



DEC 04 2017

VETERANS' PROGRAM LETTER NO. 03-18

TO: ALL COMPETITIVE GRANTEES
ALL VETERANS' EMPLOYMENT AND TRAINING SERVICE
STAFF

FROM: MATTHEW M. MILLER
Deputy Assistant Secretary, Policy

A handwritten signature in blue ink, appearing to read "Matthew M. Miller", written over the printed name and title.

SUBJECT: Grant Modification Request Due to Unanticipated Circumstances
Resulting in Poor Performance

- I. **Purpose:** To provide guidance to the U.S. Department of Labor Veterans' Employment and Training Service's (VETS) homeless veterans programs grant recipients and to Directors for Veterans' Employment and Training (DVETs) serving as the Grant Officer's Technical Representatives (GOTRs) regarding the submission of modification requests to account for unanticipated circumstances beyond the reasonable management control of the grant recipient.
- II. **References:** Title 38, United States Code, Sections 2021, 2021A, and 2023 Code (38 U.S.C. § 2021, 2021A, and 2023).
- III. **Background:** The Homeless Veterans' Reintegration Program (HVRP) is authorized under 38 U.S.C. 2021. The Homeless Female Veterans and Veterans with Families Program (HFVWWF) is authorized under 38 U.S.C. 2021A. The Incarcerated Veterans' Transition Program (IVTP) is authorized under 38 U.S.C. 2023. HVRP, HFVWWF, and IVTP (collectively referred to as "homeless veterans programs") are the primary programs through which VETS administers grant funding to support employment opportunities for homeless veterans and veterans at risk of homelessness. VETS requires applicants for competitive grants from the homeless veterans programs to propose expected outcomes and outputs on critical performance indicators which may relate to such performance levels or goals as the number of enrollments, overall placement rate, hourly wage at placement, and placement rate for the chronically homeless.

VETS views the process of establishing and revising levels of performance for the critical performance indicators as a way to promote performance accountability and continuous improvement.

VETS expects performance levels or goals for the critical performance indicators to be both challenging and realistic for each competitive grant recipient in light of the economic situation for its service area and the needs of its homeless veteran client population. As stated in the grant award package for the homeless veterans programs, planned performance on each critical indicator is a deliverable that should remain unchanged during the grant period of performance.

However, in rare instances a grant recipient may face extreme unanticipated circumstances during the implementation of its award that prevent the grant from achieving its planned deliverables. While many unanticipated circumstances fall within the reasonable management control of the grant recipient, there are limited instances where these circumstances are especially compelling, fall outside the reasonable management control of the recipient, and jeopardize the success of the grant. In order to account for these extreme adverse impacts, VETS developed this guidance for grant recipients to use when requesting grant modifications to adjust planned targets on the performance indicators and to make corresponding changes to deliverables such as population targets, planned program activities, project staffing, and budgets.

Grant recipients that are not achieving planned quarterly performance goals and that do not receive a grant modification, or that fail to attain their modified performance goals, may be subject to a corrective action plan (CAP). Grant recipients may also be subject to special terms and conditions.

- IV. **Policy on Requesting Revisions:** VETS views the process of establishing and revising planned levels of service and performance outcomes for competitive grants as a way to promote performance accountability and continuous improvement. VETS expects a request for revisions to planned levels to be submitted as soon as possible after the start date or identification of the compelling circumstance that is beyond the reasonable management control of the grant recipient. VETS will only consider modification requests that are submitted to the GOTR no later than 45 days after the start date or identification date of the compelling circumstance. In the event the compelling circumstance occurred prior to the issuance of this guidance, the due date is 45 days from the date this guidance was issued.

NOTE: Only those revision requests submitted to VETS by March 10th each year or on the workday before the 10th if the 10th occurs on a non-business day will be considered when determining a grant's eligibility for the option year award. The submission deadline is March 9, 2018, for the program year (PY) 2018 option year award application process.

- V. **Compelling Circumstances Beyond the Reasonable Management Control of the Grant Recipient:** A compelling circumstance beyond the reasonable management control of the grant recipient is defined as an unanticipated event jeopardizing the successful attainment of grant deliverables despite all reasonable efforts to avoid these negative consequences.

Examples of compelling circumstances that may be beyond the reasonable management control of the grant recipient are:

- A delay of 60 days or more in the receipt of federal funds;
- Acts or omissions of civil authorities resulting in delay of 60 days or more in obtaining needed licensing or certifications to operate the program;
- Natural or man-made disasters;
- Terrorist attacks, wars, riots and situations of extreme civil unrest;
- Economic crisis, severe downturn in the economy, and mass layoffs occurring in the current grant project service area;
- Significant delays or interruptions affecting the availability of public services, including transportation;
- A technical correction which was needed when a planned goals chart with an error was inadvertently approved during the application review process; and
- Other unforeseen circumstances beyond the reasonable control of the grant recipient.

A complete written justification is needed to document modification requests due to unforeseen circumstances. The written justification must include events or circumstances resulting in the identification of the unforeseen circumstance, an explanation of why the unforeseen circumstance was not identified previously, and the actions taken by the grant recipient to avoid the negative consequences.

The grant signatory authority, or his or her authorized representative, must notify the GOTR of these compelling circumstances in writing as soon as possible and not later than 45 days after the start of the compelling circumstance. The grant recipient must also submit a request to modify the terms of its grant award in order to adjust performance expectations detailed in its VETS-700 form, "Competitive Grants Planned Goals Chart," (OMB Control No. 1293-0014) for the affected quarters. These requests are limited to grant underperformance resulting from compelling circumstances beyond the reasonable management control of the grant recipient.

- VI. Modification Request to Address the Effects of the Compelling Circumstance:** Each grant recipient seeking a revision to its grant terms and conditions must develop and submit a written modification request to the GOTR assigned to its grant. To be considered, the request must be submitted to the GOTR within 45 days of the start date or identification date for the compelling circumstance that is beyond the reasonable management control of the grant recipient. The request must come from the authorized grant signatory or his or her designated authorized representative.

The modification request must include:

- a) A correspondence from the authorized representative for the grant requesting revisions to planned performance expectations:

- The correspondence must describe the circumstances beyond the control of the grant recipient that seriously impaired the grant recipient’s ability to perform successfully;
- The grant recipient shall provide clear and persuasive evidence of the compelling circumstance beyond the reasonable management control of the grant recipient, when the circumstance started or was identified, its actual or anticipated duration, and how the circumstance adversely affected the performance of the grant award;
- A complete written justification is needed in the correspondence to support any unforeseen circumstances. The correspondence must also include events or circumstances resulting in the identification of the unforeseen circumstance, an explanation of why the unforeseen circumstance was not identified previously, and the actions taken by the grant recipient to avoid the negative consequences.

The correspondence must include a request to make appropriate adjustments to performance targets detailed in its VETS-700 planned goals form and corresponding changes to funding and/or programmatic changes to its current grant award to account for the compelling circumstances beyond the reasonable management control of the grant recipient.

b) Required attachments to the correspondence:

- A revised Competitive Grants Planned Goals Chart (VETS-700), including a narrative for each revised quarterly target, describing the rationale for how the revised levels were determined;
- A modified Application for Federal Assistance SF-424, if appropriate;
- A modified Budget Information—Non-Construction Programs SF-424A form, if appropriate;
- A modified budget narrative, if appropriate, including descriptions for direct costs; and
- A modified Project Narrative.

VII. GOTR, Regional Administrator, and Grant Officer Responsibilities:

a) The GOTR reviews the modification request to ensure:

- The request was submitted to the GOTR within 45 days of the start date or identification date of the compelling circumstance that is beyond the reasonable management control of the grant recipient;
- The required correspondence and attachments or enclosures are part of the submission;
- The transmittal correspondence was submitted by an authorized representative for the grant award; and
- The transmittal correspondence includes a description of the compelling circumstances beyond the reasonable management control of the grant recipient,

including information on when the circumstance started, its actual or anticipated duration, how the compelling circumstance adversely affected the performance of the grant award, and actions taken by the grant recipient to avoid the negative consequences. The written justification must also include events or circumstances resulting in the identification of the unforeseen circumstance, and an explanation of why the unforeseen circumstance was not identified previously.

- b) The GOTR reviews the submitted request for modification and attachments to determine if the grant underperformance resulted from compelling circumstances beyond the reasonable management control of the grant recipient. If the GOTR determines the circumstances are within the reasonable management control of the grant recipient, then the GOTR should skip item c below and go to item d.

If the GOTR agrees that compliance with the planned performance targets was impeded and the underperformance was due to factors beyond the reasonable management control of the grant recipient, then the GOTR may recommend approval of the modification request.

- c) The GOTR reviews the required attachments or enclosures to ensure completeness, consistency and reasonableness of the proposed changes. The GOTR must contact the grant recipient if one or more of the proposed modifications are considered unreasonable by the GOTR. The GOTR must work with the grant recipient to establish reasonable revisions to performance targets, costs and associated activities. The purpose of the negotiation is to assure the highest return from the investment of federal funds given the unforeseen circumstances beyond the reasonable management control of the grant recipient.
- Competitive Grants Planned Goals Chart (VETS-700). The values entered onto this form must be consistent with the narrative explanation(s) accompanying this form. The GOTR must also review the modified values to ensure reasonableness.
 - SF-424, Application for Federal Assistance. This form must contain an original signature reflecting the original start and end date (block 17) of the grant, the reduced amount of funds for the award (block 18), if applicable, and changes to grant recipient information, if applicable.
 - SF-424A, Budget Information. This form shows the four (4) quarters of funding. The funding on the SF-424A must crosswalk and equal the funds requested on the SF-424. There will be no carryover funds. All funds must be obligated by the last day of the grant award.
 - Budget Narrative. The narrative must describe and justify each cost item in the modified budget. Costs must be necessary, reasonable and allocable to the grant award in order to be allowable.
 - Project Narrative. The modified technical narrative must be consistent with the modified VETS-700 form, the budget and budget narrative.

- d) The GOTR prepares a memorandum recommending or not recommending approval of the modification request for the Regional Administrator's concurrence. The memorandum must be addressed to the Grant Officer through the Deputy Director of National Programs. The Regional Administrator may change the GOTR's recommendation based on his or her analysis of the modification request package and review of the GOTR's recommendation and supporting assessment. The memorandum forwarded to the Grant Officer must describe the analysis supporting the resulting recommendation. The Regional Administrator will forward the signed memorandum to the Office of National Programs (ONP).
- e) ONP will review the modification request package submitted by the Regional Administrator and make a recommendation to the Grant Officer. The Grant Officer is responsible for: final review and approval for all modification requests, generation of formal notices sent to the grant recipient, and notifying the Department's accounting office of changes to funding levels.
- f) If the modification request is approved by the Grant Officer, then all performance-related non-compliance findings resulting in required corrective action for the affected quarters may be removed by the GOTR with the concurrence of the Regional Administrator.

NOTE: The Grant Officer is responsible for final approval once the Regional Administrator has provided his/her recommendation. The Grant Officer has final discretion to approve or disapprove modification requests, consistent with this guidance.

- VIII. **Actions Required:** VETS expects a request for revisions to planned levels to be submitted by a grant recipient to its GOTR as soon as possible after the identification of the compelling circumstance that is beyond the reasonable management control of the grant recipient. VETS will only consider modification requests that submitted to the GOTR no later than 45 days after the start date or identification date of the compelling circumstance.
- IX. **Inquiries:** Questions should be referred to the appropriate GOTR. The GOTR should contact their Regional Administrator. The Regional Administrator should contact VETS' National Office, Competitive Grants' Lead.
- X. **Expiration Date:** To be reviewed for relevance on or before October 2020.