

Grants Oversight and New Efficiency Act

ANALYSIS

The Grants Oversight and New Efficiency Act (GONE Act) was signed into law on January 28, 2016¹ in response to the increasing amount of expired grants² in the Department of Health and Human Services’ (HHS) Payment Management System (PMS).

*As of September 30, 2015, the PMS holds approximately **\$994 million** in expired grant funds according to the Government Accountability Office (GAO)³—up from \$600 million in 2003.*

Members of Congress tout the GONE Act as a solution to the ongoing problem of federal departments not closing their grants. In reality, the GONE Act delays implementing a true solution for three to four years while Congress continues to study the issue. Nowhere in the two-page act is a requirement to expedite the closure of expired grants. The only deliverables required by the GONE Act are three reports to Congress between now and 2019 (see table).

GONE Act Deliverables		Deadline
Report #1	Each federal agency to submit to Congress and the Secretary of Health and Human Services a report that: <ul style="list-style-type: none"> • Lists each federal grant held by their agency; • Provides the total number of federal grants, including the number of grants— <ul style="list-style-type: none"> – By time period of expiration; – With zero dollar balances; and – With undisbursed balances; • For agencies with federal grants, describe the challenges leading to delays in grant closeout; and • For the 30 oldest federal grants of each agency, provide an explanation why the grants have not been closed. 	31 DEC 2017
Report #2	The Secretary of Health and Human Services will submit a report to Congress indicating (1) if the expired grants in Report #1 have been closed and (2) which grants have not been closed out.	31 MAR 2019
Report #3	The Director of the Office of Management and Budget (OMB) and the Secretary of HHS shall submit a report to Congress on recommendations (if any) for legislation to improve grants management accountability and oversight, including the timely closeout of federal grants.	30 SEP 2019

¹ Public Law 114-117 (January 28, 2016).

² Expired grants are those beyond a project’s end date but not yet officially closed by the federal government due to delays by either the grantee or the awarding agency. Until grant accounts are closed, the unspent funds remain unavailable for other projects.

³ *Grants Management: Actions Needed to Address Persistent Grant Closeout Timeliness and Undisbursed Balance Issues*, GAO-16-362, April 14, 2016.

PRO(S)

- At least one member of Congress recognized the importance of excessive expired grant balances. Senator Deb Fisher (Nebraska) deserves credit for sponsoring the legislation.
- The GONE Act is a good first step. Congress now recognizes a problem exists.

CON(S)

- Report #1 requests information that is already available. This information could be collected and reported to Congress immediately.
- Report #2 is simply a checklist to show which expired grants were closed and which grants remain open.
- Report #3 asks the OMB Director and the HHS Secretary to suggest legislation that could improve grants management and the grants closeout process. New legislation isn't needed. Regulations in the Uniform Guidance (and previously the OMB Circulars) clearly define the timeline in which closeout should occur and the responsibilities of the awarding agencies and the grantees. Departments need to follow the existing regulations and hold their program officers accountable for closing grants in a timely fashion.
- The Congressional Budget Office estimates that implementing the GONE Act will cost \$8 million between 2016-2020 (approximately \$2 million per year) for additional administrative expenses related to the new reports. How is this possible? Departments already have the staff and the data to prepare the requested reports.

CONCLUSION

Expired grants are not a new problem; three GAO reports since 2008⁴ offer substantial documentation. The GONE Act does nothing to solve this chronic and systemic issue. It generates three more reports and allows members of Congress to claim they did something. Furthermore, the GONE Act did not include any accountability provisions. After three years and three reports, what's next? By the time the first report is submitted in late 2017, a new President, a new Secretary of Health and Human Services and a new Director of the Office of Management and Budget will be in place. Will this issue be a priority for them? It hasn't been a priority since 2008; it's difficult to imagine things will change.

Thoughts? Share them! #FederalReforms Tweet us @thegrantdoctors or post your suggestions on our Facebook page: [facebook.com/thegrantdoctors](https://www.facebook.com/thegrantdoctors)

⁴ GAO-16-362 (April 14, 2016), GAO-12-360 (April 16, 2012) and GAO-08-432 (August 29, 2008).

PUBLIC LAW 114-117—JAN. 28, 2016

GRANTS OVERSIGHT AND NEW EFFICIENCY
ACT

Public Law 114–117
114th Congress

An Act

Jan. 28, 2016
[S. 1115]

To close out expired grants.

Grants Oversight
and New
Efficiency Act.

*Be it enacted by the Senate and House of Representatives of
the United States of America in Congress assembled,*

SECTION 1. SHORT TITLE.

This Act may be cited as the “Grants Oversight and New
Efficiency Act” or the “GONE Act”.

**SEC. 2. IDENTIFYING AND CLOSING OUT EXPIRED FEDERAL GRANT
AWARDS.**

Coordination.

(a) EXPIRED FEDERAL GRANT AWARD REPORT.—

(1) IN GENERAL.—Not later than 180 days after the date
of the enactment of this Act, the Director of the Office of
Management and Budget shall instruct the head of each agency,
in coordination with the Secretary, to submit to Congress and
the Secretary a report, not later than December 31 of the
first calendar year beginning after the date of the enactment
of this Act, that—

List.

- (A) lists each Federal grant award held by such agency;
- (B) provides the total number of Federal grant awards,
including the number of grants—
 - (i) by time period of expiration;
 - (ii) with zero dollar balances; and
 - (iii) with undisbursed balances;

(C) for an agency with Federal grant awards, describes
the challenges leading to delays in grant closeout; and
(D) for the 30 oldest Federal grant awards of an agency,
explains why each Federal grant award has not been closed
out.

(2) USE OF DATA SYSTEMS.—An agency may use existing
multiagency data systems in order to submit the report required
under paragraph (1).

(3) EXPLANATION OF MISSING INFORMATION.—If the head
of an agency is unable to submit all of the information required
to be included in the report under paragraph (1), the report
shall include an explanation of why the information was not
available, including any shortcomings with and plans to
improve existing grant systems, including data systems.

Deadlines.

(b) NOTICE FROM AGENCIES.—

(1) IN GENERAL.—Not later than 1 year after the date
on which the head of an agency submits the report required
under subsection (a), the head of such agency shall provide
notice to the Secretary specifying whether the head of the
agency has closed out grant awards associated with all of

the Federal grant awards in the report and which Federal grant awards in the report have not been closed out.

(2) NOTICE TO CONGRESS.—Not later than 90 days after the date on which all of the notices required pursuant to paragraph (1) have been provided or March 31 of the calendar year following the calendar year described in subsection (a)(1), whichever is sooner, the Secretary shall compile the notices submitted pursuant to paragraph (1) and submit to Congress a report on such notices. Reports.

(c) INSPECTOR GENERAL REVIEW.—Not later than 1 year after the date on which the head of an agency provides notice to Congress under subsection (b)(2), the Inspector General of an agency with more than \$500,000,000 in annual grant funding shall conduct a risk assessment to determine if an audit or review of the agency’s grant closeout process is warranted. Deadline.
Risk assessment.
Determination.

(d) REPORT ON ACCOUNTABILITY AND OVERSIGHT.—Not later than 6 months after the date on which the second report is submitted pursuant to subsection (b)(2), the Director of Office of Management and Budget, in consultation with the Secretary, shall submit to Congress a report on recommendations, if any, for legislation to improve accountability and oversight in grants management, including the timely closeout of a Federal grant award. Consultation.
Recommendations.

(e) DEFINITIONS.—In this section:

(1) AGENCY.—The term “agency” has the meaning given that term in section 551 of title 5, United States Code.

(2) CLOSEOUT.—The term “closeout” means a closeout of a Federal grant award conducted in accordance with part 200 of title 2, Code of Federal Regulations, including sections 200.16 and 200.343 of such title, or any successor thereto.

(3) FEDERAL GRANT AWARD.—The term “Federal grant award” means a Federal grant award (as defined in section 200.38(a)(1) of title 2, Code of Federal Regulations, or any successor thereto), including a cooperative agreement, in an agency cash payment management system held by the United States Government for which—

(A) the grant award period of performance, including any extensions, has been expired for more than 2 years; and

(B) closeout has not yet occurred in accordance with section 200.343 of title 2, Code of Federal Regulations, or any successor thereto.

(4) SECRETARY.—The term “Secretary” means the Secretary of Health and Human Services.

Approved January 28, 2016.

LEGISLATIVE HISTORY—S. 1115 (H.R. 3089):

HOUSE REPORTS: No. 114–264 (Comm. on Oversight and Government Reform) accompanying H.R. 3089.

SENATE REPORTS: No. 114–169 (Comm. on Homeland Security and Governmental Affairs).

CONGRESSIONAL RECORD:

Vol. 161 (2015): Dec. 18, considered and passed Senate.

Vol. 162 (2016): Jan. 11, considered and passed House.





CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

July 31, 2015

S. 1115 GONE Act

*As ordered reported by the Senate Committee on Homeland Security
and Governmental Affairs on June 24, 2015*

S. 1115 would direct federal agencies to prepare reports on their efforts to close out financial accounts for expired federal grants. Information on the *USASpending* website maintained by the Treasury Department indicates that the government has awarded almost \$600 billion annually in grants over the past five years. In 2012, the Government Accountability Office reported that about 80 percent of all grants are provided through the Department of Health and Human Services (HHS) and Treasury payment systems and that undisbursed grants totaled about \$720 million in about 10,000 expired accounts. In 2012, the Office of Management and Budget (OMB) advised that agencies should take appropriate action to close out such accounts in a timely manner.

Under current law, agencies are required to track expired grant accounts. CBO anticipates that under S. 1115, some agencies' workloads would increase slightly. Based on information from OMB and HHS, CBO estimates that implementing S. 1115 would cost \$8 million over the 2016-2020 period, primarily for increased administrative costs related to the new reports; such spending would be subject to the availability of appropriated funds.

Enacting S. 1115 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

S. 1115 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act.

The CBO staff contact for this estimate is Matthew Pickford. The estimate was approved by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.