

Federal Grants Introductory Overview

- ★ To provide an understanding of why the federal government provides funding for education.
- ★ To identify the rules and regulations regarding federal grants.
- ★ To highlight overarching grant management structures that apply to all federal grants.

Session Objectives

Why does the federal government provide funding for education?



Educational Equity

Types of Grants Awarded by DPI

FORMULA

“Formula” grants are awarded on a non-competitive basis to eligible subrecipients.

The amounts of the allocations are based on calculations set forth in the program’s regulations.

COMPETITIVE

Eligible applicants provide information regarding the activities they would perform in order to meet the project’s objectives.

Applications are scored and ranked by a review team.

Federal Grant Formula Process

Authorized in Legislation

Congress authorizes funding in legislation and the President signs legislation

Examples:

- ESSA 2015
- CARES Act 2020

Appropriations

Congress develops a budget that is signed by the President

Appropriations *typically* reflect what was authorized

Allocations to States

USDE awards funds to states as defined in statute.

State Education Agencies act as “pass-through” funding agencies with monitoring responsibilities.

Allocations to LEAs

DPI awards funds to LEAs as defined in statute.

LEAs must use the funds to support the goals of the federal programs in accordance with grant regulations.

Laws and Regulations

- ★ Federal Statute
 - ESEA, IDEA, Perkins, etc.
- ★ Uniform Grant Guidance (UGG)
- ★ General Education Provisions Act (GEPA)
- ★ Education Department of General Administrative Regulations (EDGAR)
- ★ Policies and Procedures
- ★ Compliance Supplement for Auditors

Uniform Grant Guidance

Regulations that establish rules that apply to all federal grants, regardless of which Federal agency is providing the award. Examples include:

- ★ Written Procedures (Cash Management, Conflict of Interest, Determining Allowed Costs)
- ★ Time and Effort Requirements
- ★ Procurement Standards
- ★ Cost Principles

General Education Provisions Act (GEPA)

Defines statutory provisions applicable to federal education programs administered USDE as well as provisions related to the powers and responsibilities of USDE. Examples include:

- ★ Section 421(b): Period of Performance – Generally, LEAs and SEAs must obligate funds during the 27-month period (aka the Tydings Amendment)
- ★ Section 427: Ensures equitable access to and equitable participation in the activities to be conducted with funds from USDE

EDGAR

The Education Department General Administrative Regulations governs all federal grants awarded by the U.S. Department of Education.

- ★ Part 75 - Direct grant programs (grants awarded to LEAs directly from USDE)
- ★ Part 76 - State administered programs (grants awarded to DPI to be administered to LEAs)
- ★ Part 81 - Regulations regarding the enforcement of the General Education Provisions Act (GEPA)

Consistent Application Pieces

Federal Grant Assurances

- ★ Highlight compliance measures under the Federal awarding program, Uniform Grant Guidance, EDGAR and state statute.
- ★ Must be signed by an authorized agency representative before the subrecipient can access any funds.

Federal Grant Award

- ★ Detailed information such as award date, current award amount, federal identification numbers, and contacts.

2 CFR, Part 200

Consistent Application Pieces

Availability of Funds

- ★ Each grant has its own rules on availability of funds and the date the subrecipient can begin making charges against the grant.
- ★ Most formula grants awarded under the US Department of Education run 27 months.
- ★ Most compe grants are available for 12 months.
- ★ The Grant Award Notification defines the grant's performance period.

2 CFR, Part 200

Fiscal Year

Wisconsin has a fiscal year that runs July 1 to June 30.

- ★ Expenditures between July 1 and June 30 are identified with a specific fiscal year (such as FY 2022-2023).
- ★ At the close of the fiscal year (June 30), subrecipients have 90 days (September 30) to finalize their ledgers and submit final claims for the prior fiscal year.
- ★ Formula funds that are available for 27 months still adhere to the 12-month fiscal year in regard to claiming.

2 CFR, Part 200

Availability of Funds

SFY2022	SFY2023	SFY2024	SFY2025
July 1, 2021	July 1, 2022	July 1, 2023	July 1, 2024
Oct 1, 2021	Oct 1, 2022	Oct 1, 2023	Oct 1, 2024
Jan 1, 2022	Jan 1, 2023	Jan 1, 2024	Jan 1, 2025
Apr 1, 2022	Apr 1, 2023	Apr 1, 2024	Apr 1, 2025
Federal Grant Award 2021-22 GAN Performance Period July 1 - June 30	Carryover available through September 30, 2023		
	Federal Grant Award 2022-23 GAN Performance Period July 1 - June 30	Carryover available through September 30, 2024	
		Federal Grant Award 2023-24 GAN Performance Period July 1 - June 30	Carryover availability through September 30, 2025

Carryover

To align with the state fiscal year, most grants “begin” on July 1 and “end” on June 30.

Any unspent funds from one year are “carried” over into the new fiscal year and added onto new grant funds (in the case of formula grants).

Discretionary grant rules are different, and many times carryover is not a practice. It all depends on the program.

2 CFR, Part 200

Carryover & Tydings Amendment

Formula grant funds are available for 27 months (and not just 12) because of the Tydings Amendment.

However, at the end of 27 months, funds not obligated and liquidated are no longer available to the subrecipient.



Senator Joseph Tydings

Photo Credit:
https://en.wikipedia.org/wiki/Joseph_Tydings

20 USC 1225(b)

Carryover and Tydings

“First In, First Out” protocol

- ★ When paying subrecipient claims, DPI accountants draw from the oldest line of credit first.
- ★ For a subrecipient to have an issue with the Tydings timeline, the aggregated claimed amounts for 27 months would need to be less than the original allocation amount.

Original Allocation:	—	Amount claimed first 12 months:	—	Amount claimed second 12 months:	—	Amount claimed final 3 months:	=	Amount lost to Tydings:
\$100,000		\$50,000		\$40,000		\$7,000		\$3,000

If an LEA lapses funds in September of 2023, what else happened?

SFY2022	SFY2023	SFY2024	SFY2025
July 1, 2021 : Oct 1, 2021 : Jan 1, 2022 : Apr 1, 2022	July 1, 2022 : Oct 1, 2022 : Jan 1, 2023 : Apr 1, 2023	July 1, 2023 : Oct 1, 2023 : Jan 1, 2024 : Apr 1, 2024	July 1, 2024 : Oct 1, 2024 : Jan 1, 2025 : Apr 1, 2025
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Tydings Self-Monitoring: So Important!

- ★ Scrambling to find expenditures to spend down amounts in a three month-period leads to “reasonable and necessary” concerns.
- ★ By the time an LEA has reached the Tydings end point, it means that the entire prior year’s allocation has also been carried over.
- ★ Federal funds are meant to be spent on students. Not spending them raises concerns of overall compliance.
- ★ Leaving federal funds unclaimed is an uncomfortable conversation to have with administration and school board.

Supplement, not Supplant (SnS) (S/nS)

Many federal education programs are built on the premise that an LEA has in place a solid core educational program for all students.

- ★ This core education program is to be funded with state and local monies.
- ★ The expectation is that federal funds are never used to pay for costs that are considered the LEA’s core educational program.

Supplement, not Supplant

The philosophy that federal funds should be used for costs earmarked to provide 'above and beyond' services usually targeted towards specific student needs and not to replace local or state investments.

How this concept is tested varies among the Federal programs.



Obligation and Liquidation

Obligation - Orders placed for property and services, contracts made, and similar transactions during a given period that require payment by the grantee during the same or a future period.

- ★ EDGAR defines when obligations are made.
- ★ The subrecipient cannot make a claim for costs until the property is received, service performed, or contract is fulfilled.

Liquidation - Property is received, service performed, or contract is fulfilled. The subrecipient can then submit a claim for reimbursement.

When is staff salary obligated?

If the obligation is for -	The obligation is made -
(a) Acquisition of real or personal property	On the date on which the State or subgrantee makes a binding written commitment to acquire the property
(b) Personal services by an employee of the State or subgrantee	When the services are performed.
(c) Personal services by a contractor who is not an employee of the State or subgrantee	On the date on which the State or subgrantee makes a binding written commitment to obtain the services.
(d) Performance of work other than personal services	On the date on which the State or subgrantee makes a binding written commitment to obtain the work.
(e) Public utility services	When the State or subgrantee receives the services.
(f) Travel	When the travel is taken.
(g) Rental of real or personal property	When the State or subgrantee uses the property.

When can the the LEA seek reimbursement for staff salary?

After the work is performed, time and effort is documented appropriately, and staff has been paid.



Contracted Services

If the obligation is for -	The obligation is made -
(a) Acquisition of real or personal property	On the date on which the State or subgrantee makes a binding written commitment to acquire the property
(b) Personal services by an employee of the State or subgrantee	When the services are performed.
(c) Personal services by a contractor who is not an employee of the State or subgrantee	On the date on which the State or subgrantee makes a binding written commitment to obtain the services.
(d) Performance of work other than personal services	On the date on which the State or subgrantee makes a binding written commitment to obtain the work.
(e) Public utility services	When the State or subgrantee receives the services.
(f) Travel	When the travel is taken.
(g) Rental of real or personal property	When the State or subgrantee uses the property.

Obligation - Professional Development

Obligation – 12/15/2022

Subrecipient purchases three registrations for staff attending the Federal Funding Conference. At the end of the second quarter, the conference had yet to occur, so although expenses were paid out reimbursement could not be requested on the December 31st claim.

Liquidation – 2/28/2022

The three staff attend the Federal Funding Conference February 27 and 28. Claims for the registration costs can be submitted any time after this date.

Obligation - Private Vendor Contract

Obligation – 7/15/2022

LEA contracts with a vendor to provide Title I reading interventions to eligible private school students from September 1, 2022 through May 15, 2023. The contract is signed on 7/15/2022.

Liquidation – 1/22/2023

On January 1, 2023, the LEA confirms that the vendor fulfilled their contract for the first semester. Claims for the completed services can be submitted.

Travel Costs

If the obligation is for -	The obligation is made -
(a) Acquisition of real or personal property	On the date on which the State or subgrantee makes a binding written commitment to acquire the property
(b) Personal services by an employee of the State or subgrantee	When the services are performed.
(c) Personal services by a contractor who is not an employee of the State or subgrantee	On the date on which the State or subgrantee makes a binding written commitment to obtain the services.
(d) Performance of work other than personal services	On the date on which the State or subgrantee makes a binding written commitment to obtain the work.
(e) Public utility services	When the State or subgrantee receives the services.
(f) Travel	When the travel is taken.
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Obligation - Travel

Obligation – 2/27/2023 & 2/28/2023

On December 15, 2022, the individual reserves and pays for two nights at the Kalahari Conference Hotel for the Federal Funding Conference, which the individual attended on February 27 and 28, 2023.

What is the date of both the obligation and the liquidation?

Liquidation – 2/27/2023 & 2/28/2023

Even though payment was already made, the “obligation,” per EDGAR, does not occur until the travel-related items happen. In the example, the individual did attend, liquidating the cost at the same time.

What does it mean when we say, “Funds must be spent by June 30th?”

The term, “spent” could mean several different things (obligated, claimed, liquidated).

Please avoid using the term “spent” when discussing federal funds.



Federal K-12 COVID Relief

THE COMPLETE PICTURE



You may have seen the Institute for Reforming Government's Transparency Tool for Federal K-12 COVID Relief and thought...that doesn't seem right.

Here's the context missing from their narrative...

Districts have plans in place

IRG's report completely misses the fact that districts have plans in place to spend their federal COVID relief dollars, instead focusing on the technical aspects of how that spending happens (see the second page for detailed information).



It's a difficult time to plan

Unlike other states, Wisconsin's implementation of the largest federal support program (ESSER III) was challenged by the state contributing no new spending authority for schools through its budget process, resulting in a massive fiscal cliff that districts are currently navigating.



New spending authority is critical

The upcoming budget will be **incredibly important** for districts, which are currently operating on a one-time federal funding source during a period of high inflation and workforce shortage.





Federal K-12 COVID Relief

THE DETAILED PICTURE

Each pot of ESSER funds has a specific intent per the federal government.

- ESSER I: Crisis Response.
- ESSER II: Resume In-Person Instruction.
- ESSER III: Address Unfinished Learning.

All ESSER funds must be used to "prepare for, plan for, respond to the COVID-19 pandemic," per the federal government.

Each pot of ESSER funds has a different deadline and districts are encouraged to spend the funds down in order of the deadline.

- ESSER I: September 30, 2022
- ESSER II: September 30, 2023
- ESSER III: September 30, 2024

Unlike other states, Wisconsin did not just provide cash payments to LEAs up front because this practice leads to a significant number of audit findings. Instead, we followed federal accounting practices to reimburse LEAs for allowed costs.

- Districts are first required to submit a budget and plan for use of the funds. DPI staff review those budgets and plans against federal and state allowable uses of the funds and either accept the plan, request more information, or reject the plan. If the plan is not accepted, DPI staff work with the district to create an allowable plan.
- Districts spend the funds and then submit a claim for reimbursement to DPI.
- DPI staff review the claim against the district's approved plan and budget.
- If the claim aligns to the approved plan and budget, DPI then reimburses the district for the amount of the claim. Therefore, a district's ESSER fund balances do not show they have been spent until well after the funds have actually been spent.
- District needs have changed over the course of the pandemic, from initial needs like masks, hand sanitizer, and hot spots to provide remote instruction, to now modifying curriculum and hiring more staff to provide interventions to address unfinished learning and gaps in learning.
- Districts have the authority to modify their plans and budgets at any time before the deadline. Many districts chose to submit only a partial budget for their ESSER III funds while they actively review data on student needs to determine the best way to spend those funds, knowing they have a little more time to spend those funds.
- All of these requirements add capacity pressures to district operations.

There are additional federal requirements for things like construction, and while districts had some latitude in how they spend their ESSER I and II funds, there was a new requirement in spending of ESSER III funds, requiring that at least 20% of their funds be used on evidence-based improvement strategies.

- Districts who wanted to invest in new HVAC systems or other construction needs for the health and safety of students and staff, also had to contend with supply and workforce shortages that meant modifying their plans.

Anyone can see a district's ESSER III plan and budget.

- They can be found at <https://dpi.wi.gov/arp/esset-iii/lea-plans>
- Note: if you receive a message that the plan is unavailable, that means that either DPI is actively reviewing the plan or the district is currently making changes to the plan and budget.

Our districts are actively spending these funds in ways that will benefit students within state and federal guidelines.

The department itself has been challenged by the lack of administrative funding and capacity

- Instead of building dashboards, we are helping districts meet federal guidelines while spending dollars in ways that are meaningful to learner growth.

<https://dpi.wi.gov/sites/default/files/imce/administrators/e-mail/federal-budgets-handout.pdf>

Thank you for your commitment



To ensure that every child has access to quality public education programs, enrichment opportunities, and special education supports, so that all of our kids can be successful.