March 27, 2019

Funding Policy for Section 523 Grants for Fiscal Year 2019

**Renewal of Existing Grantees**

Existing grantees that are performing satisfactorily may renew their grants at a funding level equal to their current grant. Well justified requests to increase a current funding level will be considered. Grant applications will be obligated on a first come, first served basis.

To conserve funds, requests for subsequent grant funds to complete a project and usually associated with a request to extend a grant term, will be considered as provided by funding levels, on a case-by-case basis and only for situations that are beyond the reasonable control of the grantee, such as weather delays. Therefore, it is imperative that budgets and proposals be well developed and realistic. All requests for subsequent grant funds must be accompanied by a well-documented explanation for the need of those funds.

**Replacement and New Grants**

The uncertain funding environment and the ever-changing economy have had an impact on some grantees, resulting in several organizations leaving the Self-Help program. However, interest remains high in the program; therefore, replacement grantees will be allowed in a region where an existing grantee has chosen not to continue with their Self-Help program or has otherwise ceased to operate within the past two fiscal years or who will cease to operate in FY 2019. There is no requirement that the replacement grantee be in the same state as the former grantee; only that it be in the same Technical and Management Assistance (T&MA) region.

T&MA Contractors should advise the Rural Development National Headquarters (HQ) Division when a replacement grantee is identified. T&MA Contractors will need to obtain the standard letter from HQ to begin work with prospective replacement organizations. Prior HQ approval for replacement grantee funding that exceeds the amount remaining from the outgoing grantees funding is required.

**Obligation of Funds**

The National Office will obligate all Section 523 grants. For grants under $300,000 the following must be submitted:

1. Completed Form RD 1940-1 "Request for Obligation for Funds."
2. State Office analysis and recommendation.
3. T & MA contractor review and recommendation.
4. Draft letter of conditions, if any.

For grants $300,000 or more, the entire case file along with the above documentation must be submitted.

All request must be submitted no later than September 6, 2019 to be considered for funding in FY2019.