Background: The 12% grant program was approved by Arizona voters in 2002. Section 12 allows each Tribe to distribute a portion of its gaming revenues -- the 12% contribution -- directly to cities, towns, and counties of the Tribe’s choosing. The funds are intended to be used for government services that benefit the general public, including education, public safety, mitigation of the impacts of gaming, and promotion of commerce and economic development.

Grant funds cannot be awarded directly to non-profit entities like the university or the NAUF. Instead, Prop. 202 guidelines allow “eligible governments” like cities, towns, or counties to act on their behalf, including accepting and serving as fiscal agent for the award, and transferring the funds to the non-profit for the approved project. These arrangements are typically formalized by bilateral agreements between the Tribe and the city/town/county government, and then between the city/town/county government and the non-profit; but tripartite agreement also may be used to formalize the arrangements. Because the NAU Foundation does not accept funds from governmental entities like Tribal and/or local governments, Prop. 202 funds must be requested by and awarded to the eligible government which then transfers the funds to the University.

Each tribe in the compact has its own process for grant applications, and applications or contacts for the program are usually found on their websites.

NAU’s Process:

The City of Flagstaff and other governmental entities in Arizona have served as fiscal agents for Prop. 202 funds awarded to the University. If allowed, the University will request F&A (indirect costs). Proposals are formally submitted to the tribal government by the local government entity that is acting on behalf of the university, though in fact the University may take the lead in gathering the required documents and transmitting the completed proposal to the Tribe.

Faculty and/or Development Officers should work with their assigned OGCS Grant and Contract Administrator to review the Tribe’s grant process and prepare the required documents which are likely to include the proposal, a cover letter from the city/town/county government indicating its agreement to serve as fiscal agent, and a second cover letter from NAU accepting that arrangement; the signed NAU Proposal Approval Form (PAF) also is required for proposal review. OGCS will review and transmit the proposal to the Tribe for consideration for Prop. 202 funding.

Prop. 202 awards are reported by the University as part of the annual report of sponsored project awards and expenditures; Prop 202 funds also are considered as gifts awarded towards the Foundation’s income.