Literacy — Where the Money Flows

Follow one federal dollar from the law that creates it to the team that spends it. This is the plumbing of everything else in this course.

People say "the government has money" as if it were one wallet. It is not. Federal money is created by law, divided by law, and spent by agencies under rules that exist to keep the whole system honest. This page is the map of that flow.

The flow, end to end

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1. CONGRESS           2. THE BUDGET OFFICE       3. AGENCIES
Congress passes     The President's budget       Each agency gets an
appropriations      and the Congressional        appropriation and turns
bills that allow    budget process decide        it into programs and
agencies to spend   how much goes where          purchases
  ▼                       ▼                         ▼
4. SOLICITATION       5. COMPETITION           6. AWARDEE
The agency publishes   Qualified pursuers         The winner performs
an RFP or NOFO         compete under the          the work or the
announcing the money   published rules            mission
  ▼                       ▼                         ▼
7. PERFORMANCE         8. PAYMENT                9. LEARNING
The work happens,        The agency pays            Awards are published;
reported, checked        (contract) or the          outcomes inform the
                         funds flow (grant)         next solicitation
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The steps, in plain language

1. Congress. Money starts as law. Congress passes **appropriations** — laws that say "the Department of Health and Human Services may spend up to this amount on this purpose this year." The government cannot spend a dollar it has not been authorized and appropriated to spend. This is the deepest governance layer of everything you will learn.

2. The budget process. The President proposes a budget; Congress reviews, negotiates, and enacts appropriations; the Office of Management and Budget (OMB) shapes how agencies plan and report their money. The exact dance changes every year, but the outcome is stable: agencies start the year with a budget and a set of purposes they are legally allowed to spend it on.

3. Agencies. Each agency turns its appropriation into *programs* and *purchases*. A program might fund grants for research or community work; a purchase might buy IT services, training, or laboratory equipment. Two big distinctions to hold:

- **Contract dollars** buy goods and services for the government.

- **Assistance dollars** (grants and cooperative agreements) fund missions the government shares with the recipient.

Both are announced and competed, but they run on different rulebooks and different portals.

4. Solicitation. To spend money competitively, the agency publishes its need — an RFP for contracts, a NOFO for grants, an RFI to test the market before committing to a competition. Publication is how the system stays fair: everyone sees the same need, the same rules, and the same deadlines.

5. Competition. Qualified pursuers respond under the published rules. The agency evaluates against the published criteria (Section M for RFPs, the review criteria for NOFOs) and chooses a winner — or several winners. The point of the competition is not bureaucracy; it is accountability. Public money is spent on a documented basis, not on a handshake.

6. Awardee. The winner gets the award: a **contract** (the government is buying), a **grant** or **cooperative agreement** (the government is funding), or an **other transaction (OTA)** (a faster shape for prototypes and research). Note the difference in what the award means:

Shape	The government is…	The award is…
Contract	buying goods/services	a defined purchase under acquisition rules
Grant	funding your mission	a funded program under grants policy
Cooperative agreement	funding + actively participating	a funded partnership
OTA	seeking innovation fast	a flexible prototype/research agreement

7. Performance. The awardee performs. For a contract, that means delivering the purchased work to spec. For a grant, that means carrying out the funded mission. Both come with reporting and accountability — the public has a right to know the money did its job.

8. Payment. Money flows: the agency pays invoices for contracts, and disburses funds for grants. Payment is tied to documented performance, not to friendship.

9. Learning. Here is the loop that closes the system: **awards are published.** Anyone can see who won, for how much, and (often) for what. That public record is the raw material of the next cycle — pursuers study past awards to understand the market, and agencies study outcomes to shape the next solicitation. The past-performance evidence that wins proposals (Doctrine 03, stage 8) is literally the published history of this step.

The small-business detour

Remember from Doctrine 01 that Congress has decided some of this money must reach small businesses. The small-business programs are a **statutory detour in the flow**: a portion of federal contracting is set aside so that only small businesses (and specific classes of them — HUBZone, 8(a), WOSB, VOSB) can compete. The money flows the same way; the eligibility pool is just deliberately narrowed. That is a policy choice written into law, and it is why a small company with the right certifications is competing in a different, friendlier pool than it would be otherwise.

Where to watch the flow

If you want to watch this flow with your own eyes:

- **SAM.gov** — contract opportunities and contract awards (the published record of steps 4 and 9 for contracts).
- **Grants.gov** — grant opportunities (step 4 for assistance).
- **USAspending.gov** — where the government publishes what it actually spends, at a level of detail that lets you trace money to agencies, to awards, and often to individual contractors.

These are the public windows on the flow. The data is a real, learnable thing — and following a single solicitation from publication to award is one of the best assignments in this course.

The one-sentence summary

Congress appropriates; agencies program; solicitations publish; pursuers compete; winners perform; awards are published; and the published history becomes the intelligence for the next cycle. Hold that sentence and you hold the plumbing of the entire discipline.