

Managing Unobligated Balances Summary

It is expected that progress on your grant and the expenditure of grant funds will continue as originally approved through the competitive review process for the first and each continuation year of your grant. Only extenuating circumstances should interfere with your grant project's progress and prevent appropriate spending of funds in the designated budget period. HRSA grants management staff in consultation with program staff will determine if a budget adjustment should be made to accommodate unobligated balances (UOBs) through one of the following pathways (including awards with expanded authorities¹).

1. Carryover

Subject to HRSA prior approval requirements, as applicable, the grantee may carry over unexpended funds into a subsequent budget period. The funds carried over will be added to the funds committed to the designated subsequent budget period.

Carryover requests for prior approval must be made via the HRSA Electronic Handbooks (EHBs) prior approvals module within 30 days of submitting the annual Federal Financial Report (FFR) and should include:

- A letter co-signed by the Authorizing Official and Project Director that explains
 - why the balance remains;
 - how not spending the committed funds has affected the execution of the grant activities and attainment of grant objectives; and
 - if approved as a carryover, how the funds will be used in the subsequent budget period to fulfill originally approved objectives.
- A detailed budget of the UOB that shows by line item (*e.g.*, Personnel, Fringe, Travel, Equipment, *etc.* as outlined in the funding opportunity announcement)
 - from exactly where committed funds were not spent;
 - the current budget period award amount as it was originally approved; and
 - the carryover amount and the total budget including carryover.
- A detailed budget justification (narrative) to explain use of the carryover funds, following the format provided in the funding opportunity announcement.
- Awards with expanded authorities that would like to request carryover of an UOB that is more than 25% of the total award for that budget period must submit a request for the entire UOB (*i.e.*, the 25% covered by the expanded authority plus the excess).

Requests submitted in an untimely manner, after 30 days of the FFR submission date, may not be granted. Submitting a Prior Approval Request for Carryover does not guarantee approval. Approval or denial determinations are at the discretion of HRSA.

¹ Grants with “Expanded Authority” allow recipients to take certain direct cost-related and other actions without prior approval of the Grants Management Officer. For example: Carry forward into a subsequent budget period up to the lesser of 25% or \$250,000 of the amount awarded for that budget period remaining at the end of that budget period as indicated on the Federal Financial Report (FFR) for that period (Section 74.25(d)(3)); Initiate a one-time no cost extension up to 12 months by notifying the agency at least 10 days before the date specified in the award (Section 74.25(d)(2)); For further details refer to Program Specific Term number one in the Terms and Conditions section of the Notice of Award or HHS Grants Policy Statement, starting on page II-59.

2. Offset

HRSA may use some or all of the UOB to offset a portion of a subsequent budget period award. An offset functionally decreases your total award. The offset replaces an equal amount from the originally committed funds for the subsequent budget period determined by HRSA. It does not increase the total approved budget for the subsequent budget period. The amount offset is not reclaimable in future budget periods.

3. Deobligation

If it is determined that it is in the best interest of the grant program and the Federal government, HRSA may elect to withdraw the excess funds from the Payment Management System by revising the Notice of Award and deobligating the UOB. The amount of the UOB will be returned to the US Treasury.

No Cost Extension

As the grant nears the end of the project period, grantees may request a no cost extension for up to 12 months beyond the original project period end date if the following conditions are met:

- No additional funds are required to be obligated;
- The originally approved grant activities will not change; and
- Any one of the following applies:
 - additional time beyond the established project period end date is required to ensure completion of the originally approved objectives and activities;
 - continuity of grant support is required while a competing continuation application is under review; or
 - the extension is necessary to permit an orderly phase-out of grant activities that will not receive continued support.

Approval of such requests is at the discretion of HRSA.

Unspent funds remaining at the expiration of the grant is not, in itself, sufficient justification for an extension of the project period.

Awards with expanded authorities are allowed to initiate a one-time no cost extension of up to 12 months without prior approval if HRSA is notified at least **10 days before the budget/project period end date**. **If the request is submitted after this timeframe, prior approval is required to extend the budget/project period.**

No cost extension notifications (for programs under expanded authority and submitted at least 10 days before the end of the project period) or prior approval requests must be submitted via the EHBs prior approvals module. The following elements are required:

- A letter co-signed by the Authorizing Official and Project Director including the proposed extension period (*i.e.*, up to 12 months)
- If prior approval required:
 - the reason an extension is needed; and
 - the amount of any remaining awarded funds and how they will be used in the extended project period to fulfill originally approved objectives.

Requests for a second extension (*i.e.*, beyond the 12 months) must be approved by the Grants Management Officer and requires special justification. Generally these requests are not approved unless there are extremely extenuating circumstances, *e.g.*, natural disasters, that may have caused a delay in completing grant objectives.

Approval of a no cost extension will result in additional performance reporting requirements.

When applying for a competing continuation grant, any previously awarded grant for the same grant program must be completed by the new grant's project period start date, if awarded. Therefore, if operating under a no cost extension, all grant objectives must be complete and the extension period must end prior to the start date of the new grant.