

## COVID-19 Grant Closeout

Glenna Davis: Hello, everyone, and welcome to the COVID-19 Grant Closeout webcast. It is now my pleasure to turn the floor over to Heather Wanderski.

Heather Wanderski: Good afternoon, Head Start, and welcome. I want to thank you for taking your time out of your busy schedules to join us for this important webinar that's pertaining to your COVID-19 grant awards. I think that we have done some amazing work over the last two years, with the funding that has been provided to you all through the Coronavirus Response and Relief Supplemental Appropriations Act, as well as the American Rescue Plan funds.

For example, I'll give you a couple of highlights. In Decatur, Alabama, we have the community action partnership of North Alabama. They used some of their COVID funds to expand the roles of mental health experts to address staff needs. Oklahoma City, Oklahoma, Sunbeam Family Service offered virtual telehealth clinical care to parents as counseling support.

In Salinas, California, we have the Monterey County Office of Education. They used some of their COVID funds to enhance recruitment efforts, as well as used some of their funds to replace all their indoor and outdoor furniture at their sites with new items that will allow for each disinfecting and consistent cleaning throughout the day. I think all of these are great examples of how programs have been able to put their COVID funds to good use.

We are getting close to the end of our project period for most of our grant awards, so our focus on this webcast is to share with you all the next steps around grant closeout. I have two great partners joining me for this webinar. First, we have Stefanie Gordon, who is the School Readiness Division Director for the Office of Grants Management. We also have Desmond Clayton, who is a Program Operations Division Manager for the Office of Head Start.

The plan during our time together today will be able to give you a big picture on spending of COVID-19 funds. We want to discuss the closeout requirements and expectations. We want to talk about the need for timely planning as part of your spending, and we also want to wrap up with talking about extensions if you're running into a situation where you think you need one. I'm going to get things kicked off with the big picture on COVID spending. Every organization that was operating a Head Start in an early [Inaudible] program received a separate grant that awarded one-time funds through a two-year project period.

We initially started awarding the Coronavirus Response and Relief Supplemental Appropriations Act funds in April of 2021, and that was through the creation of grants that included the letters HE, HA, and HN in the award numbers. We're going to be referencing those HE, HA, HN letters later in the presentation, so I just want to make sure that folks understand what it is that we are referencing. We then supplemented the American Rescue Plan funds to those same grants.

Here is a representation of where we're at with spending. If you look at the first column on the left, that is the Coronavirus Response and Relief Supplemental Appropriations Act funds, and some people call it CRRSA some people call it "CRRSA", but whatever you call it, that's what I'm referencing in the left column. The funds awarded, approximately 73% has been drawn down from the payment management system.

But to give you a little bit of additional context, about 8% — that's roughly 122 grant awards — have not drawn down any of that CRRSA funds at all. But that is progress, compared to what it was in the fall of 2021, when only 57% had not, and then 17%, in the fall of 2022. If you look to the column on the right, that's the American Rescue Plan funds — I think most of us call that "ARP," — current data shows that more than 56% of those funds have been drawn down from the payment management system. We know that of those awards, about 8% of our grants, it's about 122, have not drawn down any funds at all. But the good part is, the remaining 92% are working on spending those funds or have spent them all already.

Continuing with the CRRSA funds, this chart represents the draw-down percentages of the funds based on both the total number of awards — that's the first row — and then by the total amount of funds awarded, which is the second row. You'll notice that the 1600 awards for CRRSA, there was about 8%, or as I mentioned on the last slide, they have not drawn down any funds at all. But that represents only about 3% of the total funding, whereas we have 15% or 232 awards that have drawn down all their funds, and that represents 12% of the funds. The rest of the spending is somewhere in between.

I also want to share the drill-down information on the CRRSA funds by organization type. The number of different organization types we have across the Office of Head Start is not equal. For example, you'll see here that we have 486 awards made to community action agencies, and of those, only 72 awards, or about 15%, have spent all their funds. But you can see here, you get a better sense of spending by organization type.

I have one last slide for you on the CRRSA funds before I switch over to sharing the American Rescue Plan funds. This colorful image shows you the draw-down percentage of funds by states and territories, and just highlighting here that the state's highest draws, they include South Dakota, Hawaii, Vermont, Wyoming and the U.S. minor outlying islands. You also see states and territories lowest in draws for those CRRSA funds include the Virgin Islands, Washington, D.C., Guam, American Samoa, Illinois and New Mexico.

I'm going to share some data with you on the American Rescue Plan funds. This chart represents the draw-down percentages of funds based on the total number, as I explained before, the total number of awards, which is the first row, and then also by the total amount of funds awarded, which is the second. Same as with the CRRSA funds, we have about 8% that have yet to draw down any ARP funds at all. But that represents less than 1% of the total funding, whereas we have about 232, or 15% of all the CRRSA funds. The rest of the spending is somewhere in between.

You'll see information on the ARP funds by organization type, and the percent of funds spent by those various organizations. You can see here that nonprofits and tribal governments have the most grants funds fully exhausted. Again, gives you a good representation across organization type. For my last slide, this represents the draw-down percentage of ARP funds by states and territories. This is the states that you'll see here in highest in draw, some repeats, we have Alaska, Hawaii, North Dakota, Delaware, South Dakota and Wyoming. Those states and territories lowest in draws include the American Samoa, Washington D.C., Virgin Islands, Illinois and Arizona.

Hopefully now you'll have a big sense of what's happening nationally, and just what we are also seeing here in the Office of Head Start around funds being drawn down from the payment management system. I'm going to turn things over to Stefanie Gordon to talk with you a little bit more about the closeout requirements for these grants.

Stefanie Gordon: As Heather mentioned, I'm a "CRRSA" person. Since most grants are ending on March 31, 2023, we wanted to prepare the majority of recipients for the closeout requirements and expectations. For folks who have grants that are later than March 31, 2023, this information will eventually be relevant to you, please pay attention. We may have people thinking right now, "I'm not ready to close out," Heather mentioned that earlier, you know, it's a real possibility. Don't worry because we do have information on budget revisions and extensions after the closeout information.

The goal for recipients is to use the money for allowable, reasonable, and allocable purposes, and we want to support recipients in completing projects. We really want to be able to fully extend the money, because we know it's so needed by our children and families. The closeout regulations of 45, 75.381 outline the requirements of HHS and recipients when it comes to closeouts. Recipients are also going to receive a closeout letter signed by your Grants Management Officer, no later than 30 days before the end of the project period. In some cases, I've heard, it's shortly coming after this webinar, so be on the lookout for it, the HHS correspondence.

Please read the letter closely, and if you have any questions, please ask your Grants Management Specialist. Now when you have to close out, make sure you establish receipt dates from the documentation needed from your sub-recipients, contractors that will support your agency in closing out timely and properly. While the closeout letter has more information, I wanted to highlight the required standard forms for closeout. Please note that if you receive an extension, due dates and reporting frequency will change. You will have to refer to your Notice of Award, or letter that approves your extension to understanding your new reporting requirements based on your new end date.

I wanted to talk about the SF-425, standard form 425 FFR, Federal Financial Report. Recipients should be no strangers to this report, and the requirement to submit this form in the payment management system. Recipients already submitted, or you should have submitted, your annual reports in 2022, but now at closeout, we require the final report. Just like the annual report, please remember that we need to separate the SF-425 for the CRRSA funds and the ARP funds. Maybe on the grants management side, too, I think we might call them "C5" and "C6," since your sub-accounts in the payment management system end in those letter or number.

You're familiar with having two final, two forms for the same grant number to account for the sub-account. Make sure that you pay attention to each appropriation since they have different expenditure requirements to be very mindful of how you assign those expenditures to each funding source. The next form is the standard form 428B, well, actually the cover page, which is just the SF-428. The 428B, which is due at closeout, and the SF-428S, supplemental, which may or may not be required, it's optional. Unlike the PMS reports, where we need one for each sub-account, the SF-428 is only required at the HA, HE or HN grant level. This report is going to give us the tangible personal property obtained under your grants. We only require the SF-428 at

the grant level, not the sub-account level. Although you're submitting those 425's separately, the 428 is just one form.

Recipients should be familiar with this form through their operational grants and program instruction 17-04, but I wanted to highlight this suite of forms because it can sometimes be forgotten, since we basically only receive it every five years. Just like that program instruction in your operational grant, the SF-428 is required at the same date as the SF-425. Please refer to the terms and conditions that are attached to your HA, HE or HN grant for those due dates. Please remember that if you receive an extension, the due date for the 428 submission will likely change, since the 425 submission date will probably change.

Like PI-17-04, the SF-428, the 428B and the optional app are required as a grant not in grant solutions, attached to the HA, HE or HN grant. Please notice that the slide that you see on the screen has a link to [www.grants.gov](http://www.grants.gov), and this is a place that you can always find the most current approved LMB SF-428, or any standard forms that you will be expected to complete and submit as your grant note.

The HA, HE and HN grants have a reduced reporting burden for the standard form 429. The SF-429 is the Annual Real Property Report in Office of Head Start, due to program instruction 17-03. Recipients are always expected to submit an SF-429, either the property or also confirm there's no property. The no-property requirement was removed for the HE, HA and HN grants. The SF-429A that reports the real property — you may be submitting an SF-429 with property for your other grant members if you did not use the COVID funds for a project that would require the 429A with property, you would not be expected to submit the form.

If you were required to submit the 429B to establish the ability to construct, purchase a major renovation because you had an approved 45 CFR part 1303 application, I can't think of a case where you wouldn't be required to submit the 429A for the grant. Since the reporting requirements are unique for the SF-429A under the COVID grants, I wanted to just share this chart with the audience. Please note that the first 429A was required outside of the online data collection system as an attachment to the SF-425 that you submitted in PMS.

The second SF-429A will be required in the online data collection system, like your traditional reporting requirements. But please note, Grants Management Specialists no longer have assignment ability in the online data collection system for grants and accounts. If you need access to the online data collection system or access to the specific grant under your account, you will need to contact the Grant Solutions Help Desk. Also note that while the SF-425 is due at the C5 or C6 level, like the 428, the 429A is only due at the grant number level. Only one report is required. For the final report, I'm going to throw it over to Desmond to talk about the PPR.

Desmond Clayton: 45 CFR 75.342 denotes the requirement of performance reports. This was also outlined in the terms and conditions of your work. As you all know, since you submitted this report last year, and it was on the earlier slide detailing required reports, the Performance Progress Report, which we call the "PPR," is a requirement for the HA, HE and HN grants. The most recent version on the form is made available on the ACF website. In the upper right corner of this slide, you'll see exactly how to get to the form on the website.

Once you're on the site, it's very easily accessible. You'll simply click on the Grants menu, then the Post Award Requirements menu, from there you click on the Discretionary Grants, and then Reporting, and the PPR is the first report listed on that webpage. On this slide, you'll see a list of PPR guidance available to recipients that can be found under the Resources tab in HFCS, which I'm sure you all are familiar with. The resource documents are available to assist recipients in completing and submitting their PPRs in grant solutions. You have some good resources here, with some screen shots and some step-by-step guidance. I can help walk you through completing the form and its submission. Recipients can also refer to the PPR website from last June of 2022 that's available on ECLKC, and I'm sure we can certainly drop the link in the Chat so folks can review that as well.

Lastly, you have the screenshot of GrantSolutions. This is where you would log in, and after successfully logging in, the My Grants list would appear, and you'd select the grant in which you're submitting the report, and then select the Reports tab. For recipients with more than one grant, please ensure that the report is submitted to the correct grant number. When you're thinking about due dates, recipients must submit the PPR within 90 days following the end of a reporting period.

Reporting periods are typically 12-month increments, for example, awards with a budget and project period of April 1, 2021 through March 31, 2023, the first report covered the first 12-month period of April 1, 2021 to March 31, 2022, and it was due June 29, 2022. The second report will cover the second 12-month period of April 1, 2022, through March 31, 2023, and is due on June 29th, 2023. Additional PTR reports will be required for projects extending beyond the initial two-year period. I'm confident that you all have this down pat. But you certainly have the resource of the regional office to utilize as well. Please maintain contact with your Program Specialist and your Grants Management Specialist.

Now that you've heard us talk about where we are with COVID funding, and that we've also talked about the requirements and expectations regarding closeout, I'm sure you're saying to yourselves, "Desmond, our budget period isn't over yet. We're not quite ready to close out. We have funds remaining in the ongoing projects and plans to spend them, so what are our options?" Don't you worry about that — we've got you covered. I'll pass the baton to Stefanie, and we can begin to explore those options.

Stefanie: I totally agree, if you're ready to close out, that's wonderful, and if you're not, that's fine too, because we still have time for budget revisions and extensions. A budget revision is a prior approval action. 45 CFR 75.2 is where we find all the definitions under the uniform guidance, and it also defines prior approval. But I also think 75.407 is very pertinent to the discussion of a budget revision, because it has 26 sections of Part 75 reference that also have prior approval requirements. Please remember that not all items do require budget revision.

You need to be looking at those prior approval and budget revision requirements, and I think we have to remember that we do have our COVID flexibilities. Not only would you want to be consulting the uniform guidance, but I think you'd probably want to be consulting the information available through OHS. Please remember to consult all that before making determinations on if a budget revision is required for you. If you need any support, as Desmond

mentioned, please reach out to your regional Program Specialist or Grants Management Specialist.

There are some more common budget revisions that you may need to ask for from your HA, HN and HE grant. One traditional budget revision we might be expecting is a change in scope. Change in scope has a clear definition that comes to OHS programmatic requirements but change in scope is defined as an activity whereby the objectives are specific aims identified in the approved application or significantly changed by the recipient after the award. I would really urge recipients to consult the grant's policy statement, I think it has the most robust information on change of scope when it comes to budget needs, and that's on Pages Roman numeral II-53 and 54. Another one is sub-awarding, transferring, or contracting out of any of the work under an award. This also excludes contracts for supplied material, equipment or general support services.

We do not have any additional money, this is not to request more money. This is for a project that has been approved that might require more money from the grant to be spent. This is in reference to any projects that may be experiencing a cost overrun. If you can identify an unobligated balance or a cost underrun in another area, you might utilize this as a budget revision. Some of the ideas that came to mind for me were construction, major renovation, purchases that have certain dollar amounts approved on the Construction line item on your Notice of Award, and that would be Line 33G. Similarly, if a capital expenditure was approved on capital [Inaudible] 33H and the equipment is on 33D, those may require prior approval. She may have thought it was one cost, or it may have come in a little higher than you expected.

Another example would be significant rebudgeting, again, also explained in the Grants Policy Statement in the Change of Scope section. Since many awards were issued with all funds in Other you may have reached this threshold of the \$250,000 or the 25%, whichever is less. But do remember there are the COVID flexibilities that may be applicable to you for forcing if you're not rebudgeting under these grants.

I explained that you may need more money for capital expenditures, but even more directly, if you are purchasing equipment at all that was not previously approved, you may need a budget revision to change that amount on your Notice of Award, to support your equipment purchase. We always say read your Notice of Award Remarks, because on those Remarks, if there is something very detailed that you were supposed to buy a certain car, or a certain school bus model and you have not purchased that one, you will need to talk to your regional office about potential updates through a budget of revision.

Maybe you're now thinking, "I have some ideas for a budget revision that I think I can submit an approvable application in the next few weeks, but I just don't think I'll have enough time to complete my activities by the end of my project period." Or you might be thinking, "I'm good with my budget, but I just haven't been able to complete all of my projects." Then you are going to need an extension. To understand the types of extensions that recipients may require, recipients first need to understand the definitions of obligation and liquidation. I have the formal definitions from the uniform guidance up on the screen, but I wanted to talk about it in a way that I hope makes it a little simpler. An obligation is a commitment to pay based on a contract.

The amount is recorded by a recipient as a liability in its accounting records. An example is a purchase order for a school bus. An unliquidated obligation means that the liability is recorded, but it cannot be paid, or the payment cannot be recorded in the accounting records. A reason an obligation may remain unliquidated is that that purchased school bus in our first example hasn't been delivered yet, or you have a playground contract that's for the playground equipment plus the installation, and the weather has just been too bad, and you haven't been able to get it installed. We wouldn't want to pay contracts, but we do have the encumbrance on our accounting records.

Please note that the uniform guidance in 45 CFR 75.309B requires recipients to liquidate all obligations incurred under an award no later than 90 days after the end of the COVID grants project period. The deadline may be extended with prior written approval from the HHS awarding agency, which we'll get into a little later, but finally, an unobligated balance is the amount remaining after accounting for all the liquidated and unliquidated obligations assigned to the grant. Now that you understand obligations and liquidation, think of your COVID grant for the types of extensions that you may need.

One type of extension that you may require is to liquidate your obligations beyond those 90 days outlined in the uniform guidance. Recipients should make this request in HSES correspondence. The correspondence should be submitted within 30 days before the end of the liquidation period, but we'd prefer no later than 10 days before the end of the project period. It must include the justification for the extension and the explanation of why the extension is needed. The request also requires proof that the obligation was made timely.

As we discussed previously, this would be the accounting records showing the reporting of the obligation, and-or the source documentation such as the purchase order or the contract, to prove that it's timely. An approved liquidation extension is done via letter, which will hopefully be sent through HSES correspondence, signed by your Grants Management Officer. Now that I've explained liquidation extensions, I'm going to toss it back to Desmond to give us some information on project period extensions.

Desmond: I have seen a couple of questions come through regarding carryover balances and things like that, but I just wanted to say, while we're here, that there are no carryover requests for these grants. However, recipients may request an extension. But that certainly comes with stipulations. Firstly, you must initiate a zero-dollar, low-cost extension application within HSES. This is, in effect, a no-cost extension, but we're using this as a vehicle so that recipients are able to initiate the application, organizing their support documentation. The regional office will be able to respond, and [Inaudible].

But at a minimum, you'll need the following: governing body, or tribal council and policy council approvals. We just want to ensure that your governing body is on board with your plan. The administrative and fiscal flexibilities, as Stefanie had mentioned earlier, are still active and applicable at this point, you may see government body approval in alignment with the flexibilities. I saw some other questions come through, asking about the transfer between cross-categories, the pre-approval for equipment, all of those things are still active as of this point, and should still be when these applications are received. But if you do have specific situational questions for your organization, of course reach out to your regional office, speak to

your Program Specialist and Grants Management Specialist, and they'll be able to kind of work through those specific scenarios with you.

As I move forward, your narrative, or your justification has to include some very important pieces. We'll want to know the "why." In its own section on the narrative, you'll need to tell us why funds are unspent; you know, tell us the barriers, issues, situations, etcetera, that prevented you from expending these funds during the two-year project period. We'll also want to know the "what." Also, in its own section, tell us what your plans are for the funds. This is where you'll describe how the funds will be used during this extended period, and how long you need the period to be extended. This is important. You can apply for up to one year to continue to utilize these funds for previously approved purposes.

You'll see in the third bullet; the narrative must be inclusive of a timeline. In order to approve your extension request, we want to ensure you have a found plan in place to accomplish what you're requesting, and in the requested timeframe. You can request up to one year, but if you need less time, you would request less time. This is where the timeline becomes extremely important. Additionally, pay special attention to bullet four, that changes the use of funds across object class categories are not permitted as part of this request. As Stefanie touch on when speaking of bud revisions, this is not the time for a budget revision. When approaching or requesting an extension, you want to ensure you have all your ducks in a row.

It's preferred that extension requests are submitted 30 days prior to the end of the project period. That is a best practice. We understand that there is absolutely a time crunch right now; regional offices will be working as quickly as possible to review and process extension requests, it's imperative that we get these requests as soon as possible. Please maintain consistent communication with the regional office, specifically your Program and Grants Management Specialist, so your questions and concerns can be addressed accordingly.

Requesting an extension, it's similar to every other application or amendment that you submitted within HSES. The major steps are highlighted on this slide and the next slide that we'll get into. You would want to proceed to the Financial tab, click on the Grant Applications tab, scroll to the bottom of the page, and select Add Amendment, which you can see highlighted and circled in the red box, and highlighted in yellow. You would scroll down until you find the low-cost extension option. You would select it, and you would continue from there. Next, you complete all applicable application tabs. This will be for a zero-dollar, low-cost extension, so don't put any funds in the application. Of course, you'll upload all your required documentation.

Heather: I have been trying to keep track of some of the questions, as we've been moving along, to see where we might need some additional clarification, some additional responses, or anything we may need to repeat. I want to take the time here just to point out a few things that I think we have time to cover. The first thing that I want to cover is around the fiscal flexibilities; specifically, those prior approval waivers. Those are still in effect through the end of the public health emergency. That includes items of equipment up to \$25,000, as well as movement of funds between object class categories up to \$1 million if those requests are specifically tied to your COVID-19 response.



If that's the case, then in those instances, you do not need prior approval from the regional office before proceeding with those adjustments, you can do those on your own. However, if it's not tied to COVID-19, then the fiscal flexibilities do not apply, and you would still need to follow the traditional requirement, which is securing prior approval through a budget revision on items of equipment over \$5,000, and movement of funds between object class categories. I generally like to say \$250,000, because most of our grants are sizable enough that that rule would apply. But certainly consult, if you have any questions, your Grants Management Specialist around those prior approvals, and whether it would be applicable to your organization.

Stefanie: I agree with you, the 250,000 is usually the threshold. I was going to say the same thing, and then thought that these grants are potentially lower than our traditional funding grants. Because of that reason, we may be seeing more implementation of the 25%, because your grant would have to exceed \$1 million, I guess that is the marker. If your grants below a million, the 25% kicks in. If your grants above a million, the 250,000 would be the marker. I don't want to take us off that topic, but I think Desmond said it, and I should have highlighted it more, when it comes to the budget revision, the budget revision needs to be submitted, and it needs to be in a separate application during the project period.

When you're submitting your extension application, you can't be asking for a budget revision in that extension application. That's because our policy guidance surrounding an extension is to simply not be using unobligated funds, and also not to be changing the scope of what we're doing. Since you need to really make sure that if you have ideas that are going to require an extended period of time, you submit that budget revision application separate from that extension request to promote the approval of that, so you're not changing the scope or needing to revise your budget during the closeout period, the extended period.

Heather: In other words, what you're telling me is that if I'm a typical recipient, and my project period ends on March the 21, 2023, that if I, at this point, want to change what I had planned to do, that I need to get that request in before March 31, to change what I want to do before I can ask for an extension?

Stefanie: Yes.

Heather: Stefanie, as I mentioned, I think we need some additional support around those 428 reports. Can you talk a little bit about that reporting again? We've got quite a number of questions around whether they're required annually, and are they required even if a recipient doesn't acquire property or equipment with the HE, HA or HN grant funds?

Stefanie: The 428 —because of the discretionary terms and conditions that are attached to OHS grants — the 428B and 428C are both required. I'm not going to dive into the C, if you need to know about that — those are submitted throughout a budget period when you're making an equipment disposition request. But what we're digging in today in the closeout is that 428B, which is the closeout form. The 428B is only required at the end of the project periods.

Traditionally, it is MPI-1704, the same date that your SF-425 is due. The 428, there's a cover page. You can go to [www.grants.gov](http://www.grants.gov), and there's a Forms Post-Reporting requirements, and under there, you will find all the PDF versions of the most recent OMB-approved versions of

those forms. The 428 is the cover page, we're basically just giving the name of your organization, and the grant number. The 428B is where you're answering the questions of, "was there acquired property?" — the questions that you're answering are the yellow highlighted portions. You click one, and it highlights what other sections you're supposed to fill out based on which one you click.

There are four options up there, and one of them talks that you've purchased federally owned property. In ACF, so OHS, we do not have federally approved property. You will never be clicking on A. B is for acquired equipment over 5,000. I think C has to do with residual supplies in excess to the 5,000 threshold. D is none of the above. There is a very good chance you are clicking D, none of the above, signing off, and you're done. The majority of SF-428Bs that we receive — there's also a caveat in each of them that if you're not transferring it to another federal ward. I hope most people would be their HA, HE and HN grants when you're obtaining these supplies or equipment, I would expect that they're transitioning on your equipment register, supplies register and your accounting records to your now operational OHS grant.

If you're doing that, none of these apply, and you would just be hitting D. I hope people can look at the form, read it, and if you do have any questions, you know, reach out to your Grants Management Specialist. We do get those questions routinely on this form, because as I said, we submitted it at the end of project periods, which is, for most folks, every five years. It's not something that we're routinely helping recipients with.

Heather: I will say quite a number of questions came in specifically about the allowability of very specific items. I just want folks to remember that they should check their Notice of Award for the terms and conditions, but as a reminder, the CRRSA funds, need to be specifically used to prevent, prepare for, or respond to COVID-19. That was included in the remarks of those awards, and that the ARP funds can be spent on anything that would generally be allowable for Head Start programs under the Act. I would encourage you that if you have very specific items or questions around allowability, if you are still unsure, that you should contact your Program or Grant Specialist if you have very specific questions.

Stefanie, I think one of the things that came up in some additional questions that the extent — there are two very separate and distinct extensions that we covered today in the webinar. One is an extension on the liquidation period for the grant, and the other is an extension of the project period. Would you be able to give an example of when you would request one versus another, and in what situation that would apply?

Stefanie: A liquidation extension is when you have created obligation — you have a purchase order or a contract, you know that you're going to be paying something — you're not able to pay that bill during the next 90 days. I mentioned earlier the playgrounds equipment and the bus. Common reasons that we do see it is, we do have supply chain issues. Recipients have ordered items, and maybe due to no fault of your own, they have not been delivered. We wouldn't want you paying for supplies you haven't received, so you would be coming in to request that extension to liquidate. You wouldn't have to take the obligation off your accounting records, you could leave it and you would be just waiting to pay the invoice, the vendor for the item or the services rendered. The busses, we've seen delays in them.

The other liquidation extension request I'd say we get a lot are folks doing a capital improvement that is contingent on weather being good. If we have a rough February and March in every part of the country, it may not be possible to complete your project. We don't want the projects being rushed, and we don't want recipients scrambling to just make payments. We want you to come in for a liquidation extension to explain the circumstances, show the source documentation that proves the obligation was timely, the new time that you think you will be able to complete the projects.

When you're working with your vendor or your contactor or whoever, maybe the delayed party, you do want to be working with them for a realistic timeline of when it could be delivered, because if they're telling you this will take two years, maybe that may not be the best use of your funds. Maybe even talking out, if I'm saying this and you're hearing it, maybe a budget revision would be a better option for you. Maybe that would be something you wouldn't want to be pursuing at this time. This is a good conversation, Heather, because I think recipients can look at their budgets now and make these decisions early and promptly and maximize their funds.

The other one that Desmond talked about, is our project period extension, and that is to extend the last day of the project period of the grant. On these HE, HA, HN grants, the budget and project period are both two years. If you have not been able to obligate all the funds, you would need an extension. Perhaps there's a contract that you entered into, and it has monthly installments, and you are going to be needing to make those payments past that, in most cases, 3-31 date, if you're going to require to make an obligation beyond that time, you would need an extension to the project period.

It's very clear in the uniform guidance that we can't simply extend a grant because you have an unobligated balance. But if you're coming in for this budget revision and you do have ideas, and it's a little late to get started, though, where you get this approved budget revision, we understand you will need more time to obligate this item we've approved for you.

The extension is probably for people who've already entered into funding structures that will require an obligation past the current project period end date, and folks who are now hearing this today, maybe you need a formal budget revision, maybe you need an internal one, maybe you don't need one at all, but you have some great ideas and you're just going to be starting them and the timelines you're getting from folks will require if it's a multi-phase contract, and it's requiring obligation times beyond your original due date, as Desmond said, "it can't go past 12 months." But you would be able to request an extension for the time it was realistic to make those obligations.

Heather: Just to confirm again, for everybody who's asking, that a typical liquidation period is 90 days after the end of closeout?

Stefanie: Exactly, 90 days. We were hopeful that Part 200 would be implemented here at Health and Human Services, but it has not been implemented. Our liquidation period is still at 90 days, especially some of our multi-funded recipients probably have 120 days. Other places, we are still 90 days.

Heather: Thank you for further clarifying that. I think there were a couple of additional questions around, when does the public health emergency end? From what I have been reading in the news, same as everybody else, the public health emergency, the president is looking to end that as of May 11, 2023. Hopefully, that clarifies for folks. The Office of Head Start is planning to work on some additional communications around what that means for our recipients, as the public health emergency comes to an end. I do have one last set of questions that have come in from our recipients and thought this was an interesting one because I did hear Desmond talk a little bit about just volume of requests.

If you look at where we are with spending, you could probably anticipate just a good number of recipients coming in for budget revisions, coming in for those extension requests. I saw a lot of folks out there asking, and they said that they are still, at this point, either waiting on a budget revision or they are currently in the process of negotiation with the regional office on a 1303 application. For those budget revisions, Stefanie, if a recipient is still waiting on a budget revision and it gets really close to the end, and let's say they do get the budget revision approved, are we still going to honor extension requests if they come in?

Stefanie: Of course. It is now a previously approved project, and that would be a circumstance where an extension would be needed because if you're receiving your budget revision toward the end of the project period, you probably won't have the opportunity to obligate, and that would be an opportunity to come in for an extension. You can make that obligation of these approved items.

A budget revision in the regional office, we will not be penalizing recipients. If a 1303 is still under debate, we can clearly see this is not simply just to use unobligated funds, a recipient has been working toward this for probably 24 months, enough chunk of time where an extension would be defensible. I think you do need to kind of look, as Desmond said, the regional office can only approve a 12-month period, just be mindful of that.

Heather: I think that was what I wanted to clarify, is that anyone who is in the process of still negotiating their 1303 application, in your mind, that would be a valid reason for coming in and asking for an extension request?

Stefanie: Of course.

Heather: Well, I think that wraps up what I think are what we saw as big-picture questions that we were getting. We hope you appreciate the webinar today. We hope that it was helpful for you. Certainly, if you have questions, we encourage you to go back and watch the webinar again. We also encourage you to reach out to your Grant Specialist, your Program Specialist if you have questions around next steps. If you're unsure about how your individual situation will need to be handled, that is the best course of action for you as a recipient.