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Potential Causes of Delayed Disbursements of Supplemental Grant Funding

Introduction

Congress uses an annual appropriations process to fund the routine activities of most federal agencies, including appropriating funding for federal grant programs. Congress may also appropriate additional funds to supplement federal grant programs. For example, Congress provided \$674.3 billion to state, local, and tribal governments to address the response and recovery activities for the COVID-19 pandemic, as well as more than \$500 billion in new federal spending for infrastructure through the Infrastructure Investment and Jobs Act (IIJA, P.L. 117-58). When supplemental grant program funding is provided, federal agencies may face challenges in administering both normal and supplemental appropriations for federal grant programs.

In particular, supplemental funding can impact the ability of federal agencies to review and process federal grant applications, as well as disburse grant funding in a timely fashion (for both regular appropriations and supplemental appropriations). Delays in disbursing federal grant funds may impact the ability of federal grant recipients at the state and local level to begin or continue grant funded projects, or may otherwise impact program objectives established by Congress. There are several potential causes for delays in disbursing supplemental grant program funding that occur during the administration of the grant programs. These may include a delayed or duplicative grant application process, implementation of statutory requirements attached to the supplemental funding that may differ from regular program requirements, and general grant management challenges.

Federal Grant Life Cycle

There are four phases of a federal grant life cycle: pre-award, award, grant administration, and post-award.

Figure 1 illustrates key components of each phase of the grant life cycle. Supplemental funding potentially affects each phase of the cycle. The impact of the supplemental funding may be influenced by certain provisions contained within the supplemental funding measures that might provide specific direction to federal grant administering agencies regarding funding for certain programs. The grant administration practices affected by supplemental funding may vary depending on the timing of the supplemental funding measures, with respect both to the administration of regular appropriations and the process for awarding supplemental funding.

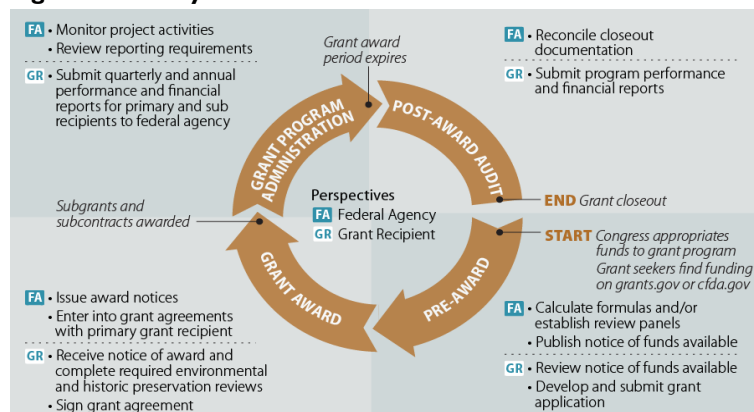
Overview of Federal Grant Funding

Federal outlays for grants to states and local governments under regular appropriations have grown from \$16.4 billion in 1940 to \$734.9 billion in 2020, and there are currently approximately 1,700 federal assistance programs authorized by Congress. Federal assistance programs are also commonly referred to as “federal grant programs.”

Grant Pre-award Phase

Delays in disbursing supplemental appropriations for grant programs may be due to the way in which applications for the supplemental funding are processed. Federal grant program administration practices are generally structured to begin with the pre-award phase at the onset of the federal fiscal year. During the pre-award phase of the federal grant life cycle, federal grant administering agencies evaluate congressional appropriations provided for grant programs and establish funding allocation methodologies.

Figure 1. Life Cycle of a Federal Grant



Source: Congressional Research Service, December 2021.

Supplemental appropriations for federal grant programs are generally provided in separate legislation from regular appropriation bills. Consequently, federal agencies will have to determine how to process the applications for both the regular appropriations and the supplemental appropriations for grant programs. In some cases, a federal agency may determine that the supplemental appropriations can be combined with regular appropriations and the federal agency may use the normal application process to disburse the supplemental funding. However, if supplemental appropriations were provided after applications were already received for the regular appropriations and federal agencies added the supplemental appropriations

to the regular appropriations, grant seekers who did not apply for the grant program funding prior to enactment of the supplemental funding may be unable to apply. Alternatively, if a federal agency establishes a separate application process for the supplemental funding, this may increase the administrative burden on applicants and the federal agency, and may delay disbursement of both regular and supplemental appropriations.

Grant Award Phase

Supplemental appropriations for federal grant programs are generally enacted to accomplish specific objectives. Consequently, the supplemental funding may include requirements that differ from requirements for normal grant program funding. These requirements may affect the federal agency administration of the grant program. For example, the Office of Management and Budget (OMB) issued guidance to federal agencies on the implementation of the IIJA that required federal agencies to designate a senior accountable official to oversee the IIJA implementation, and required the designation of an “implementation coordinator” to manage coordination within and across agencies. Additional requirements attached to supplemental funding may also affect grant recipients. For example, the IIJA expanded the Buy America requirements. If the supplemental funding has requirements that are different from regular appropriations, the federal agency may have to develop separate regulations and guidance for the supplemental funding. This may delay disbursement of the supplemental funding.

Grant Program Administration Phase and Post-Award Audit Phase

Once a federal grant has been awarded, the grant recipients begin the programs or services for which federal funding was provided. Supplemental appropriations may influence when grant awards are made and whether a single grant award or multiple grant awards are provided. In some cases, a grant recipient may receive separate awards from the regular appropriation, as well as the supplemental appropriation. Each grant award must be managed as a separate project. Therefore, all of the reporting requirements and other management activities, like submitting requests for reimbursement, must be done for each grant. Grant recipients with limited capacity may face additional challenges with the additional grant awards, thereby creating delays.

Considerations for Congress

Supplemental appropriations for federal grant programs present unique challenges for both federal agencies and grant recipients. In some cases, these challenges may result in delays in disbursing the supplemental funding. Some considerations for mitigating grant management challenges include evaluating the use of technical assistance for supplemental appropriations, waiving application requirements for existing grant recipients, and aligning administration of regular grant program appropriations and supplemental appropriations.

Evaluating Technical Assistance for Supplemental Appropriations

Technical assistance is activities undertaken by federal agencies and primary grant recipients to assist recipients and sub-recipients, respectively, in seeking and managing federal grant funds. These activities may include developing resources such as webinars for completing a grant application or providing outreach workshops to discuss grant management requirements. As discussed above, supplemental appropriations may include requirements that are different than regular appropriations. Evaluating whether existing technical assistance activities are sufficient to mitigate grant management challenges may provide an opportunity to proactively address grant management practices to ensure equitable, efficient, and effective disbursement of supplement grant funds.

Waiving Grant Applications for Existing Grant Recipients

Implementation of supplemental appropriations may include establishing a separate application process from the application review of normal grant program appropriations. In some cases, the administration of the supplemental appropriations may be streamlined by consolidating the application and award process, and waiving grant application requirements for existing grant recipients. Supplemental funding may be provided to existing grant recipients by amending the award amount provided under regular appropriations to provide additional funding available under the supplemental appropriations bill. However, waiving the grant application requirement for existing recipients but retaining the application requirement for new recipients may be perceived as a disincentive to potential grant seekers who may benefit from the supplemental funding, but are unsure of how to navigate the federal grant application process.

Aligning Administration of Regular Appropriations and Supplemental Appropriations

One factor potentially contributing to the delays in disbursing supplemental grant appropriations is the additional administration challenges of managing both regular appropriations and supplemental appropriations. Such challenges include implementing separate processes for disbursing both regular appropriations and supplemental appropriations. Evaluating grant administration processes to determine where efficiencies may be found by aligning administration of both funding streams may provide solutions to streamlining disbursement of supplemental funding. For example, amending existing grant awards to increase funding provided under supplemental appropriations, or allowing grant recipients to combine reporting requirements for separate grant awards are possible options to reduce the administrative burden of managing grant awards funded by both regular appropriations and supplemental appropriations.

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