**Montgomery County Council
Community Grants**

Kristen Latham

OLOFFICE OF LEGISLATIVE OVERSIGHT

The County Council and County Executive provide funding to non-profit organizations in the County each year through non-competitive "Community Grants" to provide health and human services and community services to Montgomery County residents. The purpose of this OLO report is to review the current Council community grants program and to identify opportunities to improve the accountability, transparency, accessibility, and fairness in the grants processes.

Community Grant Process

Both the County Executive and Council believe that a strong partnership with local non-profit organizations is critical to meeting the needs of County residents. Annually, each award community grants to address needs in a variety of program service areas such as youth development, mental health, or economic development. Both the Executive and the Council designate organizations in the budget – at their discretion – to receive grant funds. Currently, non-profit organizations can apply for a community grant from the Council, from the Executive, or from both.

Applications to the Council's community grants program are due in January of each year. Once received, applications are reviewed and interviews are conducted by a volunteer Grants Advisory Group of County residents, which then makes recommendations on grant awards. The Council Grants Administrator organizes and consolidates the Group's recommendations, which is officially presented to the Council a few days before budget adoption. The Council Grants Manager will then meet to with Councilmembers or their representatives to discuss and finalize the grants list. The final grant award list is at the discretion of the Council, although historically, the Council has approved the Grants Manager's recommendations along with adding additional proposals to the final list.

The Executive grants selection process includes a review of all applications by Office of Management and Budget staff, numerous meetings during which OMB staff and a Special Assistant to the Executive make funding recommendations, and a final meeting with the County Executive. The Executive's recommended community grants list is included in the annual Recommended Operating Budget. While the Council is not required to approve the Executive's recommendations, historically, the Council has approved all recommendations, with a few rare exceptions.

There is some collaboration and similarities between the Council and Executive grant programs:

- Council and OMB staff conduct joint workshops to provide information on the process to applicants;
- Each program requires applicants to apply online;
- Grants in each program are for one year only, although organizations may reapply for a grant every year;
- There is no limit on the number of grants or amount of funding an organization can apply for each year.

One difference between the two programs is the documentation required to apply. While the two applications are very similar, the Council requires organizations to submit additional documentation with their applications, including budget information, financial statements, and board of directors' information while the Executive does not. For applications that were applied for and recommended by the Executive but did not apply to the Council, a designated Citizen Advisory Group panel requests and reviews the additional information that is required for Council grants.

Grant Models in the County and Other Jurisdictions

The County currently administers several other competitive grant programs, all of which utilize a combination of County staff and community volunteers to review applications and make award recommendations. Some unique aspects of the various programs include: the Community Development Block Grant is limited to three years and both the Montgomery Coalition for Adult English Literacy and the Arts and Humanities Council have several grant cycles annually.

Several other local jurisdictions also have similar grant programs, including Rockville, Gaithersburg and Fairfax County. All of the jurisdictions use staff and citizen volunteer panels to review grant applications and make grant recommendations. The City of Gaithersburg and Fairfax County have made significant changes in recent years to their grant programs – establishing two-year grants, removing procurement from the grant processes, issuing grant solicitations based on set priorities, and diminishing the role of politics in the selection process.

Grant Data

Over the past five fiscal years, the number of grant applications funded, and the amount of funding awarded annually has increased (see table). While organizations can apply for community grants from the Executive, the Council, or both, between 77% and 87% of grant applications submitted to the Council were also submitted to the Executive from FY15 to FY19.

While the annual budget describes both programs as one-time grants, OLO found that many grant programs have received funding for multiple years. A total of 134 organizations received community grants at least four out of the five years from FY15 to FY19. In comparing annual data on grant funding for specific programs, OLO identified 114 projects that received Council or Executive community grant funding for at least four years during FY15-FY19.

Further, the Council has final authority to approve grant awards as discussed earlier, so the process allows Councilmembers to add organizations to the list for funding even if the organization is not recommended for funding through the application evaluation process. OLO found that, annually, Councilmembers added an average of 31 grants and $765,000 to the list of organizations recommended for funding.

Community Grants, FY15-FY19 ($ in millions)						
Council Grants	FY15	FY16	FY17	FY18	FY19	% Change
# of Grant Requests	219	274	322	345	365	+67%
# of Grant Awards	90	103	122	138	134	+49%
% of Applications Funded	*41%*	*38%*	*38%*	*40%*	*37%*	
Funds Requested	$13.4	$15.0	$17.5	$19.8	$19.9	+49%
Funds Awarded	$2.9	$3.1	$3.1	$3.2	$3.5	+20%
% of Requested Funds Awarded	*22%*	*20%*	*18%*	*16%*	*18%*	
Executive Grants						
# of Grant Requests	306	335	338	371	381	+25%
# of Grant Awards	153	177	198	221	231	+51%
% of Applications Funded	*50%*	*53%*	*59%*	*60%*	*61%*	
Funds Requested	$17.5	$20.3	$22.0	$21.5	$29.5	+68%
Funds Awarded	$5.5	$5.9	$7.5	$7.8	$8.7	+58%
% of Requested Funds Awarded	*31%*	*29%*	*34%*	*36%*	*30%*	

Stakeholder Feedback

There were two consistent points of feedback that OLO heard across all stakeholder groups:

- Representatives from non-profit organizations and volunteers on the Council Grants Advisory Group expressed confusion about the purpose, goals and relationship of both grant programs. They view the Council grants as funding for non-related programs with no cohesive priorities or comprehensive plan.
- While referred to as "grants," funding is awarded via non-competitive contracts and awardees are subject to County procurement requirements for contracting, billing, and reporting. County staff and most non-profit organizations reported that the execution and monitoring of community grants contracts is burdensome and challenging.

Report Recommendations

Clarify/Define the Purpose and Goals of the Council Community Grants Program and Implement Changes to the Process in Alignment with those Goals. The goals of the program are not clearly defined for applicants, including whether they are one-time grants, alignment with department goals, and relationship to other grants. Once defined, the Council can discuss and implement changes to the process that align with the stated goal.

Implement Changes to the Council's Community Grants Selection Process to Improve Accountability and Fairness. OLO recommends the Council implement the following changes to its grants process: (1) combine the Council and Executive application; (2) pre-screen applications; (3) publish a summary and timeline of the process; (4) recruit a more diverse volunteers; (5) provide a guideline for requesting indirect costs; (6) discuss the inclusion of department staff in the process.

Request an OLO Follow-up Report that Examines Contract Execution, Payment Policies, and Monitoring of Council Community Grant Contracts. While not the focus of this report, most interviews with stakeholders criticized the challenges of contract execution and monitoring processes for Community Grants. As a result, OLO recommends that the Council request a future OLO report to review and analyze current Community Grants contract processes and policies.

Introduction

Each year in the Approved Operating Budget, non-profit organizations receive funds to provide goods and services in the upcoming fiscal year – referred to as "grants." Both the County Executive and the County Council designate organizations – at their discretion – to receive grant funds. Following approval of the Operating Budget, the non-profit agencies enter into non-competitive contracts with the County Government that outline requirements for the delivery of goods and/or services and the distribution of funds.

In the early to mid-2000s, concerns were raised that Council and Executive grants had not gone through an independent application and review process comparable to processes for County competitive grant programs (e.g., Community Development Block Grants, Community Services Grants). Subsequently, the Council has adopted resolutions that require an application and internal review process to determine which non-profits will receive annual Council grants. The Executive uses a somewhat more informal process to make recommendations for annual grant recipients.

The purpose of this OLO report is to review the current grants programs and to identify opportunities to make the management and awarding of grants more effective and efficient. The Council asked OLO to suggest policy and procedure changes to improve the accountability, transparency, accessibility, and fairness in the grants processes.

OLO staff member Kristen Latham conducted this study, with assistance from Carl Scruggs, Blaise DeFazio, Leslie Rubin, and Kelli Robinson. OLO gathered information through document reviews, data analysis, and interviews with Legislative Branch Staff, Executive Branch staff, and external stakeholders. OLO staff also attended numerous meetings of the Council's Grant Advisory Group – a Council-appointed committee of volunteers chosen annually to assist with the review of grant applications. OLO received a high level of cooperation from everyone involved in this study and appreciates the information and insights shared by all who participated:

County Legislative Branch Staff
Mary Bennett
Carolyn Chen
Linda McMillan
Joan Schaffer
Karen Sergeant

County Executive Branch Staff
Charles Short, Office of the County Executive
Steven Brown, Department of Housing and Community Affairs
Victoria Buckland, Department of Health and Human Services
Tara Clemons, Department of Health and Human Services
Dawn Downing, Department of Corrections and Rehabilitation
Rita Ellis, Department of Corrections and Rehabilitation
Josh Watters, Office of Management and Budget
Office of Community Partnerships Staff

Representatives from Other Jurisdictions or Foundations
Carlos E. Aparicio, City of Rockville
Karla Contreras, City of Gaithersburg
Sarah Dickinson, City of Rockville
Maureen Herndon, City of Gaithersburg
Diana Fulchiron, The Community Foundation of Frederick County
Andrew Janos, Fairfax County
Tobi Printz-Platnick, The Morris and Gwendolyn Cafritz Foundation

Grant Advisory Group
Viki Bettancourt
Richard Fidler
Marsha Ford
Lynne Heilbrunn
Jean Hochron
Khizer Husain
Andrew Marshall
Donna Mason
Stephanie Mbella
Neal Meyerson
Susan Milstein
Pamela Roberts

Representatives from the Following Non-profit Organizations
Asian American LEAD
CareerCatchers
CASA de Maryland
Chinese Culture and Community Service Center
Circle of Rights
Family Services
Jewish Center for the Aging
Latin American Youth Center
Manna Food
MobileMed
Montgomery County Coalition for the Homeless
Nonprofit Montgomery
One by One
Poolesville Area Senior Center
Potomac Community Resources
Rainbow Place
Red Wiggler Farm
Unity Youth Development Corp
Village of Friendship Heights
YMCA Youth and Family Services

Other
Crystal Carr Townsend, Healthcare Initiative Foundation
Peggy FitzGerald-Barre, Previous Council Staff
Suzan Jenkins, Arts and Humanities Council
Takenya LaViscourt, Arts and Humanities Council
Kathy Stevens, Montgomery Coalition for Adult English Literacy
Elijah Wheeler, Montgomery County Collaboration Council
Montgomery County Asian Pacific American Advisory Group
Montgomery County Middle Eastern American Advisory Group
WorkSource Montgomery

The report is organized as follows:

Chapter 1, Background and Process summarizes the history and current processes and policies for the Council's and County Executive's Community Grants Programs;

Chapter 2, Recommended Practices, Practices in Other County Grant Programs, and Practices in Other Jurisdictions highlights the policies and practices used to award grants by other Montgomery County grant programs, other local jurisdictions, and foundations;

Chapter 3, Council Grant Data, provides trend data on applications and awards for the Council grants program over the previous five years;

Chapter 4, Feedback from Stakeholders, summarizes the themes OLO heard about the grants programs from County staff, non-profit organizations, foundations, and local jurisdictions; and

Chapter 5, Findings and Recommendations, outlines OLO's findings and recommended next steps.

CHAPTER 1. Background and Process

Montgomery County has historically believed that a strong partnership with local non-profit organizations is critical to meeting the needs of County residents. As a result, the County Executive and County Council annually award community grants to non-profit organizations to provide health and human services and community services to Montgomery County residents. This chapter provides a brief history of the Council grants process followed by a description of the current Council and Executive community grants processes.

The Executive and County Council grant processes are mostly independent and distinct from each other until they are approved in the budget by the County Council. Organizations can apply for grants from either the Executive, the Council, or both each year and, while the Executive and Council use the same application and similar processes, organizations that request grants from both in a single year must file separate applications for each one. Grants are for one year only, although organizations may reapply for a grant every year. Neither the Executive nor the Council limits the number of grants an organization can apply for each year and neither limits the amount of funding an organization can request – in a single application or overall.

While referred to as "community grants," funding, in practice, is awarded via contract and awardees are subject to County procurement requirements for contracting, billing, and reporting.

A. Legal Framework

An organization designated in the Approved Operating Budget to receive a County Executive or County Council community grant receives a non-competitive contract award – a type of contract authorized in the County's procurement law and regulations (Montgomery County Code Chapter 11B and Code of Montgomery County Regulations Chapter 11B). Specifically, County Code Section 11B-14(a)(4) states that "a contract may be awarded without competition if the Chief Administrative Officer makes a written determination that the contract award serves a public purpose" and satisfies one or more of the following factors:

- There is only one source for the required goods, service or construction which can meet the minimum valid needs of the County;

- The County requires goods or services for potential or pending litigation, condemnation, or collective bargaining;

- A contractor or subcontractor has been specifically identified in a grant accepted by the County; or

- A proposed contractor has been identified in a grant resolution approved by the Council.

The County Code and Regulations further define a grant as "an action by a public or private entity which directs funds on a non-competitive basis to a specific entity," and states that a grant must be implemented by a contract.[1] All contracts are reviewed and approved by the County Attorney and include performance and payment provisions required in all County contracts. COMCOR Section 11B.17.3.2 further requires that using departments must certify to the County Council, the Office of Management and Budget, and the Director of Procurement that:

---

[1] COMCOR § 11.B.2.4.49

- The proposed grantee would qualify as "responsible" under the procurement law;
- The grant amount is fair and reasonable based on a price analysis; and
- The services or goods funded by the grant award are in the public interest.

B. History of Council Community Grants Program

The Executive and Council grants programs originated as a way to provide funding to community non-profit organizations to provide health and human services and community programs to County residents. The intent was that the grant funding would be on a one-time basis and would be used to fill gaps in services that the County was not providing.

At the inception of the programs, grants were provided through sole-source contracts during operating budget appropriations organizations received grant funding in one of three ways: (1) by contacting a department with a service and funding proposal to become part of a department's recommended budget; (2) by asking the Executive for a discretionary grant (private agency request); or (3) by asking a Councilmember(s) for a discretionary grant. The Council would include grants on a Non-Competitive Award Designation List, which was an attachment to the approved operating budget.

Highlights of History of Council Action Related to the Council Grants Program. The Council has discussed the practices surrounding the grant programs and non-competitive contract awards for many years. In December 1999, the Council's Management and Fiscal Policy (MFP)[2] Committee discussed the mechanics associated with Non-Competitive Awards. Based on the Committee's discussion, the County Council approved Resolution 14-490 in May 2000 to amend the process for designating awardees on the Non-Competitive Award Designation List. Among other things, Resolution 14-490:

- Required the Council to approve non-competitive contracts as part of the County Government Operating Budget Resolution;

- Required the list of designated entities identify the purpose and dollar amount for each non-competitive contract;

- Limited the award of funds to only entities that proposed non-competitive contracts; and

- Required that the County Executive put in place a process to assure that non-competitive contracts receive periodic reviews.

In July 2002, the MFP Committee discussed additional issues related to the Council's grant process, including the lack of a defined process for funding grant requests. During the discussion, Council staff:

- Questioned the practice of continuing to award funds non-competitively year-after-year to the same non-profit organizations for the same services;

- Noted that in Resolution 14-490, the Council asked the Executive to put in place a process to assure that non-competitive contracts receive periodic reviews; and

- Suggested using memorandums of understanding rather than a contract as a vehicle for structuring long-term service delivery arrangements with non-profit service providers.

---

[2] In 2011, the Council changed the name of the MFP Committee to the Government Operations and Fiscal Policy (GO) Committee, referenced later in this section.

The County Attorney, however, advised the MFP Committee in October 2002 that County law required that an agreement with a grantee (whether a contract or a memorandum of understanding) must go through the procurement process because public money is expended in exchange for services.[3]

In February 2005, the Council's Office of Legislative Oversight released a report co-written with Council staff entitled *A Study of the County Government's Selection and Funding Practices for Health and Human Services and Community Development Grant Awards*.[4] In the report, OLO and Council staff recommended that the Council work with the Chief Administrative Officer to address several key issues:

- Develop a revised strategy to ensure that non-competitive grants receive periodic reviews;
- Track the year an entity and program first receive a non-competitive grant; and
- Discuss establishing a County grant award specifically for health and human services and community development organizations to facilitate funding for new organizations or programs.

Between July 2004 and February 2005, the Health and Human Services (HHS) and MFP Committees jointly discussed the Council's process for reviewing and appropriating grants which led to the adoption of Council Resolution 15-905 – outlining the grant award process for FY06. The FY06 grant award process was the precursor to the current process – outlining processes for the solicitation of applications and for the creation of a Grant Advisory Group that would provide non-binding and non-prioritized comments on grants proposals. The process also allowed a Councilmember to nominate a proposal for funding through the reconciliation process that was unsuccessful during the review process and allowed placement of a proposal on the reconciliation list even if the organization did not meet established deadlines (requiring support of at least five Councilmembers).

Most Recent Council Discussions on Grants. In late 2016, the County Council discussed ways to improve the grants process for the FY18 grants cycle. In a joint GO/HHS Committee meeting in October 2016, Councilmembers discussed challenges in the grants process related to the volume and fairness/transparency of the grant selection process:

- Volume – The number of applications had increased significantly in recent years and it was difficult for Council staff and the Grants Advisory Group to effectively review and evaluate the numerous applications; and

- Fairness and Transparency – There was a perception that new organizations were unable to get grant funding because funds went to safety-net organizations, to organizations that had been funded for many years, or to organizations with political connections. Further, there was confusion about the purpose of the grants program because while it was described as one-year funding, some organizations received funds for the same programs for many consecutive years.

Several suggested changes resulted from the Committees' discussion – some of which were implemented. The next table summarizes the results of the Committee discussions and whether a change was implemented.

---

[3] OLO Report 2005-1, Page 15.
[4] https://www.montgomerycountymd.gov/olo/resources/files/grants05.pdf

**Table 1-1. Summary of 2016 GO/HHS Committee Recommendations
Related to Non-Competitive Grants**

Short Term Solutions

Adopted

- Increase pool of potential Grants Advisory Group members by removing prohibition on employees or board members of any organization applying for a grant – instead requiring a conflict disclosure

- Request assistance with evaluations and recommendations for specific categories of grants from organizations with related expertise (e.g., workforce development, housing, food programs, youth development)

Not Adopted

- Encourage group applications where one organization serves as the "lead agency"

- Designate funding for special initiatives with a clear purpose within the Council Grants program

Long Term Solutions

Not Adopted

- Limit the number of applications an organization can submit in a single year

- Limit the number of years an organization may apply for a grant for the same program/purpose

- Limit funding to a percentage of an organization's or program's total budget to ensure that organizations have multiple funding streams

- Adopt multiple cycles for awarding Council Grants

- Combine the Council and Executive grant programs using the Council process for all Community Grants

- Appropriate funds to Departments to administer department-specific grants programs

- Outsource specific types of grants to organizations to administer a separate grants process

- Outsource the entire Community Grants process to an organization(s) with grant-making experience

Source: HHS/GO Committee #2, October 13, 2016

In November 2016, the HHS Committee resumed the discussion of whether some grants should become part of the Department of Health and Human Services' (DHHS) base budget. Councilmembers Craig Rice, George Leventhal, and Nancy Navarro sent a letter to the Director of the Office of Management and Budget (OMB) requesting the analysis that OMB used to recommend whether a program funded by a grant be included – or not – in a department's base budget. The CAO's December 15 reply to the HHS Committee stated only that "this request, along with all other requests for FY16 funding, will be considered by the County Executive in the context of the entire operating budget process."

C. Community Grant Selection and Awards

As stated earlier, organizations can apply for a community grant from the Council, from the Executive, or from both. The Council and the Executive collaborate in some aspects of the application and review process. This section summarizes the current procedures and policies in place for the administration of the grants programs, including parts of the process done collaboratively and the aspects that are done independently.

Two County staff members, the Council Grants Manager, and an OMB budget analyst are primarily responsible for the administration of the two grant programs. Executive and Council staff conduct three joint workshops for applicants describing the grants application and review processes and Executive and Council staff share an internal grants database. Two years ago, the Executive and Council jointly adopted the use of an online application processing system (www.MCMDgrants.fluidreview.com) to accept all applications. This grants portal provides applicants with numerous resources, including:

- Program Budget Template;
- General Instructions;
- County Executive Community Collaboration Grants FAQ;
- Council Grants - Required Attachments and Instructions;
- Council Grants Evaluation Criteria;
- Sample Grant Application and Budget;
- Workshop Slides; and
- Mid-Year and Final Reports for Past Grant Awards.

In a typical year, the timeline for the grant application and selection process looks like this:

Early December	Applications available / Registration opens
Early December	Joint grants workshops
Mid-January	Applications due
Late February Through March	Council grant applicant interviews with Council Grants Advisory Group
Mid-March	Executive grants included in Recommended Operating Budget
Late April	Council Grants Advisory Group issues report
Late May	Council approves Operating Budget that includes final grant awards

Once an organization submits an application in January, the review and selection process for Executive and Council grants take different paths. The next few pages discuss each process, followed by a brief summary of what happens once a grant is awarded.

1. County Council Community Grants

To bring more accountability and transparency to the grant selection process, approximately a decade ago, the Council began adopting an annual resolution outlining the Council's community grant process and using a volunteer panel of residents to review grant applications and recommend grant awards.

Each year, the resolution guides the Council's process for reviewing applications and awarding grants and it set priorities for grant awards in that year. The FY19 Resolution stated the Council's priority for community grants would be safety net programs and additional language in the Resolution encouraged collaboration among non-profit organizations to lead to joint applications. Although not previously allowed, in FY19 the Council began allowing board members from non-profit organizations to serve on the Council's Grants Advisory Group and began having Grants Advisory Group members with specific expertise work in subsets to review grants related to their area of expertise (e.g., food programs; workforce development).

Process. The Council grants program is administered by a Council Grants Manager. Before the FY19 budget cycle, the position was a contract worker but in the FY19 grants cycle, the Council hired a full-time staff member to administer the program. This position will focus on the grants program for approximately half of the year and work on Department of Health and Human Services issues during the remainder of the year.

Applicants for Council grants must include the following with their grant application(s):

- Program budget;
- Organizational budget;
- Financial statements or annual audit;
- List of County funding previously received;
- Board of Directors information;
- Salary information for employees making over $100,000 per year;
- Plans for renovation (optional);
- IRS Tax Exempt letter; and
- Proof of good standing with Maryland State Department of Assessments and Taxation

Organizations must classify their program into one or more program areas on the application and the Council Grants Manager organizes application review by these program areas:

- Basic Needs;
- Youth Development;
- Workforce/Economic Development;
- Health/Behavioral Health;
- Disabilities;
- Older Adults;
- Children and Families;
- Community Development; and
- Other.

The Council has final authority on the selection of grant awards; however, the Council has established a Grants Advisory Group – a group of citizen volunteers appointed by the Council each year – that has the primary responsibility for reviewing, evaluating, and recommending grant recipients. Volunteers attend two training sessions to learn about County demographics and economics and the process for evaluating applications. The panel typically has approximately 40 volunteers divided into teams of two or three and each team typically reviews 20-30 applications in a program area.

The Grants Advisory Group includes a few team leaders scattered across the program areas that oversee and assist the Council grants manager in organizing and attending organization interviews. Attending an interview with a Grants Advisory Group team is optional for grant applicants and the Group will consider all organizations regardless of whether an organization's application includes all the required supporting materials.

The grants manager takes into consideration several factors when assigning Grant Advisory Group teams:

- Volunteers' schedule and availability for interviews;
- Grouping strong and repeat volunteers with new volunteers; and
- Subject matter expertise

For the FY19 grants cycle, the Advisory Group included subject matter groups for WorkSource Montgomery, the Montgomery Cares Advisory Board, the Interagency Commission on Homelessness, and the Food Council because the Council deemed those areas critical and wanted expert input on review and evaluation of applications in those areas. One team also reviews and evaluates all County Executive-recommended grants that have not gone through a competitive review process. Teams evaluate applications using the following criteria established by the Council:

Public Benefit

- Is the need clearly identified and demonstrated?

- Is the target population clearly described and well served by this proposal?

- Is there justification for the program?

Strength of Proposal

- Does the proposal clearly describe what the project will do and what recipients will get out of it?

- Does the proposal outline the anticipated outputs and outcomes of the program and are the outcomes measurable and relevant?

- If the proposal requests funds for an existing program, does it describe the results/outcomes achieved to date? Evaluate the results achieved to date.

- If the proposal requests funds for a new program, does it provide information on the success of programs in other jurisdictions, evidence of best practices, etc.?

- Is the application submitted on behalf of a team of applicants? Does the proposal describe specific plans for coordination with other existing non-profit organizations and County services?

- Does the proposal contain a sufficiently detailed program budget to be able to assess whether the budget is in line with the proposed project?

- Does the proposal describe plans for continuing support after the grant ends and availability of other resources?

- Are there any major concerns with the budget?

Cost-Benefit Analysis

- What is the cost of the service or activity and number of recipients?

- What is the impact on the recipient relative to the cost?

Strength of Organization

- How long have these services been delivered by this organization and for how long has this program received public funds?

- What efforts have been made to recruit/utilize volunteers in the program and/or leverage community resources?

- What other partner organizations is the applicant working with to address the needs of those served? Are those organizations part of a team submitting this proposal?

- Has the organization substantially leveraged other non-county government funding for the proposal or other programs? If the organization is asking for the majority of its funding through the County, has it provided a compelling rationale for its reliance on County funding? Does the organization's financial statement show a diversity of funding sources?

- Does the organization's financial statement indicate actual revenues and expenditures were in line with budgeted projections?

- Based on the budgetary information, does the organization have the capacity to carry out the proposed program?

In late April/early May, the Grants Advisory Group issues a written report to the Council summarizing the number and type of applications submitted and includes one-page evaluations of each grant application reviewed by the Group. This report does not include funding recommendations.

Following organization interviews, each Grants Advisory Group member evaluates each assigned application and evaluations are reviewed by other team members, the team leader, and grants manager. The program area teams then meet to discuss and decide which applications in their program area should be recommended for funding.

The Grants Manager consolidates evaluations and team recommendations to compile a final list of recommended grants with funding levels to present to the Council. In compiling and finalizing the recommendations, the Grants Manager considers a variety of factors including:

- The prior year's budget as a baseline for total grant funding;
- The Executive's recommended amount for Council grants;
- Grants Advisory Group evaluations;
- Grant funding for an organization received from the County Executive; and
- Overall funding levels by program area.

In the FY19 grants cycle, the Council Grants Manager focused the funding recommendation on applications for direct service delivery and people served and did not recommend funding for applications requesting funding for items like rent or utilities.

OLO was told by numerous nonprofit organizations that, in the past, the Council Grants Administrator would informally share the list of recommended grants with applicants about two weeks prior to budget approval. In FY19, the recommended award list was not shared until it was made public by the Council.

The recommended list is officially presented by the Grants Manager to the Council during a public worksession a few days before the Council adopts the final operating budget in mid-May. The Council Grants Manager will then meet with Councilmembers or their representatives to discuss and finalize the grants list. Councilmembers rarely remove Panel and staff recommended grants from the list and

typically add additional proposals to the final list. Executive and Council grant awards are finalized when the Council adopts the final operating budget.

2. Executive Community Grants

Executive Branch staff report that the County Executive uses the Community Grants program to provide funding to non-profit organizations to meet growing and diverse needs in the County. The Executive includes this discretionary funding in the annual recommended operating budget. Staff report that the Executive selects grant applications that address key priorities of the administration and to fill gaps in services that are not addressed by other County or State programs. Staff report that the grants program is a social capital investment that looks at the non-profit community as partners with a shared mission, not simply a contractor. The Approved Operating Budget describes the funding for Executive community grants as:

> This [funding] provides one-time grants directly to organizations in the community. These community organizations are critical to an effective network of services and are often able to provide these services in a more cost-effective, culturally appropriate, and flexible way than County Government. They also are able to leverage community resources that may be unavailable to the County Government.

As the County Government and programs have grown over the years, Executive Branch staff report that the selection process for grant awards has become less formal compared to the County budget process. Staff report that a less formal process allows for flexibility to respond to new diverse needs and political needs of residents compared to the traditional budget process. Each year, the Executive outlines priorities for Executive grant applicants – in FY19, the priorities were safety net services, services for seniors, and services for at-risk youth.

As described earlier, applications for Executive grants are submitted online. Unlike the Council grant process, the Executive does not require organizations to submit any additional documents as part of application (e.g., financial documents, proof of good standing, information about board members).

Staff in the Office of Management and Budget complete an administrative review of all grant applications – summarizing an application's type and purpose, funding history, per capita costs, and program performance history into a one-page evaluation. OMB assigns an Executive grants manager, who reviews all the applications, with support staff assisting on approximately one third of applications.

OMB staff then meet with a Special Assistant to the Executive over four to five separate meetings to discuss the applications and create a list of funding recommendations. To set an annual funding level, staff start by reviewing total funding for Executive grants from the prior year and identifying new goals. Staff finalize grant recommendations after department budgets are mostly completed with the goal of filling in service gaps in departments' budgets.

The County Executive then meets with the Special Assistant and the OMB grants manager to discuss staff recommendations and the Executive adds or removes recommended grants from the recommended list. Staff report that the Executive's list of grants is often shared and discussed with the Department of Health and Human Services because it manages a large portion of the resulting grant contracts. Executive staff report that some grants may not completely align with the services provided by the department that manages a grant contract or a department may have different funding priorities than the funding awarded through the Executive's grants process.

The County Executive's final list of recommended grant awards are included in the recommended operating budget sent to the Council in March. The Council requires organizations recommended for community grant funding by the Executive grants to go through the Council application review process, including submission of all additional documents required in the Council process. The Council has final decision authority on recommended grants by the Executive but historically has approved most of the recommendations (with a few exceptions).

3. Grant Awards

All successful grant applications are included in the County's Approved Operating Budget, funded either through the Executive Community Grants Non-Departmental Account (NDA) or the Council Community Grants NDA. Following adoption of the Operating budget, Executive Branch staff and the organizations that receive grants enter into negotiations to draft and execute service contracts. County Government staff work with the organizations to help them meet the County's standard contracting requirements and work to finalize and execute contracts by July 1st. However, some contracts may take up to 60-90 days past that date to execute for a variety of reasons.

Organizations enter into sole-source contracts and receive the grant funding in the form of reimbursements after the organization provides documentation verifying that it has purchased items or provided services outlined in the contract. Council requires grant award recipients to submit progress reports to the County twice a year (mid-year and end-of-year) describing the results achieved with the funds awarded. The Office of Procurement and Departments administer the grant contracts. The Department of Health and Human Services executes and administers the majority of community grants each year.

CHAPTER 2. Recommended Practices and Other Local Practices

State and local grant management practitioners across the nation have independently developed tools, documents, and policies needed to administer a grants program. This chapter summarizes the available research on grants management for governments and describes the practices currently used by organizations and other local jurisdictions' grants programs.

A. Recommended Practices

There is very limited research on government allocation of funds to non-profit service providers via grants or non-competitive contracts. OLO was unable to identify any national recommended model for local government non-profit funding in general. The remainder of this section summarizes the limited recommended practices OLO found in this area. Overall, recommended practices indicate that local governments should clearly define how they make funding decisions. The following sections summarize recommended practices from various sources.

Communication about grant opportunities should be clear and concise.[5] Good communication about available funding, key dates, funding priorities, types of projects to be funded, competition rules such as eligibility, and technical reviews is critical to a streamlined and fair process. The Federal Office and Management and Budget's Uniform Guidance establishes several requirements for competitive grant awards including notification to the public of the grant opportunity that provides sufficient information to help grant seekers decide about whether to and how to apply. Communication with grant seekers must also include detailed information on the criteria used to evaluate applications.

Evaluation of applications should have a clear and preestablished selection framework.[6] Governments should establish a merit-review process for competitive grants and reviewers should rate applications against pre-established criteria found in the public notice of the grant opportunity. Applicants should receive information about how qualitative or quantitative criteria will be applied. The Government Financial Officers' Association (GFOA) recommends that a centralized grant oversight committee should analyze grants before they are accepted, renewed, or continued to determine whether acceptance, renewal, or continuation would be appropriate.

Programs should be aligned with government goals.[7] The GFOA recommends that governments develop a formal grants policy that aligns with the strategic direction of government programming and seek grant recipients that deliver programs consistent with the government's mission, strategic priorities, and adopted plans.

The application process should be streamlined to ease burden on potential applicants.[8] Governments can reduce the amount of time, effort, and money that non-profits spend on applying for and

---

[5] *Selected Agencies Should Clarify Merit Based Award Criteria and Provide Guidance for Reviewing Potentially Duplicative Awards*. U.S. Government Accountability Office (GAO). https://www.gao.gov/products/GAO-17-113.

[6] *Establishing a Grants Oversight Committee*. GFOA. https://gfoa.org/establishing-grants-administration-oversight-committee and *Selected Agencies Should Clarify Merit Based Award Criteria and Provide Guidance for Reviewing Potentially Duplicative Awards*. GAO. https://www.gao.gov/products/GAO-17-113

[7] *Establishing an Effective Grants Policy*. GFOA. https://gfoa.org/establishing-effective-grants-policy

[8] *Grant Budgets and Financial Reports Guide*. Grants Management Network http://gmnetwork.org/wp-content/uploads/2014/07/Grant-Budgets-and-Financial-Reports-Guide.pdf

administering grants, which can increase resources for mission-based activities. For example, governments can review the type of information needed from grant seekers to make a responsible grant and can review whether applicants can provide financial and other information in a variety of formats.

Guide to Opportunities for Improving Grant Accountability. In a more comprehensive look at grant selection and administration, the Grant Accountability Project (was a collection of federal, state, and local audit organizations) released a guide that outlined specific actions for governments to take to improve grant accountability. The following information summarizes the promising practices for the selection and award of grants by governments. [9]

Internal Control Systems

Prepare department-wide policies and make available on internet
- Develop a manual for managing grants
- Prepare policies for developing new grant programs, reviewing and selecting grants, and competing grants based on merit

Consolidate information systems to assist in managing grants
- Develop a centralized information system for multiple programs
- Use an information system to track grant status
- Have grantees submit reports electronically

Provide grant management training to staff and grantees
- Develop a long-term strategic approach to training
- Use a team approach to training
- Provide specific training courses to grantees

Coordinating programs with similar goals and purposes
- Develop procedures to avoid duplication
- Require applicants to disclose similar grants applied for or received

Performance Measures

Link activities with program goals
- Use logic models to link agency activities with results
- Use both output and outcome measures to evaluate performance
- Link measures to agency goals

Work with grantees to develop performance measures
- Jointly develop goals and objectives
- Coordinate performance plans across government and service levels

---

[9] https://www.oig.dot.gov/sites/default/files/files/grant_accountability_paper.pdf. Comptroller General of the United States' Domestic Working Group. October 2005.

Pre-Award Process

<u>Assess applicant capability to account for funds</u>
- Require a uniform pre-award evaluation of applicant capabilities
- Conduct pre-award audits
- Use scoring system to evaluate technical capability

<u>Compete grants to facilitate accountability</u>
- Develop specific criteria for evaluating all competitive grants
- Require funding announcements to include ranking criteria
- Assemble merit panels to select grantees

<u>Prepare work plans to provide framework for grant accountability</u>
- Look for viable and efficient applicant work plans
- Require applicants to submit a detailed narrative as evidence of proper work planning
- Require applications to include project objectives and impacts

<u>Include clear terms and conditions in grant award documents</u>
- Emphasize need to comply with grant award requirements
- Incorporate statement on funding source
- Standardize desired grant terms and conditions

B. Practices in Other Montgomery County Competitive Grant Programs

A competitive grant is a transfer of money from the County to a public or private entity that occurs following a competitive selection process. The County currently administers several competitive grant programs, including the Community Development Block Grant program and the Community Services grant program. The County also provides two organizations, the Montgomery County Adult English Literacy Council (MCAEL) and the Arts and Humanities Council of Montgomery County (AHCMC), with funding to award grants in those specific program areas. This section summarizes the processes used by these grant programs. It is important to note the County has additional grant programs.

Community Development Block Grants. The federal Community Development Block Grant (CDBG) program provides Montgomery County with funding to "provide decent housing and a suitable living environment," primarily for low- and moderate-income residents. Administered by the County's Department of Housing and Community Affairs (DHCA), the County uses a competitive application process to make a portion of its CDBG funds available to non-profit groups through public service grants. The County policies and priorities to guide the use of CDBG funds limit funding of an organization for the same project to three years and provide no guarantee of funding past year one of a grant. The application states that "CDBG funds are not intended to be an on-going source of funds for an organization." To select CDBG award recipients, the County Executive follows the recommendations of DHCA staff along with the Community Development Advisory Committee (CDAC), a Committee of volunteers with three-year terms.

Community Services Grants. The Department of Health and Human Services administers the Community Services Grant (CSG) program to support health and human services projects that promote a safe, healthy, and self-sufficient community. Annually, HHS identifies priorities for grant applications. Fiscal Year 2019 priorities were safety net services and suicide and overdose prevention and intervention. CSG grants are one-time-only grants of up to $10,000 to non-profit organizations serving Montgomery County residents and organizations can only apply for one grant per year. DHHS staff and a Grant Review Panel of public and private representatives review applications. The Panel recommends awards to the County Executive, who includes final recipients in the recommended operating budget.

Montgomery Coalition for Adult English Literacy (MCAEL). MCAEL is a community coalition of public, non-profit, and business partners that support more than 60 adult ESOL (English for Speakers of Other Languages) and literacy service programs. The goal of the MCAEL grants program is to increase the availability and quality of adult ESOL and literacy services in diverse populations across the County. MCAEL offers two types of grants: Adult English Literacy Program Grants and Adult English Literacy Access Grants.

- **Adult English Literacy Program Grants** fund programs to maintain, increase, and improve delivery of adult English literacy services to those who live and work in the County, including supplementary services that enable more learners to attend ESOL classes (e.g., childcare, transportation). Funding can also be used to strengthen the management and capacity of an organization that delivers English literacy services. To qualify for a grant, an organization must provide 120 hours of instruction per year per learner, have established infrastructure, have demonstrated performance, and have managed enrollment for its classes.

- **Adult English Literacy Access Grants** fund ongoing/new partnerships and resources, increase access to underserved populations, and develop access points to link individuals to the larger ESOL system. Grants are limited to $15,000 and are designed to support drop-in ESOL classes, start-up programs, and classes that are not situated in a larger English program.

MCAEL receives funding from a variety of donors and supporters, including private foundations, individuals, and government agencies. The County Government provides MCAEL grant funding for English literacy classes through a Non-Departmental Account in the County's Approved Operating Budget each year. In FY19, the approved budget for MCAEL was approximately $1.8 million. Grant applicants who receive funding one year are not guaranteed funding in subsequent years.

To set the funding priorities each year, MCAEL collects and analyzes demographic data on learners to identify underserved geographic areas and populations in the County. Fiscal Year 2019 priorities were expansion of classes into underserved geographic areas (especially Upcounty and East County) and classes on Saturday or Sunday.

During the application and selection process, which runs annually from January through June, MCAEL staff conduct a grant information meeting to inform applicants of priorities and the selection process and staff are available by appointment to answer questions of grant seekers. MCAEL staff report that it typically receives 20-25 applications per year. The application for MCAEL grants consists of three parts:

	Application Part	Format	Available Online?
1	Cover Sheet and Proposal Narrative	MS Word	Yes
2	Outcomes Summary, Summary of Classes, Budget/Expenses, and Revenue	MS Excel	Yes
3	Supporting organizational documents	n/a	n/a
	e.g., Statement of financial activities, reviewed or audited financial statement for last completed fiscal year, Board of Directors list with organizational affiliations		

Funding decisions are made by a volunteer Grant Review Panel composed of 11-13 community members selected to represent a diversity of experience and expertise in one or more of the following:

- The local community and community's needs;
- Non-profit management;
- Adult ESOL;
- Literacy; and/or
- Government/non-profit grant making.

Grant Review Panel members receive training about the landscape of ESOL in the County, the year's priorities, and the grant recommendation process. Panel members score applications following review of all applications and interviews with all applicants and subsequently meet to discuss recommendations. MCAEL staff report that there is typically consensus among Panel members about which organizations to fund. The recommended list is then presented to and approved by the MCAEL Board.

Arts and Humanities Council of Montgomery County. The Arts and Humanities Council of Montgomery County (AHCMC) is the County's designated local arts and humanities agency. AHCMC annually distributes funding – from Montgomery County Government, the Maryland State Arts Council, corporations, organizations, and individuals – to enrich cultural activities in the County. The AHCMC administers numerous grant programs for County arts and humanities organizations, described in the next table.

Table 2-1. Summary of Grants Available from the Arts and Humanities Council

Grants to Large Arts and Humanities Organizations – Deadline Late January

General operating expense grants available to organizations that have:

- Both cash expenses and an income of more than $150,000 in its most recent fiscal year;

- An arts and/or humanities division within an umbrella non-profit organization, provided that the division's cash expenses and cash income were more than $150,000 during the most recent fiscal year; or

- Organizations based elsewhere that provide a regular season of programming or educational services on the premises of a grantee organization based in the County.

Organizations must have a full-time paid administrator and a completed audit of financial statements for the most recent fiscal year. FY19 awards ranged from $13,000 to $561,000.

Grants to Mid-Size Arts and Humanities Organizations – Deadline Late January

General operating expense grants available to organizations that have:

- Annual cash expenses of $50,000-$150,000; and

- Have a primary mission of "exhibition, presentation, production or performance of, and/or education in, an arts and/or humanities discipline; and/or provides support services for artists and/or scholars and for arts and/or humanities organizations."

Any recipient must be a non-profit organization located in the County. FY19 awards ranged from $14,000 to $25,000.

Grants to Small Arts and Humanities Organizations and Groups – Deadline Late January

General operating expense grants that are available to arts and humanities organizations or groups that may or may not be incorporated and with annual cash operating expenses of under $50,000 for their most recently completed fiscal year. Any recipient must have its principal residence in the County. FY19 awards ranged from $3,000 to $5,000.

Capital Improvement Grants – Deadline Mid-January

Grant funding to assist arts and humanities organizations in attaining stability and long-term viability, particularly for facility construction or improvements. Grants may be awarded for new construction, expansion of a project, renovation of an existing structure, or physical plant repairs critical to an organization's arts or humanities mission. FY19 awards ranged from $100,000 to $250,000.

Arts Integration Residency in the Schools Grants – Deadline Late July and Late October

Grant funding to support individual teaching artists trained in curriculum-based arts integration techniques who collaborate with a classroom teacher to develop an arts-integrated program for students during the school day. A program must serve underserved students during the school year and during the school day in a public or non-public elementary, middle or high school located in Montgomery County. Awards can range from $1,000 to $3,000.

Advancement Grants for Arts and Humanities Organizations – Deadline Late January

Grant funding to provide supplemental funding for special purposes with a focus on helping organizations to maintain fiscal stability and long-term viability and to support arts and humanities organizations in their long-term planning, planning for capital improvement projects, and technology improvements critical to their mission. FY19 awards ranged from $10,000 to $91,000.

Grants to Individual Artists and Scholars – Deadline Late January

Grant funding for individuals or collaborations of individual artists and scholars who have resided in Montgomery County for at least 12 months prior to the application deadline. FY19 awards ranged from $1,000 to $5,000.

Wheaton Cultural Grants – Deadline Mid-September

Grant funding including flexible awards up to $10,000 for projects that create impact and provide professional opportunities for artists and scholars to work in Wheaton, MD. Awards can range from $1,000 to $10,000.

The County's Approved Operating Budget provides annual funding for AHCMC grant programs with approximately $5.4 million in FY19 funding – with disbursement of funds to the AHCMC at different periods throughout the year, depending upon the grant program.

Each year, AHCMC staff identify, recruit, and select volunteers for the Grant Advisory Review Panel that plays an integral role in the recommendation of grant awards. Each grant program has its own review panel, typically consisting of reviewers who are familiar with arts and humanities in the County. Staff select grant panel members based on expertise, art form, scholarly discipline, gender, race, and age range.

AHCMC staff draft fiscal year guidelines each year for each grant program, which are reviewed and approved by the Review Panel and subsequently by the AHCMC Board. Guidelines describe how grant seekers can apply for a particular grant. AHCMC staff engage in outreach about the Council's different grant programs – providing webinars and workshops throughout the year with information for potential applicants and being available for questions related to the application process.

The AHCMC receives applications through an online grants portal. Grant Advisory Review Panel members evaluate each application based on criteria specific to the grant, which are included in the grant's guidelines. Examples of evaluation criteria include organizational capacity, programming of quality, community impact, and/or organizational financial stability.

Grant Advisory Review Panel members meet to discuss and score applications and meetings are open to the public. Prior to the panel meeting, panel members can send written questions to a grant applicant via AHCMC staff and applicants can provide written responses.

Based on the recommendations of the panel, AHCMC staff will recommend grant award amounts to AHCMC's Grants Committee. The Committee will review and revise the grant awards and forward its recommendations to the AHCMC Board of Directors. The Board of Directors has the final authority to approve all grant awards.

C. Non-Competitive Grants Processes in Other Regional Jurisdictions or Foundations

This section summarizes the policies and procedures for three local jurisdictions that have similar grant programs to the County's community grants program and two local foundations that issue grants to non-profit organizations – the City of Rockville, the City of Gaithersburg, and Fairfax County, VA, the Morris and Gwendolyn Cafritz Foundation, and the Frederick Community Foundation.

City of Rockville. The City of Rockville's Human Services Non-Profit Grant program (aka Caregiver Grant Program) supports organizations that assist Rockville residents having difficulty meeting one or more basic needs related to housing, food, clothing, financial resources, health care, and/or family well-being. Organizations can use grant funding to maintain or expand an existing program or establish a new program. In FY19, the City appropriated approximately $681,000 for this grant program.

The Community Services Division of Rockville City Government facilitates the grant application and selection processes and administers and monitors the grant throughout the year. The City announces the grant opportunity annually in October. While the City does not provide formal guidance on the amount of funding available, City staff use the previous year's funding amount as a starting point for the next year's funding. The City receives approximately 25-30 applications for the program each year.

Applicants submit application forms online and must provide hard copies of additional materials to the City. The application asks organizations for a variety of information about the organization, including: overall capacity and budget, program budget and evaluation outputs and outcomes, and collaboration. Organizations must also submit: audit documents, financial statements or compilation for the most recent operating year, IRS Form 990, a board roster, and a report from the last formal or informal evaluation of the program. The application outlines required performance measures for the grantee but also allows organizations to submit measures specific to their programs.

City staff complete an initial review of applications for completeness. The City also convenes a Grant Review Panel with six members – three from City staff and three from the community. Panel members individually review grant applications, attachments, site visit reports, and supplemental information on the programs' performance, score each application, and formulate funding recommendations. The panel then convenes and discusses each member's impressions to arrive at a consensus funding recommendation for each applicant. City staff then present the Panel's recommendations to the City Manager and to the Mayor and City Council. The City Manager and Mayor/Council can alter the recommended list of grantees.

Last year, the City created the Caregiver Funding Task Force (CFTF) to develop a comprehensive process for reviewing and recommending Caregiver funding by:

- Examining the current grant process;
- Considering the purpose of the City's non-profit funding;
- Reviewing processes used by other government agencies and best practices for grant awards;
- Proposing eligibility and selection criteria;

- Discussing funding prioritization across human service areas;
- Reviewing the roles of the Mayor and Council, City Manager, Finance Department, the Grant Review Panel, and the Human Services Advisory Commission in the grant process; and
- Recommending a comprehensive process for reviewing applications and recommending funding for the city manager's proposed budget.

The Task Force anticipates producing a report in preparation for the FY20 cycle.

City of Gaithersburg. The City of Gaithersburg's Community Services Grants (CSG) program supports non-profit agency programs that address identified social services needs for residents of the City. Funding for community services grants was approximately $750,000 in FY19.[10] The Community Services Division of Gaithersburg's Department of Community and Public Relations administers the grant program – developing the grant solicitation, providing staff support for the grant selection process, and creating contracts for the grant recipients, and monitoring the program throughout the year.

Gaithersburg significantly changed its grants process in recent years – allowing multi-year grants, requiring consistent performance outcomes in a service area, moving the grant awards out of the traditional procurement process, requiring a cultural competence service delivery plan, and minimizing the input of elected officials in the selection of grant recipients. This section describes the City's new processes.

Each year, the City requests grant applications in specific focus areas that can include:

- Food assistance;
- Emergency assistance;
- Health assistance;
- Mental health assistance;
- Homeless services;
- Vocational services;
- Summer youth employment and job fair; and
- Financial wellness.

In FY19, the City requested grant applications in Housing Preservation and Transportation, Vocational Coaching, and Financial Fitness Education. The City issues a detailed Scope of Services for each focus area. For example, the Housing Preservation and Transportation solicitation sought applications:

> [T]o provide Housing Preservation and Transportation Assistance to a minimum of 280 City households (unduplicated). Services shall include:
>
> 1. One-on-one and group foreclosure prevention education and comprehensive assistance in the City;
>
> 2. One-on-one eviction prevention and housing counseling services, to include case management, distribution of educational materials, budget development, coordination of financial assistance and outreach to City landlords;
>
> 3. Emergency rental and utility cut off assistance funds and services, including the development and distribution of educational materials related to eviction prevention and utility conservation;

---

[10] While a majority of the City's grant funding is for the Community Service Grants, the City also provides grant funding for educational programs at MCPS schools with large populations of City residents and programs to serve residents who are disables, victims of domestic violence, homeless youth, and older adults.

4. Transportation assistance for City residents to attend social service, health, and/or mental health appointments, with priority being given to older adults and the disabled;

5. Non-medical aging in place aide services for older adults and/or the disabled; and

6. Home repair services for low-income City homeowners (new for FY19.)

The City strongly encourages collaboration among organizations to foster comprehensive, coordinated/cost-effective service delivery by requiring a significant number of services in each solicitation. Of the eight current grants, none are being undertaken by a lone organization.

Applicants submit applications through an online grants portal,[11] and Community Services staff review and score the applications for responsiveness. Responsive proposals are distributed to a volunteer Community Advisory Committee (CAC) to review, evaluate, interview, and score each proposal. CAC members also conduct site visits to likely grant recipients.

The CAC develops a consensus recommendation of tentative awards for approval by the City Manager. Following the City Manager's approval, the Selection Committee and City staff may meet with applicants to formulate plans and/or to facilitate coordination prior to award of a contract. The City Manager presents the recommended awardees to the Mayor and City Council for consideration in the City's budget process. City staff report that the City Manager and Mayor/Council have agreed with the CAC's recommended awards since the creation of the new selection process.

Fairfax County. Fairfax County's Consolidated Community Funding Pool (CCFP) is a competitive funding process available to non-profit and community-based organizations for human services programs to augment human services programs available to County residents. Fairfax County awards two-year grants to organizations through contracts – receiving around 165 applications each cycle and issuing approximately 110 contracts every other year. In FY19, Fairfax County appropriated approximately $13.1 million in CCFP grants.

The County established a Consolidated Community Funding Advisory Committee (CCFAC) to oversee the CCFP program policy, planning, and development of priorities and proposal evaluation criteria. The Committee is appointed by the County Executive and is comprised of representatives from nine Fairfax County human services boards and commissions and several community sectors. The Contracts and Procurement Management Division in Fairfax County's Department of Administration for Human Services (DAHS) provide staff support for the CCFP program during the creation of grant solicitations, selection of grant awards, and monitoring of contract performance.

For FY19-FY20, the CCFAC updated the process for setting program priorities to align better with existing human services efforts and community input. Based on community feedback, supportive data, and human services outcome data, the CCFAC identified and developed new CCFP priority categories and outcomes statements, shown below.

---

[11] http://www.gaithersburgmd.gov/services/community-services/gaithersburg-grants-portal

Priority	Outcome Statement
Housing	Families and individuals of all ages and abilities — including those at risk of homelessness, people with disabilities, older adults and individuals in the local workforce — can afford safe, stable, healthy, and accessible living accommodations along with other basic necessities and will have access to affordable, accessible housing with the supportive services necessary to live as independently as possible in a community setting.
Literacy/Educational Development and Attainment	Families and individuals of all ages and abilities will have the ability to read, write and speak English effectively, manage finances, and attain employment goals through academic and vocational achievement. Children and youth will have access to quality early care and education and support to develop employment and independent living skills.
Financial Stability	Families and individuals of all ages and abilities will have the ability to possess and maintain sufficient income to consistently meet their basic needs — with no or minimal financial assistance or subsidies from private or public organizations.
Health	Families and individuals of all ages and abilities will have access to primary, specialty, oral and behavioral, and long-term health care, particularly prevention services. Families and individuals of all ages and abilities will develop the knowledge and resources to practice healthy behaviors and to take action to prevent and manage disease and adverse health conditions. Children will have access to supplemental food year-round, seven days a week.
Support/Community/Social Networks	Families and individuals of all ages, abilities and income levels will have access to local services, including community-based transportation and childcare and the ability to establish and maintain communal and social relationships.
Positive Behaviors and Healthy Relationships	Families and individuals of all ages, abilities and income levels will develop positive behaviors and healthy relationships that are safe and free from abuse, neglect and trauma and promote physical, emotional, mental and social well-being.

Fairfax County issues an RFP for its CCFP funding in early fall. The CCFP Funding Application Package includes two primary documents: (1) the CCFP Funding Application Resource Manual includes a glossary of terms, answers to frequently asked questions, online resources with descriptive data about Fairfax County, and general terms and conditions of a County contract; and (2) the CCFP Funding Application Package includes the request for proposal, including a description of funding priorities and outcome measures and application instructions. The County offers a one-time Pre-Proposal Conference in October to brief applicants and answer questions and County staff are available to answer questions during the application cycle.

Fairfax County uses different applications for organizations requesting $50,000 or less per year and those applicants requesting more than $50,000 per year and it does not limit the number of requests from an organization. Applicants must submit information on:

- Program narrative;
- Demonstration of need;
- Organizational capacity;
- Program outcomes;
- Cost proposal;
- Program budget and budget justification;
- Program personnel budget;
- Estimated program revenues; and
- Current board of directors.

To select organizations for awards, the County Executive appoints a Selection Advisory Committee (SAC) comprised of volunteer Fairfax County residents and a Technical Advisory Committee (TAC) comprised of Fairfax County staff with expertise in human service and housing development disciplines. The SAC reviews, rates and recommends proposals for awards based on the evaluation criteria, outcome area funding priorities and target percentages as established by the CCFAC. The TAC reviews proposals for technical requirement compliance.

The SAC includes two subcommittees each with two teams responsible for reviewing different applications. Each member of the SAC will score each proposal based on criteria listed in the Resource Manual, including the demonstration of need, outcomes, approach and organizational capacity. A cost review is only completed for those applications with the highest preliminary ratings.

Each SAC subcommittee will meet to decide on funding recommendations, followed by a review of the full SAC. The SAC then makes funding recommendations to the Board of Supervisors for approval. Applicants that receive funding are informed in late April and County staff negotiate contracts. Contract awards begin on July 1st of the funding cycle and end two years later on June 30th.

The Morris and Gwendolyn Cafritz Foundation. The Morris and Gwendolyn Cafritz Foundation is committed to building a stronger community for residents of the Washington, DC metropolitan area by supporting programs in arts and humanities, community services, education, health, and the environment. The Foundation provides one-year grants for organizations' general operating expenses as well as programs/projects in the following areas:

Arts and Humanities	Includes theater, dance, music, visual arts, film and other multidisciplinary art forms, as well as organizations that promote the humanities
Community Development	Includes affordable housing production/preservation, homeless services, transitional and permanent supportive housing, foreclosure/eviction prevention, community economic development and wealth building, civic engagement
Children, Youth and Families	Includes out-of-school time programs, youth development and academic enrichment in schools, as well as programs for homeless youth or those in the foster care and juvenile justice systems
Justice	Includes organizations and programs that help increase access to justice for low-income individuals, provide assistance to victims of violence, or reduce the recidivism rate of incarcerated youth and adults
Education	Includes models that provide comprehensive services to help students improve academic success and future employment outcomes
Environment	Includes the preservation of the region's resources and raise awareness so that individuals can enjoy healthy and fulfilling lives in a clean environment
Health and Wellness	Includes integrated healthcare and prevention efforts and collaborations to ensure that DC metropolitan residents live longer, healthier lives

Staff report that many organizations apply and receive funding for multiple years and that grants overwhelmingly provide general operating support for organizations. The Foundation receives approximately 250 applications each funding cycle. The most recent data available show that in FY16-FY17, the Foundation awarded 429 grants for a total of approximately $18.5 million dollars.

The Foundation receives applications through an online system and has three application periods each year – with application deadlines of March 1, July 1, and November 1. For each deadline, Foundation staff hold a question and answer forum for potential applicants. The application requests data on an organization's history and mission, activities and programs, and outcomes. Applicants requesting funds for a specific program or project must include information about the program goals, proposed outcomes, and outcome measures. All applications must submit financial data about the organization's budget, revenues and expenses, and funding sources.

Three to six Foundation staff members review each application and meet to discuss and finalize grant recommendations. Foundation staff report that there is no scoring sheet or rubric used to evaluate the organizations, rather, the Foundation funds "organizations, not proposals." Staff report that it is typically very easy to come to consensus on grant recommendations. Foundation staff conduct site visits for all organizations that are highly likely to get funded followed by more in-depth financial reviews. The review process typically takes four to six months.

Following the review process, staff prepare for the Foundation Board a one-page narrative and financial summary for each organization recommended for funding. The Board votes on each recommended application and overwhelmingly takes the recommendations of the staff. Staff report that approximately 40-45% of applications are recommended for funding, with about 9-15 new organizations funded each grant period. The Foundation requires grantees to submit interim and final reports to the Foundation online.[12]

Frederick Community Foundation. The Frederick Community Foundation is a philanthropic foundation that allows donors to collaborate to improve the quality of life in Frederick. The Foundation works in partnership with other organizations across the public, private, and non-profit sectors to help donors plan and carry out charitable giving in the region and funds non-profit organizations programs that meet the greatest needs in the County. Funding through the Foundation can support:

- Health and human services;
- Historic preservation;
- Arts;
- Agriculture;
- Civic causes;

- Animal welfare;
- Education;
- Youth programs;
- Elder care; or
- Environment.

The Foundation identifies its annual programmatic goals in conjunction with other area foundations. The Frederick Community Foundation, other local non-profits, Frederick County Government staff, and local residents draft the Frederick County Human Needs Assessment Report – identifying the most pressing human needs in Frederick County in three core priority areas: health, youth, and basic human needs. The area foundations divide the needs identified in the report among themselves to avoid duplicative services and address all identified needs.

Currently, the Frederick Community Foundation is responsible for funding the following service needs in the coming years:

- Reduction of emergency department visits;

---

[12] The Morris & Gwendolyn Cafritz Foundation Online Application System, available at
https://www.grantrequest.com/Login.aspx?ReturnUrl=%2faccountmanager.aspx%3fsid%3d1537&sid=1537

- Prevention of homelessness and helping the newly homeless; and
- Improvement of school readiness for young children.

The Community Foundation's grants program provides funding in two cycles – each with its own funding priorities, deadlines, applications, and grant periods. Strategic Grants focus on health care, children and youth, and basic human needs and Impact Grants support general community causes that provides direct benefits to the residents of Frederick County.

The Foundation uses an online application system and provides information on their website to assist in the application process, including:

- Technical FAQs;
- Strategic and impact grants program overviews;
- Impact grants funds lists;
- Sample budgets;
- Financial forms;
- Reimbursement request guidelines;
- Examples of Indicators and Activities.

As part of their application, organizations much identify program outcomes and submit organizational financial data.

Foundation staff screen initial applications for completeness. Members of a Grants Committee – comprised of Foundation Board members and community volunteers with relevant subject matter expertise – review and evaluate applications using a scoring matrix. The Grants Committee then discusses applications and develops funding recommendations. Foundation staff present the Committee's recommendations to the Foundation Board, which makes ultimate funding decisions. Foundation staff report that the Board almost always accepts the Committee's recommendations.

CHAPTER 3.   Council Community Grant Data and Trends

This section provides an overview of available data on Council and Executive community grants applied for and approved for the past five years (FY15 through FY19).

Number and Dollar Amounts of Grants. In FY19, the Council awarded approximately $3.5 million across 135 Council community grants – funding 37% of applications and 18% of total funds requested. The trend data show that while the number of applications for Council grants increased 67% over the past five years, funding awarded for Council grants has increased 20% over the same period.

Table 3-1. Council Community Grants, FY15-FY19 ($ in millions)

	FY15	FY16	FY17	FY18	FY19	% Change
Grant Requests						
# of Grant Requests	219	274	322	345	365	+67%
# of Grant Awards	90	103	122	138	134	+49%
% of Applications Funded	*41%*	*38%*	*38%*	*40%*	*37%*	
Funding Requests						
Funds Requested	$13.4	$15.0	$17.5	$19.8	$19.9	+49%
Funds Awarded	$2.9	$3.1	$3.1	$3.2	$3.5	+20%
% of Requested Funds Awarded	*22%*	*20%*	*18%*	*16%*	*18%*	

Source: Council Packets, Council Staff and OMB Staff

In FY19, the Executive recommended $8.7 million across 231 community grants in FY19 – funding 65% of applications and 30% of total funds requested. Trend data for Executive grants show that the number of grant applications increased 25% over the past five years and funding awarded for Executive grants has increased 58% during that time.

Table 3-2. Executive Community Grants, FY15-FY19 ($ in millions)

	FY15	FY16	FY17	FY18	FY19	% Change
Grant Requests						
# of Grant Requests	306	335	338	371	381	+25%
# of Grant Awards	153	177	198	221	231	+51%
% of Applications Funded	*50%*	*53%*	*59%*	*60%*	*61%*	
Funding Requests						
Funds Requested	$17.5	$20.3	$22.0	$21.5	$29.5	+68%
Funds Awarded	$5.5	$5.9	$7.5	$7.8	$8.7	+58%
% of Requested Funds Awarded	*31%*	*29%*	*34%*	*36%*	*30%*	

Source: Council Packets, Council Staff and OMB Staff

While organizations can apply for community grants from the Executive, the Council, or both, most organizations apply to both programs. As the data below show, 87% of grant applications submitted to the Council's grant program in FY18 and FY19 were also submitted to the Executive's grant program.

**Table 3-3. Number of Applications Submitted to
Both Council and Executive Grant Programs, FY15-FY19**

Applications Submitted to Both Council and Executive Grant Programs	FY15	FY16	FY17	FY18	FY19
# of Applications	168	213	267	304	307
% of Applications	77%	78%	82%	87%	87%

Source: Council Packets, Council Staff and OMB Staff

Multi-Year Grants. While both the Executive's and Council's programs are defined as one-time grants, OLO found that many grant programs have been funded for multiple years. When reviewing the grant awards from FY15 to FY19, OLO found that 95 organizations received grants all five years and 39 organizations received a grant for four of the five years.

However, because some organizations receive grants for different programs (in the same or different years), an organization receiving multiple years of funding does not necessarily mean that a specific program is receiving consistent funding. To identify specific programs that have received multi-year funding, OLO reconciled grant program descriptions (which often are not consistent from year-to-year) and identified programs that were clearly described consistently across years. OLO identified 114 projects that received community grant funding for at least four years during FY15-FY19.

Grants by Program Area. The next tables summarize data on Council and Executive grant awards by program area in the past five years, showing the distribution of grants and grant funding by program area. Grants for basic needs and for youth development account for most grant awards and most grant dollars each year.

Table 3-4. Distribution of Community Grant Awards by Program Area, FY15-FY19

		FY15	FY16	FY17	FY18	FY19
Basic Needs	Council	32%	14%	33%	29%	40%
	Executive	25%	10%	23%	19%	26%
Youth Development	Council	24%	19%	20%	17%	24%
	Executive	16%	14%	17%	15%	16%
Workforce/Economic Development	Council	8%	5%	7%	10%	7%
	Executive	8%	6%	5%	9%	10%
Health/Behavioral Health	Council	13%	10%	12%	17%	8%
	Executive	8%	7%	9%	12%	10%
Disabilities/Older Adults	Council	12%	14%	15%	12%	11%
	Executive	11%	11%	14%	17%	19%
Children and Families	Council	6%	7%	4%	7%	8%
	Executive	4%	9%	5%	6%	5%
Community Development	Council	1%	2%	5%	7%	2%
	Executive	5%	6%	10%	5%	5%
Other	Council	3%	30%	3%	1%	0%
	Executive	22%	37%	18%	18%	9%
Total	**Council**	**100%**	**100%**	**100%**	**100%**	**100%**
	Executive	**100%**	**100%**	**100%**	**100%**	**100%**

Table 3-5. Distribution of Community Grant Funding by Program Area, FY15-FY19

		FY15	FY16	FY17	FY18	FY19
Basic Needs	Council	36%	18%	33%	31%	44%
	Executive	29%	19%	25%	24%	32%
Youth Development	Council	22%	20%	22%	20%	27%
	Executive	16%	17%	24%	14%	14%
Workforce/Economic Development	Council	6%	5%	9%	11%	7%
	Executive	9%	7%	6%	13%	12%
Health/Behavioral Health	Council	16%	10%	15%	18%	6%
	Executive	10%	6%	9%	12%	9%
Disabilities/Older Adults	Council	10%	11%	9%	10%	7%
	Executive	11%	12%	12%	13%	14%
Children and Families	Council	9%	7%	4%	6%	7%
	Executive	4%	4%	5%	5%	6%
Community Development	Council	0%	0%	4%	4%	1%
	Executive	3%	4%	7%	3%	3%
Other	Council	1%	27%	4%	0%	0%
	Executive	18%	31%	14%	15%	9%
Total	**Council**	**100%**	**100%**	**100%**	**100%**	**100%**
	Executive	**100%**	**100%**	**100%**	**100%**	**100%**

Final Grant Award List. As described earlier, the Council's Grant Manager recommends to the Council which grant applications to fund. Following release of the Group's report, the Council Grants Manager meets with Councilmember offices to finalize the recommended list. Historically, the Council approves the funding recommendations of the Grants Advisory Group and the Grants Manager but adds additional grant awards to the final list. The following table summarizes the number grants recommended by the Manager and grants added by Councilmembers. OLO found that Councilmembers added an average of 31 grants and $765,000 to the Committee's recommended list each year.

Table 3-6. Number and Dollar Amount of Grants Added by Councilmembers, FY15-FY19

# of Grants	FY15	FY16	FY17	FY18	FY19
Recommended by Council Grants Manager	53	80	87	100	113
Funded in Operating Budget	90	103	122	138	135
Difference (# added)	37	23	35	38	23
Additional Grant Funding	$1.18m	$814K	$760K	$595K	$474K

CHAPTER 4.   Council Community Grant Program Feedback from Various Stakeholders

OLO interviewed numerous stakeholders from the non-profit community, Grants Advisory Panel, philanthropic foundations who award grants, other jurisdictions who award grants, and Executive and Legislative Branch staff. This section summarizes feedback that OLO heard.

Feedback from Council Grants Advisory Group

- Volunteers enjoyed volunteering and appreciated being able to learn about non-profit work in the County. They think that the training and information they received was adequate to understand the process and magnitude of the work they were required to complete. They also felt supported and appreciated by Council staff.

- Volunteers would have liked more direction on the Council's objectives for funding organizations. Volunteers did not have a clear understanding of the program's purpose – whether it was to fund established programs/organizations or new/innovative programs nor did they know the program areas (and types of programs within those program areas) the Council wanted to prioritize.

- Volunteers would like a pre-screening process for applications. They report that many applications were not complete yet the non-profit still received an interview and consideration for funding. Most volunteers think that if the Council establishes requirements in the application, there needs to be a consequence for not completing them, such as not being considered for funding.

- Almost all volunteers think that the smaller, newer organizations or projects should not have to compete against larger, more established organizations for funding. Organizations that have staff dedicated to grant applications and administration have a distinct advantage over smaller non-profits that are strictly volunteer-based. However, volunteer panels had varying views on which organizations to fund. Some volunteers said that if the larger, more established organizations are delivering services more effectively or efficiently, then they should be funded. Other volunteers did not believe that Council grant funding was as vital to the larger, more established organizations and the County should support the smaller, grassroots programs for which grant funding is more critical. There was no consistency on how the panels selected grant applications for award.

- Most volunteers think that the work they completed led to funding of their recommended organizations and projects. However, many also think that the Grants Advisory Group's transparent process was a "cover" for other political funding recommendations. For example, numerous volunteers reported that organizations that they would have never recommended for funding received grant funding (from both the Council and Executive). Many questioned the purpose of the volunteer panel if Councilmembers add grants for additional organizations to the funding list. Related, numerous volunteers spoke of the entitlement of some organizations during the interview process – representatives from some non-profits conveyed a belief that they were going to get funding (or had already received it) no matter the quality of their application and interview.

Feedback from County Government Departments

- Departments would like to be more involved in the Council Grant Advisory Group's effort to educate the volunteers about the County landscape in different program areas. Currently, expert panels are used for certain grant applications (e.g., housing, food) and department staff would like some input on the grant awards – particularly providing the panels background information on their departments' priorities and on whether specific grant applications align with a department's service delivery. Department staff also report that they would like the opportunity to "red flag" grant requests from non-profits that have resulted in challenges in the past.

- Departments report that the execution of community grants and the subsequent grant administration throughout the year puts a strain on department staff. The departments, working with the Office of Procurement, must execute hundreds of contracts between late May (when the budget is passed) and July 1. Department staff report it would be helpful to have more coordination with Council and OMB grants managers so that they can be informed earlier in the process about upcoming grants so that they can get a jump start on contract execution.

- For years, many non-profit organizations have suggested that some grants that are consistently awarded year after year should become a part of a department's base budget. However, Executive Branch staff report that the migration to the base budget may not be beneficial for the grantees. Staff report that the grants are currently awarded as non-competitive contracts and if the work moved to a department's base budget, it would eventually be bid out in a competitive procurement process, which the organization may not win. Further, if an organization's program is part of a department's base budget, the program then competes against other department programs in years when the budget must be cut.

Feedback from Other Local Jurisdictions

- Representatives from all of the jurisdictions with which OLO spoke are assessing their current grant programs and potential improvements. Two – Gaithersburg and Fairfax County – have recently made significant changes to their grants program and are looking into what continual improvements they can implement. Rockville currently has a task force charged with looking at their grants program. In addition to the ongoing internal changes, all jurisdictions believed that better coordination regionally between grant programs would be beneficial to ensure that needs are being met in the metro area.

- Two jurisdictions, Gaithersburg and Fairfax County, have recently made changes to their grant processes to remove political aspects of the processes. Elected officials in those jurisdictions provide guidance on priorities and goals for the grant programs, but jurisdiction staff select grant recipients and administer the grants programs. Jurisdictional staff report that City and County leaders have liked not being involved in the process.

- All jurisdictions have a volunteer citizen panel to review and recommend grant awards. All jurisdictions stressed the fact that a diverse (culturally, geographically, demographically) group of volunteers is critical to the success of the grants programs. All jurisdictions would like to recruit more diverse panels.

- All three jurisdictions do not include their respective offices of procurement in the execution, administration, and monitoring of the grants awarded. All three report that the elimination of procurement has led to more effective and efficient processes.

Feedback from Non-Profit Organizations

- Many of the non-profit organizations do not understand the goals of the Council grants process – whether it is to fund established programs to fill gaps in services or whether it is for new/innovative programs. Many stakeholders see the grants process as a hodgepodge with no cohesive priorities or plan. Many believe the Council grants program should be part of the County's comprehensive plan for service delivery.

- Many organizations that apply for both Council and Executive grants do not understand how the funding works – whether it is one pot of money or whether there is any coordination between the two programs. If the two programs do coordinate, the organizations would like more clarity on the links.

- Most non-profits think that the Council grants selection is mostly transparent – particularly the early stages of the process (application, interview, recommendation list) are transparent, fair and objective. However, how the Grants Advisory Panel's/staff's recommended list becomes the final recommended list is not clear to the non-profits. Organizations also have a mixed understanding about the Executive's grants process – many organizations do not understand how grant applications are selected to receive funding. Many organizations think that lobbying elected officials to get recommended for a grant is more advantageous than the application itself and that once an organization is selected for award, it will receive the award annually.

- Most organizations think that the application itself is straightforward – the online system has made the process more streamlined and the documents required are appropriate. However, many find onerous the processes of having to complete two separate applications for the Council and the Executive grants and having to complete an application every year for a program that has received funding for many years. All organizations stated that the County should use multi-year grants to enable organizations to focus on program delivery rather than having to reapply for grants each year.

- Smaller organizations and those that have not received grants before do not think they can complete against larger, more established organizations. Many smaller organizations are run entirely by volunteers and do not think they are on equal footing when they have to compete for grant funding with organizations that have staff dedicated to acquiring grants. Other non-profits, however, think that if the larger, more established organizations can deliver services more efficiently and effectively, then the larger organizations should receive funding.

- Many organizations that have received grant funding for years for the same program do not understand why the organization's program is not part of the County's base budget. If the County treats a program as a "core service" by funding it over a long period of time, the program should be part of the County's annual budget.

- Organizations think the Council Grants Manager is very responsive and available for questions/discussion and appreciated the availability. By comparison, most non-profits stated that other jurisdictions where they apply for grants do not have a receptive staff person.

- The non-profit community is split on its opinion of the makeup of the citizen advisory panels – some organizations think their panel was very engaged and knowledgeable, while others think their panel was "clueless," hostile and/or focusing on inconsequential aspects of applications. The community is also split on whether to have subject matter experts on the panel. Organizations that met with expert panels thought having expertise was beneficial to the process. However, for the panels for other program areas, some organizations thought a subject matter expert would be helpful while some thought having volunteers without expertise was better because the volunteers come in with no predisposition to any outcome and base funding decisions on merit alone.

- Organizations would like more clarity on the Council's, Grants Manager's, and volunteer panels' priorities to understand which organizations are being funding and why. The non-profits want clearer criteria for funding and would like their evaluation sheets to have more information on why an organization did or did not receive funding.

- Organizations would like more clarity on two aspects of the application – indirect costs and performance outcomes. Organizations do not know how much (if any) funding they can request for indirect costs and would like the application to include a standard. Identifying and describing performance outcomes and outputs is also challenging for organizations with many not understanding what they should submit as part of the application.

- While it was not the focus of this report, almost all organizations stated that the execution of the contract after award, receiving payment for the grant, and completing contract monitoring reports for the County were challenging and took an inordinate amount of time. The processes are slow and burdensome, and organizations would like more assistance with these tasks.

CHAPTER 5:   Findings and Recommendations

The County Council and the County Executive provide funding to non-profit organizations in the County each year through non-competitive "Community Grants." Each year during the Operating Budget season, the Council and the Executive accept applications from non-profit organizations requesting funding to provide programs or services in the upcoming fiscal year. Following independent review of grant applications, both the Executive and the Council recommend organizations – at their discretion – to receive grant funds, which are approved as part of the Operating Budget. While referred to as "grants," funding, is awarded via non-competitive contracts and awardees are subject to County procurement requirements for contracting, billing, and reporting.

This chapter provides a summary of OLO's findings on the Council's community grants process, followed by recommendations for next steps.

Finding #1.   Over the past five fiscal years, the number of grant applications funded and the amount of funding awarded annually has increased. During that time, Council grant funding has increased at a slower rate than Executive grant funding.

In the past five years, grant applications for Council Community Grants have increased 67% and the number of grants awarded by the Council increased 49%. The dollar amount of Council grant funding increased 20% during this period. At the same time, applications for Executive grants increased 25% and the number of grants awarded increased 51%. Dollar funding for Executive grants increased 58% during this period. The next table summarizes data on the number of applications, awards, and funding levels for the Council and Executive grants programs for FY15-FY19.

Community Grants, FY15-FY19 ($ in millions)

Council Grants	FY15	FY16	FY17	FY18	FY19	% Change
Grant Requests						
# of Grant Requests	219	274	322	345	365	+67%
# of Grant Awards	90	103	122	138	134	+49%
% of Applications Funded	*41%*	*38%*	*38%*	*40%*	*37%*	
Funding Requests						
Funds Requested	$13.4	$15.0	$17.5	$19.8	$19.9	+49%
Funds Awarded	$2.9	$3.1	$3.1	$3.2	$3.5	+20%
% of Requested Funds Awarded	*22%*	*20%*	*18%*	*16%*	*18%*	
Executive Grants						
Grant Requests						
# of Grant Requests	306	335	338	371	381	+25%
# of Grant Awards	153	177	198	221	231	+51%
% of Applications Funded	*50%*	*53%*	*59%*	*60%*	*61%*	
Funding Requests						
Funds Requested	$17.5	$20.3	$22.0	$21.5	$29.5	+68%
Funds Awarded	$5.5	$5.9	$7.5	$7.8	$8.7	+58%
% of Requested Funds Awarded	*31%*	*29%*	*34%*	*36%*	*30%*	

While organizations can apply for community grants from the Executive, the Council, or both, most organizations apply to both programs. Each year from FY15 to FY19, between 77% and 87% of grant applications submitted to the Council's grant program were also submitted to the Executive's grant program.

Because the Council has the final authority on grant awards, the Council's process allows Councilmembers to add organizations to the list for funding even if the organization is not recommended for funding through the application evaluation process. OLO found that, annually, Councilmembers added an average of 31 grants and $765,000 to the list of organizations recommended for funding.

Finding #2.   A total of 134 organizations received community grants at least four out of the five years from FY15 to FY19.

While the annual Operating Budget describes both the Executive's and Council's programs as one-time grants, OLO found that many grant programs have received funding for multiple years. From FY15 to FY19, 95 organizations received grants all five years and 39 organizations received a grant for four of the five years. In comparing annual data on grant funding for specific programs, OLO identified 114 projects that received Council or Executive community grant funding for at least four years during FY15-FY19.

Finding #3.   The Council has made changes to the Community Grants Program process over the years to address concerns identified in follow-up discussions about the grants.

The Council adopted Council Resolution 14-490 in 2000 to formalize the Community Grants Program. The process outlined in the Resolution required the Council to identify grants in the County Government Operating Budget Resolution and implement the grants as non-competitive contracts. Following discussions about the process between July 2004 and February 2005, the Council adopted Resolution 15-905, which outlined a process for the solicitation of grant applications and established a Grant Advisory Group to provide non-binding and non-prioritized comments on grants proposals. The 2005 resolution also allowed a Councilmember to nominate a proposal for funding through the budget reconciliation process if the proposal was not recommended for funding during the review process.

Subsequent discussions about the process have related to the volume and fairness/transparency of the grant selection process. Other changes to the process adopted over the years have included:

- Requiring that the County Executive put in place a process to assure that non-competitive contracts receive periodic reviews;

- Tracking the year an organization and program first receive a non-competitive grant;

- Increasing the pool of potential Grants Advisory Group members by removing exclusions on employees or board members of any organization applying for a grant; and

- Requesting assistance with evaluations of grant applications for specific categories of grants from organizations with related expertise (e.g., housing, food programs, youth development).

The Council has discussed additional important issues over the years related to the grants process. These include:

- Using memorandums of understanding rather than a contract as a vehicle for structuring long-term service delivery arrangements with non-profit service providers;

- Reviewing the practice of awarding funds year-after-year to the same non-profit organizations for the same services;

- Encouraging group applications where one organization serves as the "lead agency;"

- Designating funding for special initiatives within the grants program;

- Limiting the number of applications an organization can submit in a single year or the number of years an organization may apply for a grant for the same program/purpose;

- Limiting funding to a percentage of an organization's or program's total budget to ensure that organizations have multiple funding streams;

- Adopting multiple cycles during the year for awarding Council Grants;

- Combining the Council and Executive grant programs; and

- Appropriating funds to Departments to administer department-specific grants programs or outsourcing the grants program to organizations with expertise in grants administration.

Finding #4.   There are numerous models for similar grant programs in Montgomery County and in other local jurisdictions. Most grant program staff report that they are constantly looking for ways to improve the accountability, transparency, and efficiency of their programs.

The County currently administers several competitive grant programs, all of which utilize a combination of County staff and community volunteers to review applications and make award recommendations. Here is a summary of select grant programs.

Community Development Block Grants (CDBG)

Administered by the Department of Housing and Community Affairs (DHCA), the CDBG program provides grant funding to "provide decent housing and a suitable living environment." The County awards grants through an annual competitive application process where DHCA staff and a citizen volunteer committee make funding recommendations. Funding is limited to three years.

Community Services Grants (CSG)

The Department of Health and Human Services (DHHS) administers the CSG program to support health and human services projects. DHHS staff and a volunteer panel of public and private representatives review applications and CSG grants are one-time-only grants of up to $10,000.

Montgomery Coalition for Adult English Literacy (MCAEL)

MCAEL is a community coalition that supports English for Speakers of Other Languages (ESOL) and literacy service programs by providing numerous types of grant funding to non-profit organizations. MCAEL sets annual funding priorities for panels of volunteers who review and select grant awards.

Arts and Humanities Council of Montgomery County (AHCMC)

The AHCMC is the County's designated local arts and humanities agency, which administers numerous grant programs for County arts and humanities organizations. Each year, AHCMC staff draft fiscal year guidelines for each grant program. A volunteer panel reviews applications and makes funding recommendations.

Other local jurisdictions have similar grant programs. All of the jurisdictions use staff and citizen volunteer panels to review grant applications and make grant recommendations. The City of Gaithersburg and Fairfax County have made significant changes in recent years to their grant programs – establishing two-year grants, removing procurement from the grant processes, and diminishing the role of politics in the selection process.

City of Rockville

The City's Human Services Non-Profit Grant program supports organizations that assist Rockville residents having difficulty meeting basic needs. City staff and a Grants Review Panel reviews applications and make funding recommendations that are presented to the City Manager and Council, who can alter the recommended list of grantees. The Community Services Division of Rockville City Government oversees the review process and administers/monitors grants throughout the year.

City of Gaithersburg

The City's Community Services Grants (CSG) program supports non-profit agency programs that address identified social service needs. Gaithersburg significantly changed its grants process in recent years – allowing multi-year grants, requiring consistent performance outcomes in a service area, moving the grant awards out of the traditional procurement process, requiring a cultural competence service delivery plan, and minimizing the input of elected officials in the selection of grant recipients. The City issues a detailed Scope of Services annually for a grant and City staff and a volunteer committee review, evaluate, interview, and score proposals. The City Manager presents recommended awardees to the Mayor and City Council. The Community Services Division of Gaithersburg's Department of Community and Public Relations administers the grant program – developing the grant solicitation, providing staff support for the grant selection process, creating contracts for the grant recipients, and monitoring the program throughout the year.

Fairfax County

The County's Consolidated Community Funding Pool (CCFP) is a competitive funding process to augment County human services programs. The County established a Consolidated Community Funding Advisory Committee (CCFAC) to develop priorities and proposal evaluation criteria each grants cycle. The County issues an RFP for its CCFP funding (for a two-year period), one for organizations requesting $50,000 or less per year and one for applicants requesting $50,000+ per year. To select organizations for awards, the County uses a County Executive-appointed committee – a Selection Advisory Committee (SAC) made up of resident volunteers and a Technical Advisory Committee (TAC) made up of Fairfax County staff with expertise in human service and housing development disciplines. The TAC reviews proposals for technical requirement compliance. The SAC reviews and rates proposals based on the evaluation criteria, outcome area funding priorities, and target percentages established by the CCFAC and makes funding recommendations to the Board of Supervisors for approval. The Contracts and Procurement Management Division in Fairfax County's Department of Administration for Human Services (DAHS) provide staff support for the CCFP program during the creation of grant solicitations, selection of grant awards, and monitoring of contract performance.

Finding #5. Both representatives from non-profit organizations and volunteers on the Council Grants Advisory Group expressed confusion about the purposes and goals of the Council and Executive Grants programs and about the relationship between the two programs.

For this report, OLO spoke with dozens of representatives from non-profit organizations that have applied for community grants and with members of the Council Grants Advisory Group. With respect to Council grants specifically, many non-profit representatives indicated that they view the Council grants as funding for non-related programs with no cohesive priorities or comprehensive plan. On the flip side of the coin, Grants Advisory Group volunteers did not have a clear understanding of the program's purpose – not knowing whether the Council wanted to fund established programs/organizations or new/innovative programs nor knowing whether the Council wanted to prioritize specific program areas.

Additionally, while most Grants Advisory Group volunteers believed that their voices were heard and many of their funding recommendations implemented, many also think that the Group's process was a "cover" for political funding recommendations. Many questioned the purpose of the volunteer panel when the County Executive had already recommended grants and Councilmembers later adds grants to the funding list, no matter the quality of an organization's application and/or interview.

Other questions related to the Council grants program that were repeatedly brought to OLO include:

- Does the Council have program area priorities in each grant cycle?

- Are Council grants meant to fund established programs to fill gaps in services or to fund new/innovative programs?

- If the County provides grant funding over a long period of time, is the program a "core service" that should be part of the County's annual budget?

- Does the grants program use specific evaluation criteria to make funding recommendations?

- How does the Council grant administrator's recommended list become the final Council recommended list?

- What is the relationship between the Council and Executive grant programs?

- Are funding decisions for the Council grants based on what was recommended in the Executive's Recommended Budget?

Finding #6. Staff from several County departments think it would be beneficial to provide volunteers on the Grants Advisory Group background information about Department programs, goals, and priorities prior to the Panel making grant recommendations. Further, County staff reported that the execution and monitoring of community grants contracts is burdensome and challenging.

County departmental staff execute and monitor the non-competitive contracts that come out of the Council and Executive Community Grants processes. OLO heard from numerous departments that the departments could help improve outcomes if they could provide input to the members of the Grants Advisory Group on departmental priorities and the types of grants that could align with a department's service delivery. Department staff also report that they would like the opportunity to "red flag" grant requests from organizations that have been challenging vendors in the past.

In addition, while outside the technical scope of this report, Executive Branch staff report that the execution of contracts for community grants and the subsequent grant administration throughout the year puts a strain on department staff. Department staff would like to have more and earlier coordination with Council and OMB grant managers about upcoming grants to facilitate easier contract execution.

B. Report Recommendations

This section summarizes OLO's recommendations for Council action related to community grants. Note that some of these recommendations can be implemented immediately (i.e., for FY20 Council grant applications) while other recommendations should, if adopted, be implemented over time to give the non-profit community lead time to adjust and prepare for policy and procedural changes.

Recommendation #1:   Clarify/Define the Purpose and Goals of the Council Community Grants Program and Implement Changes to the Process to Align with Those Goals

Language in the County's annual operating budget indicates that the Council Community Grants program provides "one-time grants directly to organizations in the community as separately determined by the County Council grant process." In practice, however, many organizations receive grant funding for the same programs year-after-year, leading to the perception that funding is available only to established organizations or those with political connections. Organizations also report that both the program's goals and the relationship between the Council's and the Executive's grant programs are not clearly defined for applicants.

OLO recommends that the Council clearly define the purpose and goals of the program.

- Are Council grants meant to be one-time only grants?
- What goals do the Council seek to accomplish through the program?
- Should Council grants align with departmental priorities/initiatives?
- How do Council Community Grants relate to Executive Community Grants?

Articulating the Council's vision for the program may highlight common-sense changes to align the process with the program's goals. Examples include:

Program Structure
- Combining the Council and Executive Community Grants programs
- Creating a single County grants office to select, execute, and monitor community grants/contracts

Funding
- Implementing a funding distribution model with several grant award periods during the year
- Creating "pots" of funding for designated purposes – e.g., one pot of funding for smaller/new organizations and programs and one pot for larger, well established organizations and programs
- Establishing a policy of whether organizations that receive funding year-after-year should be included in the County's base budget

Applications
- Establishing limits on applications – either by number of applications and/or by dollar amount
- Establishing limits on the number of years an organization can apply for a program
- Implementing multiyear grants/contracts with streamlined contract renewals

Recommendation #2:   Implement Changes to the Council's Community Grants Selection Process to Improve Accountability and Fairness

Based on research on best practices and from interviews with stakeholders and other grant-making entities, OLO identified various changes to the Council Community Grants process that could improve

accountability, transparency, fairness and access for all organizations. OLO recommends that the Council discuss the following process changes with the Council Grants Administrator, who would be responsible for implementing the changes.

- Establish one combined application for the Executive and Council Community Grant Programs;
- Institute a pre-screening process for applications and only interview and fund organizations that submit complete applications that include all required documentation;
- Find a better way to inform organizations of a summary and timeline of the process, including key dates, program goals, and overview of how funding awards are decided;
- Provide applicants with better information on why their application was funded or not;
- Work to recruit a more diverse Grants Advisory Panel, including more racial, cultural, age, and geographic diversity; and
- Clearly state whether organizations can request grant funding for indirect costs and, if so, establish an upper threshold (either dollar amount or percent of request) for indirect costs.

OLO also recommends that the Council actively involve County departments in the grants selection process to best align grants with Department priorities, goals, and programs. This could include department representatives briefing the Council Grants Manager and/or Grants Advisory Panel volunteers on the Departments' programmatic landscape, initiatives, and priorities. It could also include the Grants Manager reviewing organizations that are recommended for funding (before the information is public) and "flagging" funding recommendations that don't align well with grant program goals.

Finally, the Council should work with the Grants Manager and department staff to evaluate whether having subject matter experts on grant panels helps or hinders the grant selection process – adding needed expertise, unfairly biasing the process to pre-determined outcomes, or something in between.

Recommendation #3:   Request an OLO Follow-up Report that Examines Contract Execution, Payment Policies, and Monitoring of Council Community Grant Contracts

The awards in the Council Community Grants programs do not actually result in "grants," but rather in the award of non-competitive contracts. In OLO Report 2017-3, *Mapping the Montgomery County Procurement Process*, OLO found that "Using Departments report that the grants process at the end of the fiscal year is a challenge – all grants, no matter how small, are required to go through the entire contract development process. This requirement, coupled with end of year closing out, is burdensome to Using Departments."

While the focus of this report was the Council's Community Grants program's selection processes and policies, in most interviews with County staff and non-profit organizations, stakeholders criticized the contract execution and monitoring processes for Community Grants. Organizations identified challenges with the execution of contracts after award, receiving payments, and completing the contract monitoring reports – with the processes taking an inordinate amount of time. Organizations would like more guidance in completing these tasks.

As a result, OLO recommends that the Council request a future OLO report to review and analyze current Community Grants contract processes and policies.