



Quick Guide: Federal Funding Basics

June 2025

Brief Overview of Federal Grants:

Federal grants come in two forms: formula and competitive. While formula grants are awarded automatically to state and local governments based on factors like population or need, most applicants will be applying for competitive grants. Federal competitive grants are open to a wider range of applicants and are awarded based on the merit of the proposal. There is no fee to apply.

Who can apply for federal grants?

Includes but not limited to:

- Government entities (cities, counties, tribal entities)
- Nonprofit organizations (501(c)(3) and others)
- Education organizations (schools and universities)
- Occasionally: small businesses and individuals

Note: Eligibility varies by grant program

How do I find federal grants relevant to my organization?

- Create an account and use [Grants.gov](https://www.grants.gov) to search all available and forecasted federal funding opportunities
- Check agency-specific sites (e.g., HUD, DOJ, USDA)
- Subscribe to newsletters and resources focused on NM-specific opportunities
- Contact your state or regional grant offices for tailored support and remember that most federal agencies also have field offices or dedicated personnel serving New Mexico

What are the basic steps to apply for a federal grant?

1. Determine a specific need or project that requires federal funding
2. Identify funding opportunities that align with your project's goals
3. Carefully review the grant announcement for eligibility, deadlines, and requirements
4. Register your organization in required systems (e.g., SAM.gov, Grants.gov)
5. Prepare your application, including the narrative, budget, and any required attachments
6. Submit your application before the deadline—earlier is better
7. Track the status of your application and respond promptly to any requests for clarification

What is the difference between a grant, cooperative agreement, and contract?

- **Grant:** Funding with broad discretion for project execution; less federal oversight
- **Cooperative Agreement:** Similar to grants but with substantial federal involvement in program activities
- **Contract:** Procurement agreement for specific goods/services with strict federal terms

What are common federal grant requirements?

- Detailed project work plan and budget
- Regular progress and financial reports
- Compliance with federal laws (e.g., nondiscrimination, environmental standards)
- Records retention and audit readiness
- Sometimes matching funds or cost-sharing

What is SAM.gov?

SAM (System for Award Management) is the official U.S. government portal to register your organization. **Registration is mandatory to apply for most federal grants and must be renewed annually.**

What are DUNS and UEI numbers?

- DUNS (Data Universal Numbering System): A unique 9-digit identifier for organizations
- UEI (Unique Entity Identifier): The new identifier replacing DUNS for federal grants (issued via [SAM.gov](https://sam.gov)) **A valid UEI is required to apply for federal grants*

Tips for success with federal grants:

- Start early — applications can be complex and time-consuming
- Follow all instructions exactly — missing information can disqualify you
- Reach out to agency program officers with questions before applying
- Keep your registration info current (SAM.gov, IRS status, etc.)
- Maintain detailed records for compliance and audits
- Refer to Grants.gov webinars and resources for additional information on best practices
- Reach out to your New Mexico Delegation Office for Letters of Support for your completed grant application.

Terms to Know:

- **NOFO/NOFA:** Notice of Funding Opportunity / Notice of Funding Availability — Official federal grant announcements that outline program purpose, eligibility, deadlines, and application instructions; some agencies use "NOFA" instead of "NOFO" to describe similar funding notices.
- **RFP:** Request for Proposal — A solicitation for contracts or cooperative agreements in which the federal agency seeks specific services or products.
- **NICRA:** Negotiated Indirect Cost Rate Agreement — A federally approved rate that allows organizations to recover indirect (overhead) costs associated with grant-funded work.
- **NEPA:** National Environmental Policy Act — Requires environmental review for federally funded projects to assess potential environmental impacts (e.g., construction of new facilities or major infrastructure improvements).
- **Match:** Local or non-federal funds required by some grants to supplement or “match” federal funding; may include cash or in-kind contributions.
- **Forecasted:** A potential future grant opportunity listed in advance of its formal announcement to help organizations plan ahead.

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