

**M E M O R A N D U M**

October 22, 2019

**TO:** Government Operations & Fiscal Policy / Health & Human Services Committees

**FROM:** Carolyn Chen, Legislative Analyst *CJC*

**SUBJECT:** **Community Grants Process Update**

**PURPOSE:** Review community grants process and provide recommendations

***Expected for this session:***

Josh Watters, Fiscal & Policy Analyst, Office of Management and Budget

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On October 22, 2019, the Office of Management and Budget transmitted a memo [© 1] to the Council President indicating the following:

- Progress update on community grants process from Office of Management Budget since the GO/HHS joint committee work session on July 18, 2019.
- Six options for framework for the community grants process and a proposed implementation timeline.

The Office of Management and Budget recommend the following items for discussion and stakeholder input:

1. Combine County Executive and County Council NDAs, make no changes to the Cost-Sharing Capital Grants Process
2. Change the Community Grants Process to be Outcomes Driven
3. Create a Grants Office to Manage the Community Grants Process
4. Create an Aspire Grant Program to help build Nonprofit Capacity
5. Create a Grant Agreement Tool
6. Move Certain Community Grants to the Base Budgets of Departments

**Council staff recommends expanding the Departmental review of Community Grants contracts to include FY18, FY19 and FY20 into the base budget and/or one-year contract renewal. In addition, Council staff recommends including an application mechanism for new nonprofit organizations and new programs to be included for review in FY21.**

Packet Attachments:

October 24, 2019 Office of Management and Budget Memo  
Community Grants Process Update FY21 – FY24 Presentation

Circle #

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OFFICE OF MANAGEMENT AND BUDGET


Marc Elrich  
County Executive

Richard S. Madaleno  
Director

**MEMORANDUM**

October 22, 2019

TO: Nancy Navarro, Council President  
Gabe Albornoz, Chair, Health and Human Services Committee

FROM: Richard S. Madaleno, Director 

SUBJECT: Potential Options to Restructure the Community Grants Process

**Background**

The Community Grants process currently includes two non-departmental accounts (NDAs), County Executive Community Grants and County Council Community Grants. In FY20 a total of \$14.5 million was awarded through both the County Executive and Council grants process. Of this amount, \$10.4 million was recommended by the County Executive (\$9.1 million operating and \$1.3 million capital), and \$4.1 million was awarded as a Council grant (\$3.8 million operating and \$360,000 capital).

While called “grants,” community grants are noncompetitive contracts with awardees for designated services. These contracts must be approved by the Council after the budget process and then are given to departments to administer and monitor. Apart from this monitoring, there is little oversight of community grant deliverables and little connection to outcomes.

Following the July joint committee work session on community grants, the Office of Management and Budget (OMB) convened a workgroup to examine Executive Branch processes and to develop decision points that would create a framework to make the grants process more transparent and accountable, and outcomes driven. This group was initially comprised of representatives from OMB, DHHS, DHCA, Finance, Procurement, CountyStat, and the County Attorney’s Office. The workgroup has since expanded to include Council Staff and representatives from the nonprofit community.

The workgroup developed six options for a framework and a proposed implementation plan. These options have been presented to the County Executive. Prior to making a decision, the County Executive instructed OMB to conduct outreach to the nonprofit community and receive feedback on their impacts – that process is currently underway. Specific details for each of the items could be developed in conjunction with the nonprofit community.

**Office of the Director**

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### **Potential Community Grant Changes Decision Points**

#### **Item 1 – Combine County Executive and County Council Community Grant NDAs, make no changes to the Cost-Sharing Capital Grants Process**

- Combine the County Executive and County Council community grants NDAs, and create a single, merged Community Grants Program.
- This will allow for a single, streamlined community grants program and reduce the administrative burden for both the nonprofit community and the administering departments.
- This would not impact the current process for cost-sharing capital grants. These funds leverage State bond initiative funding, and the process should remain the same for those grants to ensure that nonprofit partners can leverage that funding.

#### **Item 2 – Change the Community Grants Process to be Outcomes Driven**

- Currently all community grant awards are made in conjunction with the budget cycle, and do not go into effect until the beginning of the fiscal year. This creates disadvantages for some programs, such as summer youth programs whose programs begin prior to July 1.
- While departments monitor the community grants contracts and provide reimbursement for expenditures, there is little accountability that the services provided are aligned with outcomes.
- During the budget cycle, the County Executive could recommend – and the Council would approve – an overall amount of funding for community grants, and specifically designate how the funding would be divided among the priority outcome areas or to specific targeted outcomes (like food security), but not make specific individual awards.
- Instead there could be multiple, smaller application periods throughout the fiscal year that would be targeted to specific outcomes.
  - These proposals could then be reviewed by review panels (either results teams or outside groups related to the specific application – like the Food Council for food security grants) to ensure that they align with the specific outcome and adhere to the County’s commitment to equity. For example, grants targeted to summer youth programs could be awarded in early spring so that programs would be able to start when the school year ends.

#### **Item 3 – Create a Grants Office to Manage the Community Grants Process**

- Merging the two community grants NDAs and changing the process to be outcomes driven would likely necessitate the creation of a grant’s office. OMB is examining low cost or no cost options to do this.
- The functions of this new office could include coordinating the targeted application and review processes for community grants, providing technical assistance to apply for grants, and providing coordination and technical assistance for County departments to apply for external County funding.

**Item 4 – Create an Aspire Grant Program to help build Nonprofit Capacity**

- The Aspire Grant Program would be designed to help nonprofits build capacity, innovate, and build partnerships.
- Grantees would be accountable for measurable results and provided with technical assistance.
- The Aspire Grant Program could potentially be outsourced to a nonprofit partner who already has experience in both helping nonprofits get started and providing technical assistance. This funding could leverage additional resources from the philanthropic community.

**Item 5 – Create a Grant Agreement Tool**

- All community grants currently become noncompetitive contracts, and generally must undergo review by the County Attorney, Risk Management, and the Office of Procurement – creating an administrative burden for both the County and nonprofit partners, and lengthening the time it takes to execute an award.
- Some of these administrative hurdles could be avoided by creating a grant agreement tool in regulation and/or County code.
- Rather than being a reimbursable award, this would allow funding to be provided on an agreed upon schedule by the administering department and the nonprofit partner – for example, funds could be dispersed monthly or quarterly.
- In return, the grant agreement would stipulate certain reporting requirements for the nonprofit partner that would demonstrate how the funds being provided accomplish the intended outcomes.
- This approach would be more in line with other grant funding that our nonprofit partners receive from other sources. Additionally, this approach would change the conversation between nonprofit partners and the County from being one surrounding invoices to one surrounding outcomes.

**Item 6 – Move Certain Community Grants to the Base Budgets of Departments**

- Each department that administers community grants was asked to examine the grants they administer and provide a recommendation to OMB whether any of those grants should move to the department's base budget.
- In justifying moving any grant to their base, each department was asked to provide information regarding how long they have administered the grant, how the services provided helped the department accomplish its outcomes, how it furthers one or more of the County Executive's priority outcomes, and how it fits within that department's core mission.
- OMB and the results teams will review the grants recommended by the departments to move to the base budget for a final recommendation to the County Executive.
- For any grants that move to the base budget, the first year the service would continue to be provided through a noncompetitive contract. After the first year, the Department could then competitively award the funding.

### **Draft Implementation Plan**

- A methodical transition in FY20 and FY21 is imperative to the success of the new grants process.

#### FY20 Implementation

- Request input from Council and Council staff on the new process.
- Discuss options for reform at the November 5 Community Grants Forum.
- Conduct a series of five focus groups with members of the nonprofit community – coordinated in conjunction with Nonprofit Montgomery – to receive feedback on the community grants reform options.
- Work with the County Attorney’s Office to determine what legal and/or regulatory changes are necessary to create a grant agreement tool.

#### FY21 Implementation

- Combine Council and County Executive Community Grant NDAs for FY21 budget.
- Establish the Grants Office in the FY21 budget.
- Implement the Aspire Grants Program at an affordable level for FY21 to be determined through the budget process.
- Allow recipients of FY20 grants to apply for a one-year renewal for their FY20 grant for the same purpose and amount – subject to review, recommendation, and approval – for FY21.
  - For those grants approved, this would allow for a continuation of services for current providers. OMB and the administering departments would review the award and make a recommendation as to whether funding for grants should be renewed for FY21 based on the organization’s current performance.
- Move certain community grants to the base budget of departments.

#### FY22 Implementation

- Fully implement the outcomes-driven approach to applying, reviewing, and awarding community grants. Awards for FY22 would be for one year; whereas, FY23 awards would be for two years (conditional on an annual appropriation).

RSM:jw

c: Andrew Kleine, Chief Administrative Officer  
Debbie Spielberg, Special Assistant to the County Executive  
Dale Tibbitts, Special Assistant to the County Executive



# Community Grants Process Update FY21 – FY22



October 24, 2019  
GO/HHS Worksession

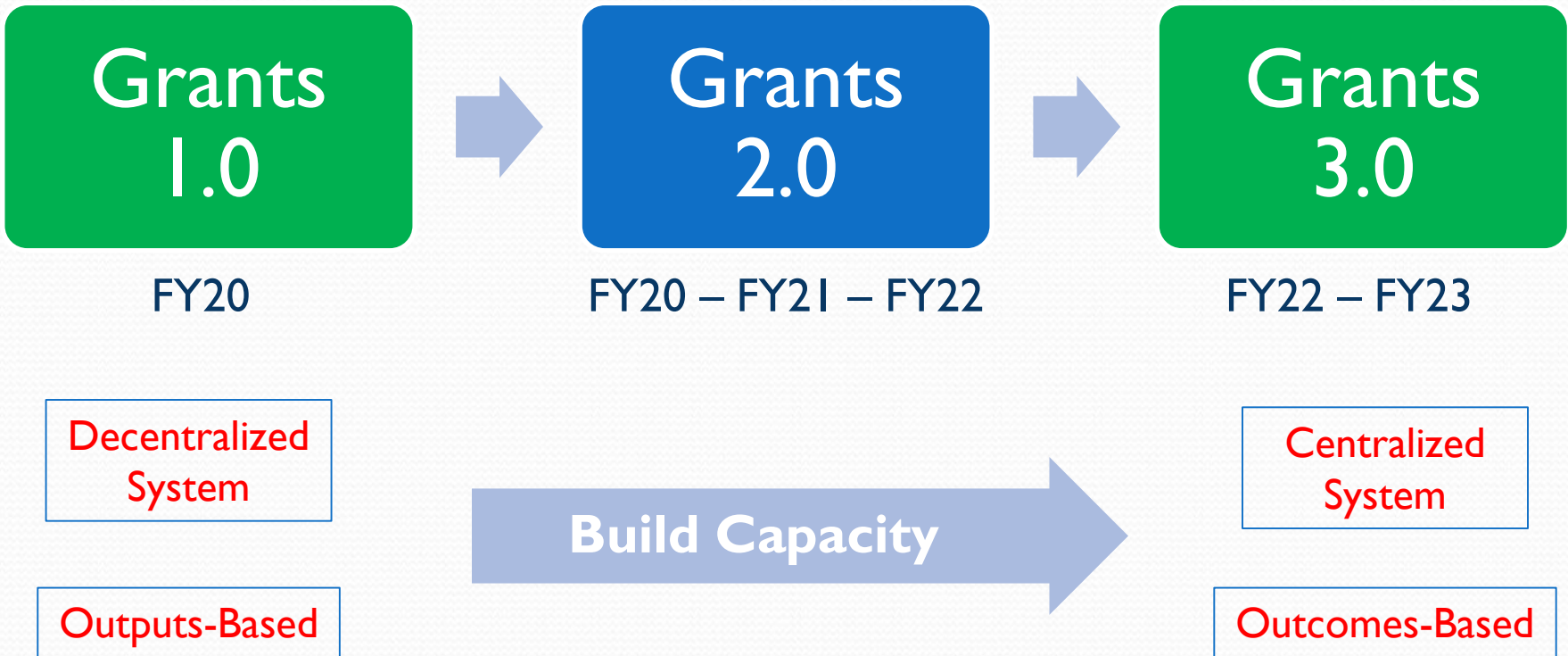


# Today's Goals

- Review Office of Management Budget Potential Options to Restructure Community Grants Process
- Discuss GO/HHS Committee Recommendations



# The Concept







# Continuous Stakeholder Input

- ✓ County Departments & Contract Monitors
- ✓ Nonprofit Community & Public-Private Entities
- ✓ Councilmembers & Staff
- ✓ Council Central Staff / Legislative Analysts
- ✓ Grants Advisory Group Members / Community Action Agency
  
- Grants Forum w/ Nonprofit Montgomery on Nov. 5<sup>th</sup>



# Potential Options

- **Item #1:** Combine County Executive and County Council NDAs, make no changes to the Cost-Sharing Capital Grants Process
- **Item #2:** Change the Community Grants Process to be Outcomes Driven
- **Item #3:** Create a Grants Office to Manage the Community Grants Process
- **Item #4:** Create an Aspire Grant Program to help build Nonprofit Capacity
- **Item #5:** Create a Grant Agreement Tool
- **Item #6:** Move Certain Community Grants to the Base Budgets of Departments



# Council Staff: In Agreement

- **Item #1:** Combine County Executive and County Council NDAs, make no changes to the Cost-Sharing Capital Grants Process
  - Internal process to increase efficiency and decrease administrative burden
- **Item #2:** Change the Community Grants Process to be Outcomes Driven
  - Align with County priorities and increase achievement of grant deliverables
- **Item #3:** Create a Grants Office to Manage the Community Grants Process
  - Create a County strategy for external funds and increase department capacity [Dec 2019]
- **Item #5:** Create a Grant Agreement Tool
  - Internal process to increase efficiency and decrease administrative burden



# Council Staff: Recommendations

- **Item #4:** Create an Aspire Grant Program to help build Nonprofit Capacity
- **Item #6:** Move Certain Community Grants to the Base Budgets of Departments
  
- Include Community Grants contracts from FY18, FY19 & FY20 in Departmental review
  
- Create application mechanism for new organizations and programs for FY21



# Next Steps

- Continue focus groups, information workshops for December application launch [Nov 2019 – Jan 2020]
- Introduce legislation for County grants office [Dec 2019]
- Reconvene GO/HHS Worksession #3 for progress update [Jan 16, 2020]



# THANK YOU

Josh Watters  
Office of Management & Budget

Kristen Latham & Stephanie Bryant  
Office of Legislative Oversight

Executive Branch Workgroup  
[OMB, DHHS, DHCA, Finance,  
Procurement, CountyStat,  
County Attorney]

Robert Cobb  
Ethics Commission

Nonprofit Montgomery  
Board Members

Robin Riley & Allison Cohen  
Department of Recreation

Community Action Agency  
Board Members