



Karen B. Salmon, Ph.D.
State Superintendent of Schools

July 10, 2020

Christopher Fenton
US Department of Education
400 Maryland Avenue, SW, Room 3W225
Washington, DC 20202

Dear Mr. Fenton:

Maryland is submitting this report as required under the Coronavirus Aid, Relief, and Economic Security Act, Elementary and Secondary School Emergency Relief Fund. The report contains the budget (ED Form 425), Budget Narrative, Internal Control and Subrecipient Monitoring plans, which are attached.

Thank you for the opportunity to share this information. Please contact Amalie Brandenburg, Deputy State Superintendent for Finance with any questions. Amalie can be reached via email at amalie.brandenburg@maryland.gov or via telephone at 410-767-0011.

Best Regards,

Karen B. Salmon, Ph.D.
State Superintendent of Schools

KBS/dg

Enclosures



**U.S. DEPARTMENT OF EDUCATION
BUDGET INFORMATION NON-CONSTRUCTION PROGRAMS**

OMB Control Number: 1894-0008
Expiration Date: 08/31/2020

Name of Institution/Organization

Maryland State Department of Education

Applicants requesting funding for only one year should complete the column under "Project Year 1." Applicants requesting funding for multi-year grants should complete all applicable columns. Please read all instructions before completing form.

SECTION A - BUDGET SUMMARY U.S. DEPARTMENT OF EDUCATION FUNDS

Budget Categories	Project Year 1 (a)	Project Year 2 (b)	Project Year 3 (c)	Project Year 4 (d)	Project Year 5 (e)	Total (f)
1. Personnel						
2. Fringe Benefits						
3. Travel						
4. Equipment						
5. Supplies	17,358,568					
6. Contractual	1,365,000					
7. Construction						
8. Other						
9. Total Direct Costs (lines 1-8)	18,723,519					
10. Indirect Costs *Enter Rate Applied <u>17.7%</u>	3,099,008					
11. Training Stipends						
12. Total Costs (lines 9-11)	21,822,576					

***Indirect Cost Information (To Be Completed by Your Business Office):**

If you are requesting reimbursement for indirect costs on line 10, please answer the following questions:

- (1) Do you have an Indirect Cost Rate Agreement approved by the Federal government? Yes No.
- (2) If yes, please provide the following information:
 Period Covered by the Indirect Cost Rate Agreement: From: 7 / 1 / 2020 To: 6 / 30 / 2021 (mm/dd/yyyy)
 Approving Federal agency: ED Other (please specify): _____ The Indirect Cost Rate is 17.7% %
- (3) If this is your first Federal grant, and you do not have an approved indirect cost rate agreement, are not a State, Local government or Indian Tribe, and are not funded under a training rate program or a restricted rate program, do you want to use the de minimis rate of 10% of MTDC? Yes No. If yes, you must comply with the requirements of 2 CFR § 200.414(f).
- (4) If you do not have an approved indirect cost rate agreement, do you want to use the temporary rate of 10% of budgeted salaries and wages? Yes No. If yes, you must submit a proposed indirect cost rate agreement within 90 days after the date your grant is awarded, as required by 34 CFR § 75.560.
- (5) For Restricted Rate Programs (check one) -- Are you using a restricted indirect cost rate that: Is included in your approved Indirect Cost Rate Agreement? Or Complies with 34 CFR 76.564(c)(2)? The Restricted Indirect Cost Rate is _____%
- (6) For Training Rate Programs (check one) -- Are you using a rate that: Is based on the training rate of 8 percent of MTDC (See EDGAR § 75.562(c)(4))? Or Is included in your approved Indirect Cost Rate Agreement, because it is lower than the training rate of 8 percent of MTDC (See EDGAR § 75.562(c)(4)).

Name of Institution/Organization	Applicants requesting funding for only one year should complete the column under "Project Year 1." Applicants requesting funding for multi-year grants should complete all applicable columns. Please read all instructions before completing form.
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**SECTION B - BUDGET SUMMARY
NON-FEDERAL FUNDS**

Budget Categories	Project Year 1 (a)	Project Year 2 (b)	Project Year 3 (c)	Project Year 4 (d)	Project Year 5 (e)	Total (f)
1. Personnel						
2. Fringe Benefits						
3. Travel						
4. Equipment						
5. Supplies						
6. Contractual						
7. Construction						
8. Other						
9. Total Direct Costs (Lines 1-8)						
10. Indirect Costs						
11. Training Stipends						
12. Total Costs (Lines 9-11)						

SECTION C – BUDGET NARRATIVE (see instructions)

Instructions for ED 524

General Instructions

This form is used to apply to individual U.S. Department of Education (ED) discretionary grant programs. Unless directed otherwise, provide the same budget information for each year of the multi-year funding request. Pay attention to applicable program specific instructions, if attached. You may access the Education Department General Administrative Regulations cited within these instructions at: <http://www.ed.gov/policy/fund/reg/edgarReg/edgar.html>. You may access requirements from 2 CFR 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" cited within these instructions at: <https://www.federalregister.gov/articles/2013/12/26/2013-30465/uniform-administrative-requirements-cost-principles-and-audit-requirements-for-federal-awards>.

You must consult with your Business Office prior to submitting this form.

Section A - Budget Summary U.S. Department of Education Funds

All applicants must complete Section A and provide a break-down by the applicable budget categories shown in lines 1-11.

Lines 1-11, columns (a)-(e): For each project year for which funding is requested, show the total amount requested for each applicable budget category.

Lines 1-11, column (f): Show the multi-year total for each budget category. If funding is requested for only one project year, leave this column blank.

Line 12, columns (a)-(e): Show the total budget request for each project year for which funding is requested.

Line 12, column (f): Show the total amount requested for all project years. If funding is requested for only one year, leave this space blank.

Indirect Cost Information: If you are requesting reimbursement for indirect costs on line 10 the indirect cost rate to be charged to the grant must be entered in the applicable field on line 10, and the following information is to be completed by your Business Office.

(1): Indicate whether or not your organization has an Indirect Cost Rate Agreement that was approved by the Federal government. If you checked "no," ED generally will authorize grantees to use a temporary rate of 10 percent of budgeted salaries and wages (**complete (4) of this section when using the temporary rate**) subject to the following limitations:

(a) The grantee must submit an indirect cost proposal to its cognizant agency within 90 days after ED issues a grant award notification; and

(b) If after the 90-day period, the grantee has not submitted an indirect cost proposal to its cognizant agency, the grantee may not charge its grant for indirect costs until it has negotiated an indirect cost rate agreement with its cognizant agency.

(2): If you checked "yes" in (1), indicate in (2) the beginning and ending dates covered by the Indirect Cost Rate Agreement. In addition, indicate whether ED, another Federal agency (Other) or State agency issued the approved agreement. If you check "Other," specify the name of the Federal or other agency that issued the approved agreement.

(3): If you check "no" in (1), indicate in (3) if you want to use the de minimis rate of 10 percent of MTDC (see 2CFR § 200.68).

If you use the de minimis rate, you are subject to the provisions in 2 CFR § 200.414(f). Note, you may only use the 10 percent de minimis rate if you are a first-time Federal grant recipient, and you do not have an Approved Indirect Cost Rate Agreement. You may not use the de minimis rate if you are a State, Local government, or Indian Tribe, or if your grant is funded under a training rate or restricted rate program.

(5): If you are applying for a grant under a Restricted Rate Program (34 CFR 75.563 or 76.563), indicate whether you are using a restricted indirect cost rate that is included on your approved Indirect Cost Rate Agreement, or whether you are using a restricted indirect cost rate that complies with 34 CFR 76.564(c)(2). Note: State or Local government agencies may not use the provision for a restricted indirect cost rate specified in 34 CFR 76.564(c)(2). Check only one response. Leave blank, if this item is not applicable.

(6): For Training Rate Programs, ED regulations limit **non-governmental entities** to the recovery of indirect costs on training grants to the grantee's actual indirect costs, as determined by its negotiated rate agreement, or 8 percent of a MTDC, whichever is lower (see EDGAR § 75.562(c)(4)). The 8 percent limit also applies to cost-type contracts under grants, if these contracts are for training as defined in EDGAR § 75.562(a). If a **non-governmental entity** that receives a grant under a training grant program does not have an approved indirect cost rate and wants to recover indirect costs, it may use a temporary rate of 10 percent of budgeted direct salaries and wages, but it must submit an indirect cost rate proposal to its cognizant agency for indirect costs within 90 days after ED issues the GAN. After the 90-day period, the government entity may not charge its grant for indirect costs until it has negotiated an indirect cost rate agreement.

Section B - Budget Summary Non-Federal Funds

If you are required to provide or volunteer to provide cost-sharing or matching funds or other non-Federal resources to the project, these should be shown for each applicable budget category on lines 1-11 of Section B.

Lines 1-11, columns (a)-(e): For each project year, for which matching funds or other contributions are provided, show the total contribution for each applicable budget category.

Lines 1-11, column (f): Show the multi-year total for each budget category. If non-Federal contributions are provided for only one year, leave this column blank.

Line 12, columns (a)-(e): Show the total matching or other contribution for each project year.

Line 12, column (f): Show the total amount to be contributed for all years of the multi-year project. If non-Federal contributions are provided for only one year, leave this space blank.

Section C - Budget Narrative [Attach separate sheet(s)] Pay attention to applicable program specific instructions, if attached.

1. Provide an itemized budget breakdown, and justification by project year, for each budget category listed in Sections A and B. For grant projects that will be divided into two or more separately budgeted major activities or sub-projects, show for each budget category of a project year the breakdown of the specific expenses attributable to each sub-project or activity.

2. For non-Federal funds or resources listed in Section B that are used to meet a cost-sharing or matching requirement or provided as a voluntary cost-sharing or matching commitment, you must include:

- The specific costs or contributions by budget category;
- The source of the costs or contributions; and
- In the case of third-party in-kind contributions, a description of how the value was determined for the donated or contributed goods or services.

[Please review cost sharing and matching regulations found in 2 CFR 200.306.]

3. If applicable to this program, provide the rate and base on which fringe benefits are calculated.

4. If you are requesting reimbursement for indirect costs on line 10, this information is to be completed by your Business Office. Specify the estimated amount of the base to which the indirect cost rate is applied and the total indirect expense. Depending on the grant program to which you are applying and/or your approved Indirect Cost Rate Agreement, some direct cost budget categories in your grant application budget may not be included in the base and multiplied by your indirect cost rate. For example, you must multiply the indirect cost rates of "Training grants" (34 CFR 75.562) and grants under programs with "Supplement not Supplant" requirements ("Restricted Rate" programs) by a "modified total direct cost" (MTDC) base (34 CFR 75.563 or 76.563). Please indicate which costs are included and which costs are excluded from the base to which the indirect cost rate is applied.

When calculating indirect costs (line 10) for "Training grants" or grants under "Restricted Rate" programs, you must refer to the information and examples on ED's website at: <http://www.ed.gov/fund/grant/apply/appforms/appforms.html>.

You may also contact (202) 377-3838 for additional information regarding calculating indirect cost rates or general indirect cost rate information.

5. Provide other explanations or comments you deem necessary.

Paperwork Burden Statement

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless such collection displays a valid OMB control number. The valid OMB control number for this information collection is **1894-0008**. The time required to complete this information collection is estimated to vary from 13 to 22 hours per response, with an average of 17.5 hours per response, including the time to review instructions, search existing data sources, gather the data needed, and complete and review the information collection. If you have any comments concerning the accuracy of the time estimate(s) or suggestions for improving this form, please write to: U.S. Department of Education, Washington, D.C. 20202-4537. If you have comments or concerns regarding the status of your individual submission of this form, write directly to (insert program office), U.S. Department of Education, 400 Maryland Avenue, S.W., Washington, D.C. 20202.

Maryland ESSER Grant – Budget Narrative

I. Administrative Costs

The Maryland State Department of Education is not using ESSER grant funds for administrative costs.

II. Other Category

The Maryland State Department of Education does not have funds budgeted in the Other category.

III. Large Covered Funds

The budget for the Maryland ESSER Grant includes activities budgeted in the Contracted Services and Supplies Categories. The budget includes indirect cost at the approved unrestricted rate of 17.7%. The application of the indirect cost rate includes only the first \$25,000 in planned expenditures for 6 separate contracts.

Contracted Services – The budget anticipates six separate contracts for the following activities: Online courses – a high school Government course, nine student courses, five professional development courses, a course registration component for the State’s Learning Management System, contracts associated with the State’s two Virtual School Consortiums, and an evaluation of the efficacy of the online courses for students.

Supplies – the budget anticipates licenses and access fees for students and teachers, additional access licenses for the State’s Learning Management System, and materials associated with the work of the two Virtual School Consortiums.

The Budget narrative estimates the cost to develop online courses at \$45,000 per course, access fees for students and teachers on a per course basis of \$25 per course, and an additional 20,000 access licenses for the Learning Management System.

Maryland ESSER Grant – Internal Control and Subrecipient Monitoring Plan

I. Internal Control

Management Structure

- Grant Manager - Amalie Brandenburg – Deputy Superintendent of Finance
- Subgrant review, subrecipient monitoring, grant application, grant expenditure review and approval, and grant reporting
 - Donna Gunning - Executive Director, Office of Policy and Fiscal Analysis
 - Steve Brooks – Senior Financial Advisor, Office of Finance
- Accounting and Fiscal Management
 - Christy Shockley – Assistant State Superintendent for Business Services
 - Farid Keshavarz – Chief – Accounting Branch

Grant Risk and Mitigation

Risk that subrecipients will use funds for ineligible purposes

- To contain this risk MSDE included a list of eligible uses (per CARES act) in the grant application. LEAs were also required to provide a budget narrative with the application that detailed use of the funds.
- Additionally, the subgrants are being released as “restricted” grants, thus requiring that the local education agencies maintain separate reporting fund account for the grants.

Risks that grant funds will be drawn prior to obligation

- The local school systems will be reimbursed for grant expenditures
- School systems provide a monthly report for expenditure draws

Risk that grant funds will not be expended timely

- The subgrants are reviewed on a monthly basis; school systems not reflecting timely use of the funds will be contacted as to the reasons for any delay

Primary Documentation to support fiscal reviews

- The State RSTARS Accounting system maintains transaction level detail of all grant encumbrances, expenditures as well as payment information for local school systems.
- For restricted grants such as this, school systems are required to maintain separate fund accounting for the grant award and will provide a final report to MSDE.

Subrecipient Monitoring Plan

Maryland will model its subrecipient monitoring plan after that used for the State Fiscal Stabilization Fund Program under the American Recovery and Reinvestment Act (ARRA). The subrecipient monitoring plan is attached to this report.

MARYLAND STATE DEPARTMENT OF EDUCATION

Local School System Monitoring
Elementary and Secondary School Emergency
Relief Fund

School System: _____

Monitoring Date: _____

School System Representatives:

MSDE Representatives:

I. Fiscal Oversight of ESSER Funds

ISSUE: Whether the LEA has established appropriate policies and procedures for ensuring fiscal oversight of ESSER funds.

Guiding Questions

1. What was your LEA's ESSER Fund Allocation?
2. What internal controls does your LEA have in place to ensure that ESSER funds are expended for allowable activities as identified in the Coronavirus Aid, Relief, and Economic Security Act (CARES)?

3. What internal controls does your LEA have in place to ensure that ESSER funds are NOT expended for the following prohibited purposes:
 - a. Payment of Executive salaries
 - b. Stadiums or other facilities primarily used for athletic contests or exhibitions or other events for which admission is charged to the general public;
 - c. Purchase or upgrade of vehicles;
 - d. Improvement of stand-alone facilities whose purpose is not the education of children, including central office administration or operations or logistical support facilities; or
 - e. School modernization, renovation or repair that is inconsistent with State law;
 - f. Financial assistance to students to attend private elementary or secondary schools, unless the funds are used to provide special education and related services to children with disabilities as authorized by the IDEA;
 - g. Aquariums, zoos, golf courses or swimming pools;
 - h. Supplement or restore its *Rainy Day Fund*.

4. What specific projects or activities did your LEA support with ESSER funds?

5. How does your LEA ensure that it complies with the requirements of the Cash Management Improvement Act (CMIA)?

6. Does your LEA maintain records that separately track and account for ESSER Funds?

7. What steps are you taking to ensure compliance with Construction, Modernization, Renovation and Repair requirements, including Buy American, prevailing wage, and infrastructure certification requirements?

Evidence/Documentation

- a. Grant award notification from the ESSER funds.
- b. Grant award notification from the State for State funds.
- c. Policies and procedures regarding obligations and expenditures.
- d. Financial management policies and procedures.
- e. Policies and procedures on compliance with CMIA requirements.
- f. Policies and procedures on compliance with cross-cutting requirements.

II. Reporting

ISSUE: Whether the LEA has cooperated with the State in complying with all reporting requirements.

Guiding Questions

1. Does the LEA maintain records that separately track and account for its ESSER Funds?
2. What procedures does the local school system use for federal reporting requirements?

Evidence/Documentation

- a. Reporting guidelines and protocols.