

---

**Office of Community Services**

**Information Memorandum**

U.S. Department of Health and Human Services  
Administration for Children and Families  
Office of Community Services  
Division of State Assistance  
370 L'Enfant Promenade, S.W.  
Washington, D.C. 20447

---

**Transmittal No. 5**

**Date: March 9, 2004**

---

TO: State Agency recipients of special Social Services Block Grants (known as "EZ/EC SSBG funds" and "OCS EZ/EC Grants") for activities in Round One Empowerment Zone Project Areas, Enterprise Community Project Areas and Conversion Site Areas

Managers of community revitalization projects in Round One Empowerment Zone (EZ) Project Areas, Enterprise Community (EC) Project Areas and Conversion Site (CS) Areas

SUBJECT: Guidance to State agencies and local-level EZ, EC and CS project lead entities about "Close Out" of OCS EZ/EC SSBG Grants.

RELATED  
REFERENCES:

Omnibus Budget Reconciliation Act of 1993  
(Pertinent parts are codified at 42 U.S.C. Section 1387f)

U.S. Department of Health and Human Services Block Grant Regulations (45 C.F.R. Part 96)

Previous guidance for States and local-level entities concerning the OCS EZ/EC Grants

OCS Internet page at  
<http://www.acf.hhs.gov/programs/ocs/ez-ec/index.htm>

DEFINITIONS: OCS EZ/EC Grants -- Special Social Services Block Grants that the Federal Office of Community Services (OCS) awarded to specific State agencies to support community revitalization activities in EZ Project Areas, EC Project Areas and CS Areas. Round One Empowerment Zones and Enterprise Communities Program -- A Federal program managed jointly by the U.S. Department of Health and Human

Services, the U.S. Department of Agriculture and the U.S. Department of Housing and Urban Development. The program provides flexible grant funding (OCS EZ/EC Grants), Federal tax incentives and other assistance to encourage comprehensive revitalization in specified urban and rural places.

Round One EZ or EC Project Area -- A geographic area selected by the Federal government in 1994 for participation in the Round One EZ and EC Program.

Conversion Site Area -- A geographic area that was a Round One EZ or EC Project Area from December 1994 until January 1, 2002. These areas were reclassified as "Conversion Site Areas" when the U.S. Department of Housing and Urban Development announced the Renewal Community Program.

Obligation -- Orders placed, contracts and subcontracts awarded, goods and services received, and similar transactions during a given period that will require payment by the grantee during the same or a future period.

Outlays -- (Expenditures) Charges made to the project or program. They may be reported on a cash or accrual basis. For reports prepared on a cash basis, outlays are the sum of actual cash disbursement for direct charges for goods and services, the amount of indirect expense incurred, the value of in-kind contributions applied, and the amount of cash advances and payments made to contractors and subgrantees. For reports prepared on an accrued expenditure basis, outlays are the sum of actual cash disbursements, the amount of indirect expense incurred, the value of in-kind contributions applied, and the new increase (or decrease) in the amounts owed by the grantees for goods and other property received, for services performed by employees, contractors, subgrantees, subcontractors, and other payees, and other amounts becoming owed under programs for which no current services or performance are required, such as annuities, insurance claims, and other benefit payments.

Unliquidated Obligation -- For reports prepared on a cash basis mean the amount of obligations incurred by the grantee that has not been paid. For reports prepared on an accrued expenditure

basis, they represent the amount of obligations incurred by the grantee for which an outlay has not been recorded.

BACKGROUND: The Office of Community Services (OCS), Administration for Children and Families (ACF) is the lead agency in the U.S. Department of Human Services for community-based human development services. Its mission is to increase the capacity of individuals and families to become more self-sufficient and to help build, revitalize and strengthen their communities. It administers the Community Services Block Grant, the Social Services Block Grant, Urban and Rural Community Economic Development project grants, Assets for Independence "Individual Development Account" project grants, the Compassion Capital Fund and a number of other programs that support community building, asset development and job creation activities for low-income people.

OCS is particularly interested in assisting States and local-level organizations that manage efforts in EZ, EC and CS Project Areas to provide supportive services that help low-income families become economically self-sufficient.

OCS collaborates closely with the U.S. Department of Agriculture (USDA) and the U.S. Department of Housing and Urban Development (HUD) to administer the overall Round One EZ and EC Program. In 1994-1995 OCS awarded \$1,000,000,000 in OCS EZ/EC Grant Funds to States in support of comprehensive community revitalization activities in the 104 localities that were designated as Federal EZ or EC Projects areas.

The Terms of the OCS EZ/EC Grants stipulate that the project periods will expire on December 21, 2004. A copy of the Terms and Conditions is attached to this memorandum.

CONTENTS: This memorandum provides guidance about the "Close Out" process and related matters.

CLOSE OUT PROCEDURE: Grantee State agencies are to implement a grant close out procedure that is consistent with the procedure used for its own grants.

FINAL  
AUDIT:

A final audit is required to the extent that the State grantee agency requires an audit at close-out of its own grants, or that the State implementing agency has authority to require an audit and chooses to require one.

OCS/ACF highly recommends that the State grantee agency should conduct a review all uses of the OCS EZ/EC SSBG funds prior to the close-out process to ensure that the EZ/EC lead entities and other sub-recipients have used the funds for allowed projects and activities.

DISPOSITION  
of ASSETS  
FINANCED WITH  
GRANT FUNDS:

State grantee agencies are encouraged, to the extent allowed by State law and procedure, to enable the EZ/EC or CS lead entities to continue using any asset, including real property, that it acquired with the OCS EZ/EC SSBG grants and that it owns as of December 21, 2004, for purposes consistent with the authorizing legislation.

It is anticipated that, any asset, including real property, that was financed in whole or in part with OCS EZ/EC SSBG funds but is owned by an organization other than the local EZ/EC or CS lead entity as of December 21, 2004, will remain the property of that organization and will remain available for purposes consistent with the authorizing legislation.

DISPOSTION  
of  
UNLIQUIDATED  
OBLIGATIONS:

All amounts reported on the final report (Standard Form 269) as "unliquidated obligations" as of the end of the grant close out period must be remitted to the U.S. Department of Health and Human Services / Administration for Children and Families via check from the State, of if the funds are not drawn down, via a negative grant award.

CLOSE OUT  
PERIOD:

The State grantee agency may implement grant close out starting no later than December 21, 2004 and ending no later than June 21, 2005.

The State grantee agency may continue to draw down funds during the close out period to liquidate an obligation that was properly incurred by the local EZ/EC or CS project lead entity prior to December 21, 2004.

FINAL REPORT:

The State grantee agency is required to submit a completed federal Financial Status Report form (Standard Form-269) for each Empowerment Zone and Enterprise Community supported with an OCS EZ/EC SSBG grant.

FINAL REPORT  
DUE DATE:

States are required to submit the final report for each EZ and EC project by June 21, 2005, unless the grant period or close out period is extended.

EXTENSIONS  
of Due DATES:

ACF will accept written requests from the State grantee agency to extend the grant close out period for up to 180 days. Extension requests should include specifying the time for the extension and the reasons why more time is needed. Submit extension requests to the Office of Mandatory Grants at the address below.

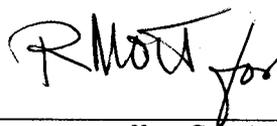
REPORT  
SUBMISSION  
and  
EXTENSION  
REQUESTS:

Send Final Reports and Requests for Extension of the close out period to:

ATTN: Joseph Lonergan  
Administration for Children and Families  
Office of Mandatory Grants  
Aerospace Building, 4<sup>th</sup> Floor  
370 L'Enfant Promenade, S.W.  
Washington, D.C. 20447

INQUIRIES: Please direct inquiries to:

Wallace Lumpkin  
Office of Community Services  
Administration for Children and Families  
U.S. Department of Health and Human Services  
370 L'Enfant Promenade, S.W., Room 500 West  
Washington, D.C. 20447  
Telephone (202) 401-5111  
E-mail [wlumpkin@acf.hhs.gov](mailto:wlumpkin@acf.hhs.gov)



---

Clarence H. Carter  
Director  
Office of Community Services