

6. TYPES OF FINANCIAL ASSISTANCE FUNDS AND AWARDS

Federal funding for financial assistance may be classified based on the amount of discretion DOC has in making funding decisions. The two broad classifications for types of funds are “discretionary funds” and “nondiscretionary funds.”

Some programs in DOC are authorized to make awards with both discretionary and nondiscretionary funds under different sections of their authorizing statutes.

A. Discretionary Funds

Discretionary funds are those funds for which DOC can exercise its judgment in selecting to whom the funds are awarded. It is the policy of DOC that discretionary funds are provided only after completion of a competitive process among eligible entities. However, there are instances where awards are recommended for funding without full and open competition. The three types of discretionary awards are discussed below.

1. **Competitive Awards.** These awards are made after completion of a competitive merit review process and DOC has selected an application for award based on established evaluation and selection criteria. DOC may also designate competitive awards solicited and reviewed through another federal agency’s competitive process or through a process developed by several Federal agencies acting in partnership. See Chapter 17 of this Manual for instructions in preparing *Federal Register* notices, as required, and NOFOs. Program officials are encouraged to further publicize notices through Internet announcements, mailing lists, presentations at conferences, professional journals, trade association newsletters, and other media that are available and accessible to potential applicants.

2. **Institutional Awards.**

a. These awards are made with the intent to maintain a long-term partnership between DOC and the recipient for those projects established under long-term planning goals and objectives common to the research and programmatic needs of both parties.

(1) Renewal amendments to existing awards may be made on a noncompetitive basis if the recipient performs satisfactorily. While this type of amendment is intended to accommodate a long-term relationship between DOC and recipients, the individual awards should not exceed a five-year period of performance.

(2) The initial NOFO shall be competitive and state the intent to establish institutional award status.

(3) If a recipient of an institutional award does not comply with the terms and conditions of the award, that recipient should receive due process as described in Chapter 11, Enforcement. If the award is terminated, a new recipient should generally be selected through full and open competition.

(4) Programs that make institutional awards must conduct periodic reviews in accordance with the provisions of Chapter 15 of this Manual.

a. The Grants Officer is responsible for determining whether a program is designated as an institutional award program and may determine that only one or more awards under a program are institutional awards. Institutional awards should only be established between an operating unit and a recipient for long-term projects that are common to the programmatic goals and objectives of DOC and the recipient.

b. Institutional awards are not the same as multi-year awards, although they may be incrementally funded within the period of performance. Other projects of long-term duration may be funded using DOC multi-year funding procedures described in Chapter 18 of this Manual.

3. Noncompetitive Awards.

a. When noncompetitive awards are recommended for funding, the Program Officer must submit a detailed justification memorandum to the Grants Office for review and approval. Noncompetitive awards using discretionary funds for a new award are allowed in only the following situations:

(1) Future awards under institutional Federal financial assistance programs where the recipient should have been initially selected based on competition. The Program Officer must provide the Grants Officer with summary information about the original competition, or waiver of competition, and the date and results of the latest periodic review.

(2) In instances where the application does not fall within the scope of a published competitive NOFO and the operating unit determines, in accordance with Chapter 8 of this Manual, that the application has merit and falls within one of the five listed categories.

b. Unless otherwise covered by a Broad Agency Announcement (BAA), if more than five percent (5%) of the total number of awards made under a program within one fiscal year are made on the basis of recipient initiative, the Program Officer should examine the current *Federal Register* notice and NOFO, if they exist, and make any corrections deemed necessary to future notices so that the solicitation better reflects the goals or needs of the program.

B. Nondiscretionary Funds

Nondiscretionary funds are those funds for which DOC cannot exercise judgment in selecting an award recipient. The two types of awards made with nondiscretionary funds are:

1. Awards Mandated by Statute. These mandatory awards are made to specifically named organizations (not just generally described as to the type of organization) in a statute and for which funds may be set aside in an appropriations act. The recipient is entitled to the award and has an enforceable right to receive the Federal financial assistance.

2. Awards Limited by Statute. These awards are made to organizations for which eligibility has been limited by law to a particular class of applicants, every one of which has been notified of the availability of funding, and every applicant that applies and meets statutory requirements is assured an award (e.g., there may be special language in an appropriations act directing an agency to make awards to every state that applies for funding and meets certain criteria). There may be competition among the

eligible applicants for additional funding as an incentive for receiving applications for innovative or pilot/demonstration projects depending upon the program and its authorizing law.