



COUNCIL *on* FOUNDATIONS

How Government Funds Flow

A Very Brief Primer

PRESENTED BY THE COUNCIL'S PUBLIC POLICY DEPARTMENT
PUBLIC-PHILANTHROPIC PARTNERSHIPS OFFICE
2013 FAMILY PHILANTHROPY CONFERENCE



How Government Funding Flows

Federal



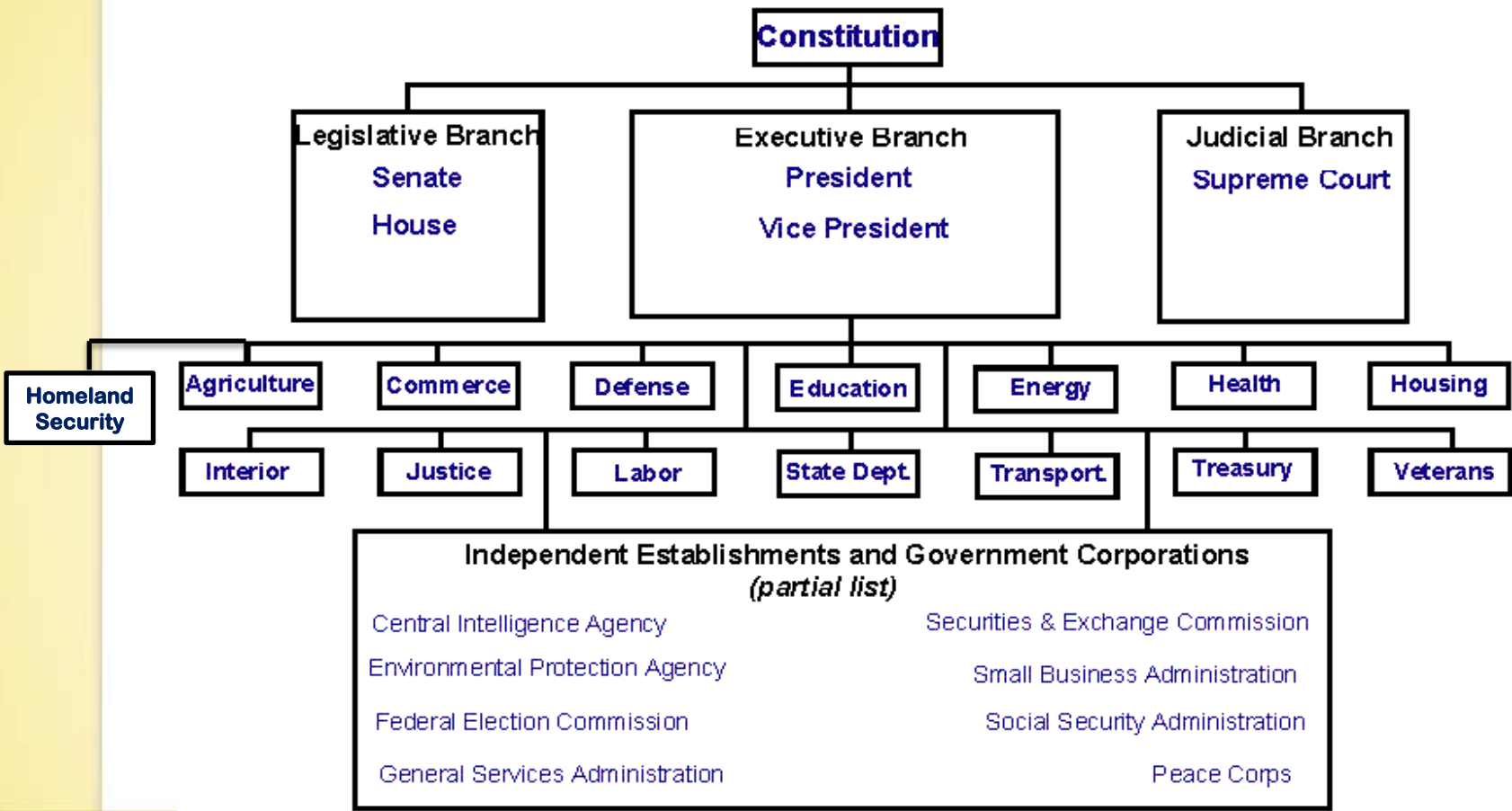
State



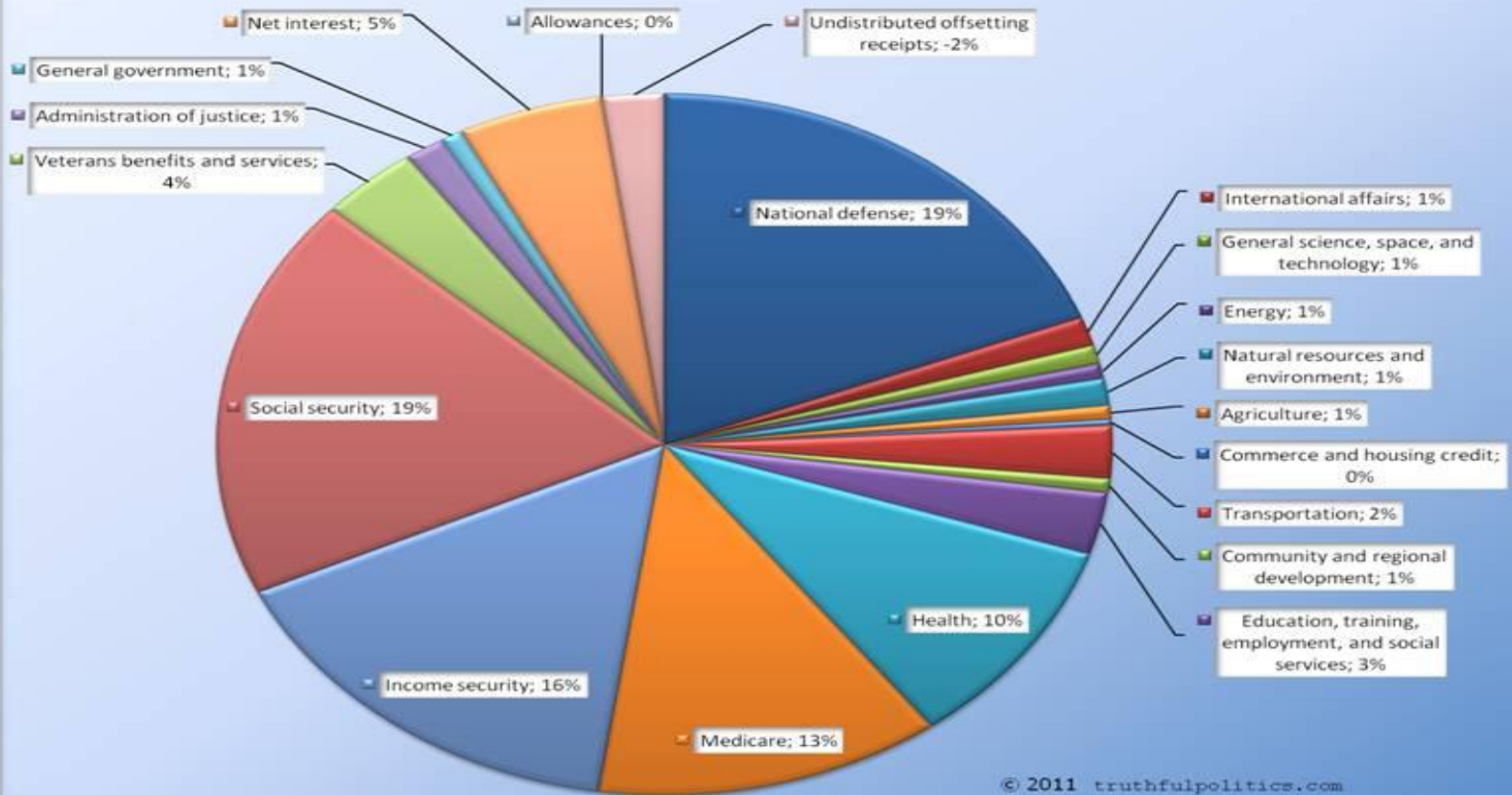
Local



Federal Government



2011 U.S. Federal Government Spending by Category/Program



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Data Source: Office of Management and Budget



Federal Funds Flow

- Formula Grants to States: generally dictated by legislative mandates
- Block Grants
- Competitive Grants
- Contracts: government infrastructure services, real time program, operations, research services, sole source for unique services
- Discretionary Grant Programs
- Congressional Earmarks: tap existing agency budget lines (does not add new money to budgets)



- Funds are administered and overseen by Executive Branch Departments and Agencies (13 Departments, numerous independent agencies, and White House)
- Upon Congressional approval of annual appropriations bills, money begins to flow, i.e, agency budgets triggered; legislation dictates where it goes (federal FY is October 1 - September 30)
- Regulations or guidelines clarifying how funding is to be spent and accounted for are developed
- Formal RFP, NOFA, SGA issued citing eligibility to receive funds and the rules for using the tax payers money



Appropriations – Simple Explanation

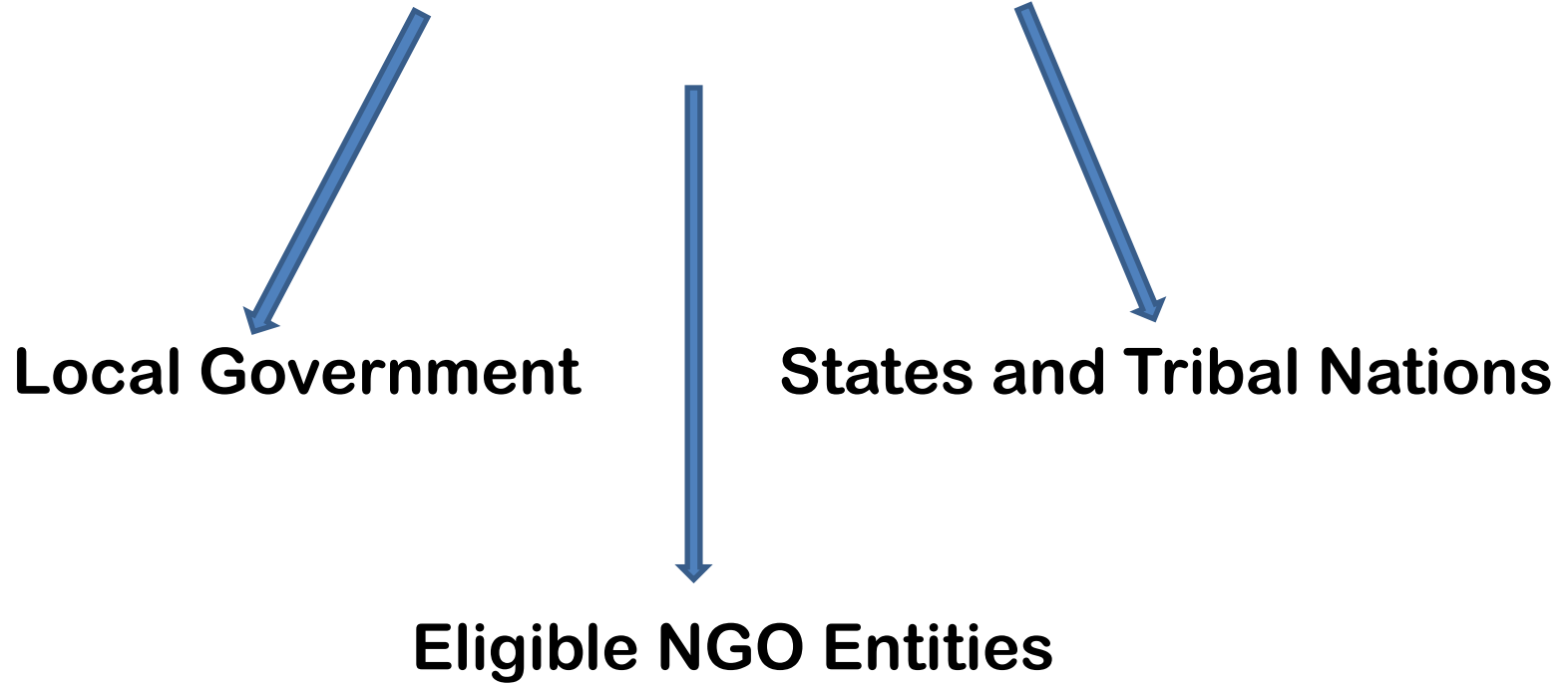
Process by which Congress provides money for all federal level spending --- **No appropriation = No spending!**

Basic Process:

1. President submits budget to Congress (The House)
2. Appropriations Committee considers (13 Sub-committees)
3. Budget Committee gives each Sub-C a spending figure
4. Sub-C's determine spending levels for all federal programs in their jurisdiction
5. Final bills sent for full legislative consideration and passage and Presidential signature/veto



Federal \$\$\$



How Federal Funds Flow From States to Locals

- Enabling legislation needed to accept or spend \$\$\$?
- Formula distribution to Cities, Counties, and Towns
- Competitive Grants
- Other State designed distributions: eg., loan programs, contracts, fund pools, scholarships

Remember: States have their own revenue sources as well – among them are general funds, appropriated by legislatures, various dedicated tax revenues streams, earned income from investments, law-suit settlements



Where does Federal and State \$\$ end up?

- **In your community!** Much ends up under the tires of your car and in the local school system and for citizen services unique to each State.
- This is where the money meets the road: funds support local essential and discretionary citizen services, community infrastructure, education, and economic growth mechanisms – some priorities set by State constitutions eg., education
- Local county boards and city/town councils oversee budgets that manage federal funds coming into the municipalities, as well as state revenue streams and local general fund revenues
- **Remember:** in some states, municipalities have the power to tax citizens, but that is not true across the board. States tax all sorts of things, but not necessarily true of local governments. Many are at the mercy of the State legislatures or federal funds flow.



How the Non-Profits Receive Funds from Government

- Grants
- Contracts
- Sole Source Arrangements
- Dedicated Funding Streams



Intersections Points for Philanthropy

- Matching funds for government grant programs
- Grants to governments
- Impact investing approaches, eg. social impact bonds
- Capacity building grants to non-profits
- Support or creation of public-private intermediaries
- Formal funding partnership with public entities
- In-kind contributions
- Alignment of investments with public priorities/programs
- Independent policy analysis and/or advocacy

