

New Funding for FY 2021-22

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June 9, 2022 - CPA and Business Manager Workshop

Objectives

- Discuss accounting for newer funding sources
- Discuss compliance requirements for funding sources
- Reminder on rules as to when and how to record grant revenues and expenditures

MCCA Refunds (\$400/vehicle)

- Michigan Catastrophic Claims Association (MCCA) Refunds
- \$400 per insured vehicle
- Likely already received by districts (and individuals)
- Revenue – Major Class 199, Suffix 0000
- Expenditures – No Grant Code necessary, districts may use “Other” coding dimension for internal tracking of expenditures if needed



Section 99z New Teacher Incentive Pay

- \$5m appropriation (2020-21), work project through FY23
- District allocations/payments rely on accurate REP reporting
 - December 2020 & June 2021
 - Employment Status field: reported as new teacher
 - Assignment Code field: reflects direct instruction of students
 - Date of Hire field: prior to 11/1/2020
 - Full-time employment through school year(s)
- Additional payments processed following June 2022 REP collection
 - No “newly eligible” teachers (same list of who received funding last year)
 - July/August State Aid payments
- Application will re-open for new/existing eligible teachers
 - Annual payments through FY23 for eligible teachers



99z – State Aid Status Report

Sec. 99z. (1) From the state school aid fund money appropriated in section 11, there is allocated an amount not to exceed \$5,000,000.00 for 2020-2021 for payments to eligible districts described in subsection (3) to be used in the manner described in subsection (4).

(2) A district seeking funding under this section shall apply for the funding in a form and manner prescribed by the department.

(3) A district that meets all of the following is an eligible district under this section:

(a) In its application described in subsection (2), the district confirms its approval of a department-generated list that includes the full name and personnel identification code for each eligible teacher employed by the district in an assignment as described in subsection (8)(b)(i) and (ii) to whom it will provide a payment under subsection (4) with the funding received under this section.

(b) The district agrees to provide to each eligible teacher whose name is included on the list described in subdivision (a) a payment of \$500.00, in addition to the payment it will provide those eligible teachers under subsection (4).

(c) The district agrees to pay each eligible teacher the payment described in subdivision (b) and subsection (4) by not later than 45 days after receiving the disbursement of funds under this section from the department.

(4) An eligible district that receives funding under this section shall use that funding only as follows:

(a) If the eligible district is a district in which at least 70% of the pupils in membership in the district for the immediately preceding fiscal year were economically disadvantaged, to provide a payment of \$1,000.00 to each eligible teacher whose name is included on the list described in subsection (3)(a).

(b) If the eligible district is not a district described in subdivision (a), to provide a payment of \$500.00 to each eligible teacher whose name is included on the list described in subsection (3)(a).

(5) It is the intent of the legislature to provide for funding so that an eligible teacher who receives a payment under this section from the district to which he or she is assigned as described in this section receives payments under this section through that eligible teacher's third year of teaching at that district if that teacher remains continuously employed full-time at that district during those 3 years. For purposes of this subsection, an eligible teacher is considered continuously employed at a district during a period for which he or she is on approved medical, parental, or military leave.

(6) The funds allocated under this section for 2020-2021 are a work project appropriation, and any unexpended funds for 2020-2021 are carried forward into 2021-2022. The purpose of the work project is to continue providing payments to eligible teachers as described in this section. The estimated completion date of the work project is September 30, 2023.

(7) Notwithstanding section 17b, the department shall make payments under this section on a schedule determined by the department.

(8) As used in this section:

(a) "Economically disadvantaged" means that term as defined in section 31a.

(b) "Eligible teacher" means an individual who meets all of the following:

(i) Is assigned a teacher assignment code in the registry of educational personnel for the first time in the 2020-2021 school year.

(ii) Is assigned to a district in the registry of educational personnel in the 2020-2021 school year.

(iii) Has completed a full school year as a full-time teacher at the district to which he or she is assigned as described in subparagraph (ii) or, through a cooperative agreement, at multiple districts.

(iv) Holds a valid Michigan teaching certificate or holds a full-year permit.

(v) Is employed by the district or districts described in subparagraph (iii) on or before November 1, 2020.

(vi) Has not been subject to any recorded disciplinary action during the school year.

(c) "Registry of educational personnel" means the data collected biannually by the center on June 30 and the first business day of December.

Section 31o

- School Psychologists, Social Workers, Counselors, and Nurses
- Districts must hire additional school psychologists, school social workers, school counselors, or school nurses by March 1, 2022, and maintain support for the staff in an ongoing manner.
 - Must also include assurances that it will fully annually fund all staff in an ongoing manner after third year
- Payment schedule:
 - Year 1: Up to 100 percent of the annual cost of newly hired school psychologists, school social workers, school counselors, or school nurses.
 - Year 2: 66% of annual costs
 - Year 3: 33% of annual costs
- Application in GEMS:
<https://mdoe.state.mi.us/GEMS/public/QuestionnaireHome.aspx?code=i2d1taal>
- Payments beginning June 2022
- Revenue – Major Class Code 312, Suffix 0000
- Expenditures – Grant Code 238



Section 31o

Section 31o (PA 48 of 2021)

- \$240M for payments to eligible districts for the purpose of increasing the # of school psychologist, social workers, counselors, and school nurses
- Staff had to be hired by March 1, 2022

Child Care Relief Funds (Child Care Sustainability Grant)

- Additional funding through the American Rescue Plan (ARP)
- Payments beginning week of January 10th, 2022, additional awards in March 2022 if reporting requirements are met
- Additional “Spring 2022 CCSG” payments
- All three “batches” accounted for the same:
 - Revenue: Major Class 414, Suffix 0250
 - Expenditures: Grant Code 701
- Questions: MDE Office of Child Development and Care: 866-990-3227 x2, or Great Start to Quality Resource Center: 877-614-7328



Child Care Stabilization Grant

- Funding through American Rescue Plan (ARP)
- Significant dollars in early 2022
- Exclude from SEFA
- Frequently asked questions
 - [Child Care Stabilization Grant Frequently Asked Questions \(michigan.gov\)](https://michigan.gov/child-care-stabilization-grant-frequently-asked-questions)

40. Are child care stabilization subgrants considered “payments made to beneficiaries of a federal program,” as described in 45 CFR 75.2, similar to direct child care subsidies paid under the voucher program? Or are these considered “sub-recipients”?

Child Care Stabilization subgrants included in the ARP Act are benefits to a child care provider and are considered payments made to beneficiaries of a federal program, which is the same as with child care subsidies under the voucher program. Providers receiving stabilization subgrants are not categorized as “sub-recipients” as defined at 45 CFR 75.2.

Child Nutrition Update

- LEAs could have operated under “normal” CNC rules or the SSO waivers during FY22. If testing CNC will need to know which this will impact how the program is tested.
- Seamless Summer Option (SSO) waivers
 - Funded under National School Lunch/Breakfast Program waiver
 - In effect for majority of FY22 (free meals to all students)
- LEAs could have extended SFSP for July – Sept 2021
- PLE tool not required for FY22 for LEAs that utilized SSO waiver

Child Nutrition Update

- Emergency Operating (EO) Reimbursement Program (included in CNC)
 - EO Reimbursement Program is a program available to eligible sponsors participating in either the School Nutrition Programs (SNP) and/or the Child and Adult Care Food Program (CACFP)
 - Eligible for this additional money if they received lower reimbursement in any of the months of March, April, May or June 2020 when compared to the same month in 2019 AND still participating in Sept, Oct, Nov, or Dec 2020
 - Funding comes from US Department of Agricultura (USDA)
 - Funds were "awarded" in FY 2022, so if the LEA received it, will be FY 2022 revenue

Child Nutrition Update

- Supply Chain Assistance (SCA) (included in CNC)
 - SCA funds can be used to purchase domestic food products that are unprocessed or minimally processed. Meaning, food that comes cut, whole, pureed, fresh, frozen, dried, or canned is acceptable.
 - USDA has provided a tentative deadline of September 30, 2023. That means you can spend the money in School Year (SY) 2022-2023. It does *not* have to be spent by June 30, 2022.
- Pandemic Electronic Benefit Transfer (P-EBT) (ALN 10.649; NOT included in CNC)
 - Eligible school children receive temporary emergency nutrition benefits loaded on EBT cards that are used to purchase food.
 - Amounts received by LEAs in FY 22 are intended to reimburse expenses incurred for work related to P-EBT from Fiscal Year 2021.
 - Not significant amounts but should be included on SEFA if received

Child Nutrition Update

- Excess Fund Balance
 - MDE highly scrutinizes excess fund balance requirements
 - No suggested audit procedure in the compliance supplement, but In School Audit Manual MDE requests a management letter comment if excess is not material. If it is requests consideration of a finding.
 - Documentation is important

Child Nutrition Update

- Compliance Supplement Update
 - Removed ALN 10.579, Child Nutrient Discretionary Grants
- Added ALN 10.582, Fresh Fruit and Vegetable Program to cluster
 - Not expected to have a significant impact on size of cluster,
 - If it does - discuss impact with Alison before making Major Program Determination
- National School Lunch Program and School Breakfast Program must purchase domestic foods and food products process in the USA substantially using domestic foods
- Compliance Category Changes
 - Cash management moved to "N" (not subject to audit)
 - Program income moved to "N"
 - Reporting moved to "Y" (subject to audit)
 - Change unlikely to impact testing substantially given reimbursement requests are both reporting and cash management!

Child Nutrition Update

Requirement	A	B	C	E	F	G	H	I	J	L	M	N
Program Number	Activities Allowed or Unallowed	Allowable Costs/Cost Principles	Cash Management	Eligibility	Equipment Real Property Management	Matching, Level of Effort, Earmarking	Period of Performance	Procurement Suspension & Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
10.553/10.555/10.556/ 10.559/10.582 (Child Nutrition Cluster)	Y	Y	N	Y	N	N	N	Y	N	Y	N	Y

Child Nutrition Update

- Compliance Supplement Update
 - Procurement
 - SFAs must, to the maximum extent practicable, purchase commodities produced in the US and food products processing the US
 - Reporting
 - Financial Reporting Claims for Reimbursement
 - SFAs must submit monthly claims for reimbursement for meals served to eligible students w/in 60 days following the last day of month covered by the claim
 - Financial Reporting Recordkeeping
 - Each month's claim for reimbursement and all data used must be maintained on file
 - Accurate records must be maintained justifying all meals claimed
 - Records are required to be retained for a period of 3 years after submission of the final claim for fiscal year
 - If there is an audit finding, records must be retained beyond the 3 year period as long as required for the resolution of the issues raised by the audit

Child Nutrition Update

- Compliance Supplement Update
 - Special Tests
 - Paid Lunch Equity (NSLP)
 - Any SFA with a positive or zero balance in food service account as of 12/31/20 is exempt from PLE requirement for school year 2021-2022

Food Service Grants – Reference Guide

CFDA#	MDE Grant/Program ID#	CMS/NEXSYS/SAMS Grant Name	Accounting Manual Grant Code	Date Range	Notes
10.559	210900	SFSP Operating	858X	October 1, 2020-September 30, 2021	First day of SFSP service through the last day of SFSP service before the new school year starts
10.559	210904	SFSP Operating	858X	October 1, 2020-September 30, 2021	First day of SFSP service through the last day of SFSP service before the new school year starts, along with Extended SFSP during SY20-21
10.558	211925	Emergency Operations - CACFP Meals	853X	July 1, 2021 -June 30, 2022	For Sponsors that receive an Emergency Operating Costs CACFP Reimbursement Payment
10.555	211965	Emergency Operations - SNP Meals	851X	July 1, 2021 -June 30, 2022	For Sponsors that receive an Emergency Operating Costs School Nutrition Program (SNP) Reimbursement Payment
10.558	211920	CACFP Meals	853X	October 1, 2020-September 30, 2021	For Sponsors that participate in the Child and Adult Care Food Program for SY21-22
10.558	221920	CACFP Meals	853X	October 1, 2021 - September 30, 2022	For Sponsors that participate in the Child and Adult Care Food Program for SY21-22
10.558	212010	CACFP - Cash in lieu	853X	October 1, 2020-September 30, 2021	For Sponsors that participate in the Child and Adult Care Food Program Cash in lieu for SY21-22
10.558	222010	CACFP - Cash in lieu	853X	October 1, 2021 - September 30, 2022	For Sponsors that participate in the Child and Adult Care Food Program Cash in lieu for SY21-22
10.555	211961	Seamless Summer Option (SSO) - Lunch	851X	July 1, 2021 - September 30, 2022	For Sponsors that choose to participate under the Seamless Summer Option for NSLP and SBP for SY21-22.

https://www.michigan.gov/documents/mde/Food_Service_Fund_Grant_Coding_SY_21-22_Posting_Version_742165_7.xlsx

Pandemic EBT (P-EBT) Local Costs Grant

- CFDA/ALN 10.649
- Revenue should be recognized in the Fund that incurred the most expenses from administering P-EBT in FY21 (includes allowability to record in General Fund): Major Class 414, Suffix 0110
- Expenditures should match revenue reported, may require “net-zero reclassifying entries” described in Revenue and Expenditure Recognition Considerations section of guidance. Grant Code 664
- Questions: MDE Office of Health and Nutrition Services, Fiscal and Administrative Unit – MDE-Fiscal@michigan.gov.



Pandemic EBT (P-EBPT) Local Costs Grant

Pandemic EBT (P-EBT) Local Costs Grant – ALN #10.649

- Administered through MDE Office of Health and Nutrition Services
- Revenue should be recognized in the Fund that incurred the most expenses from administering P-EBT in FY21
- Includes allowability to record in General Fund
- Expenditures should match revenue

A	B	C	E	F	G	H	I	J	L	M	N
Activities Allowed or Unallowed	Allowable Costs/Cost Principles	Cash Management	Eligibility	Equipment/ Real Property Management	Matching, Level of Effort, Earmarking	Period Of Performance	Procurement Suspension & Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
Y	Y	N	N	N	N	Y	Y	N	Y	N	N

Coronavirus Relief Funds

- Federal funds, usage authorized by Public Acts 123 & 146 of 2020
- Additional, separate source of federal COVID-related funding
- Expenditure Period: March 1 – ~~December 30, 2020~~ **December 31, 2021 (potential FY22 implications)**
 - Extended in December 2020 federal stimulus package, no additional funding
- Three separate “programs”
 - 103(2) “District COVID Costs”: ~\$12.31 per-pupil paid in July State Aid
 - 11p “School Aid CRF Funding”: \$350 per-pupil paid in August State Aid
 - Child Care Tuition Reimbursement: \$125 million total
 - *Potentially some other flowthrough funds through municipalities
- All CRF revenues should be recognized in FY21 to the extent eligible expenditures are incurred
 - “Advance-funded” federal “other financial assistance” (not grants)
 - Given existing expenditure period, no deferral of revenues allowed
 - Return of unspent funds after deadline will be required
- Reclassification of FY20 expenditures to CRF may be required (discussed later)



Coronavirus Relief Funds

ALN #21.019

- Can not be used to supplant
- Treasury presuming expenses of up to \$500 per pupil are eligible per Federal Register Vol. 86 No. 10 question 53

A	B	C	E	F	G	H	I	J	L	M	N
Activities Allowed or Unallowed	Allowable Costs/Cost Principles	Cash Management	Eligibility	Equipment/Real Property Management	Matching, Level of Effort, Earmarking	Period Of Performance	Procurement, Suspension & Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
Y	Y	N	N	N	N	Y	N	N	Y	Y	N

Coronavirus State and Local Fiscal Recovery Fund (new federal GSRP)

- Additional \$121m in federal funds to serve 90% of unserved eligible children in Michigan
 - Drawn down through NexSys
 - Must be budgeted, accounted for, and reported separately from similar State GSRP funds – subject to Uniform Guidance
- Use of federal funds must comply with Sections 32d and 39
- Indirect costs allowable only for subrecipients operating GSRP programs under Section 32d(9)
- Revenue: Major Class 414, Suffix 0250
- Expenditures: Grant Codes 436, 437, and/or 438 (depending on program)
- Questions: Becky Pennington (PenningtonB@michigan.gov) or Pat Sargent (SargentP@michigan.gov)



Section 31z – ARP Grants for HVAC

- Section 31z – American Rescue Plan (ARP)
Infrastructure/Equipment - Federal Matching Grants for Heating, Ventilation, and Air Conditioning (HVAC)
 - Revenues: Major Class 414, Suffix 0250
 - Expenditures: Grant code 444
- Application in GEMS
 - <https://mdoe.state.mi.us/GEMS/public/QuestionnaireHome.aspx?code=i4d1taai>
- Questions: Scott Addison, addisons1@michigan.gov or 517-335-0449



ARP GSRP and 31z

- **ARP GSRP**
 - Awarded to ISDs to be utilized for GSRP programs, but subject to federal requirements under single audit
 - ALN 21.027 (coronavirus state fiscal recovery fund)
- **31z**
 - Awarded as a one time infrastructure cost to support a year round balanced calendar for the 2022-2023 school year
 - ALN 21.027 (coronavirus state fiscal recovery fund)

A	B	C	E	F	G	H	I	J	L	M	N
Activities Allowed or Unallowed	Allowable Costs/Cost Principles	Cash Management	Eligibility	Equipment/ Real Property Management	Matching, Level of Effort, Earmarking	Period Of Performance	Procurement Suspension & Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
Y	Y	N	N	N	N	Y	Y	N	Y	Y	N

Emergency Connectivity Funds (ECF)

- CFDA/ALN 32.009
- Similar to “traditional E-Rate”, but separate federal “grant” **subject to Single Audit** (unlike E-Rate’s “rebates” netted with expenditures)
- Revenue: Major Class 419 (federal revenue received from non-governmental entity – USAC), Suffix 0000
- Expenditures: Grant Code 440
- *Payments being made directly to vendors



Emergency Connectivity Fund (ECF)

Emergency Connectivity Fund (ECF)– ALN #32.009

- Subject to Single Audit
- Should be coded as federal and include on SEFA!
- Period of performance: 7/1/21 – 6/30/22 (school fiscal year!)
 - Note application period extended past 7.1.21, but expenditures within period of performance are allowable
- If a new Type A for your District, you will be testing
- If a Type B, is it a High Risk B? Since program is new, and labeled "higher risk" in compliance supplement, carefully evaluate.
- Similar to “traditional E-Rate”, but separate federal “grant” subject to Single Audit (unlike E-Rate’s “rebates” netted with expenditures)
- Grant Purpose: Meet remote learning needs of students, school staff, library patrons who lack access to connected devices, broadband connections for remote learning during COVID-19 emergency period
- Grant objectives - Close the homework gap through purchase eligible equipment, advanced telecommunications, and information services for use by students, school staff

Emergency Connectivity Fund (ECF)

Emergency Connectivity Fund – ALN #32.009

- Included in 2022 Compliance Supplement
- Direct Federal Assistance, not passed through the MDE
- No additional guidance in School Audit Manual

A	B	C	E	F	G	H	I	J	L	M	N
Activities Allowed or Unallowed	Allowable Costs/Cost Principles	Cash Management	Eligibility	Equipment/ Real Property Management	Matching, Level of Effort, Earmarking	Period Of Performance	Procurement Suspension & Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
Y	Y	N	N	Y	N	Y	Y	N	N	N	Y

Emergency Connectivity Fund (ECF)

Allowability/Types of Services Allowed (key area for testing)

- Application and usage certifications on ECF FCC Form 471
- Service providers can assist on application
- Devices and services used for off campus educational purposes for users lacking access
- Can include installation costs, bus hotspots, limited network construction
- Devices and services CANNOT be used solely at the school
- CANNOT claim reimbursement if already funded under another federal grant (no surprise!)
- Possible to claim items purchased prior to award being available

Equipment

- Reasonable cost of eligible equipment or connected device
- Eligible Services List https://www.fcc.gov/sites/default/files/ecf_esl.pdf
- Eligible equipment: Wi-Fi hotspots, modems, routers, devices that combine a modem and router, connected devices (laptop computers, tablet computers, or similar end-user devices)
- Unallowed: desktops computers, mobile phones, more than one connection or device per user
- Must maintain equipment and service inventory, retained for 10 years from last date of service
- Only "obsolete" equipment can be sold/disposed of

Emergency Connectivity Fund (ECF)

Period of Performance

- Reimbursements should be submitted within 60 days of delivery of equipment or service

Procurement/Suspended & Debarred

- Certify followed all state and local laws for procurement (aka school code applies)
- Can purchase using bulk purchase programs or service agreements
- Prohibition against gifts provided by product or service providers, except for gifts directly related to addressing pandemic needs of students/staff
- Suspended/Debarred requirements apply

Special tests

- Eligible Entities - same definitions of “elementary school,” “secondary school,” “library,” and “library consortium” that are used in the E-Rate rules.
 - Public School Districts and Charters would comply!
- Restricted Purpose - Application must provide estimate of extent of unmet need. Actual served must for only those with unmet need. Must consider per location and per user limitation
 - Key Question: how did the District document this?

ARP IDEA

- Additional IDEA funding through ARP made available to ISDs
- Three separate programs/ALNs:
- American Rescue Plan Individuals with Disabilities Education Act (ARP-IDEA)
 - ALN 84.027X, Grant Code 436
 - Questions: JL Purves, Office of Special Education, PurvesJ@michigan.gov
- ARP – IDEA Preschool
 - ALN 84.173X, Grant Code 437
 - Questions: Lisa Wasacz, Office of Great Start, WasaczL@michigan.gov
- ARP – IDEA Part C (Infants and Toddlers)
 - ALN 84.181X, Grant Code 438
 - Questions: Your assigned Early On Consultant



Special Education Cluster

- IDEA (84.027 & 84.173)
 - No changes in the current year Compliance Supplement
 - 84.027X and 84.173X are not new Assistance Listing programs, but existing programs that received supplemental ARP funding

A	B	C	E	F	G	H	I	J	L	M	N
Activities Allowed or Unallowed	Allowable Costs/Cost Principles	Cash Management	Eligibility	Equipment/Real Property Management	Matching, Level of Effort, Earmarking	Period Of Performance	Procurement Suspension & Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
Y	Y	N	N	Y	Y	Y	Y	N	N	Y	N

New Benchmark Assessment Grants

- Grant awards handled by MDE's Office of Assessment and Accountability
- Three separate funding sources for awards (varies by district)
 - State Aid Section 104
 - GEER II
 - ESSER II Discretionary
- Critical for each district receiving funds to review Grant Award Notification for proper coding
 - GEER II and ESSER II districts – GAN in NexSys, subject to Single Audit
 - State Aid district – GAN in GEMS/MARS, not subject to Single Audit
- Questions related to these funds/GANs – contact Carol Skillings at skillingsc@michigan.gov



ESSER II Discretionary/Other State Funds

- 11r(4) SAF Equalization **state** funds: \$450/pupil
 - Carryover to FY22 allowed (and was common)
- Section 23b(2a): Federal Discretionary; Summer School
- Section 23b(2b): Federal Discretionary; Credit Recovery
- Section 23b(2c): Federal Discretionary; Before/After School
- Section 23b(2d): **State Aid Funds**; Innovative Practices (2)(a)(b)
 - Carryover to FY22 **not** allowed, unused funds should have been returned
- Section 23c(4a): Federal Discretionary; \$1000 Teacher pay
- Section 23c(4b): Federal Discretionary; \$250 Support Staff pay



ESSER II – State Funding

ESSER II State Aid Fund (SAF) Equalizations (Section 11r4)

- All ESSER II formula requirements apply
- Funds can be spent in FY22 or FY23
- Since it is state – look at expenditures to verify proper revenue recognition

Innovative Practices

- State funds received in May-Aug 2021 State Aid
- Recognition of revenue occurs when eligible expenses are incurred
- Tied to the 23b federally-funded program

23b Programs (Summer School, Credit Recovery, Before/after school)

- Awarded in FY 22
- ESSER II discretionary funds (similar to ESSER equity)
- Can be spent through 9/30/2023
- Recognition of revenue occurs when eligible expenses are incurred

Education Stabilization Fund (ESF)

- ALN #84.425
- Program contains the following individual grants:
 - ESSER (the original!)
 - ESSER II – Formula
 - ESSER III – Formula
 - ESSER III – Section 11 t Equalization
 - GEER
- Fact sheet: https://oese.ed.gov/files/2021/03/FINAL_ARP-ESSER-FACT-SHEET.pdf

Name of Grant	ESSER I	ESSER II	ARP ESSER III	Section 11t
Expenditure Period Start	March 13, 2020	March 13, 2020	March 13, 2020	March 13, 2020
Expenditure Period End	September 30, 2021	September 30, 2022	September 30, 2023	September 30, 2023
Tydings Amendment End	September 30, 2022	September 30, 2023	September 30, 2024	September 30, 2024
Liquidation Period End	December 30, 2022	December 30, 2023	December 30, 2024	December 30, 2024
Application Deadline	N/A	N/A	December 15, 2021	June 15, 2022

Tydings Amendment Period date is the last date to obligate funds for each specific grant

ESSER III and 11t – ESSER III Equalization (ALN 84.425U)

- Four Distinct requirements that were not present within ESSER I or ESSER II

- 1) Safe Return to in-person instruction and continuity of services plan
 - 1) Needs to be on district website
 - 2) But be reviewed no less frequently than every 6 months throughout the life of the grant
- 2) Reservation to address the academic impact of lost instructional time
 - 1) Must reserve at least 20 percent of funds to address learning loss through the implementation of evidence-based interventions
 - 2) Must address underrepresented student groups
 - 1) Low-income
 - 2) Students of color
 - 3) Children with disabilities
 - 4) English learners
 - 5) Migrant students
 - 6) Students experiencing homelessness
 - 7) Children and youth in foster care
- 3) Maintenance of Equity for high-poverty schools
- 4) LEA plan for use of ARP ESSER funds
 - Meaningful consultation with stakeholders and give the public an opportunity to provide input in the development of its plan
 - Consider testing as an auditor

11t – ESSER III Equalization

- All ARP ESSER III formula requirements apply to section 11t
- Funds can be spent in FY22, FY23, FY24
- Application opened 3/18/22
- Have 90 days to submit application
- MDE committed to getting GANs approved by June 30.....BUT.....
 - MUST have FULLY approved GAN by June 30 to recognize revenue in 2022
 - FULLY approved means having an award date in the GAN
- USDE – Will be scrutinizing MDE's spending plan, therefore expect potential higher scrutiny on your spending plan

ESF – Audit Testing

***ESF IS HIGH RISK PER COMPLIANCE SUPPLEMENT

A	B	C	E	F	G	H	I	J	L	M	N
Activities Allowed or Unallowed	Allowable Costs/Cost Principles	Cash Management	Eligibility	Equipment/Real Property Management	Matching, Level of Effort, Earmarking	Period Of Performance	Procurement Suspension & Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
Y	Y	N	N	Y	Y	N	N	N	Y	Y	Y

Matching, Level of Effort, Earmarking & Reporting

- Good news!!!
- Only tested at the state level so will be insignificant to District audits

ESF – Equipment/Real Property Management

- Must receive prior approval for capital expenditures for equipment acquisition or improvements to land, buildings, or equipment
- Must consider the following:
 - Internal controls over equipment/real property management
 - Inventory management of equipment acquired under federal grants
 - Disposition of equipment and real property acquired under federal awards

Special Tests

1. Wage Rate Requirements

1. Related to equipment/real property management
2. Davis-Bacon Act
3. All laborers and mechanics employed by contractors or subcontractors to work on construction contracts in excess of \$2,000 must be paid wages not less than those established for the locality of the project (prevailing wage rates) by the Department of Labor (DOL) (40 USC sections 3141-3144, 3146, and 3147-3148).
4. **Audit Procedure:** Select a sample of construction contracts and subcontracts greater than \$2,000 that are covered by the Wage Rate Requirements and perform the following procedures:
 1. Verify that the required prevailing wage rate clauses were included in the contract or subcontract.
 2. For each week in which work was performed under the contract or subcontract, verify that the contractor or subcontractor submitted the required certified payrolls

2. Participation of Private School Children

1. Applies to GEER I and ESSER I
3. Identifying Non-public schools under ARP EANS that enroll a significant percentage of students from low-income families and are most impacted by the COVID-19 emergency
 1. Only applies at State Level

FEMA

FEMA Grants

- Likely ALN # 97.036
- Reminder – Revenue recognition occurs when the project worksheets are in the “obligated” status
- Consider donated PPE funded by FEMA
 - Likely beneficiary relationship
 - Inquire from the provider about the value

A	B	C	E	F	G	H	I	J	L	M	N
Activities Allowed or Unallowed	Allowable Costs/Cost Principles	Cash Management	Eligibility	Equipment/Real Property Management	Matching, Level of Effort, Earmarking	Period Of Performance	Procurement Suspension & Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
Y	Y	N	N	N	Y	Y	N	N	Y	Y	Y

GASB 33 reminder

- *Government-mandated and voluntary nonexchange transactions*
 - *Assets* (recipients) and *liabilities* (providers)—when all applicable eligibility requirements are met or resources are received, whichever is first. Eligibility requirements are established by the provider and may stipulate the qualifying characteristics of recipients, time requirements, allowable costs, and other contingencies.
 - *Revenues* (recipients) and *expenses/expenditures* (providers)—when all applicable eligibility requirements are met. (On the modified accrual basis, revenues should be recognized when all applicable eligibility requirements are met *and* the resources are available.) For transactions in which the provider requires the recipient to use (sell, disburse, or consume) the resources in or beginning in the following period, resources provided before that period should be recognized as advances (providers) and deferred revenues (recipients). For transactions, such as permanent or term endowments, in which the provider stipulates that resources should be maintained intact in perpetuity, for a specified number of years, or until a specific event has occurred, resources should be recognized as revenues when received and as expenses/expenditures when paid.

GAQC example of reporting on SEFA

Scenario 3: Award is Made in the Subsequent Fiscal Year from When Costs Incurred but the Award Allows Costs Incurred from the Previous Fiscal Year to be Charged to the Award – Accrual Basis SEFA

Apr-20	May-20	Jun-20	FYE	Jul-20	Aug-20	Dec-20
\$100K	\$200K	\$400K		\$1M	\$300K	
Costs incurred	Costs incurred	Costs incurred		Awarded Costs applied to award from Apr-20, May-20 and Jun-20	Costs incurred	Release F/S and Single Audit

Scenario 3	
What expenditures should be reported on the SEFA at 6/30/20?	\$0 (i.e., because there was no award until Jul-20)
What expenditures should be reported on the SEFA at 6/30/21?	\$1 M (i.e., sum of costs incurred Apr-Aug 20).

Out of Period Expenditures

- For grants awarded in prior years, you cannot go back and try to recapture expenditures. Once the year is closed, it's closed. You can only go back for grants **AWARDED** in the CY that allow you to go back
 - Otherwise this is a re-issuance because revenue **SHOULD** have been recognized in a prior year for eligible expenditures and was not.
 - Possible change in Major Program tested
 - Possible Material weakness in internal controls

Reclassifying Expenditures

- **The Grant Code of a given funding source should not be used when recording expenditures until that revenue can be recognized.**
- Additional accounting entries required when revenue cannot be recognized in the same fiscal year as eligible expenditures may be incurred.
- Example: CRF expenditure period goes back to March 1, 2020 but revenue could not have been recognized in FY20
- This may also apply to other funding sources with similar revenue recognition/expenditure period “disconnects”
 - **Section 23b Summer School/Credit Recovery**
 - FY21 expenditures but no revenue until FY22
 - **Section 11r(4) ESSER (II) Per-Pupil Equalization**
 - Could cover both FY20 & FY21 exp., but FY22 revenue



Reclassifying Expenditures (cont.)

- Example: Reclassification of FY20 expenditures of Coronavirus Relief Funds (CRF) funds not yet assigned to Grant Code
 - Net zero expenditure entry to reclassify prior year expenditures to another funding source
 - \$10,000 of teacher salaries covered by CRF funding as example
 - Debit 11-113-1240-**7990** **\$10,000**
 - Credit 11-113-1240-**0000** **\$10,000**
- Reclassifies expenditures to CRF in FY21 without inflating totals while showing CRF expenditures in one fiscal year only (prevents double counting)
- Reclassification concept not limited to CRF



Resources

[Financial Accounting Guidance During the COVID-19 Pandemic](#)

[Michigan Public School Accounting Manual](#)

- Chart of Accounts (Appendix) and other guidance
- Change Notices

[Accounting for State School Aid Revenues](#)

- Recently updated with new FY22 categoricals

[Program Allocations](#)

- All federal program allocations (incl. ESSER, GEER, etc.)



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ESSER and other grant-related questions (applications, budgets, eligibility, district status, etc.)

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