Building the Future

Insights on the Funding Landscape from State and Local Leaders

GORDIAN®

Intro

The public sector is often at a disadvantage when it comes to working through a procurement process riddled with bureaucratic red tape, statutory compliance considerations, burdensome documentation requirements, and confusing grant applications. When layering in the vast influx of funding in response to the COVID-19 pandemic, it becomes even clearer that state, local, and educational leaders need help navigating through these mazes in order take advantage of available funding that can address significant needs within their communities immediately.

How can the public sector move rapidly enough to address the immediate concerns of their citizens while also navigating mazes of bureaucratic red tape? How can procurement officers identify the types of funding available to be expended while remaining in compliance with statutory and regulatory requirements? What do local leaders see as their most critical needs with the waves of new federal funding coming in, and how can they take advantage?

Government Business Council (GBC), the research division of GovExec, partnered with Gordian to answer these questions and more through a survey of 200 state, local, and education professionals.

Purpose

With insights collected from state, local and educational experts, GBC has organized the following playbook as a set of actionable takeaways for interested stakeholders. It aims to faithfully capture the current understandings and challenges facing public sector leaders as they look to fund some of their most critical services in a compliant and responsible manner.

Background

State and local governments play a critical role in providing essential services to the American people. From maintaining bridges and roads to providing students with a quality education to executing on community health initiatives, these public sector agencies rely on tax dollars from citizens to support their operations. At times, federal aid may also be available to help supplement these services.

Nowhere was this connection between governments and their people more visible than during the COVID-19 pandemic. The dual challenge of budget shortfalls and rising costs for services, along with rapidly developing emergency plans of operation, made it that much harder for state, local, and educational leaders to develop action plans and resiliency strategies. The influx of federal funding, including the Coronavirus Aid, Relief, and Economic Securities (CARES) Act, American Rescue Plan (ARP), and new Infrastructure Investment and Jobs Act (IIJA), brings the promise of much-needed support and relief, and highlights the ongoing challenges that procurement officials must navigate if they are to be stewards of taxpayer dollars. However, shortened award cycles intended to rapidly distribute needed funds – from 24-48 weeks pre-pandemic to just 6-20 from beginning to end – meant that, more than ever, agencies had to be ready to harness the opportunity.

The influx of funding during the pandemic served needed purposes, but also demonstrated to state and local agencies the importance of being prepared to take advantage of any funding opportunity, whether at the federal or state level. In order to continue providing quality services to their constituents, public sector leaders must be proactive in managing their budgets and efficient in leveraging available funding. In doing so, they can help instill confidence in the constituents that they serve.

Playbook Overview

To be effective stewards of taxpayer dollars, we suggest that public sector agencies looking to fund mission critical objectives with taxpayer dollars consider the following steps.

Play 1: Use It or Lose It - Delays in obligating funds can be costly

Unprecedented levels of federal and state funding for state and local agencies are being made available, but it is crucial to move fast. Funding deadlines, competitive grants, and decision-making delays can all cost agencies valuable opportunities.

Play 2: Empower through Knowledge - Understand and stay informed regarding funding and compliance requirements

Forty-three percent of survey respondents who did not receive funding reported being unsure about how they could remain compliant. Staying up to date about funding sources and regulations allows agencies to move quickly and confidently when opportunities arise.

Play 3: Invest In What Matters Most - Aligning critical needs with available funding

Understanding what needs are most pressing in their constituency, from deferred maintenance to constructing schools, will help agencies make rapid and informed decisions when funding becomes available. Agencies who position themselves to quickly prioritize their most critical needs will be more competitive and more prepared to obligate funds effectively.

Play 4: Stay Vigilant - Mistakes can be costly and the devil is in the details

Details are critical to successful grant applications, but many state and local agencies face staffing and resource constraints that can lead to mistakes. Ensuring that data is timely, accurate, and detailed is critical to successful and effective procurement.

Play 1: Use It or Lose It - Delays in obligating funds can be costly

Prior to the pandemic, there were various streams of federal funding available for state and local agencies, but the CARES Act and ARP brought unprecedented and flexible direct relief. The IIJA is likely to bring even more funding opportunities. However, these grants have deadlines, and are sometimes competitive, as in the case of the $12.5 billion earmarked under the IIJA for bridge investment.[1] **State and local leaders must move quickly to establish what federal funding opportunities exist, how they can be harnessed, and the deadlines to obligate and expend funding.** With twelve percent of state respondents and nine percent of cities reporting that they have not received federal funding over the last year, there are clearly still funding gaps that can be addressed.
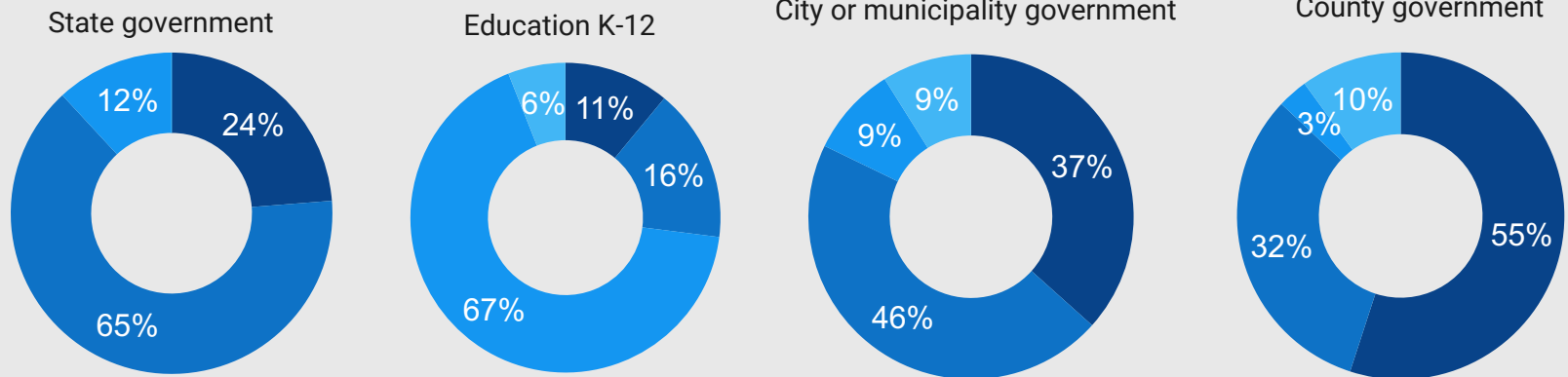
65%

of **state respondents** say they have used **some** of their federal funding, meaning that they still have unobligated funds, in comparison to the only 24% who have used all their federal funding.

46%

of **city/municipality respondents** have similarly unused funds from federal grants, with 37% having received and obligated all of their funding.

Has your organization received any federal funding in the past 12 months?

State government

12% | 24% | 65%

Education K-12

6% | 11% | 16% | 67%

City or municipality government

9% | 9% | 37% | 46%

County government

10% | 3% | 55% | 32%

- ■ Yes, we received and fully used federal funding
- ■ Yes, we have received federal funding and used some of the funds
- ■ No, we have not received federal funding
- ■ Don't Know

Percentage of respondents, n=200
Note: Percentages may not add up to 100% due to rounding

Play 1: Use It or Lose It - Delays in obligating funds can be costly

Although state budgets have been impacted by smaller tax revenues in recent years, state grant funding also plays a key role in covering shortfalls, particularly in the education sector. Some of these grants funnel federal funding; Virginia's Building Resilient Infrastructure and Communities hazard mitigation community grants program is supported by funding from FEMA.[2] **It is critical that state and local leaders look for ways to maximize all the funding sources available, including at the state level, to support the needs of their constituents.** Further, it is even more critical that leaders are informed of deadlines as to not miss out on essential funding.
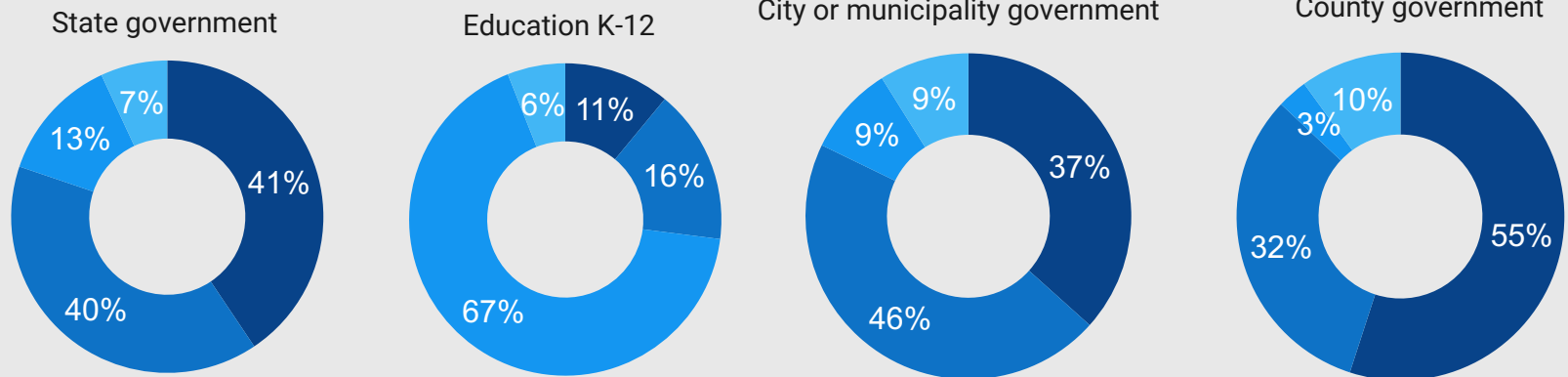
47%

of **state respondents** say they have not yet used all the state grants they received, more than the 41% who have used all their grant funding.

42%

of **county respondents** have not yet used all their state funding. While this is slightly lower than the 48% who have used it all, it still accounts for substantial unallocated funding that could be used to address pressing constituent needs.

Has your organization received any state grants in the past 12 months?

State government
- 41%
- 40%
- 13%
- 7%

Education K-12
- 11%
- 16%
- 67%
- 6%

City or municipality government
- 37%
- 46%
- 9%
- 9%

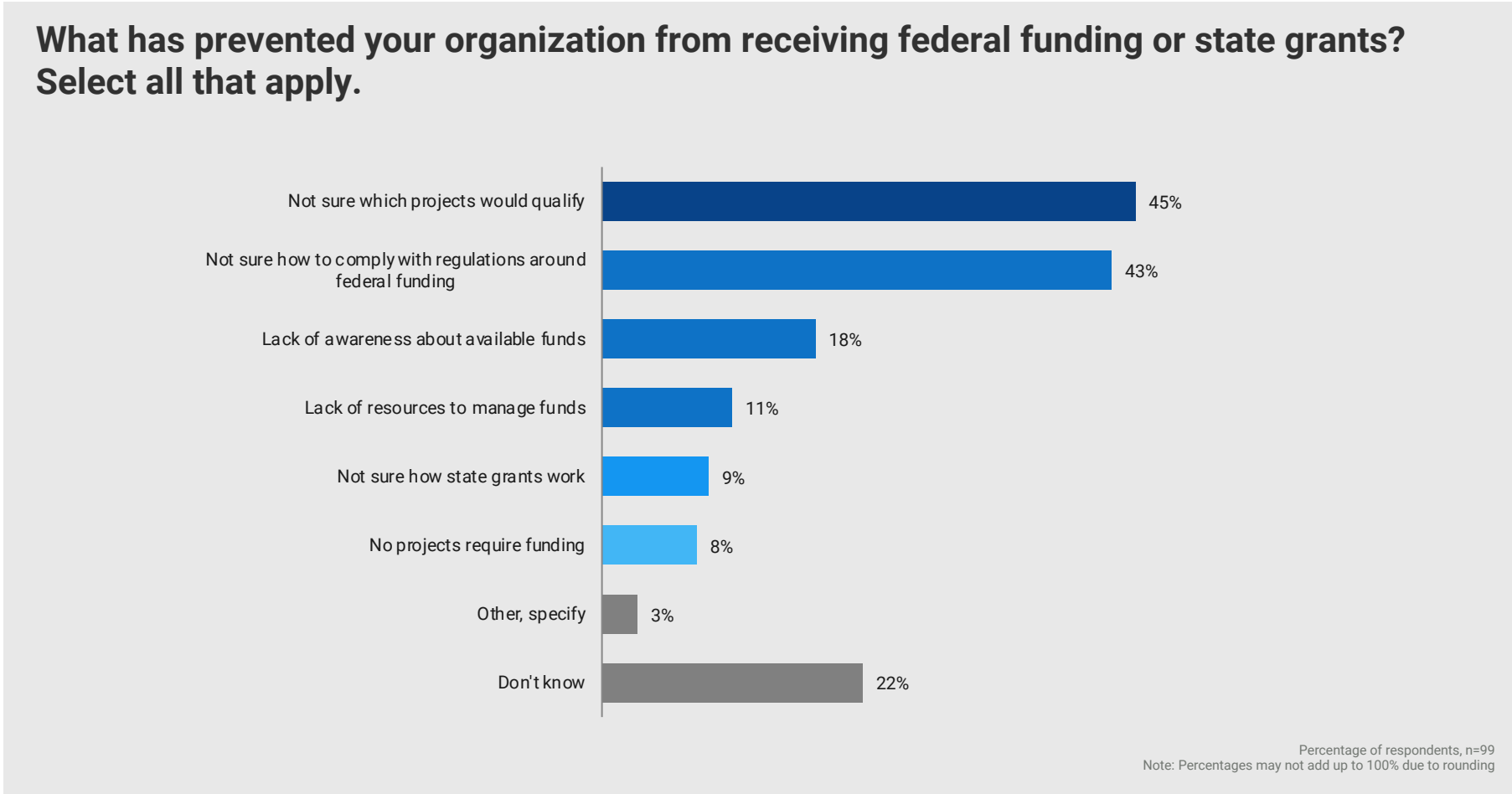**County government**
- 55%
- 32%
- 3%
- 10%

- ■ Yes, we received and fully used state funding
- ■ Yes, we have received state grants and used some of the funds
- ■ No, we have not received state grants
- ■ Don't Know

Percentage of respondents, n=200
Note: Percentages may not add up to 100% due to rounding

Play 2: Empower through Knowledge - Understand and stay informed regarding funding and compliance requirements

Federal and state funding has always been vital to the sustainability of state and local public sector agencies. From keeping cities and municipalities at peak operational status, to building roads and maintaining aging infrastructure, it is essential for public sector agencies to be able to access available funding. As witnessed during the pandemic, historic levels of federal dollars being funneled to K-12 districts and state and local agencies has the potential to make an already nuanced procurement environment even more confusing to navigate.

When surveyed about the reasons why public sector organizations may have been prevented from utilizing available federal funding or state grants, respondents who had not received funding in the last twelve-months identified confusion around identifying which expenditures qualify for funding (45%) and uncertainty around remaining in compliance with regulatory and statutory requirements (43%) as their top two responses, respectively.

What has prevented your organization from receiving federal funding or state grants? Select all that apply.

Category	Percentage
Not sure which projects would qualify	45%
Not sure how to comply with regulations around federal funding	43%
Lack of awareness about available funds	18%
Lack of resources to manage funds	11%
Not sure how state grants work	9%
No projects require funding	8%
Other, specify	3%
Don't know	22%

Percentage of respondents, n=99
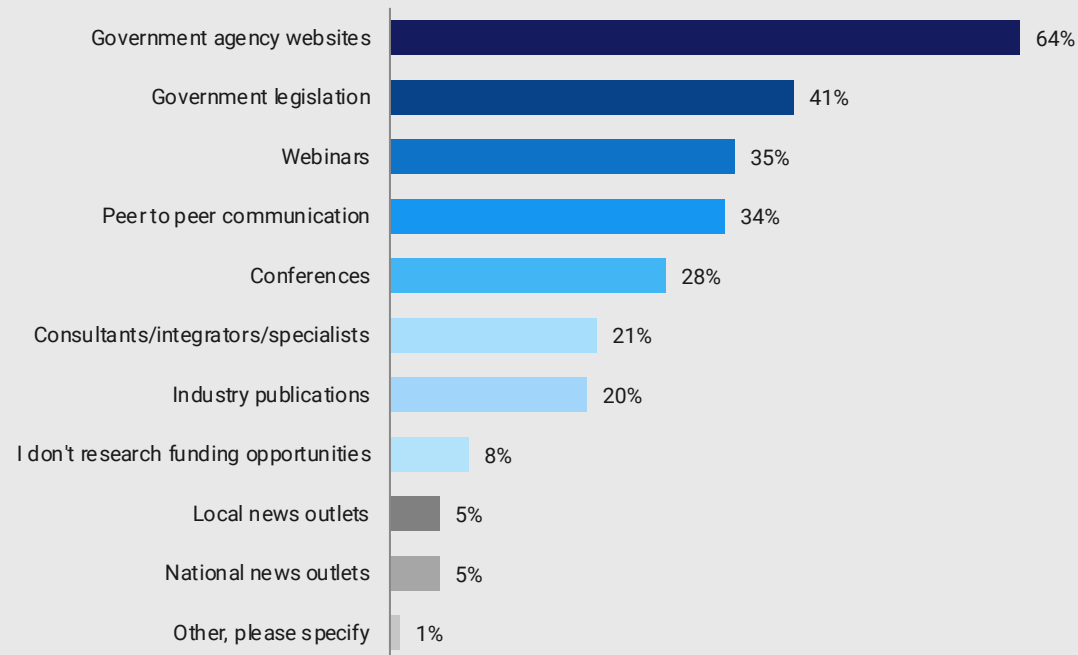Note: Percentages may not add up to 100% due to rounding

Play 2: Empower through Knowledge - Understand and stay informed regarding funding and compliance requirements

To stay informed on the types of funding available and the expenditures eligible for obligation, government-maintained resources such as complete legislative text published by Congress, legislation-specific interim and final rules from the Department of Treasury, memos published by the Office of Management and Budget, and guidance from the White House and federal and state Departments of Education serve as highly reliable and accurate sources of information. Online tools like grants.gov can also help state and local leaders identify existing or upcoming opportunities within the federal grantmaking space that could be relevant to their identified needs, as well as provide them with tips and assistance for compliance requirements.

In addition to these government resources, it is also pertinent for public sector agencies to stay abreast of all statutory obligations under 2 CFR Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (**Uniform Guidance**), and Education Department General Administrative Regulations (**EDGAR**) to ensure that they are being effective and compliant custodians of taxpayer dollars.

Where do you go for information about federal funding or state grants? Select all that apply.

Source	Percentage
Government agency websites	64%
Government legislation	41%
Webinars	35%
Peer to peer communication	34%
Conferences	28%
Consultants/integrators/specialists	21%
Industry publications	20%
I don't research funding opportunities	8%
Local news outlets	5%
National news outlets	5%
Other, please specify	1%

Percentage of respondents, n=200
Note: Percentages may not add up to 100% due to rounding
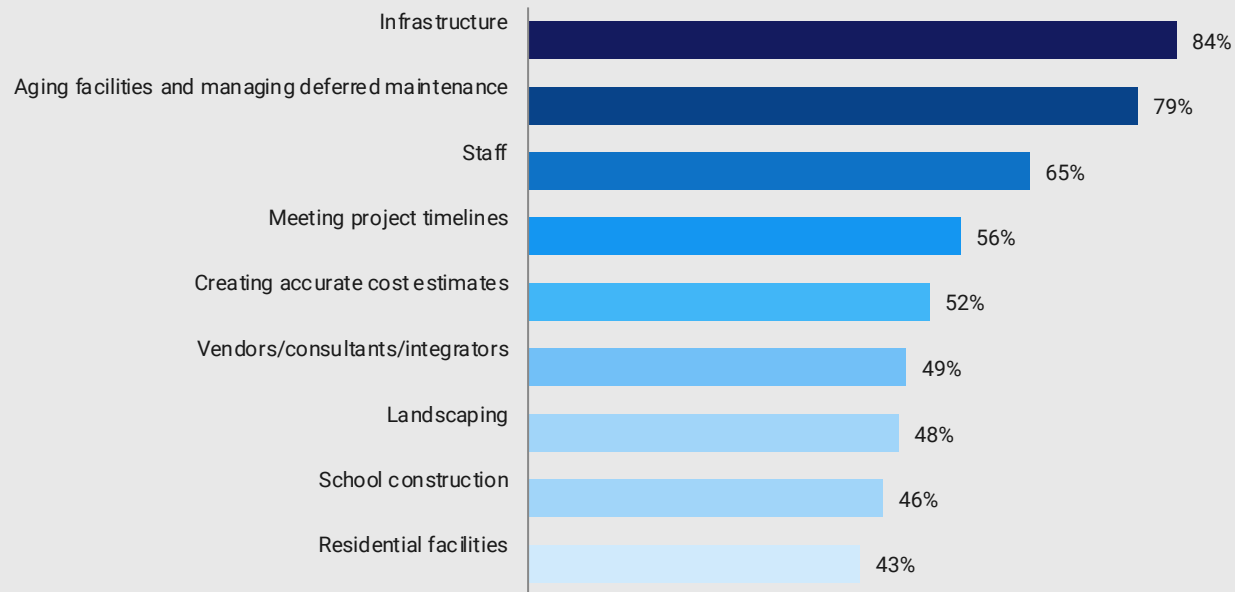
Play 3: Invest In What Matters Most - Aligning critical needs with available funding

A plethora of federal and state legislation provide funding for both broad use, and narrow-purpose obligation. When determining how best to fund mission critical operations, it becomes most prudent for public sector agencies to understand their immediate and long-term needs and then align them with the funding sources that best accomplish these procurement objectives most expeditiously.

Eighty-four percent of public sector respondents surveyed stated that federal and state funding could help them build or reinforce infrastructure projects, and a further 79% note that this funding would be used to upgrade or stabilize aging facilities and fix problems that have not been solved yet. Resourcing issues, like staffing and meeting project timelines, are also top of mind for these agencies. However, some agencies find it difficult to rapidly take advantage of these funding opportunities when they arise. It is critical that agencies position themselves to be quickly competitive for necessary funding, and to prioritize their needs based upon the funding available.

How much would federal or state funding help your agency in each of the following methods?
(Very/Extremely Helpful)

Method	Percentage
Infrastructure	84%
Aging facilities and managing deferred maintenance	79%
Staff	65%
Meeting project timelines	56%
Creating accurate cost estimates	52%
Vendors/consultants/integrators	49%
Landscaping	48%
School construction	46%
Residential facilities	43%

Percentage of respondents, n=200
Note: Percentages may not add up to 100% due to rounding

Play 3: Invest In What Matters Most - Aligning critical needs with available funding

Infrastructure projects are not simply a "nice-to-have" for public sector leaders – they are a necessity. From maintenance of aging facilities to constructing new schools to repairs of roads and bridges, these critical projects can have immense safety repercussions if not addressed. "Deferred maintenance" – sometimes also referred to as "disaster multiplier" – contributed to the failure of the New Orleans levee system during Hurricane Katrina.[3] These funding needs are crucial to both protect and mitigate against future disasters. More hopefully, the construction of schools and residential facilities offers quality of life improvement for citizens right now, using state and local funds to ensure that educational and living facilities are safe.
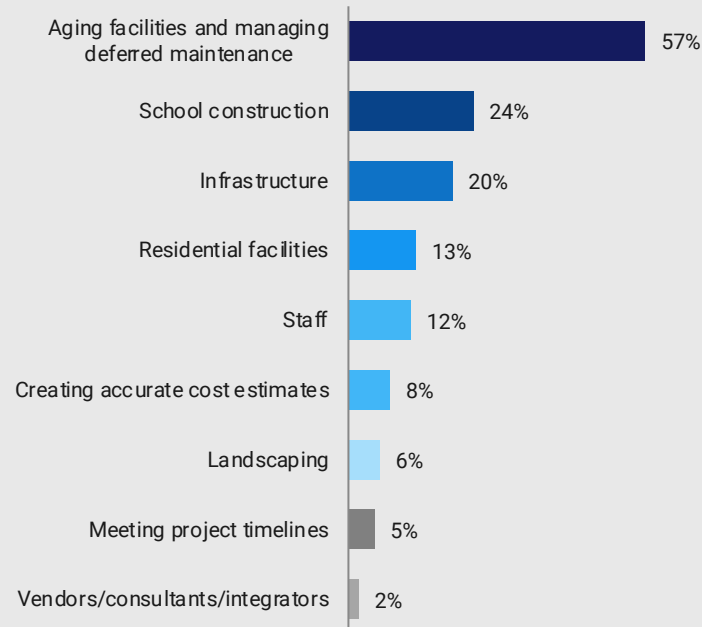
39%
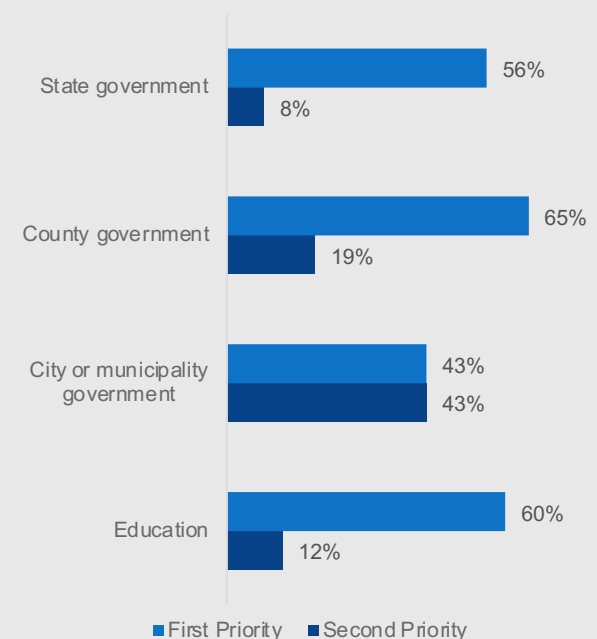of **city and municipal** respondents said that infrastructure was their agency's top priority.

60%
of **state** respondents ranked **meeting project timelines** as their third top priority.

What are your agency's top priorities for funding?

Priority	%
Aging facilities and managing deferred maintenance	57%
School construction	24%
Infrastructure	20%
Residential facilities	13%
Staff	12%
Creating accurate cost estimates	8%
Landscaping	6%
Meeting project timelines	5%
Vendors/consultants/integrators	2%

Percentage of respondents, n=200
Note: Percentages may not add up to 100% due to rounding

Priority Close-Up: Aging facilities & deferred maintenance

	First Priority	Second Priority
State government	56%	8%
County government	65%	19%
City or municipality government	43%	43%
Education	60%	12%

■ First Priority   ■ Second Priority

Percentage of respondents, n=200
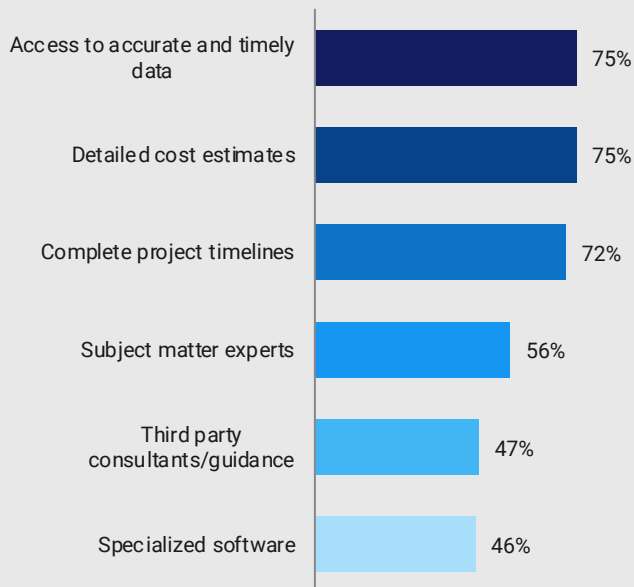Note: Percentages may not add up to 100% due to rounding

Play 4: Stay Vigilant - Mistakes can be costly and the devil is in the details

Applying for federal and state grants can be time-consuming and frustrating for agencies who face staffing shortages and knowledge gaps. Agencies realize how critical it is to have as much detail as possible –not only to accurately assess need, but the cost and the time that it will take to complete projects. During times of emergency, however, it can be even more difficult to spend the time to make sure each of these pieces is accurate. In order to be good stewards of funding, agencies must be sure they are compliant and correct in their applications and disbursements. Additionally, It is never too early to ensure that the data and documentation needed to support funding requests and impending audits are accurate, concise, and consolidated in a centralized area for ease of access.

40%

of **city and municipal** respondents say that access to accurate and timely data is critical to their agency.

How important are the following to your organization when procuring funding?

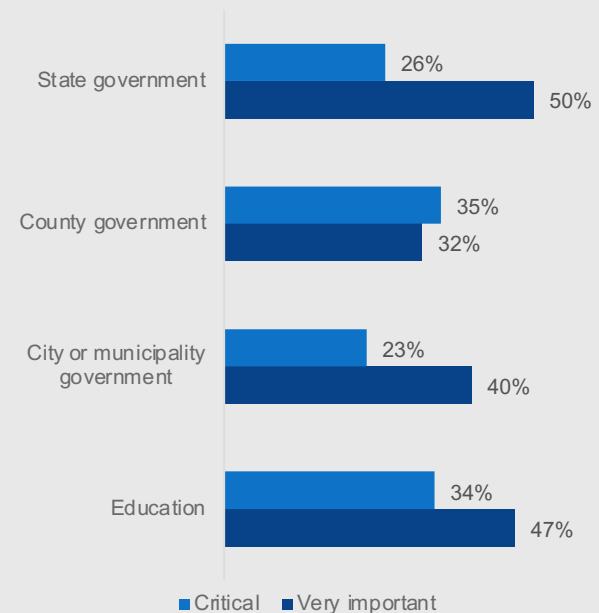|	
Access to accurate and timely data	75%
Detailed cost estimates	75%
Complete project timelines	72%
Subject matter experts	56%
Third party consultants/guidance	47%
Specialized software	46%

Percentage of respondents, n=200
Note: Percentages may not add up to 100% due to rounding
Respondents replied "Very Important/Critical")

76%

of **state** respondents rank **detailed cost estimates** as the most critical aspect of procurement funding.

Priority Close-Up: Detailed cost estimates

	Critical	Very important
State government	26%	50%
County government	35%	32%
City or municipality government	23%	40%
Education	34%	47%

■ Critical ■ Very important

Percentage of respondents, n=200
Note: Percentages may not add up to 100% due to rounding

Industry Perspective

GovExec's survey results paint an unfortunate picture for all areas of the public sector. Leaders in government and education recognize that they need financial help to optimize their facilities and infrastructure. The federal government, for its part, is offering aid. But using that aid is so excessively complicated that those at the state and local level are opting out, despite widespread agreement that access to said funds would be very helpful.

So, what are governments and public school districts to do?

Private industry offers solutions to help the public sector to act as intelligent, transparent stewards of federal funding and maintain the physical assets their communities rely on. Facility condition assessments and capital planning solutions give decision-makers the power to identify and prioritize needs and risks. With a clear understanding of their facilities, they can begin matching their maintenance and infrastructure projects with federal funding opportunities.

IDIQ construction procurement solutions, like Gordian's Job Order Contracting (JOC), use preset, local costs to price construction work so project owners can be confident they don't go over an allotted budget. These accurate, custom costs are shared with a select pool of contractors, eliminating delays stemming from price negotiations when awarding contracts. JOC projects are managed via secure software that saves proposal histories and tracks every dollar spent for a transparent, audit-ready record of every decision. Best-in-class JOC suppliers provide project oversight, ensuring successful project completion.

These solutions are ideal for the responsible stewardship of federal funding in service of community improvement.
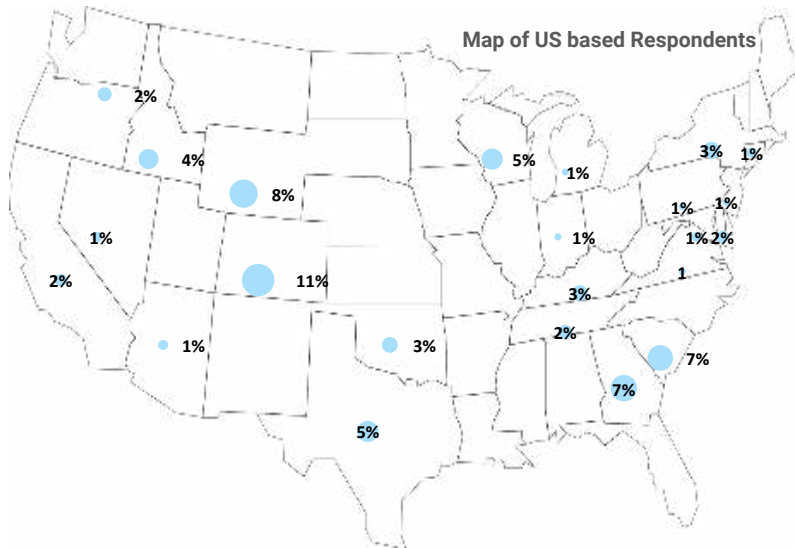
Conclusion

Public sector leaders have called for help. The federal government has responded by making funding available. Yet some state and local leaders have not yet been able to take advantage of these opportunities. Why?

There is much asked of state and local leaders. They are asked to respond to emergencies, meet the immediate needs of their constituents, keep bridges and roads in good condition and schools open. Complicating assistance can be convoluted grant applications, which require significant detail in their estimations and analysis, along with confusion over what assistance is even available, and having to ensure that funds are obligated and expended in a compliant way.
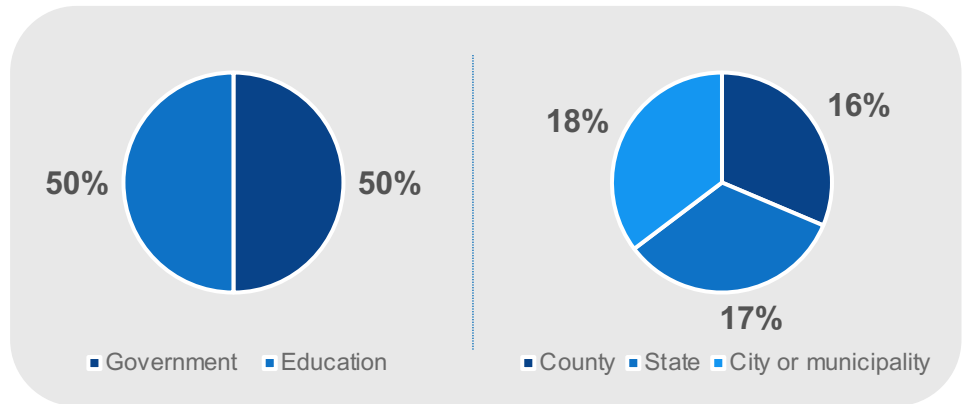
It is crucial that public agencies remain ready to take advantage of any opportunity available. This means being able to move quickly and accurately to secure funding; understanding the landscape of opportunities and requirements; ensuring that their funding aligns with the most pressing areas of concern; and remaining detail-oriented, so that one checked box does not lose an opportunity.

Citizens count on their public leaders to provide necessary services, educate their children, and keep the lights on. With help, state and local governments can continue to rise to the occasion.
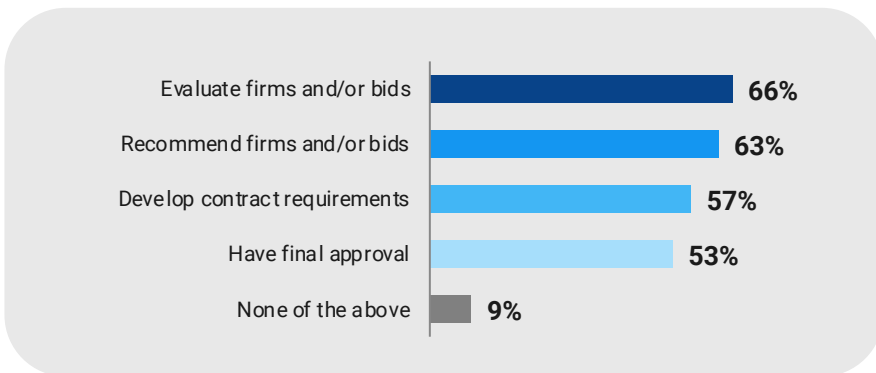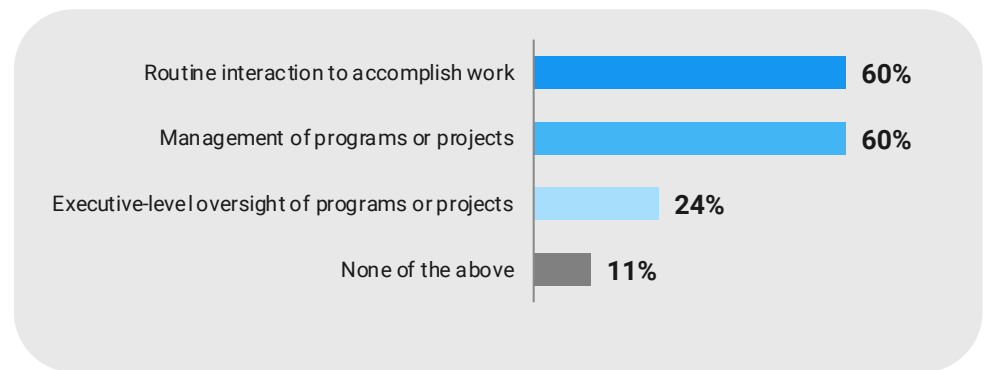
Audience Profile

Map of US based Respondents

Which of the following best describes your employment status?

50% — Government | 50% — Education

16% — County | 17% — State | 18% — City or municipality

- ■ Government ■ Education
- ■ County ■ State ■ City or municipality

In which of the following ways are you involved in your organization's selection of firms that provide facilities or construction services and solutions?

Evaluate firms and/or bids	**66%**
Recommend firms and/or bids	**63%**
Develop contract requirements	**57%**
Have final approval	**53%**
None of the above	**9%**

In which of the following ways are you involved in your organization's management of these firms once they have been hired or selected?

Routine interaction to accomplish work	**60%**
Management of programs or projects	**60%**
Executive-level oversight of programs or projects	**24%**
None of the above	**11%**

Citations

1. https://www.gfoa.org/the-infrastructure-investment-and-jobs-act-iija-was
2. https://www.vaemergency.gov/grant_opportunities/fy22-building-resilient-infrastructure-and-communities-bric/
3. https://www.technologystories.org/deferred-maintenance-the-american-disaster-multiplier/#_ftn2

About

About Government Business Council

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About Gordian

Gordian is the leader in facility and construction cost data, software, and services for all phases of the building lifecycle. A pioneer of Job Order Contracting, Gordian's solutions also include proprietary RSMeans data and Facility Intelligence Solutions. From planning to design, procurement, construction, and operations, Gordian's solutions help clients maximize efficiency, optimize cost savings, and increase building quality.

Learn more at: www.gordian.com/?utom_medium=social&utm_source=linkedin