

GRANTS, CONTRACTS AND NON-PROFITS IN MONTGOMERY COUNTY

The League of Women Voters of Montgomery County, MD has been exploring monetary and funding practices of the Montgomery County Government. Last year we studied the Budget Process of the Montgomery County Public School System. In the previous program year we studied the Budget Process of Montgomery County. This study will explore the funding of services and programs by grants to non-profit organizations in Montgomery County. While all of the granting entities will be listed, the study will concentrate on the Executive's Community Collaboration Grants and County Council Grants. An overview of the Non-Profit community and early history of the process will set the stage for a detailed description of the Executive's and County Council grant process. Finally what happens after selection of awardees, monitoring and reports will be discussed.

GRANT PROGRAMS AVAILABLE IN MONTGOMERY COUNTY

Community Development Block Grants provide federal funds to Montgomery County and other local governments with the opportunity to develop viable communities by funding activities that provide adequate housing and a suitable living environment and by expanding economic opportunities, principally for low and moderate income individuals and families.

Community Service Grants are awarded by the Department of Health and Human Services.

Executive Community Collaboration Grants are awarded by the Office of the County Executive. This discretionary funding is included in the County Executive's annual recommended budget to support non-profit organizations delivering services that are consistent with the Chief Executive's mission statement.

County Council Grants are awarded by the County Council employing the same procedures followed in awarding the Executive's Community Collaboration Grants.

English Literacy Grants are awarded by the Montgomery Coalition for Adult English Literacy.

Arts and Humanities Grants are awarded by the Arts and Humanities Council.

A LOOK AT THE NON-PROFIT COMMUNITY IN MONTGOMERY COUNTY

What is a Non-profit?

A non-profit organization doesn't have a profit objective and exists for the public good. Section 501(c) of the Internal Revenue Service code designates 28 types of non-profits. By far the most common type is 501(c)(3), which indicates that a non-profit has charitable purposes, and that donations to the group are tax deductible, as for example the League of Women Voters Citizens Education Fund.

The list of non-profit organizations is a long one and includes both very large organizations such as our community hospitals, all our churches, scouting organizations (have you bought your Girl Scout cookies yet?), nationally known enterprises such as the Howard Hughes Medical Institute, Goodwill Industries International, and the National Association of the Deaf, as well as labor unions such as the Montgomery County Government Employees Organization or the Montgomery County Education Association.

ORGANIZATIONS AND INDIVIDUALS ARE INVITED TO DUPLICATE THIS FACT SHEET WITH ATTRIBUTION GIVEN TO LWVMC. BEFORE REPRODUCING, PLEASE CONTACT THE LEAGUE OFFICE AT 301-984-9585 OR LWVMC@EROLS.COM FOR CORRECTIONS OR UPDATED INFORMATION, OR CHECK OUR WEBSITE, MONT.LWVMD.ORG, FOR THE MOST UP-TO-DATE VERSION

Organizations of more moderate size would include our own League of Women Voters, the Korean Community Service Center of Greater Washington, Hospice Caring in Gaithersburg, and Stepping Stones Shelter in Rockville, as well as other private foundations, the various individual county fire companies, and county-wide sports leagues.

In fact, one in ten workers in Montgomery County is employed by a non-profit organization. There are about 5,125 501(c)(3) non-profits in Montgomery County. 3,127 of these had a budget of under \$25,000. A total of 1,978 have budgets above the \$25,000 threshold with 208 reporting revenue in excess of \$5 million. The total purchasing power of Montgomery County non-profits is nearly \$4 billion. In 2011 there were about 43,371 people employed by non-profit organizations, earning \$2.2 billion in total wages.

The History of Grants in Montgomery County

Chuck Short, Special Assistant to County Executive Ike Leggett and retired Director of Health and Human Services, stated in our interview with him that the first county grant was made in 1973 when James Gleason was the County Executive under the new Executive/Council form of government. One of the first grants was to MARC, the Montgomery County Association for Retarded Citizens, now known as The Arc Montgomery County. At the time (1973) the county was moving from a suburban to an urban county. The goal was to respond to an increasing number of residents in need by empowering non-profits to expand their services. Initially, grants were just added during council work sessions without a strongly defined application process, but most of them were for worthwhile projects and the funds were well utilized. Many current programs were started with work done by non-profits.

In the mid 1980s the county attempted to bring order to the process and have some competition among various non-profits. However, trying to fold the grant process into the existing procurement system was defeated by the bureaucracy of the county's procurement system, so the County Council and the County Executive continued a non-competitive grant system.

In the 1990s and early 2000s officials saw that Montgomery County was falling behind in responding to the increasing diversity in the county. County Executives Douglas M. Duncan (1994 – 2006) and Isiah Leggett (2006 – present) both saw the need for Latino outreach programs. In 2001 – 2005 the council also created their own grants program. The goal of these grant programs has been to innovate quickly and allow the county to bring in new organizations.

The county checks on grant project outcomes at least twice, once at mid-point and once at the end. In 2016 the county will compare the original grant recipient's program, comparing what they said they would do with what they actually did.

The fact that Maryland State knows that the county will generally match funding at the state level is very often the key that enables local groups to get funds in a State Bond Bill. Mr. Short's office offers a debriefing service to organizations that are not successful in getting a grant.

THE APPLICATION AND SELECTION PROCESS

In 2014, the Montgomery County Executive and the County Council launched their new "one-stop-grants-shop" for Executive and Council grants. This new joint process is facilitated by a new website that allows applicants to submit an application and supporting documents, check the status of the application, and submit post-award reports. Moreover, the new system standardizes the application

process and provides a greater degree of government transparency. In 2014, two training sessions were offered to explain the new process and demonstrate the new website to both new and returning applicants.

Grants are awarded for projects in Montgomery County and for services to Montgomery County residents only. Organization headquarters can be outside of Montgomery County as long as the organization demonstrates that the activities and services supported by grant funds provide services in the County and to Montgomery County residents.

Where to Find Information

Information about both the County Council and County Executive Grants can be found at the County's One Stop Grants Portal found at: www.MontgomeryCounty.fluidreview.com.

General information about the Council Grants Process can also be found at:

www.montgomerycountymd.gov/COUNCIL/grants/council_grants.html.

or www.montgomerycountymd.gov/Council, and clicking on the link at the bottom right side of the main page, **Council Grant Information**. Questions concerning grant applications should be directed to Joan Schaffer, Council Grants Manager, 240-777-7935 or council.grants@montgomerycountymd.gov.

A General Time Line for the County Grant Process

- November: Registration Open & Applications Available
- January: Applications Due
- Late February through March: Council Applicant Meetings
- Mid- March: County Executive Recommendations
- Late April: Council Grants Advisory Group Issues Report
- Late May: County Council Approves Operating Budget (including final grant awards)

One System for Two Types of Grants: County Council and County Executive Community Collaboration Grant

Non-profit organizations may apply for funding to both the County Executive's Community Collaboration Grants and the County Council Grants through separate applications. Any organization, institution or association that is incorporated as a private, not-for-profit organization designated under 501(c)(3) and that provides services or activities in Montgomery County may apply.

ALL Council and County Executive Grant applications must be submitted through the Online Grants Portal. While both applications are similar and are using the same online system, it is not a joint application. Applicants may apply for grants from both the Council and the Executive, but must file two separate direct applications through the online Grants Portal.

The Questions

Most of the narrative questions on both the County Council and County Executive grant applications are identical, and the deadline for both applications is the same. As the questions (shown below) demonstrate, there's a significant emphasis on encouraging a collaborative approach and encouraging applicants to seek additional funding from other sources.

1. Briefly describe the mission of your organization and the programs and services which support this mission. How have your organization's efforts made a difference in the community?
2. Briefly identify the specific program or purpose for this funding request.

3. Briefly describe your project, why it is needed and how it helps advance county priorities.
4. How will the program/activity described collaborate or coordinate with other non-profit organizations in the community, including organizations that provide similar services?
5. What is the total program/activity cost for the project for which you are requesting funding?
6. Amount of this funding request.
7. What portion of the total program cost do you expect to be funded or raised from sources other than county funding?
8. How does the non-profit organization plan on sustaining the activity in the future?
9. State the efforts made to recruit volunteers and/or leverage community resources.
10. Describe the specific outcomes that will result from the expenditure of these grant funds.
11. Are you requesting funds for a new or existing program/activity?
12. If new, provide information on the success of the program in other jurisdictions, evidence of best practices, etc.
13. Has the program/project received county funding in the past 3 years?
14. Project Budget

County Executive Community Collaboration Grant

The Montgomery County Executive's Community Collaboration Grants may be included in the County Executive's annual recommended budget to support non-profit organizations delivering services that are consistent with the County Executive's Mission Statement. Applications for the Executive's Community Collaboration Grants are subject to the Maryland Public Information Act (MPIA).

The Montgomery County Executive's Community Collaboration Grants do not include the following:

- Health and Human Services Community Service Grants
- Housing and Community Affairs - Community Development Block Grant
- County Council Grants

All County Executive Community Collaboration Grant requests are submitted to the Office of Management and Budget; OMB recommends the best ones to the County Executive and talks with the departments that would be involved in oversight. The individual departments investigate the grant requests. The County Executive personally reviews the whole list.

County Council Grants

The council requests applications for programs and projects that advance the county's services, goals, and objectives, including, but not limited to the following areas: community development, economic development, education, health and human services, and recreation. A Community Grants Advisory Group appointed by the County Council assists in the review process through evaluations of proposals. The council makes decisions on the funding of proposals as part of its actions on the Montgomery County Operating Budget.

The council has not set a limit on the amount of funding an applicant can request. However, for the last several years, approximately 75%-80% of the proposals funded by the council through its grants review process were \$50,000 or less. There is no limit on the number of proposals from a single organization. In addition to program-related requests, the council has funded capital equipment purchases, administrative support, staff training, and other "overhead" type requests. They must be specifically described and identified for a specific purpose. For FY2016, the council has not yet made a decision on whether to set an overall funding target for grants. The council ultimately funded nearly \$2.5 million in council grants, as part of the council's actions on the FY2015 operating budget.

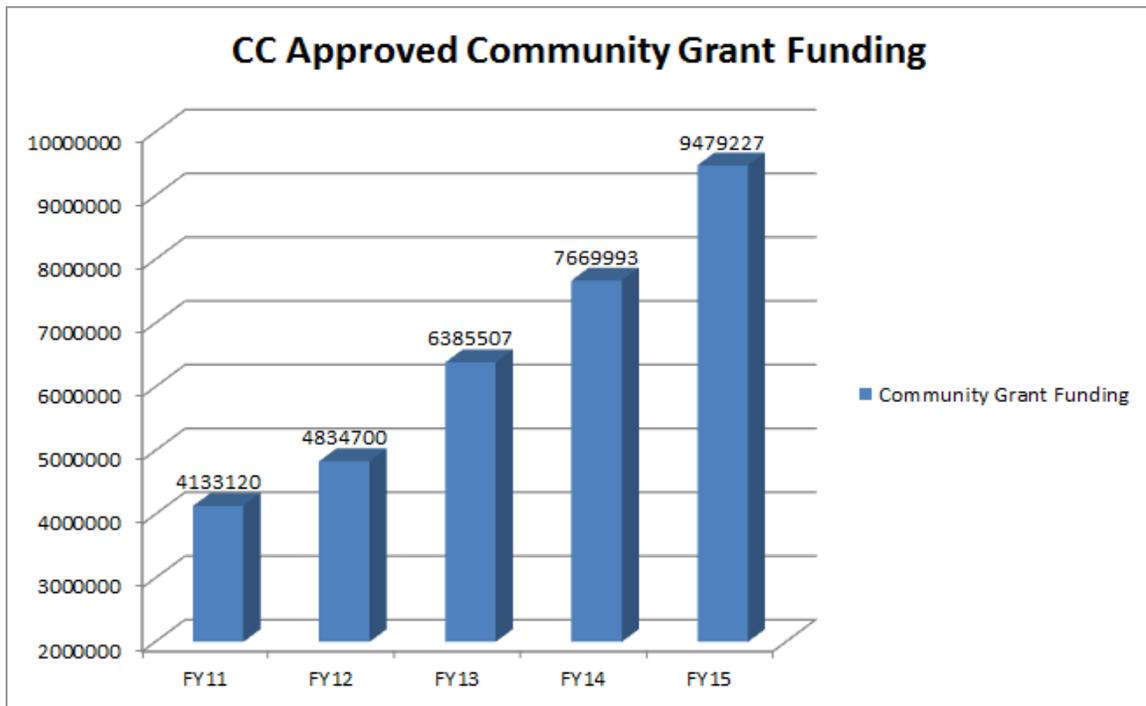
The County Council appoints a Grants Advisory Group which evaluates the applications and invites applicants to a brief (15 minute) Question and Answer Session to respond to any questions the group may have about an application and to allow the applicant to advocate for its proposal. Because of the large number of grant applications and the limited time for review, applicants may not bring any additional materials or invite a group of staff or board members. (One additional representative may accompany the applicant.)

Again because of the large number of applications and limited time frame for review, applicants are assigned a specific date and time for that meeting, and the group does not make adjustments to their schedule except in extraordinary situations. However, the group offers assurances that applications will be given every consideration if an organization is unable to attend. Also, other than discussions during the Q&A, applicants may not contact Grants Advisory Group members regarding the application. Inasmuch as the County Council has directed that applications be reviewed by category, organizations that have submitted multiple applications may be invited to multiple Q&As on different dates.

This year the Grants Advisory Group is scheduled to issue a written report to the County Council by April 24, 2015. The report will be available on the council’s web site and will contain one-page evaluations of each grant application reviewed by the Grants Advisory Group. This written report will not contain scorings or rankings of applications.

In early May, the council’s grants manager provides recommendations regarding funding of grant applications. In late May, the County Council will make funding decisions.

As shown below, the County Council’s grant funding has increased steadily since FY 2011. Potential applicants were alerted at the training sessions this year, that county revenue is anticipated to be down in FY 2016 and funds for grants may be less than the amount for FY 2015.



FROM APPLICANT TO PARTICIPANT

The County Executive administers all the grants including County Council grants. Last spring the County Executive recommended 154 programs and the County Council provided funding for 82 programs.

The list of grants awarded in FY 15 includes: A Wider Circle-for staff salaries for Neighbor to Neighbor program-\$87,000; Workforce Solutions Group of Montgomery County, Inc.-Workforce Reentry Program at the Pre-Release Center-\$60,000; Catholic Charities-Legal Services for Domestic Violence Victims-\$50,000; Community Ministries of Rockville-Case Management for Formerly Homeless Adults Living in Transitional Housing-\$15,000; and First Tee of Montgomery County-girls golf and life skills program-\$5,000. The county does not have grant making authority, so all approved grant applications are funded and administered as contracts. Upon selection a non-profit applicant is assigned to a county agency. Since applications include minimal budget information, substantive negotiations as to the final budget and actual project then take place to facilitate the drafting of a contract, followed by monitoring and reports. All contracts are one year terms. All grants are started and end in the same fiscal year (July 1 – June 30).

Funding for any selected proposals becomes available approximately 60-120 days after July 1, 2015, after execution of a required contract with Montgomery County Government that includes reporting and other requirements, including insurance. Organizations should not deliver any services or purchase any goods prior to the execution of the contract with the county, and receipt of a valid purchase order.

The Study Committee contacted the Community Action Agency of Montgomery County (CAA), which administers about 40 non-profit contracts and requires two full time program managers to do so. The program managers negotiate the contracts, often seven pages long, and must make site visits. The Community Action program managers conduct a contractors meeting in October or November. The meeting addressed the department's fiscal requirements of vendors with a specific look at budget amendments. The County also offers training for vendors often in workshops conducted by the Non-Profit Roundtable that is not specific to CAA.

CAA Program Manager, Aizat Oladapo, provided the following County Council and County Executive requirements for reports and invoices from participants. County Council grants require a specific report form. Two reports of outcomes are required. The Executive's Community Collaborative Grants require the reporting of outcomes on a schedule determined by the amount of the grant. Reports and invoices are required quarterly for grants over \$30,000 and monthly for grants over \$50,000. Fixed contract or grants under \$26,000 require quarterly reports. Some of the grant programs monitored by CAA are Kids In Need Distribution, Inc. which provides for a weekend food program for children in Montgomery County Public Schools; Caribbean Help Center which operates linkages to social services and health care, employment and training; YMCA Benchmarks Program which is an after school enrichment program at Rosemary Hills Elementary School; and finally IMPACT Silver Spring which is a Neighborhood Opportunity Network. Some partners (vendors) are well based in the community, while some are emerging agencies that are delivering new services.

The impact of being responsible for the oversight and monitoring of contracts and agreements with community-based non-profit agencies is an opportunity for change in the services directly offered by the Community Action Agency. Founded in 1964 as part of the 'war on poverty,' the agency provided many direct services for low-income residents of Montgomery County. At present the contracts ensure delivery of services addressing the causes and consequences of poverty, while keeping pace with

emerging needs by developing or adopting local services. The Community Action Agency and its partners can focus on the development of leadership skills among populations most affected by poverty, helping all residents to maximize their potential while joining together to end poverty.

The system of negotiations, drafting of contracts, reports and invoices results in some problems for the non-profits selected. Hope Gleicher, of Non-Profit Roundtable Montgomery, noted that Montgomery County does not give grants, they make contracts. It is difficult to build in anti-inflation measures into the contracts. Reports are accompanied by invoices which reimburse the non-profit for its expenditure.

Some programs have been moved into the base budget suggesting recognition of the never ending need for the service provided by the program. Programs of Bethesda Cares, The Collaboration Council, Non-profit Montgomery, The Lt. Joseph P. Kennedy Institute, and The Second Chance Wildlife Center are now funded by the base budget.

Non-Profit Roundtable Montgomery was set up by non-profits to advocate for them in dealing with the business and government sector. They worked with the county to establish the current system for grants. Some questions resulting from this are: Should grants be longer than one year to be effective? Are grants the best way to meet new and specific county services? The committee may look at these questions in the future, as well as other ways of providing funding for county services.

The committee would like to thank Chuck Short, Hope Gleicher, Sharon Strauss, Aizat Olapodo, and Jedediah Millard for speaking with us.

This Fact Sheet was prepared by Fran Berger, Barbara Hankins, Melpi Jeffries (Co-chair), Luella Mast, Adrienne McBride (Co-Chair), and Judy Morenoff.