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How Governments Can Best Manage Federal Relief Funds.

There are a lot of challenges to spending the \$350 billion allocated to states and localities, but effective centralization and standardization can better ensure economic recovery.

Across the nation, grant dollars are playing a vital role in fiscal recovery and delivering impact to those who need it most—from getting PPE to hospitals, equipping homeless shelters with more beds, to helping local businesses stay afloat. While the Covid-19 pandemic has emphasized its urgency, the focus on grant funding as a revenue source has been steadily growing. Just over the last five years, federal grant spending grew from \$576 billion in 2014 to more than \$800 billion in 2020.

In the latest federal stimulus package, \$350 billion has been allocated to state and local governments. All those extra grant dollars sound great, right? While the funds and the possibilities they bring are welcome, they also pose many challenges for local governments. Lower head count, remote work environments and existing grant management responsibilities (including those involving previous Covid-19 relief funds), complicate already tedious efforts to ensure funding is well managed and has the desired impact.

Ensuring that funding is spent transparently and according to federal requirements laid out in [Uniform Grant Guidance](#) is a feat in itself. According to the Government Accountability Office, one in every six grant dollars is mismanaged.

While the challenges are many, so are the possibilities when it comes to delivering impact through grants. Yet, those possibilities can only be realized if local governments master a few critical areas: planning ahead as much as possible, ensuring cross-departmental coordination, agreeing upon priorities, carefully tracking project finances, and creating a system of accountability. Here's how:

Centralizing With Priorities and Targets

Whether it's a large team of 15 or more, or a small but mighty team of two, cities should aim to have at least one grant manager overseeing all grant portfolio activities. This person should know the details of funding requirements and help to ensure compliance. If possible, teams can bring in a senior procurement officer to help stay on top of procurement regulations and processes while supporting purchasing contracts and subawards. In addition, an internal auditor can be essential to helping the team establish and monitor a clear audit trail and stay on top of all grant activities to ensure compliance.

It's also important to align grant funding with the priorities that matter most to target communities by ensuring prioritized, data-driven projects and programs actually meet community needs in advance of receiving funds. One way cities and local jurisdictions can get ahead is by holding comprehensive preplanning and kickoff meetings for all staff across departments before funds start arriving. This will help the grant team to know where to focus incoming funding and where it will deliver the most impact.

To effectively execute current and new emergency grant programs, grant teams must also

understand how much has been spent by creating a system of internal controls to help track future spending. To accomplish this, teams should separate budgets into two groups: Covid-19 relief funding and reallocation of previous awards for other projects. This will help teams track grants better while staying ahead of new federal guidelines and reporting requirements.

Once these two groups are identified, it's important to document expenditure data to support cost allocation plans and indirect cost rates on an ongoing basis. This will inform teams so they know how much has already been spent before executing any emergency grant programs. Then, teams can prepare additional appropriation and spending plans in order to respond quickly to new emergency appropriations, contingency appropriations, and special appropriations.

Standardizing Through Digitization

In addition to a sound strategy that standardizes grant management processes, local governments need the proper tools to execute their plans. Many are turning to cloud-based grant management tools to help aggregate data, increase visibility throughout their organizations, support remote collaboration, and ensure compliance with federal grant requirements.

A digital grant management solution can help government administrators, grant managers and staff save time, reduce redundancies, streamline data entry, and mitigate compliance risk. Rather than spending time on the administrative work of grants, teams can focus on tracking where grant dollars are going and ensure they are meeting departmental goals, mayoral goals, and identified needs in the community.

Delivering Economic Recovery and Real Impact

Ultimately, there are many challenges for grant management, but the possibilities that come with innovating these processes are even greater. If governments start the important work of centralizing, standardizing, and digitizing their grant processes now, they will better ensure economic recovery for the future while streamlining grant dollars to quickly get them into the hands of those that need it the most.

Route Fifty

By James Ha

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