

## Section 3.1.2: Formula Grants

### PURPOSE AND POLICY

There are two basic types of federal grants: discretionary and formula (block) grants. This section discusses formula grants; discretionary grants are covered in the [previous section](#). 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.

**Formulaic or Block Grants.** Formula or block grants are awarded by the federal government to eligible recipients as authorized by legislation. For a formula or block grant program, legislation or enacted appropriations specify how the funds will be allocated among the eligible recipients, as well as the method by which an applicant must demonstrate its eligibility for funding, most commonly through a grant application. The amount available to applicants under each grant is determined through mathematical formula and if possible, is included in the request for applications. Formulas vary among programs and consider factors such as population, census data, per-capita income, etc. Formula grant programs can be either for a specific purpose (assisting victims of domestic violence, for example) or related to general objectives of the federal government. The amount available to applicants under each program is included in the request for applications.