

The Truth About Grants

By Tish Johnson, University of Missouri Extension

At the Extension office I get asked probably an average of once a week about grants, usually for starting a small business and occasionally for bailing one out of trouble. There are many misconceptions out there, and learning the truth can be discouraging. Don't despair, for those of you willing to put in the work, there may be real rewards.

Grant Myth #1: "The government is giving away billions of dollars in unclaimed grant money." Stop listening to those late night TV infomercials, this is a ridiculous claim, completely untrue. And avoid the web sites offering a free CD for finding government grants, it contains minimal resources and you'll probably be signed up for an online membership without your knowing. Read the Terms and Conditions very carefully before ordering any book or CD that claims to make it easy to find free money. As Grandpa said, "if it sounds too good to be true..."

Grant Myth #2: "You can get a grant to start your business or pay your bills." Sounds great, doesn't it? So yes, it's wrong. Since we have a free-market economy, the U.S. government is not interested in helping to start for-profit businesses except under very specific conditions, such as producing some component needed by the military. Grants from private foundations generally only go to registered non-profit corporations. However, you may qualify for low interest loans or other assistance. Contact the Small Business Development Centers:

Grant Myth #3: "Grants are completely free money." Not quite true. While grants don't have to be paid back as long as you follow the rules, many grant programs require that you supply matching funds. The amount, which is stated in the instructions, is usually a percentage of your total project budget. Sometimes the match has to be cash, and sometimes you can include "in-kind" match, such as labor and materials that you'll be supplying. We all love programs that allow in-kind matching.

Grant Myth #4: "Grants programs are broad-based and designed to meet your needs." No, they're designed to meet the needs of the funders. They donate grants for one of two reasons: 1) they care about some particular issue and want to affect positive change with that issue; or 2) they will benefit financially, such as corporate grants that create "good will" with a customer base (that doesn't make corporate grants a bad thing). As such, there may be restrictions on who is eligible to apply for the grant, when and where the project has to be completed, how it is evaluated, and other rules.

Grant Myth #5: "Grants are easy to get." OK, no one actually ever says this to me, but it becomes clear that people are looking for easy money. Keeping in mind that you're going to be serving the purposes of the funder, there are going to be reporting requirements, probably an evaluation of your project required, and the application process may be cumbersome. You have to weigh the anticipated benefit you'll get from the grant with the work that's involved, Back to Grandpa's wisdom: "Something worth doing...."