

20. MULTI-YEAR FUNDING PROCEDURES

A. General This chapter prescribes policies for incrementally funding multi-year awards when full funding of the complete project period is not available at the beginning of the project period. Multi-year funding allows Federal funds for a multi-year award to be provided in increments or by allotment, usually on an annual basis.

B. Multi-Year Awards Multi-year awards are awards which have a project period of more than 12 months of activity. Multi-year awards are partially funded when the awards are approved, and are subsequently funded in increments. The Department encourages long-range program planning for the award and administration of financial assistance actions. One mechanism for facilitating this goal is funding through multi-year awards. This particularly pertains to awards that support research projects that may span several years. One of the purposes of multi-year awards is to reduce the administrative burden on both the applicant and the operating unit. For example, with proper planning, one application can suffice for the entire multi-year award period. It is the Department's policy that the period of activity of multi-year awards should not exceed five years. Grants Officers should establish additional internal policies for consistent selection and approval of programs and awards that may be funded under these multi-year funding procedures.

C. Multi-Year Funding Principles.

1. Reliability and Predictability Multi-year funding may be considered for programs or long-term awards where funding for the subsequent year(s) is anticipated but not provided at the time the award is approved and where the estimated budget for future funding periods can be forecast with some degree of reliability. These procedures should not be used for programs or long-term awards where the funding allocation may substantially change (either increase or decrease) from initial projections. Multi-year funding is provided by adding allotments of funds, usually on an annual basis, to extend the funding period within the previously approved project period.

2. Competition Recipients of multi-year awards should be selected after full and open competition. However, projects under multi-year funding awards do not re-compete each year even though the awards may be funded annually. At the outset the Grants Officer would approve the award for a project period of more than one year (typically three to five years), and continuation amendments to add funding and extend the funding period (or add funding periods if time limited funds) are later approved with less administrative processing by the recipient, the Program Office, and the Grants Office. This feature - competing only once for a multi-year period of support - permits the grantee and the operating unit to more reliably plan for future years. The nature of allotting the funding on an annual basis preserves the ability of the operating unit to discontinue support at points during the project period if the government's interest requires it.

3. Request for Applications Program Offices must clearly identify in their Federal Register notices and Federal Funding Opportunity (FFO) announcements when multi-year funding is available under the program. The Federal Register notice and FFO must clearly state that funding for each year's activity is contingent upon the availability of funds from Congress, satisfactory performance, and is at the sole discretion of the agency. The notice and FFO should solicit applications covering the entire multi-year period and must identify the amount currently available as well as the amounts projected

to be available in the future. Instructions for applying for a multi-year award must be contained in the notice.

4. Exceptions Not all programs or awards are good candidates for multi-year funding. Grants Officers must exercise good judgment in determining when to approve multi-year awards. Multi-year funding is not appropriate and a fully funded award must be used in the following circumstances:

- a. The project is exclusively for construction, alterations or renovations, or acquisition of property;
- b. At the time of award, the total period of DOC support for the project is planned to be less than 24 months.

5. Duration of Awards The initial funding period and subsequent continuation amendments extending the funding period should usually be for 12 months but the initial funding period may vary from 12 months in order to provide for the continuation of the funding period at an advantageous date, such as the end of the grantee's fiscal year or to coincide with phases of the project contained in the proposal and budget. Since there is only one continuous funding period for an award made with no-year appropriations, the applicant has more flexibility in carrying over funds throughout the entire project period.

6. Amendments The commitment to obligate the amount of available funding for the next funding period with continuation amendments shall be clearly conditioned upon the availability of funds, satisfactory progress by the grantee, and the Program Office's determination that continued funding is in the best interest of the government.

- a. An amendment to obligate prospective funding available shall be made on Form CD-451, "Amendment to Financial Assistance Award," prior to the expiration of each funding period. The Grants Officer shall execute the amendment after recommendation by the Program Officer that the performance under the current funding period is satisfactory and funds are available. The Program Officer should submit to the Grants Officer any continuation application with budget revisions, if applicable. A documented recommendation, and certification of funding availability at least 30 days prior to the expiration of the funding period should also be submitted.
- b. The recipient should submit an amended application to the Program Officer for review and recommendation to the Grants Officer for approval before the end of the current funding period if the upcoming funding period will have a change in the scope of work or an increase in the funding level from that which was last approved. Otherwise, there is generally no requirement for the recipient to submit subsequent full applications under a multi-year project period.
- c. Unobligated balances will automatically be carried over upon the continuation of the funding period. For unobligated balances, the SF-269, "Financial Status Report," will be used as the basis for determining if there is any unobligated balance to be carried over at the end of the current funding period.
- d. It is important to distinguish clearly between (1) stopping support of a project by not continuing the funding period with continuation amendments, and (2) termination of a grant. A grant gives the recipient legal authority to obligate the funds awarded. The government may unilaterally terminate a grant only if the grantee has materially violated the grant's terms. The Department must give recipients due process prior to terminating a

grant for violation of its terms. Except where required by statute, recipients have no right to a formal appeal process when a continuation is denied. This is because neither the approval nor extension of a funding period, project period, or the award of a grant gives the recipient any legal entitlement to receive additional awards. Awards with multi-year funding will generally be funded in allotments adding to or continuing the funding period. The new award document (Form CD-450) initially obligates only the first allotment of funds. Within 30 days of the end of each funding period, the Program Officer will determine whether to recommend to the Grants Officer a continuation amendment, which adds funds to the award and continues the funding period.

D. Preparation of New Award. Following are instructions for the preparation of Form CD-450, "Financial Assistance Award," and Special Award Conditions for awards with multi-year funding.

1. The CD-450. "Financial Assistance Award," for a multi-year award shall be prepared as reflected in the guidelines and procedures and described below:

a. The total amount of funding shown in the upper right-hand corner of the Form CD-450 should reflect the amount, both Federal and non-Federal that is currently available for obligation. For example, a multi-year award with a total three (3) year budget of \$3,900,000 (three equal annual increments of \$1,000,000 as the Federal share of cost and \$300,000 as the recipient share of cost) will show the portion of Federal funding that is currently available for obligation (\$1,000,000) and at least the corresponding portion of the non-Federal amount.

b. The project period should reflect the entire multi-year period during which Federal sponsorship begins and ends.

c. In order to make it clear that future support is anticipated, the following shall be included in the special award conditions:

(1) The project period and budget(s) incorporated into this award cover a ____-year period for a total amount of \$_____ in Federal funds. However, Federal funding available at this time is limited to \$_____ for this funding period. Receipt of any prospective funding is contingent upon the availability of funds from Congress, satisfactory performance, continued relevance to program objectives and will be at the sole discretion of the Department of Commerce. The Department of Commerce is not liable for any obligations, expenditures, or commitments which involve any amount in excess of the Federal amount presently available. The recipient will be responsible for any and all termination costs it may incur should prospective funding not become available. No legal liability will exist or result on the part of the Federal Government for payment of any portion of the remaining funds which have not been made available under the award. Notifications affecting funding or notice of non-availability of additional funding for prospective years will be made only by the Grants Officer. The amendment to obligate prospective funding available shall be made on Form CD-451, "Amendment to Financial Assistance Award," if at all possible prior to the expiration of each year's activities.

The project period for this action is _____ through _____.

The funding period for this action is _____ through _____. [generally first year]

The funding period for this action may be extended through _____.

[NOTE: Funds are available for obligation from the beginning of the award through the end of the funding period. With each year's amendment to add funds, the funding period is EXTENDED from the date of award, so that by the last year of the award, for example, the 5-year project period equals the 5-year funding period.]

2. An itemized budget must be incorporated into the award which includes the Federal and non-Federal share of funding that is currently available.

E. Preparation of Amendment(s) Following are instructions for the preparation of amendments for awards with multi-year funding.

1. As prospective funding becomes available for extended funding periods, the Grants Officer shall notify the recipient by using the Form CD-451, "Amendment to Financial Assistance Award," of the obligation of prospective funding. This should be done prior to the expiration of the current approved funding period.

2. The Form CD-451, "Amendment to Financial Assistance Award" shall be prepared as follows:

a. The amendment provides \$ _____ in Federal funds for the continued funding of this multi-year award for a total of \$ _____. The amount to be entered into the "Previous Estimated Cost" column should be the aggregate amount that has been obligated under the award. The amount to be entered into the "Add" column is the amount which is being obligated with this action. In addition, the following terms shall be included in the special award conditions:

(1) This amendment provides \$ _____ in Federal funding for the continued funding of this multi-year award for a total of \$ _____. Any commitments, obligations, or expenditures in excess of that amount of Federal funds will be made at the recipient's risk. The funding period for this amendment is extended through (date). Future funding is contingent upon the availability of funds, satisfactory performance on the current and/or previous award, continued relevance to program objectives, and is at the sole discretion of the Department of Commerce.

b. Work to be performed with this funding should correspond to that identified in the original application and proposal, with any approved revisions. The original application, proposal, and any approved revisions will be incorporated into the award by reference in this amendment.

3. If the work to be performed with the prospective funding does not correspond to that identified in the original application, along with the proposal and any approved revisions, the recipient should submit a request for approval of any revisions to the last approved budget and work to be performed. This request should be submitted to the Program Officer for approval by the Grants Officer. It should be noted that any revision to the work to be performed should not change the basic scope of work originally approved. Changes to the approved scope of work must be incorporated into an award by the Grants Officer in a formal amendment.

4. In the event that funding does not become available or the determination is made not to provide additional funding for prospective year's activities, the Grants Officer shall notify the recipient in writing prior to the expiration of the current funding period.

5. While the Department reserves the right not to provide all or a portion of a prospective year's funding, every effort should be made to minimize changes to the originally approved funding levels.

a. If funding levels increase over the amount stipulated in the special award condition(s), the recipient must submit a supplemental application for the amount of the increase along with a new budget and required certifications. [Caution: A significant increase in funding may lead to an unauthorized change in the scope of work.]

b. If funding levels are significantly decreased, the recipient must submit a request for budget revision to the Program Officer. [Caution: A significant decrease in funding could lead to an unauthorized change in the scope of work.] The Program Officer will review the request and make written notification to the Grants Officer who will notify the recipient of the Department's approval or disapproval. If the Grants Officer approves the revised (decreased) budget, the Form CD-451, "Amendment to Financial Assistance Award," shall be used.