

## Section 3.1.1: Discretionary Grants

### PURPOSE AND POLICY

There are two basic types of federal grants: discretionary and formula (block) grants. This section discusses discretionary grants; formula grants are covered in [Section 3.1.2](#). The type of grant is determined through federal law and/or program regulation. Grants are used to support a public purpose when: (1) the principal purpose of the relationship is the transfer of money or anything of value to the state to accomplish a public purpose of support or stimulation as authorized by federal statute; and (2) no substantial involvement is anticipated between the federal government and the state during performance of the activity. The federal government may elect to increase its involvement in a grant-funded project or program during the period of time covered by the award. This might happen when standard grantee reporting or monitoring indicates a serious problem.

### Grant Management and Monitoring

Examples of standard involvement are the grant management and monitoring activities listed below:

- The approval of recipient plans prior to award.
- Normal exercise of grantor responsibilities during the project period (such as site visits, performance reporting, financial reporting, and audits) to ensure that the objectives, terms, and conditions of the award are met.
- Federal statutory requirements that apply to all or some awards, including, but not limited to, civil rights, environmental protection, protection of human subjects' research, and the Americans with Disabilities Act (ADA).
- The review of performance during and upon completion of the project.
- General administrative requirements such as those included in Office of Management and Budget (OMB) [Uniform Guidance](#) and other provisions as outlined by the distributing federal agency.

**Discretionary grants.** Discretionary grants are, as the term implies, awarded at the discretion of the federal government directly to eligible, selected recipients. Discretionary grants are awarded on a competitive or non-competitive basis depending on statutory or enacted appropriations requirements. Discretionary applicants, whether competitive or non-competitive, generally complete a grant application and are held accountable to all monitoring provisions as outlined by the grantor.