Committee: Directly to Council
Committee Review: N/A
Staff: Carolyn Chen, Legislative Analyst
Purpose: Receive briefing and have discussion – no vote expected
Keywords: #Grants

AGENDA ITEM #6
February 4, 2020
Worksession

Montgomery
County Council

SUBJECT

Community Grants FY21 Process Briefing, Application Update and Discussion

EXPECTED ATTENDEES

Joshua Watters, Budget Manager, Office of Management and Budget
Rafael Murphy, Fiscal & Policy Analyst, Office of Management and Budget

COUNCIL DECISION POINTS & COMMITTEE RECOMMENDATION

- Not Applicable

DESCRIPTION/ISSUE

The Council has scheduled an update from Council staff and the Office of Management and Budget to continue to oversee the FY21 Community Grants process and application timeline. The purpose is to ensure consistent communication and to manage expectations during a transition year while the County moves towards a new organizational structure for partnering with nonprofit organizations.

SUMMARY OF KEY DISCUSSION POINTS

- Potential challenges in identifying additional resources to fund current and new services provided by nonprofit organizations for County residents.

- Clarity and consistency of communication to the public and nonprofit organizations during a transition year and movement towards program outcomes and impact on County residents.

- Council control of decisions relating to Community Grants process changes and program evaluation.

<u>**This report contains:**</u>

M E M O R A N D U M

January 29, 2020

TO: County Council

FROM: Carolyn Chen, Legislative Analyst *CJC*

SUBJECT: **FY21 Community Grants Update**

PURPOSE: Community grants process briefing, application update and discussion.

Expected for this session:

Joshua Watters, Budget Manager, Office of Management and Budget
Rafael Murphy, Fiscal & Policy Analyst, Office of Management and Budget

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Indexed summary of Montgomery County Community Grants process decisions and application update for Council discussion and comment:

Establishment of Base Budget Evaluation Process for Community Grants Contracts [October 22, 2019]

Each department that administers community grants was asked to examine the grants they administer and provide a recommendation to OMB whether any of those grants should move to the department's base budget.

- In justifying moving any grant to the base, each department was asked to provide information regarding:

  - How long they have administered the grant;
  - How the services provided helped the department accomplish its outcomes;
  - How it furthers one or more of the County Executive's priority outcomes; and
  - How it fits within that department's core mission.

- OMB and the results teams will review the grants recommended by the departments to move to the base budget for a final recommendation to the County Executive.

- For any grants that move to the base budget, the first year the service would continue to be provided through a noncompetitive contract. After the first year, the department could then competitively award the funding.

Continuous Stakeholder Engagement to Determine the FY21 Community Grants Process in the Transition Year Prior to the Establishment of the Office of Grants Management [November – December 2019]

Following the October 24, 2019 GO/HHS Joint Committee Session, Council and Office of Management (OMB) staff distributed the October 22, 2019 memo from OMB to the nonprofit community to receive input and feedback on the six potential options to restructure the Community Grants process and held in-person focus groups:

- **Open Grants Forum.** Grants Forum hosted by Nonprofit Montgomery on November 5th at White Oak Community Recreation Center in Silver Spring was attended by 150+ nonprofit organization representatives.

- **Largest Community Grants-Funded Organizations.** Focus group hosted at Nonprofit Montgomery's office in North Bethesda on November 22nd attended by nonprofit organizations that received the largest amount of funds from the Community Grants process.

- **Open Focus Groups.** Four focus groups hosted by Nonprofit Montgomery on December 2nd and December 3rd at the Council Office Building in Rockville were attended by 52 leaders of nonprofit organizations with the majority of nonprofits participating receiving a Community Grant from the County. Approximately 25% of organizations attended were new to the County's Community Grant process.

- **Racial/Ethnic-Specific Organizations.** Five focus groups hosted by Council staff on December 3rd, 4th, 5th, 7th and 10th attended by organizations that serve primarily a specifics racial/ethnic identity. Includes focus groups held for: Asian American organizations at the Chinese Culture and Community Service Center in Gaithersburg; African American Male-Led organizations at the Collaboration Council in Rockville; Latino-Led Organizations at Identity's offices in Gaithersburg and Black Immigrant-Led Organizations at FAsMarketplace in Wheaton.

- **Program-Specific Organizations.** One focus group was held at the Council Office Building hosted by Collaboration Council on October 18th for youth mentoring organizations. An additional focus group was held at Ayuda's office in Silver Spring on December 10th for legal service provider organizations.

Establishment of FY21 Community Grants Process [December 20, 2019]

Office of Management and Budget transmitted a memo to the County Council on December 20, 2019 incorporating the input and feedback from ten focus groups to establish the Community Grants process for FY21:

- OMB and departmental staff will review the renewal grant applications and make recommendations to the Executive, and the Executive will include specific recommendations for renewal grants in his FY21 Recommended Budget in March.

- The Executive will include in his FY21 Recommended Budget, subject to affordability, an amount of funding available for new and enhanced community grants programs.

- Due to timing constraints, recommendations for specific new and enhanced Community Grants will not be included in the FY21 Recommended Budget. Instead, OMB and Council staff will jointly develop a review process for new and enhanced programs. These recommendations will be transmitted to Council after March 15.

Establishment of FY21 Priorities for Funding Recommendations [December 20, 2019]

- Department review of community grants contracts to move into the base budget.
- Renewal of viable and effective FY20 Community Grants funded programs.
- Renewal programs and funding levels for Community Grants from FY18 and FY19, if they were funded at a lower level or not funded for FY20.
- Creating, as funding allows, a limited pool of resources for new programs or program enhancements.

Streamlining FY21 Capital Grants Process for Community Services and Arts & Humanities Organizations [January 2, 2020]

The Cost-Sharing capital grant application timeline and review process for nonprofit organizations remains unchanged and recommendations will be included in the Executive's FY21 Recommended Budget. The following process changes were implemented to streamline the capital grant application, increase transparency, remove barriers to apply and leverage State matching funds more effectively:

- Elimination of general grant application for operating and capital grant applications.
- One application entry point for health and human services and arts and humanities nonprofit organizations.
- Cover letter submission from organization outlining description of capital project timeline, total budget, funding source listing and maximum level of matching support requested from the County.
- Copy of State of Maryland capital grant application for bond bill consideration for FY21 or previous years State of Maryland funds were secured, if applicable.
- Capital project plans, vendor estimates, lease documentation and additional documentation as necessary to present scope of capital project.

Capital grant applications will be reviewed on a parallel timeline as the State of Maryland legislative session with the scope of capital funding requested two months earlier than previous years.

Launch of Grants Online Portal and Centralized Communication Channels [January 2, 2020]

- **Online Grants Portal via FluidReview Application Platform.** Approximately 1,600 previous applicants and 700 grants email listserve members were informed of the launch of https://mcmdgrants.fluidreview.com/ where applicants can register for an online account to complete three types of applications by 12 noon on January 29, 2020:

  - Renewal & Program Enhancement Application
  - New Organization / New Program Application
  - Capital Grant Application

- **Central Grants Website.** County website URL https://montgomerycountymd.gov/grants was secured to host a central grants website. Legacy County Executive Grant website [https://montgomerycountymd.gov/government/grants.html] and County Council Grants website [https://www.montgomerycountymd.gov/COUNCIL/grants/council_grants.html] will be merged prior to the launch of the Office of Grants Management and will include a central listing of County grant funding opportunities by department.

- **Grants Email & Hotline.** Legacy County Executive Grants email address [execgrants@montgomerycountymd.gov] and County Council Grants email address [council.grants@montgomerycountymd.gov] will be retired after the launch of the Office of Grants Management. A central grants email address was secured for inquiries

[grants@montgomerycountymd.gov] was established. A dedicated County phone number was secured for the public for County grant funding and application inquiries [240-777-7935].

▪ **Online Scheduling Calendar.** Online calendar scheduling platform [https://calendly.com/mocogrants] was launched for applicants to schedule in-person meetings, conference calls and video chats based on availability of County staff and applicant schedules. Starting in February 2020, weekly time blocks will be reserved for applicant questions and updates during the transition year prior to the launch of the Office of Grants Management.

▪ **MC311 Script.** In November 2019, MC311 presented to County staff on the operations of the call center. Grants-related knowledge base articles were updated with FY21 Community Grants website and Executive Branch contact information for MC311 staff.

Grant Application Workshops, Info Sessions and Webinars [January 2020]

Date	Location	Registrations
December 12, 2019	Montgomery County Food Council Meeting – Silver Spring	N/A
January 7, 2020	Plum Gar Recreation Center – Germantown	30 registered
January 7, 2020	Wheaton Community Center – Wheaton	59 registered
January 8, 2020	Council Office Building – Rockville	73 registered
January 9, 2020	Silver Spring Civic Center – Silver Spring	105 registered
January 9, 2020	African Affairs Advisory Group Meeting – Silver Spring	N/A
January 16, 2020	Presentation at East County Service Providers Network Meeting – Silver Spring	N/A
January 23, 2020	Online Webinar [Power outage after 40 min]	144 registered
January 24, 2020	Online Q&A [Rescheduled webinar]	43 registered
January 27, 2020	Open Office Hours – Council Office Building - Rockville	15 organizations
January 28, 2020	Open Office Hours – Council Office Building - Rockville	3 organizations

Summary of Applicant Question & Answer Engagement by County Staff
[As of January 27, 2020]

Applicant Question & Answer Engagement Type	Count
Council Staff – 15 min Conference Calls	38
Council Staff – 45 min FY21 Application In-Person Meetings	32
Council Staff - Site Visits	7
Council Staff – 60 min FY20 Feedback In-Person Meetings	23
Executive Staff – Organization Calls & Emails	25

Summary of Grant Applications Pending & Submitted [As of January 27, 2020]

FY21 Pending Grant Applications	30*
FY21 Submitted Grant Applications	522
TOTAL	552**

*Staff is in contact with applicants to confirm official submittal of applications through the online grants portal.

** Note that since the application format was changed for FY21, the total number of applications is an underrepresentation of the actual number of applications submitted as renewals vs. new programs. Total application projection for FY21 is estimated to be twice the number of submitted applications.

Council Staff Response to Councilmember Questions on Community Grants Process

1. *The non-profit community heard at recent Community Grant Workshops that new programs/organizations would be funded if there is money remaining after the renewals. Therefore, we assume it is possible that no new organizations or programs are funded for FY21. Please confirm.*

Yes, it is possible that no new organizations or programs will be funded for FY21.

In FY20, 335 nonprofit organization programs were funded at $14.5M for operating grant contracts. FY21 is a transition year for community grants to realign County department goals with community grant programs and to renew viable and effective programs at funding levels that produce maximum impact and outcomes for County residents. In OMB's December 20, 2019 memo to Council, priority for funding recommendations include:

1. Department review of community grants contracts to move into the base budget.
2. Renewal of viable and effective FY20 Community Grants funded programs.
3. Renewal programs and funding levels for Community Grants from FY18 and FY19, if they were funded at a lower level or not funded for FY20.
4. Creating, as funding allows, a limited pool of resources for new programs or program enhancements.

New organizations and new programs to the FY21 Community Grants process will be funded subject to spending affordability guidelines and Council approval.

2. *Provide an update on the development of the process for reviewing new program/organization applications.*

OMB and Council staff are currently developing a joint process for reviewing new program/organization applications. OMB will convene departmental staff, contract monitors and OMB analysts to provide input on new program/organization applications after the FY21 County Executive Recommended Budget is submitted to Council on March 15th provide recommendations to the County Executive.

Council staff will review new program/organization applications with each Legislative Analyst as program goals relate to assigned portfolios beginning in February and continue through the end of May prior to Council approval of the FY21 budget. Analysis of County Executive recommendations will be provided to committee members during scheduled committee hearings.

3. *We also learned at the workshop that renewals will be included in the County Executive's March 15 recommended operating budget and that the departments will then start working on contracts so they can be executed in a more timely fashion. Does this assume that the Council will pass the Executive's recommendations, as is?*

Yes, this assumes that the Council will approve Executive recommendations for renewals as is.

Historically, the Council has removed a specific community grant only in the case of a conflict in interest with County legal requirements for noncompetitive contracts. The goal for FY21 is to prioritize renewal contracts to be included in the Executive's March 15th recommended budget so that departments can prepare contracts with nonprofit organizations two to three months earlier for a July 1, 2020 start date.

4. *What is the first deadline for grants next year (FY22)? In the October OMB memo, they mention that youth programs would need funding earlier and so they hoped to do an application earlier than our current timing so that these groups could get their funding before summer programming typically happens.*

No specific deadline for FY22 for youth summer programs has been determined yet; an implementation timeline with the Executive Branch and the future Office of Grants Management would recommend application deadlines based on program area priorities. Nonprofit organizations with youth development summer programs would be convened and/or surveyed to determine the ideal grant cycle for youth summer programs. However, assuming a quarterly application process during the calendar year, a potential option for a summer program grant cycle could be an application deadline in October 2021 for contract execution by December 2021.

5. *What are we trying to accomplish as a County with the community grants? Community grants can do many things and in order to stay focused, it would be important for us to ensure we agree and keep our goals central to the discussions that continue over the next year.*

The initial purpose of the Community Grant program is to allow for a mechanism for community partners to enter into one-year grant contracts to pilot new and innovative programs that serve and reach County residents in a culturally competent manner. Historically, the Community Grant program has been comprised of 80% renewal contracts over multiple years that funded cost-efficient delivery of services by nonprofit organizations. However, funding levels have not covered the cost for a nonprofit organization to deliver the services effectively and thus, projected outcomes have not been achieved. The purpose of this transition year is to develop a Community Grants program that encourages innovation, collaboration with increased access and measurable impact to County residents.

6. *The last time the committees reviewed this topic, we agreed to renewing organizations that were funded in the last three years and without Council input or any follow up conversation, we received a memo from the Office of Management and Budget that the County Executive will be prioritizing funding based on three criteria. To ensure true collaboration, we should have had a conversation before these decisions were made. How and why was this decided? Are there other similar decisions that have been made or processes that have changed?*

The prioritization of funding is based on timing and the intent to relieve the bottleneck created at the department level by the increase in the number of Community Grants contracts over the past decade. The first phase of the transition year is to execute renewal contracts to start on July 1, 2020 to ensure no break in essential services to County residents. The three-year lookback to funding levels of

programs in FY18, FY19 and FY20 was a priority by nonprofit organizations in focus groups and the Council and remains part of the FY21 review process.

7. *What decisions will need to be made in the next six months and will the Council have a chance to weigh in on them? How will we engage organizations this summer to start helping them to transition to next year's application (FY22) and for them to be ready for this new outcomes-driven approach?*

The Council and County Executive have committed to a joint review of the FY21 Community Grants process and both branches will participate in the evaluation and review of applications. Council staff will coordinate and provide updates to Councilmember offices during February and March prior to the Executive's FY21 Recommended Budget and continue through May prior to Council vote of the FY21 Approved Budget.

A potential option is to leverage umbrella organizations [Nonprofit Montgomery, Nonprofit Village, Montgomery County Food Council, Collaboration Council, Montgomery Cares] to provide training, evaluation and metrics tracking to increase the capacity of organizations and position programs to address projected future needs as opposed to reacting to current needs.

8. *Who exactly will be on the review team, both for the transition year and future years? Will Council play a role in review or not? Will input of everyone on review team be weighted equally? Who makes the final decision and how is this decided?*

During the transition year, the review team will consist of:

- Department staff and contract monitors
- OMB Fiscal & Policy Analysts by portfolio
- Legislative Analysts by portfolio

In future years, review teams can consistent of subject matter experts from County departments, national program area experts and County resident reviewers that have demonstrated experience in the program area evaluation and outcomes. In addition, establishing parallel processes with the Office of Procurement – which includes equal weight of each reviewer in the final decision-making process is critical for transparency and consistent application of evaluative criteria.

The Council's role includes input and final approval of the County Executive and future Office of Grants Management recommendations for funding. The purpose of the transition year is to align the Community Grants cycle with the fiscal year budget cycle.

9. *What will the Council's role be in this process moving forward?*

Currently, the draft legislation for the establishment of the Office of Grants Management includes quarterly updates to the Council on Community Grants funding recommendations and the status of securing additional public funds and corporate and philanthropic partnerships to increase capacity of County departments.

10. What criteria will decisions be based upon?
11. Will analysis and recommendation for review team be documented and available to public?
12. Will there be a clear rating system that is easily understandable?

The expectation is that the Office of Grants Management will work with the Office of Procurement to create a standard set of criteria to evaluate applications for contracting in future fiscal years that is documented and available to the public.

In previous years, the County Executive and County Council implemented separate application processes and evaluative criteria. In FY20 and years prior, the County Executive's administrative grant review process was conducted by OMB staff and recommendations were made directly to the County Executive for inclusion in the Executive's Recommended Budget.

In FY20, Council Grant volunteer reviewers called the "Grants Advisory Group" rated applications on a scale of 1 to 5 [5 being the highest] on three key questions:

1. Did the applicant demonstrate there is a specific critical need?
2. Did the applicant propose a solution to the problem?
3. Did the applicant show that its program's "theory of change" or model produces results?

Each review team consisted of three reviewers and submitted individual recommendations for funding. Grant applications that received three votes to fund were then assessed for a funding level recommendation that was then submitted to the Council Grants Manager. Subsequently, all recommended applications were ranked by total score which consisted of the average rating for each question. Recommended funding levels were than presented to the Council for final vote.

In FY19 and years prior, the Grants Advisory Group conducted a qualitative review and published evaluation forms on each application submitted based on a review of the application and in-person interviews with the organizations. The Grants Advisory Group presented recommendations of programs to fund and the Council Grants Manager recommended funding levels to the Council for final vote. A comprehensive report of Grants Advisory Group evaluation forms was compiled and published on the Council Grants website. Applications were qualitatively reviewed in four areas:

1. Public Benefit
2. Strength of Proposal
3. Cost-Benefit Analysis
4. Strength of Organization

FY11 to FY19 Grants Advisory Group reports with evaluation forms of programs are archived on the Council Grants website:
https://www.montgomerycountymd.gov/COUNCIL/grants/council_grants.html.

13. Will all applicants know exactly who is reviewing their application and who the deciders are?

Yes, applicants will know who reviewed their application and will have the opportunity to receive feedback on their application and evaluative review. In previous years, the Council Grants Manager held in-person meetings post-application cycle to provide guidance for the next application cycle.

14. Will applicants clearly understand why certain organizations are added to the base budget and others are not? Am I accurate in my understanding and do all Councilmembers realize that we are effectively delegating the entirety of the responsibility and decision making to the Executive of what funding for organizations will go into the base budget and what won't? Am I misunderstanding to assume that the only Council role in this would be to either cut a program that would have been funded in the County Executive's budget or cut another aspect of the budget to add an organization to the base budget ourselves?

In the Grants Forum, focus groups and applicant workshops and info sessions, applicants have been informed that when a program is moved into the base budget, the specific service is being incorporated into the base budget of the department, not the organization itself. Thus, the department can competitively bid the service through the Office of Procurement request for proposal process. In addition, many organizations hold department contracts for programs that receive supplemental funding through the Community Grants process. This transition year allows funding to be consolidated into current contracts to decrease the administrative burden of the department and the nonprofit organization itself.

With a consolidated budget review process and the removal of the Community Grants cycle from the budget cycle, the Council can continue to review the Executive's recommended budget in its entirety and determine what reductions or additions in services are needed to meet County priorities.

15. What if needs of community do not fit in the identified priority areas?

The FY21 Community Grant application includes a mapping of nonprofit organization program areas to the County Executive's seven priority areas. In the case that the needs of the community do not git into a specific priority area, it is recommended that the organization work with County staff to determine the best fit.

1. Thriving Youth and Families --> Healthcare Services for the Medically Uninsured, Mental & Behavioral Health, Seniors, Social Isolation, Services for People with Physical, Intellectual and Developmental Disabilities, Youth Development, Disconnected Youth, 13+ Years Old, Under 12 Years Old
2. A Growing Economy --> Economic Development, Workforce Development
3. A Greener County --> Climate Change, Environment
4. Easier Commutes
5. A More Affordable and Welcoming County --> Emergency Assistance Programs, Food Insecurity, Hunger, Housing for the Homeless, Legal Services, Services for New Americans, Immigrant Services
6. Safe Neighborhoods--> Community Development
7. Effective, Sustainable Government

16. Have the Council decided whether we want organizations to leverage community grant funding? For those that are moved to the base budget, they would potentially get full funding but for those still in the community grants program, what are our intentions in terms of whether they need to leverage County funding?

The vision of the Office of Grants Management is to increase the capacity of County departments to contract with nonprofit organizations as vendors that provide services to County residents that enable to the department to meet its core mission and increase the reach of services provided. The Community Grants program is a small percentage of the total County budget and should be incorporated into the base budget of departments to reduce administrative burden and contract delays.

Previously, the Community Grants program operated on a foundation/philanthropy model and partially funded programs and required organizations to leverage non-County funds to execute their programs and deliver services. This model led to the proliferation of nonprofit organizations that competed with each other for County funds and did not catalyze collaboration or encourage innovation in program development or service delivery. The Community Grants program saw exponential increases in the number of applications per organization, inflated program and projected fundraising targets and stagnant outcomes.

The next generation of the Community Grants program is to leverage the robust nonprofit community in the County. By providing stable County funding at appropriate levels to nonprofit organizations, program outcomes become achievable which as a result, will increase the external funds that the nonprofit organization can secure. In addition, funding collaborations between existing nonprofit organizations will allow the County to track collective impact of public funds and identify gaps more efficiently.

17. In this transition year, my office asked what will happen to certain arts organizations that consistently are funded in community grants and we were told that there may be an off-ramp especially since this year, they may be renewed. Can we get more details here on what that will look like and when they will need to be fully transitioned? Also, who will make the final decision and determination here on what organizations are appropriate to include in community grants? These organizations should not be penalized based on how the County chose to fund them in the past, nor should critical services be risked as a result.

The Arts & Humanities Council and the Montgomery Coalition for Adult English Literacy – nonprofit entities that are funded by the County to grant funds to nonprofit organizations – are engaged with County staff in the Community Grants transition year so that application processes and evaluative criteria are consistent. Centralizing the administrative execution and partnering for joint review of applications and programs ensures that nonprofit organizations are not penalized for seeking funding from multiple sources, but instead focusing on realigning programs and services to the appropriate departments and funding entities.

18. Councilmember Katz and Councilmember Friedson both agreed that we should not use savings from grants not renewed or given in order to fund any new government staff for grants. Will March 15th be the first we see from the County Executive in terms of how he proposes to fund the new grants office? And will the legislation be passed by then?

The expectation is that reductions in Community Grant funding would be reallocated to department budgets or to fund viable and effective Community Grant programs and will not be used to fund government staff for grants.

A GO/HHS worksession has been scheduled for January 30, 2020 to review draft legislation and discuss economic and fiscal impact assessments provided by OMB and recommendations on funding levels for the Office of Grants Management.

19. In our last committee meeting, Council staff stated a new objective for the future grants program, which is that instead of funding so many organizations at a fraction of their costs, that we move more into the budget and fund them at 100 percent. Does the County Executive agree to this for organizations moved into the base budget?

In this transition year, the Community Grants application has been revised to reflect the total expected program cost for a nonprofit organization to deliver services and for OMB and Council staff to collect data on the scope of services that are provided by nonprofit organizations in the County. This data, including the range of funding needs from new organization and new programs, will drive the extent of funding needed to meet department goals and outcomes/impact of services.

FY2021 Community Grants Projected Timeline

	2019			2020							2020					2021			
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr - Jul
Base Budget Department Review	■ (blue)	■ (blue)		■ (blue)	■ (blue)	■ (blue)													
Nonprofit Community Forum & Focus Groups	■ (green)	■ (green)	■ (green)																
FY21 Community Grants Process Established			■ (blue)																
Applicant Workshops, Info Sessions & Webinars				■ (green)															
Applicant Q&A Engagement				■ (green)	■ (green)	■ (green)	■ (green)	■ (green)											
Review of Renewal & Program Enhancement Applications					■ (green)	■ (green)													
Review of New Organization/New Program Applications					■ (green)	■ (green)	■ (green)												
Review of Capital Grant Applications					■ (green)	■ (green)													
Executive FY21 Recommended Budget to Council						■ (blue)													
Council Review of FY21 Recommended Budget					■ (orange)	■ (orange)	■ (orange)												
Council Approval of FY21 Budget								■ (orange)											
FY21 Community Grant Renewal Contract Process						■ (blue)	■ (blue)	■ (blue)	■ (blue)	■ (blue)									
Subject to Affordability Guidelines and Council Approval:																			
FY21 Community Grants New Program Contract Process												■ (blue)	■ (blue)	■ (blue)					
FY21 Appropriated Funds by Priority/Program Area													■ (green)	■ (green)	■ (green)	■ (green)	■ (green)		
Establishment of FY22 Office of Grants Management										■ (green)	■ (green)	■ (green)	■ (green)	■ (green)	■ (green)	■ (green)	■ (green)	■ (green)	■ (green)

Legend:
- ■ (blue) **County Executive**
- ■ (green) **County Executive & County Council**
- ■ (orange) **County Council**

1

Marc Elrich
County Executive

Richard S. Madaleno
Director

MEMORANDUM

October 22, 2019

TO: Nancy Navarro, Council President
             Gabe Albornoz, Chair, Health and Human Services Committee

FROM: Richard S. Madaleno, Director

SUBJECT: Potential Options to Restructure the Community Grants Process

Background

The Community Grants process currently includes two non-departmental accounts (NDAs), County Executive Community Grants and County Council Community Grants. In FY20 a total of $14.5 million was awarded through both the County Executive and Council grants process. Of this amount, $10.4 million was recommended by the County Executive ($9.1 million operating and $1.3 million capital), and $4.1 million was awarded as a Council grant ($3.8 million operating and $360,000 capital).

While called "grants," community grants are noncompetitive contracts with awardees for designated services. These contracts must be approved by the Council after the budget process and then are given to departments to administer and monitor. Apart from this monitoring, there is little oversight of community grant deliverables and little connection to outcomes.

Following the July joint committee work session on community grants, the Office of Management and Budget (OMB) convened a workgroup to examine Executive Branch processes and to develop decision points that would create a framework to make the grants process more transparent and accountable, and outcomes driven. This group was initially comprised of representatives from OMB, DHHS, DHCA, Finance, Procurement, CountyStat, and the County Attorney's Office. The workgroup has since expanded to include Council Staff and representatives from the nonprofit community.

The workgroup developed six options for a framework and a proposed implementation plan. These options have been presented to the County Executive. Prior to making a decision, the County Executive instructed OMB to conduct outreach to the nonprofit community and receive feedback on their impacts -- that process is currently underway. Specific details for each of the items could be developed in conjunction with the nonprofit community.

Potential Community Grant Changes Decision Points

Item 1 – Combine County Executive and County Council Community Grant NDAs, make no changes to the Cost-Sharing Capital Grants Process
- Combine the County Executive and County Council community grants NDAs, and create a single, merged Community Grants Program.
- This will allow for a single, streamlined community grants program and reduce the administrative burden for both the nonprofit community and the administering departments.
- This would not impact the current process for cost-sharing capital grants. These funds leverage State bond initiative funding, and the process should remain the same for those grants to ensure that nonprofit partners can leverage that funding.

Item 2 – Change the Community Grants Process to be Outcomes Driven
- Currently all community grant awards are made in conjunction with the budget cycle, and do not go into effect until the beginning of the fiscal year. This creates disadvantages for some programs, such as summer youth programs whose programs begin prior to July 1.
- While departments monitor the community grants contracts and provide reimbursement for expenditures, there is little accountability that the services provided are aligned with outcomes.
- During the budget cycle, the County Executive could recommend – and the Council would approve – an overall amount of funding for community grants, and specifically designate how the funding would be divided among the priority outcome areas or to specific targeted outcomes (like food security), but not make specific individual awards.
- Instead there could be multiple, smaller application periods throughout the fiscal year that would be targeted to specific outcomes.
    - These proposals could then be reviewed by review panels (either results teams or outside groups related to the specific application – like the Food Council for food security grants) to ensure that they align with the specific outcome and adhere to the County's commitment to equity. For example, grants targeted to summer youth programs could be awarded in early spring so that programs would be able to start when the school year ends.

Item 3 – Create a Grants Office to Manage the Community Grants Process
- Merging the two community grants NDAs and changing the process to be outcomes driven would likely necessitate the creation of a grant's office. OMB is examining low cost or no cost options to do this.
- The functions of this new office could include coordinating the targeted application and review processes for community grants, providing technical assistance to apply for grants, and providing coordination and technical assistance for County departments to apply for external County funding.

Item 4 – Create an Aspire Grant Program to help build Nonprofit Capacity
- The Aspire Grant Program would be designed to help nonprofits build capacity, innovate, and build partnerships.
- Grantees would be accountable for measurable results and provided with technical assistance.
- The Aspire Grant Program could potentially be outsourced to a nonprofit partner who already has experience in both helping nonprofits get started and providing technical assistance. This funding could leverage additional resources from the philanthropic community.

Item 5 – Create a Grant Agreement Tool
- All community grants currently become noncompetitive contracts, and generally must undergo review by the County Attorney, Risk Management, and the Office of Procurement – creating an administrative burden for both the County and nonprofit partners, and lengthening the time it takes to execute an award.
- Some of these administrative hurdles could be avoided by creating a grant agreement tool in regulation and/or County code.
- Rather than being a reimbursable award, this would allow funding to be provided on an agreed upon schedule by the administering department and the nonprofit partner – for example, funds could be dispersed monthly or quarterly.
- In return, the grant agreement would stipulate certain reporting requirements for the nonprofit partner that would demonstrate how the funds being provided accomplish the intended outcomes.
- This approach would be more in line with other grant funding that our nonprofit partners receive from other sources. Additionally, this approach would change the conversation between nonprofit partners and the County from being one surrounding invoices to one surrounding outcomes.

Item 6 – Move Certain Community Grants to the Base Budgets of Departments
- Each department that administers community grants was asked to examine the grants they administer and provide a recommendation to OMB whether any of those grants should move to the department's base budget.
- In justifying moving any grant to their base, each department was asked to provide information regarding how long they have administered the grant, how the services provided helped the department accomplish its outcomes, how it furthers one or more of the County Executive's priority outcomes, and how it fits within that department's core mission.
- OMB and the results teams will review the grants recommended by the departments to move to the base budget for a final recommendation to the County Executive.
- For any grants that move to the base budget, the first year the service would continue to be provided through a noncompetitive contract. After the first year, the Department could then competitively award the funding.

Draft Implementation Plan
- A methodical transition in FY20 and FY21 is imperative to the success of the new grants process.

FY20 Implementation
- Request input from Council and Council staff on the new process.
- Discuss options for reform at the November 5 Community Grants Forum.
- Conduct a series of five focus groups with members of the nonprofit community – coordinated in conjunction with Nonprofit Montgomery – to receive feedback on the community grants reform options.
- Work with the County Attorney's Office to determine what legal and/or regulatory changes are necessary to create a grant agreement tool.

FY21 Implementation
- Combine Council and County Executive Community Grant NDAs for FY21 budget.
- Establish the Grants Office in the FY21 budget.
- Implement the Aspire Grants Program at an affordable level for FY21 to be determined through the budget process.
- Allow recipients of FY20 grants to apply for a one-year renewal for their FY20 grant for the same purpose and amount – subject to review, recommendation, and approval – for FY21.
  - For those grants approved, this would allow for a continuation of services for current providers. OMB and the administering departments would review the award and make a recommendation as to whether funding for grants should be renewed for FY21 based on the organization's current performance.
- Move certain community grants to the base budget of departments.

FY22 Implementation
- Fully implement the outcomes-driven approach to applying, reviewing, and awarding community grants. Awards for FY22 would be for one year; whereas, FY23 awards would be for two years (conditional on an annual appropriation).

RSM:jw

c: Andrew Kleine, Chief Administrative Officer
   Debbie Spielberg, Special Assistant to the County Executive
   Dale Tibbitts, Special Assistant to the County Executive

MEMORANDUM

TO: Council President Sidney Katz
                Councilmember Nancy Navarro, GO Committee Chair
                Councilmember Gabe Albornoz, HHS Committee Chair

FROM: Councilmember Andrew Friedson, District 1
                Councilmember Craig Rice, EC Chair

DATE: December 11, 2019

SUBJECT: Community Grants

We appreciate the multiple discussions the GO and HHS committees have led this year on changes to the grants program. Community grants are among the most effective private-public partnerships the County has, providing services to some of the most vulnerable in our community which government alone couldn't. Transitioning this program to a new structure provides an opportunity for greater certainty and stability to our community partners and allows us the opportunity to ensure better outcomes for our residents—an important goal we all share.

After participating in our most recent conversation on October 24th, we believe there are still lingering questions that remain, and hope to clarify them for the Council and our community partners. First, we don't have a clear understanding on specific costs of the various options as presented, which might create a significant challenge if we need to identify additional resources in order to follow through on our commitment to renew all organizations funded over the last three years and also fund new community programs and organizations this year. Additionally, we are concerned about the clarity and consistency of communication with all nonprofits regarding the transition year, how they should prepare moving forward when outcomes will be weighed more heavily, and how we will engage them as we establish the new system.

Next, without us making decisions on the details, we will be ceding significant Council control over the decisions that will be made over the next year. Last but not least, we need sufficient time to plan and set expectations in order to ensure a smooth transition. In this spirit, we hope to work through the timeline to see how this will all come together, not only in this next year but in the years to come.

Given the significance of these grants on our community partners and the residents they serve, we respectfully request a full Council briefing in order for all councilmembers, especially those who are not on the GO and HHS committees, to be able to ask questions and shape where our grants program is headed. We also hope that all councilmembers be given the opportunity to submit questions in advance so that Carolyn Chen and/or Executive staff can have sufficient time to address them in detail at the briefing. Thank you for your consideration.

CC: Montgomery County Councilmembers
        Carolyn Chen

NANCY NAVARRO
COUNCIL MEMBER, DISTRICT 4

CHAIR, GOVERNMENT OPERATIONS AND
FISCAL POLICY COMMITTEE

EDUCATION AND CULTURE COMMITTEE

December 18, 2019

Dear Councilmembers Friedson and Rice,

Thank you for your letter dated December 11, 2019 regarding the status of our current Community Grants Process. It is my understanding that Council President Sidney Katz will be scheduling a full Council briefing to discuss this issue.

As you will recall, during the October 24, 2019 joint GO/HHS committee session discussion of Bill 36-19, we discussed possible reforms to the current process. We also discussed, next steps which included ongoing focus groups conducted by the County Executive.

We already have a scheduled joint GO/HHS committee follow-up session on Bill 36-19 to further our work.

I look forward to our discussion in full Council on this item, and in the meantime, if you have any questions, please direct them to Carolyn Chen, Grants Manager.

Sincerely,

Nancy Navarro
Councilmember, District 4

cc: Councilmember Sidney Katz, Council President
   Councilmember Gabe Albornoz
   Councilmember Evan Glass
   Carolyn Chen
   Dale Tibbits

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December 20, 2019

TO: Sidney Katz, Council President
            Nancy Navarro, Chair, Government Operations and Fiscal Policy Committee
            Gabe Albornoz, Chair, Health and Human Services Committee

FROM: Richard S. Madaleno, Director

SUBJECT: FY21 Community Grants Application Process (REVISED)

          As discussed at the Government Operations and Fiscal Policy (GO) and Health and
Human Services (HHS) Joint Committee work session on October 24, the Office of Management and
Budget (OMB), together with Council Staff, representatives from the nonprofit community, and County
Staff, developed six options for a framework and a proposed implementation plan to reform the
Community Grants Process.   Following the Joint Committee work session, OMB and Council staff
conducted outreach efforts to discuss the reform options with members of the nonprofit community.
Together, OMB and Council staff presented to a Community Grants Forum hosted by Nonprofit
Montgomery on November 5, 2019 to discuss the options for reform and answer questions. Furthermore,
Nonprofit Montgomery, OMB, and Council staff facilitated five focus groups in late November and early
December to collect specific feedback on the proposed reforms directly from the nonprofit community.
Those five focus groups were attended by representatives from 52 nonprofit organizations. The forum
and focus groups were successful in collecting feedback, concerns, and recommendations on the six
options for a framework and implementation plan.

          We have been informed that the Council intends to hold a full Council work session early
in the new year to discuss in-depth options for reforming the Community Grants Process. We look
forward to having conversations with Council on the options presented in October along with the
feedback that was collected through our initial outreach efforts. Per the implementation plan discussed
with Council and the nonprofit community, the most significant community grants reform options would
occur in FY22. However, a decision needs to be made about the community grants process for FY21, as
this information will need to be included in the County Executive's FY21 Recommended Budget that will
be transmitted to Council in March. Based on feedback we received from Council members at the
October Joint Committee work session and from the nonprofit community the County Executive
recommends moving forward as follows for FY21:

*   The County Council and County Executive FY21 Community Grants programs, including the
    application process and corresponding Non-Department Accounts (NDAs) will be combined,
    creating a single, streamlined process.
*   The community grant application portal for FY21 grants will open for submissions on January 2, 2020.

Office of the Director
_____
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www.montgomerycountymd.gov/omb

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- OMB and Council staff will conduct Community Grant application training workshops throughout the County for nonprofit partners during the week of January 6, 2020. These are scheduled for:
  - Tuesday, January 7, 2020 – Plum Gar Recreation Center at 10:00 am;
  - Tuesday, January 7, 2020 – Wheaton Community Center at 2:00 pm;
  - Wednesday, January 8, 2020 – Council Office Building at 5:30 pm; and
  - Thursday, January 9, 2020 – Silver Spring Civic Center at 10:00 am.
- The Community Grant application portal will close on January 29, 2020.
- OMB and departmental staff will review the renewal grant applications and make recommendations to the Executive, and the Executive will include specific recommendations for renewal grants in his FY21 Recommended Budget in March.
- The Executive will include in his FY21 Recommended Budget, subject to affordability, an amount of funding available for new and enhanced community grants programs.
- Due to timing constraints, recommendations for specific new and enhanced Community Grants will not be included in the FY21 Recommended Budget. Instead, OMB and Council staff will jointly develop a review process for new and enhanced programs. These recommendations will be transmitted to Council after March 15.

Given the current fiscal climate and the intention to transition to a new Community Grants process in FY22, the County Executive will recommend prioritizing funding in the following order:

1. Renewing viable and effective FY20 Community Grants funded programs.
2. Renewing programs and funding levels for Community Grants from FY18 and FY19, if they were funded at a lower level or not funded for FY20.
3. Creating, as funding allows, a limited pool of resources for new programs or program enhancements.

As has been discussed with Council and the nonprofit community, the Community Grants application and review process for the Cost-Sharing Capital Grants process will not change so that State matching funds can continue to be maximized. Keeping with current practice, specific recommendations for Cost-Sharing Capital Grants will be included in the FY21 Recommended Budget.

We look forward to continuing our conversations with Council and the nonprofit community on reform options for the Community Grants process, to make it fairer, more outcomed focused, and more accountable. Should you have any questions, please feel free to reach out to me, Rafael Murphy, or Joshua Watters at OMB.

RSM:rm

c: Lisa Mandel-Trupp, Chief of Staff for Council President Katz
Andrew Kleine, Chief Administrative Officer
BB Otero, Special Assistant to the County Executive
Debbie Spielberg, Special Assistant to the County Executive
Dale Tibbitts, Special Assistant to the County Executive
Carolyn Chen, Council Grants Manager