

# EMERGENCY FOOD AND SHELTER PROGRAM

of Houston/Fort Bend and Harris Counties  
and Waller County



## Local Board Handbook for Phase 42 and Any Concurrent Phases

The Emergency Food and Shelter Program (EFSP) was created in 1983 to supplement and expand the work of local social service agencies, both nonprofit and governmental, in an effort to help people with economic emergencies (not disaster-related [i.e., fires of any kind, floods, tornadoes, etc.] emergencies). Therefore, EFSP funds are not to be used to provide emergency assistance for circumstances that are the immediate result of a disaster situation. EFSP funds may be used to provide economic assistance in the long term, even if the current circumstances may have been impacted by an earlier disaster occurrence. The EFSP funding is open to all organizations helping hungry and homeless people. EFSP funds must be used to supplement feeding, sheltering (including transitional sheltering) and rent/mortgage and utility assistance efforts only.

EFSP is governed by a National Board that selects jurisdictions for funding. Local Boards are convened in those qualifying jurisdictions to determine the highest need and best use of funds and to select Local Recipient Organizations (LROs) that will provide emergency food and shelter services. Each year, needs are to be assessed in an effort to respond to changes in the community.

This handbook serves as a guide that will be used in conjunction with the Phase Manual released by the National Board. The handbook serves the Local Board for the Houston/Fort Bend/Harris County (782800) and Waller County (843200) jurisdictions. It will be reviewed and signed by the Board Chair annually. Amendments can be made as needed throughout the year, but quorum must be present for all changes or additions to the handbook.

A handwritten signature in black ink that reads "Eric S. Kulbeck".

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Local Board Chair Signature

## EFSP Local Board Policies and Procedures

This handbook serves as a guide that will be used in conjunction with the Phase Manual and addendums released by the National Board. The handbook serves the Local Board for the Houston/Fort Bend/Harris County (782800) and Waller County (843200) jurisdictions. It will be reviewed and signed by the Board Chair annually.

### Local Board Leadership Roles

The below roles will be voted on at the first meeting of the calendar year. These roles will serve for one calendar year.

- Local Board Chair
- Local Board Vice-Chair
- Local Board Coordinator

For the Phase 42 and any concurrent phases, the below roles have been voted on and will be filled by:

Local Board Chair	Eric Kulbeck (Phase 41, Phase 42), Maria Magee (Phases 39, ARPA-R, & 40)
Local Board Vice-Chair	
Local Board Coordinator	Alliance of Community Assistance Ministries, Inc. (ACAM)

### Local Board Required Seats

A local representative of the agencies listed below will be invited to sit on the board at the beginning of the calendar year by the Local Board Coordinator. Proper documentation of all invitations must be kept by the Local Board Coordinator to document that appropriate outreach was conducted for involvement in the EFSP Local Board. If a local agency of the below entities is not available, refer to the active Phase Manual released by the National Board for insight for appropriate alternates.

Additional seats could be added, however, once these seats have been accepted, they or their alternates will act as the quorum for the calendar year and will require in-person or telephone attendance at all Local Board meetings for voting.

- American Red Cross
- Catholic Charities
- Federal Emergency Management Agency (The highest-ranking government official or their designee will replace the FEMA Member.)
- Homeless or Formerly Homeless Representative
- National Council of the Churches of Christ
- The Jewish Federation
- The Salvation Army
- United Way

For Phase 42 and any concurrent phases, the Local Board Required Seats will be filled by the below:

American Red Cross	TBD
Catholic Charities	Cynthia Colbert, Monica Perez

Government Official – Harris County	Tasha Hicks
Homeless/Formerly Homeless Representative	Tracy Del Rio
Interfaith Ministries for Greater Houston (NCCC replacement)	Terry Merriett, Maria Magee
The Jewish Federation	Jackie Fisherman
The Salvation Army	Rob Webb, Robert Stutts
United Way	Allison Holden,

Each award phase is new; therefore, the Local Board is a new entity in every phase. The convener of the Local Board must ask each National Board designated agencies to designate or re-designate a representative every program year. Other invited agencies must also designate or re-designate a representative each year. Each agency represented on the Local Board should have an alternate from their agency to attend meetings when the designated board member is unable to attend. The members of the Local Board must elect a chair each award Phase.

At all meetings of the Local Board, the presence of a majority of the members shall be necessary and sufficient to constitute a quorum for the transaction of business. The act of a majority of the members present at a meeting at which a quorum is present shall be the act of the Local Board. Meetings of the Local Board may be held by means of a remote electronic communications system. The Board shall keep regular minutes of its proceedings.

Agencies are represented on Local Boards and each agency is entitled to one vote. Each agency must name a representative to the Local Board although other individuals may also attend meetings. When voting, only the official representative (or designated alternate) may vote on behalf of the organization.

Local Board members must abstain from voting on award applications for their own agency. Local Board members do not have to abstain from voting on award applications based on religious or other affiliations.

### Local Board Additional Seats

In an effort to expand and broaden community input, local government representation of the areas encompassed by the Houston/Fort Bend/Harris County (782800) and Waller County (843200) jurisdictions and other community partners will be invited annually to sit on the board at the beginning of the calendar year by the Local Board Coordinator. Proper documentation of all invitations must be kept by the Local Board Coordinator to document that appropriate outreach was conducted for involvement in the EFSP Local Board.

The below seats will be invited by the Local Board Coordinator. They or their alternates will require in-person or telephone attendance at all Local Board meetings to exercise their vote on EFSP matters.

- City of Pasadena
- Fort Bend County
- Waller County
- Coalition for the Homeless

For the Phase 42 and any concurrent phases, the Local Board Additional Seats will be filled by:

Fort Bend County	Shannon Gore, Carol Borrego
Waller County	Eric Kulbeck

Coalition for the Homeless	Renee Cavazos, Angel Garmon
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### Local Board Meeting Frequency

The National Board requires Local Boards to select one of the following options for meetings during the Phase and specify such in the required materials (Local Board Plan Certification and Final Report submission). Meetings may be conducted via conference calls. The Local Board will vote on the meeting frequency and dates for the calendar year at the first Local Board meeting of the calendar year.

- QUARTERLY MEETINGS: The National Board encourages Local Boards to meet quarterly to monitor the program and ensure LROs are implementing the program according to guidelines.
- SEMI-ANNUAL MEETINGS: Local Boards electing to meet semi-annually must also monitor the program and ensure LROs are implementing the program according to guidelines. Local Boards electing to hold meetings semi-annually must submit copies of their meeting minutes with the jurisdiction’s Final Report. Failure to return this information may result in the delay of any future funding to the jurisdiction.

The local board will meet quarterly, but not less than semiannually, generally on the third Wednesday of the month:

February	February 19, 2025
May	May 21, 2025
August	August 20, 2025
October	October 15, 2025

### Local Board Funding Priorities

The Local Board will only fund those activities deemed eligible by the EFSP National Board. Identifying local priorities will assist the Local Board in disseminating the EFSP funds to supplement and expand the work of local social service agencies, both nonprofit and governmental, in an effort to help people with economic emergencies (not disaster-related [i.e., fires of any kind, floods, tornadoes, etc.] emergencies).

Local Board Funding Priorities will be voted on at the first meeting of the calendar year and will be in effect for the calendar year. These priorities will assist the local board in prioritization for award and reallocation funding.

Eligible EFSP Activities are:

- Mass Shelter
- Other Food
- Rent/Mortgage Assistance
- Served Meals
- Utility Assistance
- Administration (reserved for the Local Board)

For the Phase 42 and any concurrent phases, the Funding Priorities are:

1 - Homelessness Prevention (Rent/Mortgage, Utility Assistance)	50%
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2 – Food (Other Food, Served Meals)	30%
3 – Emergency Shelter (Mass Shelter)	18%
4 - Administration	2%

### Coordination of Services

In order to coordinate services within our jurisdiction, Local Recipient Organizations (LROs) that provide Mass Shelter, Rent/Mortgage Assistance, and/or Utility Assistance are required to use the Homeless Management Information System (HMIS). The Coalition for the Homeless (CFTH) manages and coordinates the training and upkeep of this system. All local agencies receiving funds for Mass Shelter, Rent/Mortgage Assistance and/or Utility Assistance must abide by the business rules and requirements of having access to the HMIS. Information must be entered into the HMIS within 48 hours of service provision.

Shelter projects funded by the Emergency Food and Shelter Program (EFSP) are encouraged to collaborate directly with The Way Home CoC, led by the Coalition for the Homeless, to align with local practices and promote low-barrier access to crisis services such as shelter. To ensure seamless access to Homeless Prevention resources, the CoC Coordinated Entry (CE) process will partner with EFSP-funded Homeless Prevention projects, incorporating or defaulting to the region's standardized screening and intake process.

Those agencies specifically identified as Domestic Violence Service Providers are exempt from the HMIS requirement, however, they should use a comparable database for the expenditure categories of Mass Shelter, Rent/Mortgage Assistance and Utility Assistance as necessary.

Please visit <https://www.cfthhouston.org/hmis-v2> to review information about HMIS, register for trainings, and establish EFSP funded programs.

### Application and Award Threshold Amounts

Applicants must apply for no less than a total of \$20,000 and that the total award after scoring shall not be less than \$10,000. (Note: Organizations are encouraged to apply for more than \$20,000, as the allocation methodology may cause applications for \$10,000 to fall below the threshold and be disqualified.)

### Applicant Requirements

Applicants must be official partners with The Way Home CoC. To learn more about becoming a partner, visit <https://www.cfthhouston.org/thewayhome>. All partners are required to comply with applicable CoC and HMIS policies, procedures, and requirements, which include, but are not limited to:

- Adhering to the CoC and HMIS Participation Agreement provisions, such as privacy, confidentiality, and data quality standards.
- Maintaining active Memorandums of Understanding (MOUs) with the HMIS Lead Agency (CFTH).

As required by The Way Home CoC, all applicants must ensure compliance with the HMIS Data Standards and meet the following HMIS requirements:

1. Data entry must be completed within the timeframes outlined in the HMIS Data Quality Plan.
2. Training and certification of all HMIS users must occur prior to accessing HMIS.

3. Participation in periodic HMIS monitoring and data quality checks is mandatory, and results will be considered during the application scoring process.
4. Agencies must designate at least one active HMIS liaison to attend all HMIS-related trainings and forums hosted by CFTH.

### Application Scoring and Fund Allocation

Completed applications are scored by three individual scorers. Each scorer provides a single score for the entire application, using a supplied rubric to evaluate completeness, clarity, and feasibility in five areas: agency information (15 pts), project information (35 pts), client/homeless involvement (5 pts), financial information (25 pts), and intake procedures (20 pts). All eligible activities receive the same comprehensive score (e.g., rent/mortgage assistance *and* other food receive the same score). The application's three scores are averaged and the averages are ranked within the three funding priority areas to determine allocations. **The Local Board has determined not to fund any applications that receive an average score below 70.**

As the overall funding request generally exceeds the regional allocation, the Local Board has developed an allocation methodology to scale the requested amount to the regional allocation amount. Local Board Funding Priorities are determined annually and guide the local board in the prioritization of awards. Using the approved funding priorities (homelessness prevention: 50%; food assistance: 30%; emergency shelter: 18%), the Local Board divides the regional allocation amount into three separate funding areas.

As outlined above, the scored and averaged LRO applications are ranked within each requested funding area. Next, the Local Board calculates a total request per funding area; again, this total request generally exceeds the available allocation amount. Then, the Local Board uses the LRO's average score as a percentage to scale down their individual request. For example, if LRO #1 requested \$65,000 for shelter and their average score was 95, their scaled request would be \$61,750 (or 95% of their original request).

At this point, the Local Board calculates the total scaled request per funding area. If the scaled request amount still exceeds the available allocation amount, an additional scaling must occur. The Local Board determines what percentage the available allocation amount is of the scaled request amount and uses the percentage to scale down each individual LRO request again. For example, if the available allocation amount is \$100,000 but the scaled request amount is still \$125,800, the available amount is 79.5% of the scaled request amount. LRO #1's scaled request of \$61,750 is scaled down to \$49,086 (or 79.5% of their scaled request). The first scale-down takes the individual LRO's average score into account, while the second scale-down is the same for each LRO in the particular funding area. Per EFSP National Board an LRO may request whatever amount they choose, but it is ultimately the EFSP Local Board to determine what amount to fund an LRO.

Shelter							
LRO Name	Activity	Amt. Requested	Avg. Score	Avg Score as Percent	Request x Avg Score as Percent	RxASP Scaled to Allocation Amount	Rounded to Whole Dollars
LRO #1	Mass Shelter	\$ 65,000.00	95.0	95.0%	\$ 61,750.00	\$ 49,085.85	\$ 49,086.00
LRO #2	Mass Shelter	\$ 70,000.00	91.5	91.5%	\$ 64,050.00	\$ 50,914.15	\$ 50,914.00
LRO #3	Mass Shelter	\$ 45,000.00	89.0	89.0%	\$ 40,050.00	\$ 31,836.25	\$ 31,836.00
LRO #4	Mass Shelter	\$ 50,000.00	78.0	78.0%	\$ 39,000.00	\$ 31,001.59	\$ 31,002.00
LRO #5	Mass Shelter	\$ 50,000.00	65.0		\$ -	\$ -	\$ -
Total Request:		\$ 135,000.00			\$ 125,800.00	\$ 100,000.00	\$ 100,000.00
To Allocate:		\$100,000			79.5%		

**In the case that an LRO’s scaled request falls below the minimum \$10,000 total award threshold, the application will be disqualified.** Applicants are encouraged to take the allocation methodology into consideration when determining their funding request.

### Appeals Process

If during the competition an agency feels as if a decision was made unjustly, they may consult the grievance procedure posted with the competition documents. Leadership of the Coordinating Agency, and if necessary, the Local Board will respond to grievance claims.

Local decision-making is an operating principle of this emergency effort. If the Local Board cannot handle an appeal locally, the case should be referred in writing to the National Board, including details on action that has been taken. Only when there are significant questions on the part of the Local Board concerning misapplication of guidelines, fraud, or other abuse on the part of the Local Board will the National Board consider action.

Should anyone have reason to suspect that EFSP funds are being used for purposes contrary to the law and guidelines governing this program, the National Board staff must be notified immediately. A detailed follow-up letter of actions taken should be forwarded as soon as possible to Emergency Food and Shelter Program, 701 North Fairfax Street, Alexandria, VA, 22314. When reports have been made to the DHS OIG, the case number they provide must be included with all correspondence to the National Board. The OIG’s preferred method for reporting fraud is to submit their online allegation form from their website [www.oig.dhs.gov](http://www.oig.dhs.gov). The address for mailing information is:

DHS Office of Inspector General/ MAIL STOP 0305  
 Attention: Office of Integrity & Quality Oversight – Hotline  
 245 Murray Lane SW  
 Washington, DC 20528-0305

### Payments to Selected LROs

Payments will be made on the EFSP National Board’s timeline pending clearance of all compliance exceptions and document requests including LRO Certification Form the Electronic Funds Transfer (EFT) Enrollment Form (EFT form). All new LROs must acquire and submit a Unique Entity Identifier number directly to the National Board before they can receive any payment. The EFSP National Board determines all spending periods and LRO expenditures must occur within the spending period. The Local Board may be granted the option to extend spending periods at a later date.

## Rent/Mortgage Assistance Requirements

Since EFSP assistance for Rent/Mortgage must guarantee that a client remains housed for an additional 30 days the Local Board requires all agencies awarded Rent/Mortgage Assistance to provide service equal to one month's rent/mortgage. To ensure adherence to this requirement, agencies must use EFSP funds exclusively to pay the full month's rent up to current Fair Market Rental (FMR) rate for the unit. (Do not factor in utilities when calculating FMR for this purpose.) Agencies may not combine EFSP funds with another funding source to meet the FMR requirement. However, agencies may provide one month's assistance in excess of FMR by using EFSP funds to pay the FMR portion and additional non-EFSP funds to pay the remaining balance. For the latest FMR, please visit [https://www.huduser.gov/portal/datasets/fmr/fmrs/FY2025\\_code/select\\_Geography.odnselect](https://www.huduser.gov/portal/datasets/fmr/fmrs/FY2025_code/select_Geography.odnselect) Houston-The Woodlands-Sugar Land, TX HUD Metro from the dropdown menu.

An LRO may use the one month's, two months', or three months' rent at the current FMR rates to estimate EFSP expenditures for rent. If paying for more than one month's rent per household, EFSP funds may be used for arrearage and the current month's rent (no forward payments). For example, if an LRO intends to provide service to 20 households (assuming larger households that require two-bedroom units), and the current FMR for a two-bedroom unit is \$1,307, the LRO may estimate the request at \$26,140 (20 households x \$1,307 x 1 month/ household), or \$52,280 (20 households x \$1,307 x 2 months/ households) or \$78,420 (20 households x \$1,307 x 3 months/households).

## Per Diem Allowance for Mass Shelter

The per diem rates for Mass Shelter is set by the National Board at \$12.50. The per diem allowance may be used to cover costs such as shelter rent, shelter utilities, and shelter staff salaries if necessary to provide a night of shelter. The per diem allowance does not include the additional costs associated with food or the food per meal allowance.

For the Phase 42 and any concurrent phases, **the National Board sets the Per Diem Allowance at \$12.50.**

## Per Meal Allowance for Served Meals

For mass feeding facilities, there are two options for eligible costs. One option must be selected at the beginning of the program year by the Local Board; eligible LROs must then use only one method throughout the entire spending phase. The two options are:

- 1) *Direct Costs* - LROs may use EFSP funds to purchase eligible food items and supplies essential to prepare meals onsite in a mass feeding facility.
- 2) *Per Meal Allowance* - LROs may use the allowance to cover operational costs as well as direct expenditures. A per meal allowance of **exactly \$3.00 per meal** may be used if approved by the Local Board, AND if the LRO's total expenditures are accounted for using this method. Eligible costs within the per meal allowance include operational costs such as the agency's rent/mortgage, utilities, and staff salaries. Supplies eligible under the Direct Cost option are also eligible.

For the Phase 42 and any concurrent phases, **the Local Board elects to use the Per Meal Allowance of \$3.00.**



## Monitoring Standards

The Local Board requires that each LRO submit quarterly reports of EFSP activities and expenditures for monitoring purposes. Reports are due the 10th day after the close of each quarter to [efsp@acamweb.org](mailto:efsp@acamweb.org). For example, if the spending period begins on June 1, the first quarter runs from June 1 to August 31. Thus, the first quarterly report is due on September 10. All reports will be used to inform reallocations and future application processes. If more than 10% of the award has not been spent by the second quarterly report, a reallocation of funds might be required.

The **HMIS Lead Agency** will provide **monitoring and support** for EFSP projects to ensure compliance with data entry and reporting requirements. The HMIS Lead Agency will work closely with the EFSP Lead to ensure that project data is accurate, reporting is correct, and that all program requirements are met. This includes technical assistance, regular data quality reviews, and collaboration on compliance standards.

In addition to the reporting document, LROs offering mass shelter, rent/mortgage assistance, and/or utility assistance are expected to download and submit a quarterly HMIS Service Summary report for EFSP activities. All organizations offering these services are required to enter program data into HMIS, turn in Clients In Program report by the 7<sup>th</sup> of each month, complete data corrections by the 15<sup>th</sup> of each month (if needed) and they will be monitored by the HMIS Lead Agency for adherence to these standards. Please visit <https://www.cfthouston.org/hmis-v2> to review all information about HMIS, register for trainings, and establish EFSP Funded programs. Be advised that new user training is required for each agency representative entering data into the HMIS system.

Consideration of continued EFSP funding will be based on funding availability as well as satisfactory performance by LROs. Performance factors assessed by the Local Board will include but are not limited to:

- Adherence to EFSP regulations
- Achieving program outcomes and maintaining budgetary targets
- Expenditures of funds by program end date
- Accurate and on-time submission of reports
- Accurate submission of program audit materials
- Adherence to the audit timetable

### EFSP HMIS Service Summary Reports

LROs offering mass shelter, rent/mortgage assistance, and/or utility assistance are expected to download and submit a quarterly HMIS Service Summary report for EFSP activities. To produce this report:

1. Log into HMIS.
2. You should see the Home Workspace menu on the left.

3. Click Reports
4. Click Service Reports -
5. Click Service Summary, and the
6. Here you will need to make some selections and leave others blank:
  - **Date Range** (i.e., Q1: 1/1/24-3/31/24)
  - **Program(s)**: click the “Filter by Program(s)” box and select the correct program. For example, ACAM EFSP Phase 37 or ACAM EFSP CARES.
    - If you have a grant for multiple phases, you will have to run the Service Summary Report two times, once for each phase.
  - **Grants**: click the “Filter by Grant(s)” box and select the correct corresponding grant. This should match the selected Program. For example, “ACAM CARES EMERGENCY SHELTER” or “ACAM Phase37 Emergency Shelter” grant. (The Program and Grant must match in order to run the report correctly.)
  - Skip ALL the remaining filters (services, user, housing status, client age range, state, county, zip codes, etc.)
7. Click the “Report” button at the bottom of the screen to run the report.
8. A report will display. Next, click on the export icon (looks like a disk) and select PDF.
9. Then click open to open the PDF.
10. Save the document and use the naming format short LRO number-organization initials-EFSP Phase-Quarter X (i.e., 013TSA - EFSP Ph37 - Q1).
11. Please submit the HMIS Service Summary with the quarterly Excel workbook to [efsp@acamweb.org](mailto:efsp@acamweb.org).

Only those organizations with funding designated for rent/mortgage assistance, utility assistance, and/or mass shelter must submit the HMIS Service Summary Report alongside the quarterly Excel workbook reports. All Domestic Violence organizations are exempt from submitting the HMIS Service Summary Reports. HMIS monitoring and support will be provided by the HMIS Lead Agency to ensure compliance with these reporting requirements.

### [EFSP Fund Reallocation Policy \(jurisdictions 782800 & 843200\)](#)

The EFSP National Board charges each EFSP Local Board with the responsibility to “reallocate funds during the spending period whenever [the Local Board] determines that... an LRO cannot effectively utilize the full award.” In line with this charge, the EFSP Local Board for jurisdictions 782800 (Houston/Harris & Fort Bend Counties) and 843200 (Waller County) adopted the following policy concerning spend down and reallocation for current Phases:

1. PURPOSE: The purpose of the EFSP Fund Reallocation Policy is to ensure maximum utilization of regional EFSP funding. The Local Board shall make efforts to support maximum utilization by (reallocating) re-assigning or re-allotting funds to a different agency(ies) and/or category(ies) from the original decision made by the Local Board on the jurisdiction's Local Board Plan. The following policy establishes criteria under which the Local Board authorizes the coordinating agency to complete reallocations on behalf of the Local Board.

1. An LRO voluntarily requests to de-obligate some or all of its allocated funding and releases it for reallocation to other LROs (re-allotment)
2. An LRO requests a category reallocation (shift in spending categories for a single LRO)
3. An LRO has an existing compliance exception (e.g. open hold) which is preventing the release of funds
4. An LRO demonstrates that it cannot utilize the funds within the program spending period
5. Local Board votes to allocate funds from one LRO to a different LRO

Funds will be reallocated to LROs that a) have expended the majority of funds in the same funding category b) have the highest scores on the proposal for funding, c) have confirmed the capacity to expend funds before the end of the spending period. The coordinating agent shall provide the Local Board with information related to LRO performance including those LROs that may have reallocations initiated and LROs that may be positioned to receive reallocated funding from which the coordinating agent may issue notices of slow expenditures, open holds, and decisions to reallocate. The Local Board's preference is to reallocate funds from one LRO to another LRO *within* the same funding category to maintain board-approved funding priorities; if this is not possible, then the coordinating agent is authorized to attempt to reallocate funds to another LRO in a different funding category.

## 2. LRO ACTIONS TO INSURE MAXIMUM UTILIZATION OF REGIONAL EFSP FUNDS:

1.2.1 LRO REQUESTS TO VOLUNTARILY DEOBLIGATE OR REALLOCATE AWARDED EFSP FUNDS BETWEEN CATEGORIES: LROs may submit requests to voluntarily deobligate EFSP funds or to reallocate awarded funds from one category to one or more other categories. LROs are encouraged to request assistance from the coordinating agent so that regional utilization is maximized.

1.2.1.a LRO requests to reduce the amount of the awarded funds (voluntarily deobligate) should be made in writing as soon as possible to increase the time for another LRO to assume and utilize the balance of the award. Such voluntary deobligation requests may be approved by the coordinating agency or sent to the Local Board for review.

1.2.1.b LRO requests to reallocate funds from one category to one or more other categories require a written request including an explanation for the need to move resources from one Local Board priority area to another; such requests generally require evidence of an attempt to spend the funding in the original priority category and are therefore more likely to be approved in the second half of the grant period. Such voluntary reallocation requests may be approved by the coordinating agency or sent to the Local Board for review. Reallocation request of 10% or less of the LRO total award maybe reviewed and approved by the coordinating agency so long as the total requests from participating LROs do not significantly shift the Local Board's funding priorities.

Reallocation request greater than 10% of the total award must be presented to the Local Board.

### 3 LOCAL BOARD ACTIONS TO INSURE MAXIMUM UTILIZATION OF REGIONAL EFSP FUNDS:

3.1 SPENDING RATE NOTIFICATION: LROs that have spent 20-50% of an allocation through a date determined by the Local Board for each Phase (generally the end of Quarter 4) may receive a Slow Spend Letter issued by the coordinating agent providing the LRO with an opportunity to 1) reply with a plan of action to fully expend allocated EFSP funds by the end of the spending period and/or 2) voluntarily de-obligate some/all of the funding.

#### 3.2 REALLOCATION NOTIFICATIONS:

3.2.1 LROs that have spent less than 50% of allocated funds through a date determined by the Local Board (generally the end of Quarter 4 or 5) may receive notification by the coordinating agent that a reallocation will be initiated provided the LRO does not give evidence of expenditures or fails to respond to the Reallocation Notice within 7 days. LRO failure to respond or provide evidence expenditures within 7 days may result in a 3-day final notification of reallocation (See Section 4.1).

3.2.2 LROs that have spent less than 20% of funds through a date determined by the Local Board (generally Quarter 4 or 5) may receive a notification of reallocation by the coordinating agent including a request for the LRO to submit a reduced budget by the amount de-obligated (50% of award). The Local Board will not approve any new second payment requests for LROs spending less than 20% of the allocation and will cap the LRO's allocation at 50% of the original allocation. In addition, the coordinating agent is authorized to reallocate the de-obligated amount to other LROs willing to commit to spending the funds.

If an LRO cannot satisfactorily indicate how the remaining 50% of the original allocation will be spent by the end of the spending period, the coordinating agent will attempt to facilitate the transfer of funds received by an LRO to another LRO with the capacity to utilize the funding by the end of the spending period. This Local Reallocation is a transfer of funds after they have been paid from the National Board. The LRO from which the funds will be reallocated is responsible for writing a check to the receiving agency(ies).

LRO will be notified of the intent to reallocate funds and given a 3-day final notification (See Section 4.1).

3.3 REALLOCATIONS RESULTING FROM OPEN HOLDS BY THE NATIONAL BOARD: If an LRO has not resolved an Open Hold from the National Board within 90 days, the Local Board authorizes the coordinating agent to issue an Open Hold Letter to the LRO providing the LRO with an opportunity to reply with a plan of action to resolve the Open Hold in a timely manner. If an LRO has an Open Hold(s) preventing the LRO from receiving funds from the EFSP National Board, the Local Board may authorize the coordinating agent to initiate reallocation of any remaining funds for the phase as described in section 3.2.2.

#### 4.0 THREE DAY NOTIFICATION OF REALLOCATION AND APPEAL PROCESS

If the LRO fails to respond in seven (7) days, the coordinating agent may implement allocation methods 1 - 4 above without additional Local Board approval provided that the LRO is notified of the action and given three (3) days to submit an appeal.

##### 4.1 APPEAL PROCESS

An LRO may submit appeal within three (3) days by sending a letter of appeal to the EFSP Local Board. The Local Board Leadership will review and process the appeal. The Local Board's determination of the appeal will be communicated to the LRO making the appeal by email, after a decision is made.