

Understanding USDA NIFA Capacity and Competitive Grants

What is NIFA?

The National Institute of Food and Agriculture (NIFA) is the federal agency within the U.S. Department of Agriculture (USDA) that invests in and advances external agricultural research, education, and Extension. NIFA awards and administers both capacity and competitive grant programs to land-grant and other eligible institutions.

Where does the money that NIFA allocates for capacity and competitive grants come from?

Federal funding for both grant types flows through a three-step process. (1) Congress establishes and authorizes USDA programs through legislation, including the Farm bill, which defines program purposes, eligibility and authorities. (2) Congress then appropriates specific dollar amounts to NIFA's budget annually. (3) Finally, NIFA allocates those funds to institutions (capacity) or grant applicants (competitive).

What are Land-grant universities?

A land-grant university is an institution of higher education in the U.S. designated by a state to receive federal benefits under the Morrill Acts of 1862, 1890, or The Equity in Educational Land-Grant Status Act of 1994. The original mission of these institutions, as set forth in the first Morrill Act, was to teach agriculture, military tactics, and the mechanic arts as well as classical studies so members of the working classes could obtain a liberal, practical education. Today these institutions are often referred to as 1862s, 1890s, and 1994s, which refers to the legislation that established each type of land-grant university.

CAPACITY GRANTS

What are capacity grants?

Capacity grants are federal funds awarded mostly to land-grant universities to ensure that they can maintain and perform crucial agricultural research, forestry, and Extension programming. These grants support ongoing, foundational, local research and Extension outreach programs; they also provide institutions with the flexibility they need to address agricultural challenges and community needs in times of emergency.

How are capacity grants awarded?

Capacity grants are awarded to land-grant institutions through a congressionally mandated formula. For research and Extension, these formulas may include factors such as the rural and farm populations of a state compared to the national rural and farm populations. For forestry research, the formula includes a state's share of the nation's commercial forest land, the value of its annual timber production, or the state's forestry research appropriation.

What programs are funded by capacity grants?

The primary capacity grant programs include:

- The Hatch Act of 1887 (supports agriculture research at 1862 institutions)

- Smith-Lever Act of 1914 (supports Cooperative Extension at 1862 institutions)

- The National Agricultural Research, Extension, and Teaching Policy Act of 1977

 - Section 1445 - Evans-Allen Program (supports agricultural research at 1890 institutions)

 - Section 1444 (supports Cooperative Extension at 1890 institutions)

The McIntire-Stennis Act of 1962 (supports forestry research at 1862, 1890, and 1994 institutions, as well as some non-land-grant public forestry schools and colleges).

Who's eligible to receive capacity grants?

Capacity grants are mainly awarded to Land-grant institutions, including 1862 institutions (a state university or state agricultural experiment station), 1890 institutions (historically black colleges and universities), and 1994 institutions (tribal colleges), and in the case of McIntire-Stennis, to qualifying non-land-grant public universities.

Are there restrictions on how capacity funds can be spent?

NIFA capacity grants are generally not eligible for indirect costs, overhead, tuition remission, land purchase or construction, lobbying, or general-purpose equipment not directly dedicated to the authorized, approved research or Extension project. Those costs are borne by the recipient institution.

Can capacity grant funds support graduate students and early-career researchers?

Yes. Capacity grant funds are frequently used to support graduate students and early-career researchers.

Can capacity funds be carried over year-to-year?

Yes, capacity funds generally can be carried over. This provides institutions with the flexibility to plan and sustain multi-year research and Extension activities.

Who administers capacity funds at the institution level?

At most land-grant universities, the office of research or the college of agriculture administers and distributes capacity funds to faculty, educators, and students.

How are capacity grant recipients held accountable for their use of funds?

Capacity grant recipients are held accountable through rigorous financial oversight, program reporting, and stakeholder engagement requirements. Recipients must adhere to federal regulations, including 2 CFR Part 200 (*Uniform Guidance*), and report outcomes, impacts, accomplishments, and financial data through the NIFA Reporting System (NRS). Institutions receiving capacity funds are also required to implement processes for merit review and stakeholder input to ensure investments address relevant research, Extension, and education priorities. In addition, the federal-state-local partnership model that underpins capacity funding strengthens accountability by ensuring investments remain responsive to the needs of agricultural producers, communities, industries, and other stakeholders.

Has federal investment in capacity grants kept pace with inflation and growing needs?

No, federal investment in NIFA capacity grants has generally not kept pace with inflation.

COMPETITIVE GRANTS

What are competitive grants?

Competitive grants are awards that are provided to eligible individuals, organizations, or institutions based on the submission of a proposal to NIFA. These grants typically support targeted projects with defined objectives, timelines and deliverables that address issues of national significance.

How are competitive grants awarded?

NIFA issues a Notice of Funding Opportunity (NOFO), which notifies the public of a funding opportunity and outlines program priorities, eligibility requirements, and application criteria. Applicants submit proposals that are evaluated and ranked by a panel of subject matter experts. Funding is awarded to highly meritorious proposals that best align with program priorities, demonstrate scientific and technical excellence, and address critical needs.

What programs are funded by competitive grants?

Competitive programs such as the Agriculture and Food Research Initiative (AFRI) are authorized through the Farm Bill, which provides USDA with the authority to operate these programs. Congress has authorized many competitive grant programs to address a range of needs, but AFRI is the largest competitively funded program.

Who is eligible to receive NIFA competitive grants?

Eligibility for NIFA competitive grants is specified in each NOFO and can vary by program. Depending on the funding opportunity, eligible applicants may include land-grant institutions, other colleges and universities, university research foundations, research institutions, federal agencies, national laboratories, private organizations corporations, and individuals.

Can the same institution receive both capacity and competitive grants?

Yes, an institution can receive both capacity and competitive grants provided it meets the eligibility requirements established for each program.

What are the differences between the funding timelines of capacity grants and competitive grants?

Capacity grants are awarded annually and provide a stable and predictable funding stream to support agricultural research and development. The competitive grants process includes the release of the NOFO, proposal submissions, proposal reviews, and final award. This process can take up to a year or longer.

CAPACITY AND COMPETITIVE GRANTS WORKING TOGETHER**How do competitive and capacity-funded projects work together?**

Capacity funds provide the foundational support necessary to maintain scientific expertise, infrastructure, and long-term research and Extension capacity to address emerging and ongoing challenges. These investments provide researchers and Extension professionals with the time and flexibility to generate preliminary data, build community and stakeholder partnerships, sharpen research questions, set educational priorities, and establish priorities responsive to local and regional needs.

This foundational capacity-funded work often serves as the basis for highly competitively-funded projects and allows institutions to leverage capacity-funded discoveries and expertise into larger national-level competitive awards and programs. In turn, competitive grants expand and accelerate

research, Extension, and education efforts by supporting targeted projects that address specific needs.

Discoveries and innovations generated through competitive funding can then flow back through the land-grant system—particularly through Extension—to ensure research-based solutions reach agricultural producers, communities, industries, and other stakeholders.

Together, capacity and competitive grants operate as interconnected components of a comprehensive research, Extension, and education system: capacity funding builds and sustains the foundational expertise, infrastructure, and partnerships needed to address priorities across states and regions, while competitive funding accelerates and expands innovations to address emerging challenges and national priorities.

Do both capacity and competitive grants support Cooperative Extension?

Yes, the capacity programs, Smith-Lever and 1890s Extension Program, support the skilled expertise and community relationships that allow Extension to provide vital services at the institution, county, and state levels year after year. Competitive grants also fund specific Extension-related projects.

Where can I learn more about NIFA capacity and competitive grant programs?

Visit the [NIFA website](#) for information on [capacity programs](#) and competitive programs like the [Agriculture and Food Research Initiative \(AFRI\)](#).