

DEVELOPING A FUNDRAISING PLAN: GOVERNMENT GRANTS

Since federal money does not apply toward your match requirement, the focus of this section is on state and local level grants.

Background

Federal, state and local governments distribute more than \$200 billion annually to support nonprofit organizations that provide programs and services to the nation's citizens. The government is motivated to fund these nonprofit organizations because it needs their expertise, their ties to the community and their resources. Available funding and funding priorities, however, fluctuate with the national and local climates. Variables such as the economy, the political party in office, the popularity of the cause and the strength of competing demands determine the funds available and the types of programs that receive funding.

Currently, states are under exceptional budget pressure. According to the Center on Budget and Policy Priorities, in fiscal year 2002, states' total budget deficits exceeded \$36 billion, and that number is only expected to increase. The good news is that budget cuts (at least for now) have not had a major effect on funding for SCHIP and Medicaid programs, especially in reference to eligibility requirements and enrollment caps. This can be attributed, in part, to the following:

- SCHIP and Medicaid address a vital need and provide measurable results. When the numbers of uninsured children drop, the program is seen as working toward fulfilling its goals.
- SCHIP and Medicaid for children, in relation to other government programs and Medicaid long-term care, are not viewed as a huge drain on the budget.
- The high federal match rate for SCHIP and Medicaid in some states provides justification for continuing to fund the programs.
- Cutting SCHIP funding and children's coverage under Medicaid looks bad. Elected officials do not want to be known for cutting a program that directly affects the health and well-being of children in their state, especially in an election year.

The advantages to receiving government grants are:

- *Ongoing support*: Government funding tends to have more continuity than other sources, particularly when the funds are secured through legislated mandates. Other "seed grant" programs are more short-lived. In either case, securing initial funding from the government puts you in a good position for obtaining further government funding down the road, especially when your program shows measurable results.
- *Substantial support*: In many cases, government grants provide substantially more funding than other sources. However, keep in mind that some government agencies are interested in knowing that your project has multiple sources of funding, regardless of the size of the grant.
- *Credibility*: Once you have secured funding from one grantor agency, it will be significantly easier to approach other agencies in the future. Knowledge of the systems and processes within the government, and proof that you can meet the fiscal

and programmatic expectations, bodes well when applying for other government grants. Additionally, the credibility will help when attempting to solicit funding from private ventures as well.

- *Access to decision-makers and the decision-making process*: Relationships with agency personnel and elected officials are invaluable. Once you have your foot in the door, gaining and keeping support for your program among decision-makers and key personnel will be that much easier (assuming you've successfully attained project goals, etc.). The longer the program is around, the more likely it is to build public support.

The disadvantages to receiving government funding are:

- *Paperwork*: Extensive record keeping is a must when fulfilling the requirements of a government grant because the government is responsible to the taxpayers to ensure that state monies are being used wisely. Both fiscal and programmatic data are reported on a regular basis. Additionally, you may be audited at any time to determine how you are spending the government funds.
- *Unanticipated/uncovered expenses*: Some government grants do not necessarily cover all expenses that you may incur over the course of the grant period. In addition, the extensive paperwork and potential financial audits required for compliance can increase your costs. Studies show costs of up to \$20,000 over and above every \$100,000 obtained from the government. It is therefore necessary to include additional program funding in your fundraising plan.
- *Legal responsibility*: Recipients of government funds should clearly understand every aspect of their grant or contract. Noncompliance with grant requirements could result in legal action, including revocation of an organization's tax-exempt status.

Tip: Government 101

- Governors are elected officials. The governor introduces spending budgets that mirror his or her priorities to the Legislature.
- The State Legislature is comprised of elected officials. Its role in the system of checks and balances is to act as a safeguard to the governor's power. When the governor introduces his or her budget, the governor's allies in the State Legislature support his or her agenda. The governor's opponents in the Legislature will likely oppose many of the governor's priorities. Through debate and compromise, the Legislature will eventually pass a final budget that may or may not look like the governor's original budget. Individual members champion causes and, depending on their influence and other factors, can secure funding for specific programs.
- A mix of political appointments and career civil servants staff government agencies. The governor appoints people to the top posts who share his or her philosophy and will direct an agency's resources in such a way as to reflect the governor's agenda.
- While the governor and his or her political appointees determine the agency's priorities, career civil servants implement the programs and, in so doing, often have limited discretion over the project's finer details.

The Basics

The process for securing a government grant may vary at the city and county levels. Regardless of the exact process, grantees should keep in mind the varying political agendas of the elected officials involved in the decision-making process.

A nonprofit can pursue government funding in one of two ways:

1. Participating in the budget process to ensure that public funds are allocated to support outreach efforts for SCHIP and Medicaid by:
 - a. Educating the governor (and/or the governor's policy staff and appointees) about the need for the program in the hope that he or she will make it a priority
 - b. Educating state legislators about the need for the program in the hope that one or several will champion its funding or fight against any budget cuts
2. Approaching government agencies for grants or contracts from appropriated funds

Please note: The Robert Wood Johnson Foundation does not allow *Covering Kids & Families* grantees to use grant funds for lobbying. The Foundation defines lobbying as either a “direct lobbying communication” or “grassroots lobbying communication.” Both of these terms have very technical definitions. But, generally, this means that as a CKF grantee, you cannot ask for funds to be appropriated for your CKF project and you cannot advocate for legislation, which includes your state budget. For more information regarding prohibited lobbying and political campaign activity, please refer to Section 5 of the CKF Program Management Handbook.

Know Your Audience

Identifying your audience, and most importantly what motivates them to support your cause, is the first step in securing government funding. With all government grants, it is important to understand the local political climate.

Elected Officials

Elected officials have a responsibility to the citizens of the community. How they define that responsibility varies greatly with individual political philosophies about government's role and priorities. Often, elected officials who are the most supportive are those whose constituencies stand to benefit the most from the program.

When approaching elected officials, it is important to have a clear understanding of where they fall on the issue of SCHIP and Medicaid. It is much easier to make someone a champion for your specific program if they are already aligned with the fundamentals of

state-funded health insurance programs. Do some research. Visit their Web site and look into their voting history on pertinent issues before contacting them.

Grantor Agencies

When seeking out a potential grantor agency, it is important to look for agencies with like programs, goals and initiatives. Agencies that focus on children, families and health are a good place to start. In the event that the agency you contact doesn't have open requests, place your name on the potential benefactors list to be sure you receive any future requests for proposals. In addition, you may want to inquire about recommendations for other like agencies that could serve as a potential funding source.

In addition to targeting the right audience, it is also important to understand the climate in which the agency operates to help you better craft your proposal and address the agency's direct needs and potential budgetary constraints. Refer to the [Preparing Your Approach](#) section for suggestions on what to think about when looking at an agency's motivation to fund your program and some preliminary arguments on why funding programs like CKF is good for the state's bottom line.

Targeting Prospects

When applying for government grants, it is most important to identify elected officials or grantor agencies that have the same interests, intentions and needs as your program. Contacting local government officials and congressional offices directly to determine the availability of funding should be at the top of your to-do list.

- *Contacting state agencies:* State agencies devoted to health and health care issues are the best places to start when looking for available state grants. Many state Web sites also include searchable databases of available grants. To log on to your state's Web site, go to [www.state.\[your state abbreviation\].us](http://www.state.[your state abbreviation].us).
- *Contacting elected officials:* Outreach to elected officials such as city council members, assemblypersons, town selectpersons, mayors, governors, state and county legislators, state and local commissioners, and others can be helpful in your search for additional funding, whether it already has been appropriated or not. Though you cannot ask them to appropriate specific funds, educating your local officials about the issue and making them a champion for your cause will increase the probability that funding will be appropriated. As always, do your homework before contacting any elected official; before you approach them, you should have an understanding of their level of support for programs like SCHIP and Medicaid.
- *Contacting your state's senators and representatives:* Though federal funding does not count toward the match requirements, the legislative assistants responsible for health-related issues in your state often can help direct you to the appropriate contact at the local level. Contact information can be found at www.senate.gov and www.house.gov.
- *Consulting members of your network:* This also can help guide you to potential grant dollars.

Other helpful resources include state, city and county budgets. An understanding of the budgetary process will allow you to identify appropriated funds and determine available dollar amounts for particular budget functions. Be sure to check out the resources section at the end of the toolkit for other helpful sites and sources.

The Meeting the Match: Government Grants section will give you the tips you need to approach government funding sources for your match requirement.

MEETING THE MATCH: GOVERNMENT GRANTS

Remember, your RWJF grant monies cannot be used in lobbying. Please be aware of the distinction between asking an elected official to support a specific piece of legislation, which would constitute lobbying, versus educating an elected official about your efforts. In addition, requests for line-item appropriations constitute lobbying.

Preparing Your Approach

Garnering Community Support

It is imperative that you garner community support for your cause because the priority of elected officials and government agencies is to serve the citizens of the community. Hold meetings with influential community members and decision-makers who are concerned with the issue of the uninsured to generate support for your cause. Look for individuals or groups from academic, political, health, professional or lay organizations in the community who may be willing to write letters of support describing why they believe your project is worthwhile and why your organization is best equipped to implement the program. Including multiple letters of support in your grant proposal can prove persuasive to a grantor agency, keeping in mind that the type and caliber of support is critical during the review phase.

Elected Officials

You should educate officials about the successes to date of the program and the importance of your continued efforts.

- Take some time to learn about the nature of the problem of the uninsured within the elected official's district. For example, does a state legislator's district have a large Spanish-speaking population that would benefit from outreach materials in Spanish?

- Inform elected officials about the community support for SCHIP and Medicaid.

If appropriate, invite elected officials to visit enrollment sites or events. By cultivating relationships with elected officials, you may:

- Find an ally who will help identify existing grants
- Find a champion who will connect you to key donors in the community
- Increase the chances that they will choose to champion SCHIP and Medicaid funding issues
- Generate publicity for your programs

Grantor Agencies

Once you have identified your target agency, the next step is to get to know the key players within the agency who will ultimately decide the fate of your proposal. A pre-application meeting is a good time for you to make a personal contact. Face-to-face meetings with the examining agency/official are important. They not only help you develop a relationship, but give you the opportunity to discuss essential details about the proposal and ask for suggestions, criticisms and advice about the proposed project. The agency should be familiar with you and your organization long before it receives your final proposal.

Suggested Talking Points

- Highlight the program's ability to stretch state dollars. Because, in most cases, *Covering Kids & Families* programs are funded from multiple outlets, the addition of state monies only helps to broaden the reach of an already well-respected and effective program.
- Highlight the program's impact on the community. Having children and families without health insurance translates to missed work and decreased productivity, as well as increased costs for providing care to uninsured families.
- Highlight the effects of funding your program on the state's bottom line. Insured families are more likely to take preventive measures when it comes to the health of their children (e.g., doctor visits, immunizations, etc.) and are therefore less likely to visit emergency rooms for non-emergency care.

Proposals

For government grants, most proposals are submitted in response to a request for proposal (RFP) from a potential grantor agency. The majority of states do not have a central clearinghouse for RFPs. In many cases, you will need to contact the agencies directly for information about open requests. As mentioned previously, once you have made contact with agency personnel, it is also a good idea to have your program placed on the list of organizations that will receive any future RFP requests.

Though the application process varies by agency, you should always be sure to follow all directions, include all requested documentation and submit your proposal on time. It is recommended that you use your agency contact as a resource long before you submit the final proposal. This way, you will be sure that you have included all of the necessary information before your proposal is sent to committee.

Follow-Up

Once you have submitted your proposal, follow up with your agency contact after two weeks regarding the review process and approximate timeline. Check in periodically and update your contact with any pertinent information such as funding updates.

Stewardship

As noted in previous sections, once you secure funding, your funding source becomes invested in the success of the program. Government grants are no different.

Elected Officials

Continue to nurture your relationships with elected officials by informing them of the progress of your program and newly identified needs. It will remind them of the importance of addressing the issue of uninsured children and help build your relationship, which could lead to other funding opportunities through their contacts.

Grantor Agencies

Stewardship is particularly important when it comes to taxpayer dollars. Once you have been awarded the grant, the next step is to understand how you will be required to report on the progress of the program and the use of government funds. As mentioned above, extensive record keeping is a must when dealing with government grants. Both fiscal and programmatic data are reported on a regular basis. Additionally, you may be audited at any time to determine how you are spending the government funds. Recipients of government funds should clearly understand every aspect of their grant or contract. Noncompliance with grant requirements could result in legal action, including revocation of an organization's tax-exempt status. And lastly, if there are any changes to the program, be sure to alert the funding agency immediately.