

## Chapter 3: Funding Instruments

As grant program managers seek out funding to address agency needs, they need to understand the various types of funding instruments available and the relationship created via the grant agreement. The primary funding source for most agencies will be the federal government; one of the predominant manners the federal government uses to accomplish its mission is through awarding 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 grantee; in this case, the State of Arizona. The instruments are intended to be different in purpose and application. Each one creates different relationships between the federal government and the state. 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.

When researching and pursuing funding, the applicant must take note of the type of assistance being offered. The notice of funding availability (NOFA) and subsequent guidelines will detail which type of funding instrument is being offered. The applicant will need to determine whether his/her organization is eligible and willing to pursue a specific type of funding instrument.

The next sections discuss the types of funding instruments available and the relationships created via the grant agreement. This includes the aforementioned federal grants and cooperative agreements, as well as other funding sources.