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**FEDERAL GRANT RULES AND REALITIES
IN THE INTERGOVERNMENTAL ADMINISTRATIVE STATE:
COMPLIANCE, PERFORMANCE, AND POLITICS**

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ABSTRACT

Federal grants are one of the government's most important policy tools. While high-profile debates about constitutional coercion, entitlement reform, and budget cuts receive most of the public attention given to federal grants, a more prosaic but equally important reality describes the operation of these grants on the ground: the web of detailed rules and massive enforcement structure devoted to the administrative side of federal grants, which this Article refers to as "the grants management regime." Unacknowledged in the legal literature, the grants management regime drives the implementation of federal grants and tells a very different story than the standard concern about feckless agency enforcement action of federal grants. That is, the powerful grants management regime creates strong incentives that unintentionally undermine grantees' ability to accomplish the underlying policy purposes of their grants. By mapping out the rules and the institutional realities in relationships among congressional committees, the Office of Management and Budget, agencies, grantees, and auditors, the Article identifies unintended consequences that result from the grants management regime and unwarranted assumptions on which the regime relies. The Article then develops reform options to improve the functioning of the system in light of the critical role federal grants play in contemporary American governance.

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