



Everything
you need to know to connect
with local, state and Federal grants
for business

Ron Flavin



The US government provides more than \$26 billion in grants to businesses each year. Grant writer Ron Flavin has helped his clients raise more than \$100 million in grants throughout his career. This book will help you discover where the business grants can be found and how you can access them for your business. This book will teach you everything you need to know about business grants, including how to develop a winning proposal.

Business Grants

Everything You Need to Know to Connect with Local,
State and Federal Grants for Business

by Ron Flavin

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BUSINESS GRANTS

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Local, State and Federal Grants
for Business**

Ron Flavin

RON FLAVIN

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RON FLAVIN

About the author

Ron Flavin is a leading business grants expert who has helped his clients bring in more than \$146 million in grant funds during his more than 15 years working in the industry. Throughout his career he has helped businesses of every size win grant awards ranging from just a few thousand dollars up to the millions.

In addition to working with businesses, he is also a public speaker, grants trainer and provides grant proposal research and writing services for a wide variety of clients including local and state governments, governmental agencies, local and national nonprofit organizations, schools and school districts, hospitals and healthcare organizations in the United States and around the world. Ron also works as a professional grant reviewer for state and Federal funding agencies.

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Introduction

According to the US Office of Management and Budget (OMB), last year the Federal government allocated an estimated \$524 billion in grants to support a broad variety of programs including community development, education, transportation, environmental protection, economic development and many others. Federal government grants are awarded in 21 categories (see Appendix 1) administered by 26 different agencies (see Appendix II) that publish more than 1,000 different grant opportunities each year. Grants differ from loans in that unlike a loan, grant funds do not have to be paid back. And with access to capital being so tight these days, grants are a hot topic among cash-strapped entrepreneurs looking to start or expand a business. The perception is that Federal grants for businesses are a 'pot of gold' waiting to be had. Unfortunately, perception is not reality. In fact, of that \$500 billion 'pot of gold' just slightly more than five percent (about \$26 billion) was awarded directly to for-profit companies, the rest of the funds were awarded to states, local governments, governmental agencies, nonprofit organizations, universities, schools and school districts to carry out activities for the public good.

When the Federal government does provide grants directly to small businesses, the majority of them are awarded to support research and development activities—mostly related to technology, energy, healthcare, public safety and criminal justice, among others. Despite what some slick, unscrupulous marketers would have you believe, **none** of the \$26 billion was awarded to start a business and **none** of the funds were awarded to pay off business debts. Governmental agencies don't just give away 'free' money without any strings. Government grants *always* come with strings attached and require a great deal of responsibility and accountability.

And contrary to what promoters say, the Federal government doesn't have billions of dollars in grants set aside just for women, minorities, single fathers or anyone else who wants to start a business or pay off debts. Just to be clear on this, I'll say it again, **the United States Federal government does *not* give away grants to start a business or pay off debts—and it's the same whether you're a man, woman or minority.** Anybody who tells you otherwise is lying to you. It's that simple and it doesn't matter where you saw the ad or how official it looked—the answer is always the same.

There are a host of programs that assist minority, women, Veteran, and disabled entrepreneurs and business owners but they provide advisory and technical assistance services—not capital for individuals to start businesses. There are also many programs across the US that offer incentives for small businesses to relocate or expand in severely economically distressed communities. However, most of these incentives come in the form of tax breaks and subsidies—not direct financial assistance or grants.

Also, grants cannot be obtained just by 'asking for them' or 'sending a letter' as is often said by certain loud-mouthed television marketers. To get a grant you need to prepare and submit an often times very complicated proposal. In addition, there is a tremendous amount of competition for grant funds and most proposals that are submitted do not get funded. For instance, the National Science Foundation receives about 40,000 grant proposals every year and only funds about 1,000 of them. By some estimates, in some of the most competitive grant programs as few as *3% of all proposals submitted* will get funded. Winning a grant award requires a lot of hard work and preparation.

I don't tell you any of this to dash your hopes or disappoint you—I just want to start off by setting the record straight and doing my best to

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make certain you don't have any false expectations about business grants.

Now that we've got that out of the way, let's talk about the grants that *are* available to small businesses—after all, \$26 billion *is* a significant amount of cash. As I said early on, most Federal grants awarded directly to small businesses are provided for the purpose of carrying out very specific research and development activities relating to areas of interest to the various funding agencies managing the grant programs.

However, even if your project is not related to research, there may still be a grant program that's right for you. First, there *are* some Federal grant opportunities that are not exclusively focused on research and development open to small business applicants. There are also ways that a non-research project can be reframed as a research project. This can be accomplished by including a legitimate research component into your project or by partnering with an eligible entity such as a college, research institution or nonprofit organization. And if your needs cannot realistically be repositioned as a research project, there are still lots ways in which your business can gain access to government grant funds.

Grant programs are administered not only by the Federal government but by state and local governments and governmental agencies as well. While it's true that the Federal government only awards about \$26 billion in grants directly to for-profit businesses, it also awards billions of dollars in other grants to state and local governments and governmental agencies to support business activities across the country. Many of *these* agencies also make grants available directly to for-profit small businesses.

Remember that regardless of the source of the grant, there still is never a free ride. Government money always comes with strings attached. Business grants are always awarded for specific purposes and

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you must comply with all requirements or you may find yourself in trouble with the law.

If you are an individual with a great business idea for which you would like to seek grant funds I recommend that you conduct an online search for ‘business plan competitions.’ These competitions provide start-up funding—sometimes up to \$100,000 or more—and technical assistance for visionary entrepreneurs without the financial resources to make their dreams a reality. See the section ‘Uncovering non-Federal grant opportunities’ for more information about how to search for business plan competitions.

Chapter One: Grants overview

This section of the book will provide you with a general overview of the world of government grants. Writing a successful grant application is a process that begins with an idea. The actual process that a grant proposal follows—from concept to funding—is far more complex than most people imagine. An overview of the grant proposal development process and the grant funding process is shown below.

Step 1: Identify your business' needs and the focus of your grant needs

Step 2: Search for appropriate grants and prepare a list of targets

Step 3: Based on your needs develop a preliminary proposal and budget

Step 4: Prepare a letter of inquiry or concept paper if it is necessary

Step 5: Submit proposal to funding agency prior to deadline

Step 6: Proposal is reviewed by funding agency

Step 7: Successful applicant receives award notification

Step 8: If necessary, award is negotiated with applicant

Step 9: Funds are awarded to applicant

Step 10: Project is carried out

Step 11: Reports are filed in accordance with funding agency guidelines

'Free grant money' scams—separating fact from fiction

When researching potential government business grant opportunities on the Internet be wary of scams because there are lots of them. The Internet is full of websites promising access to 'free government money,' 'cash to start or expand a business' or 'free government grants for women or minorities.'

You've probably heard or seen the advertisements and websites. These companies claim to have "insiders" secrets to finding and obtaining government grants to pay off debt, buy a home, start a business or just about anything else you'd like to do. They advertise on television, in newspapers, on the Internet and they call people on the phone. They sound believable, look legitimate and may even offer a "money-back guarantee," but all they do is prey on people, take their money and leave them empty-handed. Here are the three most common ways these people and companies operate:

- An advertisement (on television, in print or on the Internet) says that the U.S. Government gives away millions (or billions) of dollars in grants each year to help individuals pay off debt, start a business, buy a house or do any number of other things. All you have to do is buy their book or guide that promises to tell you all the little known secrets to finding and applying for government grants that you don't have to pay back. If you receive anything at all though, it's usually a 'Government Grant Information Guide' (or something similar) that tells you how and where to apply for government grants. But here's the catch - the Federal government **does not** give money to individuals to start a business or pay off debts. In any case, the information - as useless as it may be - is usually outdated and provides nothing more than what is already available to the public for free.
- A website makes the same promise as above. In order to gain access to the site and the "insider" information though, you have to purchase a subscription to the site or you might be offered a low-cost free trial. Once you've paid the fee, you get access to the site, which doesn't provide information

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of any use to you at all. And worse, the next month a recurring subscription fee starts appearing on your credit card statement (anywhere from \$19.99 to \$49.99). In order to cancel it, you have to jump through a number of complicated hoops.

- You receive a phone call, saying that you have been "approved for a grant from the federal government" in amounts that range from \$5,000 to \$30,000. They often lie about where they're calling from and like to use official-sounding names, hoping that you'll think that they're calling from a government agency. They usually say that you qualify for a grant because you paid your taxes on time or because you're a woman, a senior citizen, a minority or something similar. Once you're hooked, the telemarketer will move in for the kill and try and get your bank account information so they can deduct a processing fee of \$199.00 to \$249.00. Of course the grant never materializes, you're out the fee and it's next to impossible to get your money back even though they may have promised you a money back guarantee. A variation of this scam is a "free grants" ad in the classifieds, inviting you to call a toll-free number for more information. Once they get you on the phone, the rest of the scenario is the same.

What the Federal Trade Commission (FTC) says:

- Don't ever pay any money for a "free" government grant. It's not free if you have to pay for it. Government agencies would never ask you to pay a processing fee for a grant that you have already been awarded - or to pay for a list of grant-making institutions. The names of agencies and foundations

that award grants are available for free at any public library or on the Internet. The only official access point for all federal grant-making agencies is www.grants.gov.

- Never give your bank account information to someone you do not know. Scammers pressure people to divulge their bank account information so that they can steal the money in the account. Always keep your bank account information confidential. Don't share it unless you are familiar with the company and know why the information is necessary.
- Look-alikes aren't the real thing. Just because the caller says he's from the "Federal Grants Administration" or something similar, it doesn't mean that he is. There is no such government agency. Take a moment to check the blue pages in your telephone directory to bear out your hunch - or not.
- File a complaint with the FTC. If you think you may have been a victim of a government grant scam, file a complaint with the FTC online on their website (www.ftc.gov) or call 1-877-382-4357.

Virtually *all* of the information you need to know about government business grant programs is available online for free. You do not need to purchase any special 'guide' and there are no 'insider's secrets' to finding government business grant opportunities. You can find all of these opportunities yourself for free and I'll show you how.

The flow of Federal grant dollars

1. Competitive grant programs with funds awarded directly to eligible recipients, including small businesses
2. Formula grants and Community Development Block Grant programs with funds awarded directly to states and eligible state

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agencies (e.g., Homeland Security, Department of Education, Department of Transportation, etc.).

3. Formula & Community Development Block Grant (CDBG) programs with funds awarded directly to eligible local units of government

4. Competitive grant programs with funds awarded directly to eligible recipients, including small business

5. Programs, services and activities that benefit the public (e.g., education, public safety, roads, research and development, job training, economic development, healthcare, infrastructure, eldercare, and others)

The process above provides a general overview of the flow of grant money. The Federal grant dollars are shown at the top. Item 1 represents Federal grant programs to which small businesses are eligible to apply. Items 2 and 3 represent grant programs to which small businesses *cannot* apply. These grants are awarded directly to eligible governments and public sector agencies. Recipients of these grants often offer competitive grant programs and cooperative agreement opportunities, many of which are open to small business applicants, as shown in item 4. Small businesses can also find competitive grant and cooperative agreements through the public benefit programs listed in item 5.

Examples of some of the different types of grants available to businesses across the US

In this section of the book I want to show you some of the different types of grants that are awarded to small businesses across the United States each year. As I said earlier, the vast majority of Federal grants awarded directly to small businesses are provided for the purpose of carrying out research and development activities relating to specific areas of interest identified by the various Federal funding agencies. Nonetheless, the Federal government does provide grants to businesses for other purposes as well. State and local governments and governmental agencies also provide grants directly to small businesses for a wide range of purposes other than research.

The sizes of these grant awards range from as small as a thousand dollars up to the millions. The grants shown below were awarded for all kinds of purposes including: beautifying storefronts; investing in new equipment; purchasing software; training employees; participating in professional development or training; relocating or expanding a businesses; retaining jobs; purchasing a building; constructing or renovating a building; establishing pilot or demonstration projects; commercializing an idea, a concept, a process or technology; building infrastructure; providing training or consultation services to public sector entities or for-profit companies; improving healthcare; enhancing the delivery of educational services; conducting research; attending a conference and many, many more purposes and projects. A quick online search reveals the following examples of Federal, state and local grants awarded to small businesses:

Federal

Though you won't find any Federal grants for starting a business or paying off business debts, the range of business activities that Federal

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grants support is nonetheless broad and diverse. Recent examples of funded business grants I have written include a \$1 million grant from the US Department of Agriculture to develop a demonstration site in Texas for a renewable energy technology and a \$9 million grant to commercialize a new concept in computing. Here are some other examples of grants awarded directly to for-profit companies across the United States:

- \$91 million to develop solar PV cells;
- \$19 million to develop solar electricity technologies;
- \$15 million to demonstrate an electric vehicle charging infrastructure;
- \$8 million to develop a telemedicine network;
- \$4.5 million to develop a communications infrastructure;
- \$4 million to enable a company to develop advanced LED manufacturing technologies;
- \$2.9 million to develop a new biopharmaceutical product;
- \$2.8 million to fund a defense-related technology;
- \$1.3 million to commercialize a novel glass antireflective coating;
- \$800,000 to provide job skills training and continuing education to rural populations.

I did not include any of the major research grants in these examples because I just want to give you an idea of the variety of different types of other business activities that Federal grants support. Alignment to national priorities is the key qualifier in determining whether or not a project might be eligible to receive Federal grant funds. While these priorities may vary from time to time, they generally relate to topics including (but not limited to):

- National security and public safety

- Health care innovation, cost savings and research
- Education, particularly college- and career-readiness, providing equitable education services for students with special needs or disabilities and topics relating to Science, Technology, Engineering or Mathematics (STEM)
- Energy savings and renewable energy
- Telecommunications
- Exceptional advances in technological innovation
- Major advances in scientific research
- Workforce training and education in high-growth fields and industries
- Agriculture- and food-related research and projects

State

Several years ago, the Wyoming State and Loan Investment Board approved \$10.5 million in grants to businesses in the State of Wyoming. The awards included \$4.5 million to develop a planned National Center Atmospheric Research facility, \$3 million for a manufacturing plant and \$3 million to help an online language instruction company to build a new headquarters. These are examples of some of the larger grants that states make to small businesses to relocate, expand, retain jobs or create jobs. But states also give out millions of dollars in smaller grants to support businesses as well. For instance, each year, the Ohio Department of Development awards approximately \$220,000 in Microenterprise Business Development Program grants throughout the state.

These funds came from a Federal Community Development Block Grant (CDBG) formula grant. This is an example of a ‘pass-through’ grant where the Federal government awards funds to states via a specified formula. States then pass the funds on to other state agencies, which then award the funds to various eligible entities—including

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small businesses. Through this effort microenterprises (firms with five or fewer employees including the owner) are awarded grants to support the ‘growth and vitality’ of the businesses. Many other states have some sort of grant program available to support new and existing businesses. New York, Pennsylvania and California are three states that have aggressive business grant programs. Here is some of what New York State was offering as of January 2014:

- Direct Assistance to Business and Other Organizations: Up to \$235.25 million (Empire State Development)
 - Up to \$152 million for ESD Grant Funds
 - Up to \$70 million for Excelsior Jobs Program
 - Up to \$1.25 million for Business Incubator and Innovation Hot Spot Program
 - Up to \$1 million for ESD Grants for Strategic Planning and Feasibility Studies
 - Up to \$10 million for Market New York
 - Up to \$1 million for ESD Technical Assistance and Training Grants – Opportunity Agenda Projects
- Energy: Up to \$50 million (New York State Energy Research and Development Authority)
 - Up for \$50 million for Energy Efficiency Programs

Similarly, a quick search of the Pennsylvania Department of Community and Economic Development (<http://www.newpa.com>) website using the search terms Funding for (business) and Funding type (grant) turns up six pages of results. Not all states are as generous with business grants but all of them offer some sort of financial incentive (e.g., grants, tax credits, etc.) pack to support new and existing businesses. Later on this book you’ll find a list of websites for all 50 states plus the District of Columbia.

Local

Many municipalities offer small grants to support local businesses and encourage them to remain in the community. For instance, in South Florida, the Miami-Dade County ‘Mom and Pop Small Business Grant’ program (<http://www.miamidade.gov/managementandbudget/mom-pop.asp>) provides an excellent example of the kinds of smaller grants that local governments make available to support small businesses in the community. Most of these community grants generally range in size from a low of about \$1,000 up to \$5,000. In this example the county sets aside money from its general budget every year for the program, doling out equal amounts to each commissioner's office. The Mom and Pop grant program receives between \$1 and \$2 million in funding each year. Grants support a diverse range of activities including the purchase of computers, software and equipment, marketing and advertising, participating in training and much more.

The City of Chicago also has a grant program—the Small Business Improvement Fund (SBIF)—to support its small businesses. SBIF helps small businesses make improvements to small business properties in select Chicago neighborhoods. The program uses tax increment financing (TIF) revenues to help owners of commercial and industrial properties within specific TIF districts to repair or remodel their facilities for their own business or on behalf of tenants. Program participants can receive matching grants to cover from 25% to 75% of SBIF-eligible costs with a \$150,000 maximum assistance per project and per applicant. SBIF grants support projects such as building improvements and even the purchase of adjacent properties for business expansion or parking. Learn more at http://www.cityofchicago.org/city/en/depts/dcd/provdrs/ec_dev/svcs/apply_for_a_smallbusinessimprovementfundgrant.html.

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At the time of this writing (2014) the City of Rochester, New York was operating a very aggressive financial assistance program to support local businesses and attract new firms to the area. The City's incentives are largely limited to businesses in the industrial/high technology sectors. Rochester's financial assistance includes business grants, business loan assistance and tax/job credits. Here is an overview of the City's incentives that include business grants:

- **Building Renovation Matching Grant Program:** *Provides 50/50 matching grants* of up to \$30,000 to qualified businesses located within or moving into the city of Rochester. Eligible projects consist of interior or exterior building renovations and/or building improvements, including security enhancements, which result in the creation and/or retention of private sector jobs.
- **Main Street Assistance Program:** Provides financial assistance to businesses and property owners located in the downtown Rochester area to promote investment and job creation/retention in the core area of Rochester's Center City. Eligible projects include furniture, fixture and equipment purchases, working capital, real estate acquisition, interior and exterior building improvements and environmental remediation. Available assistance includes low interest loans up to \$250,000, *interest rate subsidy grants and 50/50 matching grants of up to \$30,000.*
- **Financial Assistance Program:** Provides financial assistance to new or expanding city businesses to stimulate private sector job retention and/or creation, investment within the City of Rochester and increases in the City's tax base. Eligible projects include furniture, fixture and equipment purchases, machinery acquisition, working capital and the acquisition, construction

and/or renovation of real estate. Available assistance includes low interest loans up to \$250,000 and *interest rate subsidy grants*.

- **Targeted Business Assistance Program:** Provides financial assistance to targeted small businesses located within or moving into the City of Rochester that may have barriers to obtaining the capital necessary for business growth and development. Eligible projects include furniture, fixture and equipment purchases, working capital and acquisition, construction and/or renovation of real estate, and must result in the creation and/or retention of private sector jobs. Available assistance includes low interest loans up to \$150,000, interest rate subsidy grants and *50/50 matching equity grants of up to \$10,000*.
- **Pre-Development Matching Grant Program:** Provides *matching grants up to \$25,000* to established firms/developers of industrial or large commercial projects that meet the City's economic development goals. Program funds may be used for environmental investigations and other studies that are needed to determine the cost of redeveloping brownfields or other city sites.

Visit <http://www.cityofrochester.gov/index.aspx?id=96> to learn more about the City of Rochester's local business grant and financial assistance programs.

Some cities are using a new approach to attract businesses into their central core. Last year, the City of Spartanburg, South Carolina introduced its very successful Main Street Challenge local business grant program. The Main Street Challenge matches winning businesses with participating downtown property owners. Each winner receives \$12,000 in funds from the City to be used for rental assistance for their first year of operations, along with approximately \$8,000 in in-kind support and services from local businesses and sponsors. Plus,

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you get loyal customers and supportive downtown neighboring businesses that want to see you succeed. In return, each winning business signs a three-year lease with a property owner and must open for business in downtown Spartanburg no later than Nov. 1, 2014, in time for the holiday retail season. Four businesses were awarded Main Street Challenge grants in 2013, prompting city leaders to renew and expand the program for 2014.

Due to requests from downtown property owners, the City expanded the program to more locations on Broad, Church, Dunbar and Main streets. So far, 12 storefronts ranging in size from 1,100 square feet to 10,000 square feet are in the contest.

- The Main Street Challenge local business grant program is open to all legal U.S. residents, 18 years of age or older at the time the entry is submitted.
- Proposed business can be independent or franchise.
- For current business owners, the application must be with the intent to introduce, open and operate a concept that will offer a new element not promoted in the existing location, or expand upon and highlight an element that would be removed from the existing location.
- The applicant must be willing, and demonstrate the financial ability, to commit to a minimum 3-year lease in one of several pre-qualified locations in downtown Spartanburg.

Even economically distressed cities such as Detroit often have grant programs to support entrepreneurs and attract new small businesses. In 2009 a fund was established to seed growth and opportunity in Detroit by awarding small businesses and entrepreneurs grants to grow their

businesses. As of this writing, that program is no longer accepting applications (although it may be back) but others not operated by the City have cropped up. For instance, a quick scan of the Detroit Economic Growth Corporation (<http://www.degc.org/site-selectors/incentives-and-financing>) website turns up three different business grant opportunities: grants for energy conservation improvements; a grant program exclusively for companies involved in creative industries; and a green grocer grant program. Many local governments have similar programs but it may take some digging to uncover them because they are typically not highly promoted.

Some local governments also have larger grant programs as well, awarding grants up to the multi-million dollar range. However, these larger awards are reserved for businesses with significant potential to have a lasting economic impact and create jobs. To qualify for these funds, businesses must usually commit to creating and retaining a minimum number of jobs in a particular salary range for a specified period of time. Grants of this nature come with a lot of strings attached (they always do) and requirements that must be met—otherwise, the grant funds must be repaid back to the city.

More information about how to uncover Federal, state and local business grant opportunities is provided in the “How to find funding opportunities” chapter of this book.

Chapter Two: Types of grants and funding instruments

Governments and governmental agencies don't just provide financial support to businesses through grants—they utilize a variety of other means as well including cooperative agreements, contracts, tax incentives, rebates and more. The focus of this book however is grants and cooperative agreements as these two are very similar to one another. The world of government contracts is so complex that an entire industry has developed to support small businesses in their efforts to obtain contracts with governments and governmental agencies. Although I've worked extensively in government contracts and have experience in the other ways that governments support businesses as well, the purpose of this book is to share with you my knowledge of grants and cooperative agreements.

In this section of the book you will learn about the ways in which grants and cooperative agreements differ from one another as well as the different types of opportunities that are published each year.

Definition of a grant

According to federal government regulations, "An executive agency shall use a grant agreement as the legal instrument reflecting a relationship between the United States Government and a State, a local government, or other recipient when—

- The principal purpose of the relationship is to transfer a thing of value to the State or local government or other recipient to carry out a public purpose of support or stimulation authorized by a law of the United States instead of acquiring (by purchase, lease, or barter) property or services for the direct benefit or use of the United States Government; and

- Substantial involvement is not expected between the executive agency and the State, local government, or other recipient when carrying out the activity contemplated in the agreement.”

Federal grants

The Federal government uses a variety of differing grant mechanisms to distribute funds to states and communities. Each of these mechanisms is designed to serve a particular purpose and each one comes along with its own unique set of rules, requirements and obligations. It is important to understand the various types of funding mechanisms because this knowledge can help you develop an appropriate strategy to access funding. The major types of Federal grant funding sources are shown below.

Entitlement programs

Entitlement programs guarantee that all parties that meet certain eligibility criteria are served. Some federal entitlement funds flow directly to state agencies, which are responsible for operating the particular program or turning the funds over to local agencies to operate the program; in other states, city or county governments run the program. Sometimes states use federal entitlement funds to contract with private nonprofit agencies to perform specific activities that are part of the state plan.

Formula or block grants

This is where most Federal grant dollars are spent. For-profit companies, colleges and universities, non-profit organizations and independent school districts are not eligible. Most formula grants are awarded to states, which in turn, dole out the money to other entities to serve the purpose of the grant.

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The amount of money each state receives is based on an established formula that uses measures such as poverty rates or population growth. In order to receive formula or block grant funding, states must regularly submit a general plan describing the broad functions and population to be served by the state program to the federal agency that oversees the program. Like entitlement programs, block grants flow directly to state agencies that are responsible for operating the particular program. These agencies then sub-grant the funds to other entities (including businesses) through a competitive proposal process or turn the funds over to local government agencies or nonprofit, community-based organizations. These are often referred to as ‘pass through’ grants because the funds pass from the Federal government to the states, which then pass the funds along to other eligible entities—including small businesses. Formula grants differ from entitlement programs in that they do not guarantee to cover everyone who is eligible.

Discretionary or project grants

Discretionary or project grants are generally awarded through a competitive process. These grants fund a wide variety of Federal efforts such as education, healthcare, public safety, economic development and more. Eligible applicants for discretionary grants varies from program to program but may include state and local governments, community-based organizations, coalitions, public-private partnerships, schools and school districts, colleges and universities and small businesses. Because funds are awarded at the ‘discretion’ of the administering agency through a highly competitive process, application for discretionary grants does not guarantee an award, and the amounts received by grantees are not predetermined by a formula. For-profit companies are sometimes eligible to compete for these grants.

Competitively-awarded grants available to governmental bodies and entities, colleges or universities, tribal governments, independent school districts and non-profit organizations

Small businesses are not eligible to apply for these funds. Along with formula grants, these grants account for a large chunk of Federal grant spending. But unlike formula grants, eligible entities have to plan and develop competitively-judged proposals that are awarded funds based on the scores they receive. Nearly all of the Federal funding agencies offer grants to eligible recipients via a competitive process.

Even though for-profit businesses are not eligible to directly apply for these grants, they nonetheless represent a wealth of opportunity for small businesses to gain access to Federal grant dollars. Specifically, businesses can access these Federal funds by partnering with an eligible entity to apply for the grant. The section on **Partnerships** provides details about effective strategies for using partnerships to access Federal grant dollars.

Cooperative agreements

In addition to grants, the federal government also awards funds directly to business entities through cooperative agreements. Like grants, cooperative agreements are typically awarded through a competitive process. A key difference between the two is that cooperative agreements include a much higher level of active involvement by the funding party than a typical grant does. Here is what the federal government says about cooperative agreements: “An executive agency shall use a cooperative agreement as the legal instrument reflecting a relationship between the United States Government and a State, a local government, or other recipient when—

BUSINESS GRANTS

- The principal purpose of the relationship is to transfer a thing of value to the State, local government, or other recipient to carry out a public purpose of support or stimulation authorized by a law of the United States instead of acquiring (by purchase, lease, or barter) property or services for the direct benefit or use of the United States Government; and
- Substantial involvement is expected between the executive agency and the State, local government, or other recipient when carrying out the activity contemplated in the agreement.

Essentially, a cooperative agreement is a form of assistance relationship where the Federal agency is substantially involved during the performance of the award. Other than that, a cooperative agreement operates much like grant, with the same competitive application process.

Federal contracts

Federal contracts are often awarded through a competitive bidding process—somewhat similar to grants—and are agreements between local, state or federal government agencies and private businesses, non-profit organizations or other entities. Contracts require the provision of specified services and often incorporate specific performance standards that contractors must meet.

Demonstration grants

Demonstration grants are pilot projects generally involving a small number of sites in an effort to learn about the effectiveness of a new program or approach. An effective demonstration grant program may lead to further funding in the form of discretionary grants.

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Demonstration grants also are awarded on a competitive basis and can go to state and local governments or to community-based organizations, depending on the program's eligibility requirements.



The US government provides more than \$26 billion in grants to businesses each year. Grant writer Ron Flavin has helped his clients raise more than \$100 million in grants throughout his career. This book will help you discover where the business grants can be found and how you can access them for your business. This book will teach you everything you need to know about business grants, including how to develop a winning proposal.

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