Leaving Money on the Table: The Challenge of Unspent Federal Grants

Jenna DeAngelo
Program Manager, International and Institute-wide Initiatives
• Introduction to the Problem

• State of the Literature/Research

• The Rules of the Game
Introduction to the Problem
What is the problem?

• States and localities leave hundreds of millions of dollars (probably billions) in federal grant money unspent every year

• Municipalities often do not apply for competitive federal grant funds
Why is this important?

- Devolved responsibilities
  - Municipalities have to do more with less
- Federal tax dollars not at work
The State With the Most Unspent Federal Funds to Improve Drinking Water

By Andy Sher

This is one national ranking Tennessee officials are not likely to boast about any time soon.

As of July, Tennessee had the highest percentage nationally of unspent money from a federal program used to improve the nation's local drinking water systems and

The D.C. Housing Department forfeited millions as families waited for help

By Debbie Cenziper, Sarah Bowman, Lillianna Byington and Robin Eberhardt  May 6

The D.C. Department of Housing and Community Development was forced to forfeit $15.8 million in the past three years after repeatedly missing key spending deadlines meant to ensure that federal housing money is properly managed at the local level, The Washington Post found.
Maine leaves more welfare money unspent as more children fall into poverty
State of the Literature/Research
• 2015 GAO Report on grants in fiscally distressed cities
  
  o Case studies on Detroit, Flint, Camden, and Stockton
  
  o Select grants programs administered by HUD, DOT, DOJ, and FEMA
  
  o Identified challenges that municipalities in fiscal crisis have experienced when managing federal grants

• 2012 Report from Senator Tom Coburn on the issue of unspent and misused federal money

• 2008, 2012, and 2016 reports from the GAO on undisbursed balances in expired grant accounts
Research in Progress

- Case studies on four cities

<table>
<thead>
<tr>
<th>City Classification</th>
<th>Recovering</th>
<th>Responsive</th>
<th>Responsible</th>
<th>Regional</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal aid as % of total revenue, 2012 FiSC database</td>
<td>5.9%</td>
<td>14%</td>
<td>8.6%</td>
<td>5.8%</td>
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- Pilot survey of local governments
  - CDBG program most difficult to manage
  - Grant management training resources are diverse
The Rules of the Game
Enabling Legal Framework for the Hardest Hit Fund

Federal Law
- Section 109 of the Emergency Economic Stabilization Act
- Government Performance and Results Act

State Law
- State Housing Authority Enabling Acts (19)

Contract Law
- Participation Agreements

Other
- Action Memorandum for Program Changes
- Non-profit Corporation Law
Recent Federal Actions

- May 2014: Digital Accountability and Transparency (DATA) Act signed into law
- December 2014: OMB and grant-making agencies issued a joint interim final rule implementing OMB’s Uniform Guidance
- January 2016: Grants Oversight and New Efficiency (GONE) Act signed into law
The State’s Role

Grants Management and Capacity Building

- State of Maryland Governor’s Grants Office
- State of Illinois Grant Accountability and Transparency Unit
- The New York State Grants Gateway
- Commonwealth of Virginia Urban Development Area Technical Assistance Grant Program
Other Resources

• CDFA Federal Financing Clearinghouse

• U.S. Senators
  o New York: Kirsten Gillibrand – Grants Central
  o Washington: Patty Murray – Grant Gateway

• Technical capacity grants
Thank you

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