

# Background

- Emil Friberg – part of EconMAP/PITI-VITI team; previously Assistant Director/Senior Economist at US GAO (retired).
- GAO reviewed single audits/schedules of federal awards of the US territories and Freely Associated States (FAS). I observed that federal grant expenditures varied among US territories and the FAS.
- Discussed this with territorial officials who suggested that further research was warranted.

# Federal Grants: Motivation

- Fair share – motive for states that pay federal taxes
- Pure gravy – motive for areas that don't pay federal taxes
- Never leave money on the table

# Federal Grants: Benefits and Costs

- Benefits:
  - Economic impact
  - Fiscal condition
  - Operational gains
- Costs:
  - Dependency, plus sustainability risk
  - Diversionary activity (tail wags the dog)
  - Transaction costs

# Federal Grants: Who Should Care?

- Finance
  - Cover direct financial needs
  - Free up resources
  - Indirect revenue gains via economic expansion
- Planning
  - Increase/support economic activity
  - Support employment and households
- Operations
  - Support activities independent of local revenues
  - Cover unfunded needs, improve operations

# Federal Grants: How to Research?

- Know thyself: central government **PLUS** components
- Study your peers: territories/FAS
- Engage stakeholders: finance, planning, operations
- Research approaches:
  - Expenditures: Schedule of expenditures of federal awards
  - Awards: Federal database analysis
  - People: operational contacts--federal/territorial/FAS

# Research Approach: Schedule of Expenditures of Federal Awards

- Use central government and component unit audits
- Look at CFDA #s (Catalog of Federal Domestic Assistance #s) of federal award expenditures
- Use aggregate data and then disaggregate data
  - By awarding federal agency
  - By function
- Example: FY19 audits (complete, pre-COVID); Guam/CNMI, US Dept. Agriculture/US Dept. Transportation; RMI/Palau, US HHS

# Research Example: Guam/CNMI Schedule of Expenditures of Federal Awards

<b>FY2019 Audit Data</b>	<b>CNMI</b>	<b>Guam</b>
# CFDA used by central government	95	158
Federal award expenditures by central government (\$mil)	\$224.4	\$377.8
# CFDA used by component units (n=6, CNMI; n=9, Guam)	76	140
Federal award expenditures by component units (\$mil)	\$171.4	\$192.8
Total # CFDA (some duplicates)	171	298
Total federal award expenditures (\$mil)	\$395.9	\$570.6

Note: FY 18 data used for CNMI Commonwealth Health Corporation. May omit grants not listed by CFDA.

# Research Example: Guam/CNMI Schedule of Expenditures of Federal Awards

- Observations on aggregate data:
  - Don't overlook the component units: #s and \$s
  - Per capita analysis: Guam 154,000 & CNMI 47,000 population; \$8,400 CNMI vs \$3700 Guam per capita
  - Look at level of individual CFDA #s:
    - Does your government get the grant others get?
    - If there is a gap in grant awards, how significant? Financial? Operations?
    - Extraordinary reasons to differ? For example, Super Typhoon Yutu? Does per capita analysis make sense?



# Research Example: Guam/CNMI Schedule of Expenditures of Federal Awards

- USDA grants:
  - CNMI (central government, schools, college, healthcare corporation) used 14 CFDAAs. Expenditures totaled \$53.1 million. All 14 CFDAAs were also used by Guam.
  - Guam (central government, schools, college, university) used 39 CFDAAs. Expenditures totaled \$134 million. Of the 25 CFDAAs unique to Guam, they totaled \$1.3 million, about 1 percent of Guam's USDA grants.

# Research Example: Guam/CNMI Schedule of Expenditures of Federal Awards

- USDA grants: Guam and CNMI observations:
  - Financial “gap” is small from the perspective of CNMI not having all the grants Guam expended.
  - About half the difference represents University of Guam USDA research grants – may not be available to small colleges/universities.
  - Child and adult nutrition programs at the Guam Department of Education were most of the remainder, one was \$379,000 grant for “state administrative expenses” for child nutrition.

# Research Example: Guam/CNMI Schedule of Expenditures of Federal Awards

- Transportation grants:
  - CNMI (central government, port-includes airport) used 7 CFDAAs. Expenditures totaled \$12.5 million. Six of these CDFAs were also used by Guam. The CFDA unique to CNMI was small--\$2,217.
  - Guam (central government, ports, airport) used 13 CFDAAs. Expenditures totaled \$47.6 million. Of the 7 CFDAAs unique to Guam, they totaled about \$400,000 or less than one percent of \$47.6 million of Guam's transportation grants.

# Research Example: Guam/CNMI Schedule of Expenditures of Federal Awards

- Transportation grants: Guam and CNMI observations:
  - CNMI had a “small” grant that Guam did not use. If multiyear grant spending, a single audit year review could under/overstate the “value” of that CFDA.
  - Airports: CNMI, 3 airports, \$8.2 million; Guam, 1 airport, \$7.8 million. Per capita review not relevant, Spending could be sensitive to single year analysis.
  - Highways: CNMI, \$2.8 million; Guam, \$37.8 million. Miles of road differences? Needs of US Dept. of Defense?
  - \$400,000 Guam grants not used by CNMI were mostly for highway safety. CNMI opportunity?

# Research Example: Marshall Islands/Palau Schedule of Expenditures of Federal Awards

<b>FY2019 Audit Data</b>	<b>RMI</b>	<b>Palau</b>
# CFDA used by central government	26	42
Federal award expenditures by central government (\$mil)	\$78.4	\$17.3
# CFDA used by component units (n=5, RMI; n=2, Palau)	14	16
Federal award expenditures by component units (\$mil)	\$11.9	\$5.2
Total # CFDA (some duplicates)	40	58
Total federal award expenditures (\$mil)	\$90.2	\$22.5

# Research Example: Marshall Islands/Palau Schedule of Expenditures of Federal Awards

- HHS grants:
  - RMI (central government, college) used 21 CFDA's. Expenditures totaled \$6.3 million. 7 CFDA's were not used by Palau, they totaled \$1.1 million and were 18% of RMI HHS grants.
  - Palau (central government, college) used 24 CFDA's. Expenditures totaled \$5.7 million. 10 CFDA's were not used by RMI, they totaled \$1.56 million and were 18% of Palau HHS grants.
  - Worth investigating: hospital preparedness, etc.

# Research Approach: Overall Observations on Schedule of Expenditures of Federal Awards

- Brute force approach: 1:3 for territories, 1:2 FAS
- Doable and understandable
- Challenge of timeliness for the grant hunt, audits
- Operations staff may find this a useful exercise
- Caution – external events shape the grant environment – natural disasters and high-risk status; per capita thinking may or may not be valid
- See this as opportunity, not as defect

# Research Approach: Federal Awards Federal Spending Database

- [Government Spending Open Data | USAspending \(https://www.usaspending.gov/\)](https://www.usaspending.gov/)
- This source covers grants, loans, contracts of the federal government. Each federal “award” has 101 possible categories of information recorded, including awarding agency data, recipient data, and award financial information.
- Searchable by “state” where the territories and FAS are listed as states, and by zip codes.



# Research Example: RMI and Palau Federal Awards -- Federal Spending Database

- RMI and Palau review, “custom award data” tab

Your selected options are...

Award Types  
Grants

Agency                      Sub Agency  
Awarding Agency            —  
All

Date Range  
Location                      10/01/2018 - 09/30/2019  
Recipient Location  
Marshall Islands, United  
States

Date Type  
Action Date

File Format  
CSV

Your selected options are...

Award Types  
Grants

Agency                      Sub Agency  
Awarding Agency            —  
All

Date Range  
Location                      10/01/2018 - 09/30/2019  
Recipient Location  
Republic of Palau, United  
States

Date Type  
Action Date

File Format  
CSV

# Research Example: RMI and Palau Federal Awards -- Federal Spending Database

- And the results:

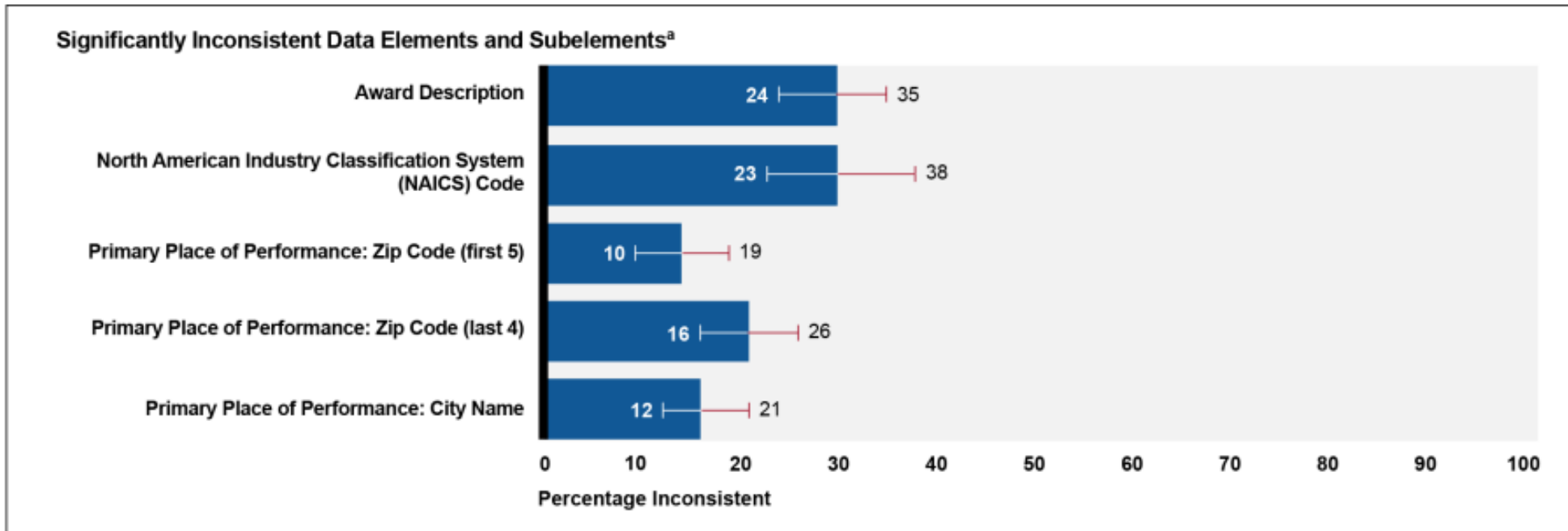
FY19	RMI	Palau
New awards	36	19
Continuation of an award	8	13
Revision	25	9
Adjustment to completed project	5	3

- Problem: when comparing this award list to audit CFDA lists, there are omissions, including HHS and certain education grants.
- Value of this data source: TBD.

# Research Approach: Federal Awards Federal Spending Database

- GAO review found problems in location data.

**Figure 3: Significantly Inconsistent Data Elements and Subelements, Quarter Four of Fiscal Year 2018**



Source: GAO analysis of USAspending.gov database downloaded on 2/11/2019 and agency sources. | GAO-20-75

Note: Range bars display confidence intervals (sampling errors) for the estimates at the 95 percent confidence level.

# Research Approach: People

- Operational contacts
  - Mine federal grant managers, be in touch with peer leadership (territorial/FAS)
  - Use opportunities to gather information
    - Conferences
    - Training
  - Think about communities of practice
- Big Question: zero sum grant environment or not?

# Wrap Up

- Likely opportunities for additional federal grants
- Audit reviews are doable, not currently timely, sometimes do not use CFDA numbers.
- Multiple stakeholders in each territory/FAS; a lot of players
- Operational units have the most at stake and to gain
  
- CFDA information across governments and component units could be made more accessible for review