

## Some Historical Background on Federal Grants

Grants funded under the Tri-Service Nursing Research Program may be the culmination of the Federal grant-making experience (just ask Pam), but the story of the government's involvement in such activities is older than the Constitution. In fact, the very first Federal grants, of land west of the Appalachians, were awarded in 1785 to Revolutionary War veterans. At the same time, for the territories that were to become the new states, one thirty-sixth of the land (section 16 in the middle of each new township) was to be devoted to public education.

### Grant Programs

Because at first the country had lots of land, but little money, all grants were land grants until 1879, when small amounts of money were awarded to produce braille books for the blind. Meanwhile, three huge land grant programs were signed into law by President Lincoln in 1862 -- the Morrill Land Grant College Act, the Homestead Act, and the Railroad Act (look 'em up on Wikipedia), eventually totalling over 450,000 square miles, more than 10 percent of the territory of the United States. The Morrill Act provided land for colleges in most states, including land located in the Midwest for Eastern states, which then sold the land to provide funds for developing colleges back home. This entailed the first grant expenditure reports, so the states could account for the money they received from the land sales. The Homestead Act gave one-quarter square mile tracts to families to settle in western states and territories. The Railroad Act paid, in land, for the construction of a railroad from Omaha to Sacramento'

Other milestones in the history of specific grant programs include:

- the Hatch Act of 1887, awarding annual sums for agricultural research to states with land grant colleges, the first continuing grant program (continuing to this day);
- the Weeks Act of 1911, state grants for fire protection on navigable waterways, the first law to require state plans and matching funds; and
- the Hatch Act of 1939, restricting political activity of Federal employees and employees of state and local government who are paid with Federal grant funds, the first of the national policy requirements applicable to all grant programs, the forerunner of our civil rights, environmental, human subject protection, and many, many other "cross-cutting" national requirements.

### Money

The total amounts of money granted each year were quite small (just \$200,000 appropriated under the Weeks Act), until the Great Depression of the 1930s, when grant funding under Franklin Roosevelt's New Deal rose to an unprecedented \$2 billion in 1939. That rose again in the cold war of the 1950s, to almost \$7 billion, then ballooned in Lyndon Johnson's Great Society to almost \$30 billion (not adjusted for inflation, however). Today, with major entitlement programs like Medicaid, elementary and secondary education funding, and highway construction and maintenance, Federal grants total over \$600 billion a year, an amount greater than that awarded in Federal contracts!

## Administrative Requirements

With the growth of grant dollars came a corresponding growth in Congressional concern with how grants were being administered, including a particular worry that agencies were awarding grants, instead of procurement contracts, to avoid competitive bidding and other detailed requirements associated with contracts but not grants. In 1978, a Federal Grant and Cooperative Agreement Act was signed into law (since amended in 1982), that required agencies to use contracts when obtaining goods or services for the use of the government, and also required specific statutory authority for agencies to award grants or cooperative agreements (the latter a particular form of grants). [Because TSNRP awards are for activities of use to the government, it would appear that contracts rather than grants would be the proper instrument for the awards, but Congress has specified that the awards be in the form of grants, and so they are.]

In the 1980s, the Office of Management and Budget (OMB), in the Office of the President, directed agencies to adopt formal regulations setting out procedures to be followed by agencies and grantees in the administration of grants, covering such areas as financial management procedures, payment, financial and performance progress reports, award changes, property use and disposition, and award closeouts. These administrative regulations incorporate, by reference, Circulars issued by OMB covering Cost Principles and Financial Audits.

Regulations adopted by the Department of Defense are published in Title 32 of the Code of Federal Regulations. These requirements, the Department of Defense Grant and Agreement Regulations, are commonly referred to as the DoDGARs. Their provisions, including those in the cost and audit circulars, are binding on both the agency and its grantees.

## The Future

OMB announced in 2013 its intention to update, consolidate, and modify all of the administrative requirements applicable to Federal Grants. To that end, a lengthy draft was circulated for public comment over the Spring and Summer, and comments thereon are under review. Any changes from the current procedures, however, will not be implemented until 2014 at the earliest, and it is too soon to speculate what might actually be adopted. Until then, the current procedures remain in full effect. In a similar vein, the impact, if any, on grant policy and procedure of the current budget debates in Congress is as yet unknown.

- Ed Levin  
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