

SB213 INCREASING TRACKING AND REPORTING OF FEDERAL GRANT FUNDS IN NEVADA

The Federal Competitiveness Project: Ensuring Nevada
Receives its Fair Share of Federal Grant Funds

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Increasing Nevada's Federal Grants Funding – 2015 Legislative Agenda

- **Goal:** Enhance Nevada's ability to significantly and strategically procure and use Federal grant funding
- **SB213** will increase tracking and reporting on Federal funds applied for, received, and used by agencies and departments of the State. Tracking and reporting will provide State agencies and departments, and the Legislature with the information they need to effectively use and expand our resources.
- **SB214** will bring leaders from across the State and multiple sectors together to form the Nevada Advisory Council on Federal Assistance for the purposes of assisting and advising the State on obtaining and maximizing Federal grant funds. The Council will provide access to needed partnerships and invaluable insight from cross-sector, statewide leaders.
- **SB473** will establish a process for unused Federal grant dollars to be redistributed and fully utilized within the State, if possible, before returning them to the Federal Government. Redistributing unused grant awards will immediately provide Nevada a way to keep and put to work more grant dollars. **Passed and signed by governor.**

Increasing Nevada's Federal Grants Funding – Issue Summary

- For nearly 40 years Nevada has ranked at or near the bottom of all 50 states and even several territories in the pro rata amount of Federal grant funds it receives
- As compared to fellow intermountain west states, Nevada is shortchanged an estimated \$529 million annually (excluding Medicaid)
 - Grant funds could be used to expand programs and services that grow our economy and improve quality of life
 - General Funds, municipal funds, and private philanthropy are forced to supplement these missing grant funds, but often cannot make up the gap
 - Nevadans continue to pay their Federal taxes despite not receiving their pro rata share of funds back
- Progress is underway, which we should accelerate and expand
 - The 2011 Legislature unanimously created the Nevada Grants Office; Grants Office helped secure approx. \$60M current SFY
 - The Governor's Office has been working diligently to identify, prioritize and seize Federal grant opportunities; Governor and First Lady advancing SB503, Breakfast Before the Bell, which will provide a \$14M net gain to State that will feed hungry, vulnerable children and improve their educational outcomes

Increasing Nevada's Federal Grants Funding – Federal Grant Funding Overview

- The Federal Government annually distributes hundreds of billions of dollars through domestic assistance grants; grants totaled \$514.6 billion in FY11
- Federal grant distribution is complex:
 - Grant funds are distributed by 26 Federal agencies through 1,714 congressionally authorized programs (225 formula-based and 1,489 program-based)
 - State governments serve as the clearinghouse for the vast majority of grant dollars
 - At the Federal level, authorizing legislation generally sets distribution methodology
- Federal grant programs serve many purposes, including:
 - Creating economic efficiency by placing decision making nearest to implementation, requiring local financial participation, and reducing administrative duplication
 - Aggregating and distributing resources at a scale only the Federal government can
 - Stabilizing the national economy by adding dollars to weak economies and reducing dollars in strong economies
 - Influencing state and local government activities by tying performance to funds

Increasing Nevada's Federal Grants Funding – Barriers to Grant Funding in Nevada

Challenges HISTORICALLY holding Nevada back:

1. Procedural and structural incompatibilities that slow and/or inhibit grant procurement and administration, such as:
 - Limited ability to strategically identify grants the State is competitive for; Grants Office making progress on this
 - Low communication and collaboration among departments; Grants Office making progress
 - Timeliness and rigidity of the grant approval process
2. Real and perceived lack of match funding available for grants.
 - Match funding most often cited reason for low federal grant funding, however 49 other states and several territories meet match funding requirements additionally Nevada is often ranked well in cash solvency which should mean we have more flexibility to match funds
 - Low rates of federal grant funding means we have little precedent for match funding processes and mechanisms
 - Low levels of coordination among public agencies and between public agencies and philanthropies severely limits match funding opportunities
3. Low capacity in State and local governments, and nonprofits to procure and administer grant funds, including:
 - Technical grant expertise and general staff size not at scale
 - Reporting and tracking systems for awarded grants are underdeveloped

Long history of under utilization, documented in numerous reports:

- SCR1, 1979, *Federal Funding in Local Programs* finds no agency exists to track the sources and uses of Federal dollars in Nevada
- ACR1, 2003, *Governor's Task Force on Tax Policy in Nevada* finds the State's revenue mix is not sufficient and increasing the share of Federal funding will partially mitigate the revenue challenge
- *Nevada Sage Commission Report*, 2010, finds “the lackadaisical attitude... throughout Nevada toward identifying and relentlessly pursuing grant opportunities [is] puzzling” and that “a strategic, managed focus” on Federal grant funding should be “a full-out, statewide effort”
- *Nevada Grantsmanship: Benchmark Study*, 2012, finds “Nevada desperately needs to fight for its fair share.”
- Additionally substantiated by third-party research from:
 - The Lincy Institute at UNLV
 - Pew Charitable Trust (national philanthropy)
 - Brookings Institution (Washington D.C.),
 - Guinn Center for Policy Priorities

Increasing Nevada's Federal Grants Funding – Why Improve? Effective Government and High ROI

- Investing in the State's ability to identify, secure, maintain and effectively utilize Federal grants is good policy and has a high return on investment
 - Increasing Federal grant funds will significantly expand Nevada's revenue without adding tax burden
- Increasing Federal grant funds is a powerful way to return Nevadans' Federal tax dollars to the State
- Nevada Grants Office's excellent SFY15 success demonstrates high ROI:
 - Applied for \$80M and awarded \$57M for SFY15 as of Dec. 31, 2014 with just three FTEs
 - Grants facilitated per dollar spent on Grant Office Salaries: \$74.26 actual in 2014 and \$89.00 projected in 2015
 - Nevada named 19th in nation for rate of increasing its receipt of Federal grant dollars

Increasing Nevada's Federal Grants Funding – Why Improve? Effective Government and High ROI (cont.)

- Federal grants have a significant effect on Nevada's capacity to deliver programs/services with optimal quality and quantity. For example, according to Nevada Grants Office, the State has many **grant successes in SFY14-15 including:**
 - \$44M to Dept. of Education for Pre-K
 - \$20M to DETR for vocational and rehabilitation services
 - \$10M to Dept. of Education to improve/support youth mental health
 - \$7.6M to Dept. of Health & Human Services for Cancer Prevention and Control
 - \$7M to Dept. of Health & Human Services for HIV Prevention
 - \$650K to Nevada National Guard to help veterans secure jobs

Increasing Nevada's Federal Grants Funding – SB213 Tracking & Reporting Federal Grants

Goals:

- Track and report the Federal grant funds that Nevada 1) applies for, 2) receives, and 3) uses in each fiscal year
- Make this information available in a consolidated biennial budget statement that details all Federal grant fund activity in Nevada
- Receive guidance from Fiscal Analysis Division as to the advisability of using Federal funds identified in the biennial budget report

Reasoning:

- In accordance with NRS and standard Federal grant requirements, agencies and department already have available the information needed for this reporting
- Federal funds are a recognized revenue source in the State budget, so increasing reporting and tracking relative to a primary revenue source is good governance and fiscal policy
- State cannot make an informed (and certainly not strategic) decision about increasing, managing, and utilizing a revenue without complete reporting
- *Federal Funds Information for States* calls an an annual report to assist in tracking federal funds an “essential component”

Increasing Nevada's Federal Grants Funding – SB213 Tracking & Reporting Federal Grants (cont. 2)

Sec. 1. 2. – The Chief of Budget Office to maintain a database of Federal fund requests submitted

Sec. 1. 3. – The Department of Administration shall prepare a report for each fiscal year that:

(a) Identifies the total amount of Federal assistance received by each department, institution and agency...

(b) Identifies the total amount of Federal assistance applied for by each department, institution and agency...

(c) Identifies the total amount of Federal assistance used by each department, institution and agency...

(d) To the extent practicable, includes recommendations for how to increase grant applications improve use of grant funds

Sec. 1. 4. – Fiscal Analysis of LCB may prepare a report as to the advisability of increasing or decreasing use of any grant program that State participates in

Increasing Nevada's Federal Grants Funding – SB213 Tracking & Reporting Federal Grants (cont. 3)

Amendments Made:

- Removes requirement for Grants Office to identify all grant programs the State is eligible for
- Shifts responsibility reporting from Chief of Budget Office to Department of Administration
- Removes requirement to evaluate the adequacy of existing Federal grant funding
- Makes optional instead of mandatory the reporting of recommendations on how to apply for more and maximize use of Federal grant funds
- Makes optional instead of mandatory the reporting of advisability of increasing or decreasing the use of any existing Federal grant programs

Increasing Nevada's Federal Grants Funding – SB213 Tracking & Reporting Federal Grants (cont. 4)

- Fiscal Note on bill as introduced:
 - \$1,000,000 for statewide grants management system plus \$65,000 per fiscal year for database hardware maintenance and hosting
 - Explanation: “In order to identify the total amount of federal assistance in each department; and subsequently to identify ANY federal assistance that may be available, but not used by a department or agency would require a statewide grant management system.”
- However, based on fiscal note and input from Grants Office, bill was amended to remove requirement to “identify the total amount of federal assistance each department may be qualified to receive...” which was the basis for fiscal note.

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Thank you. Questions?

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