

Introduction to Federal Grants

Federal Funding Conference
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WISCONSIN DEPARTMENT OF
PUBLIC INSTRUCTION
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Uniform Grant Guidance

Put into law on July 1, 2015, and applies to all federal grants.

Focus shifted away from “after-the-fact” auditing and “best practice” recommendations into preventative monitoring and requiring best practices be implemented by subrecipients.



Types of Grants

Formula Grants

- ❖ Pre-determined amount of funding provided to eligible subrecipients to offset the local costs incurred when carrying out a federal requirement. These grants are typically non-competitive.

Discretionary Grants

- ❖ Request for funding for a fixed period of time for a specific project. The funds are used to carry out goals and activities to support a public purpose.
- ❖ May be competitive or non-competitive

Allocation or Award Amount

Varying terms for funding

- ❖ Formula grants, which are often pre-determined amounts based on a set of factors outlined in statute, receive an “allocation” and an subaward document.
- ❖ Funding under competitive grants are “awarded” to the subrecipient. This can be equal to or less than the originating request for funding.

Fiscal Agent

The agency receiving the federal award.

Often referred to as the “subrecipient.”

The fiscal agent must adhere to all applicable grant rules and regulations. Any misuse of federal funds becomes the sole responsibility of the fiscal agent.



Consortium

Two or more agencies that join together to “share” a grant to achieve common goal(s) and objective(s).

One agency, the consortium leader, is the fiscal agent. The fiscal agent ensures that all of the funds are spent in accordance with the rules and regulations.



Third Party Grant Administrator

An agency that contracts with the fiscal agent to manage the grant.

The third party grant administrator may perform all fiscal duties, but the fiscal agent is always the responsible party.



Federal Grant Assurances

Agreements made by the subrecipient that they will use the federal funds received in accordance with the law and all rules and regulations.

An authorized position of the subrecipient (fiscal agent) must sign assurances prior to receiving the award.

Federal Subaward Document

Documentation showing that the fiscal agent has been awarded a certain amount of funds for a certain period of time.

Formula Grants

- ❖ Subaward provided when application is submitted in substantially approvable form.

Discretionary or Competitive Grants

- ❖ Subaward is not provided until the grant application has been approved.

Federal Subaward Document

Under the Uniform Grant Guidance, pass-through entities are required to provide a standardized subaward with required data elements to all subrecipients.

For every federal grant awarded by DPI, the subrecipient receives the exact same subaward document containing information such as award amount, availability of funds, account numbers for the grant, any terms and conditions, and a DPI contact person.

Allowable Costs / Federal Grant

- ❖ **Uniform Grant Guidance**
- ❖ **Statutes**
- ❖ **Regulations**
- ❖ **DPI Rules**
- ❖ **LEA Policies and Procedures**



Unallowed Costs

At times, a subrecipient may claim federal funds for a cost that later is determined to be “unallowed” under the program.

In those cases, the subrecipient must return the amount of grant funds to DPI and reclassify the costs on its ledger. Depending on the situation, the subrecipient may also need to engage in corrective actions.

Direct versus Indirect Costs

Direct Costs – “Project Costs”

- ❖ Federal grants fund specific activities related to meeting the goals of the project.

Indirect Costs – “The Cost of Doing Business”

- ❖ Grant activities generate operational costs such as supervision and payroll, but are not directly related to conducting the grant activities.

Supplement, not Supplant

The philosophy that federal funds should be used for new or additional costs and not be used to reduce the amount the subrecipient was already spending locally on the program's objectives.



Supplement, not Supplant

Every federal program has a different approach to defining and testing supplement not supplant.

The penalty for violating supplement not supplant usually involves the repayment of funds, it is important to know the rules for each grant.



Time & Effort Reporting

Tied to allowable costs

Most federal programs allow the subrecipient to charge personnel costs to a grant.

Supporting documentation must be kept by the subrecipient to demonstrate that the amount charged to the grant reflects the actual time the person worked on the program.

Time & Effort Documentation

§200.430 (i) Standards for Documentation of Personnel Expenses

Charges to federal awards must be based on records that accurately reflect the work performed. These records must:

- ❖ Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated.
- ❖ Be incorporated into the official records of the subrecipient.



Obligation and Liquidation

Obligation - Orders placed for property and services, contracts made, and similar transactions during a given period that require payment by the grantee during the same or a future period.

- ❖ The subrecipient cannot make a claim for costs until the property is received, service performed, or contract is fulfilled.

Liquidation – Property is received, service performed or contract is fulfilled. The subrecipient can then submit a claim for reimbursement.

Obligation and Liquidation Example

Obligation – 8/1/2018

Subrecipient contracts with a company to remodel a special education life skills room. The contract is signed on 8/1/2018. At the end of the first quarter, the work had yet to be completed, so no costs could be claimed on the September 30th claim.

Liquidation – 10/15/2018

The special education life skills room remodel is complete, and the subrecipient approves the work on 10/15/2018. Claims for the remodeling costs can be submitted.

Property & Capital

Property and capital equipment purchased with federal grant funds must be used for the purpose of supporting the federal program goals – not for the subrecipient's general use.

There are special rules regarding the disposal of property and capital equipment purchased with federal funds.

Availability of Funds / Fiscal Year

Each grant has its own rules on availability of funds.

- ❖ Most formula grants awarded under the US Department of Education run 27 months.
- ❖ Most discretionary grants are available for 12 months.

Wisconsin has a fiscal year that runs July 1 to June 30, so formula grant funds are often available for multiple fiscal years.

Carryover

To align with the state fiscal year, most grants “begin” on July 1 and “end” on June 30.

Any unspent funds from one year are “carried” over into the new fiscal year and added onto new grant funds (in the case of formula grants).

Discretionary grant rules are different, and many times carryover is not a practice. It all depends on the program.

Tydings Amendment

Formula grant funds are available for 27 months (and not just 12) because of the Tydings Amendment.

However, at the end of 27 months, funds not obligated and liquidated are no longer available to the subrecipient.



Senator Joseph Tydings

First In, First Out

Carryover and Tydings

- ❖ The oldest grant funds are always paid out first.
- ❖ For a subrecipient to have an issue with the Tydings timeline, the aggregated claimed amounts for 27 months would need to be less than the original allocation amount.

**Original
Allocation:**
\$100,000

—

**Amount
Claimed First
12 Months:**
\$50,000

—

**Amount
Claimed Second
12 Months:**
\$40,000

—

**Amount
Claimed Final
3 Months:**
\$7,000

=

**Amount
Lost to
Tydings:**
\$3,000

Written Procedures

Every subrecipient of federal grant funds must have written procedures.

Written procedures must address how the subrecipient is ensuring that costs on the federal grant, and ultimately claimed, are allowed under the individual Federal program and in accordance with the cost principles established in the Uniform Grant Guidance.

Written Procedures

Under the Uniform Grant Guidance, every subrecipient of federal grant funds must have written procedures addressing cash management (steps involved in obligating, liquidating and claiming of federal funds).

Single Audit

Subrecipient must have a federal single audit if they received more than \$750,000 in federal funds in a single fiscal year.

However, during a single audit, not all federal grants received by the subrecipient are audited.



Single Audit Finding

The independent auditor determines there is non-compliance with a federal requirement per the OMB Circular A-133 single audit guidelines and reports the finding to DPI.

DPI reviews the information from the auditor and makes a final determination regarding compliance and possible consequences.



Federal Subrecipient Risk Assessment

DPI must evaluate each subrecipient's risk of noncompliance with federal statutes and regulations to determine an appropriate level of monitoring.

This must occur prior to awarding any federal funds to a subrecipient.



WISEgrants

- ❖ **Single web-based portal for federal grants administered by DPI.**
- ❖ **Creates consistency in federal grant accounting across DPI programs.**
- ❖ **Utilizes WUFAR as the foundation for budgets and claims.**



WISEgrants Current Grants

- ❖ Titles I-A, I-D, I-C, II-A, III-A, IV-A, and V-B RLIS
- ❖ IDEA Flow-through & Preschool
- ❖ Perkins CTE
- ❖ Title I-A and IDEA Discretionary

Each grant has established its own set of “allowable costs” within WISEgrants through the options available in the grant budget’s drop-down menus.

Additional Technical Assistance

Federal Grants Management Technical Assistance

<https://dpi.wi.gov/wisegrants>

Allowable Costs Checklist

https://dpi.wi.gov/sites/default/files/imce/wisegrants/pdf/Allowable%20costs%20checklist_Final.pdf

