
Part 5 Mandatory Grants

Section 01 Entitlements, Block Grants, and Mandatory Formula Grants

A. Principles

1. Purpose. This Grants Policy Directive (GPD) outlines Department of Health and Human Services (HHS) requirements for mandatory grants. In some cases, the coverage of other GPDs applies to mandatory grants. This GPD will reference or summarize those requirements rather than repeating them; however, this GPD specifies the responsibilities of Grants Management Officers (GMOs) and Project Officers (POs) to complement the coverage of GPD 1.04, Responsibilities.
2. Scope. This GPD applies to the mandatory grant programs used in HHS — entitlements (whether open-ended or closed-ended), block grants, and mandatory formula grants. These categories are mutually exclusive with different programmatic attributes and, as applicable, different governing administrative requirements (for example, entitlements and mandatory formula grants are subject to the requirements of 45 CFR part 92; block grants generally are subject to the requirements of 45 CFR part 96; 45 CFR part 95 applies as shown in Attachment 1 to this GPD). The terms are not intended to be used interchangeably.
 - a. Entitlement programs are ones where, based on compliance with programmatic requirements, e.g., provision of specified services to eligible beneficiaries, the OPDIV is required to reimburse the recipient (generally a State) for eligible costs. Reimbursement may be based on a fixed percentage of Federal participation in all eligible costs or an allocation based on a formula which, depending on the total amount of money available, may reimburse the recipient for a portion or all of its eligible costs. Under these programs, the recipient documents costs incurred and requests (claims) its entitlement after the incurrence of costs. The difference between closed-ended and open-ended entitlements is that, in the former case, the reimbursement cannot exceed a certain amount (however defined) whereas in the latter case, all applicable claims must be reimbursed in the specified percentage of participation.
 - b. Block grant programs are ones where recipients (generally States) are provided flexibility in both programmatic design and administration to the extent that the OPDIV generally does not substitute its judgment for that of the recipient (see paragraph B.2).

- c. The third category of programs addressed by this GPD is “mandatory formula grants.” The term “formula grant” is sometimes used to describe a form of discretionary grant where the amount of funding is determined on the basis of a formula. The use of the term “mandatory formula grants” in this chapter is meant to distinguish the two types of “formula” grants. Mandatory formula grant programs are ones under which Operating Divisions (OPDIVs) do not have discretion in making awards. Under these programs, the State or other recipient is required to provide a plan/application indicating how they plan to use the amount to be provided, determined by use of a formula, which is reviewed and/or approved by the OPDIV. The award must be carried out consistent with federal requirements and the recipient’s assurances.

B. Policy

1. The specific types of activities and requirements under mandatory grants differ in significant ways from discretionary grants. It is HHS policy to recognize the unique statutory and regulatory requirements of mandatory grants while maintaining a systematic approach to their award and administration. Therefore, any statutory or regulatory requirement that differs from the requirements in this GPD takes precedence over this GPD. For example, if a statute or regulation allows a different use of program income than that specified in GPD 3.03, Program Income, the statute takes precedence.
2. HHS recognizes that under block grant programs the grantee is primarily responsible for interpreting the governing statutory provisions. As a result, grantees may reach different interpretations of the same statutory provisions. This circumstance is consistent with the intent of and statutory authority for the block grant programs, which are intended to allow grantees maximum flexibility in design and operation of their grant-supported programs. For those block grant programs subject to 45 CFR part 96 (see Attachment 1 to this GPD), in resolving any issue raised by a complaint (under 45 CFR 96.50) or a Federal audit, unless otherwise specified by the program’s authorizing statute (e.g., 42 USC 300x-60 regarding the Substance Abuse and Mental Health Services Administration’s block grants), HHS will defer to a grantee’s interpretation of its assurances and the provisions of the block grant statutes unless the interpretation is clearly erroneous.
3. As in discretionary grants, GMOs and POs have distinct and separate roles for mandatory grants to ensure the appropriate separation of programmatic and business management responsibilities. This GPD specifies in Paragraph D. minimum GMO responsibilities for mandatory grants.

4. GMOs for mandatory grant programs must be independent of program management offices. GMOs for mandatory grant programs will not report to an official who exercises program management authorities (including approval of grant applications or plans) unless that official is the Head of the OPDIV. As long as the required separation of responsibilities is maintained and the requirements of GPD 1.04 are met, OPDIVs may assign these responsibilities to one or more individuals as appropriate for their programs and organizational structures.

C. Applicability of Other GPDs to Mandatory Grants

The following paragraphs indicate whether a particular GPD, which applies to discretionary grants, also applies to mandatory grant programs and individual grants under them. If a GPD or portion of a GPD applies to mandatory grants, the corresponding Awarding Agency Grants Administration Manual chapter, which implements the GPD, should be used as guidance for those grants.

1. General. All of the GPDs in Part 1, General, apply to mandatory grants.
2. Pre-Award. In general, the pre-award process for mandatory grants is established by the OPDIV consistent with the governing statute and regulations. The only GPD in Part 2, Pre-Award, which applies to mandatory grants is GPD 2.01, Special Award Conditions, the Departmental Alert List, and Debarment.
3. Post-Award. The GPDs in Part 3, Post-Award, apply as indicated.
 - a. GPD 3.01, Indirect Costs and Other Cost Policies applies to mandatory grants as follows:
 - (1) All mandatory grant programs except block grant programs are subject to the cost principles of Office of Management and Budget Circular A-87 (incorporated by reference in 45 CFR part 92).
 - (2) Paragraph 3.01C of GPD 3.01 applies if the program provides for payment of indirect costs.
 - (3) If a mandatory grant program has administrative cost or other cost limitations established by statute, the statute governs.
 - (4) As specified in Attachment 1 to this GPD, certain HHS mandatory grant programs are subject to the cost allocation requirements of 45 CFR part 95, Subpart E, and are covered by public assistance cost allocation plans negotiated by the Division of Cost Allocation (DCA), HHS.

- b. GPD 3.02, Matching and Cost Sharing, applies to mandatory grants when matching or cost sharing is required by the governing statute.
 - c. GPD 3.03, Program Income, applies to mandatory grants.
 - d. GPD 3.04, Property, applies to mandatory grants.
 - e. GPD 3.05, Revision of Budget and Program Plans, does not apply to mandatory grants.
 - f. GPD 3.06, Reports and Records, does not apply to mandatory grants because of the level of detail and specificity in that GPD. However, mandatory grants also must be monitored and records maintained by the OPDIV consistent with the OPDIV's record retention requirements applicable to mandatory grant records (both programmatic and administrative).
 - (1) The type and level of monitoring and the nature of required documentation depend on the type of mandatory grant and should be determined consistent with the governing statute and regulations.
 - (2) Monitoring of mandatory grants may include a combination of review of program-specific reports (financial and/or programmatic), programmatic reviews (whether performed annually, biennially, or on some other cycle), and use of the single audit.
 - g. GPD 3.07, Termination and Enforcement, applies to mandatory grants as indicated in that GPD with respect to the requirements and process related to cost disallowances.
4. After-the-Grant. The GPDs in Part 4, After-the-Grant, apply as follows:
- a. GPD 4.01, Audits, applies to mandatory grants.
 - b. GPD 4.02, Debt Collection and Closeout, applies to mandatory grants only in relation to its coverage of debt collection.

D. Responsibilities of Grants Management Officers

- 1. GMOs for mandatory grants are responsible for the business and non-programmatic aspects of those grants. The responsibilities of GMOs under mandatory grants parallel those under discretionary grants, with the exception of most block grants where the GMO generally has a very limited role beyond ensuring receipt of required plans and reports documentation. In general, the GMO serves as the focal point for providing business management advice and guidance on programs under their cognizance to OPDIV management and staff,

other HHS offices, and to grantees. This responsibility includes providing advice and guidance developing, implementing, and evaluating program plans, strategies, regulations, guidelines, and procedures or in responding to grantee questions after award.

2. Specific GMO responsibilities include:
 - a. Formally reviewing and commenting on program guidelines, regulations, and other documents intended for use by grantees.
 - b. Serving as the central receipt point for applications, State or tribal plans (hereafter “State plans”), and other documents required as a prerequisite to funding unless assigned to a servicing office other than the cognizant grants management office approved by the CGMO.
 - c. Ensuring that applications or State plans comply with applicable business and non-programmatic statutory and regulatory requirements.
 - d. Signing or countersigning notices of grant award (or equivalent), amendments, and any other action that has the effect of changing the terms and conditions of award. A GMO must countersign if the OPDIV Head or Regional Office Head signs the award.
 - e. Providing payment information to the Division of Payment Management (DPM), Program Support Center.
 - f. Maintaining official award files and program information files.
 - g. Serving as the receipt point for and monitoring submission of financial status, expenditure, and estimate reports, as applicable (other than those required to be submitted directly to DPM).
 - h. Reviewing financial and non-programmatic reports, monitoring the non-programmatic aspects of awards, and providing feedback to the grantee. This responsibility includes monitoring grantee compliance with cash management requirements under the Cash Management Improvement Act or 45 CFR part 92, as applicable.
 - i. Reviewing and signing post-award correspondence concerning the business management aspects of an award.
 - j. Participating in resolution of audit findings, including concurring with or approving audit resolution actions.

- k. Performing an annual, other periodic, or final financial reconciliation.
- l. Consulting with OPDIV records management staff concerning record transfer and disposition schedules for mandatory grant records.
3. As indicated in paragraph C. of this GPD, other GPDs also may specify GMO responsibilities for mandatory grant programs.

E. Responsibilities of Program Offices

In addition to the responsibilities for POs specified in GPD 1.04 and other GPDs that apply to mandatory grants (e.g., reviewing State plans, applications, and programmatic reports), program offices are responsible for ensuring that amounts to be awarded on a grant-by-grant basis are consistent with current statutory requirements. The program office must inform the cognizant GMO if the manner in which an award will be calculated changes, e.g., a change in the formula.

F. Enforcement Actions and Disputes

1. Mandatory grants may include a variety of compliance requirements, including those related to allowable activities, limits on particular types of costs (such as administrative costs), beneficiary eligibility determinations, matching, maintenance of effort, and collection and use of program income, that are under the purview of the OPDIV. A grantee's failure to comply with these requirements may be determined through review of applications, State plans, and reports; compliance reviews, the required annual audit, and Office of the Inspector General (OIG) reviews; or other means, such as complaints, including complaints of unlawful discrimination, from the affected public. However, the nature of a mandatory grant limits the generally applicable enforcement options otherwise available to an OPDIV. For example, a mandatory grant cannot be terminated as provided in GPD 3.07.
2. Typical enforcement actions under mandatory grants, which may be taken before or after award as appropriate, are those related to funding and payment. The governing statute and regulations generally determine the type and extent of permissible enforcement actions and may allow for imposition of penalties or taking other actions. The OPDIV Head or designee (at an organizational level at least one level above the GMO) must sign notifications of offset or withholding or requests for repayment under block grants.
3. Before taking an enforcement action, the OPDIV should consult with other HHS offices under the following circumstances:
 - a. The OPDIV Chief GMO and the Office of the General Counsel (OGC) for any enforcement action under a mandatory grant. If the OPDIV determines

that the nature of the non-compliance creates a threat to the public health and safety, extraordinary measures may be taken on advice of OGC.

- b. The HHS Office of Civil Rights (OCR) on issues related to complaints of discrimination and enforcement of non-discrimination provisions.
 - c. The OIG when the OPDIV has information concerning material irregularities or a potential criminal violation, such as misuse of funds.
 - d. The Secretary or Under Secretary if compliance problems are significant.
4. Appeal rights will be those specified in the governing statute or regulations. The Departmental Appeals Board (DAB) may be the deciding body for those appeals. The DAB reviews final written decisions in disputes arising under HHS mandatory grants as provided in 45 CFR part 16, Appendix A, paragraph B. Appendix A specifies those programs for which the DAB will review disallowances or decisions relating to repayment and withholding. Appendix A also specifies procedural rules that may apply if there is an option in the authorizing statute or regulations for review by the OPDIV Head prior to appeal to the DAB.

Attachment 1

HHS Mandatory Grant Programs

CFDA Number	Program Name	Type of Grant¹	Administrative Requirements²	Cost Principles³
OPDIV				
<i>ACF</i>				
93.235	Abstinence Education	Block Grant	45 CFR part 92	A-87
93.556	Promoting Safe and Stable Families (combined program-- formula grants to States only)	Mandatory Formula Grant	45 CFR part 92 45 CFR part 95, Subparts E and F	A-87
93.558	Temporary Assistance for Needy Families	Block Grant	45 CFR part 92 45 CFR part 95, Subpart E, only for States	A-87
93.560	Family Support Payments to States _ Assistance Payments	Open-Ended Entitlement	45 CFR part 92 45 CFR part 95	A-87
93.563	Child Support Enforcement	Open-Ended Entitlement (States) Block (Tribes)	45 CFR part 92 45 CFR part 95	A-87
93.566	Refugee and Entrant Assistance _ State-Administered Programs	Mandatory Formula	45 CFR part 92 45 CFR part 95, Subparts E and F only	A-87
93.568	Low-Income Home Energy Assistance	Block Grant (Omnibus Budget and Reconciliation Act of 1981)	45 CFR part 96	State cost principles
93.569	Community Services Block Grant	Block Grant (Omnibus Budget and Reconciliation Act of 1981)	45 CFR part 96	State cost principles
93.571	Community Food and Nutrition Programs	Mandatory Formula Grant	45 CFR part 92	A-87
93.575/93.596	Child Care and Development Block Grant Child Care Mandatory and Matching funds of the Child Care and Development Fund	Block Grant	45 CFR part 98	State cost principles

¹ Block, Closed-Ended Entitlement, Open-Ended Entitlement, Mandatory Formula

² Applicable to the recipient

³ Applicable to the recipient

CFDA Number	Program Name	Type of Grant¹	Administrative Requirements²	Cost Principles³
93.584	Refugee and Entrant Assistance _ Targeted Assistance Grants	Mandatory Formula Grant	45 CFR part 92	A-87
93.585	Social Services in Economic Communities/Enterprise Zones Social Services in Economic Communities (Rural) Social Services in Economic Communities (Urban) Social Services in Enterprise Zones (Rural) Social Services in Enterprise Zones (Urban)	Mandatory Formula Grant	45 CFR part 92	A-87
93.586	State Court Improvement Program	Mandatory Formula Grant	45 CFR part 92	A-87
93.590	Community-Based Child Abuse Prevention Grants	Mandatory Formula Grant	45 CFR part 92	A-87
93.591	Family Violence Prevention and Services/Grants for Battered Women's Shelters _ Grants to State Domestic Violence Coalitions	Mandatory Formula Grant	45 CFR part 92	A-87
93.594	Tribal Work Grants (Native Employment Works)	Mandatory Formula Grant	45 CFR part 92	A-87
93.599	Chafee Education and Training Vouchers (ETV)	Mandatory Formula Grant	45 CFR part 92	A-87
93.603	Adoption Incentive Programs	Mandatory Formula Grant	45 CFR part 92 45 CFR part 95, Subpart E only	A-87
93.617	Voting Access for Individuals with Disabilities _ Grants to States	Mandatory Formula Grant	45 CFR part 92	A-87
93.618	Voting Access for Individuals with Disabilities _ Grants for Protection and Advocacy Systems	Mandatory Formula Grant	45 CFR part 92	A-87

CFDA Number	Program Name	Type of Grant¹	Administrative Requirements²	Cost Principles³
93.630	Developmental Disabilities Basic Support and Advocacy Grants	Mandatory Formula Grant	45 CFR part 92 or 74, as applicable	A-87 or A-122, as applicable
93.643	Children's Justice Grants to States	Mandatory Formula Grant	45 CFR part 92	A-87
93.645	Child Welfare Services _ State Grants	Mandatory Formula Grant	45 CFR part 92 45 CFR part 95, Subpart E only	A-87
93.658	Foster-Care _ Title IV-E	Closed-Ended Entitlement	45 CFR part 92 45 CFR part 95	A-87
93.659	Adoption Assistance	Open-Ended Entitlement	45 CFR part 92 45 CFR part 95	A-87
93.667	Social Services Block Grant	Block Grant (Omnibus Budget and Reconciliation Act of 1981)	45 CFR part 96	State cost principles
93.669	Child Abuse and Neglect State Grants	Mandatory Formula Grant	45 CFR part 92	A-87
93.671	Family Violence Prevention and Services/Grants for Battered Women's Shelters _ Grants to States and Indian Tribes	Mandatory Formula Grant	45 CFR part 92	A-87
93.674	Chafee Foster Care Independence Program	Mandatory Formula Grant	45 CFR part 92 45 CFR part 95, Subparts E and F	A-87
<i>AoA</i>				
93.041	Special Programs for the Aging _ Title VII, Chapter 3_Programs for Prevention of Elder Abuse, Neglect, and Exploitation	Mandatory Formula Grant	45 CFR part 92	A-87
93.042	Special Programs for the Aging _ Title VII, Chapter 2_Long Term Care Ombudsman Services for Older Individuals	Mandatory Formula Grant	45 CFR part 92	A-87
93.043	Special Programs for the Aging _ Title III, Part D _ Disease Prevention and Health Promotion Services	Mandatory Formula Grant	45 CFR part 92	A-87

CFDA Number	Program Name	Type of Grant¹	Administrative Requirements²	Cost Principles³
93.044	Special Programs for the Aging _ Title III, Part B _ Grants for Supportive Services and Senior Centers	Mandatory Formula Grant	45 CFR part 92	A-87
93.045	Special Programs for the Aging _ Title III, Part C _ Nutrition Services	Mandatory Formula Grant	45 CFR part 92	A-87
93.052	National Family Caregiver Support (formula grants to States only)	Mandatory Formula Grant	45 CFR part 92	A-87
93.053	Nutrition Services Incentive Program	Mandatory Formula Grant	45 CFR part 92	A-87
<i>CDC</i>				
93.991	Preventive Health and Health Services Block Grant	Block Grant (Omnibus Budget and Reconciliation Act of 1981)	45 CFR part 96	State cost principles
<i>CMS</i>				
93.767	State Children's Insurance Program	Closed-Ended Entitlement	45 CFR part 92 45 CFR part 95	A-87
93.777	State Survey and Certification of Health Care Providers and Suppliers	Open-Ended Entitlement	45 CFR part 92 45 CFR part 95	A-87
93.778	Medical Assistance Program	Open-Ended Entitlement	45 CFR part 92 45 CFR part 95	A-87
93.780	Grants to States for Operation of Qualified High-Risk Pools (does not include "bonus grants")	Operational losses: Closed-Ended Entitlement Seed grants: Mandatory Formula Grant	45 CFR part 92	A-87
<i>HRSA</i>				
93.267	State Grants for Protection and Advocacy Services	Mandatory Formula Grant	45 CFR part 92 or 74, as applicable	A-87 or A-122, as applicable
93.917	HIV Care Formula Grants	Mandatory Formula Grant	45 CFR part 92	A-87
93.994	Maternal and Child Health Block Grant	Block Grant (Omnibus Budget and Reconciliation Act of 1981)	45 CFR part 96	State cost principles

CFDA Number	Program Name	Type of Grant¹	Administrative Requirements²	Cost Principles³
<i>SAMHSA</i>				
93.138	Protection and Advocacy for Individuals with Mental Illness	Mandatory Formula Grant	45 CFR part 92 or 74, as applicable	A-87 or A-122, as applicable
93.150	Projects for Assistance in Transition from Homelessness (PATH)	Mandatory Formula Grant	45 CFR part 92	A-87
93.958	Block Grants for Community Mental Health Services	Block Grant (Omnibus Budget and Reconciliation Act of 1981)	45 CFR part 96	State cost principles
93.959	Block Grants for prevention and treatment of Substance Abuse	Block Grant (Omnibus Budget and Reconciliation Act of 1981)	45 CFR part 96	State cost principles