



U.S. Department of Education
General and Technical Frequently Asked Questions (FAQs)
for CARES ESF-SEA, CARES ESF-Governor, CRRSA ESF II-SEA, CRRSA ESF II-Governor,
and ARP-OA SEA Liquidation Extension Requests

January 9, 2024

84.425H - ESF-Governor Grantees
84.425A, 84.425U - ESF-SEA Grantees
84.425X – ARP-OA SEA Grantees

Introduction

For the Department’s State-administered formula grant programs (Part 76 of the Department’s regulations), obligations must be made by the grantee or subgrantee by the end of the “carryover” or Tydings Period, which allows funds to be obligated for an additional fiscal year beyond the fiscal year for which they were appropriated. These timely obligations may be liquidated for up to 120 days after that period without requiring Department approval. Beyond that point, after reviewing a request from a grantee, the Department may extend the period for costs associated with certain timely obligated projects to be liquidated in accordance with regulation and policy as discussed below.

More specifically, subject to other requirements discussed in this document, it is the Department’s longstanding approach that, under circumstances such as those related to the COVID-19 pandemic, for timely and allowable obligations, services and payments associated with those services may extend through the end of the 120-day liquidation period and, upon request from a grantee, be approved for up to an additional 14 months beyond this date, provided a timely and valid obligation had been made pursuant to 34 C.F.R. § 76.707.

For example, Outlying Areas (and, if applicable, their subgrantees) can continue contracted activities under American Rescue Plan (ARP)-funded contracts during ARP’s liquidation period if: 1) the binding written contract was made by ARP’s obligation deadline of September 30, 2024; 2) the project relates to an allowable activity; and 3) the additional time to liquidate funds is consistent with all State, local, and federal spending rules.

Under a liquidation extension of up to 14 additional months if approved by the Department:

- Outlying Areas (or subgrantees) will have additional time to draw down COVID-relief funds so timely obligated activities can be paid; and
- Outlying Areas (or subgrantees) will have additional time to carry out contracts, or other properly made obligations, for allowable activities when those obligations were made on or before the statutory deadline (September 30, 2024, for ARP funds).

As an example of how liquidation extension approvals may work in practice for ARP funds, if a school district (subgrantee) contracts with a tutoring services vendor prior to September 30, 2024, and that contract meets the requirements described in this document, it is permissible for the district to both receive services and liquidate funds for up to 18 months (i.e., the initial 120-day liquidation period, plus the additional 14 months, if approved) past that date under the contract finalized on or before the obligation deadline.

A liquidation extension beyond the initial 120-day liquidation period is not automatic. Grantees must submit required information and obtain approval from the Department to receive a liquidation extension for themselves or on behalf of their subgrantees. Under no circumstances may an Outlying Area or subgrantee enter into new contracts—*i.e.*, incur new obligations—relating to ARP after September 30, 2024.

As previously communicated, the Department will continue to help ensure that auditors are aware of this guidance. The Department is also available to speak to Outlying Area or other auditors with fact-specific questions. Under the circumstances described above with regard to COVID-relief funding, while all Departmental review is fact-specific and would be considered on a case-by-case basis, the Department would not sustain an audit finding related solely to the continuation of services beyond the carryover period under an approved COVID-relief funding liquidation extension, so long as funds were used consistent with prudent business practices and internal controls for an allowable, reasonable and necessary, and timely-obligated project in the context of Outlying Area and local procurement rules that permit it.

Frequently Asked Questions

Q. 1: May an Outlying Area SEA or Governor request a longer liquidation period extension than 14 months for grants awarded under the Coronavirus Aid, Relief, and Economic Security (CARES) Act ESF-SEA and ESF-Governor), Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act (ESF II-SEA and ESF II-Governor), or American Rescue Plan (ARP) Act (ARP-OA SEA) through the Liquidation Extension Request template? *(Updated January 9, 2024)*

A: No. An Outlying Area SEA or Governor may only request an extension of up to 14 months past the close of the liquidation period (i.e., 14 months beyond the automatic 120-day liquidation period). Thus, requests submitted through this process may extend to, but not exceed, March 28, 2024, for the CARES Act funds (ESF-SEA and ESF-Governor); March 28, 2025, for the CRRSA Act funds (ESF II-SEA and ESF II-Governor); or March 28, 2026, for the ARP Act funds (ARP-OA SEA). (If the date of a requested extension falls on a weekend, the Department will default to the next business day to accommodate any final requests to liquidate funds associated with the approved request.)

Q. 2: May an Outlying Area SEA submit a liquidation extension request for American Rescue Plan (ARP) Act funds using this template? *(Updated January 9, 2024)*

A: Typically, yes. The request template has been updated to include ARP Act funds (ARP-OA SEA). The Department continues to strongly encourage Outlying Area SEAs, local educational agencies (LEAs), and other subgrantees to obligate and liquidate all ARP Act funds with urgency for activities that support students' academic recovery and mental health. Accordingly, this request must be

accompanied by a cover letter that explains how the liquidation extension request contributes to the acceleration of academic success for students. The cover letter should also include a description of how the SEA has supported, and will continue to support, the expedited liquidation of funds to ensure that funds are leveraged, based on an analysis of data, to maximize investments to address academic recovery.

Q. 3: When may an Outlying Area SEA or Governor submit a liquidation extension request for CARES Act, CRRSA Act, or ARP Act funds? (Updated January 9, 2024)

A: An Outlying Area (SEA or Governor) may submit a liquidation extension request for CARES Act, CRRSA Act, or ARP funds as soon as their data are available for submission. The Department recommended submission prior to December 31, 2022, for CARES Act funds. The Department recommended submission prior to December 31, 2023, for CRRSA Act funds and recommends submission prior to December 31, 2024, for ARP Act funds to minimize disruption in accessing funds in the G6 grants management platform. Requests received after these dates will still be reviewed.

Q. 4: May an Outlying Area submit ESF-SEA, ESF-Governor, ESF II-SEA, ESF II-Governor, and ARP-OA SEA liquidation extension requests on the same document? (Updated January 9, 2024)

A: No. As these are separate funding sources and may also be administered by different governmental entities at the State level, liquidation extension requests for ESF-SEA, ESF-Governor, ESF II-SEA, ESF II-Governor, and ARP-OA SEA must be submitted separately by the administering agency.

Q. 5: Why must an Outlying Area use the liquidation extension request template to request an extension to liquidate CARES, CRRSA, or ARP funding? (Updated January 9, 2024)

A: While the policy for requesting a liquidation extension is not new, the Department determined it would be best to establish standardized templates related to ESF-SEA, ESF-Governor, ESF II-SEA, ESF II-Governor, and ARP-OA SEA funding. Based on consultation with States, subrecipients, and State auditors, the Department developed a streamlined process for liquidation extension requests that will ensure efficient review and notification of approvals.

Q. 6: Must an Outlying Area submit the supporting documentation that demonstrates the timely obligation of funds, such as purchase orders or contracts for services in conjunction with its submission? (Updated January 9, 2024)

A: No. The Department is not collecting this documentation at the time of initial submission. However, as the grantee, an Outlying Area must make available upon request supporting documentation to substantiate that the aggregate subrecipient fiscal data included in its submission reflects allowable and timely obligation of funds. While an Outlying Area should not submit supporting documentation to the Department with the liquidation extension request, the Outlying Area is required to attest that all supporting documentation is available and on file with the associated subrecipient(s) consistent with [2 CFR 200.334](#).

Q. 7: What are an Outlying Area's responsibilities if an extension is granted? (Updated January 9, 2024)

A: An Outlying Area (SEA or Governor), as the grantee, must retain full responsibility and oversight over the grant, consistent with the attestations included in the liquidation extension request. These continued oversight responsibilities will extend throughout the liquidation period. Related to the initial

request, the Outlying Area must confirm the allowability and proper and timely obligation of the funds, consistent with [34 CFR 76.707](#) and collect, review, and maintain all documentation to support the Outlying Area and subrecipient liquidation extension request in a manner consistent with grant requirements and as noted in Q. 6, above. Approved liquidation extensions will be monitored in a manner consistent with the Department's oversight of its grantees and will include evidence of the grantee's oversight of the extension process and its monitoring of subrecipient expenses for timeliness and allowability.

Q. 8: How long will it take to receive a determination in response to an Outlying Area's request?

A: The Department is committed to providing a prompt review of liquidation extension requests. Review and approval will be based on a complete request, including both grantee and associated subrecipient information. An Outlying Area grantee should submit requests to ESF.Outlying@ed.gov and should anticipate a timely determination.

Q. 9: How will an Outlying Area be notified about the determination status of its liquidation extension request?

A: An Outlying Area will receive an official notification of determination in the form of a letter from the Department, which will be communicated to the Outlying Area SEA or Governor from ESF.Outlying@ed.gov). The Outlying Area should keep this letter on file for documentation and auditing purposes.

Q. 10: For Outlying Areas that are ready to close out their CARES Act, CRRSA Act, or ARP Act grant(s), when will information regarding closeout procedures be shared? (*Updated January 9, 2024*)

A: The obligation period for CARES (ESF-SEA and ESF-Governor) funds ended September 30, 2022. The closeout processes for the CARES (ESF-SEA and ESF-Governor) and CARES (ESF II-SEA and ESF II-Governor) grants will incorporate those outlined in [2 CFR 200.344](#). The obligation period for CRRSA (ESF II-SEA and ESF II-Governor) funds ended September 30, 2023. The closeout processes for the CRRSA Act and ARP Act grants will be communicated prior to the close of the grant award's regulatory liquidation period (January 29, 2024, for CRRSA Act programs and January 28, 2025, for ARP Act programs) and incorporate the processes outlined in [2 CFR 200.344](#).

Q. 11: An Outlying Area is required to assess the risk level of subrecipients receiving liquidation extensions. How is risk level defined?

A: As noted within the request template, an Outlying Area SEA or Governor uses the data it has available to determine risk. Such data may include results from internal risk assessments, single audits, or other data sources as selected by the Outlying Area to determine the subrecipient's capacity for liquidating funds within the extended period. The Outlying Area has flexibility in how it conducts this analysis but, as noted in the grantee attestation, an Outlying Area must attest that it has conducted an analysis prior to including a subrecipient in the liquidation extension request. All subrecipients must be provided with adequate oversight within the extended liquidation period and Outlying Areas may elect to provide additional oversight and support for higher risk subrecipients during the extended period as appropriate.

Q. 12: Why must an Outlying Area verify that funds were obligated by the end of the obligation period as part of its liquidation extension request? (Updated January 9, 2024)

A: Verification of timely obligated funds is a standard expectation of liquidation extension requests involving Federal funds. The extension of a liquidation period is for expenses that have been properly obligated by the end of the grant's obligation period. For the ESF-SEA and ESF-Governor programs, the final obligation date was September 30, 2022. For the ESF II-SEA and ESF II-Governor programs, the final obligation date was September 30, 2023. For the ARP-OA SEA program, the final obligation date is September 30, 2024. The Department does not have the authority to extend the period of obligation. Therefore, to ensure that the liquidation extension request encompasses only those expenses that have been properly obligated by the statutory obligation date, SEAs, Governors, and subrecipients must have documentation on file that demonstrates adherence to the obligation requirements. An Outlying Area is not required to submit this documentation to the Department at the time of the request; however, the Outlying Area and its subrecipients may be required at any time, including during monitoring or audit activities, to demonstrate compliance.

Q. 13: May an Outlying Area request a liquidation extension for subrecipients or LEAs still awaiting a Unique Entity Identifier (UEI) assignment from SAM.gov?

A: Yes, an Outlying Area may include liquidation extension requests for subrecipients or LEAs still awaiting a UEI assignment. This field in the template may be completed using the temporary UEI if one has been assigned or left blank if a temporary UEI has not yet been assigned. The Outlying Area should indicate within the optional subrecipient-specific data notes section of the liquidation extension request template that the UEI is temporary.

Q. 14: The CARES Act liquidation date indicated in G6 is January 30, 2023, and the CRRSA Act liquidation date in G6 is January 29, 2024; however, previous communication from the Department indicated a CARES Act liquidation date of January 28, 2023. Can you explain the discrepancy in dates? (Updated January 9, 2024)

A: The end of a liquidation period is 120 calendar days following the statutory obligation date. In the case of the ESF-SEA and ESF-Governor programs, the end of the obligation period was September 30, 2022. One hundred twenty calendar days after that date was January 28, 2023. Because this date fell on a weekend, G6 defaulted to the next available business date, which was January 30, 2023, for the CARES Act funds. Therefore, Outlying Areas could continue to liquidate ESF-SEA and ESF-Governor funds through January 30, 2023. January 28, 2024 is the regulatory liquidation date for the CRRSA Act funds and also falls on a weekend. Thus, the G6 system will default to the next business day, January 29, 2024. States may therefore continue to liquidate ESF II-SEA and ESF II-Governor funds through January 29, 2024. (January 28, 2025 is the regulatory liquidation date for the ARP-OA SEA funds and will be reflected in G6.)