



Connecticut's Efforts at Maximizing Federal Revenues

Background

In April 2012, the program review committee authorized a study to assess the state's success at maximizing federal revenues. This study focuses on the federal revenues over which state government policies and programs have the most impact, federal grants.

Connecticut ranked 18th, slightly above average, among states in per capita federal grants funding received with over \$8.3 billion in FFY 2010. Over \$6 billion came to state government, with the remainder divided between local governments, higher education, and non-profits.

Federal grants are classified as one of two major categories, formula or project. Though there are fewer formula grants in number, they account for the majority of grant funding (80 percent). Almost all formula funding is sent to state governments, while project grant funding is more evenly divided between state governments, higher education, and non-profits.

The state received funding for nearly 800 of the over 1,700 federal grant programs. Of the approximately 900 programs for which the state did not receive funding, less than 700 included funding to state governments. Most grants for which Connecticut state government did not receive funding had relatively small total expenditures, with only about 100 of these grants receiving over \$9 million nationwide. State government was ineligible for many of these 100 grants because of certain regional, geographic, or demographic eligibility requirements.

To complete this report, PRI staff reviewed the Consolidated Federal Funds Report and data from USASpending.gov, analyzed state agency survey results, and conducted interviews with key state agency personnel, other persons knowledgeable about the state's grants process, and grants personnel from other states.

Main Findings

The decentralized nature of state government structure around federal grants (identifying, applying for, and administering) is necessary given the differences in federal programs, eligibility, application and plan submissions, and reporting requirements. However, this structure has led to certain deficiencies, as discussed below.

Within the report, several best practices are listed for identifying and obtaining federal grants. These are listed below, in bold, along with the primary findings related to Connecticut's implementation.

A well-developed human infrastructure based on relationships in broad program areas is needed. This infrastructure should include one contact in each agency for federal funding. Connecticut state government temporarily created such a contact list in 2009, but does not have one in 2012.

Agencies must build relationships with federal agency counterparts and national and regional associations. These relationships are well-developed in some areas in Connecticut, while others need to be strengthened.

An overarching set of strategic policies driving a state's agenda is crucial to pursuit of grants. Connecticut does not have a state long-term plan or process that establishes overarching goals, priorities, and objectives, and this likely hampers efforts at revenue maximization.

Agencies need to be creative about how to leverage dollars from all sources. State agencies are not aggressively identifying all opportunities to leverage funding, but the Office of Policy and Management is currently working with a consultant to help agencies with these efforts.

PRI Recommendations

The primary recommendation is to **create a state Office for Maximizing Alternative Revenue, staffed by a person hired at the undersecretary level with recognized leadership abilities, knowledge of state agencies and community-based organizations, as well as high-level knowledge of program areas and funding streams.** The staff person should also have knowledge of the state's approval process for supporting federal grant applications.

Responsibilities of the office include: high-level tracking of the state's federal grants funding; consulting with the legislature; working with OPM and other state agencies to explore specific federal revenue maximization efforts; providing technical assistance to state agencies regarding grant writing; serving as the state's key federal grant contact with the governor's office and the state's Congressional delegation and their staff; and ensuring that the best practices for grants, listed above, are employed in state government.