

An Open Letter to the President and the 115th Congress

February 1, 2017

The Grant Doctors, which represents school districts, local governments, healthcare providers and nonprofit organizations across the U.S., welcomes you to Washington.

As you know, the federal government annually distributes hundreds of millions of dollars in discretionary grant funds to non-federal organizations to address a variety of national priorities. What you might not know is that one step of the federal grant-making process needs to be fixed: closeout after grants end.

Once projects end, regulations require grants to be officially closed within 15 months of their end dates. Any funds remaining in the accounts are either used to fund new projects or they're returned to the Treasury.

As of September 30, 2015, approximately \$994 million, in 8,800 expired grant accounts, is trapped in HHS' Payment Management System according to the GAO¹. More than 3,000 of these grants (amounting to \$495 million) have been expired for three years or longer and are still not closed.

Three GAO reports since 2008² identified excessive numbers of expired grants with unspent balances. Despite numerous recommendations, however, the expired balances continued to increase from \$600 million in 2003 to \$994 million in 2015.

The Grants Oversight and New Efficiency Act (GONE Act) was signed into law in 2016³ to address this problem but it fails to require departments to expedite the closure of their expired grants. The only deliverables required by the GONE Act are three reports to Congress between now and 2019.

We prepared a report that summarizes the GAO's findings and offers a solution. The report can be downloaded here: http://thegrantdoctors.com/federalreforms/16-01_ExpiredFederalGrants.pdf

We encourage you to amend the GONE Act by establishing closeout milestones and accountability measures for department officials and staff. With so many national issues needing attention, it's unacceptable to annually have hundreds of millions of dollars sit idle in expired accounts when those funds could be put to work in our communities.

The Grant Doctors is here as a resource to the President and the 115th Congress. Visit us any time at thegrantdoctors.com or call us at 213-595-0935.

Best regards,

The Grant Doctors LLC

Dave Farley, MPA
Founder & CEO

¹ *Grants Management: Actions Needed to Address Persistent Grant Closeout Timeliness and Undisbursed Balance Issues*, GAO-16-362, April 14, 2016.

² GAO-16-362 (April 14, 2016), GAO-12-360 (April 16, 2012) and GAO-08-432 (August 29, 2008).

³ Public Law 114-117 (January 28, 2016).



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