

Speaker 1:

Welcome and thank you for joining today's conference, Late Liquidation Requests and Grant Closeout for CARES-ESSER and CARES-GEER. Before we begin, please ensure you've opened the WebEx chat panel [inaudible 00:00:13] the associated icon on the bottom right corner of your screen. Please note that all audio connections are muted until the Q and A portion of the call. You are, however, welcome to submit written questions throughout the presentation and these will be addressed during Q and A. To submit your questions in writing, select all panelists from the dropdown menu in the chat panel, enter your question in the message box provided and send. As a reminder, this conference is being recorded. If you require technical assistance, please send a chat to the event producer. With that, I'll turn the conference over to Christopher Tate, group leader in the office of State and Grantee relations. Please go ahead.

Christopher Tate:

Thank you. Welcome to today's webinar to review the department's policy for approving late liquidation request for a grant's liquidation period that has ended and the grant closeout requirements and timeline for CARES-ESSER and CARES-GEER Grants. As our grantees have experienced over the last several months, the department has endeavored to put in place routines to better ensure timely access to program staff and improved communication with grantees around all of the different grants administration aspects for COVID-19 grants. Following today's webinar, grantees will additionally have an opportunity to discuss the late liquidation request process, provided it as needed, and the closeout requirements in greater detail with program officers during March's monthly check-in call. Now, I'll hand the presentation over to my colleague, our offices lead for this work program officer Brandon Weber. Brandon.

Brandon Webber:

Good afternoon everyone. My name is Brandon Webber. As Christopher stated, I am the Grant Closeout Lead and we'll be guiding you through today's process. Today we'll review the liquidation and obligations requirements, the late liquidation request process, how to complete and submit a late liquidation request. We'll go into the grant closeout process, the grant closeout tentative timelines, and then we'll have some questions and answers. Today's presentation will be divided into two clear parts.

The first part will focus on late liquidation requests and the documents that are necessary to process such requests. This step as described later, will ensure that you understand the fiscal requirements for managing the CARES Act Grants, how they're completed during the grants' suspension period, and will hopefully make sure that we provide a process that reduces the burden for you when you're closing out these grants on such a protracted timeline. The second part will focus on the grant closeout activities and those timelines for states and how you'll close out the CARES-ESSER and CARES-GEER Grants. At this time, we do not have information regarding how we'll close out the [inaudible 00:03:07] and ARP Grants, but information for how to close out the [inaudible 00:03:12] and ARP Grants will be provided during the liquidation periods for each of those grants. And if you're wondering, we'll be providing a copy of this presentation along with any other materials on our grant's webpage.

As you're aware, in 2020, Congress set aside funding within the Coronavirus Aid Relief and Economic Security Act or CARES Act. Specifically for the Elementary and Secondary School Emergency Relief Fund or ESSER and the Governor's Emergency Education Relief Fund or GEER. These funds were specifically targeted for use by states to prepare, prevent, and respond to the COVID-19 pandemic. On this slide, you will find the homepages for the CARES-GEER and ESSER programs as well as the all important FAQs. These FAQs are updated periodically to ensure that you have relevant and timely guidance. As you're also aware, the CARES-ESSER and GEER Funds had to be obligated by September 30th. This date is

required by statute and cannot be adjusted by the department. As a note, the period of obligation for CARES funds includes the tidings period. States then were given 120 days to complete the liquidation of the funds that were properly obligated by the September 30th date.

The deadline to liquidate funds was on January 28th, 2023. Those states were given until January 30th, 2023 because the 28th fell on a Saturday. Today, we will detail the standard late liquidation process that's used by the department's formula grants programs. This mechanism will allow states to seek a late liquidation of funds through April 1st, 2024. This will provide grantees with an opportunity to complete additional liquidation of funds in advance of closing out each grant. The process will be made available on the Department of Education's SGR Deadlines and Announcements webpage. They will also be communicated directly to the GEER and ESSER state directors through the G5 platform.

This standard late liquidation process is different and separate from the non-traditional liquidation extension process that states may also apply for through April 1st, 2024. A state may continue to request a liquidation to the period of liquidation through April 1st to pay for activities that will continue outside of the traditional late liquidation process. We will cover these two clear distinctions a little bit later in our presentation. This process will address liquidation requests that were not drawn down due to competing priorities or maybe you had general ledger amendments or other clerical errors. This final opportunity to liquidate funds also reflects the need to fully liquidate funds that have been properly obligated within the statutory obligation period, which ended on September 30th, 2022 for both the CARES-ESSER and CARES-GEER Grant Program.

Before we review the process for traditional late liquidation requests itself, we want to reference the requirements for obligating and liquidating bonds. To obligate generally means to make a bonding commitment for services, work, or products as detailed within 34 C.F.R. Section 76.707, which stipulates when those obligations are made. Regardless of a state's intention or approval to apply for a request to liquidate funds obligations for the CARES-ESSER and CARES-GEER funds must have been completed by September 30th, 2022. It should also be noted that in order to be considered properly obligated, the funds must be obligated for allowable uses as provided by the specific funding requirements and allowances of the ESSER and GEER programs. Additional information regarding allowable uses of funds may be found within the department's published FAQs for each program. Those links are also listed on the slide. 34 C.F.R. 76.707. Further details specific types of obligations and the dates by which those obligation activities are considered completed.

This information also applies to obligated costs within the request to liquidate funds. A state or sub grantee should carefully consider these differentiations when reporting properly obligated funds. To liquidate simply means to draw down and spend the funds. A timely liquidation occurs during the period of obligation. By September 30th of that given year for the program and runs through the first 120 calendar days after the relevant September 30th date. As long as obligations have been made by the September 30th deadline for the given program for contracted activities and these obligations are valid, then those obligations may be liquidated during the 120-day liquidation period. These obligations would be deemed eligible for the requests for a late liquidation of CARES-ESSER or GEER funds.

Unlike with other federal programs implemented at the department, this is a traditional process for COVID-19 relief. The CARES funds are designed to ensure that states can request a late liquidation of funds. Late liquidation requests provide a mechanism for grantees to draw down funds that were properly obligated and have already been liquidated, but grantees were not able to draw down those funds prior to the end of the liquidation period which was, again, 120 days after the project period ended. Grantees may have a limited window to draw down funds for properly obligated funds for completed activities, but they just were unable to do so by the end of the liquidation period which ended on January 28th. The Department's Office of State and Grantee Relations in alignment with the

department's policy for late liquidation requests developed a request process that clearly articulates the necessary information needed to support grantee and sub grantee requests for late liquidations.

While the department does not have the authority to extend the period of obligation, it can approve requests for late liquidation of funds based on written requests and confirmation of properly obligated funds. As a note, the further we are from the liquidation period, requests will be harder to approve. We aim to line up the final request for approval in conjunction with reconciling the fiscal aspects of grants during this current suspension period that most grants begin on January 29th. SGR is taking proactive steps to work with grantees in March through summer of 2023 to provide grantees with a maximum amount of time to make such requests.

Before we cover the process to submit your request for late liquidation, I want to provide a clear distinction between what the department considers a liquidation extension and what it considers a late liquidation request. Phase one liquidation extensions are the department approved extensions that provide states with a mechanism for extending the period of liquidation for up to 14 months in order for the state and its sub-recipients to continue to liquidate funds in accordance with the delivery of contracted goods and services during this extended period pursuant to 34 C.F.R. 76.707. These activities may continue through the approved extended liquidation period or the final date included within the grantees' liquidation extension approval letter. Phase two liquidation extensions are rarely granted after the 14-month period, except under extraordinary circumstances. Only the Department's Chief Financial Officer, the Assistant Secretary or office of Finance and Operations has the authority to approve or disapprove a phase two request.

Again, this is in rare circumstances that you will find a phase two request. The late liquidation of funds provides states with a mechanism to draw down funds that were properly obligated and already liquidated, but grantees were not able to draw down funds prior to the end of the liquidation period or 120 calendar days after the project ended. This is also in accordance with the department's grants management policies. As a note, I will repeat, the longer it takes a state to submit a request, the less likely we are to approve such requests. We will begin having these conversations and close out activities beginning in this month, March of 2023, to assist states with making this assessment and providing you with as much time as possible to close out the CARES-ESSER and CARES-GEER Grants.

Now you'll see what the components are for late liquidation requests. This process was developed to submit requests to help grantees liquidate funds and help them balance their flexibility and burden with continued accountability for use of funds and important safeguards for states and sub-grantees. Timeliness, clarity and reduction of the SCA burden, were the primary considerations for making a seamless process to liquidate funds that were incurred during the original period of availability. For any pre-award cost dating back to March 13th, 2020, when the national emergency was declared through the performance period of September 30th, 2022.

Grantees will submit a request on letterhead and it should be signed by either the Chief State School Officer or Chief Financial Officer. It should detail the items that's listed on the screen and you'll submit those to the state mailbox state.oese@ed.gov for review. Some of the things that you need to submit should be the ALN, which is formally the CFDA number, your Grant's PR Award Number, a detailed explanation for why the liquidation period needs to be reopened and why those funds were not liquidated during the established period of availability. You'll also include the circumstance that necessitates the late liquidation from happening again. You'll include a total dollar amount that you want drawn down from the balance and also the time that you'll need to complete the drawdown if it should take you longer than three business days to complete that action. You'll also sign that you are attesting that all of the information and documentation is accurate as submitted.

Grantees will also ensure that once this information is submitted, that all documentation will be received by the Office of State and Grantee Relations via the state mailbox. Again, that's yourstate.oese@ed.gov. The Office of State and Grantee Relations intends to communicate within 14 business days of a completed submission. This timeframe may be impacted if the volume of request is concentrated within a particular timeframe or if additional information is needed from the grantee. The department will not approve late liquidation request or accounting adjustments that move obligations or expenditures from state or local accounts to federal programs, but the department may approve a late liquidation request that reimburses the grantees for payments made initially from non-federal grant funds for obligations charged to federal programs. The department will not approve late liquidation requests or related accounting adjustments that retroactively change the nature of the grantee's underlying accounting system, but the department will consider reasonable requests that result from temporary or minor deviations from a grantee's accounting system.

As time approaches for CARES-ESSER and GEER Grants to end, we will close out the grants once we've determined that all applicable actions and all required work, like your final reports [inaudible 00:18:09], are on the grants have been completed by grantees in accordance with 2 C.F.R. 200.343(g). The Gone Act and the department's policy for managing its Formula Grant closeout activities. The Gone Act or Grant's Oversight and New Efficiency Act provides additional oversight over the financial accountability of federal grant programs by requiring federal agencies to close out expired grants with zero balances. Any unspent funds should be reported to Congress annually and the status of the grants should be closed but remain open.

The department's policies for managing Formula Grants provides a list of items that we must complete in order to close out a grant in compliance and we'll cover this more on the next slide. The guidance for continuing activities after a liquidation period, or FAQ E-3.d represents the department's interpretation of existing US Department of Education Regulations and the uniform guidance. States may reference this FAQ when met with questions from other state officials or auditors who are asking about continuing contractual services during and after the liquidation period.

The grant closeout requirements will ensure that our Formula Grants may be closed out after the following administrative actions and required work of the grant have been completed in compliance. The grant period, including the tidings period, has expired as of September 30th, 2022. The liquidation period, including any approved extensions, has expired as of January 28th for most. Again, except for those who have liquidation extensions. G5 should also indicate that there are no remaining funds in the account and there are no issues related to the remaining funds in the count. All performance and financial reports and data are required by the terms and conditions of the award.

Each of them have been received and accepted and SGR staff has determined that all programmatic requirements for the grant have been met. All identified programmatic and financial issues or findings have been resolved, including any special conditions, high risk and monitoring findings of non-compliance, and that the single audit, if required, for the grant has been completed, all audit findings including federal audits have been resolved, any corrective actions have been successfully completed, and any amounts due back have been paid or an approved payment plan has been established. As a note, grants won't officially be closed out until the year four CARES-ESSER and GEER annual reports have been completed and submitted. We'll drop those dates for you to reference in the chat, but they're also located on the ESF portal at esf.gov.

Now we'll take a look at the tentative timeline for what we believe will be the process for closing out the grants. Now that the liquidation period has ended except for states with liquidation extensions, SGR will begin the closeout process this month. Though grants won't be closed out in G5 until the terms and conditions of the grant award are fully met, including for reporting on final grant activities as required in

the terms and conditions of the grant, we will work with grantees to review final expenditures now and manually close out the fiscal portions of those grants. Essentially, grants will remain in close out pending status through summer 2025 to allow for states to make any necessary adjustments to their year four CARES-ESSER and CARES-GEER data. The data accounting for activities and expenditures that were completed in the final year of the grant during the final reopen period.

This chart also provides a tentative timeline for what grant closeout activities SGR will conduct. If you notice under liquidation, you'll see January 28th, 2023, which marks the end of the liquidation deadline, which again, was 120 days after the period of obligation or the performance period. It was the last time that grantees could perform drawdowns for obligations that occurred on or before September 30th, 2022. As some grantees could not perform grants drawdowns by January 28th, 2023, the department provides states with a request for late liquidations as we talked about earlier. Beginning Monday, March 13th, grantees can begin making requests to SGR via the state mailbox to address those items for a late liquidation of CARES-ESSER and GEER funds. Again, this is the standard process that is already being used by the department's formula grants programs. Program Officers will reach out to states to follow up about any late liquidation requests if necessary during the March check-in call with grantees.

Please note if you're approved for a liquidation request or a late liquidation, the goal is to reopen those funds and allow you to draw down them within three days, but we're asking that you allow us 14 days to ensure that that process is completed. Following the liquidation period, most grantees went into what's known as the suspension status. Which means that grantees can no longer perform drawdowns manually. Each drawdown must be performed as of January 29th, and it does require the department's approval when you're liquidating those funds. Grantees will again make that completed request to draw down funds via a late liquidation.

Starting in April 2023, SGR will do another follow up with grantees to ensure that all preliminary compliance measures are in place. States can also reference slide 15 to see which components will be discussed, but we'll also get to that later in the presentation. In summer of 2025, the department will start to receive and approve final annual performance reports for CARES-ESSER and CARES-GEER Grants after the traditional reopened periods have been closed. At that time, grantees will additionally ensure that all FFATA data is submitted in its complete and final form. It is also at the time where SGR will conduct any final closeout activities. This will officially close out the grants in the G5 platform. Once the grant is closed, grantees can no longer access funds and the grant will be closed in the G5 platform. All remaining funds, including any interest that was accrued, would then be transferred or returned to treasury.

This slide that you see, again, talks about specifically the liquidation extensions. So if a grantee submits a liquidation extension for continuing activities, that grantee will receive a liquidation extension with a date listed in their approved liquidation approval letter. It will only go through April 1st, 2024. Once their approved period of liquidation ends, the next business day, that grantee will be placed in what's known suspension status, which means the grantees can no longer perform drawdowns manually. Again, it will follow the same cadence as we just discussed, which starts in August where grantees will be followed up with compliance measures by SGR staff and, again, we'll talk about those components later that we'll be following up with the grantees to ensure that they are in compliance.

In summer 2025, the department will continue its closeout activities by looking at the submissions for annual reports as well as for FFATA data to ensure that it is correct and in its final submission status. At that time, SGR will again follow up with any final closeout activities and ensure that the grant can be closed out in compliance. All remaining funds will also, similarly to the last process, any interest will be that's accrued will then be returned back to treasury, and at this time we will open the call for questions.

Speaker 1:

If you'd like to ask a question, you can use the raise hand icon in WebEx to be replacing the question queue. You'll hear a beep when your line is unmuted, at which point please state your name and question. You can also submit your questions using the chat. Please remember to select all panelists from the dropdown menu before submitting your question.

Brandon Webber:

So far, there's only one question. Will we receive a copy of this present presentation? Yes, you will. It will be posted on the office of State Grantee Relations webpage. If you're receiving the news blast, it will also be provided to you there as well, and then, if for some reason you don't receive it, you can always send us an email at yourstate.oese@ed.gov.

Christopher Tate:

So Brandon, we have a question in the chat box. Can you go over again the types of items that would not be approved in a late liquidation request?

Brandon Webber:

Sure. One example, particularly that we have, so let's say a grantee has consistently employed a first in first out accounting system. But for a limited period of time, mistakenly charged those obligations to current year funds rather than to available earlier year funds. Because that grantee is employed of FI or first in first out system, generally, the department might approve the accounting adjustments and late liquidations to allow remaining funds to be used for obligations during the relevant timing periods, but the department would be less inclined to approve the requests if those changes were because of recurring mistakes or systemic problems with the grantee's accounting system. So basically, if you were switching from first in first out accounting system, retroactively, that would be a request that the department would not approve.

And the goal here, of course, is to ensure that you are in compliance. So please know that SGR staff will be reaching out starting in March, and you'll have another opportunity later in the summer to ensure that all of those fiscal checks are in order. So I would focus more on what will be done to close out your grants in compliance versus being concerned with those items that would not allow you to be in compliance. We fully believe that we have all of the information via our staff and the information that you provided to ensure that you would be closing out your grant in compliance.

There's a question that says one time drawdown. What do I mean by that? So we are endeavoring to ensure that now all grantees are taking the appropriate time to understand what they need to close out the grants on the fiscal side. So if you are a grantee that maybe has, let's say, \$35,000 left to draw down, we want you to look at all of your finances and ensure that you're submitting a request that captures all of the drawdowns that you will need to make, that way you perform one drawdown in your late liquidation request versus submitting to us several different requests.

So now, between now and when you have your conversation with your assigned program officer, we're asking you, as a grantee, to ensure that you have looked at all of your fiscal records and ensure that when you make that late liquidation request, you are requesting one request for late liquidation and not multiple. Obviously, if you have additional requests that come in that are valid from that obligation period, we will receive those as appropriate, but we are asking you to try to make that request capture all of the fiscal drawdowns that you might need to make in one request.

Christopher Tate:

Brandon, I'm not seeing... Oh, go ahead.

Brandon Webber:

Yes, I was about to say if there are questions, folks can come off mute by raising your hand and you can also place your question in the chat. And this is sometimes bears repeating that we will send this information out via the web blasts as well as we'll post it on our webpage. And again, if you don't receive that information, you're always welcome to send any questions or send that request for the presentation to yourstate.oese@ed.gov and we'll be sure to get back to you. And so we'll hold maybe about 30 more seconds. If there are any burning questions, please, again, raise your hand and you can come off mute and ask your question or you can post your question in the chat.

All right, everyone, this concludes our presentation. We certainly thank you for your time today, and again, if you have any questions, feel free to reach out to your assigned program officer at yourstate.oese@ed.gov. Thank you so much for your service to all of our students.

Speaker 1:

That concludes our conference. Thank you for using event services. You may now disconnect.