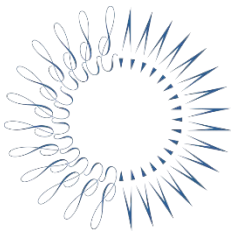


LEAVING MONEY ON THE TABLE: THE CHALLENGE OF UNSPENT FEDERAL GRANTS

PANEL I: THE FEDERAL GRANT PROCESS AND EMERGING SCHOLARSHIP



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JUNE 1, 2016, 2:33 PM LAST UPDATED: WEDNESDAY, JUNE 1, 2016, 3:41 PM

Paterson in jeopardy of losing \$617K in community development grants

BY JOE MALINCONICO
PATERSON PRESS

PATERSON – Federal housing officials issued a letter last week warning Paterson that it could lose more than \$600,000 in community development grant money because the city’s balance of unspent funds too large.

GOVERNING

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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



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Billions in FEMA grants still unspent

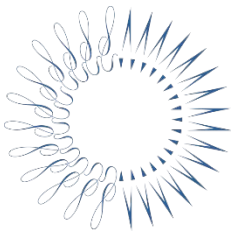
By Alice Lipowicz Mar 21, 2012

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GAO Reviews of Undisbursed Balances in Expired Grant Accounts

Presentation to the Lincoln Institute Of Land Policy Roundtable
“Leaving Money on the Table: The Challenge of Unspent
Federal Grants”

Pew Charitable Trusts, Washington D.C.

Tom James

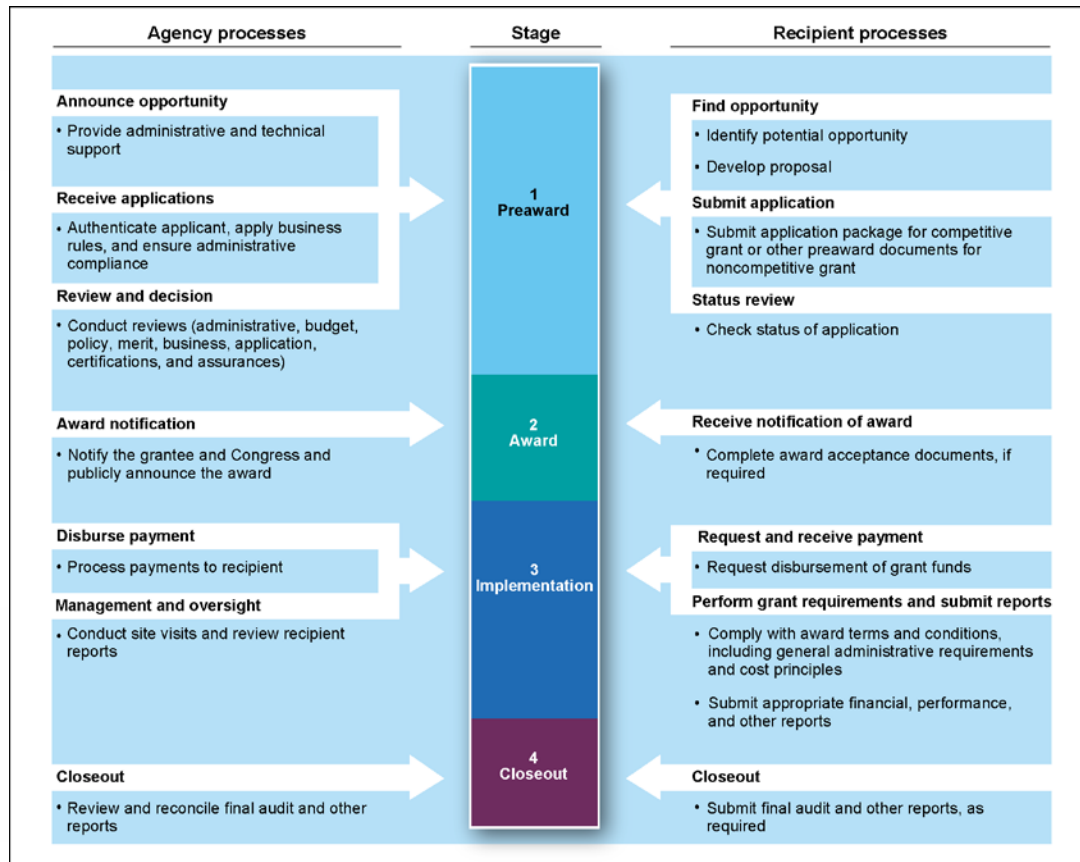
Assistant Director, Strategic Issues
jamest@gao.gov; 202-512-2996

March 7, 2017

GAO Reports

- In 2008, 2012, and 2016 GAO issued reports on undisbursed balances in expired grant accounts
 - GAO-08-432
 - GAO-12-360
 - GAO-16-362
- Balances were grant funds that had been awarded and obligated by federal agencies but not drawn down by grantees before the “period of performance” stipulated in the grant agreement had ended

Grant Life Cycle for Federal Grant-Making Agencies and Grant Recipients



Sources: GAO analysis of OMB guidance, agency policies and regulations, and program specific statutes. | GAO-16-362

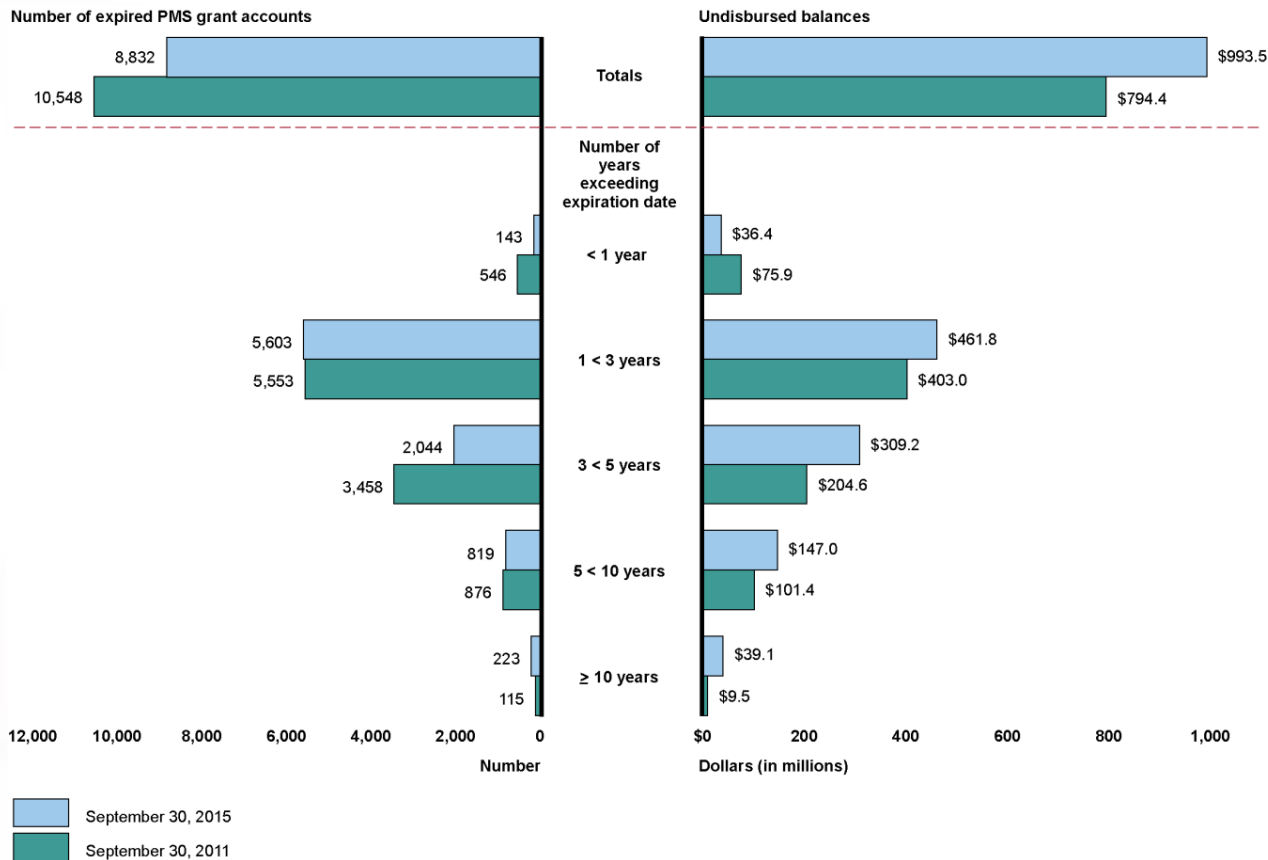
GAO's Approach

- In these reports, GAO took a multi-pronged approach:
 - Reviewed previous GAO and OIG reports on grants management and closeout at federal agencies
 - Reviewed requirements found in OMB grant circulars and in the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (December 2013)
 - Analyzed information reported to agencies using the Payment Management System (i.e., the PMS quarterly “Close Out Report”)
 - Reviewed agency policies and interviewed grant management officials at selected agencies (OMB; HHS; NASA; Commerce; DOJ; and NSF)

GAO Findings

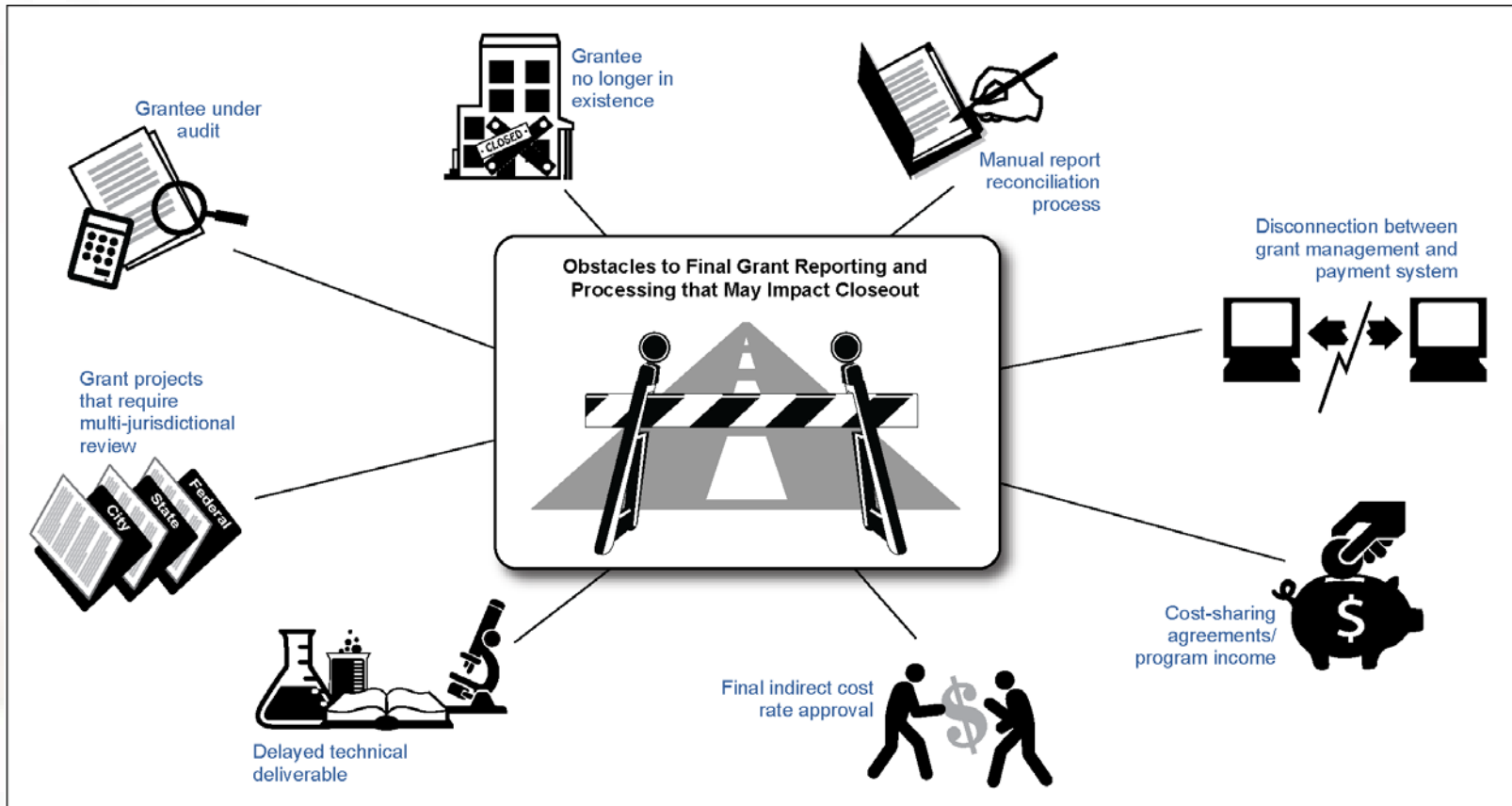
- Our findings were:
 - GAO-08-432
 - About \$1 billion remained in expired grant accounts in PMS at the end of calendar year 2006
 - Many GAO and OIG audits found untimely closeout to be an issue
 - GAO-12-360
 - More than \$794 million remained in PMS at the end of federal fiscal year 2011
 - GAO-16-362
 - Approximately \$994 million remained in PMS at the end of federal fiscal year 2015

Number and Amount of Undisbursed Balances in Expired Grant Accounts in PMS, 2011 and 2015



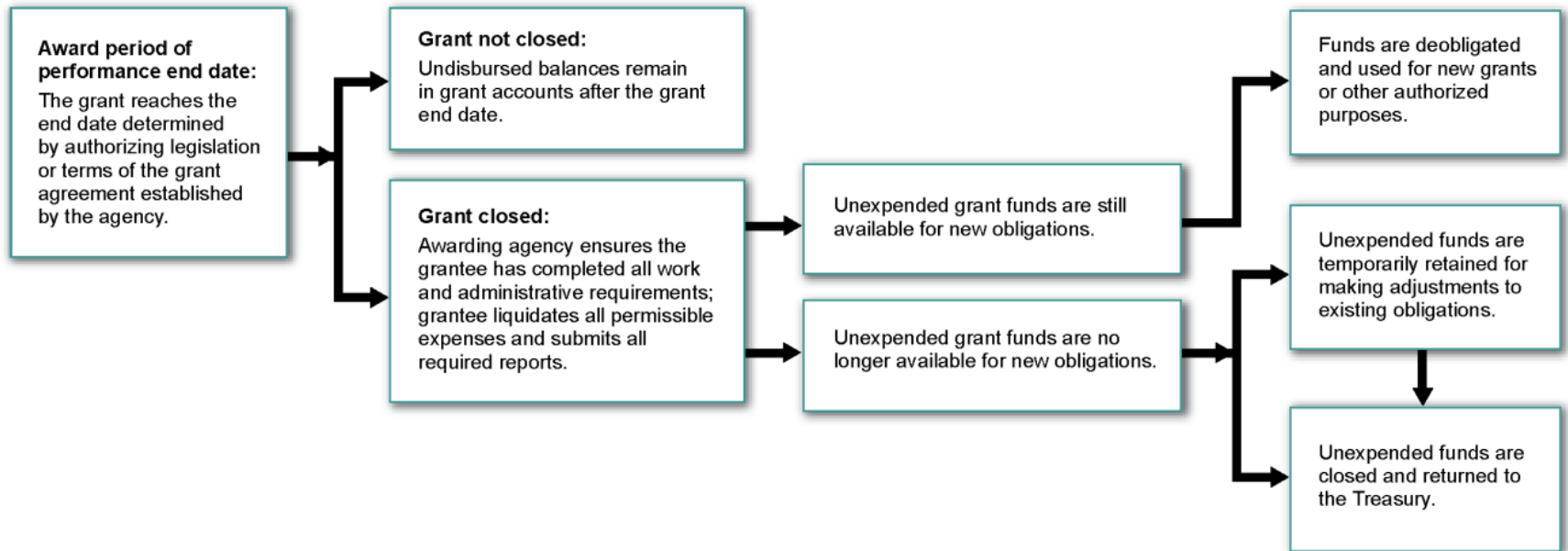
Source: GAO analysis of HHS PMS data. | GAO-16-362

Agencies Note Multiple Reasons for Delayed Grant Closeout



Sources: GAO analysis of federal agency information. | GAO-16-362

De-obligating Undisbursed Balances in Expired Grant Accounts



Sources: GAO analysis of 2 C.F.R. 200 and federal regulations. | GAO-16-362

Four Agencies Have Been Required to Report on Balances Since 2010

- For example, section 530 of the Commerce, Justice, Science and Related Agencies Appropriations Act of 2016 required Director of OMB to instruct any affected agencies receiving funds under that act to track undisbursed balances in expired grant accounts and report in their annual performance plans and accountability reports.
- These agencies included DOJ, Commerce, NASA, and the National Science Foundation (NSF)

GAO Recommendations

- Our recommendations were:
 - GAO-08-432
 - OMB to instruct agencies to annually track and report on undisbursed balances in expired grant accounts
 - GAO-12-360
 - OMB to instruct agencies to develop and implement strategies to quickly take action on these accounts
 - OMB to instruct agencies to identify expired grant accounts with “zero balances” and close out these accounts
 - GAO-16-362
 - OMB to resume instructing agencies to report on these balances as required by their appropriations act
 - NASA and Commerce to resume reporting, as required
 - HHS to enforce its existing grant closeout guidance

GONE Act

- The Grants Oversight and New Efficiency (GONE) Act was signed into law on January 28, 2016.
- The Act reflected GAO's recommendations on the timeliness of closing out federal grants.
- It requires agencies, by the end of calendar 2017, to provide a report to HHS and to Congress to:
 - Identify all grants for which the period of performance has been expired for more than 2 years; and
 - Explain why each of the 30 oldest grant awards has not been closed out.

GAO on the Web

Web site: <http://www.gao.gov/>

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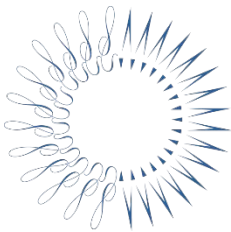
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**Roundtable: Leaving Money on the Table: The Challenge of
Unspent Federal Grants**

March 7, 2017

Natalie M. Keegan, Analyst in American Federalism and Emergency
Management Policy, Congressional Research Service

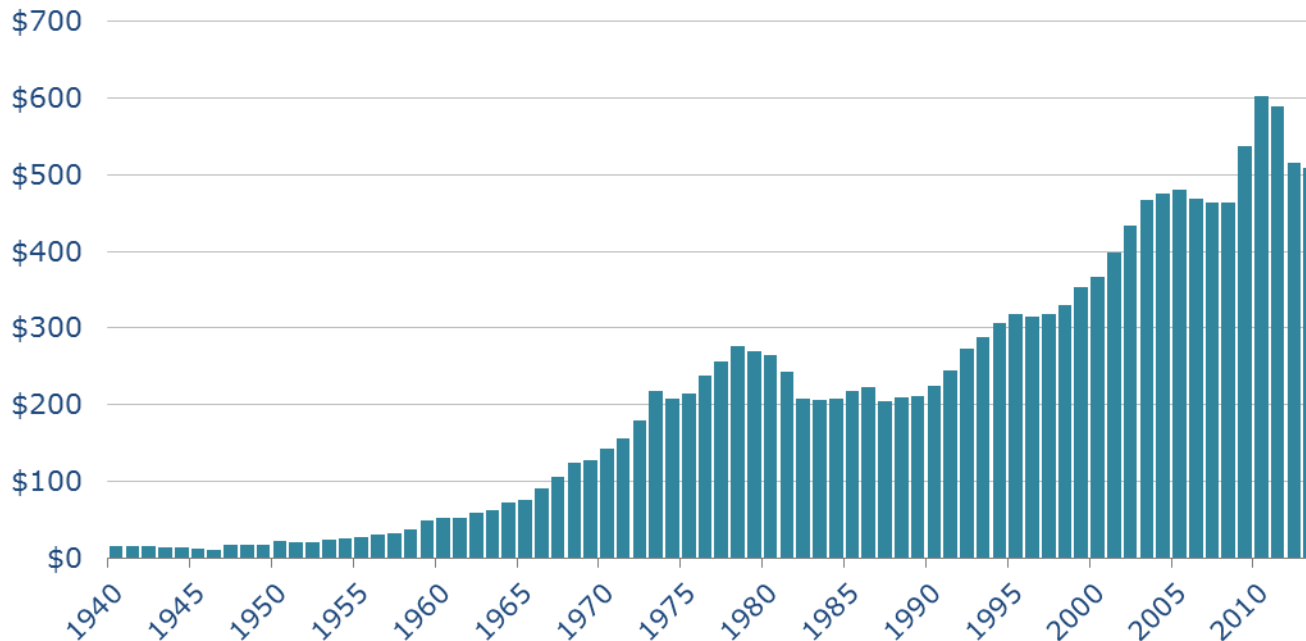
The opinions expressed today are those of the presenter and not the
Congressional Research Service or the Library of Congress.

Understanding Unspent Grant Funds

- **Overview of Federal Grants: [The Big Picture](#)**
- **Grant Administration Structure**
 - **[Silos of grant management and cash management systems](#)**
 - **[Challenges of System Interoperability](#)**
- **Balancing Accountability, Transparency, and Administrative Burden**
 - **[Accountability](#)**: Federal, State and Local Role in Grants Administration
 - **[Transparency](#)**: Challenges in Tracking Federal Grants
 - **[Administrative Burden](#)**: Managing Grants at the Federal, State, & Local Level

Overview of Federal Grants: The Big Picture

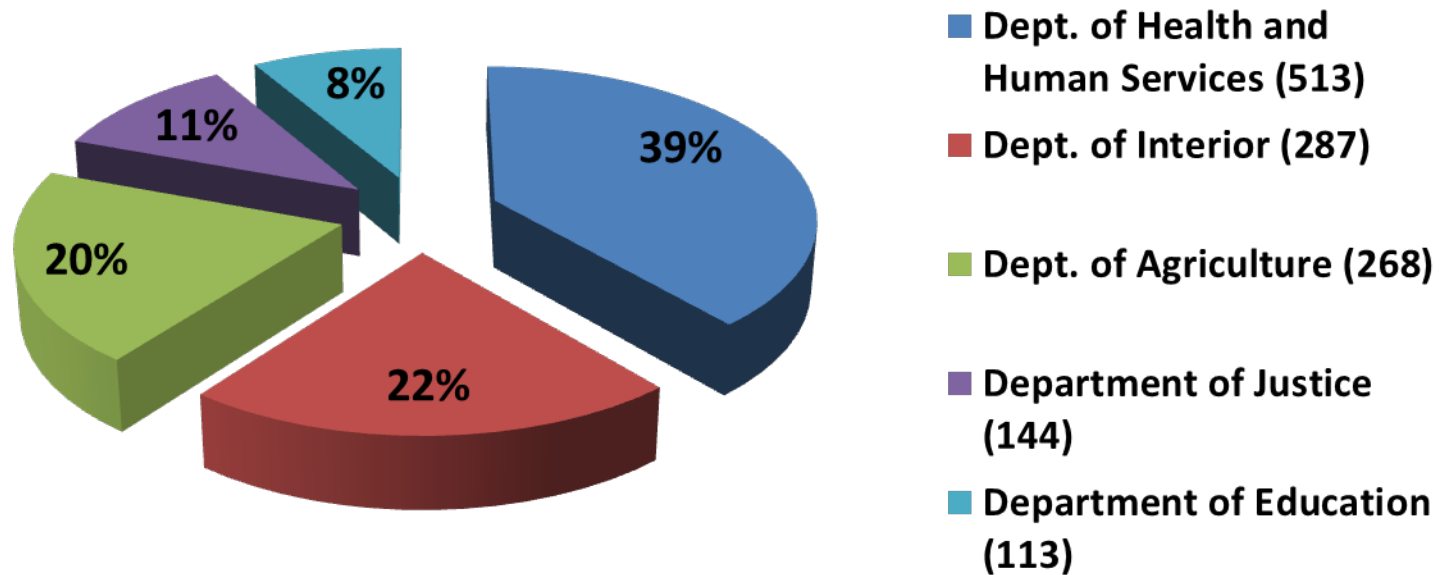
Total Grant Outlays to State and Local Governments: 1940-2014 (in billions)



Source: Natalie Keegan, analysis of data obtained from the Office of Management and Budget, *Fiscal Year 2015 Historical Tables: Budget of the U.S. Government*

Overview of Federal Grants: The Big Picture

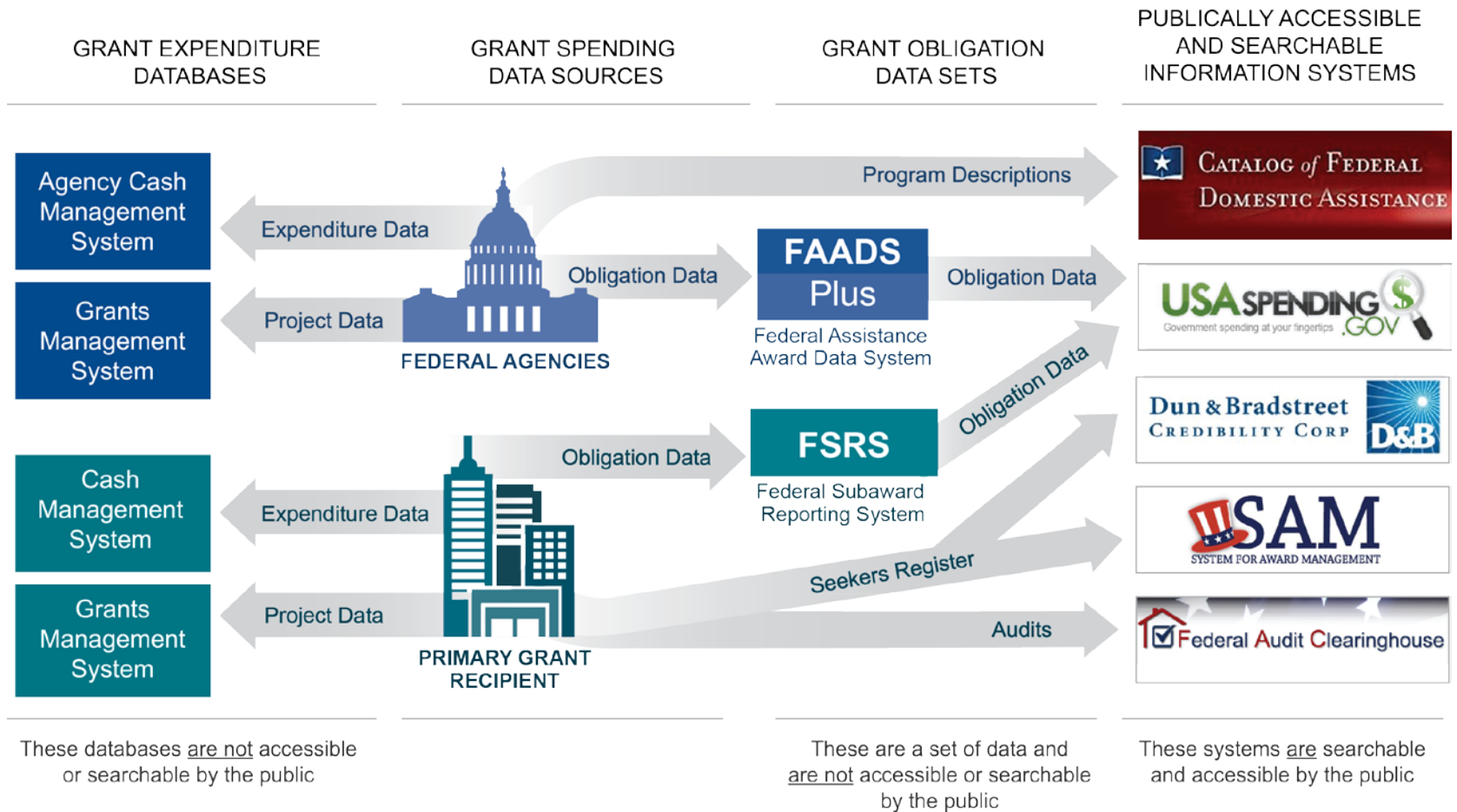
Top Five Federal Agency Distribution of Federal Assistance Programs



**Top Five Agencies Administer 1325 out of
2304 Federal Assistance Programs**

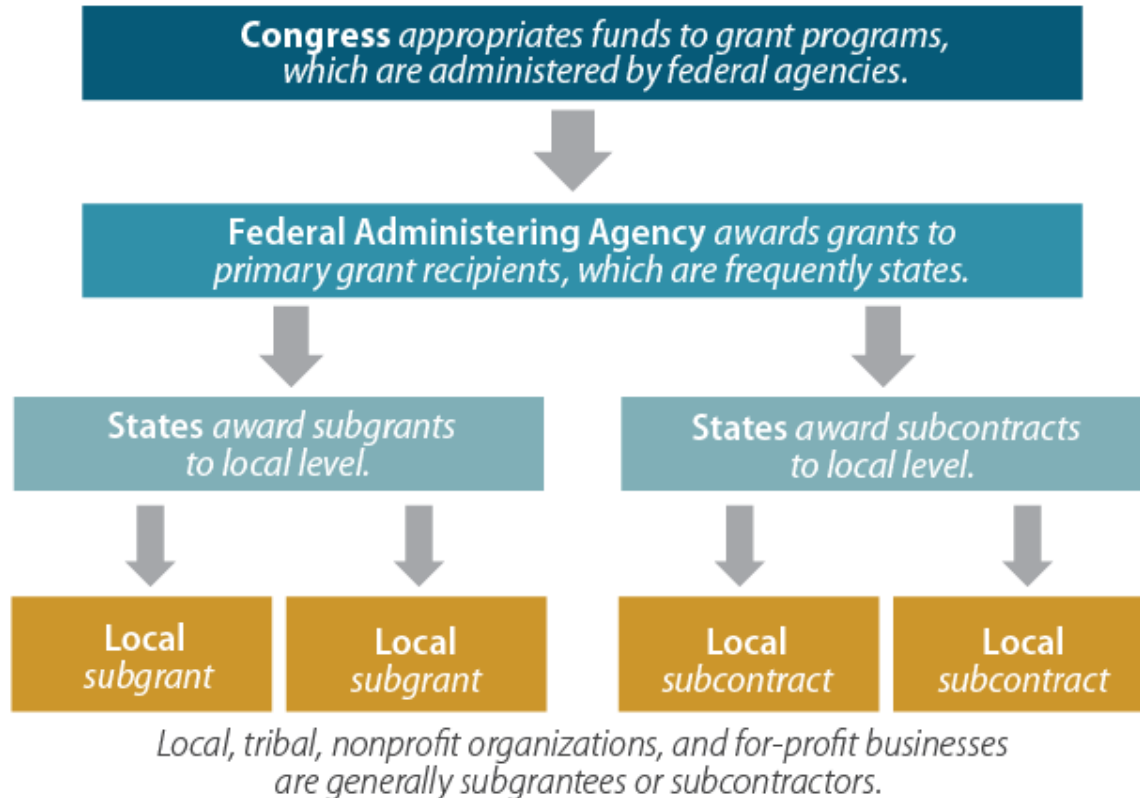
Source: Natalie Keegan analysis of data obtained from the Catalog of Federal Domestic Assistance, March 2017.

GRANT ADMINISTRATION STRUCTURE: Management System Silos



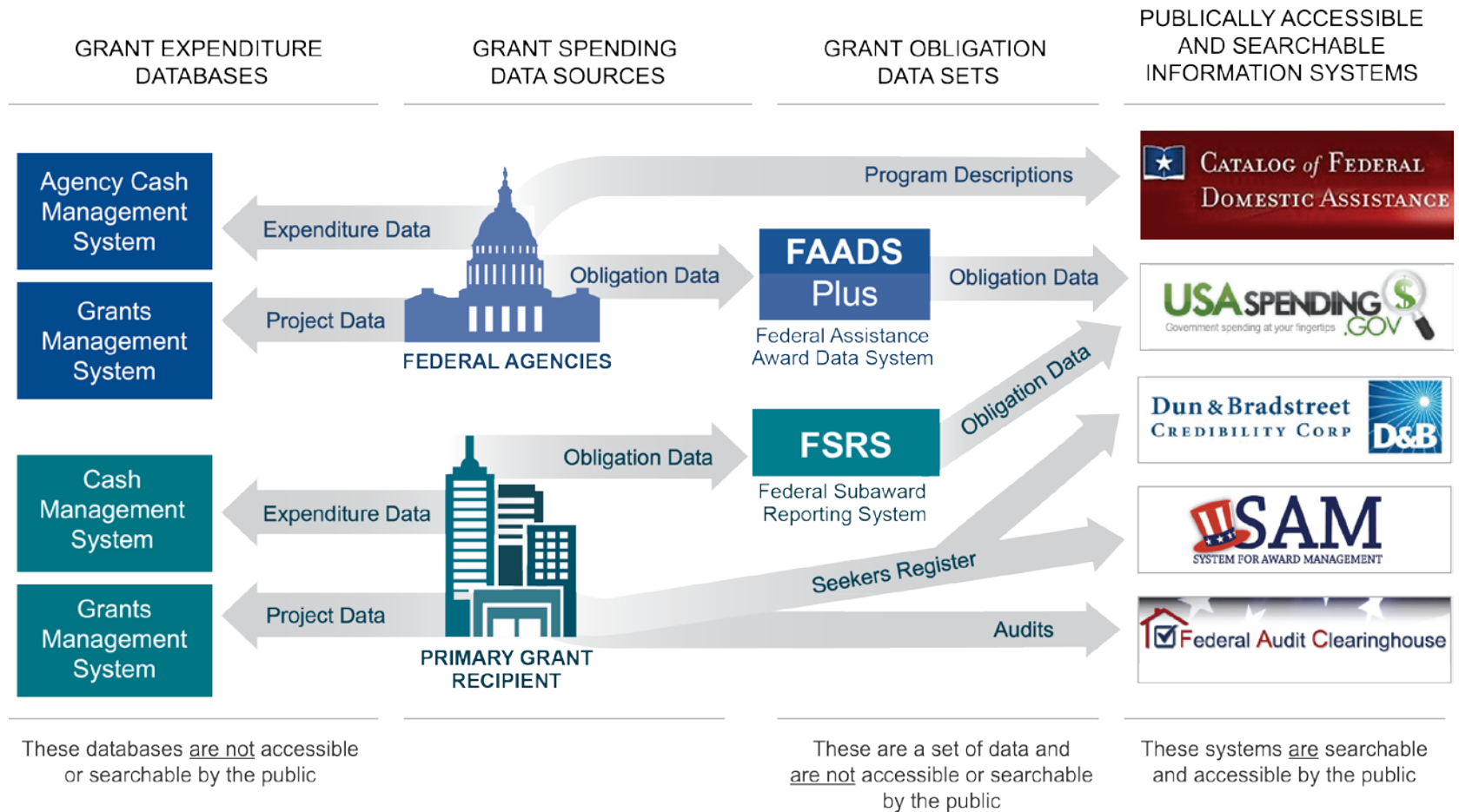
Source: Natalie M. Keegan, Congressional Research Service, February 2016.

Balancing Accountability, Transparency, & Administrative Burden: Federal, State and Local Role in Grant Administration



Source: Natalie M. Keegan, Congressional Research Service, March 2016.

Balancing Accountability, Transparency, & Administrative Burden: Challenges in Tracking Federal Grants



Source: Natalie M. Keegan, Congressional Research Service, February 2016.

Balancing Accountability, Transparency, & Administrative Burden: Managing Grants at the Federal, State, and Local Level



- **Reporting Requirements:** Balancing capacity with transparency
- **Accountability and Oversight Legislation:** Ensuring accurate, complete, and timely data
 - Digital Accountability and Transparency Act (**DATA Act**, P.L. 113-101, May 2014)
 - Grants Oversight and New Efficiency Act (**GONE Act**, P.L. 114-117, enacted January 2016)

GRANT RESOURCES

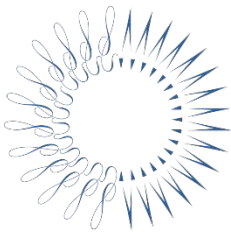
- **Catalog of Federal Domestic Assistance (cfda.gov)**
 - For program descriptions and application information
- **Federal Departments/Agencies**
 - Agency websites, program contacts for grant seekers (and state pass-through)
- **State Government Administering Agencies (SAAs)**
- **Grants.gov or FedConnect.net**
 - Funding notices, administrative tool for grant seekers, refer grant seekers there to apply
- **Nonprofit organizations and regional organizations**

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Municipal Capacity for Federal Grant Management

Betsy Gardner, Joseph Russo, Annaise Foureau, Andrew Bryant
Northeastern University
School of Public Policy and Urban Affairs



Research

- Methodological approach: classified cities by geography, fiscal health, financial practices, and dependency on federal grant award
- Classified with data from Federal and city audits, GAO and Congressional Research Service, and the Fiscally Standardized Cities database
- Value of snapshots gives a diverse picture which led to a matrix of recommendations in three areas: Organizational Capacity, Audit & Oversight, and Information Technology

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



Recovering City

- Created a centralized grants management office, invested in information technology, and leveraged the Federal government for grant management training
- Lessons Learned:
 1. Modern and advanced IT systems are essential
 2. Organizational capacity and clear vision is imperative
 3. Grant management is a professional skill that requires training



Responsive City

- Audits by the Federal government resulted in the return of several million dollars in grant funds, and internal reviews found a several million dollar deficit in city grants fund
- Lessons Learned:
 1. Frequently review outdated grants policy and create new procedures
 2. Increase staff capacity through hiring and training to improve organizational grant management
 3. Centralizing an online IT system



Responsible City

- Relatively low dependence on State and Federal funds, and there is a solid infrastructure for grant-seeking, application, and for reviewing financial transactions and compliance
- Lessons Learned:
 1. Collaborate between departments
 2. Increase workforce compliance training
 3. Synchronize the approach between State and City officials



Regional City

- Very high percentage of Federal aid but the city interacts with regional county government more than other cities, particularly around grants
- Lessons Learned:
 1. Cities are not only recipients of major municipal grants
 2. Organizational capacity and leadership are key
 3. IT systems help insure compliance
 4. Transparency is always needed



Recommendations for Improved Grants Management

Recommendations Matrix	Moderate Impact	High Impact	Very High Impact
Organizational Capacity	Internal grant management training program.	Working group to create and maintain organization wide grant management policies.	Create new positions and hire individuals with grant management knowledge and experience.
Auditing and Oversight	Receive an A-133 single audit report annually, correct identified deficiencies.	Internal reporting procedures between grant managing departments and executives.	Establish independent accountability office.
Information Technology	Track grants digitally using excel or comparable system.	Implement a cloud based, centralized software package.	Standardize IT software systems with those of grant issuing agencies.



Thank You

Betsy Gardner

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Northeastern University

School of Public Policy and Urban Affairs

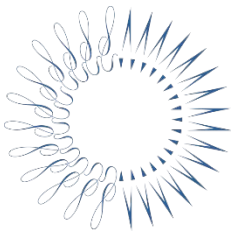


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