

4 TYPES OF GRANT FUNDING



If you are new to grant seeking, you may find yourself bombarded by a seemingly endless assortment of grant programs. Yet in the sea of grant programs, there are just four main types of grant funding. This publication provides descriptions and examples of competitive, formula, continuation, and pass-through grants to give you a basic understanding of funding structures as you conduct your search for sources of grant revenue.



Competitive Funding

Also known as discretionary funding, competitive funding is a process of proposal selection based on the evaluation of a reviewer or team of reviewers. Funding is based on the merits of the application, and recipients are not pre-determined.

Example: Transportation Investment Generating Economic Recovery (TIGER) Discretionary Grant Program

The U.S. Department of Transportation's TIGER grant program is open to state, local, tribal, and territorial governments, transit agencies, port authorities, and metropolitan planning organizations to compete for funding to support transportation planning and capital projects that will have a significant impact on a national, regional, or metropolitan-area scale. The program seeks to invest in projects that better connect communities to centers of employment, education, and services, including options for non-drivers, that hold promise to stimulate long-term job growth, especially in economically distressed areas. In 2014, less than 10 percent of eligible grant applications were accepted for the \$600 million available funding, with applications requesting funding totaling more than \$9 billion.



Formula Funding

In contrast to competitive funding, formula grants are given to pre-determined recipients. Non-competitive awards are usually allocated to eligible entities according to population and/or other census criteria, and all applicants who meet the minimum requirements of the application process are entitled to receive money.

Example: Nutrition Services Incentive Program

This formula program provides resource incentives to reward efficient performance in the delivery of nutritious meals to the elderly. Each year, the U.S. Department of Health and Human Services (HHS) allocates formula funding to state and tribal governments based on the number of meals served to the elderly in the prior federal fiscal year in proportion to other states and tribes. Nutrition providers report monthly meal



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counts to state agencies, which submit final year-end counts to the federal government. As long as tallies are turned in, HHS automatically reimburses nutrition providers with \$0.50 per meal delivered in the previous fiscal year.



Continuation Funding

Continuation funding grant programs offer current award recipients the option of renewing grants for the following year. Some programs are restricted to existing grantees only, while others invite applications from current grantees and new applicants. Since priority is often given to continuing applicants, if you are a new applicant, you should consider entering into a partnership with a currently funded entity.

Example: Drug-Free Communities Support Program

This funding opportunity offers both continuation and new grants for the purpose of strengthening community anti-drug coalitions and reducing substance abuse among the youth population. In 2014, \$84 million was awarded through the program: 197 new Drug-Free Communities grants, 463 continuation grants for coalitions already in a five-year cycle, 3 new DFC Mentoring grants, and 17 Continuation DFC Mentoring grants. These grants provide community coalitions needed support to prevent and reduce youth substance use.



Pass-Through Funding

Pass-through grants are funds given by the federal government to the states for further distribution to local governments. Under this funding structure, states may disburse federal funds to eligible local jurisdictions through formula allocations or open competitions.

Example: Federal Safe Routes to School Program

Through this program, federal funds available from the Federal Highway Administration, part of the U.S. Department of Transportation, are directly allocated to state Departments of

Transportation, which administer the “passing through” of federal funds within their states via multiple state-level programs. Successful local applicants then use the federal funds to facilitate the planning, development, and implementation of projects and activities that improve pedestrian safety and reduce traffic, fuel consumption, and air pollution in areas near primary and middle schools.



Conclusion

Although there are four different types of grant funding, most programs share a common restriction: funds may not be used to supplant existing resources. In other words, you may use grant money to augment or increase what you already have, but awards may not serve as a replacement. (Read more on this topic on our blog: <http://blog.ecivis.com/bid/105338/Grant-Writing-Thou-Shalt-Not-Supplant>.) If your organization is a Grants Network client, you can easily access detailed information on each of the programs described above.

Understanding the four main types of grant funding will guide where you should concentrate your energy during the application process. If you are applying for a competitive program, it is best to target your efforts toward preparing a compelling narrative. Non-competitive formula and continuation programs usually only require you to submit reports or updated documents; for these programs, be certain to return all the requested materials. When applying for pass-through funding, which may either be competitive or non-competitive, read the funding announcement carefully to determine what type of grant you are applying for, so you can proceed accordingly.



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