

Statement of
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and

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Before the

Government Reform Committee Subcommittee on
Technology, Information Policy, Intergovernmental Relations and the Census

United States House of Representatives

On behalf of

National Association of Counties

on Federal Grants Management

April 29, 2003

**NACo Statement Before Government Reform Subcommittee
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Thank you Mr. Chairman and Members of the Subcommittee. My name is Karen Miller and I am a county commissioner from Boone County, Missouri. I currently serve as the President-Elect of the National Association of Counties.

About the National Association of Counties

Established in 1935, the National Association of Counties (NACo) is the only national organization representing county governments in Washington, DC. Over 2,000 of the 3,066 counties in the United States are members of NACo, representing over 85 percent of the population. NACo provides an extensive line of services including legislative, research, technical, and public affairs assistance, as well as enterprise services to its members. The association acts as a liaison with other levels of government, works to improve public understanding of counties, serves as a national advocate for counties and provides them with resources to help them find innovative methods to meet the challenges they face. In addition, NACo is involved in a number of special projects that deal with such issues as the environment, sustainable communities, volunteerism and intergenerational studies.

NACo's membership drives the policymaking process in the association through 11 policy steering committees that focus on a variety of issues including agriculture, human services, health and transportation. Complementing these committees are two bi-partisan caucuses—the Large Urban County Caucus and the Rural Action Caucus—to articulate the positions of the association. The Large Urban County Caucus represents the 100 largest populated counties across the nation, which is approximately 49 percent of the nation's population. Similarly, the Rural Action Caucus (RAC) represents rural county commissioners from any of the 2,187 non-metropolitan or rural counties. Since its inception in 1997, RAC has grown substantially and now includes approximately 1,000 rural county officials.

Progress of Federal Grant Delivery

We thank you for the invitation to appear before you today and testify on this important subject. I would like to make three key points in regards to the current landscape of federal financial assistance programs and the steps the federal government has taken to improve the process through the Federal Financial Assistance Management Improvement Act of 1999 (PL 106-107).

- **First, local governments, particularly in rural America, must overcome several obstacles to find and apply for federal financial assistance.**
- **Second, NACo supports the streamlining and simplification of financial assistance programs that has occurred since the passage of the Federal Financial Assistance Management Improvement Act of 1999.**
- **Third, by using technology the federal government—through E-government initiatives such as E-grants—could remove the barriers that local governments experience.**

First, local governments, particularly in rural America, must overcome several obstacles to find and apply for federal financial assistance.

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Of the 3,066 counties across the nation, 2,187, or 71 percent, are considered non-metropolitan or rural. While these counties face many of the same challenges of their urban and suburban counterparts, there are additional barriers that rural counties must overcome. For example, many of these counties lack the professional expertise that is necessary to identify and apply for federal grants and loans. A July 2001 NACo research study with Ohio State University and the Rural Policy Research Institute illustrated this point, finding that only 28 percent of rural counties surveyed had a grant writer on staff and 31 percent employed professional economic development staff. In contrast, 51 percent of metropolitan counties surveyed employed a grant writer and 61 percent have economic development staff.

Without professional staff to seek out potential grant funding and conduct long-term strategic planning to assess the needs of the community, rural local elected officials are forced to this task upon themselves. However, county local elected officials, especially in rural areas, are predominantly part-time officials. These public servants must balance personal professional responsibilities with their county civic duties. An anecdotal survey of the 47 state associations' of counties on the percentage of full-time officials versus part-time officials demonstrated this point. It found that states with 100 percent part-time officials included Florida, South Carolina, South Dakota and North Carolina. In addition, the vast majority of county officials are part-time in Alabama, Georgia, Michigan and Minnesota.

Therefore, county officials have little time to become familiar with the hundreds of grant opportunities the federal government provides. For example, a part-time county commissioner with Internet access could search for a grant on the Catalog of Federal Domestic Assistance (CFDA) website. Users of the site can search on a variety of functional categories, eligibility, agency and program deadline. However, the elusive and time-consuming next step is the arduous process of matching the needs of their county with the appropriate federal grant.

In addition, the complexity of grant applications and information required differs from agency to agency. Similarly, eligibility requirements can vary by program. For example, grant programs within the US Department of Agriculture define rural communities differently. Some are jurisdictions below 50,000 population, while others for areas under 10,000 population. While some of these differences are required to target assistance to areas of distress, the end result requires local governments to untangle the complicated web of grant programs.

As a result, rural local elected officials rely on the network of regional entities, known generically as regional development organizations. Each organization is governed by a policy board of local elected officials, business leaders and citizen representatives and is charged with serving the local units of governments. These organizations—known locally as councils of government, economic development districts, local development districts, regional planning commissions and regional councils—identify possible federal and state financial assistance, prepare an application and administer the grant or loan if the application is successful.

However, due to limited staff capacity, increasing responsibilities, and reductions in the already few technical assistance grant programs, these organizations have been spread thin. Additionally, the regional development organizations serve multiple counties and municipalities and must try to meet all of their needs. Based on a 2002 survey by the National Association of Development

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Organizations, the typical regional development organization serves six counties and 30 municipalities and administers 11 programs. The regional development organization serving my home county—Boone County, Missouri—is the Mid-Missouri Regional Planning Commission (MMRPC) located in Ashland, Missouri. Serving six counties and 34 municipalities, MMRPC is of average size demographically.

In addition, to the regional development organizations, counties and municipalities can turn to a variety of private vendors that aggregate grant announcements. Several of these companies have developed sophisticated and expensive databases that allow local governments to quickly identify federal state and philanthropic funding sources. Yet, with declining tax bases and difficult budgetary constraints, fee-for-service programs such as these remain out of reach for many rural counties.

Second, NACo supports the streamlining and simplification of financial assistance programs that has occurred since the passage of the Federal Financial Assistance Management Improvement Act of 1999.

The Federal Financial Assistance Management Improvement Act of 1999 (PL 106-107) established requirements for the various federal agencies that disburse the over 600 financial assistance programs, totaling \$360 billion to state and local governments, universities and non-profit organizations. The Act mandated that these agencies develop a plan to streamline and simplify the application, administration and reporting procedures for their grant and loan programs. Additionally, the plan should include ways for local governments and non-profits organizations to electronically apply for, and report on the use of federal funds.

NACo believes that proper implementation of the Act, would greatly benefit local governments pursuit of federal grants. Establishing a universal application would reduce the amount of disparate information needed by multiple agencies and would increase the likelihood for all county officials applying for federal assistance.

The Act has led to the development of the E-grants initiative, which is being spearheaded by the Department of Health and Human Services (HHS). I, along with other representatives of NACo, have met several times with the HHS project team manager for E-grants, Charles Havekost, to discuss the initiative and ways that NACo could partner with HHS. During the meetings, I have been impressed with the department's willingness to listen to NACo's feedback and look for ways to collaborate together. To that end, we have agreed to conduct a pilot program with members of NACo's Rural Action Caucus, whereby grant applications for particular programs would be submitted both electronically and in paper. We hope that the pilot will identify impediments and successes of the E-grants process and RAC can serve as a sounding board for future improvements. Additionally, NACo will educate its members on the advantages of E-grants and encourage them to register with the Central Contractor Registry.

Third, by using technology the federal government—through E-government initiatives such as E-grants—could remove the barriers that local governments experience.

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NACo feels that for the long-term success of the E-grants and other financial assistance disbursement programs, several refinements must be incorporated. First, to assist local governments and other grant seeking institutions to identify possible grant funding, the federal government should develop a centralized website for grant announcements. Modeled after the current CFDA web portal, a categorical listing of the grants announced in the current week and month would allow grant seekers ample time to determine if the grant was appropriate for their needs and apply. Similar to the CFDA website, the system should allow users to search by various fields, such as functional category, eligibility, maximum funding amount and match requirements.

Additionally, the federal government could develop a daily or weekly E-mail list to announce grants, similar to the current *Federal Register* notice that the Government Printing Office sends out daily. However, this mailing list could also be tailored depending on the users' interest area and eligibility. Therefore, individuals would be able to receive notices on potential funding for specific subjects by E-mail.

Once the grant is identified and an individual wishes to submit an application electronically, the E-grants platform must recognize the wide disparity of Internet access in urban and rural America. Unlike urban cities and counties, many parts of rural America lack access to high-speed Internet service. NACo and the National League of Cities have partnered with IBM to provide wireless broadband service to curb the "digital divide", but the reality is that the majority of local governments still are without these services. The US Department of Agriculture estimates that more than 65 percent of all cities with populations over 250,000 have cable modem service, while less than 5 percent of cities with populations less than 10,000 had such service. For cable modems, 72 percent of communities over 250,000 have some type of cable-based broadband, but less than one-fifth of 1 percent of communities under 1,000 have cable modems deployed.

Additionally, a September 2000 NACo research study on rural technology showed that 53 percent of respondents said that they used their home computer and web access for county-related business. Many of these local officials must deal with sluggish dial up connections and long-distance per minute fees.

Therefore, NACo supports a system that does not rely on long periods of Internet connectivity, such as fillable forms. This type of platform would mirror the existing workflow in many counties and allow individuals to work on their own time rather than feel the need to complete the entire application in one work session.

Conclusion

In conclusion, I would urge the subcommittee to stay vigilant and ensure that the principles of the Federal Financial Assistance Management Improvement Act of 1999 are being implemented. The federal government can develop a system to mitigate the challenges facing rural communities by streamlining and simplifying grant applications and using the latest technological advances. In addition, NACo urges the Congress to adopt tax incentives for broadband telecommunications companies that provide services in rural America to reduce the current digital divide. Again, we thank the Chairman and members of the subcommittee for the opportunity to submit testimony on the current landscape of the federal grants management process.