



U.S. DEPARTMENT OF  
TRANSPORTATION

**Federal Highway  
Administration**

# Order

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## **Subject**

Discretionary Grant Program Development,  
Implementation, and Award Coordination and Notification

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## **Classification Code**

4410.4

## **Date**

April 13, 2017

## **OPI**

HCFA-1

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**1. What is the purpose of this directive?**

The purpose of this directive is to outline the coordination, review, and publishing requirements for the FHWA discretionary grant programs, including the Secretary of Transportation's review.

**2. What is the scope of this directive?**

The provisions of this directive are applicable to all FHWA offices that are responsible for administering a discretionary grant program or establishing a discretionary grant program, project, or initiative, including those carried out with research funds.

**3. Does this directive cancel existing FHWA directives?**

No, this is a new directive.

**4. What is the background of this directive?**

All discretionary grant programs and awards must comply with the requirements in the governmentwide Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) in 2 Code of Federal Regulations (CFR) Part 200 that relate to the solicitation, evaluation, selection, and award administration process. There are also U.S. Department of Transportation (DOT) specific requirements for discretionary grant programs, including coordination with the FHWA Office of the Administrator (HOA) and the Office of the Secretary of Transportation (OST), and specific congressional notification requirements. This directive outlines each of these requirements in detail.

**5. What authorities govern this directive?**

- a. Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) in 2 CFR Part 200;
- b. DOT Financial Assistance Guidance Manual, March, 2009;
- c. FHWA Order M1100.1A, FHWA Delegations and Organization Manual, July 7, 2006;
- d. 49 CFR Part 1, Organization and Delegation of Powers and Duties, Subpart B, Office of the Secretary; and
- e. Specific statutory authority necessary to enter into each cooperative agreement or grant award.

**6. What definitions are used in this directive?**

- a. Anticipated Discretionary Grant Award.** The selection of an applicant to receive a discretionary grant award after the review of applications submitted in response to a solicitation.
- b. Application Package.** A group of specific forms and documents for a specific funding opportunity that are used to apply for a grant. The Application Package is the full, downloaded PDF, which includes all of the forms and attachments required to submit the application.
- c. Delphi.** The financial system used by all Operating Administrations within DOT. The system generates payments through interfacing with Treasury's Regional Finance Center, provides fund status reporting for program offices, and is the basis for the monthly and annual financial statements.
- d. Discretionary Grant Program.** In a discretionary grant program, the FHWA publishes a solicitation for applications or proposals and selects award recipients through a uniform competitive process based on established criteria and available funding. The FHWA may select an applicant to receive a discretionary grant award from among all eligible applicants, may decide to make or not make an award based on the programmatic, technical, or scientific content of an application, and may decide the amount of funding to be awarded, as allowed by law.
- e. Discretionary Grant Award.** A grant agreement or cooperative agreement, that confers Federal financial assistance and sets forth the terms and conditions for receiving funding by the Federal awarding agency to an eligible recipient selected to receive a competitive grant or cooperative agreement under a discretionary grant program. The obligational event for a discretionary grant generally occurs at the time of the grant award (the date when the grant agreement or cooperative agreement is signed by the authorized official of the Federal awarding agency).
- f. DOT Grant Notification System.** The notification system where anticipated discretionary grant award information is entered to notify Congress of the award decision. Prior to notifying the applicant of their selection and prior to releasing the anticipated discretionary grant awards to the applicant, the Department is legally required to give certain committees in Congress a 3 business day notification for covered grants. The Department also uses the system to send courtesy notifications to impacted member offices on the day the grants are announced. The system requires coordination between the FHWA and the OST Congressional Affairs Offices, and the FHWA and OST Public Affairs Offices. The FHWA uploads the anticipated discretionary grant award recipients into the system, but OST Congressional Affairs determines when the

anticipated discretionary grant awards should be sent to the selected applicants after coordinating with OST Public Affairs.

- g. Fiscal Management Information System.** The Fiscal Management Information System (FMIS) is the FHWA's major financial information system for tracking Federal-aid highway projects on a project-by-project basis. It contains data related to all highway projects financed with Federal-aid highway funds. In addition, FMIS tracks apportionments, allocations, and limitation information. The FHWA uses the information entered in FMIS for planning and executing program activities, evaluating program performance, and depicting financial trends and requirements relating to current and future funding.
- h. Grants.gov.** A system that provides a centralized location for grant seekers to find and apply for Federal funding opportunities.
- i. Notice of Funding Opportunity.** The document generated and publicly posted to announce specific funding opportunities for competitive grants. For all FHWA discretionary grant programs, the applicant and project eligibility requirements, selection criteria, rating criteria, and project review process are required to be published in the Notice of Funding Opportunity (NOFO). Each NOFO shall be posted on grants.gov.
- j. Recipient.** A non-Federal entity that receives a Federal award directly from a Federal awarding agency to carry out an activity under a Federal program. The term recipient does not include subrecipients.
- k. Subrecipient.** A non-Federal entity that receives a subaward from a recipient to carry out part of a Federal program.

**7. What discretionary grant programs are subject to these requirements and what requirements apply to discretionary grant awards?**

All FHWA discretionary grant programs, projects, or initiatives, including those carried out with research funds, are subject to the requirements of this directive. All discretionary grant awards must comply with this directive, the Uniform Guidance, and any other Federal statutory, regulatory, or DOT policy and administrative requirements.

**8. What coordination is required prior to issuing a discretionary grant opportunity?**

Program offices must coordinate all discretionary grant programs and discretionary grant awards with the applicable point of contact within the Office of the Chief Financial Officer (HCF) regardless of the potential recipient (e.g., State agencies, tribal governments, local governments, universities, nonprofit organizations, etc.)



and regardless of whether the FHWA administers the funds through the FHWA's FMIS or Delphi.

Regardless of whether the grant will be funded and administered through FMIS or Delphi, the program office must coordinate with HCF's Office of Acquisition and Grants Management (HCFA) throughout the development of the NOFO to ensure that the appropriate offices are included in the review process including the Office of Chief Counsel (HCC), Office of Policy and Governmental Affairs (HPL), HCF, and other program offices as necessary. In addition, HCFA can assist with providing templates and information on the documentation necessary for the discretionary grant awards selection process, HOA and OST briefings (if necessary), congressional notification, and award administration.

**9. What method must be followed to determine how the grant opportunity will be issued?**

If the recipient will be a State DOT, or a State DOT with the potential to administer the award by awarding to a local public agency or other eligible entity as a subrecipient, then the NOFO will be issued by the program office and the grant funds should generally be provided through the FMIS and allocated by the program office.

If the recipient will not be a State DOT, HCFA or one of the three acquisition offices within the Office of Federal Lands Highway (HFL) will issue the NOFO and serve as the awarding office and grant funds will be provided through Delphi.

**10. What format is used to inform prospective recipients of a grant opportunity in FHWA?**

As stated in 2 CFR Part 200, all discretionary grant opportunities must be issued utilizing a NOFO. The NOFO shall describe the authority for the discretionary program or project, project selection criteria, rating criteria, and project selection process. The NOFO should follow the format described in the Appendix I to 2 CFR Part 200. A template for the NOFO is available [here](#).

**11. What reviews are required before publishing a NOFO?**

Program offices must receive concurrence from the following offices prior to publishing a NOFO or any solicitation document:

- a. HPL;
- b. HCC;
- c. HCF, including HCFA; and

d. receipt of the required HOA, and Secretary approval, if necessary, for specific programs of interest identified by OST.

**12. How do I know the level of review required for a discretionary grant program?**

The HCFA will identify the approval procedures and process for the discretionary grant program based on the level of approval required for the grant program as specified annually by OST and the Office of the Administrator.

**13. How is the discretionary grant opportunity advertised?**

After receipt of all required reviews and concurrences, all NOFOs must be posted to grants.gov. The HCFA will post all the FHWA discretionary grant program opportunities on grants.gov and generate the numbering format for the NOFO. Program offices shall allow 3 business days for HCFA to review and post the NOFO. The FHWA offices are permitted to also post the opportunity to the Federal Register or on the FHWA Web site; however, these postings must be in addition to the grants.gov posting and coordinated through HCC.

**14. Does the grant award opportunity have to be competed?**

Competition is required to select a discretionary grant award recipient. Any limitation to competition must comply with a specific law or Agency requirement and must be coordinated with HCC and also HCFA.

**15. Where do the applicants submit applications for discretionary grant program opportunities?**

Generally, applications are submitted through grants.gov and retrieved directly on the Web site. The FHWA offices may require alternative submission procedures so long as they are specified in the NOFO.

**16. What is the procedure for reviewing applications?**

All applications must be reviewed in accordance with the evaluation criteria and selection process specified in the NOFO. The selection process must be documented in a concurrence package coordinated by the program office or HCFA through the applicable HCC point of contact with the following contents:

- a. project selection memorandum;
- b. description of the selection review process;
- c. table of recommended projects that lists each project by State and includes a brief project description, basis for rating, requested funding, and recommended funding amount; and



d. table of projects that are not recommended following the same format as the recommended projects table.

Templates and instructions to assist in the preparation of these documents are located on the [FHWA Discretionary Grants SharePoint site](#).

**17. What approvals are required prior to selecting recipients to receive a discretionary grant award?**

A number of FHWA and OST approvals may be required prior to selecting applicants to receive a discretionary grant award, including the FHWA Administrator and the Secretary, for certain grant awards. The level of review is determined annually by OST for all discretionary grant programs.

**18. What is required for Congressional notification?**

Under current statutory requirements, after receiving approval of the selected projects and prior to notification of the selection to the recipient, all anticipated discretionary grants awards over the threshold specified in law, currently \$750,000 per grant but subject to change, must be entered into the [Grant Notification System \(GNS\)](#)<sup>1</sup> by the applicable program office or HCFA with a notification to the [FHWA Congressional Affairs Team](#) via e-mail that the entry has been submitted.

**19. Will Delphi or FMIS be used to transmit funding to the grant recipient?**

If the recipient of a discretionary grant award is a State DOT, or a State DOT with a potential for a local public agency to receive a pass through award from a State DOT as a subrecipient of the State DOT, then the grant funds will be provided through FMIS. If the funds are subject to obligation limitation, when the project is ready to be obligated, the program office will prepare an allocation memo to allocate the funds and obligation authority in FMIS. Then, the State through FMIS will create the project agreement and request the division office to approve the project authorization request. If the funds are not subject to obligation limitation, the program office may issue the allocation memo for the funds at the time of the award.

If the primary recipient is not a State DOT, then HCFA or HFL will award the grant and obligate the funds via Delphi.

**20. Who is authorized to sign discretionary grant awards?**

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<sup>1</sup> The Grant Notification System enables OST, Congressional Affairs, and Public Affairs the opportunity to coordinate on the announcement of proposed awards.

Grants awarded to States and obligated in FMIS may be signed by the applicable Division Administrator or delegated individual in that division office. All other grants must be signed by a warranted Agreement Officer.

**21. Where can I find additional information about the discretionary grant programs?**

For additional information about the discretionary grant programs, please visit the [FHWA Discretionary Grants SharePoint site](#) or contact the HCFA's [Office of Acquisition Policy and Oversight](#).

A handwritten signature in blue ink, appearing to read 'W. C. Waidelich, Jr.', written in a cursive style.

Walter C. Waidelich, Jr.  
Acting Deputy Administrator