What is "pass-through funding" and what does it mean when the State of Vermont is a "prime recipient"?

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Pass-Through Funding are 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** (State of Vermont) or institution is referred to as the "**prime recipient**" of the pass-through funds. The secondary recipients (ex. local government) are referred to as "subrecipients." The prime recipient issues the subawards as competitive or noncompetitive as dictated by the prime award terms and authorizing legislation.

A **Pass-Through Entity** means a non-Federal entity (the State of Vermont) that provides a subaward to a subrecipient to carry out part of a Federal program.

Example: The State of Vermont (SOV) receives an annual allocation of Community Development Block Grant (CDBG) funding. The State then assigns the responsibility for administering and deploying this funding to the Dept. of Housing and Community Development (DHCD); CDBG funds flow through the Vermont Community Development Program (VCDP). This allocation comes from the U.S. Dept. of Housing and Urban Development (HUD).

- CDBG is "pass-through funding"
- SOV is the "prime recipient"
- DHCD is the "primary pass-through entity"
- A municipality that receives a CDBG award is the "subrecipient"

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