

## Use of Unobligated Balances under Grants and Cooperative Agreements

**NOTE:** Grants Management Advisories (GMAs) provide guidance for ONC grantees in selected areas based on ONC's receipt of recurring questions or other factors. Their purpose is to provide a common interpretation for all ONC grantees of how ONC will apply existing policy as reflected in award terms and conditions. They do not replace or modify award terms and conditions.

### ISSUES:

May a recipient of a grant or cooperative agreement (recipient) use Federal funds remaining at the end of a budget period/project period? If so, during what time period and under what conditions may they be used?

### DEFINITIONS:

"Carryover of funds" is a process that allows for using funds awarded in one budget period in a subsequent budget period. It applies when a project period is comprised of multiple budget periods that are separately funded. It does not apply to a single multiple-year budget period that is of the same duration as the project period.

"Unobligated balance" is that portion of the funds authorized by ONC for expenditure under an award (Item 20A. of the Notice of Grant Award [NGA]) that has not been obligated (including unliquidated obligations) by the end of a budget period.

### KEY POINTS:

- ONC authorizes funding on a budget period basis, whether a budget period is one year or multiple years. A recipient may not obligate Federal funds after the end of the budget period for which they were awarded unless an ONC grants management officer (GMO) authorizes the recipient to use those funds in a subsequent budget period ("carryover") or, if applicable, in an extended budget period ("no-cost extension").
- A recipient must make a separate written request to the GMO in order to be able to carry over funds to a subsequent budget period as additional budget authority or, if the balance occurs at the end of the project period, to use the funds in an extended period (if the extension would not cause any statutory limit on overall project duration to be exceeded). A request for extension may seek up to an additional 12 months beyond the originally scheduled end of the project period. See the attachment to this GMA for the contents of such a request.
- A prior-approval request must be properly justified, i.e., specify why the funds remain, how and when the recipient expects to spend the funds, and the impact on the project if the request is denied. The funds may be used only to complete any approved activities or objectives that have not been completed; they cannot be used for activities that represent a change in scope of previously approved activities or to undertake new activities.
- The actual, allowable costs for the budget period of the award **and** the budget period into which the balance may be carried will determine the required matching for those periods and the appropriate amount of indirect cost reimbursement.



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- ONC will not entertain a request to carry over funds as additional budget authority or to use remaining funds for a no-cost extension unless all required financial and program reports have been received and are acceptable.
- In the absence of an approved request (either because a request was disapproved or a grantee did not make such a request), ONC will use the unobligated balance of Federal funds to offset additional Federal funding for the next or a subsequent budget period or, if it is the last budget period of the project period, ONC will deobligate the funds.

**RECIPIENT RESPONSIBILITIES:**

- Carry out the project in accordance with your approved application (and any amendments), including meeting milestones, ensuring an appropriate rate of expenditure, and making ONC aware of any issues that may result in delays in performance or an excess of Federal funds for the budget period.
- Accurately and timely report any unobligated balance in your Federal Financial Report, SF-425.
- Provide the GMO a compelling written rationale for carryover as additional budget authority, demonstrating that the funds can be spent in addition to other previously approved funding, or for a no-cost extension.

**REFERENCES:**

45 CFR 74.25(d)(3) and 74.71(d)  
45 CFR 92.30(d)(2) and 92.50(d)(2)  
HHS Grants Policy Statement

**ATTACHMENT:**

Required Contents of a Carryover or No-Cost Extension Request

ATTACHMENT

**REQUIRED CONTENTS OF A CARRYOVER OR NO-COST EXTENSION REQUEST**

A request to carry over an unobligated balance of Federal funds remaining at the end of a budget period or to use unobligated funds in an extended budget period/project period must be made in writing by an authorized recipient official of the recipient.

**Request for carryover**

**All non-competing continuation applications** must include the estimated unobligated balance as of the end of the current budget period and, even if carryover is not requested, an explanation of why the funds will not be obligated during the budget period for which awarded.

**A request for carryover of funds as additional budget authority must be made as part of the submission of the non-competing continuation application, which is prior to the expiration of the current budget period**, even though the actual unobligated balance will not be known until after the end of the budget period. This will allow the GMO to determine whether and how to apply the estimated unobligated balance in the non-competing continuation award.

**If a recipient is requesting carryover of funds as additional budget authority**, the application also must include the following information:

- How the unobligated funds will be used if carryover is approved.
- A budget for the amount requested for carryover (separate from the application budget for the next budget period), including a budget narrative, and, if applicable, a description of the source and amount of any matching funds.
- Impact on the project if the funds are used as an offset rather than additional authorization.

Due to the potential difference in the timing of submission of the non-competing continuation application in relation to the submission of the annual expenditure report (due December 30 of each year), ONC will use the latest estimated unobligated balance as the basis for determining the effect of the unobligated balance on the funding of the continuation award.

**Request for no-cost extension**

**A request for a no-cost extension must be submitted at least 30 days before the scheduled end date of the budget period/project period** so that the project period does not lapse.

A request for a no-cost extension must include the following information:

- The amount of the unobligated balance and an explanation of why the funds are unobligated.



- The purpose for which the funds will be used if the budget period is extended.
- The duration of the requested extension.
- Impact on the project if the extension request is denied.
- A budget (using the SF-424 budget categories) for the amount of the unobligated balance and an accompanying budget narrative.