

## Handbook for the Discretionary Grant Process

updated 8/16/2023

### Carryover Guidelines

**Carryover Balance.** Unexpended funds of the grantee from a previous budget period under a grant that are authorized for use to cover allowable costs in a current budget period (see [EDGAR § 75.253](#)).

(Note: The carryover balance should be used in the next budget period- not carried over into multiple budget periods).

#### 6.1.1 Carryover

##### A. Policy

1. Unexpended funds at the end of one budget period **can be used in the next budget period** without any action by ED or the grantee, unless such use of unexpended funds is restricted as a condition of the award (see [2 C.F.R. § 200.308\(d\)](#) and [EDGAR § 75.253\(c\)\(1\)](#)).
2. Program offices, when determining the amount of NCC awards, take into consideration the amount of unexpended funds, and the reasons the funds remain unspent.

##### B. Procedures

1. Program staff provide good faith efforts (e.g., through TA) early in a budget period to assist grantees in resolving excessive balances in order to minimize carryover amounts.
2. When program staff discover that an available balance deemed significant by the program staff (based on program staff's understanding of the grantee's performance history) is available for carryover at the time NCC awards are to be processed, program staff require a written explanation from the grantee that includes the following (see [EDGAR § 75.253 \(d\)\(2\)](#)):
  - a. The total amount of the available balance that is already obligated (including documentation from the grantee);
  - b. Any activities that were originally planned for the current budget period but were not conducted;
  - c. The grantee's anticipated drawdowns during the remainder of the current budget period; and

- d. The grantee's planned use of the funds during the subsequent budget period.
3. Program staff consider the grantee's explanation in deciding how much funding to provide for the next budget period.
4. In cases where program staff do not concur with the grantee's explanation for planned expenditures, program staff recommend that the program official reduce the NCC amount to be awarded for the following budget period. Before making this recommendation, program staff make sure that the grantee will have enough funds available to complete the next budget period and any activities not completed from the prior budget period.
5. Program staff consult with the program attorney in cases of substantial reductions in a grant award but may engage in this consultation regarding any reductions.

### **C. Guidance**

1. Program offices should work proactively with grantees to resolve excessive funds balance issues as early in the grant year as possible and before NCC award decisions are made.
2. To assist with resolving large available balance issues prior to awarding NCC grants, program officials may use the optional Consolidated Substantial Progress Feed functionality in the grants management system, which is an administrative tool that will automatically notify grantees via email of a remaining balance if more than 70 percent (default percentage) of the budget remains on the last day of the 3<sup>rd</sup> quarter of the award budget period. If using the Consolidated Substantial Progress Feed functionality, program offices may change the default percentage by modifying the subprogram record.
3. The email requires the grantee to provide the following to the program office:
  - a. The total amount of the available balance that is already obligated (including documentation from the grantee);
  - b. Any activities that were originally planned for the current budget period but were not conducted;
  - c. The grantee's anticipated drawdowns during the remainder of the current budget period; and
  - d. The grantee's planned use of the funds during the subsequent budget period.

