

# Introduction to Federal Grants

Federal Funding Conference  
March 2020



## Session Objective

To provide participants with an understanding of federal grants management by

- ❖ Reviewing grant terminology and concepts that apply to all federal grants and
- ❖ Providing examples of situations when applicable federal grant laws were misunderstood or unknown to the subrecipient.



# Compliance: The Real Purpose

Compliance is not about making it more difficult to access Federal funds; compliance is an attempt to ensure that Federal funds are used for the intended purpose of providing students with the best public education we can provide.

Learning *why* the compliance measure exists helps educators move past compliance as a barrier and into a deeper understanding of the federal program's purpose.



# Compliance: The Rules

- ❖ Uniform Grant Guidance
- ❖ Statutes
- ❖ Regulations
- ❖ Non-Regulatory Guidance
- ❖ LEA Policies and Procedures



## Lessons Learned



## Example 1

During the annual audit, an auditor questioned costs in the amount of \$392,059 in salary and benefits for teachers charged to the Title I program who were teaching regular education in an LEA.

The business manager confirmed with the auditor that the teachers were regular education teachers and were not teaching Title I services.

- ✓ **Result:** An audit finding with corrective action to return \$392,059 in Title I funds. The district was planning to repay the funds.

## Auditor's Rationale

- ❖ **Unallowed Costs –**

The costs must be allocable to the federal award per Uniform Grant Guidance.

- ❖ **Supplanting –**

Costs must be supplemental to state and local funding per Title I law.

## DPI's Response

Reviewed the district's application and found that the district was serving the elementary schools that were implementing a Title I Schoolwide program.

Read the notes documented by the DPI consultant during the grant approval process that confirmed the teachers were hired to reduce class-size to meet the goals of the Schoolwide plans.

✓ **Result: DPI did not substantiate the finding.**

## Lessons Learned

- ❖ Know the Federal program - Title I Schoolwide verses Targeted Assistance Programs.
- ❖ Supplement, not supplant rules are different for every program.



## Lessons Learned

- ❖ Use the Message Board in WISEgrants for documentation and if necessary, share it with the auditor.
- ❖ Communication between the program staff and business staff is essential.
- ❖ Contact DPI when there are substantial issues that come up during the audit.



## Allowed Costs

- ❖ Uniform Grant Guidance
- ❖ Statutes
- ❖ Regulations
- ❖ Non-Regulatory Guidance
- ❖ LEA Policies and Procedures



## Allowed Costs

- ❖ LEAs are required to have written procedures for determining allowed costs.
- ❖ Technical Assistance for Allowable Costs:  
<https://dpi.wi.gov/wisegrants/uniform-grant-guidance/allowablecosts>

2 C.F.R. Part 200, §200.302(b)(7)

## Unallowed Costs

When a cost is determined unallowed, the subrecipient must return the amount of grant funds to DPI and reclassify the costs on its ledger.

Depending on the situation, the subrecipient may also need to engage in corrective actions.



## Supplement, not Supplant

The philosophy that federal funds should be used for new or additional costs and not be used to reduce the amount the subrecipient was already spending locally on the program's objectives.

How this concept is tested varies among the Federal programs.



## Example 2



## Example 2

- ❖ Congress made changes to private school equitable participation when they reauthorized the Elementary and Secondary Education Act (ESEA) as the Every Student Succeeds Act (ESSA) in 2015. LEAs had time to transition and needed to be in compliance with ESSA by July 1, 2017.
- ❖ One change requires LEAs to obligate funds for equitable participation in the fiscal year they were allocated.

Section 20 U.S.C. 7881(a)(4)(B) and 20 U.S.C. 6320 (a)(4)(B)



## **Example 2 (continued)**

**What did this mean for LEAs?**

- ❖ **Reinforces the need for timely consultation so services can begin at the start of the school year.**
- ❖ **LEAs file separate budgets and claims in WISEgrants.**
- ❖ **Impacts carryover.**

## **Example 2 (continued)**

- ❖ **Several LEAs carried over 100% of their funds for private school equitable participation from 2018-19 into 2019-20 for one or more ESEA titles.**
- ❖ **No complaints were made to DPI or the ESSA Ombudsman that services were not provided in 2018-19.**
- ❖ **Terms and conditions were added to each LEA's 2019-20 grant award for the affected titles. DPI requested claims for services provided.**

## Example 2 (continued)

**This resulted in some LEAs:**

- ❖ **Immediately sending in claims without obligating funds and**
- ❖ **LEAs sending funds directly to the private schools.**

**DPI and the ESSA Ombudsman are working with LEAs to correct these issues.**

## Lessons Learned

**DPI needs to do better job of informing the LEAs and private schools of their responsibilities.**

- ❖ **New tools for technical assistance will be rolled out this spring**
- ❖ **Presentations at conferences: WASBO Conferences (Federal Funding and Accounting), private school conferences, etc.**

# Equitable Participation Resources

**Providing Services for Equitable Participation Under  
the Federal Every Student Succeeds Act (ESSA)**

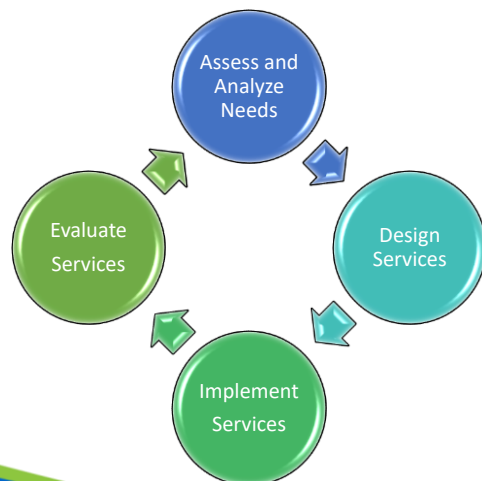
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ServicesforEquitableParticipation\\_RolesResponsibilities.pdf](https://dpi.wi.gov/sites/default/files/imce/esea/pdf/Providing_Services_for_Equitable_Participation_Roles_Responsibilities.pdf)

**NEW**



## Lessons Learned

**Participation in equitable  
services means  
participation in all areas,  
not just the consultation.**



## Lessons Learned

- ❖ It is the responsibility of the LEA to provide equitable services based on the result of the agreements made during consultation with the private school(s).
- ❖ Waiting for the private schools to “tell us what they want later in the year” is no longer acceptable.
- ❖ Know the meaning of obligation and liquidation.

## 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.**

- ❖ 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.**

34 CFR 76.607

## Obligation and Liquidation Example

### **Obligation – 12/15/2019**

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 31<sup>st</sup> claim.

### **Liquidation – 3/5/2020**

The three staff attend the Federal Funding Conference March 4 and 5. Claims for the registration costs can be submitted any time after this date.

## Obligation and Liquidation Example

### **Obligation – 7/15/2019**

LEA contracts with a vendor to provide Title I reading interventions to eligible private school students from September 1, 2019 through May 15, 2020. The contract is signed on 7/15/2019.

### **Liquidation – 10/1/2019**

On October 1, 2019, the LEA confirms that the vendor fulfilled their contract for the first quarter. Claims for the completed services can be submitted.

## Funds for Equitable Participation

Must be used to meet the specific needs of the students enrolled in the private school; rather than the

- ❖ Needs of the private school; or
- ❖ Needs of the private school students in general.
- ❖ Equipment and supplies purchased by the LEA for equitable participation remains the property of the LEA.

34 CFR 76.658 and 76.661

## Availability of Funds

Each grant has its own rules on availability of funds.

- ❖ Most formula grants awarded under the US Department of Education run 27 months.
- ❖ Most discretionary grants are available for 12 months.

Because formula funds are awarded annually, grants from a single year are often available for multiple fiscal years.

20 USC 1225

## 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.
- ❖ 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 regards to claiming.

20 USC 1225

## Example 3

During monitoring, the grant amount claimed through WISEgrants for FY 2018-2019 and what was reported in the LEA's annual report was off by \$30,000.

- ❖ LEA staff misunderstood the 90-day period for final claims as an additional 90 days for obligation. Costs incurred in July, August and September 2020 were claimed on the FY 2018-2019 grant.

Section 20 U.S.C. 7881(a)(4)(B) and 20 U.S.C. 6320 (a)(4)(B)

## **Example 3 (continued)**

**This did not result in a loss of funds, as the costs were allowed. However, it was months of back-and-forth monitoring to determine what had occurred.**

**The costs were moved from the final FY 2018-2019 claim to a first quarter FY 2019-2020 claim.**

Section 20 U.S.C. 7881(a)(4)(B) and 20 U.S.C. 6320 (a)(4)(B)

## **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.**



# 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.



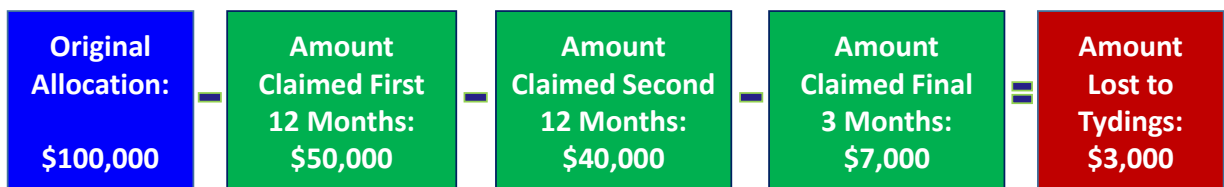
Senator Joseph Tydings

20 USC 1225(b)

# First In, First Out

## Carryover and Tydings

- ❖ The oldest grant funds are always paid out 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.



## Example 4

An LEA was under the belief that it was better to only charge “non-aidable” costs to the flow-through grant (costs that are not eligible for state special education categorical aid).

- ❖ Since staff salaries / benefits and specialized transportation are eligible for state aid, this left minimal costs such as supplies, equipment, materials and training submitted for flow-through funding.

## Example 4 (continued)

This philosophy led to two different issues:

- ❖ Always putting staff on local funds increased the LEA's IDEA maintenance of effort threshold every year while
- ❖ Carrying over greater and greater amounts of IDEA funds (there is no cap on flow-through carryover).

## Example 4 (continued)

In June, the LEA was notified that due to the end of the Tydings period, \$45,000 must be expended by September 30 or it would no longer be available to claim for any costs.

- ❖ To avoid leaving funds “on the table,” the LEA moved \$45,000 worth of staff salaries and benefits to grant funding for the months of July, August and September.
- ❖ Not well thought out, but a panic reaction (understandably).

## Example 4 (continued)

The results?

- ❖ The LEA discovered during the IDEA MOE Eligibility test for the current fiscal year that moving those existing costs during the first three months would lower their local special education costs to the point of MOE compliance failure (a demonstration of IDEA’s ‘supplement / not supplant’ provision).

## 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.

## WISEgrants

- ❖ Single web-based portal for federal grants administered by DPI.
- ❖ Creates consistency in federal grant accounting across DPI programs.
- ❖ Utilizes WUFAR as the foundation for budgets and claims.



# Help is Just a Click Away

## Messages

- **Reporting issues of concern:** If you are experiencing something with your application or claim that you think is a bug or otherwise incorrect, or you have a technical support question, please submit a [help ticket](#).

Start with the **Application** field and select **WISEgrants**

## Submitting a WISEgrants Help Ticket

### Objective

WISEgrants users will understand how to submit a help ticket using the ["Help Request Form"](#) with sufficient detail for their issue to be resolved efficiently.

### Steps to Submit a Help Ticket

- 1) Start with the **Application** field and select **WISEgrants** in the dropdown menu. This will make unique fields appear on the form specifically for WISEgrants.
- 2) **District** field: Select the agency from the dropdown list for which you are submitting the ticket for. If you are a CESA staff person, please see the next field.

# Help is Just a Click Away

State Superintendent of Public Instruction Carolyn Stanford Taylor, Department of Public Instruction  
125 S Webster Street  
P.O. Box 7841, Madison, WI 53707-7841 (800) 441-4563

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## Contact Us

### Get In Touch

Your issues and concerns are important to us. Please let us know how we can help you.

### Submitting a Customer Services Help Ticket

- General License
- My Licensing Situation
- Educator Preparation Programs
- Other licensing questions...

[Contact Licensing](#)

- A staff member of ours
- A teacher of my child

[Contact Licensing About Someone Else](#)

### Data and Reporting

#### I need help with ...

- Using WISEdash for Districts and/or the WISEdash Public Portal
- Requesting Confidential or Non-Confidential Data
- [Submitting a Customer Services Help Ticket](#)