Department of Justice (DOJ) grants are administered for the purpose of **supplementing** existing state or locally funded activities. Federal awards must never **supplant** funds for activities that were previously covered by the state and local funds. Supplanting and supplementing are two different terms that can easily be confused. This guide sheet will focus on supplanting as it is important for grantees to comprehend how supplanting can negatively impact their project.

**Supplanting** occurs when a state or unit of local government reduces state or local funds for an activity, specifically because federal funds are available (or expected to be available) to fund that same activity. This is prohibited under DOJ grants.

**Supplementing** occurs when federal funds are used to enhance existing state or local funds for program activities.

**Scenario A: Supplanting**

Organization X was awarded federal funding to purchase four vehicles outlined in one of their target areas. Organization X adjusted its local budget (originally allocated to pay for vehicles) and shifted local funding, which it budgeted to purchase the four vehicles, to other target area purposes.

Scenario A is supplanting because Organization X had already budgeted local funds to purchase the four vehicles and decided to replace local funds with federal funds.

In instances where a question of supplanting arises, the grantee will be required to substantiate that the reduction in non-federal resources occurred for reasons other than the receipt or expected receipt of federal funds. Grantees may be required to submit documentation showing that supplanting did not occur. If DOJ discovers supplanting, grants could be suspended or terminated and grantees could be barred from receiving current and future federal funding. Grantees may also have to repay the misused funds.

**Grant Financial Management Requirement**

Unless permitted by statute, DOJ states that award funds cannot be used to supplant state, local, or tribal funds. In other words, federal funds are not permitted to be used to **take the place of or replace** the state and local funds used to offer those programs and services. Therefore, federal funds must be **only** used to supplement existing state, local, or tribal funds for program activities.

**Important Information to Know**

Always remember, federal funds must be used to **supplement** existing state, local, or tribal funds and not **supplant** (replace) them. Scenario A shows an example of supplanting, which is not allowed.

- Ensure that all staff understand the difference between supplementing and supplanting.
- Separately store files for each grant, with individual accounting tracking systems or spreadsheets. Funds should not be lumped into one category labeled
“grants.” However, if the funds are allocated for the grant, they should be labeled accordingly.

- Ensure that budget categories (personnel, equipment, supplies, etc.) are set up for each grant award.
- Ensure that all expenses and reimbursements are consistently tracked for accuracy.
- Never use federal funds to pay for existing employees, unless the existing position is “back-filled” with a new hire.
- Never use federal funds to pay for items or costs that the grantee is already obligated to pay with state, local, or tribal funds.
- Always have supporting documentation. This may include budget sheets, meeting minutes, agency memoranda, notices or orders, and any other official documents addressing the reduction in non-federal resources.

When in doubt, grantees should review the Notification of Funding Availability (NOFA) to check if it states that supplanting is prohibited. In addition, if a grantee is unsure about supplanting, they should contact their assigned grant officer to discuss the scenario and ensure that supplanting doesn’t occur.

**Resources**


---

**About the OJP Territories Financial Support Center**

The Office of Justice Programs Territories Financial Support Center (OJP TFSC) offers free resources, training, and technical assistance for grantees in the U.S. territories. OJP TFSC services focus on building financial management capacity and can be accessed by emailing OJPTFSC@usdoj.gov via our Virtual Support Center.

This product was prepared under contract/call order number GS-00F-010CA/15PCFD20F0000200 awarded by the Office of Justice Programs, U.S. Department of Justice and does not constitute financial or other professional advice. The opinions, findings, and conclusions expressed in this product are those of OJP TFSC and do not represent the official position or policies of the U.S. Department of Justice.