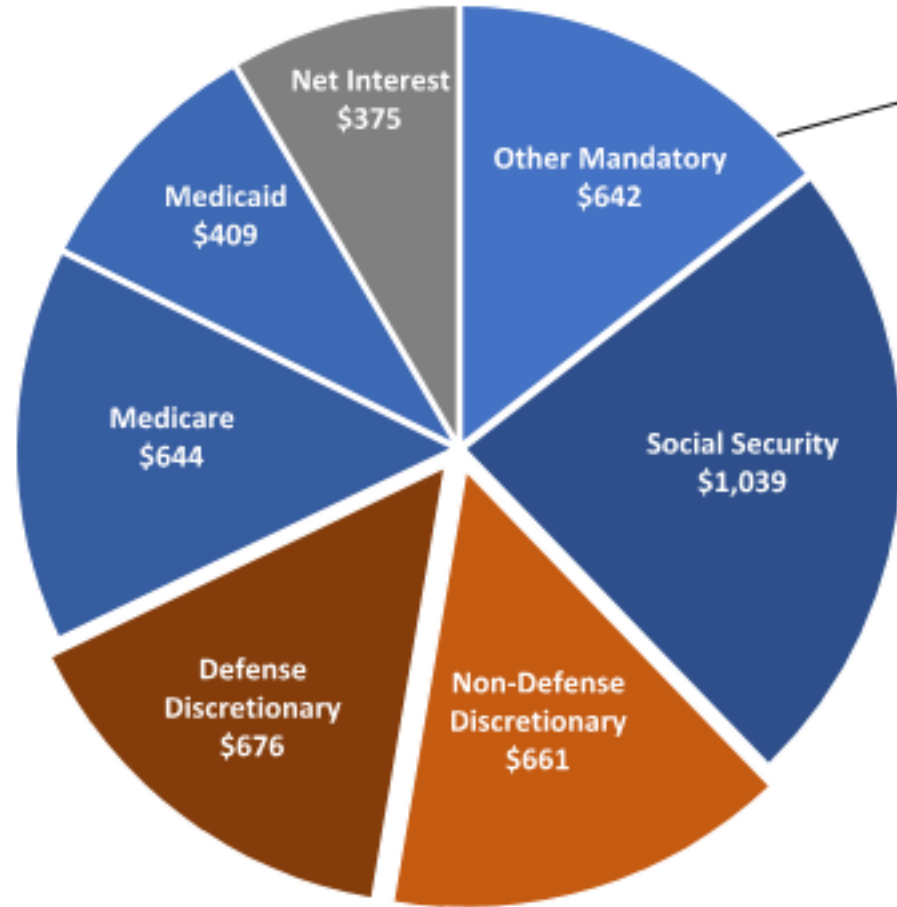


Grants 101: How and Why States Get Federal Dollars

Blueprint

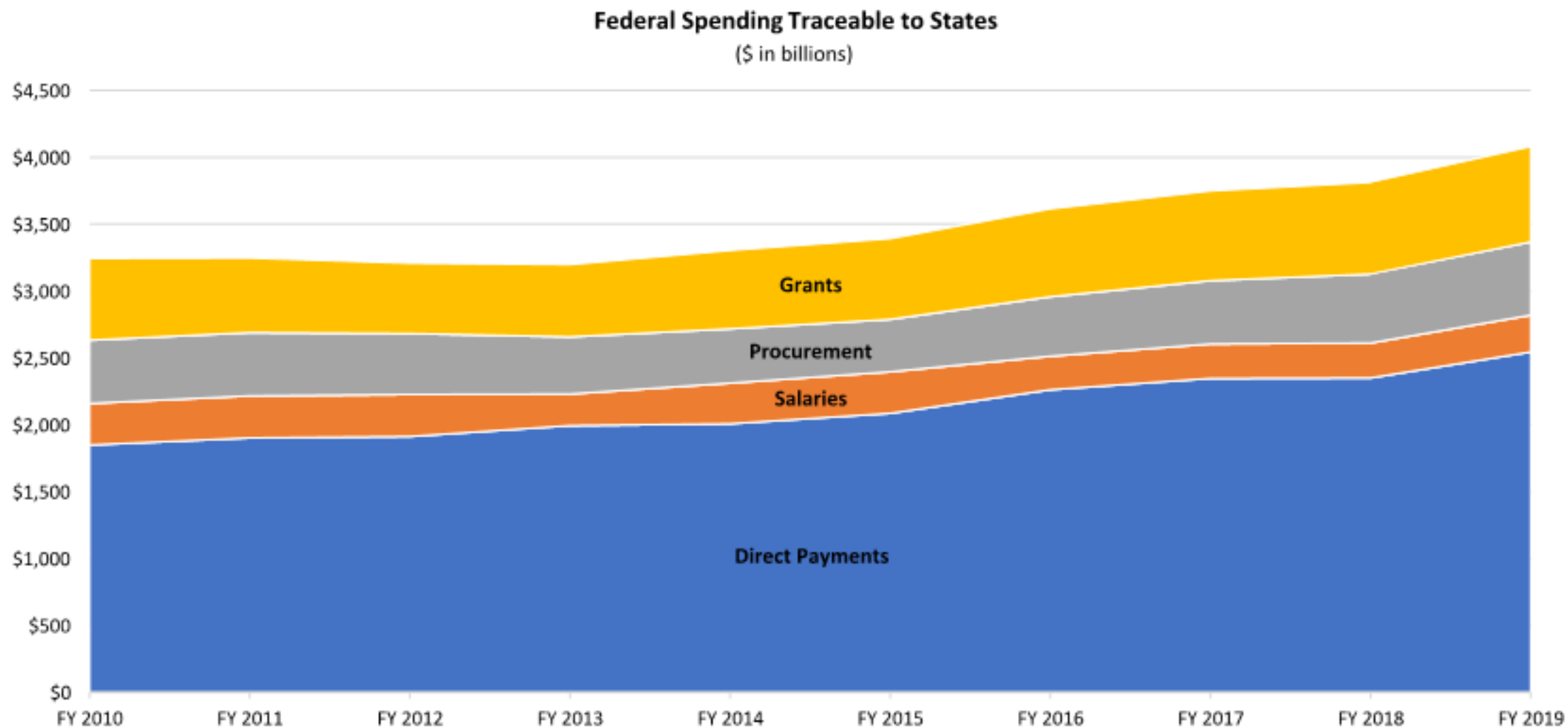
- Components of the federal budget
- Types of federal funding reaching states
- How state funding is determined
- Mandatory vs. discretionary
- Formula vs. competitive
- Shutdown?

Pieces of the pie (pre-COVID)



- Includes programs such as:
- Temporary Assistance for Needy Families
 - Supplemental Nutrition Assistance Program
 - Child Nutrition
 - Supplemental Security Income
 - Earned Income Tax Credit

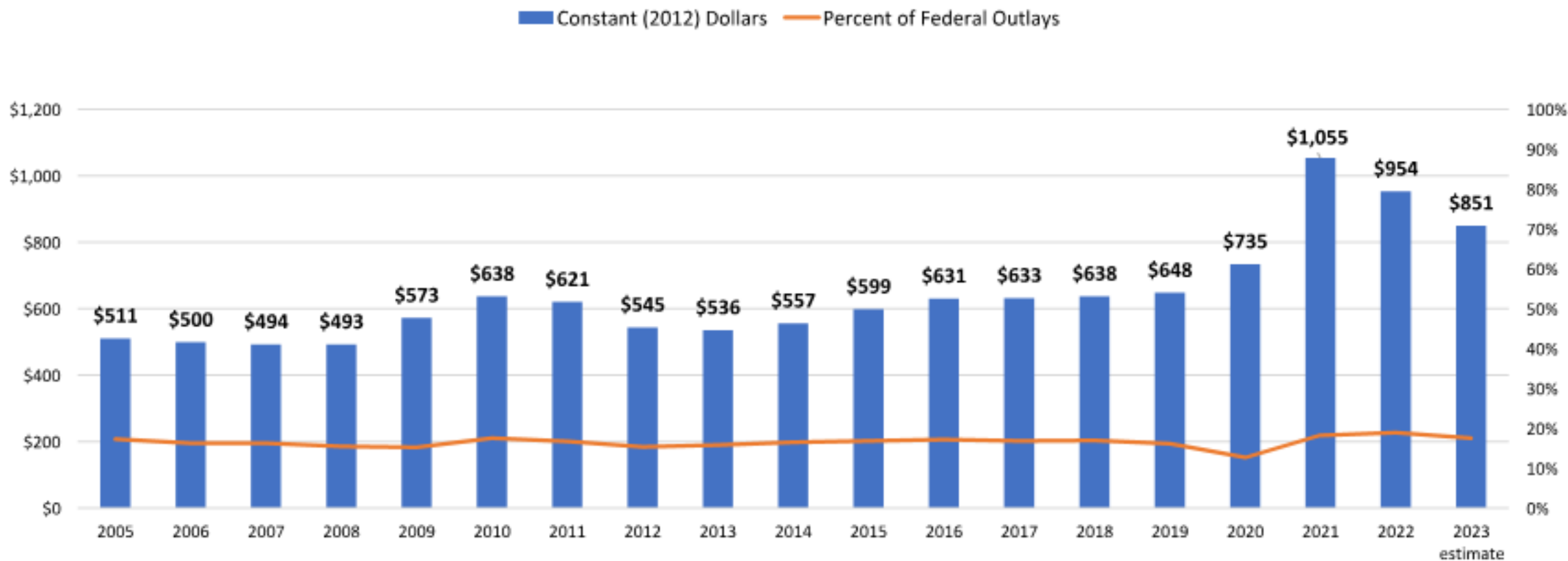
Four federal fiscal flows



Grants play a minor role in federal spending



Grants to State and Local Governments in Constant Dollars, as Share of Federal Outlays (\$ in billions)



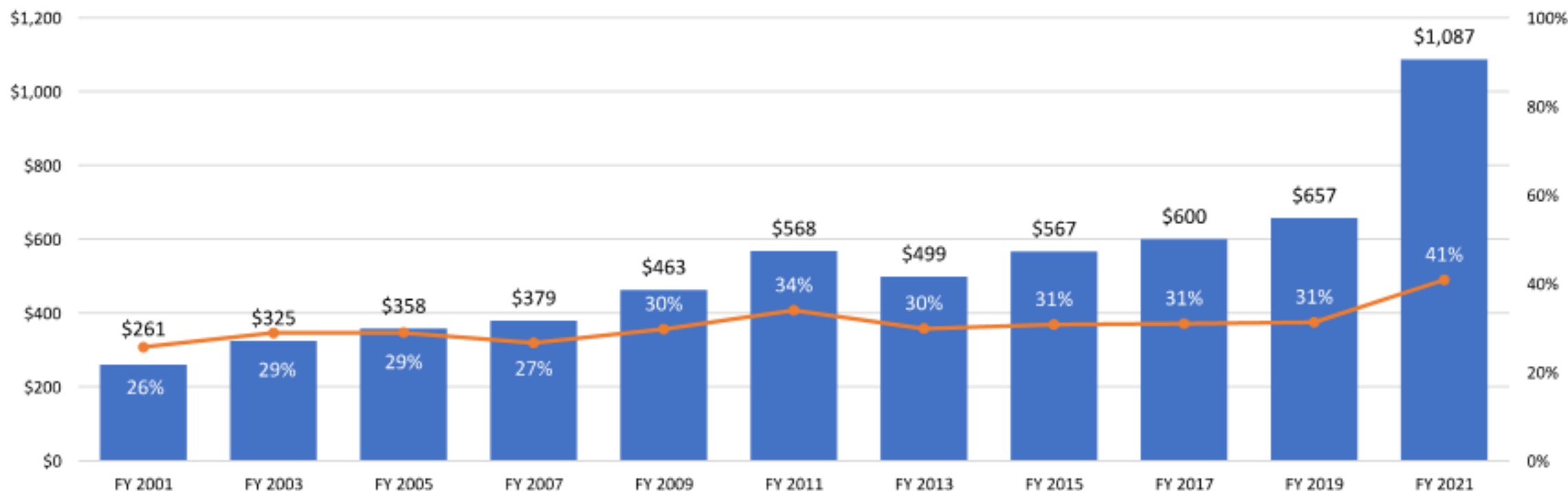
Source: OMB historical tables

But a large (and growing) role in state spending

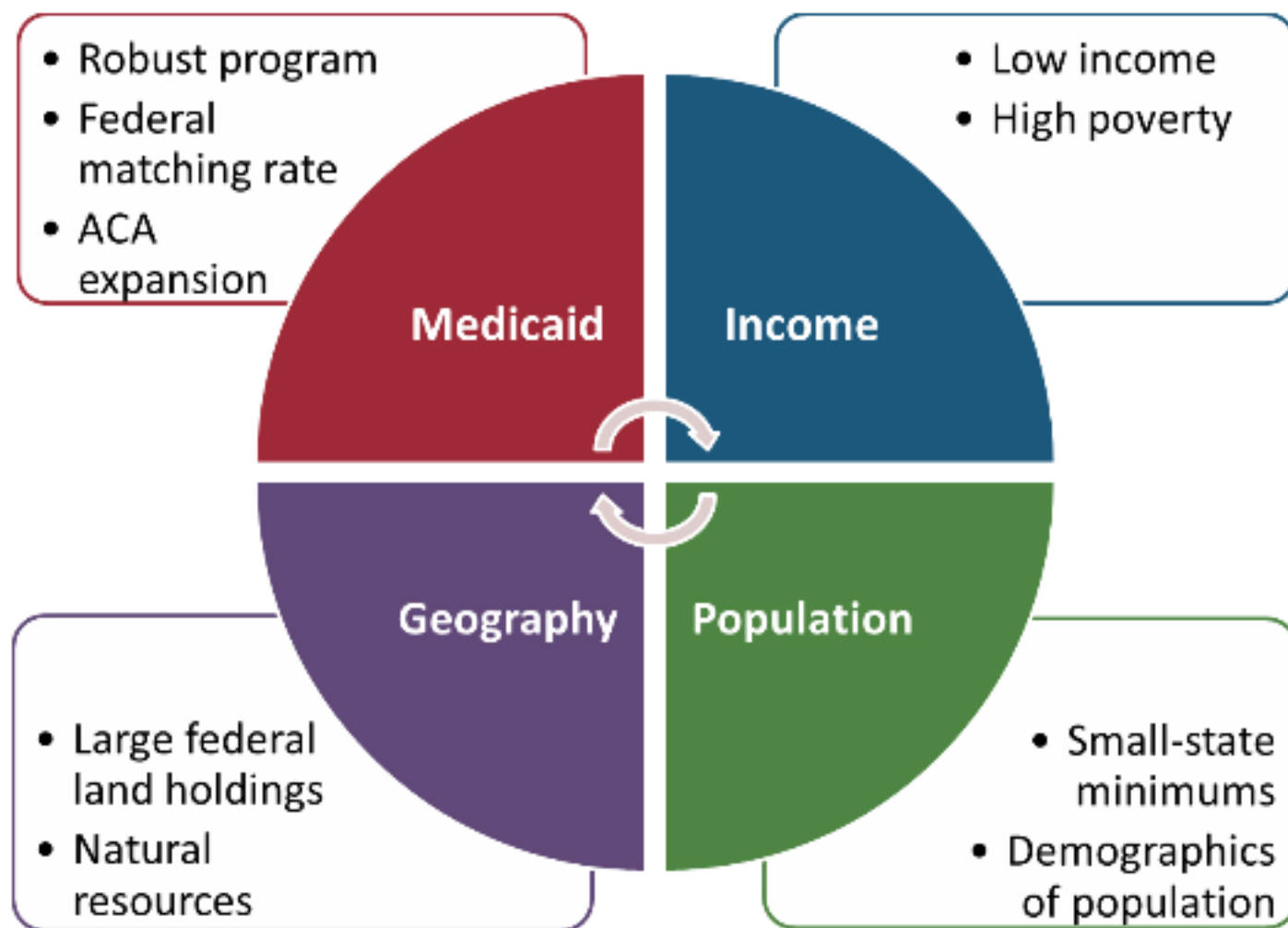
Federal Funds as a Share of State Spending

(\$ in billions)

Federal Funds Spent by States Share of State Spending



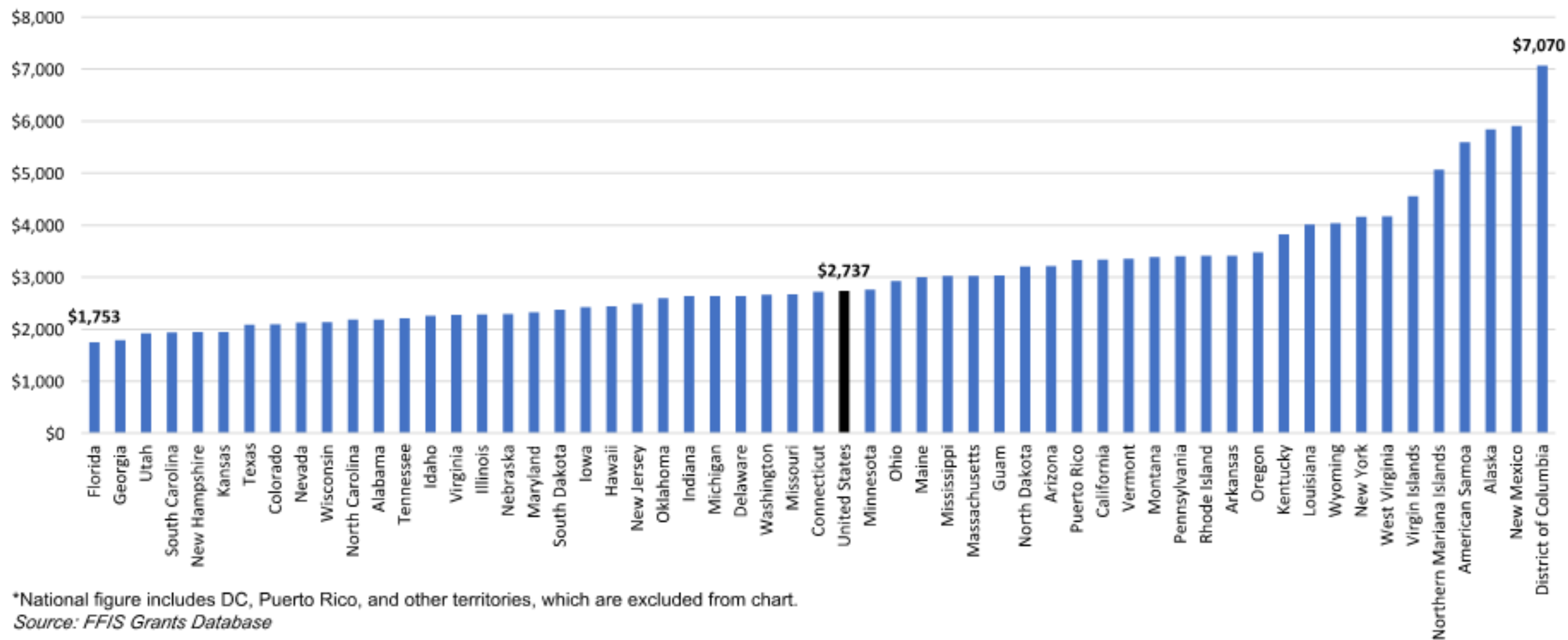
Determinants of state grant funding





How the four factors translate to dollars

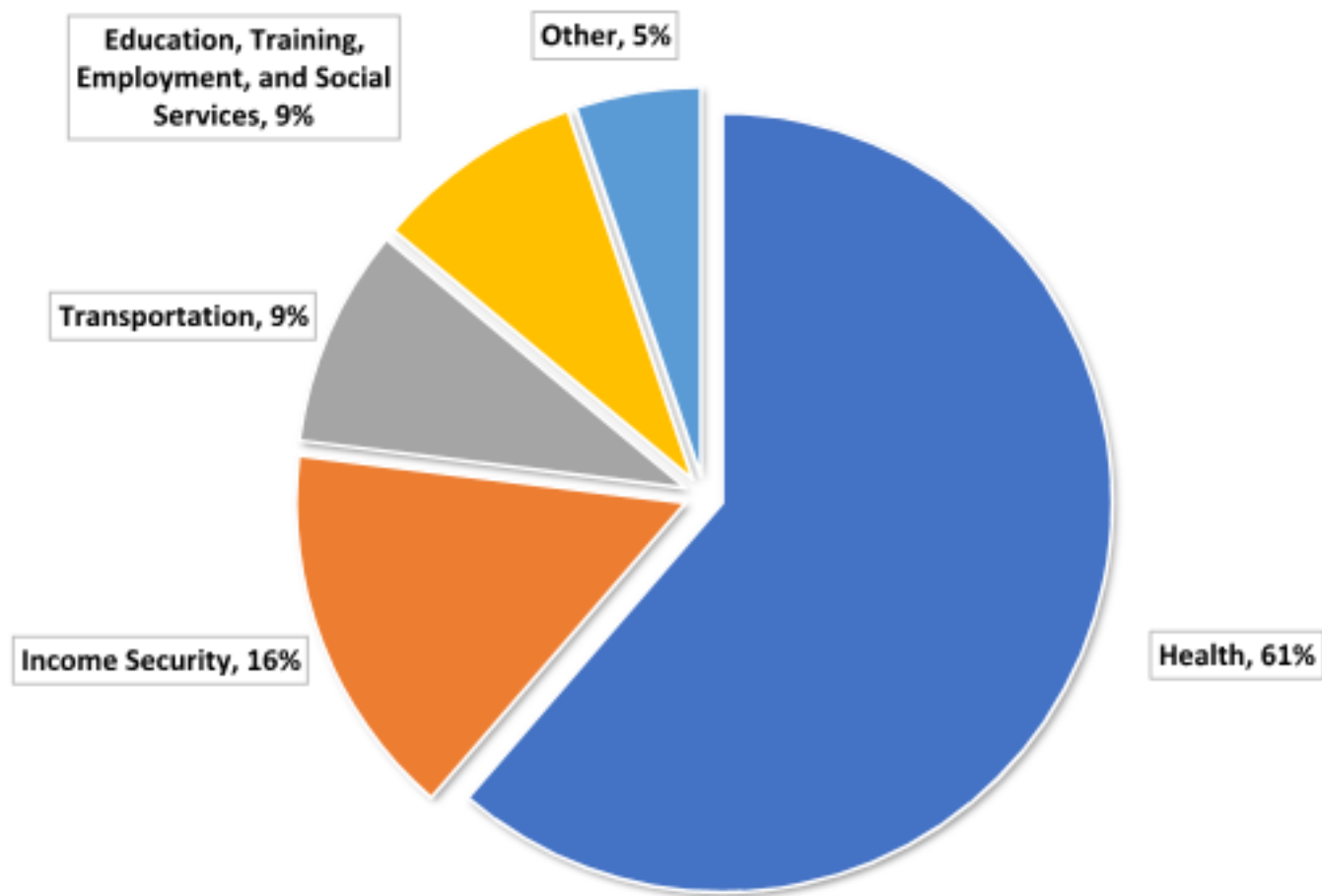
Grant Funding Per Capita, FY 2022



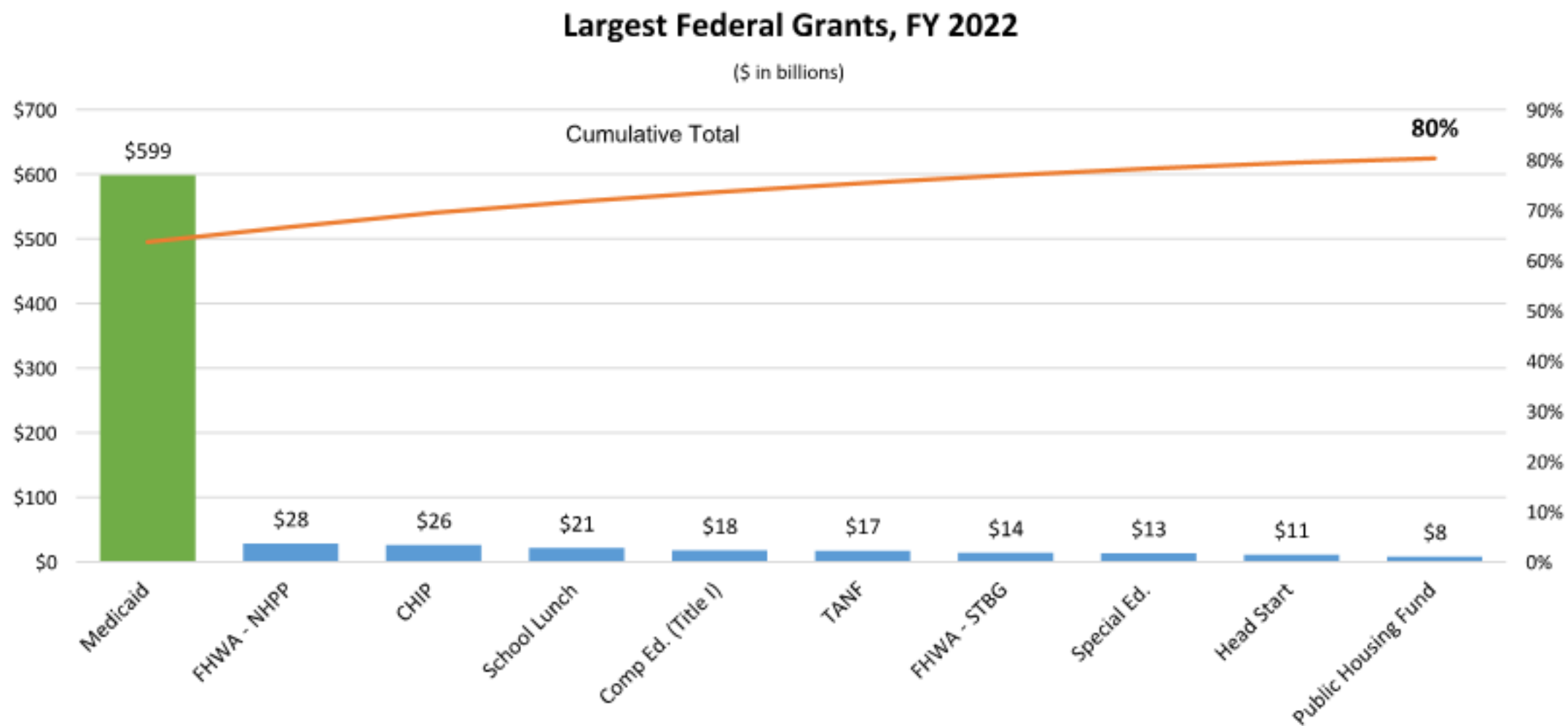
*National figure includes DC, Puerto Rico, and other territories, which are excluded from chart.

Source: FFIS Grants Database

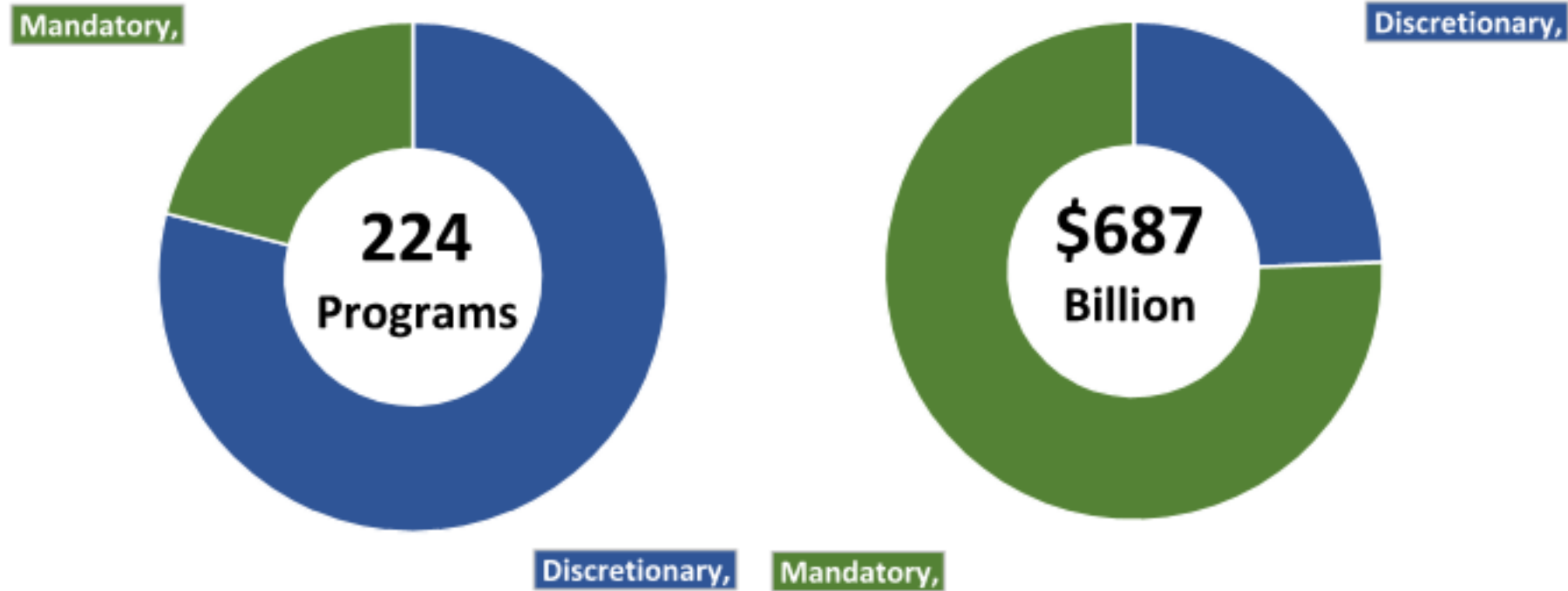
Health dominates



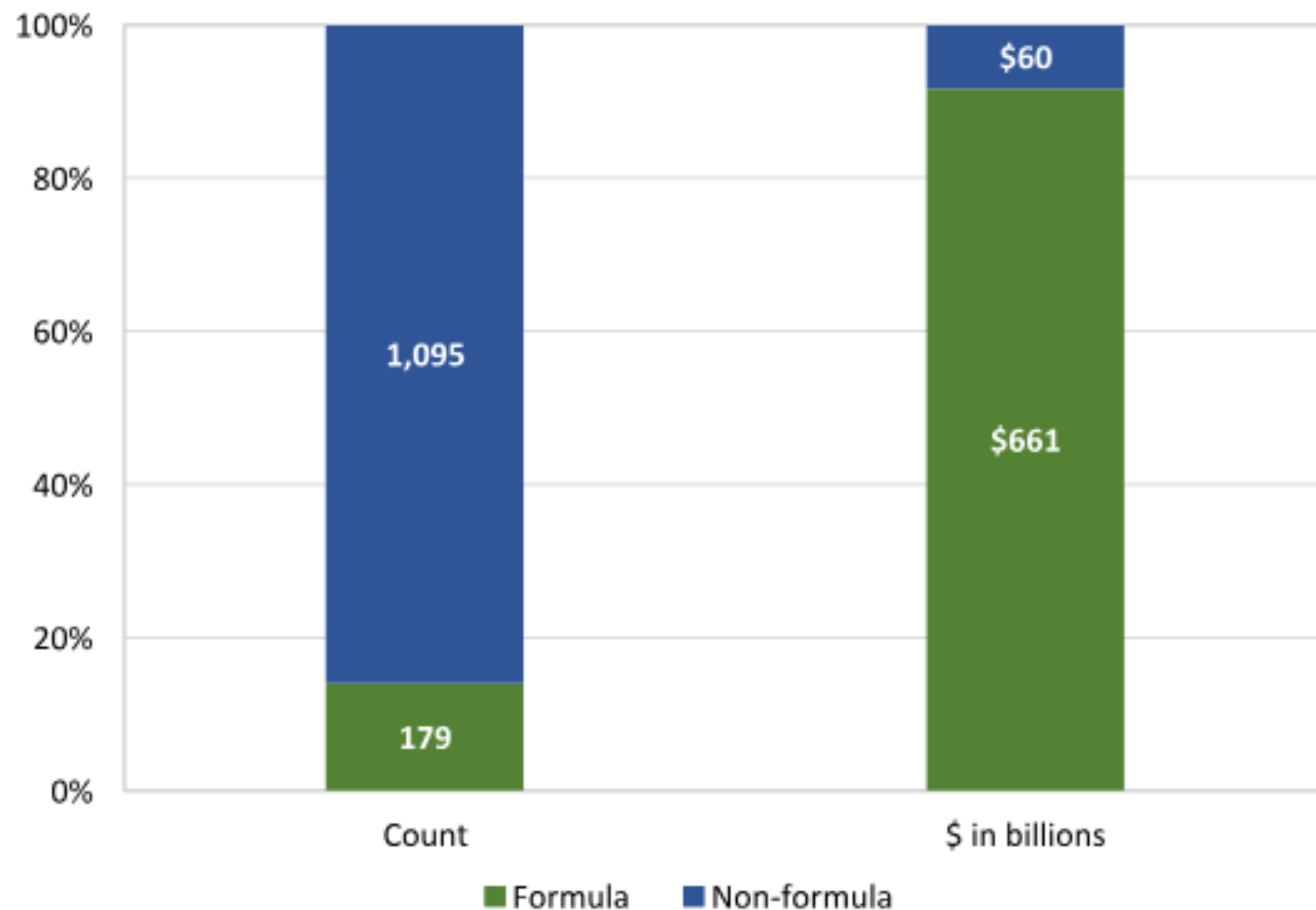
Medicaid is the largest grant, by far



Most grants are discretionary, most funding is mandatory



Similarly, most grants are non-formula, but most funding is distributed by formula



More grant distinctions

Categorical

- Formula or competitive
- Prescriptive
- Many in number

Block

- Formula
- Flexible
- Few in number

Grant conditions

Matching

- Share of total costs borne by recipient
- May be in cash or in kind, depending on program
- Typically ranges from 5%-50%

MOE

- Level of spending recipient must provide
- Often tied to spending in a prior/base year
- Related to requirement that federal funds supplement--and not supplant--state funds



Real world examples, 10 largest grants

Funding Type	Grant Type	Program	Match?	MOE?
Discretionary	Categorical	Comp Ed (Title I) - Local Education Agencies		Yes
		Special Education Basic State Grant		Yes
		Head Start	Yes	
		WIC – Supplemental Feeding Program		
	Block	Surface Transportation Block Grant	Yes	
Discretionary & Mandatory	Categorical	National Highway Performance Program	Yes	
Mandatory	Categorical	Medicaid – Vendor Payments + Administration	Yes	
		Children's Health Insurance Program	Yes	Yes
		Child Nutrition - School Lunch	Yes	
	Block	Temporary Assistance For Needy Families		Yes

Shutdown ahead?

- Congress has not enacted partial- or full-year appropriations for FY 2024 (see [Budget Brief 23-21](#))
- **Discretionary programs:**
 - New funding will not become available
 - Whether a program will continue to operate depends on several factors
 - Advance appropriations and contract authority insulated from shutdown
- **Mandatory programs:**
 - Programs that bypass the appropriations process are protected
 - Appropriated entitlements could be affected
 - Expiring programs at risk



FFIS resources

- [Grants Database](#)
 - State allocations for 200+ grant programs
- [Competitive Grant Update](#)
 - Government-wide competitive opportunities each week
- [Appropriations Tracker](#)
 - Enacted and proposed funding for mandatory and discretionary programs
- [IIJA](#), [IRA](#), and [COVID](#) Spreadsheets
 - State allocations for these supplemental appropriations

Questions?

- **Get the latest updates** by joining the email list.

Email eableman@ffis.org (Ethan Ableman)

- **View publications** at ffis.org.

Contact eableman@ffis.org for login help

- **Follow-up questions?**

Contact Andrew Olson: aolson@ffis.org