Why Federal Grant Money Can Be So Elusive

BY KATHERINE BARRETT AND RICHARD GREENE

Believe it or not, the federal government provides more money to states and local governments through grants than it does through contracts (and that even includes the contracts from the Department of Defense).

Over the last few years, hundreds of billions of dollars have been made available, directly or indirectly, to benefit states and local governments. This includes grants that were part of the American Rescue Plan Act, which appropriated $350 billion in state and local fiscal recovery funds to help with the COVID-19 pandemic; the Bipartisan Infrastructure Law, which provides $1.2 trillion for transportation and infrastructure projects including $550 billion for "new" efforts; and the $53 billion CHIPS and Science Act, intended to ensure that the United States remains competitive in the design and manufacture of advanced computer chips.

It would seem that states and local governments merely need to bring their buckets down to this enormous well of federal dollars and they'd be able to pull up all the money they've ever dreamt of having. But things are much more complicated than that. As Senator Gary Peters pointed out in testimony about a year ago, "More than 50 different federal agencies distribute grants to more than 131,000 recipient organizations for more than 1,900 grant programs, each with its own application and award process that can be difficult to navigate."

Five key challenges to accessing federal grants money, according to Elena Boyd, senior manager at Accenture and lead for the company's public sector Center of Excellence for Federal Funds and Grants Management, are:

The complexity and multitude of available funding streams. "We've heard local grant managers say the message they get from their leadership is that 'there's a lot of money out there, go get us some grants.' And that leaves them with a lack of direction as to where to spend their time."

Seeking grants requires resources. "Funding distribution can be biased in favor of communities that have dedicated grant writers versus those that don't."

Requirements for cash strapped entities to match funds. "Many funding streams require matching funds from the grantees. And if they don't have the funding that they can repurpose or partners to provide it, they miss opportunities to access the federal funds that are available."

Technology. "We've just attended a National Grants Management Association meeting with about 2,000 people. What we heard most frequently is that they don't have the technological tools to do grant management effectively."

Managing post-award activities. "It's really not just about getting the money. There's a lot of detailed work with grants administration, compliance, and reporting. We see that with broadband, for example. The invoices necessary for processing can be hundreds of pages long. This is an area in which we see AI being used to gain efficiencies."

These complexities can stand squarely in the way of federal money that was allocated to good causes finding its way to the people who could be helped by it.

"We interviewed a guy from a small town in Ohio," recalled Pari Sabety, senior advisor for U.S. Digital Response, a nonprofit organization that helps governments, other public entities, and nonprofits respond quickly to critical public needs. "He said, 'I've lived here and run transportation in this little town for 30 years. I can count on the fingers of one hand the number of federal grants we finally decided we could go after. Five federal grants for 30 years.' That's all they did. Why? Because they said it wasn't worth it. It's just so hard to go after it."

All these issues are particularly troublesome for communities that don't have the resources necessary to find federal grants, let alone apply for and implement them. "Smaller localities may not even know what's out there or where to find them, or how to apply," says Jeff Arkin, director of strategic issues for the U.S. Government Accountability Office.

You might think that finding the grants in the first place would be a simple proposition—but just try to use the federal government's one-stop shopping portal, grants.gov, and you'll discover otherwise. It is a frustrating exercise for pretty much anyone who has ever used that route to locate some extra dollars. Although efforts are being made to improve the site, right now, "grants.gov is a nightmare," Sabety said.

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As Arkin testified before Congress last year, "[Let's say] I want to find watermelon grants out there. What pops up when you type watermelon into the search in grants.gov is a grant opportunity for the U.S. Egypt education program to help Egyptian children increase their math skills. How that's connected to watermelon, I couldn't discover."

Fortunately, some alternatives to grants.gov are being developed, notably a very useful website set up by U.S. Digital Response, Federal Grant Finder (usdigitalresponse.org/grants). This site, which is straightforward and elegantly structured, uploads its data from grants.gov every 24 hours and "is a single source to search all federal grants to track relevant opportunities." In addition, Sabety explained, "It allows you to save your searches and actually refer grants and collaborate with others who might be interested in going after those same grants."

But even when a community discovers an appropriate grant, the paperwork required—not just to apply, but to remain in compliance with the receipt of the grant money—can become impossibly time-consuming and complex. The State and Local Recovery Fund, for example, required that anyone who received money had to report on 103 data elements every three months.

Is it possible that the federal government really needs all that information? Probably not. And it's difficult to believe that anyone in Washington D.C. is actually making any use of all this data.

"There is a long history of the federal government setting up programs and having people come up with a wish list of data elements," Sabety said. "These

become the data elements that stay in perpetuity. There's a tremendous amount of inertia—everything's on autopilot. And it's all built on this notion that 'we'll collect all this data and then we'll put it in spreadsheets and try to analyze it and make sense of it.' And the reality is that they never really engage on the front end to say which of these data elements would be useful to us at the federal level and to you as the grantee."

In fact, "anecdotally you hear that agencies are requiring recipients to turn down grants because it's just not worthwhile," Arkin said.

For many communities the situation is like that of people who want to borrow money from the bank: they can't get the loan if they don't have money in the first place. Similarly, the challenge in getting additional grants money for communities is that they don't have the resources necessary to tap that source. So, given the importance of these revenue streams to Americans in all 50 states, it's up to the feds to make the big changes.

Shelley Metzenbaum, a good government consultant, teacher, and advocate who was associate director of performance and personnel management at the White House Office of Management and Budget, and founding president of the Volcker Alliance, said, "The federal government needs to help states, localities, and other grant applicants learn from each other, share implementation tools, and find ways to submit high-quality applications that don't favor richer communities over communities that have greater needs but fewer resources to prepare those applications." ▣

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