FREQUENTLY ASKED QUESTIONS ABOUT NO- COST EXTENSIONS

What is a no-cost extension?
A no-cost extension (NCE) is an extension of the grant project period for up to twelve (12) months without the need for prior approval from your Federal Project Officer (FPO). The purpose of the extension cannot:

- Require additional federal funds;
- Change the scope or objectives of the project;
- Be merely for the purpose of exhausting unexpended funds; or
- Be contrary to Federal statute, regulations, or grant conditions.

While the NCE itself does not require prior approval from your FPO, how you use any remaining funds during the NCE does need to be approved. Please refer to the NCE requirements in the NCE email to find out more about the NCE budget approval process.

How long can a NCE last?
A NCE can be requested for up to 12 months.

What do I do if I need additional time beyond the 12 months?
An additional extension beyond June 30, 2013 would need prior approval from the ED Secretary. If a grantee needs additional NCE time (which is rarely necessary), they should contact their FPO at least three months before the end of the NCE to discuss how to request a second NCE. (You can refer to EDGAR 75.511 for the regulation)

Are grantees required to have a SS/HS Project Director during the NCE?
You must have a SS/HS Project Director until the end of the NCE or until all final reports have been submitted and accepted by your FPO. If the number of grant activities is reduced during the NCE and you don't think you will need a full-time PD, please include in your NCE request the reason(s) why you only need a part-time PD.

What are the performance reporting requirements during the no-cost extension period?
You will be required to submit a modified performance report at approximately the midpoint of the NCE. Guidance and instructions for this NCE performance report will be provided to you at a later date.

What regulations apply to the funds carried over to a NCE?
Regulations that currently apply to grant funds also apply to grant funds used during a NCE, i.e., all funds must be used for allowable costs that fall within the approved scope of the grant. Please refer to EDGAR 75.261 for the regulation about the use of carryover of funds. Also remember that all SS/HS grantee GANs have included an Attachment Z. Attachment Z prohibits you from transferring funds between Elements 1,2,3 and Elements 4,5 and restricts your ability to transfer funds within each of the two Element budgets. Please contact your FPO if you have any questions about Attachment Z.

Do I need to submit a budget for the no-cost extension period?
You are required to submit with the NCE request a projected budget that sufficiently details how funds carried into the NCE will be spent. A second and final NCE budget must be submitted within 30 days after the start of the NCE. This second budget should show the actual amount of funds you have for Elements 1,2,3 and Elements 4,5 and provide a detailed accounting of how you propose to use those funds. This second budget must be reviewed and approved by your FPO before any NCE funds are spent.

Is there a minimum financial requirement for evaluation during the no-cost extension year?
Unlike the previous four years, there is not a minimum % of funds that need to be set aside for NCE local evaluation activities. However, it is expected that the local evaluation will cover the full course of the project, from beginning to end, including the NCE. We recommend that you carefully review your grant evaluation contract to ensure that evaluation activities will continue into the NCE, including time for the local evaluator to complete all data collection and analyses and write the final evaluation report. We also recommend that final payment to the local evaluator be contingent upon the completion of an acceptable and comprehensive evaluation report.

When will I receive notification of the NCE?
A new Grant Award Notification (GAN) will be sent to you after the NCE has been entered and processed in the G5 system. This GAN will show the new end date of the grant. You should expect to receive the GAN by July 1, 2012.

When developing the project timeline, when should I plan on submitting our final performance and evaluation reports?
The timeline should include sufficient time for preparing, reviewing and submitting the final reports at the end of NCE.

EDGAR states that final reports can be submitted within 90 calendar days (during the liquidation period) after the end of the project. Why do SS/HS grantees have to submit their final reports at the end of NCE?
EDGAR 74.51(b) does state that final performance reports can be <u>submitted</u> within 90 calendar days after the end of the no-cost extension (NCE). This 90-day period is called the liquidation period during which you can only draw down funds for obligations incurred prior to the end date of the no-cost extension. During the liquidation period, the school district is allowed to finish the processing of payments for items purchased or services provided before the end of the NCE. However, in May 2010 a policy change regarding completion of the final performance report was made. This change requires all grant activities, including the writing of the final evaluation and performance reports, to be completed by the end of the NCE, not within the 90 day liquidation period. This policy change was made because EDGAR 75.703 prohibits the expenditure of grant funds after the end of the project period, i.e., no new encumbrances can be charged to the grant after the NCE ends. If a person were to work on the final performance report after the NCE has ended, grant funds could <u>not</u> be used to pay any person for any work performed during the liquidation period.

Since many Project Directors are responsible for writing and submitting the final performance report, you should plan to have the report completed by the end of the no-cost extension. If a SS/HS grantee decides to write the final report during the liquidation period, SS/HS grant funds <u>cannot </u>be used to pay salary and other related costs