

Section 3.2.3: State Grants

To accomplish its many and various public missions, the federal government often awards funds to states, territories, local governments, and other organizations using a grant or a cooperative agreement. These funding instruments provide the means for defining the terms, conditions, nature, and scope of the agreement between the federal government and the recipient of the funds. The instruments are intended to be different in purpose and application. Each one creates different relationships between the federal government and the state (as the direct recipient or as the subrecipient of pass-through funding). Each funding mechanism invokes a particular level of control or participation by the federal government. Current legislation and appropriations may dictate the funding mechanisms available to the state. The Federal Grant and Cooperative Agreement Act ([31 U.S.C. 6301-08](#)) defines federal funding instruments.