

18. MULTI-YEAR AWARD PROCEDURES

A. General

This chapter prescribes policies for incrementally funding multi-year awards when full funding of the complete period of performance is not available at the beginning of the period of performance. Incremental 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 period of performance of more than 12 months of activity. Multi-year awards are partially funded when the awards are approved and are subsequently funded in increments. DOC 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 DOC's policy that the period of performance 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 incrementally funded under these multi-year award procedures.

C. Incremental Funding Principles

1. Reliability and Predictability. Incremental 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 budget 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. Incremental funding is provided by adding allotments of funds, usually on an annual basis, to extend the budget period within the previously approved period of performance.

2. Competition. Recipients of multi-year awards should be selected after full and open competition. However, projects under multi-year awards do not re-compete each year even though the awards may be funded incrementally. The Grants Officer approves the award for a period of performance of more than one year (typically three to five years), and continuation amendments to add funding and extend the budget period (or add budget periods if time limited funds) are later approved with less administrative processing by the recipient, the Program Office, and the Grants Office. Multi-year awards also allow the recipient and the operating unit to more reliably plan for future years. The allotment of funding on an incremental basis preserves the ability of the operating unit to discontinue support at points during the period of performance if funding is unavailable or in the interest of the government.

3. Notices of Funding Opportunities. Program Offices must clearly identify in their NOFO when incremental funding is available under the program. The NOFO must clearly state that funding for each year's activity is contingent upon the availability of funds, satisfactory performance, and is at the sole discretion of the operating unit. The NOFO 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 NOFO.

4. Exceptions. Incremental funding is not appropriate for all programs or awards. Grants Officers must exercise good judgment in determining when to approve incremental funding for multi-year awards. Incremental 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; or

b. At the time of award, the total period of DOC support for the project is planned to be less than 24 months. Operating units may apply multi-year procedures to incremental funding for time periods less than a year only if warranted due to program requirements and funding availability. Sufficient justification should be provided to the Grants Officer for this exception to be considered for approval.

5. Duration of Awards. The initial budget period and subsequent continuation amendments extending the budget period should usually be for 12 months. However, the initial budget period may vary from 12 months in order to provide for the continuation of the budget period at an advantageous budget start date, such as the end of the recipient's fiscal year or to coincide with phases of the project contained in the proposal and budget. The recipient has more flexibility in carrying over funds throughout the entire period of performance when no-year appropriations are used to fund the award.

6. Continuation Amendments. The commitment to obligate funding for subsequent budget periods with continuation amendments shall be clearly conditioned upon the availability of funds, satisfactory progress by the recipient and the Program Office's determination that continued funding is in the best interest of the government.

a. The Grants Officer shall execute the amendment after recommendation by the Program Officer that performance under the current budget 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 should be submitted at least 30 days prior to the expiration of the budget period. The amendment shall be executed prior to the expiration of each budget period.

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 budget period if the upcoming budget 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 period of performance.

c. Unobligated balances will automatically be carried over upon the continuation of the budget period. For unobligated balances, the SF-425 (Federal Financial 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 budget period.

d. It is important to distinguish clearly between (1) stopping support of a project by not continuing the budget period with continuation amendments, and (2) termination of an award. The award gives the recipient legal authority to expend the funds awarded. DOC must give recipients due process prior to terminating an award for violation of its terms. Except where required by statute, recipients have no right to a formal appeal process when a continuation is denied because neither the award approval nor extension of a budget period or period of performance gives the recipient any legal entitlement to receive additional funds. Multi-year awards with incremental funding will generally be funded in allotments adding to or continuing the budget period. The new award document (Notice of Award) initially obligates only the first allotment of funds.

D. Preparation of New Multi-Year Award(s)

The following are instructions for the preparation of the Notice of Award and general award conditions for multi-year awards with incremental funding.

1. The Notice of Award for a multi-year award should be prepared in accordance with the guidelines and procedures described in 2 CFR § 200.211 (Information contained in a Federal award).

In order to make it clear that future support is anticipated, the following should be included in the general award conditions:

The period of performance 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 \$_____. Receipt of any prospective funding is contingent upon the availability of funds from Congress, program authority, satisfactory performance, compliance with terms and conditions of the Federal award, 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 prior to the expiration of each year's activities, if possible.

The period of performance for this action is _____ through _____.

Funds are available for obligation from the beginning of the award through the end of the budget period. With each year's amendment to add funds, the budget period is EXTENDED from the date of award, so that by the last year of the award, for example, the 5-year period of performance equals the 5-year budget 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 multi-year awards with incremental funding.

1. As prospective funding becomes available for extended budget periods, the Grants Officer shall notify the recipient of the obligation of prospective funding by issuing an amendment to the award. This should be done prior to the expiration of the current approved budget period.

2. The amendment should include the following terms in the general award conditions:

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.

a. Work to be performed with this funding should correspond to that identified in the original application with any approved revisions. The original application 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 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 budget period.

5. While DOC 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 general award condition(s), the recipient must submit a supplemental application for the amount of the increase along with a new budget and required certifications. 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. 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 DOC's approval or disapproval. If the Grants Officer approves the revised decreased budget, an amendment to the award shall be issued.