

**(COVER LETTER)**

**(EXECUTIVE SUMMARY)**

**1-2 pages**

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## Nevada Grants Landscape (2 pages)

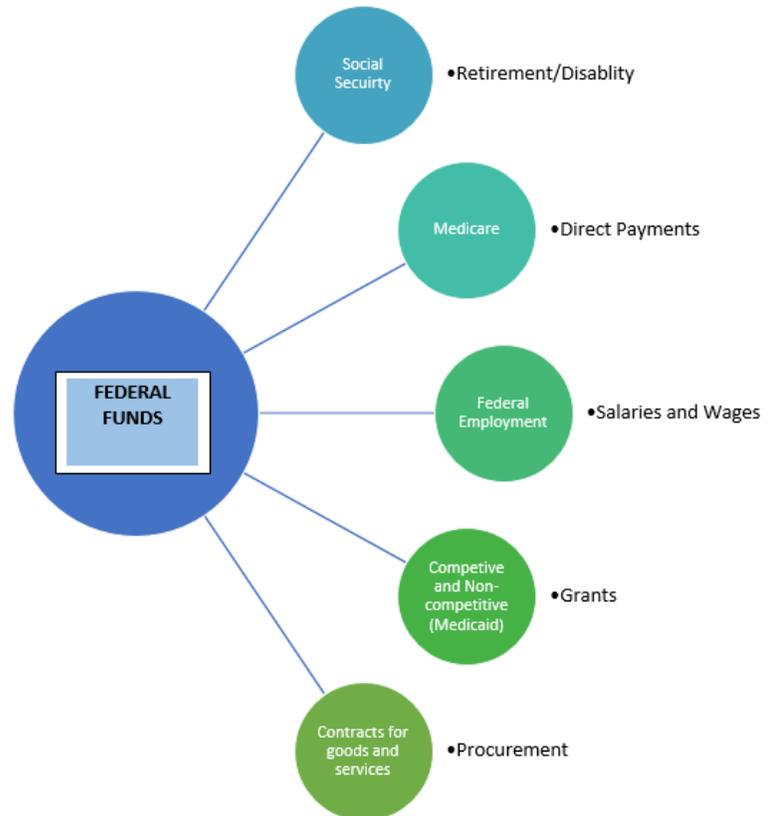
Nearly \$706 billion a year is given to states from the federal government in grant funding.<sup>1</sup> Each year, approximately \$3.8 trillion in federal revenue is brought into states in several ways. It is beneficial to Nevada to apply for and receive as many of these grants as possible because the rate of taxes does not change. The state and its residents will pay the same amount in taxes regardless of whether we receive the funds back or not. It would behoove the state to maximize the investment of federal resources back.

Nationally, federal spending averages 19% of a state's economic activity. Nevada averages 17.9%.<sup>2</sup>

### About Federal Grants

Federal funds make their way into states through five avenues: retirement/disability; direct payments; salaries and wages; grants; and procurement. It has historically proven difficult to compare revenue brought in by states because one of these factors may heavily outweigh the other (for example, Washington D.C.'s domestic spending of federal dollars equals 42%, probably largely due to the influx of federal wages in its population<sup>3</sup>).

The federal government allocated 31.6% of federal outlays in grants to local and state governments in FY 2015 totaling \$706 billion. The bulk, \$531 billion, went to mandatory grant programs like Medicaid, federal retirement and Food and Nutrition Assistance. However, \$175 billion (25%) was awarded in domestic discretionary grants.<sup>4</sup>



<sup>1</sup> Federal Funds Information for States (FFIS) "Grant 101: Intro to Federal Grants for State and Local Governments." 2015.

<sup>2</sup> The Pew Charitable Trusts, "Federal Spending in the States, 2005 to 2014." March 2016.

<sup>3</sup> The Pew Charitable Trusts, "Federal Spending in the States, 2005 to 2014." March 2016.

<sup>4</sup> Federal Funds Information for States (FFIS) "Grant 101: Intro to Federal Grants for State and Local Governments." 2015

This means all eligible states and programs have an opportunity to make a case in bringing federal money to local communities. Grant programming has been pivotal to many community resources. It can

**Table 4: Nevada’s Expenditures by County FFY14, per Capita (No Tribal)<sup>14</sup>**



allow for pilot demonstration projects, creating flexibility and innovation in the way much needed services are delivered. It allows those who work most closely with the target populations to make decisions and design programs based on their community’s most eminent needs. It also serves as an ally to the State by granting funding to services which the

state may not be able to otherwise fund. It is imperative to have a robust, stream-lined and competitive grant team operating in all agencies and counties in Nevada.

The work of this Council has been to increase opportunities in competitive grant funding.

Federal Grant Opportunities	
<p><u>Mandatory Programs</u></p> <ul style="list-style-type: none"> <li>• Funding is set by the law that creates or reauthorizes the grant</li> <li>• Represents the largest share of federal spending (\$329 billion in Medicaid, \$628 billion in FY 2015 for other mandatory programs)</li> <li>• Largely based on formulaic equations based on participation rates (Food and Nutrition Assistance, Earned Income Tax Credit, etc.)</li> </ul>	<p><u>Competitive Grants</u></p> <ul style="list-style-type: none"> <li>• Congress determines how much funding each grant program receives through the appropriations process</li> <li>• Represents 14.9% of federal outlays (\$528 billion in FY 2015)</li> <li>• Awarded through competitive application process</li> <li>• Can be for pilot and demonstration projects- allow for flexibility in project design<sup>5</sup></li> </ul>

Primary Players-

1. State agencies and statewide partners in local government and nonprofits. (Describe roles and how funds pass through)

The state passes through federal funding and is broken down in the following table<sup>6</sup>:

<sup>5</sup> Federal Funds Information for States (FFIS) “Grant 101: Intro to Federal Grants for State and Local Governments.” 2015

<sup>6</sup> Nevada Office of Grant Procurement, Coordination and Management, 2015 Biennial Report.

2. *State Grants Office-* **(mandate, best practices and top priorities)** Many factors transpire during the grant process: gathering data, putting together a strong team to write the application, creating the program to the grant specifications, performing needs assessments, creating a realistic and competitive budget, searching budgets for match if required, collecting all documents required for submission, building a coalition of needed partners for program success, receiving legislative approval to spend the money if awarded, implementing the grant, hiring staff, collecting data throughout the program, monitoring the program, reporting on the program, finding ways to maintain the sustainability of the program when funding ends, and closing out grant duties. At any point in this process, multiple people, agencies and interests can be involved. The process can break-down at any time and appears, for good reason, to be daunting.

The State Grants Office was created in 2011 and serves as the main point of contact for statewide grant application support. Its goals are to achieve a streamlined, efficient and sustainable grant process encouraging state agencies to seek funding that will contribute to a vibrant and sustainable community. The office seeks and coordinates opportunities that align with Governor priorities, and also has the unique perspective of being privy to all state agencies visions, missions and goals and seeking opportunities which will fulfill these.

3. *Grants Council-* The Advisory Council on Federal Assistance was created with bi-partisan support in the 2015 Legislative Session. Its composition brought together leaders from across the state to discuss and make recommendations on increasing federal revenue streams into Nevada. The Governor and Legislative Leadership appointed representatives from across the state in private, public and nonprofit sectors. The Council has researched and taken testimony from stakeholders and experts statewide and across sectors in an effort to inform its decision making.

*Past Nevada Performance-* For nearly 40 years, Nevada has ranked at or near the bottom of all 50 states and most territories in returned federal tax dollars that its residents and businesses send to Washington, D.C.<sup>7</sup>

In 2010, the bi-partisan Nevada Spending and Government Efficiency (SAGE) Commission was quoted as saying, "The lackadaisical attitude of public employees and officials throughout Nevada toward identifying and then relentlessly pursuing grant opportunities was puzzling to commissioners. Nevada rests last in receiving federal grant funds for which we are eligible. We have unnecessarily disadvantaged ourselves, leaving tens of millions of dollars on the table, by not having a strategic, managed focus on this opportunity as does almost every other state. This should be a full-out, statewide effort involving all jurisdictions eligible for such grants."<sup>8</sup>

### **Nevada is Progressing**

While the landscape has looked bleak for decades, many positive changes have begun to occur and momentum for bringing increased revenue has been built. Now is a perfect time to capitalize on this momentum.

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<sup>7</sup> Nevada Office of Grant Procurement, Coordination and Management, 2012-2013 Biennial Report. 2013.

<sup>8</sup> Final Report of the Nevada Spending and Government Efficiency Commission to Governor Jim Gibbons, January 7, 2010. p. 6

How are we doing? When the Federal Funds Information for States (FFIS) provided an analysis for 244 major federal grant programs from 2006-2016, it found:

- ✓ Nevada has experienced one of the largest increases in grant awards between FFY 2009-2014. It grew 51.5% where federal spending only grew 21.4% over the same timeframe;
- ✓ Nevada ranked #2 for the largest per-capita grants growth in FFY 2014 (43.6% growth); and
- ✓ Nevada is the only state to rank in the top 10 of population growth, at the same time ranking in the top as largest growth per capital for grant awards.<sup>9</sup>

Despite this growth, Nevada still ranks at or near the bottom of many lists. It is 51<sup>st</sup> in competitive Medicaid funding opportunities (though this is different than Medicaid expansion. Please see Figure XX for addressment of Medicaid funding entering Nevada).

Structural improvements have been implemented to begin to address this historically consistent low-ranking. Measures include:

- ✓ Grants Office trainings (ELABORATE)
- ✓ Grants Office Return-on-Investment (NEED NUMBERS)
- ✓ Grants Office has increased its staff from two (2) to four (4) FTEs
- ✓ (Positions added to other agencies???)
- ✓ The creation of the Advisory Council on Federal Assistance has brought together leadership from across the state and sectors to begin to cohesively solve increased funding.

Major Opportunities to go Further- Over the next five years, with leadership from the Governor and the Legislature, Nevada should work with local governments, nonprofit service organizations, and leaders in the philanthropic and business community to:

- A. Implement an effective and sustainable program that allows Nevada to responsibly meet grants' match fund requirements with in-kind support and/or cash from public and philanthropic sources.
- B. Continue to identify and address structural barriers that limit Nevada's overall grant applications and competitiveness.
- C. Build professional grant capacity within local and state governments and nonprofits so Nevada has enough qualified grant writers and administrators to design, implement and manage competitive grant projects. Additionally, bring technological capacity for grant management up to the level required to obtain this.
- D. Have a State Grants Office with a statewide presence, making face-to-face connections and building and fostering relationships with public, private, nonprofit and philanthropic entities in an effort to coordinate strong and sustainable programs statewide.

Engaging and educating a broad coalition of stakeholders, building and understanding and consensus for action is key for progress.

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<sup>9</sup> <http://grant.nv.gov/About/Publications/>, pulled October 4, 2016.

## **Grants Council Recommendations**

In order to address methods and models in identifying, procuring, utilizing and maintaining federal assistance, the Council has recommended the following five areas be addressed immediately to maximize federal assistance:

**Match Funds-** Many federal grant applications ask for match or award extra evaluation points to applicants who allocate their own funding to the grant. State agencies are currently very limited in applying for these opportunities due to tightly allocated budgets with little to no room for matching funds. Increasing our ability to provide match will bring additional funding to the state.

### *Recommendation:*

- ✓ Establish a pilot fund of approximately [insert proposed budget] for the biennium to allow Governor's Office of Finance, Grant's Office and state agencies the cash funds needed to secure high-priority, high-return competitive grants.

**Grants Management System-** Collecting data and using it to show the need for the grant application has been an imperfect and inconsistent process for many grant applications and program implementations, and is one of the most crucial aspects in applying for and monitoring programs.

Many state systems are antiquated and need to be manually manipulated and analyzed by staff, resulting in delayed data. Additionally, many federal requirements of reporting are far beyond the current systems making Nevada less competitive in its reporting capabilities. Requesting funding to bring Information Technology (IT) up to federal requirements can quickly consume an entire budget request.

Finally, many agencies operate and collect data in silos. This often results in agencies not being aware of what is being collected and consequences of this are duplicative data, underreported outcomes, and applications not being applied to.

The State is limited in understanding in its data limitations as there is not a centralized system for capturing program outcomes, populations being served, return on investment, etc.

A centralized, State Grants Management System will allow for the streamlined and accurate collection of data in real-time. This will allow staff and stakeholders to pull real-time data for needs assessment, outcome measurements etc. Additionally, it will allow decision and policy makers to evaluate data to ensure resources are being invested efficiently.

### *Recommendations:*

- ✓ Fund and establish a statewide grants management system that allows the State to manage and report awarded grants, and work with local governments and nonprofits to identify and coordinate grant opportunities.

**Budget Incentives-** The state budget process has largely penalized an agency for receiving federal assistance. Section 7 of the Appropriations Act allows for an agency annual budget to be cut by the amount received in federal funding. Not only is this considered supplanting by the federal government and in violation of the Code of Federal Regulations (CFR), but it also discourages agency leaders to apply

for federal assistance. When grant funds end, an agency head must not only ask the Governor's Office of Finance for the original budget back, but it is considered a budget enhancement. This means an agency's budget is taken when they receive an award and in order to request the original amount back, it has to be an enhancement. This cuts the original amount and largely means that the enhanced services being provided to expanded state populations stand no chance of being funded. Program sustainability can be a major problem as well. Many agencies struggle with the decision of applying for the grant because they are unsure if the investment of resources and staffing will be able to continue after the grant period ends. The decision to invest staffing, technology and allow recipients to receive services they become to start to rely on can weigh in the decision in whether to apply or not.

Funding is often competitive when building state programs, and it is not always guaranteed or expected that grant programs can continue. This results in inconsistent delivery of services and unstable funding. Investment in grant programming sustainability is vital to maintaining and bringing in extra federal funds.

*Recommendations:*

- ✓ Modify language in the biennial budget authorization that creates a disincentive for agencies to pursue and secure federal grants while maintaining the Legislature's budgetary management function.

Streamlined Legislative Process- After a grant award is made, state staff have to receive approval from the legislative IFC before they can begin spending it. Sometimes, this can take up to six months. Many agencies determine if they will make the IFC deadlines when applying.

Often, grants specify services must begin within several months of reward acceptance. Nevada has missed out on opportunities because it is not guaranteed this will happen. Sub-grants cannot be given and agencies cannot begin to spend the money until this approval is received. Federal funding agencies do not understand this process and hold agencies accountable for not spending funding within the appropriate timeline. Grant opportunities that are only one year long will often not be applied for as the agency decides it is not feasible due to the implementation hurdles that exist. A smooth and quick process for approval of allowing agencies to start spending awarded grants is necessary in order to ensure more agencies apply for opportunities.

*Recommendations:*

- ✓ Streamline the approval process for grant-related work plans while maintaining the Legislature's budgetary oversight function.

Staffing –

*Need Council recommendations*

Conclusion (1/2 page)

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Appendix

- **Meetings Listings and Summaries**

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