**SECTION C – BUDGET NARRATIVE** (see instructions)

Section C (Budget Narrative), for each budget category in Section A, please provide a

justification, a detailed description of allowable, reasonable and necessary costs, and

address the following items:

**i. The use of funds for Administrative Costs. Please tell us if you are reserving**

**funds for administrative costs and the total amount. Please describe how these**

**funds will be used consistent with the budget categories from the Section A**

**Table.**

Iowa is reserving ESSER-related administrative funds in the amount of $358,128. A breakdown of how these funds will be budgeted is presented in the attached form 524 (salaries, benefits, indirects). Administrative funds will be used to pay salaries and benefits for state-level, professional staff who are working on Statewide, COVID-related mitigation projects in Iowa.  Most importantly, these individuals will be procuring, curating and making on-line learning resources available to all 327 school districts in Iowa, as well as an electronic distance-learning platform (learning management system).  Iowa set aside the full 10% allowance of ESSER funds to provide resources specifically for Iowa schools.  The functions paid for with this reservation of funds will directly support activities specifically authorized under the CARES Act.

**ii. The clarification of the category, “Other.” Please clearly identify funds used for**

**subgrants and other items of cost in this category.**

None

**iii. The description of Large Covered Funds. Please provide a detailed list of**

**activities and/or projects that are budgeted for more than $150,000.**

Iowa set aside the full 10% allowance of ESSER funds to provide resources specifically for Iowa schools.  The functions paid for with this reservation of funds will directly support activities specifically authorized under the CARES Act. There are two categories of resources Iowa will be providing to schools using the ESSER set aside dollars:  Online coursework resources and a Learning Management System (LMS)

Online Coursework Resources

At this time, Iowa is seeking information regarding specific products that will be provided to schools statewide.  In particular, as a first priority, Iowa is examining resources to assist schools in teaching courses required by Iowa Code at the secondary level in a distance format (4 English-language arts courses, 3 mathematics courses, 3 science courses, and 3 social studies courses).  Iowa currently owns curricular and other learning resources in some of these areas.  It is also anticipated that Iowa will need to procure resources in some areas, either open source or commercial, to meet the needs of all Iowa schools.  In areas where commercial resources may need to be procured, contracts or licenses would be entered into with the owners of such materials for provision to Iowa schools.  It is possible that some of these contracts could exceed $150,000, though Iowa does not yet have any contracts in place against the 10% set aside, nor has Iowa drawn down any of those funds.

Learning Management System

When the COVID pandemic hit, Iowa schools’ ability to provide comprehensive learning programs for all of their students varied greatly across the state.  Some districts had complete virtual academies in place, while others had very little experience providing large-scale distance learning.  Iowa is in the process of procuring a commercial, high-quality learning management system that will be made available to all Iowa schools.  Use of this system will be voluntary by districts, and Iowa will only purchase licenses for those schools and districts who choose to use it.  It is estimated that the cost for this system will be in the $1M to $3M range, depending on how many licenses need to be purchased.

Internal Control Plan

The Deputy Director and Administrator of the Iowa Department of Education’s (Department’s) Division of Learning and Results holds primary responsibility for managing the ESSER Fund grant. The Division’s Bureau of School Improvement has primary responsibility for developing and implementing the subgrant application portion of the grant, including subrecipient monitoring.

The Division of School Finance and Support Services establishes internal account coding for federal program funds. The Bureau of School Business Operations, which is part of the Department’s Division of School Finance and Support Services, is responsible for coordination of LEA fiscal data collection processes, and has established required account coding for LEA’s receipt and use of ESSER funds. The Division also reviews each LEA’s annual audit report and communicates findings to program managers, who are responsible for follow-up and resolution.

The Bureau of School Business Operations completes a subrecipient fiscal risk assessment annually as required under 2 C.F.R. 200.331. This assessment includes an indicator designating the level of need for additional supports, ranging from none to high. This information is distributed to Department administrators overseeing federal programs, and is combined with program-specific information to develop strategies for mitigation of risk.

The Department ensures the preparation and retention of primary documentation necessary to substantiate appropriate use of grant funds as a recipient agency. The Department maintains all information and documentation to support our submitted application and calculation of LEA distributions. Additionally:

* LEAs maintain all information and documentation to support their submitted application for and use of ESSER funds; and
* The Department may require LEAs to provide appropriate documentation to support any concern or review performed by the Department, federal agency, or its contractor.

Other internal control activities of the Department include:

* Maintaining awareness of, and responding to, federal grant guidance.
* Communicating with federal program contacts.
* Ongoing communication with subgrantees regarding implementation of grant requirements.

Subrecipient Monitoring Plan

1. Iowa has a general risk assessment for all subgrantees as required by the OMB super circular regarding administrative requirements, cost principles, and audit requirements for all federal awards [2 CFR Part 200].  The risk assessment includes but is not limited to information such as: and enrollment of fewer than 300, superintendent and/or business official turnover, prior year late-filed reports, negative account balances, open enrollment trends, and audit findings.
2. In addition to the Department’s risk assessment including all funds, each federal program in Iowa has a risk assessment unique to the program.  Iowa is creating a risk assessment unique to ESSER that can be used for the duration of the program, as well.  These assessments typically include information such as unspent balances as the year progresses, spending in appropriate categories, and timely application for and use of funds.  Iowa will also include programmatic information such as compliance with the requirements of the program.  Iowa monitors programs based on a combination of the overall risk assessment described in (a) above and the additional information collected in the program-specific risk assessment.  Monitoring may take the form of a desk audit or, in some cases, an on-site visit.

Additional processes in place to monitor and ensure compliance with requirements of ESSER funds include:

1. The Department requires each LEA to report revenues and expenditures on an annual basis through their Certified Annual Report (CAR) to allow SEA verification of use of all federal and state funds;
2. The Department will review each LEA’s reported ESSER revenues and expenditures to ensure accounting for the revenue and expenses was appropriate in terms of acceptable state accounting procedures and that all expenditures were allowable under federal requirements after close of the fiscal year;
3. Errors identified through the review process in the use of ESSER funds by LEAs will be immediately corrected by the in the LEAs within their accounting system when they were identified;
4. LEAs with identified errors in the use of ESSER funds documented through their CAR submission, will be classified as higher level of risk, resulting in a greater level of fiscal review, which allows the SEA to request additional information and documentation to ensure all LEA ESSER expenditures meet both federal and state requirements;
5. The Department will perform a final review of LEA revenues and expenditures to ensure the ESSER funds are liquidated within the federal timeline;
6. LEA programs are monitored through the state’s differentiated accountability system annually, which identifies those districts requiring a greater level of support;
7. LEAs identified as needing targeted or comprehensive support receive a higher level of programmatic review, which allows the SEA to request additional information and documentation to ensure programmatic services meet both federal and state requirements; and
8. Programmatic issues identified by the SEA are required to be corrected within the SEA identified timeline.
9. Iowa uses the risk assessments described in (a) and (b) to monitor all subrecipients of funds, but does not pre-schedule additional targeted or on-site monitoring.  Rather, Iowa uses the risk assessments to determine which subrecipients require additional monitoring.  In a typical year this results in targeted desk audits for fewer than ten subrecipients and an on-site visit to fewer than five subrecipients.  Any compliance issues identified during monitoring are cited and entered into the state’s Consolidated Accountability and Support Application (CASA) corrective action log, where the citation and corrective action plan are available to the Department and the recipient agency.