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# SUPERINTENDENT OF PUBLIC INSTRUCTION

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**Randy I. Dorn** Old Capitol Building · PO BOX 47200 · Olympia, WA 98504-7200 · <http://www.k12.wa.us>

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August 29, 2016

( ) Action Required  
( X ) Informational

## BULLETIN NO. 041-16 GRANTS MANAGEMENT

**TO:** Educational Service District Superintendents  
School District Superintendents  
Assistant Superintendents for Business and/or Business Managers  
Business Managers of State Universities and Colleges, Selected State  
Agencies, Private Universities and Colleges, and Nonprofit Organizations

**FROM:** Randy I. Dorn, State Superintendent of Public Instruction

**RE:** Grant Award Reporting and Processes for Federal and State Grants  
Received Through the Office of Superintendent of Public Instruction  
(OSPI) for Fiscal Year 2016–17

**CONTACT:** Michelle Sartain, Supervisor, Grants Management  
360-725-6282; Agency TTY: 360-664-3631  
Email: [michelle.sartain@k12.wa.us](mailto:michelle.sartain@k12.wa.us)

This bulletin sets forth the Fiscal Year (FY) 2016–17 grant payment processes, expenditure reporting, budget revision policy, and information about carryover funds and indirect costs for federal and state grant programs that are issued through the iGrants system (excludes Child Nutrition programs in the WINS System).

### **GENERAL FEDERAL REQUIREMENTS RELATED TO CLAIMS PROCESSING**

#### Federal Cash Management (2 CFR Part 200.305)

Cash Management requirements are in place to minimize the time between the receipt of federal funds and disbursement of those funds to no longer than 3 days. You must have a system in place to ensure your claim for reimbursement of expenditures:

- Reconciles to your accounting system.
- Only includes expenditures that have already been disbursed or will be disbursed within 3 days of receipt of those funds.

If you either have funds on hand longer than 3 days or transfer funds out of federal programs subsequent to reimbursement, you will need to calculate interest earned on those federal funds from the time the funds were received until the time they were actually disbursed. Districts are allowed to retain earned interest up to \$500 (previously \$100) per year for administrative expenses. You will need to remit interest earned over \$500 to OSPI out of non-federal resources.

Period of Performance (34 CFR Part 76.707 and 2 CFR Part 200.309)

**Federal** grant funds can be used only for costs “obligated” during the grant period. Therefore, goods received and services performed may be charged to the grant if: 1) there is a legal commitment in place prior to the end of the grant period (obligated), and 2) subsequently received or performed and paid for during the close out period (liquidated). For example, services may be performed in September, and paid for in October, but if there was a contract in place (legal commitment to obtain services) prior to September 1, the resulting expenditures can be charged to the grant ending on August 31. For additional information regarding the grant close out period, see the “expenditure reporting” section of this bulletin.

The following table shows when an obligation has occurred for various kinds of property and services:

| <b>If the obligation is for -</b>                            | <b>The obligation is made -</b>                                                                |
|--------------------------------------------------------------|------------------------------------------------------------------------------------------------|
| (a) Acquisition of real or personal property                 | On the date the subgrantee makes a binding written commitment to acquire the property.         |
| (b) Personal services by an employee                         | When the services are performed.                                                               |
| (c) Personal services by a contractor who is not an employee | On the date on which the subgrantee makes a binding written commitment to obtain the services. |
| (d) Performance of work other than personal services         | On the date on which a subgrantee makes a binding written commitment to obtain the work.       |
| (e) Travel                                                   | When the travel is taken.                                                                      |
| (f) Rental of real or personal property                      | When the subgrantee uses the property.                                                         |
| (g) Approved pre-agreement cost                              | On the first day of the grant performance period.                                              |

In contrast, for **state** grants, all obligations must be fulfilled by the end of the grant period (e.g., all goods must be received and services completed by the grant ending date).

When Subgrantees May Begin Obligating Funds (34 CFR Part 76.708)

For **federal** formula grants, you may not begin obligating funds until the later of: a) The date the state may begin to obligate funds (generally July 1), or b) the date you submit an application in substantially approvable form. The Substantial Approvable Status timeline can be found on iGrants under “General Resource Information.”

For **federal** competitive grants, you may not begin obligating funds until the subgrant is made. However, you may request pre-approval from OSPI for pre-award costs you incurred prior to the subgrant being made.

Carryover Funds

**Federal** funds that are eligible for carryover into the subsequent period shall be used in accordance with the federal statutes and regulations that apply to the program and are in effect for the carryover period. (34 CFR, Part 76.709-710)

The following table lists the **federal** programs that allow carryover:

| <b>PROGRAM</b>                                             | <b>CFDA NUMBER</b> | <b>C/O % ALLOWED</b> |
|------------------------------------------------------------|--------------------|----------------------|
| 21st Century Community Learning Centers                    | 84.287C            | 5%                   |
| REAP Flexibility and Accountability                        | 84.367A            | 100%                 |
| Rural and Low-Income Schools                               | 84.358B            | 100%                 |
| Special Education IDEA-B, Sections 611 & 619 CSA           | 84.027A/84.173A    | 10%                  |
| Special Education IDEA-B, Sections 611 & 619 Flow-Through  | 84.027A/84.173A    | 100%                 |
| Title I, Part A                                            | 84.010A            | 15%                  |
| Title I, Part D Education Advocate, CSA                    | 84.010A            | 40%                  |
| Title I, Part D Health Services Project, CSA               | 84.010A            | 40%                  |
| Title I, Part D Neglected and Delinquent - Local           | 84.010A            | 40%                  |
| Title I, Part D Neglected and Delinquent - State           | 84.013A            | 40%                  |
| Title II, Part A Teacher & Principal Training & Recruiting | 84.367A            | 100%                 |
| Title III, Immigrant                                       | 84.365A            | 100%                 |
| Title III, LEP                                             | 84.365A            | 100%                 |

If you need additional information, please review the iGrants profile page for each program and/or contact the program supervisor.

Unexpended **state** grant funds **cannot** be carried over into FY 2016–17. State general fund appropriations for the 2015–17 biennium have been separately earmarked and allotted for each fiscal year of the biennium and may not be transferred between fiscal years. This does not include Learning Assistance Program (LAP), State Special Education, or State Transitional Bilingual Instructional Program (TBIP), which are state categorical funds that are subject to different state statutes.

## GRANT PAYMENT PROCESS

The grant payment process is generally on a reimbursement basis for both state and federal grants. For federal grants, a district may submit a claim for both actual and anticipated disbursements; however, funds received for anticipated disbursements are considered to be on an advance basis, and subsequent disbursement must occur within three days of receipt of those funds.

Subgrantees will receive funding reimbursement through the monthly apportionment process. Grant reimbursements appear as a line entry by revenue account number on Report 1197, Statement of Apportionment. Individual federal and state grant award information, including current expenditure and available balance information, appears on Report 1191FG. Both reports are posted electronically at the end of each month by School Apportionment and Financial Services.

### Expenditure Reporting

In order for OSPI to meet federal deadlines, districts are required to liquidate and claim their FY 2016–17 expenditures no later than the 3<sup>rd</sup> month following the end of the budget period. For example, if your grant budget period is 9/1/16 thru 8/31/17 your final expenditure report is due by November 16, 2017.

Subgrantees submit claims through the Education Data System (EDS) Grants Claim System automated expenditure reporting process. Monthly claims are due by 4:30 p.m. on the following dates in order to be reimbursed at month end. If this deadline is missed, reimbursement will not occur until the end of the next month a claim is submitted by the cutoff date.

|                    |                   |                    |
|--------------------|-------------------|--------------------|
| September 20, 2016 | February 15, 2017 | July 19, 2017      |
| October 19, 2016   | March 21, 2017    | August 21, 2017    |
| November 16, 2016  | April 19, 2017    | September 19, 2017 |
| December 19, 2016  | May 18, 2017      | October 19, 2017   |
| January 19, 2017   | June 20, 2017     | November 16, 2017  |

**PLEASE NOTE** that reimbursements for state grants are paid through the EDS Grants Claim System for all fiscal year expenditure reports submitted by the July 2017 cutoff. In August 2017, the Grants Management Office will send out an email requesting claim data to be sent back by email pertaining to the balances or closure of state grants. This information will be used to compile and record OSPI accruals for the close of the state fiscal year.

Final **cumulative** expenditure claims for all accrued state grants must be submitted to OSPI no later than September 19, 2017, in order to receive reimbursement.

If you have questions regarding your reimbursement, contact the grants analyst assigned in the iGrants profile page.

### **BUDGET REVISIONS (2 CFR Part 200.308)**

Unless prohibited by federal or state statute(s) governing a particular grant program, a subgrantee is authorized to increase/decrease expenditures for any budgeted activity total or object total by an amount of up to 10 percent of the total "Budgeted Direct Expenditures" for that grant award ***without submitting a budget revision.***

If a budget revision is required due to exceeding that amount, make sure you allow enough time for the request to go through the approval process in iGrants prior to the claim submission cutoff date. You will not be able to submit your claim until the budget revision is approved.

### **INDIRECT RATES AND CAPS ON ADMINISTRATIVE COSTS**

Some federal programs have maximum limits (statutorily imposed) on administrative costs that can be charged to the grant. For example, Title III, Bilingual, has a statutory cap for administration costs of 2%. The iGrants system will automatically limit the districts indirect rate to 2% if the calculated indirect exceeds that amount.

Unless otherwise stipulated in the appropriations act, statute, rule, or by OSPI policy, the following indirect rates for FY 2016–17 apply:

- School District federal grants, contracts, and Learning Assistance Program (LAP) rates can be found on the School Apportionment & Financial Services main website at <http://www.k12.wa.us/safs/default.asp>.
- School District state grants indirect rates are 7 percent.
- ESD indirect rates for federal grants are 8 percent and for state grants are 11 percent.

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For clarification regarding administrative cost caps and indirect rate information, including information for state universities and colleges, selected state agencies, private universities and colleges, nonprofit organizations, and state-funded projects (other than LAP), please contact Jennifer Carrougher, Director, Federal Fiscal Policy/Grants Management at 360-725-6280 or [Jennifer.carrougher@k12.wa.us](mailto:Jennifer.carrougher@k12.wa.us).

## **ASSISTANCE**

If there are any questions regarding information in this bulletin, unless otherwise specified in the bulletin, please contact Michelle Sartain, Supervisor, Grants Management, at 360-725-6282. The agency TTY number is 360-664-3631. This bulletin is also available on OSPI's website at <http://www.k12.wa.us/BulletinsMemos/bulletins2016.aspx>.

## **FINANCIAL RESOURCES**

Ken Kanikeberg  
Chief of Staff

Jennifer Carrougher  
Director, Federal Fiscal Policy/Grants Management

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