds used can't be from federal funds appropriated or awarded to the state.

**Look for third-party in-kind donations—which may include property—and volunteer services from non-federal entities.** Both volunteer services furnished by third-party professional and technical personnel, consultants, and other skilled and unskilled labor may count as cost sharing, so long as the services are necessary and integral to the project.<sup>3</sup>

Reading the NOFO carefully, checking the funding agency's website to understand any additional guidelines for what can or cannot count toward the required cost-sharing, and reviewing general federal award matching requirements are all necessary to ensure that you're ready to meet the requirements. If you find it difficult to understand the requirements (and we definitely do!) or have a specific inquiry about your cost-matching plans, please use the further resources section or contact GFOA's Federal Liaison Center.

### The current administration's priorities

Environmental sustainability, racial equity, and environmental justice are top priorities for the Biden administration, which hopes to reduce climate pollution in every economic sector and to increase resilience to climate impacts, advance environmental justice, and improve racial equity across government services and projects.<sup>4</sup>

The administration plans to improve the health, environmental, and economic impacts on overburdened communities—that is, communities that have faced the brunt of negative climate and environmental impacts.<sup>5</sup>

Emphasizing sustainability, equity, and/or environmental justice in grant applications will be important for increasing your eligibility and meeting the requirements that funding agencies are prioritizing. NOFOs and agency websites also indicate specific sustainability and equity requirements.

One of the terms you'll need to know is "environmental justice," which the Environmental Protection Agency defines as "the fair treatment and meaningful involvement of all people regardless of race, color, national origin, or income with respect to the development, implementation and enforcement of environmental laws, regulations and policies."<sup>6</sup>

You'll also want to know about Executive Order 14008, *Tackling the Climate Crisis at Home and Abroad*. The order launched an environmental justice agenda and "recognizes that all Americans deserve to live in healthy, thriving communities, but, in fact, too many people lack access to safe places to live, work, play, grow, and learn."<sup>7</sup> The executive order established several initiatives:<sup>8</sup>

- **White House Environmental Justice Interagency Council.** This council comprises the heads of key federal agencies and seeks to address current and historic environmental injustice.
- **White House Environmental Justice Advisory Council.** This committee comprises environmental justice leaders and experts who inform the environmental justice efforts of the Intergovernmental Advisory Committee and the Council on Environmental Quality.
- **Justice40.**<sup>9</sup> The federal government's goal to ensure that 40 percent of benefits from federal investments in climate change, clean energy and energy efficiency, clean transit, affordable and sustainable housing, training and workforce development, remediation and reduction of legacy pollution, and the development



of critical clean water and wastewater infrastructure flow to disadvantaged communities that are marginalized, underserved, and overburdened by pollution.

- **Climate and Economic Justice Screening Tool.** This mapping tool helps federal agencies and others identify disadvantaged communities.
- **Environmental Justice Scorecard.** This tool tracks federal agency performance on environmental justice.

## Conclusion

More grant opportunities will open up this summer, into FY2023, and beyond. Tapping into the money available through federal grant funding is a matter of knowing how

to find opportunities, understanding requirements, and submitting good applications. This is not an easy task, of course, but GFOA's Federal Liaison Center is here to help! 📧

*Galen McDonald is a policy associate in GFOA's Federal Liaison Center.*

## 🔗 FINDING FURTHER RESOURCES

Many agencies have grant templates, which are a great place to start building your applications. Subscribe to agency email lists, especially if you have specific projects in mind that fall under a particular agency's area of focus, like the Department of Transportation for roadway safety projects or the Department of Housing and Urban Development for housing programs. You can also routinely check grants.gov

for every new grant funding opportunity across the federal government.

GFOA has also created a webpage at [gfoa.org/flc](https://gfoa.org/flc) that includes links to where to find grant opportunities, more resources to learn about grants and the federal grant process, and more information about fund matching requirements and environmental justice.

<sup>1</sup> Title 2, Subtitle A, Chapter II, Part 200, Subpart D, § 200.306: Cost sharing or matching, found at [ecfr.gov](https://ecfr.gov).

<sup>2</sup> [ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-D/section-200.306](https://ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-D/section-200.306)

<sup>3</sup> [ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-D/section-200.306](https://ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-D/section-200.306)

<sup>4</sup> [whitehouse.gov/priorities](https://whitehouse.gov/priorities)

<sup>5</sup> [whitehouse.gov/environmentaljustice/justice40/](https://whitehouse.gov/environmentaljustice/justice40/)

<sup>6</sup> [epa.gov/environmentaljustice/learn-about-environmental-justice](https://epa.gov/environmentaljustice/learn-about-environmental-justice)

<sup>7</sup> [whitehouse.gov/environmentaljustice](https://whitehouse.gov/environmentaljustice)

<sup>8</sup> [whitehouse.gov/briefing-room/presidential-actions/2021/01/27/executive-order-on-tackling-the-climate-crisis-at-home-and-abroad](https://whitehouse.gov/briefing-room/presidential-actions/2021/01/27/executive-order-on-tackling-the-climate-crisis-at-home-and-abroad)

<sup>9</sup> [whitehouse.gov/environmentaljustice/justice40](https://whitehouse.gov/environmentaljustice/justice40)