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Federal Grants-in-Aid Administration: A Primer

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Summary

The federal government administers a wide range of programs providing grants-in-aid (or simply “grants”) to nonfederal entities such as state, local, territorial and tribal governments, non-profit organizations, and individuals. These programs aim to advance federal policy goals that have generally been authorized by Congress.

While federal grants have a long history, they have experienced dramatic growth over the past century, both in total grant award amounts and the number of programs. As of FY2025, there were at least 1,183 funded federal grant programs. In constant FY2017 dollars, federal outlays for grants to state and local governments grew from \$17.7 billion in FY1940 to \$882.8 billion in FY2024.

Due to the broad range of policy objectives, grant program authorizing statutes, grant recipients, and agency-level administrative procedures, there is wide variation across and within federal agencies in the administration of federal grant programs. This variation can make it difficult for Congress to compare program performance, both within and among federal agencies, and to exercise its oversight of federal agencies.

This report is designed to assist Congress in its oversight of federal grant programs by:

- discussing federal grants in the context of other federal financial assistance;
- describing the different types of federal grants;
- outlining the various authorities governing federal grants;
- reviewing the entities involved in federal grant administration;
- documenting the typical life cycle of a federal grant award; and
- analyzing selected considerations for Congress, discussing challenges tracking federal grant awards, oversight of federal grant subawards, and Congress’s role in federal grant management and administration.

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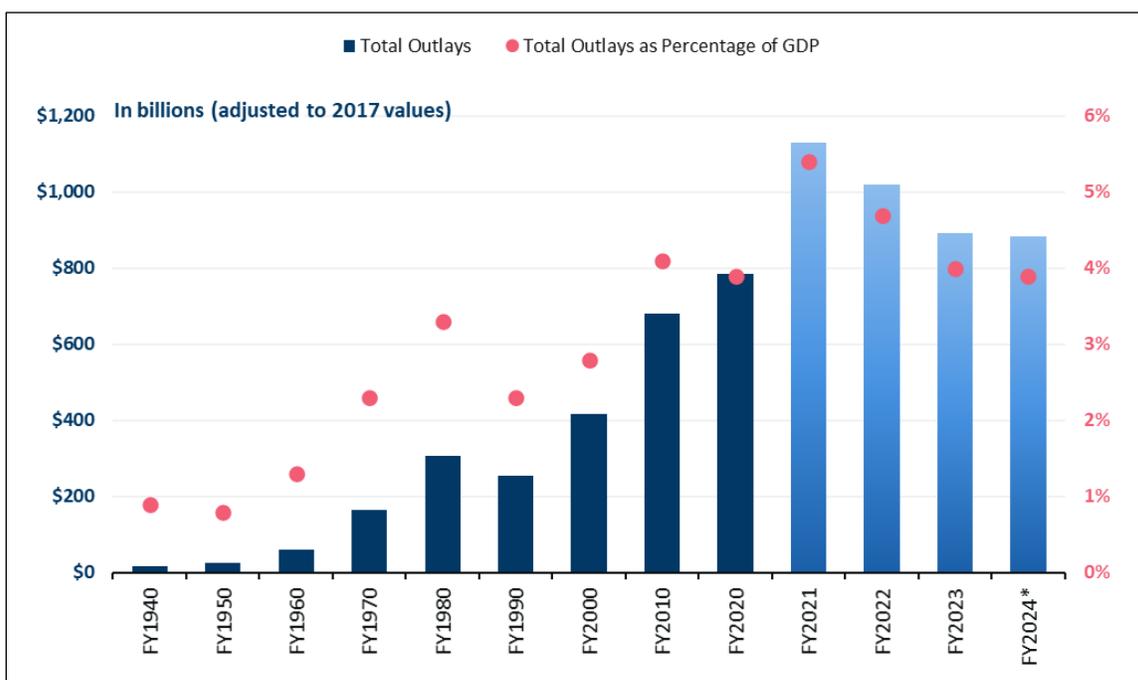
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Introduction

Federal grant programs generally transfer money from the federal government (through an administering federal agency) to another, nonfederal entity, such as state, local, territorial, and tribal governments, non-profit organizations, and individuals. The principal purpose of such transfers is to advance or accomplish a goal authorized by Congress.

Over the past century or so, there has been dramatic growth in federal grant programs. As of FY2025, there were at least 1,183 funded federal grant programs (defined as authorized project grants, formula grants, cooperative agreements, direct payments for specified uses, and direct payments for unrestricted uses; see “Types of Federal Grants”). These programs are all subject to requirements from their respective federal administering agency and program-specific guidance. In constant FY2017 dollars, federal outlays for grants to state and local governments grew from \$17.7 billion in FY1940 to \$882.8 billion in FY2024.¹ (See **Figure 1**.)

Figure 1. Outlays for Federal Grants to State and Local Governments, FY1940-FY2024



Source: U.S. Office of Management and Budget, *Budget FY 2025—Table 12.1—Summary Comparison of Total Outlays for Grants to State and Local Governments: 1940-2029*, <https://www.govinfo.gov/app/details/BUDGET-2025-TAB/BUDGET-2025-TAB-13-1>.

Notes: FY2024 is an estimate. Light blue shading denotes shift in time scale.

In addition to statutory requirements, federal grant programs are subject to regulations issued by the programs’ respective federal administering agency, as well as non-regulatory, program-specific guidance from that agency. There are also government-wide regulations, issued by the

¹ U.S. Office of Management and Budget, *Budget FY 2025—Table 12.1—Summary Comparison of Total Outlays for Grants to State and Local Governments: 1940-2029*, <https://www.govinfo.gov/app/details/BUDGET-2025-TAB/BUDGET-2025-TAB-13-1>. For more information, see CRS Report R40638, *Federal Grants to State and Local Governments: Trends and Issues*, by Adam G. Levin.

U.S. Office of Management and Budget (OMB), that guide general federal grants administration processes and requirements. (See “Authorities Governing Federal Grants.”)

As the scale and scope of congressionally-authorized grant programs have increased, congressional interest in these programs, in terms of their efficiency and effectiveness, both individually and collectively, has also increased.

The growing number and complexity of these programs creates challenges for federal agencies interested in standardizing various financial and administrative aspects of grant program management. As a result, while there are certain federal government-wide provisions governing grant implementation procedures, there is still wide variation across and within federal agencies in the administration of federal grant programs. This variation can make it difficult for Congress to compare program performance, both within and across federal agencies, and to exercise its oversight of federal agencies. The variation, however, can also allow for different programs to be customized to try to meet congressional intent as well as the different needs of grant recipients.

Over the years, some observers have noted the challenges that result from the vast system of federal grants.² Those challenges include providing proper oversight of grant recipients and subrecipients; maintaining sufficient federal agency capacity to effectively administer federal grant programs; and balancing grant reporting requirements with grant recipient and subrecipient flexibility.

This report is designed to assist Congress in its oversight of federal grant programs by providing, among other things, an overview of federal grants in context of other types of federal financial assistance; a summary of the authorities governing federal grants; an explanation of the entities involved in administering federal grant programs; a description of the typical life cycle of a federal grant; and selected considerations for Congress.

Grants and Other Forms of Federal Financial Assistance

Grants are a form of *federal financial assistance*. The Code of Federal Regulations (C.F.R.) at 2 C.F.R. Part 200—formally known as the “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards” and informally referred to as the “Uniform Guidance”—defines “federal financial assistance” as:

- grants;
- cooperative agreements;
- non-cash contributions or property donations;
- direct appropriations;
- food commodities; and
- other financial assistance such as loans, loan guarantees, and interest subsidies.³

Statute further delineates federal grants relative to other forms of federal financial assistance or financial relationships. For example, 31 U.S.C. §6303-6305 establishes conditions under which a

² See David B. Walker, *Toward Functioning Federalism* (Cambridge, MA: Winthrop Publishers, 1981); U.S. Office of Management and Budget (OMB), *Managing Federal Assistance in the 1980s*, March 1980, p. 18; and U.S. Government Accountability Office, *Grants Management: Observations on Challenges with Access, Use, and Oversight*, GAO-23-106797, May 2, 2023, pp. 4-7, <https://www.gao.gov/products/gao-23-106797>.

³ 2 C.F.R. § 200.1.

federal agency may execute a grant, cooperative agreement, or procurement contract. Grants are to be used when:

- the principal purpose is to transfer a thing of value to a state or local government or other recipient to carry out a public purpose authorized by federal law, rather than acquiring property or services for the direct benefit or use of the federal government; and
- substantial involvement is not expected between the federal agency and grant recipient when carrying out the activity funded in the grant.⁴

Cooperative agreements have a similar statutory purpose as grants, in that they are to be used to carry out a public purpose, and are therefore considered by many to be a very similar instrument to grants. (As noted, cooperative agreements are included in the count of funded federal grant programs in “Introduction.”) However, unlike grants, cooperative agreements are to be used when substantial involvement *is* expected between a federal awarding agency and a recipient in carrying out the activity funded in the grant.⁵ Unlike with grants and cooperative agreements, procurement contracts are to be used when the principal purpose is to acquire property or services for the federal government’s benefit or use.⁶

Types of Federal Grants

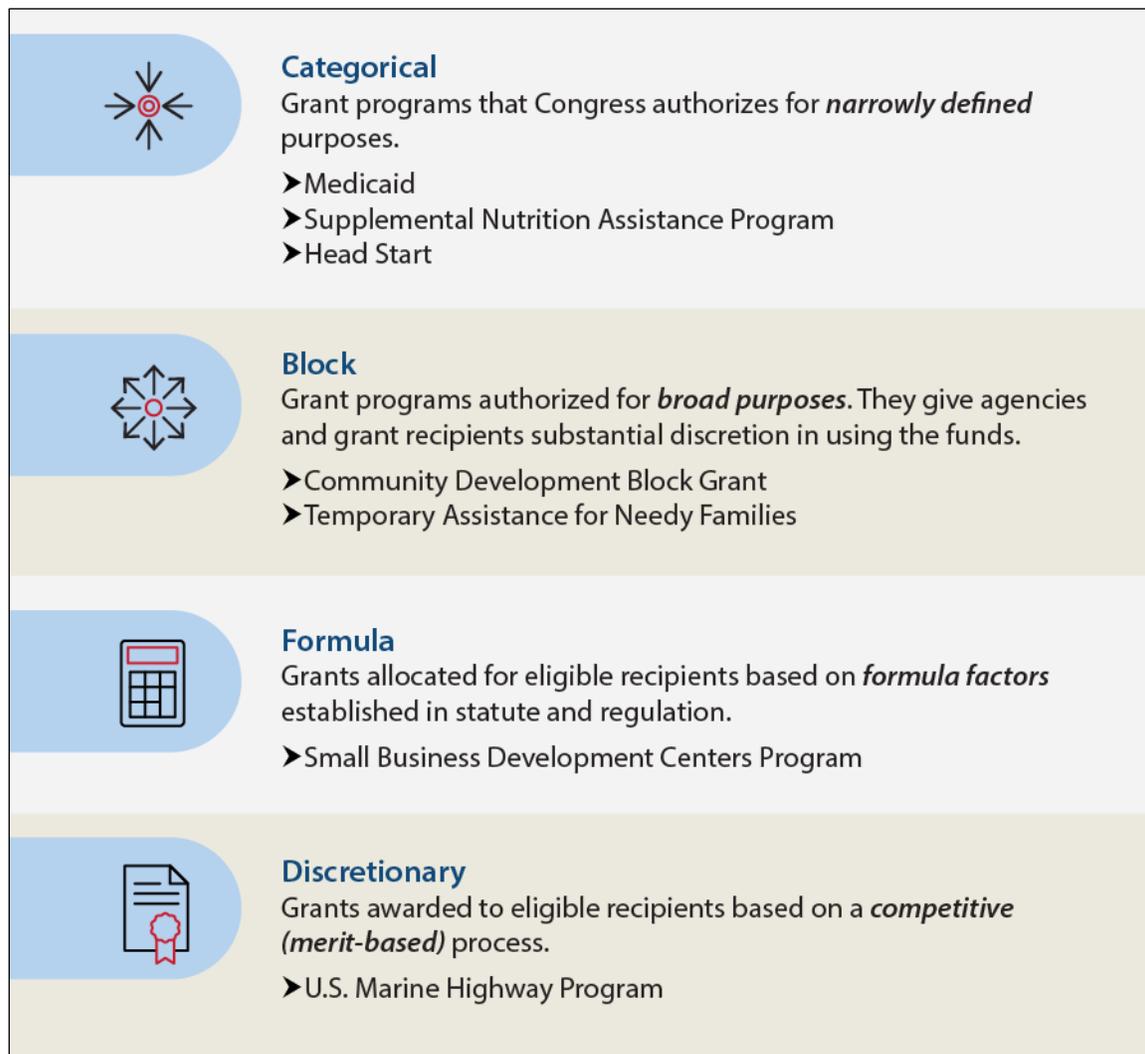
Federal grants may be described or classified based on a number of characteristics. These include how broadly grant funds may be used and the method of distribution. (See **Figure 2**.)

⁴ 31 U.S.C. §6304.

⁵ 31 U.S.C. §6305.

⁶ 31 U.S.C. §6303.

Figure 2. Types of Federal Grants



Source: CRS analysis.

Categorical, Block, and General Revenue Sharing

One way to describe grants is by how broadly or narrowly award funds may be used. Such descriptions can be applied to categorical, block, and general revenue sharing grants. Today, only categorical and block grants remain in use.

Categorical grants are generally defined as grant programs that Congress authorizes for narrowly defined purposes.⁷ These purposes are generally established in legislation. Examples of categorical grant programs include Medicaid (which finances primary and acute medical services, as well as long-term health services and supports, to low-income populations); the Supplemental Nutrition Assistance Program (which is designed primarily to increase the food purchasing power

⁷ U.S. Advisory Commission on Intergovernmental Relations (ACIR), *Categorical Grants: Their Role and Design*, A-52 (Washington, DC: U.S. GPO, 1978), p. 5.

of eligible low-income households); and the Head Start program (which funds comprehensive early childhood education and development services to low-income children).

Block grants are generally defined as grant programs authorized for broad purposes in which the federal agencies and primary grant recipients have substantial discretion in the use of funds.⁸ Recipients of block grants generally have more autonomy in deciding exactly how to use the funds (relative to recipients of categorical grants). Block grants tend to be awarded to state and/or territorial governments, although some may be awarded directly to local governments. Examples of block grants include the Community Development Block Grant program (which may be used to support economic and community development and infrastructure) and the Temporary Assistance for Needy Families block grant (which helps fund state-run programs of cash assistance for needy families with children).

General revenue sharing was authorized under the State and Local Fiscal Assistance Act of 1972 (P.L. 92-512) and expired in 1986. While it was authorized, general revenue sharing provided wide discretion to state and local governments in the use of funds.⁹ State and local governments used general revenue sharing funds for a variety of needs, including on capital projects and social services programs such as job training and housing assistance. General revenue sharing was consistently a smaller source of funding than both categorical and block grants.¹⁰

Formula and Discretionary Grants

Federal grants may also be distinguished by their method of distribution. Federal grant funds are distributed by the federal government in two ways: as formula grants or as discretionary (competitive) grants.

A *formula grant* is allocated to eligible recipients based on formula factors established in statutory and regulatory provisions.¹¹ Formulas may be based on factors such as state population or the percentage of the population with income below the poverty level. Administrative discretion may also factor into these types of grants because agencies might (or might not) have broad discretion in establishing specific definitions and values for the formula factors depending on the level of detail in the grant's authorizing legislation. Formulas may also provide a minimum allocation to each state if the amount apportioned by the formula is less than a minimum threshold established in statute. For instance, the U.S. Small Business Administration's Small Business Development Centers (SBDC) Program, which funds a network of technical assistance entities providing services to small businesses, is a formula grant program. Congress appropriates SBDC program funding using a statutory formula based on state population.¹²

Discretionary grants are awarded to eligible grant recipients based on a competitive, or merit-based, process.¹³ These types of grants are also commonly called competitive grants. A discretionary grant's authorizing legislation usually gives the federal awarding agency discretion to determine which eligible recipients and projects will receive awards and the award amounts. The U.S. Department of Transportation's (DOT's) United States Marine Highway Program,

⁸ ACIR, *Block Grants: A Comparative Analysis*, A-60 (Washington, DC: U.S. GPO, 1978), p. 6.

⁹ ACIR, *General Revenue Sharing: An ACIR Re-Evaluation*, A-48 (Washington, DC: U.S. GPO, 1974), p. 2.

¹⁰ Ruth Bamberger, *Revenue Sharing*, Center for the Study of Federalism, 2006, <https://federalism.org/encyclopedia/no-topic/revenue-sharing/>.

¹¹ National Grants Management Association (NGMA), *Grants Management Body of Knowledge GMBok Guide*, Revised 2nd Edition ed. (2024), p. 20.

¹² 15 U.S.C. §648(a)(4)(C).

¹³ NGMA, *Grants Management Body of Knowledge GMBok Guide*, Revised 2nd Edition ed. (2024), p. 21.

which seeks to increase the use of the U.S.'s navigable waterways, is a discretionary grant program. Awards are made on the basis of DOT's review of applicants' proposals, including a project's proposed site, budget, and ability to meet delineated merit criteria.¹⁴

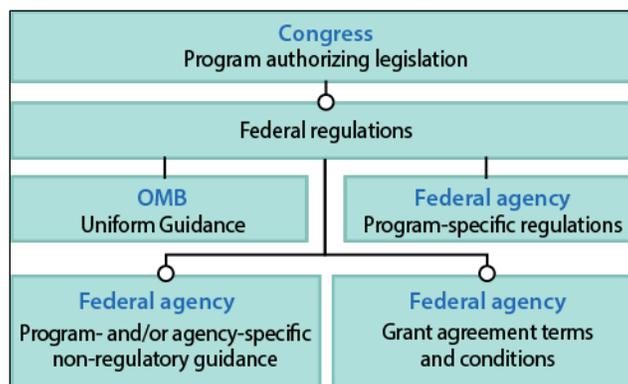
Some federal grant programs may include both a formula and a competitive allocation methodology with appropriated funds apportioned to each grant type.

Authorities Governing Federal Grants

While there is a broad range of grant programs across the federal government, there is a shared hierarchy to the provisions governing federal grant programs. (See **Figure 3.**) At a high level, federal grant programs are governed, in descending order, by:

- a program's authorizing statute;
- federal regulations, including those particular to a grant program or federal agency or those found in the Uniform Guidance (proposed and adopted by the federal administering agency and OMB, respectively); and
- program- or agency-specific non-regulatory guidance (proposed and adopted by the federal administering agency) and terms and conditions of a grant agreement between a federal agency and grant recipient.

Figure 3. Authorities Governing Federal Grants



Source: CRS analysis.

Authorizing Legislation

Authorizing legislation is a statute enacted by Congress that defines the authority of the government to act. It can establish or continue a federal program, project, or activity, including a federal grant program. In such a case, a grant program's authorizing legislation creates the legal basis for the program to be implemented and funded, although separate appropriations legislation typically provides funding for the program.

For federal grant programs, authorizing legislation typically establishes the general contours of a program. This may include several common elements necessary to administer the program, such as designation of a federal administering agency, eligible grant recipients, and eligible activities. In addition, the legislation often includes descriptions of the funding allocation method, the role

¹⁴ U.S. Department of Transportation, *FY 2025 Notice of Funding Opportunity, United States Marine Highway Program*, <https://www.grants.gov/search-results-detail/359009>.

of the federal government in grant-funded projects or programs, financial and performance reporting requirements for administering federal agencies and grant recipients, and provisions that authorize appropriations for the program. Additional elements, such as the establishment of an application review panel, technical assistance provisions, grant recipient cost-share (matching) requirements, program administration timeframes, and additional eligibility provisions such as planning requirements, may also be included in the authorizing legislation.¹⁵

Federal Regulations

Federal agencies typically have statutory authority to issue regulations containing rules implementing a specific grant program or pertaining to agency-specific policies and procedures. Such rules must follow any statutory provisions established for a grant program and may provide additional detail not originally included in the authorizing legislation.

In addition to program- or agency-specific regulations, OMB's Uniform Guidance provides guidelines for grant management across the federal government.¹⁶ Prior to the establishment of the Uniform Guidance, federal grant administration procedures were dictated by a series of policy directives issued by OMB and known as "circulars." In 2014, OMB combined the policies in eight circulars into the Uniform Guidance.¹⁷

Agencies are generally permitted to adopt or interpret the Uniform Guidance in ways that apply only to that agency. At least 35 federal departments or agencies have formally adopted the Uniform Guidance.¹⁸ These agencies have done so either without making modifications to the Uniform Guidance or with some amendments to accommodate specific legal requirements of either the agency or particular grant programs. For example, the National Science Foundation's (NSF's) adoption of the Uniform Guidance is at 2 C.F.R. Part 2500. However, as stated at 2 C.F.R. §2500.100, NSF's adoption deviates from the Uniform Guidance in that NSF uses an approved alternate software for tracking grant financial information other than that specified in the Uniform Guidance.

The Uniform Guidance directs federal agencies to implement grant programs in a uniform manner except where statute provides otherwise. The Uniform Guidance typically describes more general policies than those in program-specific regulations. Those include, for example, general pre-grant award requirements such as the stipulation that federal agencies must announce grants that will be open to competition in a notice of funding opportunity (NOFO).¹⁹ Further, unlike specific federal agency grant regulations, the Uniform Guidance does not apply to nonfederal grantmaking entities. Rather, the Uniform Guidance applies to federal grantmaking agencies, who, under in the Uniform Guidance, make those regulations binding on nonfederal entities.²⁰

Non-Regulatory Guidance

In addition to promulgating program-specific regulations, federal agencies may also develop non-regulatory guidance that provides more detailed direction regarding implementation of a federal

¹⁵ For more details of what might be included in grant program authorizing legislation, see CRS Report R47928, *Considerations for Creating a New Federal Grant Program: In Brief*, by Adam G. Levin.

¹⁶ For more information, see CRS In Focus IF13138, *Uniform Guidance for Federal Grants: An Overview*.

¹⁷ David Mader, *Metrics for Uniform Guidance (2 C.F.R. 200)*, OMB, September 30, 2014, <https://obamawhitehouse.archives.gov/sites/default/files/omb/memoranda/2014/m-14-17.pdf>.

¹⁸ These adoptions mostly appear at 2 C.F.R. §Subtitle B.

¹⁹ 2 C.F.R. §200.204.

²⁰ 2 C.F.R. §200.105.

grant program. For example, the U.S. Department of Health and Human Services publishes grant policy guidance covering items such as procedures for notification of an award and oversight and monitoring of grant subrecipients.²¹

Grant Terms and Conditions

Once a grant award is announced, grant funding is generally provided under either a grant agreement or cooperative agreement between the federal government and the primary recipient of the grant award. The agreement describes the terms and conditions the federal government and the grant recipient have agreed to with regard to the use of federal grant funds. The process of determining these terms and conditions is commonly known as conditioning a federal grant.

Conditions of a grant award generally include compliance with financial and performance reporting requirements and audit requirements. When the grant recipient does not comply with the conditions of a grant award, the grant recipient may face a range of consequences, from additional monitoring to debarment or suspension from eligibility for current and future grant awards.

Entities Involved in Grant Program Administration

Several entities play a role in administering a federal grant program. They may include Congress, which often enacts legislation authorizing a grant program and provides appropriations for the program; federal agencies, which directly administer the program; grant recipients, which apply for and receive grant funds; and, in some cases, grant subrecipients, which may apply for grant funds from grant recipients and ultimately implement the grant program, in whole or in part.

Congress

As discussed above, Congress may enact authorizing legislation to establish a federal grant program. (See “Authorizing Legislation.”) Such laws may specify a program’s federal administering agency, eligible applicants, and permitted uses of grant funds. Congress may also include other details in a program’s authorizing legislation such as a program sunset date or a formula by which grant funds would be distributed.

Federal Administering Agency

Following Congress’s authorization of a federal grant program, a federal agency will usually serve as the entity with responsibility for administering the program. This can include developing regulations for a program, writing and publishing a notice of funding opportunity for grant awards under the program, reviewing grant applications to make awards, and ensuring recipient compliance with program statutes, regulations, and guidance.²²

Federal Administering Agency Authorities

While a grant program’s authorizing legislation may establish, to varying degrees, applicant eligibility, eligible activities, and other provisions of a program, federal agencies may have broad discretion in administering a grant program. Administering federal grant programs may include

²¹ U.S. Department of Health and Human Services, *HHS Grants Policy Statement*, October 1, 2025, <https://www.hhs.gov/sites/default/files/hhs-grants-policy-statement-oct-2025.pdf>.

²² See 2 C.F.R. §200.204, 2 C.F.R. §200.205, and 2 C.F.R. §200.331.

establishing procedures for applying, reviewing, scoring, and awarding of federal grants. As noted, once the agency awards a grant, the agency has the authority to place conditions on the grant award to the extent that those conditions have a basis in statute.

Federal Administering Agency Activities

The effective administration of federal grants can be influenced by the way a federal agency structures its grant management functions. While there may be some exceptions, generally, federal agencies separate grant management functions into three categories: financial management, program administration, and grant oversight. Federal agencies generally assign each of these functions to separate divisions, with the financial management assigned to the chief financial officer (CFO), the program administration assigned to program specialists, and the oversight functions shared between the CFO, program specialists, and the agency's inspector general.

Financial Grant Management

Financial management activities are generally conducted by the agency's finance personnel. Financial grant management activities include tracking expenditures made under the terms of a grant award and disbursing grant funds.

Grant Program Administration

Grant program administration is often undertaken by agency program specialists. Grant program administration activities generally include monitoring grant recipient activities. These activities include recipient compliance with reporting requirements, evaluation of the recipient's performance, and compliance with the terms and conditions of the grant award.

Grant Oversight by the Office of Inspector General

Established by the Inspector General Act of 1978, as amended, offices of inspector general (OIGs) generally have authority to conduct audits and investigations of federal grant programs to assess the efficiency and effectiveness of the programs and to reduce waste, fraud, and abuse.²³ Given the extent of federal resources allocated to federal grant programs, OIGs can play a critical role in federal grant management and OIG reports may provide insight into issues that arise during the life cycle of a federal grant.

Grant Recipients and Subrecipients

Once grant applications are submitted and reviewed, the federal administering agency will usually decide who receives grant awards, especially in the case of discretionary grants. Entities receiving grant awards directly from an agency are known as recipients. Recipients may sometimes pass grant funds through to other entities to implement the grant awards. In such cases, the recipient may also be known as a prime recipient and/or pass-through entity, and the organization receiving the funds (which then may be referred to as a subaward) may be called a subrecipient. Grant recipients and subrecipients generally include states, local governments, Indian tribes, institutions of higher education, and nonprofit organizations.

²³ For additional information on the authorities of the offices of inspector general, see CRS Report R45450, *Statutory Inspectors General in the Federal Government: A Primer*, by Ben Wilhelm.

Grant Recipients

When an entity receives a grant award directly from a federal administering entity, it becomes a grant recipient.²⁴ If the recipient makes subawards, it may also be referred to as a prime recipient. Federal grant funding is often awarded to state governments, though funding may also be awarded directly to entities such as local governments, nonprofit organizations, and, in some cases, individuals. Certain types of entities, such as for-profit businesses, are generally ineligible for most federal grant awards.²⁵

Grant recipients are responsible for ensuring compliance with the terms and conditions of the grant award.²⁶ This includes performing the activities detailed in the grant award, overseeing subrecipient activities, filing required financial and performance reporting, and submitting required grant closeout documentation. Federal administering agencies generally only have direct contractual relationships with prime recipients; subrecipients generally do not directly interact with the administering agency. (Nevertheless, a federal administering agency is responsible for monitoring a prime recipient's oversight of subrecipients.²⁷)

Grant Pass-Throughs and Subrecipients

Recipients sometimes require assistance implementing a grant award and meeting grant program goals. When that happens, prime recipients may pass grant funds through to other, usually local, entities either by formula or through a competitive process. This process is known as federal grant pass-through. When this happens, the prime recipient may be referred to as a pass-through entity and the organization receiving the subaward as a subrecipient.²⁸ This means grant seekers at the local level often need to apply to their state (acting as the prime grant recipient, and sometimes referred to as a state administrative agency) when seeking local funds.

While the federal government makes grant awards to recipients to “carry out a public purpose,”²⁹ recipients and subrecipients may then use funds from federal grant awards to enter into contracts with private companies to procure goods and services to fulfill the purposes of the grant award. As a result, portions of federal grants may also be passed-through when states use grant funds to award contracts.³⁰

The origin of the pass-through structure may result from a need to balance federal interest in accountability and program effectiveness with a state need for autonomy and flexibility.³¹ Also, state governments may have more resources available to conduct oversight of federal funds than local governments or nonprofit organizations. States may also benefit by retaining discretion in determining the specific projects to be funded within the state if funds are passed-through the state. This can increase state autonomy to determine the use of federal funding within the constraints of the federal grant authorization and federal agency grant guidance. The states, as prime grant recipients, may be able to impose state priorities on federal grant funds and have discretion to determine the allocation methodology. In some cases, federal funds are awarded to

²⁴ See definition of “recipient” at 2 C.F.R. §200.1.

²⁵ grants.gov, *Exploring Eligibility: Can Small Businesses Receive Federal Grants?*, July 7, 2016, <https://grantsgovprod.wordpress.com/2016/07/07/exploring-eligibility-can-small-businesses-receive-federal-grants/>.

²⁶ 2 C.F.R. §200.332 and 2 C.F.R. §170.105.

²⁷ 2 C.F.R. §200.331.

²⁸ See definitions of “pass-through entity,” “subaward,” and “subrecipient” at 2 C.F.R. §200.1.

²⁹ 31 U.S.C. §6304(1).

³⁰ For more information, see CRS In Focus IF13125, *Procurement Guidance for Federal Grants*, by Adam G. Levin.

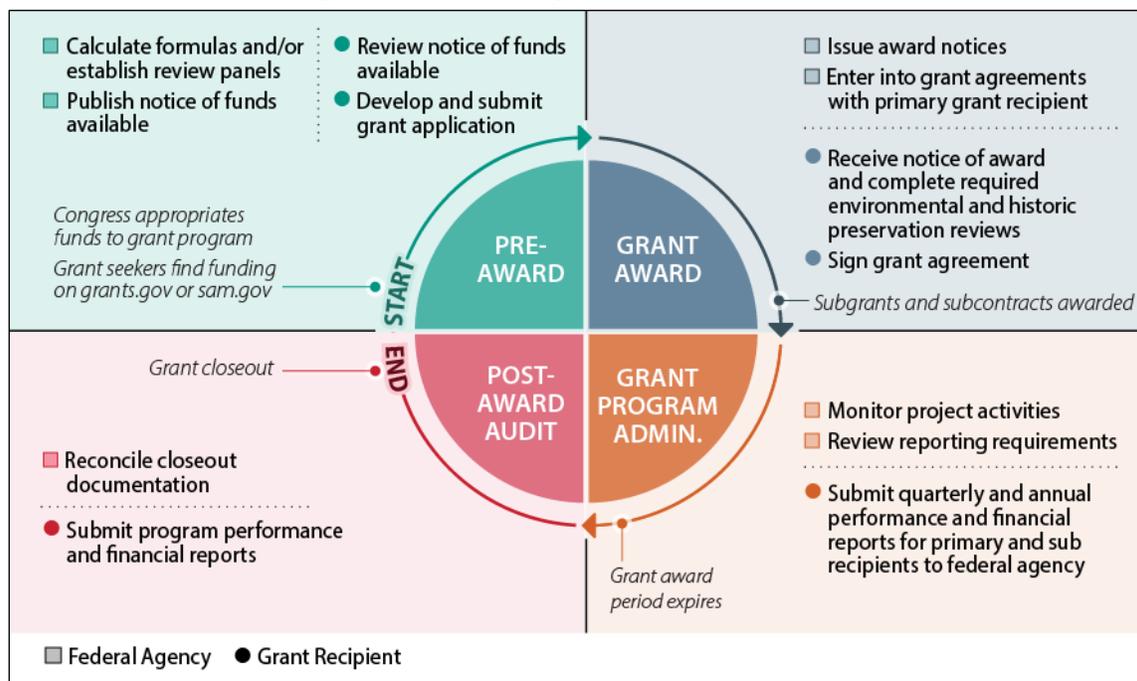
³¹ V.O. Key, *The Administration of Federal Grants to States* (Chicago: Public Administration Services, 1937), p. 4.

states under a formula, but states then pass-through funding through a competitive in-state application process.³²

The Life Cycle of a Federal Grant

The life cycle of a federal grant traditionally includes four stages: pre-award, grant award, grant program administration, and post-award/audit. **Figure 4** illustrates the life cycle of a federal grant.

Figure 4. The Life Cycle of a Federal Grant



Source: CRS analysis.

Pre-Award Stage

During the pre-award stage, the federal administering agency may calculate the formula amounts for formula grant programs and establish criteria for scoring discretionary grant program applications. The agency will also publish a notice of funding opportunity (NOFO) for a grant program, which includes details of how to apply for awards. Following NOFO publication, potential recipients will submit applications, after which federal administering agencies may review and select grant recipient projects for funding pursuant to the program's statutory and regulatory provisions.

³² For example, the Hazard Mitigation Grant Program, administered by the Federal Emergency Management Agency, awards funds to a state by utilizing a formula. Many states then pass-through funds by awarding grants to local governments on a competitive basis. Local grant seekers apply to the state for funding and then may subaward or subcontract at the local level to conduct mitigation activities.

Grants.gov

The Federal Financial Assistance Management Improvement Act of 1999 (FFAMIA, P.L. 106-107) required the establishment of a website that would provide information about federal grant funding opportunities. Grants.gov is a public website that provides information about how to apply for a federal grant. The website also provides information about current competitive funding opportunities and allows grant seekers to register to receive notification of funding availability announcements. Grants.gov only provides information about the funding opportunities for prime grant recipients. As discussed, federal grant funds may be passed through the state to the local level (see “Grant Pass-Throughs and Subrecipients”). An entity would not be able to locate information on Grants.gov about how to apply for federal subaward funds available from a pass-through.³³

Grant Application Review Panels

When reviewing federal grant program applications, federal administering agencies may require technical expertise to evaluate the merits of the applications. Some agencies will use a panel of experts to review, score, and recommend projects for funding. While the scores and recommendations of the grant review panels are usually taken into consideration by the federal administering agency in awarding grants, the agencies may have discretion to deviate from the review panel’s recommendations.

Federal Grant Technical Assistance

Federal grant technical assistance is comprised of activities undertaken by federal administering agencies and grant recipients to provide resources to stakeholders to help navigate the federal grant process and to strengthen the capacity of grant applicants and recipients to apply for, and manage, federal grant funding.

Technical assistance activities can take place throughout the grant life cycle. For example, pre-award phase technical assistance may involve a federal administering agency publishing information regarding a grant program application process and program requirements on the agency’s website. Technical assistance in the grant award phase may include a federal administering agency ensuring that award funds are spent on eligible expenses. In the grant program administration phase, technical assistance could take the form of assessing compliance with program and financial reporting requirements or conducting site visits. Technical assistance in the post-award/audit phase may include a federal administering agency providing instructions on how grant recipients should complete and submit required grant closeout forms. For more information on federal grant technical assistance, see CRS Report R47607, *Federal Grant Technical Assistance: Definition, Use, and Considerations for Congress*.

Grant Award Stage

The amount of funds allocated to a grant recipient is typically based on either statutory formula, agency discretion, or a combination of the two. In some cases, Congress establishes a formula for distributing funds that provides minimum or maximum allocations to specifically identified prime grant recipients. In other cases, the statutory eligibility may be broad and agencies may have discretion in narrowing down the recipients who will receive formula allocations. The final award amount, as well as the terms and conditions of that award, are documented in the grant agreement.

At this point, the applicant is notified of their selection and offered the grant agreement through a notice of award. The notice of award is a legally binding document that serves as the official offer of grant funds. Among other things, it will include the grant award terms and conditions that will

³³ For more information, see CRS In Focus IF12910, *Searching for Federal Grants: An Overview of Resources*, by Maria Kreiser and Kathleen E. Marchsteiner.

also be included in the grant agreement, as well as the amount of funding awarded. The applicant will then review the notice of award and decide whether to accept the award.

Following a federal administering agency's selection of grant awardees and a recipient's decision to accept an award, the agency and recipient sign the grant agreement. The grant agreement describes the terms and conditions the federal government and grant recipient have agreed to with regard to the use of federal grant funds.³⁴

USAspending.gov

The Federal Funding Accountability and Transparency Act of 2006 (FFATA; P.L. 110-282) requires federal agencies to submit grant award information to a public website established by OMB. USAspending.gov was established to provide information on grant awards, including the amount of the award, type of award, name and location of the recipient, and the name and authorization of the federal program used to make the award. USAspending.gov was later enhanced by the DATA Act (P.L. 113-101) which, among other things, established federal government-wide data standards for financial data reported to USAspending.gov.

Grant Program Administration Stage

Once a federal grant has been awarded and a grant agreement has been signed by both parties, the federal agency begins administration of the grant. For grant recipients and subrecipients, grant program administration activities include beginning a project and maintaining compliance with the grant agreement terms and conditions. For a federal administering agency, grant program administration activities include reviewing activities conducted under the terms of the grant award, reviewing and approving changes in the scope of work to be done under the grant agreement, and assessing compliance with program and financial reporting requirements, among other things.

Recipient and Subrecipient Responsibilities

In the grant program administration stage, grant recipients and subrecipients will start implementing projects using grant award funds. Recipients and subrecipients are responsible for adhering to any administrative, financial, and programmatic reporting requirements under the grant program and agreement. This may include submitting financial and performance reports documenting how recipients and subrecipients are spending award funds and what activities are being conducted under the award.

Administering Agency Responsibilities

Federal administering agencies' responsibilities in the grant program administration stage include monitoring the status of projects funded by a grant award. Agencies may do this through a variety of methods. For example, agencies may monitor project status by reviewing financial and performance reports submitted by recipients and subrecipients.

In other cases, staff from a federal awarding agency may conduct site visits to see how recipients and subrecipients are managing award funds. The frequency of site visits is based on the complexity of the project and/or the challenges that a particular recipient or subrecipient may be facing.

³⁴ For more information, see CRS In Focus IF12926, *Conditioning Federal Grant Awards: Understanding Grant Agreements, Amendments, and Terminations*, by Adam G. Levin.

Grant Post-Award/Audit Stage

At the end of the grant administration period, grant recipients are required to submit all financial documentation during the post-award stage. The federal agency then compiles the financial documentation and commences in closing-out the federal grant. Grant closeout is a process by which the federal agency reconciles all expenditures and disbursements and closes all cash management and program management accounts. Once the federal grant has been successfully closed out, the federal agency is able to conduct audits of the grant awards to measure efficiency and evaluate waste, fraud, and abuse in the use of federal grant funds.³⁵

There are several accountability provisions that are part of the grant administration process. Reporting requirements, both statutory and regulatory, require data collection and dissemination. Federal agencies administering the grant may, in turn, be required to report data to agencies with oversight, such as OMB or GAO, or to report grant information to federal assistance databases such as the Assistance Listings (formerly the Catalog of Federal Domestic Assistance, or CFDA) or USAspending.gov. Agencies may also be required to report grant performance to congressional committees.

Single Audit Act

Prime grant recipients are required to conduct an annual audit of federal grant funds and to submit the findings to the federal government.³⁶ Additionally, the Single Audit Act (P.L. 98-502, as amended) provides additional tools for grant oversight. At the time of its passage, the act required nonfederal entities that expended more than \$500,000 in a year in federal award funds (since increased to \$1 million) to submit an audit for that year. Auditors may evaluate the grantee's financial statements, test the agency's internal controls, and identify material non-compliance with the terms of the grant agreement or other federal regulation or law. Under the Single Audit Act, prime grant recipients can conduct a single audit of grant award activity that would fulfill the audit requirements for all federal grants each fiscal year. All audits performed under the act are submitted to the Federal Audit Clearinghouse (FAC), a database maintained by the Census Bureau, and may be viewed at no charge by the public.

Federal Audit Clearinghouse

Federal grant recipients who expend \$1 million or more in federal grant funds during a single fiscal year are required to submit an audit to the FAC on an annual basis.³⁷ The audit must detail the federal grant expenditures. It is difficult to compare the data in the FAC to other grant databases because audits are based on expenditures during the grant recipient fiscal year, which may differ from the federal government fiscal year.³⁸

³⁵ For more information, see CRS In Focus IF13106, *Federal Grant Closeout*, by Adam G. Levin.

³⁶ 2 C.F.R. §200.501(a).

³⁷ 2 C.F.R. §200.507(c)(2).

³⁸ For more information, see CRS In Focus IF12965, *Searching the Federal Audit Clearinghouse: A Brief Guide*, by Daniela E. Lacalle and Adam G. Levin.

Selected Considerations for Congress

Congress may have interest in various aspects of federal grant administration and management. These include tracking federal grants funds, grant subaward oversight, and Congress's role in federal grant programs.

Tracking the Distribution of Federal Grant Funds

As noted, Congress has passed legislation (P.L. 109-282 and P.L. 113-101) that mandated the establishment and expansion of USASpending.gov, a government source for data on federal grant awards. Other sources, such as the FAC and the *Analytical Perspectives* section of the President's budget, include further data on federal grants.³⁹

Such sources may not necessarily provide a complete view of federal grants. For example, a November 2023 GAO report found that 49 federal agencies did not report data on USASpending.gov. The report also noted that neither the Department of the Treasury (Treasury) nor OMB was clearly responsible for establishing which agencies should report their data to USASpending.gov.⁴⁰ As GAO noted, while P.L. 113-101 required all federal agencies—as defined in statute—to report data to USASpending.gov, OMB guidance allows agencies themselves to determine whether they fall under the statutory definition of agencies, and are therefore mandated to report to USASpending.gov.⁴¹ GAO recommended that Congress assign Treasury, in coordination with OMB, responsibility for determining which agencies must submit data to USASpending.gov.

P.L. 113-101 also required that the OMB Director and the Secretary of the Treasury, in coordination with heads of other federal agencies, develop federal government-wide standards for the financial and spending data reported by federal agencies to USASpending.gov. OMB announced 57 resulting data standards in May 2015.⁴²

Congress continued to demonstrate interest in data standards for federal grant reporting following P.L. 113-101. For example, in the 116th Congress, the GREAT Act (P.L. 116-103) mandated the OMB Director and the Secretary of the federal agency that administered the greatest number of programs under which federal grant awards were issued in a calendar year (ultimately the U.S. Department of Health and Human Services [HHS]) to develop data standards for federal grant recipients. A January 2024 GAO report found that OMB and HHS had partially developed such standards, but that the agencies could take certain further steps, such as reviewing the standards based on leading practices for the formulation of data definitions.⁴³ Congress may continue to monitor how required data standards may be refined to best allow for tracking of federal grant awards.

³⁹ For more information, see CRS Report R44027, *Tracking Federal Awards: USASpending.gov and Other Data Sources*, by Jennifer Teefy.

⁴⁰ GAO, *Federal Spending Transparency: Opportunities to Improve USASpending.gov Data*, GAO-24-106214, November 7, 2023, <https://www.gao.gov/products/gao-24-106214>.

⁴¹ GAO, *Federal Spending Transparency: Opportunities to Improve USASpending.gov Data*, GAO-24-106214, November 7, 2023, pp. 3-4, <https://www.gao.gov/products/gao-24-106214>.

⁴² David Mader and David Lebryk, *Better Data, Better Decisions, Better Government*, The White House, May 8, 2015, <https://obamawhitehouse.archives.gov/blog/2015/05/08/better-data-better-decisions-better-government>.

⁴³ GAO, *Grants Management: Action Needed to Ensure Consistency and Usefulness of New Data Standards*, GAO-24-106164, January 25, 2024, <https://www.gao.gov/products/gao-24-106164>.

Subaward Oversight

As noted, prime grant award recipients are responsible for overseeing subrecipient activities (see “Grant Recipients and Subrecipients”). P.L. 109-282 required prime recipients to report information about eligible subawards for inclusion in USASpending.gov.⁴⁴

Some observers have noted that subaward reporting has been imperfect in certain cases. For example, a November 2023 GAO report examining approximately six million subaward records from between October 2010 and August 2023 found that, among other things, about a quarter of subaward records on USASpending.gov may have duplicated other records.⁴⁵ Similarly, after reviewing 3,680 audits from federal grant pass-through entities, a March 2025 GAO report related that 36% of the audits found indications of incomplete subaward reporting, a lack of subrecipient monitoring, or no vetting of subrecipients’ grant eligibility.⁴⁶

As GAO also noted, OMB has taken steps that may address some of these issues. Those include directing federal agencies to, among other things:

- annually review financial assistance subaward data quality;⁴⁷
- clarify the required reporting of certain subawards and that awarding agencies are responsible for ensuring prime recipients report required subaward information;⁴⁸ and
- explain to prime recipients precisely what qualifies as a subrecipient action that must be reported.⁴⁹

Congress may want to assess how effective such steps are going forward, if additional actions may be necessary to ensure sufficient subaward oversight, and whether to direct federal agencies to take any specific measures to address any ongoing issues.

Congressional Role in Federal Grant Programs

Both Congress and the executive branch have roles and responsibilities in federal grant programs. As discussed, Congress often provides statutory authorization for a grant program, for which the level of detail may vary. Following statutory enactment of a federal grant program, the federal administering agency usually assumes responsibility for implementing the program, including promulgating program regulations and guidance, reviewing award applications, and monitoring recipient compliance.

Congress retains authority to affect how existing and future grant programs are administered. For example, although OMB and federal agencies have direct control over revising and implementing the Uniform Guidance, Congress can prompt OMB to revise or otherwise address aspects of the

⁴⁴ See 31 U.S.C. §6101 Note.

⁴⁵ GAO, *Federal Spending Transparency: Opportunities Exist to Improve COVID-19 and Other Grant Subaward Data on USASpending.gov*, GAO-24-106237, November 23, 2023, pp. 9-10, <https://www.gao.gov/products/gao-24-106237>.

⁴⁶ GAO, *Grants Management: Recent Guidance Could Enhance Subaward Oversight*, GAO-25-107315, March 26, 2025, pp. 6-8, <https://www.gao.gov/products/gao-25-107315>.

⁴⁷ Shalanda D. Young, *Advancing Effective Stewardship of Taxpayer Resources and Outcomes in the Implementation of the Infrastructure Investment and Jobs Act*, U.S. Office of Management and Budget, OMB Memorandum M-22-12, April 29, 2022, <https://www.whitehouse.gov/wp-content/uploads/2022/04/M-22-12.pdf>.

⁴⁸ Shalanda D. Young, *Reducing Burden in the Administration of Federal Financial Assistance*, U.S. Office of Management and Budget (OMB), OMB Memorandum M-24-11, April 4, 2024, <https://www.whitehouse.gov/wp-content/uploads/2024/04/M-24-11-Revisions-to-2-CFR.pdf>.

⁴⁹ 2 C.F.R. §170 Appendix A(1)(a).

Uniform Guidance as it sees fit. Examples of this include the Financial Services and General Government Appropriations Act, 2026, as introduced in the Senate in the 119th Congress (S. 3290). The bill would prohibit any funds appropriated in the bill from being used to develop or implement “any policy, guidance, or rule that would alter the manner in which the Office of Management and Budget, in administering Federal financial assistance, applies the negotiated indirect cost rates for institutions of higher education under section 200.414 of title 2, Code of Federal Regulations.”

Clarifying congressional and executive branch roles could help Congress adjudicate any potential disputes with the executive branch regarding federal grant administration. For example, in 2025 the Trump Administration sought to cancel or freeze a range of federal grant awards.⁵⁰ Many of the freezes or cancellations cited 2 C.F.R. §200.340(a)(4), which allows a federal grant to be terminated if it “no longer effectuates the program goals or agency priorities.”⁵¹ In addition, Executive Order 14332, issued in August 2025, required federal agencies to review whether their grant awards’ terms and conditions specifically allowed for invoking the termination provisions in 2 C.F.R. §200.340(a)(4).⁵²

Some Members of Congress have objected to the cancellations and freezes, expressing concern that, among other things, the actions may have impacted Congress’s ability to fund programs at its discretion.⁵³ Some other entities have voiced similar considerations. For example, in August 2025, GAO found that, among other things, the termination of approximately 1,800 National Institutes of Health grants between February 2025 and June 2025 violated the Impoundment

⁵⁰ For example, see Matthew J. Vaeth, *Temporary Pause of Agency Grant, Loan, and Other Financial Assistance Programs*, OMB, OMB Memorandum M-25-13, January 27, 2025, <https://www.whitehouse.gov/wp-content/uploads/2025/03/M-25-13-Temporary-Pause-to-Review-Agency-Grant-Loan-and-Other-Financial-Assistance-Programs.pdf>. For a sample of programs and/or awards impacted, see National Association of Counties (NACO), *2025 Federal Funds Tracker*, September 29, 2025, <https://www.naco.org/resource/2025-federal-funds-tracker>. For other examples, see U.S. Department of Education (ED), “U.S. Department of Education Cancels Divisive and Wasteful Grants under the Comprehensive Centers Program,” press release, February 19, 2025, <https://www.ed.gov/about/news/press-release/us-department-of-education-cancels-divisive-and-wasteful-grants-under-comprehensive-centers-program>; ED, “U.S. Department of Education Cuts Over \$600 Million in Divisive Teacher Training Grants,” press release, February 17, 2025, <https://www.ed.gov/about/news/press-release/us-department-of-education-cuts-over-600-million-divisive-teacher-training-grants>; and ED, “U.S. Department of Education Cancels Additional \$350 Million in Woke Spending,” press release, February 13, 2025, <https://www.ed.gov/about/news/press-release/us-department-of-education-cancels-additional-350-million-woke-spending>.

⁵¹ For example, see Blaire Bryant and Naomi Freel, *SAMHSA Cancels, Reinstates Thousands of Behavioral Health Grants*, NACO, January 15, 2025, <https://www.naco.org/news/samhsa-cancels-reinstates-thousands-behavioral-health-grants>; and Christopher D. Carroll, *Notification Letter to Recipient for Termination of Federal Award for Non-Alignment with Substance Abuse and Mental Health Services Administration (SAMHSA) Priorities*, Substance Abuse and Mental Health Services Administration, <https://naco.sharefile.com/share/view/s9abef4e0e4ce4a2cbbc7c7d3cf2ec75e>.

⁵² Executive Order 14332, “Improving Oversight of Federal Grantmaking,” 90 *Federal Register* 38929, August 7, 2025. See Sec. 6(i).

⁵³ For example, see Representative Cleo Fields, “Congressman Fields Expresses Concerns Following Trump Administration’s Pause of Federal Financial Assistance,” press release, January 28, 2025, <https://fields.house.gov/media/press-releases/congressman-fields-expresses-concerns-following-trump-administrations-pause>, and Representative Madeleine Dean, “Congresswoman Dean’s Statement on Trump Administration’s Unlawful Federal Funding Freeze,” press release, January 28, 2025, <https://dean.house.gov/2025/1/congresswoman-dean-s-statement-on-trump-administration-s-unlawful-federal-funding-freeze>.

Control Act of 1974 (P.L. 93-344) by “improperly withholding appropriated funds from obligation and expenditure.”⁵⁴ The grant terminations are also the subject of ongoing litigation.⁵⁵

Congress could consider whether to constrain Administration or agency discretion by, for example, directing OMB or other federal agencies to review certain regulations or by providing more detailed authorizing legislation for federal grant programs going forward. Conversely, Congress could determine that the present balance of federal grant administration responsibilities does not need amending, or that the executive branch should be afforded greater discretion, for example through less prescriptive grant program authorizing legislation.

Author Information

Adam G. Levin
Analyst in Economic Development Policy

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⁵⁴ U.S. Government Accountability Office, Department of Health and Human Services—National Institutes of Health—Application of Impoundment Control Act to Availability of Funds for Grants, B-337203, August 5, 2025, p. 11, <https://www.gao.gov/products/b-337203>. For information on the Impoundment Control Act, see CRS Report R48432, *The Impoundment Control Act of 1974: Background and Congressional Consideration of Rescissions*, by James V. Saturno.

⁵⁵ For more details, see Association of American Medical Colleges (AAMC), *Federal Research-Related Litigation*, <https://www.aamc.org/about-us/mission-areas/biomedical-research/science-policy-hub/federal-research-related-litigation>.