

Grant Presentation
by
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to
Salem's Charter Commission
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Overview:

- For the purposes of this report, I have researched federal and state level grants. There are a large number of nonprofit organizations and for-profit businesses that also provide grants or other types of funding assistance, but one can get bogged down rather quickly if you go too far down that path, so to start, I focused on government entities.
- The federal government distributed about \$721 billion (about 16 percent of its budget) to states and localities in fiscal year 2019, providing about one-quarter of these governments' total revenues.
- About 61 percent of those funds were dedicated to health care, 16 percent to income security programs, and 9 percent each to transportation and education, training, employment, and social services.
- So, the first thing I think we have to appreciate is that globally while the overall number that I cited seems large, the grant opportunities for municipalities a significant portion of that number is dedicated to state governments and given the health care plans that both the town and school district operate under makes the healthcare opportunities somewhat difficult to determine.

- Further, there is always great competition for these waivers and that competitiveness is only going to grow. In February, the federal government released new guidance to assist smaller communities to have an easier time applying for grant funding.

Types of Grants:

- Want to pause for a moment to level the paying field for our understanding of what we mean when we talk about grants:

- Categorical grants are restricted to a narrow purpose. One such example of this is the providing of nutrition administered by states but funded by the federal government under the Special Supplemental Nutrition Program for Women, Infants, and Children.

Even more restricted are grants limited to specific projects, such as building a road or bridge. We see this with the state programs that the town currently and frequently utilizes.

- Block grants give recipients more latitude in meeting program objectives, such as assisting needy families and promoting work under the Temporary Assistance for Needy Families (TANF) program.
- A key point to remember in both cases is that the funds (whether federal or state) are frequently allocated to based on formulas set in law and linked to factors such as the number of

highway lane miles, school-aged children, or low-income families.

- This is a critical point, because those statutory criteria's are not predicated on form of government but on socio-economic or other factors. I will talk more about this in a minute.

What do we hope to accomplish?

- When I raised the issue of better understanding grant opportunities when running for this commission, I did so from the standpoint of wanting to assist taxpayers and to seize opportunities to advance needed projects in our community in a manner that kept the tax rate under control.
- As such, a recurring question with federal grants is how they influence state and local behavior. Research finds that states and localities substitute federal dollars for some of their own spending. However, magnitudes vary and, in frequent cases, federal grants may “crowd in” rather than crowd out state and local dollars.
- In addition, grants may require states and localities to contribute their own funds (matching requirements) or maintain previous spending despite the infusion of federal cash (maintenance-of-effort requirements).
- Therefore, even should a transition to another form of government expand Salem's eligibility for grants its far from guaranteed that taxpayers will enjoy that benefit.

- In fact, we have seen this history play out here in Salem. State and Federal Funding (mostly in one-time grants but some on-going commitments) over the last five years have represented tens of millions of dollars in total coming into Salem:

School:

- Funding for Full Day Kindergarten
- School Building Aid
- School Safety Infrastructure grants
- Stabilization Grants
- Increase in state adequacy funding
- Increased funding for STEAM AND STEM programs
- Fully funding state portion of for Special Education

Town:

- Infrastructure grants for roads and bridges
- A more favorable Meals and Rooms tax distribution for cities and towns
- Other state grants geared directly to reducing property taxes
- This is to say nothing of federal funding from two presidential administrations for economic mitigation for COVID and infrastructure investments in ARPA.
- These are unprecedented resources coming to municipalities and school districts and still after all of this, taxes continue to increase in Salem.

Specifics:

- This all being said, I put the direct question to several contacts that I have at both the state and federal levels and surveyed their responses:
 - Mark Sanborn who worked in the federal government at the US Dept. of Transportation, the US. Department of Agriculture and HUD. He now serves as the Assistant Commissioner of the New Hampshire Department of Environmental Services.
 - Lisa Cota-Robles, who works for the Governor's Office for Economic Relief and Recovery and previously worked in what is now the New Hampshire Department of Energy.
 - Mike Vlach, we served for over a decade on Senator Jeanne Shaheen's staff and now serves at the Northeast Region's Administrator for the federal Small Business Administration.
- In each case, regardless of the state or federal grant under their preview the community's particular form of government was not a predominant factor in providing greater access to grant funding.
- The most commonly cited determining factors were: socioeconomic make up, population size, overall need, minority population groups, and how close the project was to beginning ("shovel ready") or the amount remaining to complete a project.
- This makes some logical sense as to why cities are frequently more successful than towns in accessing grants. Cities are more

often eligible because they hit more of the criteria established for grants. So, the form of government is not determinative.

- It should also be noted that cities often have larger staffs that have greater capacity to seek out grant opportunities and craft successful proposals or submissions.

My Conclusion:

- So those are the results of my findings. So, for me, the two premises that I sought to answer when I raised the issue of grants have been addressed.
- Greater access to grants does not automatically result in relief for taxpayers and form of government is not the driving factor in expanding eligibility access for grants.
- Even if I have missed a grant that might be predicated on Salem becoming a city, its reward would not outweigh the risk of moving towards a form of government that our fellow residents have indicated they do not want.
- So that is what I have for you this evening.