

# Grants Training

## Module 2



## Module 2: Federal Financial Assistance

### Terminal Objective

At the completion of this module, you will have knowledge of the difference between discretionary and non-discretionary Federal financial assistance programs, Federal financial assistance and Federal acquisition purposes and requirements; and knowledge of Federal financial assistance instruments (for example, grants, cooperative agreements, loans, etc.).

### Lesson Menu:

- [Lesson 1: Financial Assistance Programs](#)
- [Lesson 2: Grants and Cooperative Agreements](#)



Select each lesson. Then, select Next to continue.



## Lesson 1: Financial Assistance Programs

### Enabling Objective:

At the completion of this lesson, you will have knowledge of financial assistance programs and be able to describe the difference between discretionary and non-discretionary programs.

Information in Lesson 1 includes:

- [What are Financial Assistance Programs?](#)
- [Discretionary vs Non-discretionary Programs](#)



Select each type of program. Then, select Next to continue.



## What are Federal Financial Assistance Programs?

Federal financial assistance programs are authorized by statute with specific authority to transfer money, property in lieu of money, or other direct assistance to eligible recipients to support or stimulate a public purpose. For the purposes of this course, Federal financial assistance refers to:

- Grants
- Cooperative agreements
- Direct appropriations
- Donations of property
- Food commodities.



Select Next to continue.





## What are Federal Financial Assistance Programs? (continued)

Financial assistance for the purpose of the Single Audit Act can be provided to non-Federal entities in a variety of forms in addition to the forms listed above, such as:

- Loans
- Loan Guarantees
- Interest subsidies
- Insurance



Select Next to continue.



## Knowledge Check

True or False. Which of the following are considered financial assistance?

The transfer of a federally owned building to a local school district to be used as a public building.	<input type="checkbox"/>
The transfer of food to state agencies for distribution to low income families.	<input type="checkbox"/>
Providing logistical support for a conference of new grant award recipients.	<input type="checkbox"/>

Check your Answer



Select True or False for each statement and then click the Check your Answer button for feedback. After reviewing the feedback, select Next to continue.





## Try Again!

Pretty good, but you missed one.

Question	Your Answer	Feedback
The transfer of a federally owned building to a local school district to be used as a public building.	True	Correct! This is financial assistance in the form of a donation of property. In this case, the federally owned building is being transferred to a public entity to serve the public.
The transfer of food to state agencies for distribution to low income families.	True	Correct! This is financial assistance in the form of food commodities.
Providing logistical support for a conference of new grant award recipients.	True	Incorrect. The correct answer is False. This is a contract because the work is being performed under the direction of the Federal government for the primary benefit of the government.

Close

## Knowledge

True or False. W

The transfer of a district to be us

The transfer of income families

Providing logisti recipients.

Check your Answer

Select True or False feedback, select N



## Lesson 1: Financial Assistance Programs

### Enabling Objective:

At the completion of this lesson, you will have knowledge of financial assistance programs and be able to describe the difference between discretionary and non-discretionary programs.

Information in Lesson 1 includes:

- [What are Financial Assistance Programs?](#)
- [Discretionary vs Non-discretionary Programs](#)



Select each type of program. Then, select Next to continue.





## Discretionary vs Non-discretionary Programs

There are two major categories of Federal financial assistance programs:

- [Discretionary Programs](#)
- [Non-Discretionary Programs](#)



Select each topic for more information. Then, select Next to continue.





## Discretionary Programs

Most Federal awards under discretionary programs are made through a competitive process. The Federal agency issues a notice inviting applications, and entities that are eligible develop proposals stating how the applicant plans to:

- Use the funds in response to programmatic goals, objectives and other requirements outlined in the funding opportunity announcement
- Allocate the funds on various program activities, and
- Manage the award.



Select Next to continue.





## Discretionary Programs (continued)

Reviews may occur by an independent panel of peers, Federal staff, or a combination. The applications are scored based on established criteria, and the highest-scored applications are typically recommended for funding.

**Discretionary programs** are those in which the Federal agency generally may:

- Select the recipient from among all eligible applicants
- Determine to make or not make an award based on the programmatic, technical, or scientific content of an application, and
- Determine the amount of funding to be awarded.



Select Next to continue.





## Discretionary vs Non-discretionary Programs

There are two major categories of Federal financial assistance programs:

- [Discretionary Programs](#)
- [Non-Discretionary Programs](#)



Select each topic for more information. Then, select Next to continue.





## Non-discretionary Programs

**Non-discretionary programs** have specific statutory authority under which the Federal agency has no ability to exercise judgment ("discretion") in selecting the recipient or amount of funding. Grants or cooperative agreements are awarded to each eligible entity under the conditions and in the amount (or based on the formula) specified in statute. The Federal agency can still exercise its authority to take sanctions against a recipient for non-compliance, including reducing the award amount or not making the award.

Types of non-discretionary Federal financial assistance programs include:

- Block Grants
- Entitlement Programs



Select Next to continue.





## Block Grants and Entitlement Programs

**Block Grants.** A consolidation of related programs into a single award to a governmental unit (normally States) to be used for a variety of activities within a broad functional area such as community development, social services, public health, or law enforcement.

Block grants are typically formula-driven, and the recipient is responsible for further distribution of the money, thereby reducing federal involvement in that they transfer much of the decision-making to the recipient and reduce the number of separate awards that must be administered by the Federal Government.

Examples include:

- The Department of Housing and Urban Development's Community Development Block Grant
- The Department of Health and Human Services' Child Care and Development Block Grant
- The Department of Labor's Workforce Investment Act (Youth, Adult, and Dislocated Workers) Block Grant



Select Next to continue.



## Block Grants and Entitlement Programs (continued)

**Entitlement Programs.** The Federal Government is legally obligated to make grants to States for any person who meets the legal criteria for eligibility under the program.

Examples include:

- Medicaid Program
- The Department of Agriculture's Supplemental Nutrition Assistance Program, and
- The Department of Labor's Federal-State Unemployment Insurance Program.



Select Next to continue.



## Knowledge Check

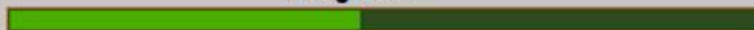
Match each program to its description. Then, select Submit.

Description	Program Type
Are those programs in which the Federal agency generally may select the recipient from among all eligible applicants.	<input type="text"/>
Have specific statutory authority under which the Federal agency has no ability to exercise judgment in selecting the recipient or amount of funding.	<input type="text"/>
Are those which include Block Grants and Entitlement Programs.	<input type="text"/>
Most Federal awards are made through a competitive process.	<input type="text"/>
Are those programs in which the Federal agency may determine the amount of funding to be awarded	<input type="text"/>



Check your Answer

Match the correct answers, and then select the Check your Answer button.





## Try Again!

Review what was missed.

Question	Your Answer	Feedback
Are those programs in which the Federal agency generally may select the recipient from among all eligible applicants.	Discretionary	Correct!
Have specific statutory authority under which the Federal agency has no ability to exercise judgment in selecting the recipient or amount of funding.	Discretionary	Incorrect. The correct answer is Non-discretionary
Are those which include Block Grants and Entitlement Programs.	Discretionary	Incorrect. The correct answer is Non-discretionary
Most Federal awards are made through a competitive process.	Discretionary	Correct!
Are those programs in which the Federal agency may determine the amount of funding to be awarded.	Discretionary	Correct!

Close



## Discretionary vs Non-discretionary Programs

There are two major categories of Federal financial assistance programs:

- [Discretionary Programs](#)
- [Non-Discretionary Programs](#)



Select each topic for more information. Then, select Next to continue.





## Lesson 1: Financial Assistance Programs

### Enabling Objective:

At the completion of this lesson, you will have knowledge of financial assistance programs and be able to describe the difference between discretionary and non-discretionary programs.

Information in Lesson 1 includes:

- [What are Financial Assistance Programs?](#)
- [Discretionary vs Non-discretionary Programs](#)



Select each type of program. Then, select Next to continue.



## Module 2: Federal Financial Assistance

### Terminal Objective

At the completion of this module, you will have knowledge of the difference between discretionary and non-discretionary Federal financial assistance programs, Federal financial assistance and Federal acquisition purposes and requirements; and knowledge of Federal financial assistance instruments (for example, grants, cooperative agreements, loans, etc.).

### Lesson Menu:

- [Lesson 1: Financial Assistance Programs](#)
- [Lesson 2: Grants and Cooperative Agreements](#)



Select each lesson. Then, select Next to continue.



## Lesson 2: Grant Agreements, Cooperative Agreements, and Contracts

### Enabling Objective:

At the completion of this lesson, you will be able to describe the purpose of the Federal Grant and Cooperative Agreement Act of 1977 and describe the differences between grant agreements, cooperative agreements and contracts.

Information in Lesson 2 includes:

- [Federal Grant and Cooperative Agreement Act of 1977](#)
- [Selecting the Appropriate Award Instrument](#)



Select each type of program. Then, select Next to continue.





## Federal Grant and Cooperative Agreement Act of 1977

Federal grant agreements and cooperative agreements are defined by the Federal Grant and Cooperative Agreement Act of 1977, as codified in Title 31 Section 6304 of the U.S. Code. A key purpose of the Act was to distinguish financial assistance relationships (grant agreements and cooperative agreements) between Federal procurement (contracts) relationships. Along with definitions and clarifications, the Act provides criteria for the Federal agency to select the appropriate legal instruments to achieve:

- Uniformity in their use
- A clear definition of the relationships between the Federal agency and the entity; and,
- A better understanding of the responsibilities of the Federal agency and the entity.



Select Next to continue.



## Lesson 2: Grant Agreements, Cooperative Agreements, and Contracts

### Enabling Objective:

At the completion of this lesson, you will be able to describe the purpose of the Federal Grant and Cooperative Agreement Act of 1977 and describe the differences between grant agreements, cooperative agreements and contracts.

Information in Lesson 2 includes:

- [Federal Grant and Cooperative Agreement Act of 1977](#)
- [Selecting the Appropriate Award Instrument](#)



Select each type of program. Then, select Next to continue.





## Selecting the Appropriate Award Instrument

Topics included in this section are:

- [Grants and Cooperative Agreements](#)
- [Federal Financial Assistance vs. Federal Contracts](#)



Select each topic. Then, select Next to continue.





## Grant and Cooperative Agreements

The Federal Grant and Cooperative Agreement Act provides the following criteria when selecting the appropriate financial assistance instrument:

**Grant.** "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-

1. 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
2. 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."



Select Next to continue.



## Grant and Cooperative Agreements (continued)

**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-

1. 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
2. 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."



Reference: [Federal Grant and Cooperative Agreement Act of 1977](#)

Select Next to continue.



## Grant and Cooperative Agreements (continued)

### *What is Substantial Involvement?*

The criteria for distinguishing between grants and cooperative agreements is that for cooperative agreements, substantial involvement expected between the agency and the recipient DURING performance of the programmatic work activities.

Substantial involvement is collaboration between the awarding agency and recipient in the management and/or performance of a project, as outlined in the terms and conditions of the award. Typically the awarding agency is providing programmatic support. Support may include technical expertise, access to specialized equipment, labor, etc. Substantial involvement should not be used a means of exercising control over the recipient.



Select Next to continue.





## Grant and Cooperative Agreements (continued)

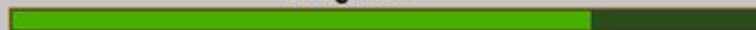
### *What is Substantial Involvement?*

Therefore, the distinguishing factor between a grant and a cooperative agreement is the degree of Federal participation or collaboration (i.e., substantial involvement) during the performance of the programmatic work activities.



- If the Federal agency staff is substantially involved during the performance of project activities (in addition to standard monitoring and technical assistance), then a cooperative agreement is the proper funding instrument.
- If no substantial involvement by Federal agency is anticipated, a grant agreement is the proper funding instrument.

Select Next to continue.





## Grant and Cooperative Agreements (continued)

### *What is Substantial Involvement?*

Some examples of anticipated involvement that could be considered substantial are:



1. Federal agency involvement in the selection of key recipient personnel, however, the Federal agency should not make hiring decisions for the recipient.
2. Federal agency and recipient collaboration or participation in performing the project, such as approving one stage of the project before the next stage can begin.
3. Direct Federal agency involvement or participation in the project to ensure compliance with cross-cutting statutory requirements, such as civil rights, environmental protection, and disability provisions.
4. Federal agency facilitation of relationships with other funded projects and/or stakeholders to maximize impact.
5. Federal agency review of detailed performance specifications (e.g. construction specifications).

Select Next to continue.





## Grant and Cooperative Agreements (continued)

### *What is Substantial Involvement?*

Furthermore, the exercise of normal oversight and stewardship responsibilities and function do not alone require or justify the use of a cooperative agreement.

Limits on substantial involvement:

- Not a license for Federal control of the project
- May not control the recipient's everyday affairs or management decisions
- Over-involvement may negatively impact sustainability (the recipient cannot conduct activities without assistance of Federal personnel)



Select Next to continue.



## Grant and Cooperative Agreements (continued)

### *How do technical assistance and guidance relate to substantial involvement?*

Most Federal agencies provide technical assistance, advice, or guidance regarding best practices or compliance with program requirements. This does not constitute substantial involvement if:

1. It is provided at the request of the recipient, or
2. The recipient is not required to follow it, or
3. The recipient is required to follow it, but it is provided prior to the start of the project (usually in the notice of funding announcement) and the recipient understood this prior to the financial assistance award.



Select Next to continue.



## Knowledge Check

What type of award instrument would you choose for the following activities?

Activity	Award Instrument
Evaluation of federal programs or activities for use by the Federal Government in accordance with the awarding office's requirements.	<input type="text"/>
A demonstration project in which the recipient conducts project activities responsive to awarding office priorities in collaboration with the awarding office in order to add to the general knowledge about a problem or issue. Results will be available to the awarding office as a by-product; recipient may also use results.	<input type="text"/>
Evaluation of service delivery models or other approaches to public health problems as designed by the recipient with the intent of enhancing the public health service delivery.	<input type="text"/>
Providing logistical support for a conference sponsored by the Federal government.	<input type="text"/>



Check your Answer

Select the appropriate award instrument for each activity and then click the Check your Answer button for feedback. After reviewing the feedback, select Next to continue.

Progress





Question	Your Answer	Feedback
Evaluation of federal programs or activities for use by the Federal Government in accordance with the awarding office's requirements	Contract	Correct! In this case, a contract is appropriate because this is work that is performed under the direction of the Federal Government for the primary benefit of the government.
A demonstration project in which the recipient conducts project activities responsive to awarding office priorities in collaboration with the awarding office in order to add to the general knowledge about a problem or issue. Results will be available to the awarding office as a by-product; recipient may also use results.	Contract	Incorrect. The correct answer is Cooperative Agreement. In this case a cooperative agreement is appropriate because substantial involvement by the Federal Government is anticipated in the execution of the project activities. The field/public is the primary beneficiary of the project.
Evaluation of service delivery models or other approaches to public health problems as designed by the recipient with the intent of enhancing the public health service delivery.	Contract	Incorrect. The correct answer is Grant. In this case a grant is appropriate because the recipient will be leading the effort for the benefit of the American public.
Providing logistical support for a conference sponsored by the Federal government.	Contract	Correct! In this case, a contract is appropriate because this is work that is performed under the direction of the Federal government for the primary benefit of the government.

[Close](#)



## Selecting the Appropriate Award Instrument

Topics included in this section are:

- [Grants and Cooperative Agreements](#)
- [Federal Financial Assistance vs. Federal Contracts](#)



Select each topic. Then, select Next to continue.



## Federal Financial Assistance vs. Contracts

The Federal Grants and Cooperative Agreements Act distinguishes between assistance (grant agreements and cooperative agreements) and acquisition (procurement/contracts), based on the principal purpose of the legal relationship between the parties.

An executive agency shall use a procurement contract as the legal instrument reflecting a relationship between the United States Government and a State, a local government, or other recipient when:

1. The principal purpose of the instrument is to acquire (by purchase, lease, or barter) property or services for the direct benefit or use of the Federal Government; or
2. The agency decides in a specific instance that the use of a procurement contract is appropriate.



Select Next to continue.





## Federal Financial Assistance vs. Contracts

In other words, if the Federal agency is acquiring property or services for its own direct benefit or use of the Federal government, then a contract is the appropriate legal instrument to use.

### Benefit or Use Test:

- Is the Federal agency the direct beneficiary for use of the property or services?
- Is the Federal agency providing the specifications for the property or services?
- Is the Federal agency buying (or leasing) the property or buying services based on its own identified needs?

If the response to any of the above questions is YES, then the proper instrument is a contract.

When in doubt of the proper funding instrument to use, you should consult with your agency's Office of General Counsel.

Want to know more about Federal contracting? The regulations can be found at <http://www.acquisition.gov/far/>.

Reference: Title 41 of the USC and Title 48 of the CFR Chapter 1

Select Next to continue.





## Knowledge Check

Match each legal instrument to its description. Then, select Submit.

Description	Legal Instrument
Is the appropriate legal instrument to use, if the Federal agency is acquiring property or services for its own direct benefit or use of the Federal government	<input type="text"/>
Is the appropriate legal instrument to use, if the Federal agency is the direct beneficiary for use of the property or services.	<input type="text"/>
Is the appropriate legal instrument to use, if it is provided at the request of the recipient.	<input type="text"/>
Is the appropriate legal instrument to use, if the Federal agency is providing the specifications for the property or services.	<input type="text"/>
Is the appropriate legal instrument to use, if Federal agency is buying (or leasing) the property or buying services based on its own identified needs.	<input type="text"/>



Check your Answer

Match the correct answers, and then select the Check your Answer button.

about:blank

## Try Again!

Review what was missed.

Question	Your Answer	Feedback
Is the appropriate legal instrument to use, if the Federal agency is acquiring property or services for its own direct benefit or use of the Federal government	Federal Financial Assistance	Incorrect. The correct answer is Contract
Is the appropriate legal instrument to use, if the Federal agency is the direct beneficiary for use of the property or services.	Federal Financial Assistance	Incorrect. The correct answer is Contract
Is the appropriate legal instrument to use, if it is It is provided at the request of the recipient/	Federal Financial Assistance	Correct!
Is the appropriate legal instrument to use, if the Federal agency is providing the specifications for the property or services.	Federal Financial Assistance	Incorrect. The correct answer is Contract
Is the appropriate legal instrument to use, if Federal agency is buying (or leasing) the property or buying services based on its own identified needs.	Federal Financial Assistance	Incorrect. The correct answer is Contract

[Close](#)