

Testimony of Matthew Hanson
HSGAC – May 2, 2023

Chairman Peters, Ranking Member Paul, and distinguished members of this Committee. My name is Matthew Hanson. I am an Associate Managing Director with the consulting firm Witt O'Brien's and a Certified Grants Management Specialist. Thank you very much for your invitation to speak today.

Over my almost 30-year career, I have had the distinct honor of supporting lifecycle grants management activities for federal, tribal, state, local, and non-governmental organizations. Some highlights of my career include:

- Served as Director of Grants Policy at the DOJ's Office of Justice Programs
- Led the State of Arizona's Statewide Grants Office
- Served as President of the Arizona Chapter of the Grant Professionals Association
- Received the Assistant Attorney General's Award for my service at the U.S. Department of Justice and,
- Received an Impact Award from the National Grants Management Association

Over my career, I have heard the terms "once in a generation" and "historic amounts of federal funding" at least five times. The first was during the early 90s with the Crime Bill; then again following the tragedy of 9/11; next was in response to environmental devastation with events like Hurricanes Katrina and Rita; then there was the housing crisis with the American Recovery and Reinvestment Act; and—most recently—with the COVID-19 public health pandemic. Despite the vast differences in these events, there was at least one commonality—federal funding deployment was slow due to a lack of public sector capacity, particularly basic grants management capacity.

Recent efforts to distribute critical funding more equitably have unfortunately spotlighted this lack of basic grants management capacity. That was especially the case with the Treasury's distribution of American Rescue Plan Act – Coronavirus State and Local Fiscal Recovery Funds. In Senator Marshall's State of Kansas, more than 600 non-entitlement units (NEUs) of local government have been the direct recipients of federal funds—most for the very first time.

Some of these jurisdictions only have a few dozen residents and a single employee. This is not a criticism of the distribution to NEUs; quite the opposite honestly as there are critical infrastructure, public health concerns, and negative economic impacts everywhere. However, I want to underscore the point that we collectively need to do a better job of building grants management capacity across our country, while redoubling our efforts to streamline and simplify the process.

For the past several years, I have had countless conversations with local and tribal governments about seemingly mundane projects like grading and replenishing gravel roads, filling potholes, culvert restoration, ADA sidewalks, rebuilding low water crossings, maintaining water towers, fire hydrant replacements, wastewater lagoons, and any number of similar types of basic infrastructure.

These resource-constrained communities have felt the burden of increases in the weight of truck traffic to address both COVID-19 and inflationary shortages, along with different working and shopping tendencies that have left their modest infrastructure in desperate need of repair or replacement. These same jurisdictions are the communities that lack the resources and capacity to tap into federal funding either directly or as pass-through recipients from their states.

The annual Current State of Grants Management Survey (2023) conducted by the Trachtenberg School of Public Policy & Public Administration at George Washington University, found that “70% [of organizations] said that qualified staff is the most significant success factor for grants management and 54% said [recruiting, training] and retaining them is the biggest challenge.” The survey further found that both “Grant makers and grant recipients want more standardization and simplification.” What is so interesting about these results is that the survey participants are those who actually have some grants staff, so these are jurisdictions who in theory have the tools and capacity to be successful—and yet they are still struggling.

The current obstacles to accessing federal funding begin with the very first step: registering in the System for Award Management or SAM.gov. It’s likely that your own offices have received numerous complaints and requests for assistance with SAM.gov, especially when things like copies of a state’s constitution are being requested to prove when the state was established. If state governments are struggling with registration, you can imagine what an under-resourced community—either urban or rural—must overcome. A review of SAM.gov to make it more efficient could alleviate some of this burden.

Other federal efforts to simplify and streamline the federal grants process—the Uniform Guidance, Grants.gov system, the Federal Financial Accountability and Transparency Act, the Digital Accountability and Transparency Act, and the Grant Reporting Efficiency and Agreements Transparency Act—are all well intentioned and have the potential to help.

The issue remains that federal agencies have implemented these items in disparate ways, and that these efforts do not address the underlying barriers to entry to participate in the federal grants ecosystem. For the most part Federal agencies do a wonderful job of providing ongoing training and technical assistance to their existing grantees, but with a few exceptions do not do nearly enough to engage and train potential applicants and those struggling to access these critical resources.

Now for some good news: there are organizations out there doing incredible work trying to build grants capacity to ensure no jurisdiction is left behind. Much of this work is being done by membership associations such as the National Association of Counties, National League of Cities, U.S. Conference of Mayors, and the Native American Finance Officers Association, among other organizations and philanthropies.

Associations of cities, counties, and states; councils of government; economic development districts; and others are partnering with their members to provide grant training, writing, and management support. Much of this effort is being either supported or augmented by philanthropic organizations who have seen these same issues and felt compelled to help communities overcome barriers to entry and participation. In recent years, resources like Bloomberg Philanthropies Federal Assistance e311 and Local Infrastructure Hub programs, have provided critical technical support to over 1,000 municipalities across the country.

What these organizations—and the federal grants community as a whole—need is a partnership and a commitment to bring lasting, systemic change to the federal grants process by simplifying and streamlining the process and creating an intentional and sustained effort to build capacity at all levels.

Some areas for consideration are:

- Address the ongoing issues with SAM.gov to simplify and expedite the process;

- Renew the focus on federal plain English standards in particular for Notices of Funding Opportunities posted in Grants.gov and grants guidance documents;
- Re-establish entities like the Council on Financial Assistance Reform and National Grants Partnership as empowered federal grants coordinating organizations;
- Mandate that a percentage of the funding go toward technical assistance resources and investments by federal agencies in general grants management capacity;
- Allow greater flexibility for pre-award costs in particular by those organizations who have not reached the single audit threshold;
- Inform intentional equity requirements (geographic, number of years received, disadvantaged, etc....) for both direct federal and state pass-through agencies;
 - Non-safety net federal funding should be used to establish, innovate, problem-solve, expand—and not pay for lights-on activity.
- Establish a grants Helpdesk (not associated with a particular IT solution) for tangible pre- and post-award support, not tied/limited to a particular federal agency or program.

Over the past several years we have had an increase in the haves and have-nots when it comes to receiving federal funding. While the immediate thought is this is based on a disparity between larger and smaller jurisdictions, the fact is that many large jurisdictions are also struggling and falling behind their peers. Unfortunately, working for a grants consulting firm, we have also seen an uptick in predatory consulting arrangements where communities are asked to pay upfront in the hopes of receiving a grant later, and/or being forced to pay a percentage of a grant won regardless of the effort that was actually performed.

Finally, we have seen numerous examples of federal waste, fraud, and abuse which as stewards of federal taxpayer resources is completely unacceptable. Solving these issues will take the ongoing efforts of the OIGs and the PRAC oversight communities on the post-award side, but my ask of this Committee is to also address these issues on the pre-award side by investing in streamlining, coordination, communication, and capacity development.