

# THE DEFINITIVE GUIDE TO MAXIMIZING GRANT REVENUES



How do state and local leaders effectively manage the economics required to run government today? Increased taxes and fees? Budget cuts, scaling back programs and services, workforce reductions? Are there other alternatives to support the work of state and local governments?

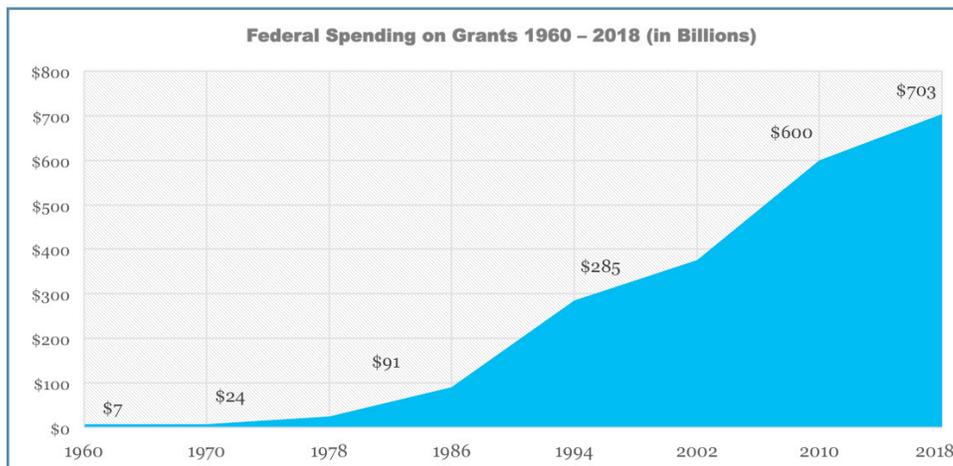
This guide examines one of the most misunderstood and untapped revenue sources available to state and local governments – grant funding. It’s a strategic playbook to help leaders interested in alternative funding sources understand the mechanics and benefits of pursuing and utilizing grant funds. This guide will help leaders and their staff understand what needs to be done to execute an effective and efficient grant funding strategy and avoid the costs and frustrations commonly associated with grants.

## 1 The Grant Funding Landscape

How much grant funding is out there for state and local governments? The total amount of federal spending on grants has grown from nearly \$7 billion in the 1960’s to an estimated \$703 billion for FY 2018. Approximately 85% of these dollars will flow down to state and local government. The graph below

illustrates the dramatic increase in federal grant funding over the past 58 years.

According to the Foundation Center, the amount of grant money from private foundations to public sector and nonprofit organizations is estimated to be as much as \$316 billion per year. According to eCivis’ own data, private foundations that award grants to units of government and/or their community partners make up more than \$22 billion. Factoring in all sectors of grant making, there is over \$1 trillion in grant funds available.



In the face of increased liabilities and expenditures, and slowing revenue growth, federal and non-federal grants can help fund key strategic initiatives and provide a better alternative funding option than increasing taxes or fees. More important, an effective grant funding strategy can return more taxpayer dollars to residents.

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By focusing on better planning, increased training and improved management of costs, many state and local governments have done a remarkable job of maximizing grant revenues and improving their fiscal health and ability to serve their residents.

In the following chapters, we will highlight key focus areas and share relevant findings we've uncovered in our work helping state and local governments across the country implement effective grant funding strategies.

## 2 Building Your Strategy

### The 3 Keys to Maximizing Grant Revenues

From 2013-2016, we conducted several surveys reaching more than 40,000 people and dozens of state and local governments with grant portfolios ranging from \$100 million to \$10+ billion. The goal of this research was to identify key organizational characteristics that were common to state and local government that effectively secured grant awards while reducing costs and achieving the goals and outcomes of each funded project. Here are the three key characteristics identified.

**1. Transparency.** Systems were in place to identify and track priorities, manage performance and improve collaboration. These systems helped align strategic goals to grant funding opportunities, streamlined processes, reduced administrative burden and provided the information needed to make good decisions. (See more on transparency in [Chapter 3](#).)

**2. Established policies.** Policies were in place to ensure proper administration of grant activities and reduce audit findings. The scope of work for each grant was reviewed by key stakeholders to ensure that the infrastructure was in place to successfully implement a project and comply with the requirements of the grant. (We'll discuss how to develop an effective grant policy in [Chapter 4](#).)

**3. Central support.** A centralized grants office was in place to support transparency efforts, enforce policies and reduce the overall administrative burden across all agencies and departments. (Discussed further in [Chapter 5](#).) Centralization allows leadership to assess matters in real-time, and helps managers across an organization plan their grant acquisition strategy around need, capacity and planned resources. It also promotes better performance through shared strategies, best practice, and consistent support.

Based on these characteristics, we compared the state and local governments we reviewed to others that did not share these characteristics. We separated these groups and then measured their respective year-over-year grant performance in three basic categories. First, we looked at the average increase in total grant funds. Second, we examined the average increase in grant-funded projects. Finally, we looked at cost reduction. The results revealed a clear performance gap between governments that had all three key characteristics versus the rest of the field. Here are the results.

Performance Indicator	Government entities with all 3 characteristics	Government entities without all 3 characteristics
Increase in grant awards	17%	-4%
Increase in funded projects	34%	9%
Decrease in administrative costs	21%	3%

In the next chapter, learn how to develop the first characteristic - transparency.

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## 3 Characteristic 1 – Transparency

### 7 Steps to Transparency

This chapter will highlight the type of information high-performing state and local governments use to manage their grant strategy. In our study, state and local governments that had good information at the beginning of the process—before a grant is pursued—avoided the traditional challenges that others face later, such as managing costs after a grant is accepted. By spending more time focused on the beginning of the process, high performing organizations had access to information early,

which led to better, more informed decision making and time management. This level of transparency helps staff achieve the desired outcomes of increased funding and reduced costs. Create greater transparency by focusing on these 7 key areas.

**1. Align funding to your priorities.** The dashboard below is an example of what many high-performing state and local governments use to understand what grants are supporting projects and programs across all departments. This type of information provides enterprise-wide visibility and helps each department align grant pursuance for current and future projects during the budgeting process with their priorities.

Department Summary						
<input checked="" type="radio"/> Departments with Grant Activity <input type="radio"/> All Departments			Applications:		Funding:	Reports:
Department	Open Projects	Active Grants	Due   Submitted	Awarded   Allocated	Due   Submitted	
<a href="#">Aging</a>	<a href="#">7</a>	<a href="#">8</a>	0   <a href="#">1</a>	<a href="#">7</a>   0	0   <a href="#">2</a>	<a href="#">View Goals</a>
<a href="#">Attorney</a>	<a href="#">17</a>	<a href="#">13</a>	0   <a href="#">6</a>	<a href="#">7</a>   0	<a href="#">5</a>   <a href="#">27</a>	<a href="#">View Goals</a>
<a href="#">CAO</a>	<a href="#">5</a>	<a href="#">5</a>	0   <a href="#">1</a>	<a href="#">1</a>   <a href="#">1</a>	0   0	<a href="#">View Goals</a>
<a href="#">City Clerk</a>	<a href="#">1</a>	<a href="#">1</a>	0   0	0   0	0   0	<a href="#">View Goals</a>
<a href="#">Community Development</a>	<a href="#">30</a>	<a href="#">24</a>	0   <a href="#">4</a>	<a href="#">9</a>   <a href="#">2</a>	<a href="#">4</a>   <a href="#">14</a>	<a href="#">View Goals</a>
<a href="#">Community Redevelopment</a>	<a href="#">7</a>	<a href="#">6</a>	<a href="#">1</a>   0	<a href="#">2</a>   <a href="#">2</a>	<a href="#">1</a>   0	<a href="#">View Goals</a>
<a href="#">Controller</a>	<a href="#">1</a>	<a href="#">2</a>	0   0	0   0	0   0	<a href="#">View Goals</a>
<a href="#">Convention Center</a>	<a href="#">2</a>	0	0   0	0   0	0   0	<a href="#">View Goals</a>
<a href="#">Cultural Affairs</a>	<a href="#">3</a>	<a href="#">3</a>	0   0	<a href="#">1</a>   0	0   <a href="#">4</a>	<a href="#">View Goals</a>
<a href="#">Economic and Workforce Development Department</a>	<a href="#">2</a>	<a href="#">2</a>	<a href="#">1</a>   0	0   0	0   0	<a href="#">View Goals</a>
<a href="#">Emergency Management</a>	<a href="#">1</a>	<a href="#">1</a>	0   0	0   0	0   0	<a href="#">View Goals</a>
<a href="#">Engineering</a>	<a href="#">5</a>	<a href="#">4</a>	0   0	<a href="#">3</a>   0	<a href="#">6</a>   <a href="#">24</a>	<a href="#">View Goals</a>
<a href="#">Environmental Affairs</a>	<a href="#">10</a>	<a href="#">8</a>	0   <a href="#">3</a>	<a href="#">5</a>   0	0   0	<a href="#">View Goals</a>
<a href="#">General Services</a>	<a href="#">4</a>	<a href="#">2</a>	0   <a href="#">1</a>	0   <a href="#">1</a>	0   0	<a href="#">View Goals</a>
<a href="#">Harbor- Development Grants</a>	<a href="#">4</a>	<a href="#">22</a>	0   <a href="#">1</a>	<a href="#">1</a>   0	0   <a href="#">5</a>	<a href="#">View Goals</a>
<a href="#">Harbor- Environmental Grants</a>	<a href="#">18</a>	<a href="#">12</a>	<a href="#">1</a>   <a href="#">1</a>	<a href="#">4</a>   <a href="#">1</a>	<a href="#">39</a>   <a href="#">314</a>	<a href="#">View Goals</a>
<a href="#">Harbor- Security Grants</a>	<a href="#">61</a>	<a href="#">50</a>	0   0	<a href="#">8</a>   <a href="#">38</a>	<a href="#">17</a>   <a href="#">195</a>	<a href="#">View Goals</a>

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**2. Track activity consistently.** Your process will improve simply by measuring activity. Establish a process to track grant activity, including calculating costs and evaluating resource requirements. The more areas of the process you can measure activity, the better the outcomes will be. The ability to track activity is more effective if supported by a central grants office. Centralized reporting allows enterprise-wide transparency and coordination and will be covered in more detail in Chapter 5. The following list provides the most common information and activity reports used across state and local governments.

## COMMON ACTIVITY & INFORMATION REPORTS

1. Applications Submitted
2. Closed Projects
3. Grants Awarded
4. Spending Reports
5. Not Awarded Report
6. Funding Allocations
7. Annual Comparison
8. Competitive vs. Non-Competitive
9. Funding Source
10. Match vs. Award
11. Projected vs. Awarded
12. Win Rate

**3. Align grant process with business process.** For example, when creating a budget for your grant application, make sure the proposed costs to the funder can be tracked and reported through your current procurement and accounting processes. A budget proposal for a grant should align with the goals of your project and your existing reporting processes. If you do not create this alignment, you will create reporting challenges that require work-arounds, ad hoc reports and excessive administrative costs to keep track of spending. These activities increase workload throughout the life of your project and keep central service departments from supporting other needs. Finance is often resigned to developing shadow systems to manage misaligned processes. By aligning your grant and business processes, you will improve the quality and frequency of communication between your departments, eliminate staff frustration, and reduce overall costs. More important, your staff will spend less time on reporting and more time on achieving goals of the project or program. The illustration below is an example of how pre-award grant information can be seamlessly integrated with an ERP system and organized according to the budget submitted to the funder. In addition, common grant requirements such as cost share (match or maintenance of effort requirements), program income, program goals/metrics, and spend down are visible by grant so that additional processes and support are not required when managing post-award requirements.

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Inception Date: 01/01/2016

Goals Metrics Revision Report

**Budget Settings**

*(This budget is locked)*

Report Column: Current Month

From: [ ] [Calendar]

To: [ ] [Calendar]

Generate Report

Budget Stage: Post-Award

Actions: [Lock]

**Budget Summary**

Total Current Month	\$0.00	\$212,568.00	Total Direct Costs
Total ITD	\$69,920.82	\$20,276.80	Total Indirect Costs
Total Available Balance	\$162,923.98	\$232,844.80	Total Awarded
Total Balance Spent	30.03%	\$0.00	Match / Cost Share
		\$0.00	Program Income

**Budget Items**

	Total Cost	Current Month	ITD	Balance	Spent %	
<b>1. Personnel</b>	\$132,294.80	\$0.00	\$40,089.32	\$92,205.48	0.00%	+ Open
<b>2. Contractual</b>	\$90,750.00	\$0.00	\$27,500.00	\$63,250.00	0.00%	+ Open
<b>3. Supplies</b>	\$9,800.00	\$0.00	\$2,331.50	\$7,468.50	0.00%	+ Open

**4. Improve the sourcing of funding information.** Most projects need to be “shovel-ready” to have a chance of being funded because the amount of time between the solicitation date of a grant and its application due date does not always provide sufficient time to develop an effective, competitive proposal. Use resources that give your staff access to more grants and also provide information to help make decisions faster. Identify and use key grant information (eligibility, financial criteria, contact information, recent updates, etc.) to help determine if you should invest time and resources to pursue a grant. Roughly 80 percent of federal grants tracked by eCivis are resolicited each year, so make sure your grant research includes past solicitations as well. Anticipating future

solicitations will give you more time to find the right grant and develop a strong proposal to a funder. Resource constraints are a continual challenge, so use information to improve the efficiency of your research process—otherwise, simply having access to more funding data will not result in better outcomes. The illustration below demonstrates how grant information can be organized to highlight key information easily and eliminate many of the steps and time required to identify the appropriate grant under later. The time saved in reporting outweighs the amount of time it will take to align the reporting elements before a grant application is submitted. When done correctly, reports can be generated with little effort.

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### Search by Keyword

See help popup for advanced search syntax. ⓘ

### Search Agent

Run an existing search agent. ⓘ

Existing Search Agents

#### Filter

- Categories ▶
- Grant Type and Agency ▶
- Other Criteria ▶

Apply Filter

### Search Results

Results 1 - 25 of 454 (0.024 seconds) 1 2 3 4 5 6 7 ... 18 19

Score	GN Code	Grant Title	Agency	Actual Funds	Due Date
100.00	US15422	<a href="#">Infrastructure Management and Extreme Events - FY 2016</a>	US NSF	Unspecified	09/15/2016 (Multiple)
100.00	US11212	<a href="#">Civil Infrastructure Systems (CIS) - FY 2016</a>	US NSF	Unspecified	09/15/2016 (Multiple)
99.99	US15420	<a href="#">Telecommunications Infrastructure Loan Program - FY 2016</a>	US Agriculture	Unspecified	Rolling
98.30	US1116	<a href="#">Transportation Innovation Act</a>			Rolling
98.30	US15908	<a href="#">Electric Infrastructure Guarantee</a>			Rolling
97.44	US14273	<a href="#">CISE Research Infrastructure</a>			12/05/2013
96.66	US4171B	<a href="#">Boating Infrastructure (Part B): Tie</a>			09/08/2016
96.65	US4171A	<a href="#">Boating Infrastructure (Part A): Tie</a>			09/08/2016
96.61	US3922	<a href="#">Documenting Data, Infrastructure Methods - FY 2016</a>			09/26/2016 (Multiple)
95.79	US13835	<a href="#">Advancing Infrastructure Surveillance Methodology Partnership</a>			04/30/2017 (Multiple)

#### Railroad Safety Infrastructure Improvement Grants - FY 2016

**Agency:** U.S. Department of Transportation

**Office:** Federal Railroad Administration (FRA)

**Due Date:** 06/14/2016 (Application)

**Eligible Applicants:** Local Government; Private Sector; State Government

**Match Required:** Yes

**Match Type:** Unspecified

**Summary:** ... to provide support for improving the safety of rail infrastructure, specifically the acquisition, improvement, or rehabilitation of intermodal or rail equipment or facilities, including track, bridges, tunnels, rail yards, buildings, passenger stations, and maintenance and repair shops. Projects must be focused on safety improvements, and not other potential benefits such as increased...

**5. Enforce good policy.** Avoid pursuing and accepting grants that do not align with your strategic goals or budgeted resources. This will help you avoid taxing central resources such as information technology, finance and administration by pursuing grants with high, or unclear administrative costs. Policies that require communication of what grants are being applied for and what applications have been submitted leads to better award management. Find a way to systematize the notification process to support your policy and avoid excessive administrative costs downstream. Including finance personnel early in the process, ideally during the development of your budget proposal, will also help them avoid burdensome reporting work. This will allow time to help shape the reporting requirements to match the business reporting capabilities of your

financial system or Enterprise Resource Planning (ERP) system.

Finally, identify tools that will help support your policy. Financial systems or ERPs are great for managing your core business needs, but they fail to support pre-award planning, training, external collaboration and compliance requirements for grants, particularly in all the steps that lead up to a grant award agreement being accepted (fully executed). Find tools that complement your financial system or ERP to establish good policy and avoid compliance challenges and audit findings. Also keep in mind that automation does not necessarily lead to lower costs and increased capacity. In fact, in some cases, simply automating processes created by policy gaps led to an increased likelihood that funds would be mismanaged.

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**6. Post-award Management.** Effectively and efficiently managing a grant after the award agreement is fully executed requires two things to happen. First, your staff must clearly understand the fiscal and programmatic requirements of the grant. Second, these requirements must be clearly communicated and tracked. Lost reimbursements, improper payments, and fraud are a result of these two things not happening consistently. Who owns the responsibility of tracking and reporting financial and programmatic requirements? The program staff who applied for the grant and responsible for

the outcomes, or the finance staff who were not part of the process from the beginning? To effectively and efficiently manage your grants, you must bridge this information sharing gap. Tracking and reporting on progress can be seamless if you effectively share information from pre-award to post-award. Like the earlier illustration in point 3 of this chapter that demonstrated how financial requirements can be seamlessly communicated and tracked, the Project Dashboard illustration below demonstrates how programmatic requirements can be established, monitored and tracked in real-time.



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**7. Managing your sub-recipients.** Sub-recipients play a big role in the delivery of grant-funded programs and services, but collaborative tools to support and monitor sub-recipients are antiquated. Sub-recipients today are still managed largely through email and back office tools. To improve sub-recipient management, state and local governments must work on improving how they interact with their applicants and sub-recipients. More importantly, as a pass-through entity, state and local governments must help communicate key grant requirements and provide better tools to share information, track history and organize reimbursement requests and payments. ERPs are not designed to allow sub-recipients to access their system, so you need to turn to modern collaboration tools that allow for improved information sharing. The illustration below provides a look at a modern sub-recipient portal that allows state and local governments to interact and share information with applicants and sub-recipients. By providing tools to the sub-recipient community, state and local governments can reduce their administrative burden, improper payments and indirect costs, and help their sub-recipients improve performance.

A stronger focus on establishing transparency and setting good policy earlier in the grants life cycle will eliminate many of the traditional challenges and associated costs that are incurred today. Governments that have addressed these seven outlined points have increased performance, reduced administrative burden on staff and minimized costs associated with audit findings.

The cities of Santa Clara, CA, and Norfolk, VA, are good examples of what transparency can generate. Santa Clara successfully garnered over \$55 million in new grant funding to complete several critical projects while achieving 100% of its performance objectives. Norfolk doubled the number of grant awards, time spent searching for grants was minimized, and community-based organizations were more successful in pursuing funding opportunities themselves. Improvements include a 204% increase in grant awards to the city and their community-based organizations. The additional funding for community-based organizations has led to a higher quality of life for residents. In Polk County, Florida, process efficiency doubled. The state of Arizona has improved collaboration and information sharing across its 55 agencies, departments, boards and commissions, resulting in a 24% increase in federal grant revenues, annual cost savings of more than \$500 million, and 100% compliance with the state's electronic records requirements. ([Read more case studies here.](#)) In the next chapter learn how to develop good policy.

**Pending Tasks**

Show 10 entries

Task Name	Grantor	Grant	Stage	Due	Reminder
Authorized Signatory for Organization	Washington State Department of Transportation	Consolidated Grants Program	Awarded	12/7/2016	12/1/2016
Amend Construction Plans	Washington State Department of Transportation	Consolidated Grants Program	Awarded	1/2/2017	12/15/2016
Reimbursement Request Q1 2017	Washington State Department of Transportation	Consolidated Grants Program	Awarded	4/1/2017	3/15/2017
Reimbursement Request Q2 2017	Washington State Department of Transportation	Consolidated Grants Program	Awarded	7/1/2017	6/15/2017

Showing 1 to 4 of 4 entries

**Draw Down**

Draw Down Spending

Source: Consolidated Grants Program

Grantor	Grant	Stage	Award Amount	LTD Expenditure
Washington State Department of Transportation	Consolidated Grants Program	Awarded	\$25,000,000	\$20,000,000

Consolidated Grants Program

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4

## Characteristic 2 – Established Policies

### 3 Areas to Establish Grant Policy

Good policy can have a dramatic impact on the success of any grant strategy. To create an effective grant policy, you will need to address three key areas that are commonly overlooked. These areas are consistently addressed in state and local governments with strong grant performance.

**1. Managing the grants you pursue.** Let your strategic goals, budget and resources determine what grants you pursue. Have a clear process to review grants prior to committing time and effort toward a grant proposal. In many state and local governments, there is a process to review a grant prior to developing an application, before submitting an application, reviewing the award before executing a contract, or all of the above.

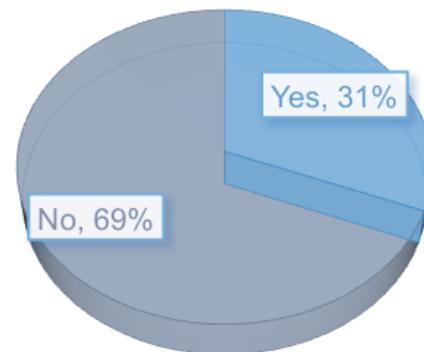
**2. Bring your finance team into the process early on.** There is usually resistance early on because this process is considered more work. But by participating early, finance staff can eliminate the work related to gathering data and reorganizing that data for reporting later. The time saved outweighs the amount of time it will take to identify grant requirements and set up proper financial reporting before a grant application is submitted. When done correctly, reports can be generated with little effort in the post-award period.

**3. Track performance.** Track performance to improve performance. Metrics such as win rate is a common performance metric that can help support the sharing of best practice across departments to improve overall performance. High-performing state and local governments also track additional metrics such as matching costs as percentage of total grant awards, maintenance of effort requirements, indirect costs, audit findings and improper payments. In some cases, we have seen departments share resources or expertise with others to reduce administrative burden and improve overall performance.

### Why Training Is Critical to Success

Over the past several years, we have conducted several surveys reaching more than 40,000 employees in the public sector. What we have uncovered is that there is a tremendous opportunity to improve the grant process in state and local government simply by training the individuals touching various aspects of a grant. More than 2 out of 3 employees that touch a grant activity are not formally trained before taking on these responsibilities.

#### PERCENTAGE OF EMPLOYEES WHO RECEIVE FORMAL TRAINING



In many business disciplines such as finance, management and human resources, there are centuries of best practice, theory and education focused on improving the practices in their respective fields. Grant administration in state and local government does not benefit from the same history of well-established standards and formal training. There are no 2 or 4 year degrees for grant management. The National Grants Management Association, provides the only credentialed formal recognition of industry standard level knowledge of the full lifecycle of grants management called the Certified Grants Management Specialist, or CGMS. There are fewer than 300 CGMS across the United States.

Though formal training is rare, training employees on the basics is not a complex problem to solve. We've provided some free resources at the end of [Chapter 7](#).

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## How Good Policy Leads to Better Performance

Good policy will also promote clear ownership of processes. Survey results uncovered that ownership of grant activities is spread across a wide range of job classifications. In fact, we counted 213 different position titles that research grant opportunities and 167 different titles that create grant applications, including the grant budget to submit to funders. Without good policy, the ownership of processes is unclear and activities are often assigned to whoever is available rather than who is the right fit. This will lead to inefficient process hand-offs from one stage of the grants life cycle to another and coupled with the lack of formal training can lead to unintended results such as lost reimbursements due to missed requirements. Good policy will provide clear requirements and ownership, leading to better assignment of duties, less staff frustration and increased cost savings. Most important, it will lead to better outcomes for your staff and the communities they serve.

The City of Detroit is a good example of what good policy and training can accomplish. In the years following its bankruptcy, the city has come back strong. In 2014, Detroit's Single Audit revealed 41 findings and just \$11,000 in questioned costs—down from 63 findings and over \$18 million in questioned costs in the prior year. In 2017, Detroit's budget is expected to have a surplus of \$63 million. In the next chapter, learn how to identify the right support structure for your grant strategy.

## 5 Characteristic 3 – Central Support

### How to Set Up Your Grants Office

A well-designed structure and mature grants processes will allow you to reduce costs, retain/manage grant funding, and effectively pursue new grant funding for current or future projects. So where do you start? What are the considerations and options for your organization?

We have found that there are three general types of grant management structures. Taking it a step further, we have also identified some important characteristics in process maturity within those three structures. Using widely accepted process and capability maturity principles, we have created a five-step maturity model to help state and local governments define a

path to successful grants management.

### DECENTRALIZED

The three general structures that are represented in local governments are commonly set up as a result of existing resources, experience, systems and grants portfolio size at the time. The size of the local government is rarely a proxy for the type of structure you can expect to see. We recommend a centralized structure, but understand that many local governments may need to work from a decentralized structure to a centralized one so we've describe all three in this chapter.

#### DECENTRALIZED STRUCTURE



### CENTRALIZED REPORTING

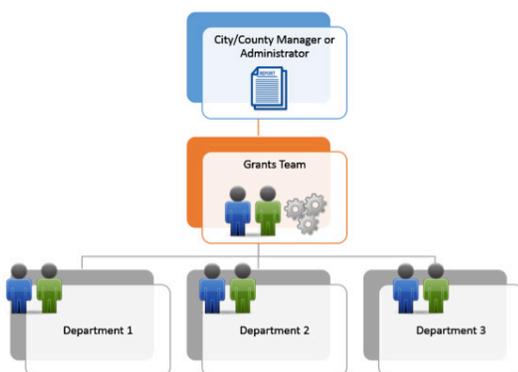
In this structure, departments work independently and each department is focused on their own respective goals. However, reporting is made available to leadership and/or key stakeholders so they can see progress and certain financial information about their grant awards. Staff may be full-time, part-time, contractors or a combination. The advantage of this structure is that each department's available resources and needs are taken into account when pursuing or managing grants. In addition, the reporting process creates transparency at an organizational level. This helps senior managers and finance. The disadvantage is that duplication of efforts and process inefficiency will continue to be a challenge. The added internal reporting process may cause some departments to think twice about pursuing certain grants and adding extra work to produce internal reports. Reporting may be difficult to consolidate and submit if departments use different processes, systems and templates. This helps senior managers and finance. The disadvantage is that duplication of efforts and process inefficiency will continue to be a challenge. The added internal reporting process may cause some departments to think twice about pursuing certain grants and adding extra work to produce internal reports. Reporting may be difficult to consolidate and submit if departments use different processes, systems and templates.

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## CENTRALIZED

In this structure there is a dedicated grants team or staff. Departments work with the dedicated grants team to ensure that both departmental and organizational needs and resources are considered. Staff may be full-time, part-time, contractors or a combination. The advantage of this structure is that certain resources and processes are streamlined to eliminate duplication of effort, which reduces costs and improves capacity within each department. Reporting and communication is also more uniform and leadership has a single point of contact. Departments can also go to one place for training and support. Transparency and accountability are high in this structure. The disadvantage of this model is that departmental needs can become secondary if not communicated well, and the grants team or staff are sometimes viewed as an unnecessary added cost if they are unable to successfully work with departments, which makes hiring the right person and/or team critically important. Knowledge sharing can become challenging; some departments may be resistant to institutional knowledge sharing. This is the structure we recommend you work towards, if feasible.



## Grants Process Maturity Model

The Grants Process Maturity Model (GPMM) is a framework that focuses on continuous improvement of grants management processes across five levels. Each level reflects how well a state and local government has defined, and follows, common and repeatable processes to effectively manage their grants. The first level describes units of government without repeatable processes, where much of the work is performed on an as-needed basis. At the highest level are units of government that use defined and repeatable processes, collect metrics to help them optimize their grants management processes, and, in some cases, become thought leaders and first-adopters. Because the application of this model focuses on process maturity rather than size of complexity of a state or local government, the GPMM framework can be applied to each of three types of grants management structures described earlier. The five levels of the model are described below.



## The 5 Levels of the Grants Process Maturity Model

### LEVEL 1 - UNDEFINED

The grants management process is virtually nonexistent, without consideration of wider application beyond a particular grant opportunity. Documentation is limited and little input is given to improving processes for the future.

### LEVEL 2 - DEFINED

Grants management processes are defined among immediate stakeholders or within each department, but not across the organization. Processes may be repeatable. There are no uniform guidelines to allow collaboration among departments within larger units of government.

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## LEVEL 3 - ESTABLISHED

An organization has defined grants management processes and each department is tasked to follow the defined process. There is limited oversight, or none at all, to ensure that the defined process is adopted and followed.

## LEVEL 4 - MANAGED

An organization has defined grants management processes and each department is tasked to follow the defined process. There is limited oversight, or none at all, to ensure that the defined process is adopted and followed.

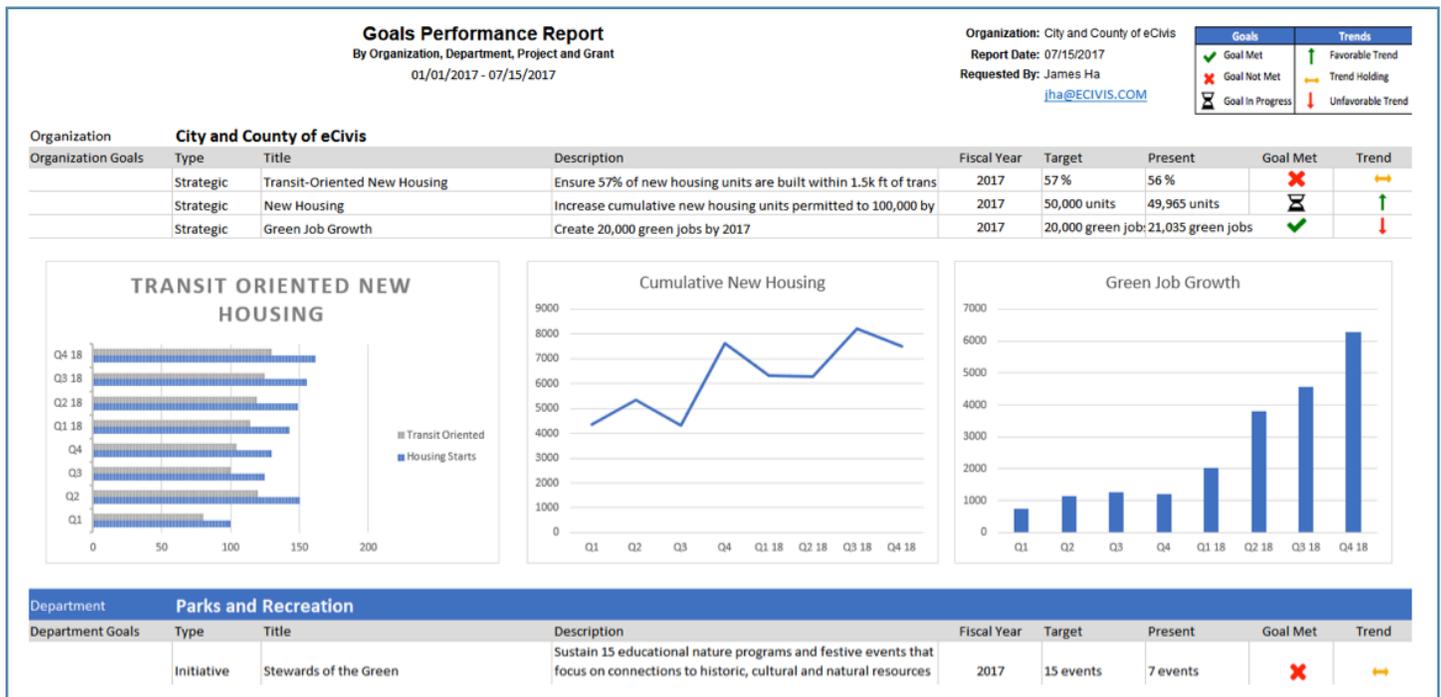
## LEVEL 5 - MEASURED

An organization has defined grants management processes that are clearly understood, adopted and followed across the entire organization. Performance is measured and information is used to continuously improve grants management. Performance data such as win rates, unutilized funds, and late tasks are available to managers. The illustration below provides an example of reporting used to measure performance of grant funded programs supporting strategic goals of an organization.

## Level Up

As a state or local government moves up or down levels in the GPMM, certain characteristics become more pronounced. As processes move up, efficiency improves, grant dollars increase and win rates generally get better. Overall capacity and capabilities improve, and projects are funded by more than federal grants. The effectiveness of grants process is very high at maturity increases.

If processes move down each level, then overall effectiveness will decrease. Deadlines are missed, expenses are unaccounted for and failed audits are more frequent. Misconceptions become an increasing challenge as well. Staff begin to view grants as impossible to manage and "not worth the money." This leads to important projects that could have been funded by grants to be ignored or missed. The following illustration highlights the characteristics as a state or local government moves up or down in the GPMM framework.



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## Key Concepts

Here are some key concepts that you should consider as you determine your structure and evaluate your grants process maturity.

### **Grants Structure and Grants Maturity are NOT the same.**

Having a decentralized or centralized structure is not a measure of your grants process maturity. Having a centralized structure does not mean you have mature grants processes, and vice-versa. Process maturity is defined by having well-defined, repeatable processes that are understood, practiced and optimized throughout an organization. That can happen in all three structures, but results show that a centralized system is most effective.

### **Grants Structure and Grants Maturity are NOT independent.**

Process maturity must be a focus in each structure. To effectively manage grants in state or local government, processes must be in place. Structure and maturity are dependent.

### **Understand the organization, then build maturity.**

State and local governments must understand their structure before defining processes. Certain grants processes that work for centralized structures will not work in a decentralized structure. Know your structure so you can develop a realistic plan.

Alameda County's Fund Development Office is good example of a centralized structure. The Fund Development Office has submitted more than 180 grants and been awarded more than \$55 million, primarily in support of its principle clients, the Alameda County Health Care Services Agency, Social Services Agency, and the Probation Department. With eight staff serving

clients that often overlap, and contractors, the Fund Office not only tracks and reports to their high-profile stakeholders, but they also prospect [grants] and give Technical Assistance to their community-based organization partners. In the next chapter learn about the economic considerations you should know.

## 6

## Economic Considerations

Through effective planning and good grant policies, state and local governments can avail their budgets to new revenue streams, ultimately save money by curbing mismanagement, and free up their general fund—all positive steps toward improving the lives of residents. As you consider your grant strategy, you should think about key financial requirements to avoid the bad economics associated with accepting unplanned grant awards or mismanaging your indirect costs.

### 5 Common Mistakes to Avoid

When state or local governments accept awards or apply for grants without the resources and infrastructure in place to perform the requirements of the grant award, they run the real risk of increasing deficits. When accepting grant money, which is often on a reimbursement basis, an effective system must be in place to:

1. Ensure expenditures are allowable in accordance with grant, not just your own procurement standards.
2. Track your expenditures for reimbursement from the grant funder
3. Submit reimbursement requests in a timely manner to the grant funder
4. Meet the reporting requirements of the grant
5. Meet the program performance requirements of the grant

Failing to address these business needs will likely result in spending funds that you do not have. Strong policies and central support creates the type of transparency that gives managers information to make good decisions and avoid these types of circumstances. When state and local governments take the time to plan and do the work upfront, the process can be very simple.

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## The Importance of Knowing Your Indirect Cost?

According to an analysis of HUD and HHS Program Regulations (Dec 2014) by the United States Government Accountability Office (GAO), the cost of grant administration is 15-20%. If that is the average, poorly planned projects are costing state and local governments even more in administrative costs. In fact, many governments lack the people, processes and/or tools to consistently calculate the true cost of a grant. Today, many units of government use a negotiated rate that is not updated periodically or does not accurately reflect the administrative requirements of the grant project.

The administrative costs of a grant, if not calculated correctly, can have a dramatic impact on fiscal budgets and force state and local governments to use general funds to address the gaps that are created by not correctly calculating the administrative support required to perform the purpose of the grant. With an increased focus on planning and training, state and local governments can reduce administrative costs over time while maximizing federal grant revenues. [Learn how to negotiate your indirect cost rate.](#)

## 7 Practical Takeaways

Even if you can't commit to everything in this guide, you can commit to at least one of these approaches to help improve some aspect of your grant funding process. Here are some practical perspectives and strategies that you should consider in the development of a strategic grant strategy.

### How to Start Thinking About Your Grant Funding Strategy

When implementing a strategy, there are three general ways that you can approach grant funding:

1. Increasing the amount of grant funding you receive.
2. Improving the management of your existing grant awards.
3. Both 1 and 2.

## Approach 1 – Common Strategies to Increase Grant Funding

1. **Increase Funding Scope:** Go after more than federal and state grants. There is upwards of \$300 billion in foundation funding available annually.
2. **Establish Public-Private Partnerships (P3):** Many state and local governments are partnering with private organizations to apply for foundation grants. When strategically aligned, local community organizations are great partners to pursue grants and may be eligible for more opportunities.
3. **Improve Strategic Planning:** Approximately 80% of federal grants are resolicited each year. If you wait to start your application when the notice of funding availability is released, your chance of winning decreases significantly. Use older notifications to find future funding that aligns with your projects.
4. **Separate Outcomes:** Some projects that state or local governments attempt to fund through a grant will be too big in scope to fund as a single project. Break these projects up into smaller parts where your proposed outcomes are more reasonable to the funder.
5. **Replace General Funds:** Consider funding projects or programs that have traditionally been funded by general funds with grant funds, if they have a better chance of being funded and do not violate supplanting or maintenance of effort requirements.

## Approach 2 – Common Strategies to Improve the Management of Existing Grant Funds

1. **True Cost:** Understand and manage your indirect costs. Properly identifying and calculating the resources needed to administer a grant can immediately improve your economics.
2. **Tools:** There is nearly \$1 trillion in grant funding available annually. Most of that is still managed through email and spreadsheets. Modernize your systems to improve management and remove the danger of institutional knowledge being your only process.

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- 3. Process Alignment:** The grants process needs to be more closely aligned with business processes. Grant reporting is a particular pain point that creates an enormous amount of administrative burden on finance, and sometimes IT. Aligning these processes will reduce the reporting burden.
- 4. Understand Scope:** Each grant award has specific requirements set by the funder. Not meeting those requirements means missed reimbursements and audit

findings, which can impact your general funds, and general frustration. Address this with a central support person or team.

- 5. Identify “Strategic” Projects:** Find grants that are strategically aligned with your goals. This will help with resource alignment and producing the outcomes you committed to the funder. Managing a grant you did not plan for creates capacity issues and taxes resources.

## Free Resources

- **Chief Financial Officers Council:** <https://cfo.gov>, resources and training on best practice.
- **Association of Government Accountants:** <https://www.agacgfm.org/Fraud-Prevention-Toolkit/Home.aspx>, tools for government financial managers to detect and prevent fraud.
- **National Grant Management Association:** [www.ngma.org](http://www.ngma.org), articles, videos, training and resources for grant management professionals.
- **Association of Grant Professionals:** <https://www.grantprofessionals.org/>, articles, videos, training and resources for grant professionals.
- **CostTree:** <https://www.costtree.net>, articles, videos, and case studies related to cost allocation and indirect cost management.

For more information on how to implement an effective grant funding strategy, visit us at [www.ecivis.com](http://www.ecivis.com) or call us at 877.232.4847, press option 1.



eCivis is the leading cloud-based grants management system in the nation for state, local, and tribal governments. Our innovative solutions address both programmatic and fiscal grant funding requirements throughout the grant lifecycle, helping clients easily overcome the challenges and heavy workload that come with finding and managing grants.

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