# Flexibilities with Unobligated Funds

Division of Energy Assistance

Office of Community Services

Administration for Children & Families

U.S. Department of Health and Human Services

# Agenda

- Scenarios
  - What Would You Do?
  - Key Points
- Questions

# Scenarios

This section uses group discussion to work together through several scenarios related to unobligated funds.

# What Would You Do?

- What are some different ways you could adjust the program budget, design, or delivery to handle this contingency?

- How can you plan for this contingency in advance, or at least give yourself enough flexibility to deal with it?

# Scenario 1

- It is October, and you have just learned that your state, tribe, or territory will only be receiving **two-thirds** of the funding they received last year.

# Key Points

- Utilize temporary positions to make minimal staff transitions during peak seasons.
- Reduce your expenditures.

# Scenario 2

- It is October, and you have just learned that your state, tribe, or territory will be receiving **twice** the amount of funding they received last year.

# Key Points

- Adjust your benefit matrix (household size, income).
- Allow more money for each program (crisis, weatherization, heating).
- Communicate with your vendors to amend your contracts.
- Increase your expenditures.

# Scenario 3

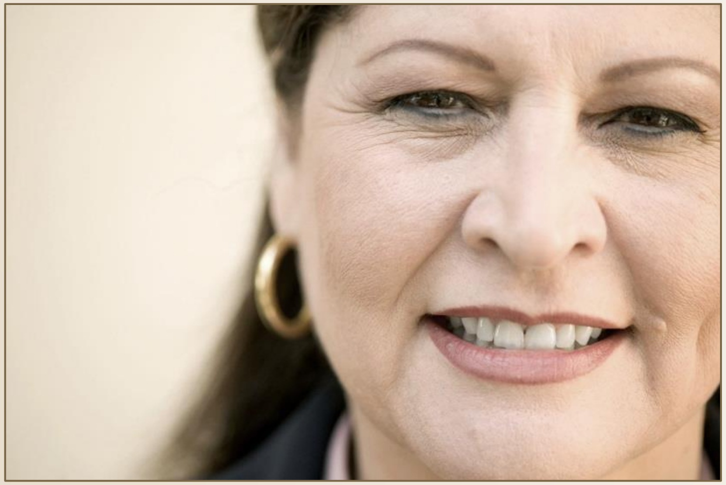
- It is January, and your region experiences a sudden and significant spike in the cost of one or more heating fuels (e.g., propane, natural gas).

# Key Points

- Grantees are going through their benefits quicker due to fuel cost increases.
- Reduce the benefit amount.
- Reduce the number of people served.
- Communicate with the public about these changes – it impacts potential clients.

# Scenario 4

- It is March 1, and you realize that far fewer households applied for heating and/or winter crisis assistance than originally forecasted (your region experienced warmer than average temperatures this winter).



# Key Points

- Plan for the unexpected.

- Communicate openly and often.
  - Talk with your OCS regional liaison.
  - Talk with your financial department at scheduled intervals and as needed.

- Understand the trends that are happening and put contracts in place prior to the end of the federal fiscal year to obligate funds to new providers with those contracts.

# Scenario 5

- It is the end of August, and two of your biggest utilities send an unusually large batch of refunds back to your office. Refunds are from the current Fiscal Year (FY), and you have already obligated the maximum 10% carryover into the next FY.

# Key Points

- Have contingency plans in place and leave some cushion on your carryover.
- Know how your vendors operate.
- Have good written contracts with your vendors to set up when/how you receive refunds so that you can better plan for these types of changes.

# Scenario 6

- On September 15, a very nervous accountant tells you that the fiscal staff failed to obligate a significant amount of LIHEAP funding earlier in the year. These dollars must be obligated by September 30.

# Key Points

- Change accountants! ☺
- <u>Talk with your OCS regional liaison and communicate with your internal staff.</u>
- Hold regular meetings (at least seasonally) with your program and fiscal teams to try and forecast the needs for each season.
- Pre-pay for bulk fuels, when possible.

# Summary

# Main Takeaways

- Talk to your OCS regional liaison as soon as possible.
- Plan for the unexpected.
- Set up effective contracts with vendors.
- Communicate with your internal departments often and have a set schedule.

# Questions?