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SMALL TOWN STRATEGY

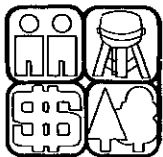
Basic Grantsmanship

**WREP 56
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Deciding exactly and specifically what you want to do is one of the most important parts of the grants process. Once a clear and definite goal is established, you will have an idea of how to put the funds together. Until you are able to develop that clear goal, it will be very difficult to sell your program to a funding source. (Another publication in the Small Town Strategy

series entitled "Identifying Problems and Establishing Objectives" might be helpful in this process.)

Once you have determined your goal and your approach, you are ready to begin looking for funds. There are six basic sources of funds: federal grants, state grants, local government funds, private foundations, corporate donations, and local fundraising.



WRDC

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A regional center for applied social science and community development cooperating with Land Grant Universities in:
Alaska, Arizona, California, Colorado, Guam, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, Wyoming

Federal Grants

The best source for finding out about federal grants is the *Catalog of Federal Domestic Assistance (CFDA)*. This document lists every grant program run by the federal government. It is available from the Government Printing Office in Washington, D.C., for \$20 per year. A subscription to the CFDA provides the basic document and periodic updates. The document contains instructions on how to use the CFDA. Local libraries often have copies of the CFDA as do units of local government. A computer-

ized version of the book, known as the *Federal Assistance Program Retrieval System (FAPRS)*, is also available through many state universities or through the Cooperative Extension Service. A word of caution: under each program is listed the amount of money authorized by Congress for that program. Congress frequently authorizes funds for programs for which they do not appropriate money, so it is necessary to check with the agency administering the program to see how much money it really has.

State Grants

There is a variety of state grants available, depending on your state. In some states, the municipal league or the association of counties publishes a document which is the state-level equivalent of the CFDA. You can probably find out whether such a document is published in your state by calling the nearest local government unit. Many states have departments of community or local affairs which work with local groups to solve funding problems. Often you can find out about state resources and staff people by calling your elected representatives.

Foundations

Foundation resources are best located in the *Foundation Directory*. This book is generally found in public libraries, and it is available on interlibrary loan. The information is somewhat limited, so be sure to read the instructions on how to use the book. Some states have their own directories published by local groups. These are often more helpful than the *Foundation Directory* because the information is more localized.

Public libraries in 43 states have established Regional Collections of

information about foundation and grant funding. The Regional Collections were developed in conjunction with the Foundation Center, 888 Seventh Ave., New York, New York, 10019. They contain Form 990 AR, an Internal Revenue Service document which provides great detail about a foundation's assets and giving.

The Foundation Center is an excellent resource for those who wish to pursue foundation funding. One of the services offered by the Center is a microfiche of foundation funding

categorized by special interest such as rural development, senior citizens, women's programs, etc.

There are two critical points to remember about foundations: 1) many of them do not have a staff; and 2) their giving is often very personal and based on an interest of a key board member. Regarding the first point, when a foundation has no staff, it may not answer your letter asking for an application form (they probably don't have one, anyway). Frequently, the best approach to a foundation is a

brief, well-written letter which includes a budget and describes your program and your request. The message in the second point is that it frequently pays to find out who is on the foundation's board of directors and try to contact one of them personally.

Local Funding Sources

Revenue-sharing is probably the best source of local government funds. This is federal tax money which is returned to units of local government in September of each year, based on population. The local governments are required to hold public hearings on how they plan to spend the funds, but there is great flexibility in how these funds can be spent. There is also direct funding assistance available from the local government's general fund.

Direct corporate donations are an available source of funds, although such contributions do not make up a very large part of the total amount of

philanthropic giving across the country. Nonetheless, you should remember that one of your options for fundraising is a direct approach to business and industry.

Local fundraising is an art most organizations practice. Methods range from bake sales, rummage sales, car washes, and raffles, to direct corporate donations to a United Way campaign. They require good organization, dedicated volunteers, and a lot of time. While this can be a good source of minimal basic or supplemental funds, it almost never provides all the money required to run a program or organization.

Submitting a Proposal

Now that we have looked at a variety of sources, let's look at what they have in common and how to go about tapping those funds. Almost every funding source wants to see some sort of proposal which contains:

- 1) project summary and introduction
- 2) statement of the problem
- 3) methods to be used to solve the problem
- 4) evaluation criteria
- 5) future funding sources
- 6) a budget.

The above items constitute the basic elements of a proposal. If you have them, you should also include statistics about how many people your

project would serve or how many houses you will rehabilitate, etc. If possible, include statistics for other similar programs to provide a basis for comparison of effectiveness.

Although there are many proposal formats, one of the most complete ones has been developed by The Grantsmanship Center, 1015 W. Olympic Blvd., Los Angeles, California, 90015. The Center has a number of useful articles on the grants process; it also sponsors grantsmanship workshops across the country.

Before you go too far with your proposal, it is important to contact the funding source to make certain that your project is in line with their current

funding priorities and interests. If you plan to approach a private foundation, a 4- or 5-page summary of your proposal, including a general budget, is usually sufficient. That summary should follow the format outlined above, providing a condensed version of the full proposal which highlights the key elements of your project.

Many federal agencies utilize a pre-application, which is simply a summary of the project. When you submit such a document to the funding source, you can get a good idea of how your project is likely to fare in the competition for funds. You will need to consider whether or not the funding source's current priorities are the

same as yours. They may be close enough to your concerns that you can make the modifications required without seriously affecting what you want to do. However, you may also decide that the changes requested by the funding source would cause you to move into program areas in which you are not interested. In that case, you need to back up and do some more research on funding sources. Getting grants funded is somewhat like "shopping" for a loan: you look for the most favorable terms from someone who is interested in your project, whether it is building a house or funding an organization.

If you find a match between your program and a funding source, you can proceed to develop a full application. Since you have already established contact with the funding source, you have cleared one of the most important hurdles: you have started the process of selling your project. This is an important step in the grants process. Most decisions about what projects to fund are made on subjective information about the projects. This is true of every funding source—from foundations to the federal government—and this is the reason it is so important to establish contact with the funding source. If your written proposal is less than perfect, changes can be negotiated with the funding source after approval has been given, but a letter-perfect proposal, by itself, will not assure you of funding.



Matching Funds

Many funding sources require you to "match" their funds in some sort of ratio such as 50/50 or 75/25. Every funding source wants to know what you are doing for yourself and how you intend to carry the project on in the future. It is important for you to be able to deal with these concepts in your initial contact with the funding agency. Matching funds can either be in cash or "in-kind." In-kind contributions can also be cash, but they are usually

thought of as goods or services, such as free rent or donated office equipment, which are given to the project. In-kind contributions can frequently be deducted from the total amount of matching funds required and thus decrease the amount of cash which has to be put into the project. Rules vary from grant to grant, so you need to check carefully to find out what are allowable in-kind contributions.

Leverage

One of the most important concepts in the grants process is "leveraging;" that is, you use one or more sources of funds to match another.

For example, in energy-impacted areas of Colorado, local governments can utilize a grant fund called the Energy Impact Fund which comes from the mineral severance tax. If an energy-impacted town needs a water system, it can approach Farmers Home Administration (FmHA) for a grant and loan. Usually, FmHA grant funds are limited to 50 percent of the total project, but the community can use the state Energy Impact Fund to pay for a part of the remaining 50

percent. Such a project might also be eligible for supplemental funding from the Four Corners Regional Commission (FCRC). The total federal share of such a project may not exceed 80 percent. If the town can get 50 percent from FmHA, and an additional 30 percent from FCRC, the town would then look for 20 percent of the project costs. Part of it can come from the Energy Impact Fund, and the town could make up the rest.

Obviously, it is appropriate that the town pay what it can; but at the same time, the town is looking for the best deal it can arrange. The important thing to remember is that money from

various sources can be combined and leveraged. The rules vary from source to source, so you need to do some research on what is possible.

One last word on creativity. People who administer the funding agencies do not have the corner on the creativity market. You should take the initiative to show them how their money can be used on your project to best deal with the problem you have identified as your primary concern. Most often, they will welcome your ideas, and if you can involve them in creative solutions to your problems, you will have that much better chance of getting funded.

Outside Help

There are a number of places where you can obtain outside assistance in the funding process. Councils of governments usually have staff who specialize in various funding areas. Many states have departments of community or local affairs which can provide assistance. There are also professional consultants who specialize in obtaining grant funds. These are but a few of the resources you can utilize in your pursuit of outside funding assistance. Each of them can provide you with a variety of assistance, expertise, and leads on other sources. Your problem is then to make a wise decision about whether to pursue the funds on your own, select some outside assistance, or use some combination of the two.

References and Resources

- *Catalog of Federal Domestic Assistance (CFDA)*, available through public libraries or by subscription from the Government Printing Office, Washington, D.C. 20402.
- *Federal Assistance Program Retrieval System (FAPRS)*, a computerized version of the CFDA (above), available through state universities or the Cooperative Extension Service.
- State universities, including staff people and libraries.
- Extension Service, both county offices and state university Extension specialists.
- State departments of community or local affairs.
- Municipal or county associations.
- Councils of governments.
- Elected officials.
- Local public libraries, including sources kept locally and those available on interlibrary loan.
- Professional consultants.
- *Foundation Directory*, available through public libraries or interlibrary loan.
- *Regional Collections* of information about foundation and grant funding, available through public libraries in 43 states.
- Foundation Center, 888 Seventh Ave., New York, NY 10019.
- The Grantsmanship Center, 1015 W. Olympic Blvd., Los Angeles, CA 90015.
- Hiring a Consultant
- Identifying Problems and Establishing Objectives
- Marketing the Uniqueness of Small Towns
- Socioeconomic Indicators for Small Towns
- Community Evaluation for Economic Development

Prepared by George H. Gault, development coordinator, Delta County, Colorado. This publication is part of the Small Town Strategy series produced by the Western Rural Development Center. Other titles in the series include:

- Helping Small Towns Grow
- To Grow or Not to Grow: Questions on Economic Development

Copies may be obtained from the Extension Service at cooperating universities or from the Western Rural Development Center, Oregon State University, Corvallis, Oregon 97331. Two related series of WRDC publications might also be of interest: the Coping with Growth series and the Municipal Bonds series. Please write to WRDC for a complete list of available publications. WRDC programs are available equally to all people.

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