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

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- **Introduction to the Problem**
- **State of the Literature/Research**
- **The Rules of the Game**



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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**



FINANCE

The State With the Most Unspent Federal Funds to Improve Drinking Water

BY TRIBUNE NEWS SERVICE | SEPTEMBER 29, 2015



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 Washington Post
Democracy Dies in Darkness

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Investigations

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.

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The Boston Globe

\$80m in US funds for bike projects unspent in Mass.

State ranks last, tapping 37% of grants since 1991



Riders on the Minuteman bike path along the Arlington-Lexington line. Such projects typically take about 10 years to finish because of the state's convoluted application process. (Wendy Maeda/ Globe Staff/ File 2007)

By Alan Wirzbicki
Globe Correspondent / April 14, 2009

Tuesday, May 9, 2017 Last update: 9:16 p.m.

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EDITORIALS

Maine leaves more welfare money unspent as more children fall into poverty



BDN

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By The BDN Editorial Board
Posted July 22, 2016, at 9:05 a.m.



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State of the Literature/Research

- **2015 GAO Report on grants in fiscally distressed cities**
 - **Case studies on Detroit, Flint, Camden, and Stockton**
 - **Select grants programs administered by HUD, DOT, DOJ, and FEMA**
 - **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**

City Classification	Recovering	Responsive	Responsible	Regional
Federal aid as % of total revenue, 2012 FiSC database	5.9%	14%	8.6%	5.8%

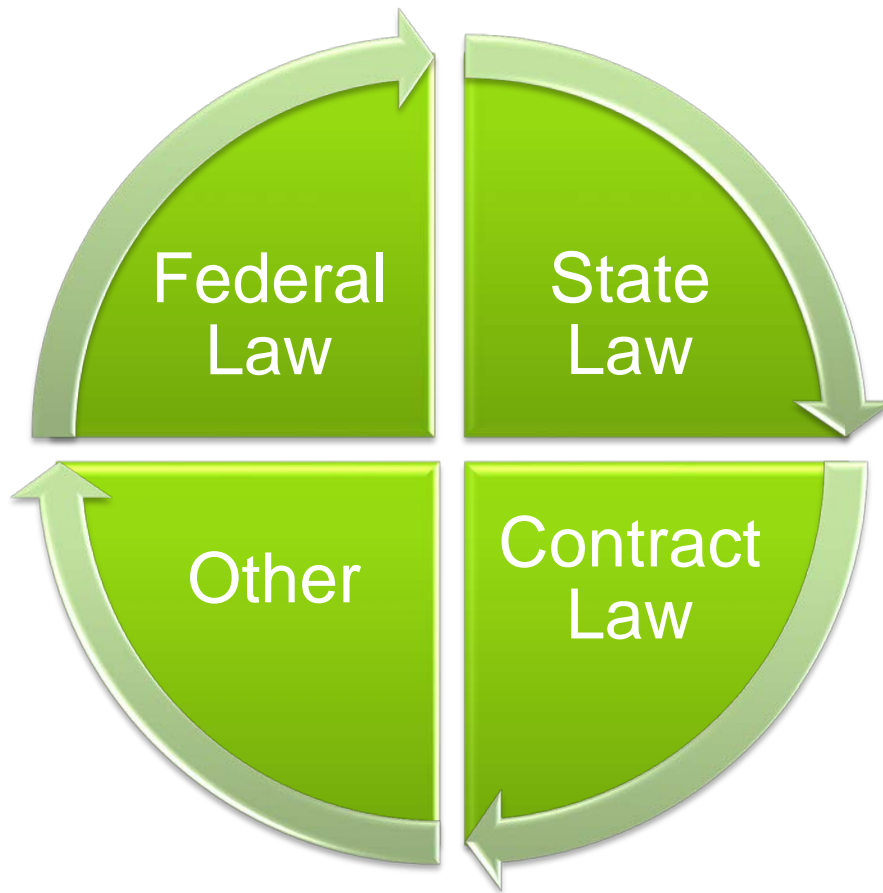
- **Pilot survey of local governments**
 - **CDBG program most difficult to manage**
 - **Grant management training resources are diverse**



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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
 - New York: Kirsten Gillibrand – [Grants Central](#)
 - Washington: Patty Murray – [Grant Gateway](#)
- Technical capacity grants



Thank you

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