



# Orange County Department of Education

## Funding and Partnership Services

### Types of Funding

All OCDE funding will typically identify as one of the following 5 types:

#### **GRANT**

Any award or money, or more rarely, goods or services to accomplish a purpose defined by the funder. A grant is one of the ways the government or a foundation funds ideas and projects to provide public services and stimulate the economy. Grant funding is based on the merits of an application, and recipients are not pre-determined. Grants support critical recovery initiatives, innovative research, and many other programs.

#### **Example(s):**

- **Competitive Grant:** Also known as discretionary funding, a grant awarded by a government or private funder through a competitive screening process such as a request for proposals (RFP) or notice of funding availability (NOFA), after proposals have been scored by independent reviewers. Includes grant funds distributed at the discretion of one or more trustees.
- **Continuation Grant:** Receipt of a continuation grant is usually based on availability of funds, project performance, and compliance with progress and financial reporting requirements. Applications for continuation may compete with other continuation requests submitted to the awarding agency, (also known as a Renewal Grant).

#### **CONTRACT**

A voluntary, deliberate, and legally binding agreement between two or more competent parties for a program, project, and/or service. A contractual relationship is evidenced by: (1) an offer; (2) acceptance of the offer; and (3) a valid (legal and valuable) consideration. Each party to a contract acquires rights and duties relative to the rights and duties of the other parties.

#### **Example(s):**

- **Memorandum of Understanding (MOU):** An MOU is often the first stage in the formation of a formal contract. A set of mutually agreed upon terms between two or more parties outlining the details of an understanding, including each parties' requirements and responsibilities.
- **Fee-for-Service:** An agreement by which goods and/or services are paid for individually ("a la carte") instead of bundled together.

## **ENTITLEMENT**

Entitlement funding is written into law, usually at the federal or state level. Funding must be spent on behalf of any individual or organization with qualifications specified in the authoring legislation. The amount of money that the locality gets is based on the number of individuals or organizations who qualify.

### **Example(s):**

- **Block Grant:** Funds distributed by the federal government to a state or city for broad purposes (e.g. Community Development Block Grant), allocated based on population.
- **Formula Funds:** Allocations of federal funding to states, territories, or local units of government determined by distribution formulas in the authoring legislation and regulations. In contrast to competitive funding, formula funds are given to pre-determined recipients. Formula funds are usually allotted to entities that meet all the eligibility criteria and minimum requirements of the application process for the program. Formula funds are typically used for activities of a continuing nature and may not be confined to a specific project. Formula funds are allocated based on population, proportion of population below the poverty line, and other demographic information.
- **Earmark/Appropriation:** Also known as a congressional mandate, a legislative provision that directs approved funds to be spent on specific projects. May be extended through continuing resolutions.

## **DONATION**

A donation is an act or instance of presenting something as a gift, monetary funds, or contribution that you receive in order to help an individual or program.

## **PASS-THROUGH FUNDING**

Funds issued by a federal agency to a state agency or institution that are then transferred to other state agencies, units of local government, or other eligible groups per the award eligibility terms. The state agency or institution is referred to as the "prime recipient" of the pass-through funds. The secondary recipients are referred to as "subrecipients." The prime recipient issues the subawards as **competitive** or **noncompetitive** (formula allocations), as dictated by the prime award terms and authorizing legislation. All pass-through fund recipients are subject to flow-down requirements and program-specific policies.