

Unified Government of Wyandotte County/Kansas City, Kansas  
Division of Housing and Community Development  
**Federal Emergency Solutions Grant (ESG) Recapture and Reallocation Policy**

**Section I: Introduction**

The Unified Government Community Development Department (UG) administers Federal Emergency Solutions Grant (ESG) funds received from the U.S. Department of Housing and Urban Development (HUD) to assist homeless individuals and families or those at risk of becoming homeless. The UG sub contracts with non-profit community organizations to implement homeless services programs throughout Wyandotte County.

**Section II: Federal Regulation**

Community Development is responsible for assuring that allocated Federal ESG funds are expended according to HUD regulatory requirements as specified by **24 CFR Part 576 Emergency Solutions Grants Program; McKinney-Vento Homeless Assistance Act** which states:

*§576.203 Obligation, expenditure, and payment requirements.*

(b) *Expenditures.* The recipient must draw down and expend funds from each year's grant not less than once during each quarter of the recipient's program year. All of the recipient's grant must be expended for eligible activity costs within 24 months after the date HUD signs the grant agreement with the recipient. For the purposes of this paragraph, expenditure means either an actual cash disbursement for a direct charge for a good or service or an indirect cost or the accrual of a direct charge for a good or service or an indirect cost.

(c) *Payments to subrecipients.* The recipient must pay each subrecipient for allowable costs within 30 days after receiving the subrecipient's complete payment request. This requirement also applies to each subrecipient that is a unit of general purpose local government.

**Section III: Recapture and Reallocation Procedures**

The Director of Community Development will have final discretion for all procedures listed in this policy statement.

In the event that there have been no expenditures/reimbursements or a slow expenditure/reimbursement pattern during the timeframe from October 1st - September 30th of the selected two-year grant period, the following recapture and reallocation process will occur as necessary for the Federal ESG:

1. A written notification will be submitted to the subrecipient
2. If no expenditures/reimbursements or a slow expenditure/reimbursement pattern continues, a second written notification will be submitted to the subrecipient

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3. If the no expenditures/reimbursements or slow expenditure/reimbursement pattern persists, the recapture and reallocation process will automatically begin approximately 60 days after the second written notification has been sent to the subrecipient
4. A subrecipient must have expended and requested reimbursement for a minimum 75% of the grant award by April 30th of the grant ending year, or the recapture and reallocation process will automatically begin **May 1<sup>st</sup>**  
*\*Noted in ESG Application*
5. If at any time during the two-year grant period, a subrecipient voluntarily relinquishes claim to its' awarded Federal ESG funds, the Department of Community Development will notify the subrecipient of the acceptance of such actions. Funds will then immediately be made available to other qualifying organizations.
6. Federal ESG funds will made available to agencies that have met their expenditure rate for the reallocated grant term year based on the percentage of expenditures reimbursed and approved.
7. If funds are recaptured, next year's Grant will be reduced by 50% of the recaptured amount (if \$10,000 is recaptured, next year's Grant will be reduced by \$5,000).  
*\*Noted in ESG Policy and Procedure Manual*
8. Subrecipients contract amendments will be developed as needed to expend recaptured Federal ESG funds before the end of the grant period.

*\*Note: Written notifications consist of letter and email form.*

**Section IV: Justification of Procedures**

These procedures are necessary, as Community Development must allow sufficient time to: a) notify the subrecipient of the recapture process; b) announce available funds to be reallocated to other qualifying organizations; c) redistribute recaptured funds; and d) process the expenditure of and/or submission of reimbursement requests.

*\*Noted in ESG Policy and Procedure Manual*

**Section V: Annual Performance Reports**

All subrecipients in receipt of Federal ESG funds must submit an annual performance report (APR) for each grant awarded. The submission of a report is required even if there have been no reimbursement requests for the grant period. In the event that a subrecipients awarded funds are recaptured, an annual performance report must still be submitted. The failure of a subrecipient to submit a report will result in the repayment of previously reimbursed expenditures and/or the disqualification from future ESG funding.

**Section VI: Monitoring of Federal Emergency Solutions Grants Program Expenditures**

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The expenditure/reimbursement pattern of all awarded Federal ESG funds for subrecipients will be reviewed quarterly or as needed by the Program Coordinator using the Integrated Disbursement and Information System (IDIS).

Reimbursement requests by subrecipients **should be submitted monthly or at a minimum quarterly** after notification from the Program Coordinator that the contract/agreement process has been completed. Further consideration will be given to subrecipients that are unable to submit monthly reimbursement requests as a result of decreased service delivery or other organizational changes deemed reasonable.

It is the responsibility of the subrecipient to communicate changes in service delivery or other unexpected organizational changes to the Program Coordinator. The subrecipient is to notify the Program Coordinator immediately after it has determined that awarded funds will not be expended before the end of the two-year grant period; and of other issues that are impacting program expenditures/reimbursement requests.

**Section VII: Future Funding Cycles**

A subrecipient with a history of no and/or slow expenditures, reimbursements and reporting patterns may be excluded from or receive decreased ESG allocations in future funding cycles.