The Art of the Right Funding Mix

Why you should look at the unique things that each type of funding enables your organization to accomplish.
AMERICA'S LARGEST DONOR

How to take advantage of federal dollars

BY MARK D. McINTYRE AND STEVEN PATTIE
The great New York Times sportswriter Red Smith was once asked to describe the pressure of producing a column four times a week. “Writing is easy,” he replied with a wry smile. “You just open a vein and bleed.”

If you have ever applied for a federal grant, perhaps you’ve experienced the same feeling—with some sweat and tears thrown in for good measure.

Why, then, do otherwise sane fund-raising professionals go through the sometimes agonizing federal grants process? Because it’s worth it.

Each year, the federal government is by far the world’s largest “major donor,” investing hundreds of billions of dollars in local, national and international nonprofit organizations, from the largest and most prestigious research institutions to small, faith-based homeless shelters. According to a recent Chronicle of Philanthropy study, in 2010, money from federal, state and local governments for all nonprofits totaled $498.5 billion. That was an increase of 63.9 percent from 1995, when the amount they contributed was $304.2 billion.

Given the current federal budget crisis, which introduced that ugly word “sequester” into our daily lexicon, it is understandable if you concluded that the federal funding spigot has been turned off. After all, the 24/7 news cycle delivers a steady drumbeat of dismal news, especially when covering events in Washington, D.C.

However, the facts are friendly, especially if you know how and where to find the federal dollars. Indeed, the federal government will remain America’s largest funder of nonprofit organizations. Why? Because the federal government needs nonprofits to feed people, house people, educate people, cure diseases, conduct research, build infrastructure, deliver health-care and provide other vital social services. (The federal government invests in for-profits for much the same reason. Just like nonprofits, some corporations can provide certain services better and more efficiently than the government.)

Therefore, if the mission of your organization or institution is aligned with the mission of particular federal agencies, you should be exploring how to tap into the annual federal budget. You just have to know where to look.

“Show Me the Money!”

In the years ahead, the administration and the Congress will make major investments in healthcare; job training; STEM (science, technology, education and mathematics); economic development; energy efficiency and renewable energy; infrastructure; homeland security; and international development. If you are the leader of a nonprofit in any of these areas, it would be strategic to evaluate whether your institution or
organization’s mission matches what the federal government is striving to accomplish.

Perhaps the most dramatic federal investment among nonprofits in the years ahead will be in healthcare. The government will spend trillions of dollars in many different categories to implement the Affordable Care Act (ACA). For example, under the ACA, Congress authorized $10 billion for the Center for Medicare and Medicaid Innovation (CMMI) for “testing various payment and service delivery models that aim to achieve better care for patients, better health for our communities and lower costs through improvement for our healthcare system.” Last year, CMMI awarded approximately $1 billion to 126 institutions, just through its Innovation Challenge grants alone.

That means CMMI has approximately $9 billion more to invest. At press time, CMMI had posted on its website 41 demonstration projects under consideration for funding. Does your healthcare institution fall into any of these categories? Do you have a new model that CMMI should consider? If so, this is a large, new source of federal spending that has already been authorized. It is waiting to be taken.

That is just the beginning.

1. Through the Health Resources and Services Administration (HRSA), there is significant funding available for the expansion of primary care services, training, graduate medical education, telehealth and workforce development. If you serve a unique patient population (rural, disadvantaged, high Medicare/Medicaid, etc.), there are specific opportunities dedicated for you.

2. Federal education spending is expected to be funded at current or higher levels. Again, the focus will be on innovative practices that provide the most “bang for the buck.” To this end, President Obama has proposed expanding the Investing in Innovation Fund (i3), which allows nonprofits to partner with local educational agencies to test and expand innovative practices that improve student achievement, close the achievement gap and increase high school graduation rates. This year, President Obama has proposed $215 million for the i3 program, $65 million above the FY 2013 appropriation.

3. The administration also has proposed a $260 million First in the World fund to spur cutting-edge innovations that decrease college costs and boost graduation rates. The fund would make competitive grants to encourage innovation in higher education to tackle and improve college completion rates, increase the productivity of higher education, build evidence of what works and scale up proven strategies. The First in the World Fund is modeled after the i3 program.

4. The president’s proposed FY 2014 budget increases non-defense STEM research and education investment by 9 percent above FY 2012 levels. The Department of Education, National Science Foundation and Department of Defense have several grant programs targeted at institutions of higher education, local education agen-

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**Nine Steps for Winning a Federal Grant**

Never pursued a federal grant? Tried, failed, but ready to try again? Here’s how.

1. **Lay the foundation.** First, conduct an internal resource inventory with executive leadership, senior administrators and key program people to determine your institutional strengths as they relate to pursuing federal support. Identify your funding priorities.

2. **Do your homework.** Research potential federal grants. Based on your research, determine the nexus between your major funding priorities and federal resources. Grants.gov is the official government site for information on federal grants. Another resource is the Catalog of Federal Domestic Assistance (or CFDA.gov), a directory of all federal programs available to state and local governments and nonprofit organizations.

3. **Confirm you are competitive.** It is one thing to be “eligible” for a federal grant but quite another to be truly competitive. How can you tell the difference? Carefully evaluate the grant’s funding criteria. Will your proposal be strong where the most points are awarded? Perhaps the best way to assess competitiveness is to review previous winners and their proposals. (You may obtain these by filing Freedom of Information Act requests.)

4. **Develop a proposal management plan.** For internal management purposes, put in place a proposal management plan for all grant applications that establishes deadlines and deliverables from start to finish for each grant. This helps guarantee that you are able to produce a quality proposal on time.

5. **Meet with federal agency program officers.** Call—or even better, meet with—the federal agency program people who are responsible for overseeing the grant program(s) that interest you. Typically, these program officers are seasoned professionals who are always on the lookout for new partners. Think of it from their perspective: Program officers want to deliver victories (effective programs) for their agencies and are forthcoming with invaluable information about their grants. If you simply try to “mail it in,” you are at a disadvantage. Do you simply mail an ask to major-gift prospects without ever meeting with them?

6. **Meet with members of Congress and their staff.** Much to the chagrin of rank-and-file members of Congress and their staff, a moratorium was placed on line-item ear-
marks shortly after the 2010 elections. If anything, this has made congressionals even more motivated to help their nonprofit constituents secure federal dollars through the competitive grants process.

Schedule introductory meetings with members of Congress and their staff in Washington, D.C., or in their state or district. (Simply look up a senator’s or representative’s name online for all contact information in Washington, D.C., and in his or her home state.) Use these meetings to highlight the important work of your organization. Provide them with background information about the grant programs you have targeted. Ask your senators and representatives to write a letter of support to the appropriate federal agency leaders, and then draft the letter for the staff to save them the work of writing it themselves. (This also helps ensure you get a stronger, more accurate letter.)

7. Apply with substance—and attention to detail. Last year’s competition for $1 billion in Innovation Challenge grants from CMMI shows how essential it is to follow all of the instructions when applying for a federal grant. Approximately 3,000 institutions and organizations submitted applications. Of those, about 800 were disqualified for technicalities. Dot your i’s and cross your t’s. You must pay vigilant attention to detail to ensure your application is ultimately considered.

8. Ensure compliance, build relationships. After winning a federal grant, implement internal measures to ensure compliance. This includes outlining the project plans for milestones and deliverables, ensuring you have templates for technical and financial reporting, ensuring continued communication with the relevant federal agency program officers to secure the release of dollars in a timely manner and working with federal agency officials to obtain reviews of your performance under the grant. Build relationships with the federal agency personnel to position your organization for future funding opportunities.

9. No means “not yet.” It is difficult to find a grants professional or nonprofit leader who is undefeated in grantsmanship. One of the keys to long-term success is being curious about why your application was not funded. Review the scoring of your application, then circle back to the federal agency decision makers. Be open and vulnerable about why your application fell short. Again, the federal program people typically offer honest feedback. If you truly have ears to hear and process constructive criticism, then you can turn “no” into “not yet” by winning the next competition.

10. The Department of Energy is making major investments in research and deployment of innovative clean energy technologies in wind, solar and ocean and continuing its role as the largest funder of basic scientific research in the country. In fact, the administration has proposed a new program, modeled after the Department of Education’s Race to the Top, which would encourage states (through municipalities, nonprofit organizations and for-profit corporations) to find innovative ways to cut energy use.

11. Through the Administration for Children and Families and the Department of Justice, there are dollars available to local, regional and national organizations serving at-risk, underserved and disadvantaged youth. These programs usually award between $100,000 and $800,000.

12. There is significant funding from the USDA and the U.S. Agency for International Development (USAID) for international aid projects. These are massive programs, with awards reaching up to tens of millions of dollars.
Government Funding

for food aid, development activities, local business training, education, health and public works projects.

13. Likewise, the Department of Homeland Security has a variety of competitive grants for colleges, universities and research institutions. The Nonprofit Security Grants Program out of FEMA, for example, provides funding for security enhancements to nonprofit organizations at risk of a terrorist attack. In the past three years, more than $300 million in grants have been awarded to nearly 200 organizations, including $5 million to Mount Sinai Hospital in New York and $2 million to the City Colleges of Chicago.

The examples of grant programs listed above are illustrative but not exhaustive, obviously. There are thousands of federal grant programs. Is your organization or institution a natural match with the mission of selected government programs? Can you demonstrate that your nonprofit is a wise investment because it achieves results efficiently? If so, then the federal government may be a major donor you should approach.

Are Federal Grants Political?

We’re talking about Washington, D.C., after all. Would you really be surprised if you discovered that there is a political component to winning certain grants? That seems a bit like Captain Renault’s raiding Rick’s in the movie Casablanca—“I’m shocked ... shocked to find that gambling is going on in here!”

The messenger matters. Relationships matter. So build some relationships. Perhaps you can accomplish this at the federal level by volunteering to serve as proposal evaluators. This allows you to work closely with federal agency decision makers, enabling you to learn about the proposal process from the inside out.

Remember that members of Congress and their staff take seriously the legislative branch’s constitutional authority as “the sole power of the federal purse.” They work with the leadership of agencies to ensure that the applications of worthy organizations and institutions in their district/state are highlighted for thorough review and consideration. Therefore, if you know you are going to submit a grant proposal, it behooves you to ask your members of Congress to express support for your application.

Persistence Pays

There is much to commend about federal grants. They can be quite large, and they can be leveraged into greater private support. Once you and your nonprofit earn the trust of federal agency decision makers, then it becomes easier to win these grants on an ongoing basis. Therein lies the greatest potential danger of federal grants: dependency. This cannot be overstated. For all the obvious reasons, having a stable and diverse fundraising portfolio is ideal. Federal funding should be used to launch a new initiative or strengthen an existing program. Regular, ongoing federal support is great, but there is always the possibility that it will go away.

Do you know of a major nonprofit doing great work and possessing a strong brand identity that is not receiving federal support on a regular, if not annual, basis? There is an obvious reason for that.

Pursuing federal support is akin to identifying and cultivating a major donor. It is time-consuming and labor-intensive, and the actual ask is merely one important step in a relatively long process. However, the benefit is as obvious as it is powerful—significant dollars that can strengthen, expand or even elevate the effectiveness of your organization to an entirely new level. Furthermore, when a nonprofit secures federal funding, it is a stamp of approval that can be leveraged and multiplied into greater private support.

To use a sports analogy, pursuing federal support is a marathon, not a sprint. Red Smith could relate.

Mark D. McIntyre is a partner and Steven Pattie is senior development adviser with Keller McIntyre & Associates (www.kellermcintyre.com), a full-service government relations and strategic development firm in Washington, D.C.

Resources

The Official Federal Grants Prep Guide: 10 Tips to Position Your Organization for Success by Kimberly Richardson (Kimberly Richardson Consulting LLC, 2013), Kindle Edition


Grant Management: Funding for Public and Nonprofit Programs by Jeremy L. Hall (Jones & Bartlett Publishers, 2009)


Grants.gov, the official government site for information on federal grants and funding, is a central storehouse for information on more than 1,000 grant programs administered by the 26 grant-making agencies.

www.grants.gov

CFDA.gov, the Catalogue of Federal Domestic Assistance (or CFDA), provides a full listing of all federal programs available to state and local governments.

www.cfda.gov
Are you cultivating America’s largest donor?

Each year the nation’s largest “major donor” invests hundreds of billions of dollars in worthy local, national, and international nonprofits. Are you securing your fair share?

We can help.

Keller McIntyre & Associates is a full-service government relations and strategic development firm based in Washington, D.C. We provide solutions to the critical challenges facing nonprofit institutions and organizations by winning federal and private grant funding, securing regulatory relief, policy development and advocacy, relationship building, and mobilizing grassroots and grassroots campaigns.

We have an established track record of successfully representing and advising hospitals and healthcare systems, educational and research institutions, local and state governments, social service and faith-based organizations, corporations, innovators, and international NGOs.

Keller McIntyre is a firm of seasoned professionals who serve as an extension of your grant-writing and development team. We are your boots on the ground in Washington, D.C. We perform the lion’s share of the work.

We know how Washington works. As true partners, we will put Washington to work for you.

Let us evaluate your funding needs to determine how they can best be positioned before the Congress and the Administration. Our Checklist for Federal Funding will help you begin this process.

Call Tom Keller, Managing Partner, at 202.841.5283, or send an email to info@kellermcintyre.com to get this useful checklist right away.

President Truman famously said, “If you want a friend in Washington, buy a dog.” Respectfully, he was wrong. The inner workings of our Nation’s Capital are built on relationships – much like a small community.

Indeed, pursuing federal support is akin to identifying and cultivating a major donor. It’s time-consuming, work-intensive, and the actual ask is merely one important step in the process. That’s why small and large nonprofits alike invest in Washington-based professionals who can maximize their funding. The benefit is as obvious as it is powerful – significant federal support can strengthen, expand, or even take your organization to an entirely new level.

Here are two brief case studies of our work that illustrate the journey of winning major federal support:

The VP for Institutional Advancement of a 24-bed critical access hospital approached us after scoring 97 out of 100 on a federal grant... and not being funded because the grant program ran out of money.

“I already know my Congressional delegation so I certainly don’t need access,” he stated emphatically. “We have a great staff and great projects. The need is obvious. What am I missing?”

A plan, with boots on the ground in Washington, D.C., to implement it.

We extended the hospital’s reach beyond its Congressional personal staff to the Committee professional staff – the people with the power to ensure that the federal agency was properly funded. We built new relationships with the federal agency program officers. We asked, “How can we do better on our next application? What are you looking for to help accomplish the mission of your agency?” We listened. We went back to the drawing board.

And then we started winning...

First, a $650,000 grant for a new medical residency program...
Then, $900,000 for rural physician residency training...
Most recently, the game changer – a $10.5 million Innovation Challenge grant.
“The harder we work, the luckier we get,” the VP chortled.

The President of a private university came to us and said, essentially, “You helped us get earmarks. Earmarks went away. Now what?”

“Every Congressional earmark flowed through an Executive Branch agency,” we responded. “Let’s follow the earmark back to the agency, like a great running back following his lead blocker. Let’s run to daylight.”

We approached the federal Economic Development Administration (EDA) because the university president wanted to help address his region’s high unemployment rate and low baccalaureate completion rate. We did our homework. We researched the EDA’s mandate, and reviewed previous grant awardees. We built relationships with both the federal EDA program officers and the regional EDA decision-makers. We collaborated with local economic development agencies. Finally, we rallied bipartisan Congressional support.

The result? Put simply, the university secured a $2.5-million EDA grant to build a business incubator that will provide the greatest single sustainable economic development engine in a tri-county area.

The university president is still shaking his head, “When we began this process, I didn’t even know a university could apply for an EDA grant, much less win one. Okay, what’s next?”