STATE OF NORTH CAROLINA
OFFICE OF STATE BUDGET AND MANAGEMENT

JOSH STEIN
GOVERNOR

KRISTIN WALKER
STATE BUDGET DIRECTOR

November 16, 2026

TO: Joint Legislative Commission on Governmental Operations

FROM: Kristin Walker

SUBJECT: Notification of Grant Award—Skills for the Future 2.0-Creating Connections

Pursuant to GS 143C-5-4(b)(9), the Office of State Budget and Management (OSBM) submits the attached Notification of Grant Award — Skills for the Future 2.0: Creating Connections for consultation with the Joint Legislative Commission on Governmental Operations.

The U.S. Department of Education awarded the North Carolina Department of Public Instruction the amount of $3,990,756 for the period October 1, 2026, through September 20, 2029.

Grant Details:

Authority: Section 3004(b)(1) of Division C of P.L. 11-10, as amended through P.L. 116-159
Purpose: This grant expands the State's durable skills assessment from an initial pilot toward a more sustainable statewide implementation model. The grant provides the State with federal support to build the infrastructure, professional learning, curriculum resources, assessment tools, validation evidence, and implementation supports needed to scale durable skills assessment across schools and districts. The grant supports development of a statewide Portrait of a Graduate resource hub, continued implementation cohorts and professional learning for educators, expansion of the durable skills assessment platform and Future Ready Transcript, and stronger evidence about how durable skills can be taught, assessed, reported, and used to support student success.
Budget Period Award: $3,990,756.00
Budget Period: 10/1/2026-9/30/2029
Project Period: 10/1/2026-9/30/2029

If you have any questions or concerns, please contact Valarie Hunter, valarie.hunter@dpi.nc.gov, or Jennifer Neisner, jennifer.neisner@osbm.nc.gov.

Thank you.

CC: Chairs, Senate Committee on Appropriations/Base Budget
Chairs, House Appropriations Committee
Fiscal Research Division

Notification of Grant Application/Award, FY 2026-27

Office of State Budget and Management 984-236-0600.

Instructions at https://www.osbm.nc.gov/budget/common-agency-requests/agency-reporting-grant-applicationsawards

Please indicate if Notification is for a GRANT APPLICATION or GRANT AWARD ☐ Application ☑ Grant Award

1	Department	Department of Public Instruction
2	Division *(except in DHHS)*.....	Accountability
	DHHS only, choose division from drop down list.....	
3	Contact person *(name)*	Shaun Kellogg
4	Phone number	919-267-0435
5	E-mail	shaun.kellogg@dpi.nc.gov
6	Funding Entity (grantor)	United States Department of Education
7	CFDA number.....	84.368A
8	Grant title	**Competitive Grants for State Assessments**
9	Grant application deadline *(MM/DD/YY)*	06/16/26
10	Start date of grant *(MM/DD/YY)*	10/01/26
11	End date of grant *(MM/DD/YY)*	09/30/29
12	Application type	Continuation/renewal
13	Is this grant already in agency's base budget?	No
14	Budget Code the grant will be expended in *(XXXXX)*.....	13510
15	Budget Fund *(XXXXXX* or *NA)*	101060
16	Is there a state matching requirement?	No
17	If yes, what is the matching requirement?	N/A
18	If yes, what is the source of state funds being used to match grant funds.	
19	Is there a maintenance of effort (MOE) requirement?	No
20	If yes, what is the MOE?	N/A
21	Is an additional General Fund appropriation required to meet the state match requirement?	No
22	Will any of these funds be passed through to local governments or non-state entities?	Yes
23	If yes, identify affected entities by type	local govt
24	Will additional state funds be required to continue the program if grant expires or is reduced?	No
25	If yes, is this a requirement of the grant?	
26	Are new FTEs funded through the grant?.....	Yes

		SFY 2025-26 Actual	For 2026-27 Complete either Authorized or Proposed: SFY 2026-27 Authorized	SFY 2026-27 Proposed	SFY 2027-28 Proposed	SFY 2028-29 Proposed	SFY 2029-30 Proposed
27	If yes, give the number by type for each year: *Permanent*						
	Time-Limited			1.000	1.000	1.000	
28	Amount of grants funds **applied** for in each year						
29	Amount of grants funds **awarded** in each year			$1,078,969.00	$1,441,327.00	$1,470,460.00	

30 Purpose of grant or amendment	The purpose of North Carolina's FY 2026 CGSA proposal titled Skills for the Future 2.0 – Creating Connections: A Statewide Durable Skills Assessment Ecosystem is to build on North Carolina's existing Skills for the Future work and the North Carolina Portrait of a Graduate by expanding durable skills assessment from an initial pilot toward a more sustainable statewide implementation model. In partnership with Educational Testing Service, AASA, UNC-Chapel Hill, and other state and local partners, the proposal would support continued assessment innovation by complementing traditional point-in-time academic measures with validated evidence of what students know, can do, and are prepared to contribute in college, careers, military service, and civic life. The project centers on critical thinking as a key durable skill that connects academic achievement, workforce readiness, and broader measures of student preparedness. If funded, the proposal would provide North Carolina with federal support to build the infrastructure, professional learning, curriculum resources, assessment tools, validation evidence, and implementation supports needed to scale durable skills assessment across schools and districts. The funding would support development of a statewide Portrait of a Graduate resource hub, continued implementation cohorts and professional learning for educators, expansion of the durable skills assessment platform and Future Ready Transcript, and stronger evidence about how durable skills can be taught, assessed, reported, and used to support student success. The grant would also position North Carolina as a national leader in competency-based and performance-based assessment by advancing a model that can inform future state assessment, accountability, workforce readiness, and college and career planning efforts.
31 Comments	The Competitive Grants for State Assessments (CGSA) program, Assistance Listing 84.368, is a federal discretionary grant administered by the U.S. Department of Education's Office of Elementary and Secondary Education through an ED-DOL partnership. The FY 2026 competition was issued by the U.S. Departments of Education and Labor, with DOL supporting grant fund management, technical assistance, and alignment with workforce-focused federal programs. The purpose of the CGSA program is to enhance the quality of state assessment instruments and assessment systems used to measure the academic achievement and growth of elementary and secondary students. Eligible applicants are state educational agencies, including SEAs from the 50 states, the District of Columbia, Puerto Rico, and consortia of SEAs. The FY 2026 competition includes an estimated $16.556 million in total available funding, an estimated 4 to 6 awards, a maximum award of $4 million, a project period of up to 48 months, and no cost-sharing or matching requirement.

Return completed form as email attachment and indicate in message that proper agency sign-offs have been obtained. Contact your OSBM budget analyst if you have questions.

Elizabeth Day 09/24/2026

09/24/2026

Department of Labor

Notice of Award

Award# 26S60CG000002-01-00
FAIN# 26S60CG000002
Federal Award Date: 09/09/2026

Recipient Information

1. Recipient Name
NORTH CAROLINA DEPARTMENT OF PUBLIC INSTRUCTION
301 N Wilmington St
Raleigh, NC 27601-1058
919-807-3618

2. Congressional District of Recipient
02

3. Payment System Identifier (ID)
1561492826A5

4. Employer Identification Number (EIN)
561492826

5. Data Universal Numbering System (DUNS)
067195610

6. Recipient's Unique Entity Identifier (UEI)
NJSEDA16EXR3

7. Project Director or Principal Investigator
Dr. Shaun Kellogg
shaun.kellogg@dpi.nc.gov
9192670435

8. Authorized Official
Elizabeth Day
Sr. Director of Agency Financial Services
beth.day@dpi.nc.gov
984-236-2353

Federal Agency Information
Office of Elementary and Secondary Education

9. Awarding Agency Contact Information
Kathleen Banks
Education Research Analyst
kathleen.banks@ed.gov
2024537791

10.Program Official Contact Information
Clayton Hollingshead
clayton.hollingshead@ed.gov
(202) 205-2315

Federal Award Information

11. Award Number
26S60CG000002-01-00

12. Unique Federal Award Identification Number (FAIN)
26S60CG000002

13. Statutory Authority
Section 3004(b)(1) of Division C of P.L. 112-10, as amended through P.L. 116-159

14. Federal Award Project Title
Skills for the Future 2.0: Creating Connections

15. Assistance Listing Number
84.368

16. Assistance Listing Program Title
CGSA

17. Award Action Type
New

18. Is the Award R&D?
No

Summary Federal Award Financial Information

19.	**Budget Period Start Date** 10/01/2026 **- End Date** 09/30/2029	
20.	**Total Amount of Federal Funds Obligated by this Action**	$3,990,756.00
	20a. Direct Cost Amount	$3,787,555.00
	20b. Indirect Cost Amount	$203,201.00
21.	Authorized Carryover	$0.00
22.	Offset	$0.00
23.	Total Amount of Federal Funds Obligated this budget period	$0.00
24.	**Total Approved Cost Sharing or Matching, where applicable**	$0.00
25.	**Total Federal and Non-Federal Approved this Budget Period**	$3,990,756.00
26.	**Period of Performance Start Date** 10/01/2026 **- End Date** 09/30/2029	
27.	Total Amount of the Federal Award including Approved Cost Sharing or Matching this Period of Performance	$3,990,756.00

28. Authorized Treatment of Program Income
ADDITIONAL COSTS

29. Grants Management Officer – Signature
Melissa Siry

30. Remarks

THIS AWARD IS BASED ON AN APPLICATION SUBMITTED TO, AND AS APPROVED BY, THE FEDERAL AWARDING AGENCY.

Department of Labor

Notice of Award

Award# 26S60CG000002-01-00
FAIN# 26S60CG000002
Federal Award Date: 09/09/2026

Recipient Information

Recipient Name
NORTH CAROLINA DEPARTMENT OF PUBLIC INSTRUCTION
301 N Wilmington St
Raleigh, NC 27601-1058
919-807-3618

Congressional District of Recipient
02

Payment Account Number and Type
1561492826A5

Employer Identification Number (EIN) Data
561492826

Universal Numbering System (DUNS)
067195610

Recipient's Unique Entity Identifier (UEI)
NJSEDA16EXR3

31. Assistance Type
Discretionary Grant

32. Type of Award
Other

33. Approved Budget
(Excludes Direct Assistance)

I. Financial Assistance from the Federal Awarding Agency Only
II. Total project costs including grant funds and all other financial participation

a. Salaries and Wages	$524,920.00
b. Fringe Benefits	$240,968.00
c. Total Personnel Costs	$765,888.00
d. Equipment	$0.00
e. Supplies	$67,645.00
f. Travel	$22,988.00
g. Construction	$0.00
h. Other	$723,000.00
i. Contractual	$2,208,034.00
j. TOTAL DIRECT COSTS	$3,787,555.00
k. INDIRECT COSTS	$203,201.00
l. TOTAL APPROVED BUDGET	$3,990,756.00
m. Federal Share	$3,990,756.00
n. Non-Federal Share	$0.00

34. Accounting Classification Codes

FY-ACCOUNT NO.	DOCUMENT NO.	ADMINISTRATIVE CODE	OBJECT CLASS	ASSISTANCE LISTING	AMT ACTION FINANCIAL ASSISTANCE	APPROPRIATION
0501742526BR20260174090425MQN200A0000AOWI00AOWI00	CG00000222B	DOLCG	410023	84.368	$1,599,510.00	01742526BR
0501742627BR20260174090426MQN200A0000AOWI00AOWI00	CG00000223C	DOLCG	410023	84.368	$2,391,246.00	01742627BR

AWARD ATTACHMENTS

NORTH CAROLINA DEPARTMENT OF PUBLIC INSTRUCTION 26S60CG000002-01-00

1. Terms and Conditions
2. NOA Attachment for Discretionary Grants July 2026
3. Subrecipient Monitoring Grant Condition
4. Front Loading Grant Condition
5. PMS Access Letter for OESE

GOVERNMENT-WIDE ADMINISTRATIVE STATUTORY AND NATIONAL POLICY REQUIREMENTS FOR U.S. DEPARTMENT OF EDUCATION AWARDS

OVERVIEW

This portion of the Grant Award Notification (GAN) Attachment describes Federal government-wide sources of laws and policies that apply to grantees and subgrantees of Federal awards issued by the U.S. Department of Education (ED).[1] The sources of Federal government-wide laws and policy include the U.S. Constitution, statutes, regulations, executive orders, and statements of policy. By accepting this award, grantees must comply with 34 CFR 75.700, including all applicable executive orders. Grantees throughout the course of their grant must use Federal funds in accordance with executive orders currently applicable to their Federal award, to ensure project activities align with the interests of the Federal government.

This Attachment compiles many of the laws and policies that apply to awards; however, it is not intended to be an exhaustive list or to reproduce the full text. Some laws and policies are only applicable to awards with certain types of activities or to certain types of recipients. Additionally, ED award terms and conditions may incorporate statutes, regulations, or policies specific to an award.

Please note that some sources use different terms for grantee such as recipient. Per 34 CFR Part 77–Definitions that Apply to Department Regulations, ED uses grantee to mean the legal entity to which a grant is awarded and is accountable to the Federal Government for the use of the funds provided. Subgrantee means the government or other legal entity to which a subgrant is awarded and that is accountable to the grantee for the use of the funds provided.

APPLICABILITY OF LAWS AND POLICIES

The legal order of precedence determines the order in which laws and policies may apply to Federal awards. The following list includes examples of the types of laws and policies, and is not an exhaustive list:

- U.S. Constitution
- Program-Specific Authorizations and Appropriations
- Single Audit Amendments Act of 1996
- Federal Funding Accountability and Transparency Act of 2006 (FFATA)
- Digital Accountability and Transparency Act of 2014 (DATA Act)
- Grant Reporting Efficiency and Agreements Transparency Act of 2019 (GREAT Act)
- Uniform Administrative Requirements, Cost Principles, and Audit Requirements: 2 CFR Part 200 as adopted as regulations of ED in 2 CFR 3474.
- Education Department General Administrative Regulations: 34 CFR Parts 75, 76, 77, 79, etc. (ED-specific)
    - 34 CFR Part 75–Direct Grant Programs

[1] The content in this portion of the GAN Attachment consolidates information previously included in separate GAN Attachments and Enclosures.

  - 34 CFR Part 76–State-Administered Formula Grant Programs
  - 34 CFR Part 77–Definitions that Apply to Department Regulations
  - 34 CFR Part 79–Intergovernmental Review of Department of Education Programs and Activities
- Executive Orders
- Office of Management and Budget Memoranda (OMB Memos)
- ED and Program-specific guidance such as grant notices, Frequently Asked Questions, and other program announcements

The following general condition is applicable to all grantees:

Grantees must not use Federal funds under this project in any manner that violates the United States Constitution, Title VI or Title VII of the Civil Rights Act of 1964 (42 U.S.C. 2000d *et seq.* or 42 U.S.C. 2000e *et seq.*), Title IX of the Education Amendments of 1972 (20 U.S.C. 1681 *et seq.*), section 504 of the Rehabilitation Act (29 U.S.C. 794), the Age Discrimination Act of 1975 (42 U.S.C. 6101 *et seq.*), Title II of the Americans with Disabilities Act of 1990 (42 U.S.C. 12131 *et seq.*), the Boy Scouts of America Equal Access Act of 2001 (20 U.S.C. 7905), section 117 of the Higher Education Act of 1965, as amended (20 U.S.C. 1011f), or other applicable Federal law.

Please note the provisions of Executive Orders 14151, 14168, 14173, and 14190 as well as the U.S. Department of Justice's July 29, 2025, non-regulatory "Guidance for Recipients of Federal Funding Regarding Unlawful Discrimination," which clarifies the application of Federal antidiscrimination laws to programs or initiatives that may involve discriminatory practices, including those labeled as Diversity, Equity, and Inclusion ("DEI") programs.

Such activities may risk violating Federal civil rights laws and may jeopardize Federal funding. This includes any discriminatory equity ideology in violation of a Federal anti-discrimination law. A definition of "discriminatory equity ideology" is contained in Section 2(b) of Executive Order 14190.

Additionally, grantees must comply with all "Financial Assistance General Certifications and Representations" annual registration requirements made in SAM.gov, including any provisions in the annual registration that address civil rights, DEI programs or activities, and support of illegal aliens.

To the extent that a grantee uses grant funds for such unallowable activities, ED may take appropriate enforcement action including the potential recovery of funds, or may pursue termination or non-continuation. The Grant Award Notification document accompanying your award may contain further terms and conditions, as necessary, to ensure grantee compliance with applicable laws, regulations, and administrative priorities.

Financial Assistance General Certifications and Representations

All applicants, grantees, and subgrantees of Federal financial assistance are required to register in the System for Award Management (SAM.gov) and obtain a Unique Entity Identifier (UEI) before receiving an award per 2 CFR Part 25, Unique Entity Identifier and System for Award

Management.

An entity must be registered in SAM.gov before submitting applications, include their UEI in each application, maintain current and active registration in SAM.gov at all times during which it has an active Federal award, and review and update its information annually as a recipient or an application under consideration by a Federal agency. The applicant or recipient must review and update its information in SAM.gov annually from the date of initial registration or subsequent updates to ensure it is current and accurate.

Grantee authorized organization representatives agree to the Financial Assistance General Certifications and Representations that are binding on every award as part of registration and annual certification in SAM.gov. However, grantees may be exempted by Federal statute or the exceptions listed in 2 CFR 25.110, Exemptions to this part.

When applicants register or annually recertify in SAM.gov, their authorized organization representative agrees to the Financial Assistance General Certifications and Representations (Certifications). These Certifications are binding on every award. Laws and policies identified in these Certifications are identified in this document with the statement, "See Certifications." The Certifications in SAM.gov can be found in Appendix I of the SAM.gov Entity Registration Checklist and are incorporated by reference herein.

LAWS AND POLICIES

This section outlines various laws and policies that may apply to ED awards (including grantees and subgrantees). It is not intended to be an exhaustive list.

Requirement	Description	Source
Cash Management	Grantees are required to manage Federal grant funds in compliance with the requirements in the Payment Integrity Information Act of 2019 (PIIA), Cash Management Improvement Act of 1990 (CMIA), and as further clarified in ED and government-wide regulations.	• Payment Integrity Information Act of 2019 (PIIA) • Cash Management Improvement Act of 1990 (CMIA)
Conflict of Interest	Federal agencies must establish conflict of interest policies for Federal awards and grantees, and subgrantees must disclose in writing any potential conflict of interest to the Federal agency or pass-through entity in accordance with established Federal agency policies.	• 2 CFR 200.112, Conflict of interest • See Certifications
Contract Provisions	In addition to other provisions required by the Federal agency or non-Federal entity, all contracts	• 2 CFR 200, Appendix II

Requirement	Description	Source
	made by the non-Federal entity under the Federal award must contain certain provisions, as applicable.	
Debt Collection	After providing reasonable notice, Federal agencies or pass-through entities may withhold payments to grantee or subgrantees for financial obligations incurred after a specific date until conditions are corrected or the debt is repaid to the Federal Government.	• OMB Circular A-129, Policies for Federal Credit Programs and Non-Tax Receivables • See Certifications
Drug-Free Workplace	Related to maintaining a drug-free workplace and notifying the awarding agency if an employee is convicted of violating a criminal drug law. Failure to follow these requirements may be cause for debarment.	• Drug-Free Workplace Act (41 USC 8101-8106) • 2 CFR Part 182, Government-Wide Requirements for Drug-Free Workplace (Financial Assistance) • See Certifications
Executive Compensation Reporting	Related to requirements to report certain information on compensation for executives.	• Federal Funding Accountability and Transparency Act of 2006 (FFATA) • 2 CFR Part 170, Reporting Subaward and Executive Compensation Information • See Certifications
Environmental Protections – Assess and Mitigate Environmental Impact	The National Environmental Protection Act includes policies to conduct reviews to assess and mitigate environmental impact. Applies to construction or major renovation activities. Does not apply to subcontractors.	• National Environmental Policy Act of 1969, as amended (42 USC 4321 *et seq*) • See Certifications
Fair Housing Practices	Related to protecting people from discrimination in housing under Federally funded programs.	• Title VIII of the Civil Rights Act of 1968 (42 USC 3601 *et seq*) • See Certifications
Faith-Based Organizations	Related to protections for faith-based organizations to apply and receive Federal funds without discrimination or interference with their mission. Describes limitations on the use of Federal funds.	• Religious Freedom Restoration Act of 1993 (42 USC 2000bb et seq) • Executive Order 13279, Equal Protection of the Laws for Faith-Based and Community Organizations

Requirement	Description	Source
		• Executive Order 13559, Fundamental Principles and Policymaking Criteria for Partnerships with Faith-Based and Other Neighborhood Organizations • Executive Order 13831, Establishment of a White House Faith and Opportunity Initiative • 28 CFR Part 38, Partnerships with Faith-Based and Other Neighborhood Organizations
Lobbying Disclosures	Related to requirements to disclose lobbying activities.	• Lobbying Disclosure Act of 1995 (2 USC 1601 *et seq*, Disclosure of Lobbying Activity) • See Certifications
Procurement – American-Manufactured Goods	Related to required preferences for certain products and materials made in the US. Waivers may be possible.	• Buy American Act (41 USC 8301 *et seq*) • Build America, Buy America Act • 2 CFR 200.322, Domestic preferences for procurements
Procurement – Fly America Act	Related to requirements for travelers to use certified U.S. airlines for award-funded air travel.	• 49 USC 40118 • 41 CFR 301-10.132 - 142, Use of United States Flag Air Carriers
Procurement – Prohibition on certain telecommunications and video surveillance services or equipment	Related to restrictions on using Federal funds for telecommunications equipment produced by certain companies.	• 41 USC 3901 *et seq* • 2 CFR 200.216, Prohibition on certain telecommunications and video surveillance equipment or services
Protections Against Discrimination	Related to protecting people from discrimination based on different criteria under Federal grants and programs.	• Age Discrimination Act of 1975 (42 USC 6101 *et seq*) • Section 504 of the Rehabilitation Act (29 USC 794) • Title VI of the Civil Rights Act (42 USC 2000d) • Church Amendments (42 USC 300a-7) • Coates-Snowe Amendment (42 USC 238n) • Title IX of the Education Amendments of 1972, as

Requirement	Description	Source
		amended (20 USC 1681 *et seq*) • See Certifications
Public Announcements	Disclosure of Federal funding sources in public announcements when issuing statements, press releases, requests for proposals, bid solicitations, and other documents describing projects or programs funded in whole or in part with Federal money.	• Division H, Title V, Section 505 of Public Law 116260, Consolidated Appropriations Act, 2021 (pages 441-442)
Publications and Acknowledgement of Support	Describes requirement for grantees to publicly disclose when Federal funds from the ED are used in documents such as press releases, requests for proposals, and publications.	• 34 CFR 75.620(b)
Recipient Integrity and Performance	Describes the award terms and conditions for recipient integrity and performance matters.	• 2 CFR 200, Appendix XII
Subaward Reporting	Related to requirements to report certain information on subawards.	• Federal Funding Accountability and Transparency Act of 2006 (FFATA) • 2 CFR Part 170, Reporting Subaward and Executive Compensation Information • See Certifications
Suspension and Debarment	Related to restrictions on issuing Federal awards, subawards, and contracts to certain parties that are debarred, suspended, or otherwise excluded from receiving or participating in Federal awards.	• 2 CFR Part 180, OMB Guidelines to Agencies on Government-Wide Debarment and Suspension (Nonprocurement) • 2 CFR 200.214, Suspension and debarment • Executive Orders 12549 and 12689, Debarment and suspension • See Certifications
Trafficking Victims Protection	Related to bans on providing funds to organizations involved in human trafficking.	• Trafficking Victims Protection Act (TVPA) of 2000, as amended, (22 USC 7104(g)) • 2 CFR Part 175, Award Term for Trafficking in Persons • See Certifications

Requirement	Description	Source
Violations of Federal Criminal Law and Civil Actions	Related to requirements to disclose certain violations of Federal criminal law.	• False Claims Act (31 USC 3729-3733, False claims and 31 USC 3730, Civil actions for false claims) • Program Fraud and Civil Remedies Act (31 USC 3801 *et seq*) • 2 CFR 200.113, Mandatory disclosures • See Certifications
Wage Protections – Copeland Anti-Kickback Act	Related to protections that require contractors to follow construction, alteration, and renovation and weekly compliance statements on the wages paid to each employee in support of Federal awards.	• Copeland Anti-Kickback Act (18 USC 874 and 40 USC 3145) • 48 CFR 22.403, Copeland Act
Wage Protections – Davis-Bacon Act	Related to protections that require using contractors that pay prevailing wages and benefits under awards that fund construction, alterations, or repairs.	• The Davis-Bacon Act (40 USC 3141 *et seq*)
Whistleblower Protections	Related to protecting employees from reprisal for disclosing information about violations.	• Protection from Reprisal of Disclosure of Certain Information (41 USC 4712) • See Certifications

SPECIFIC GRANT TERMS FOR U.S. DEPARTMENT OF EDUCATION DISCRETIONARY AWARDS

ED TERMS AND CONDITIONS

I. Enforcement Provisions
II. Grant Terms and Conditions for Discretionary Grant Financial and Performance Reports
III. Limitations on Indirect Cost Recovery
IV. Participation of Faith-Based Organizations
V. Written Notice of Beneficiary Protections
VI. Key Financial Management Requirements

I. ENFORCEMENT PROVISIONS

Non-Continuation:

Per the Secretary's authority in 34 CFR 75.253, this award may be non-continued at any point during the award's period of performance. In accordance with 34 CFR 75.253, the Secretary considers, among other things, continued funding if:

1. Congress has appropriated sufficient funds under the program;
2. The Secretary has determined that continuing the project would be in the best interest of the government;
3. The grantee has made substantial progress toward meeting the goals and objectives of the project;
4. The performance targets in the grantee's approved application, if the Secretary established performance measurement requirements for the grant in the application notice;
5. The recipient has submitted reports of project performance and budget expenditures that meet the reporting requirements found at 34 CFR 75.118, 2 CFR 200.328, and 200.329, and any other reporting requirements established by the Secretary; and
6. The grantee has maintained a financial and administrative management system that meets the requirements in 2 CFR 200.302, Financial management and 2 CFR 200.303, Internal controls.

When an award is non-continued, the recipient remains responsible for compliance with the closeout and post-closeout requirements in 2 CFR 200.344 and 2 CFR 200.345. ED will provide the necessary closeout instructions and provide instructions regarding a reconsideration of the non-continuation determination consistent with 34 CFR 75.253(g).

For more information, see the Department Grant Discontinuation and Termination Processes page on the ED website.

Termination:

Per the Secretary's authority in 2 CFR 200.340, the Federal award may be terminated in part or its entirety at any point during the award's period of performance. The award may be terminated as follows:

1. By ED, if the recipient fails to comply with the terms and conditions of the award, including all conditions in this document;
2. By ED with the consent of the recipient, in which case the two parties must agree upon the termination conditions, including the effective date and, in the case of partial termination, the portion to be terminated;
3. By the recipient upon sending to the ED program contact written notification setting forth the reasons for such termination, the effective date, and, in the case of partial termination, the portion to be terminated. However, if ED determines in the case of partial termination that the reduced or modified portion of the award will not accomplish the purposes for which the award was made, ED may terminate the award in its entirety; or
4. By ED, to the extent authorized by law, if the award no longer effectuates the program goals or agency priorities.

When an award is terminated in part or its entirety, the recipient remains responsible for compliance with the closeout and post-closeout requirements in 2 CFR 200.344 and 2 CFR 200.345. ED will provide the necessary closeout instructions and instructions regarding an appeal of the termination consistent with applicable requirements.

For more information, see the Department Grant Discontinuation and Termination Processes page of the ED website.

II. GRANT TERMS AND CONDITIONS FOR DISCRETIONARY GRANT FINANCIAL AND PERFORMANCE REPORTS

Financial and performance reports required for grants awarded by ED, and described in this term and condition, can be accessed on the Grant Application and Other Forms page of the ED website. Government-wide reports can be accessed on the Post-Award Reporting Forms page of the Grants.gov website.

PERFORMANCE REPORTS

FINAL REPORTS – ALL RECIPIENTS

ALL RECIPIENTS are required to submit a final performance report within 120 days after the expiration or termination of grant support in accordance with submission instructions provided in box 10 of the GAN, or through another notification provided by ED (2 CFR 200.329(c)).

ANNUAL, QUARTERLY, OR SEMIANNUAL REPORTS – ALL RECIPIENTS

Your ED program contact will provide you with information about your performance report submissions, including the due date, as a grant term or condition in box 10 on the GAN, or through another notification provided by ED. The grant term or condition in box 10 on the GAN, or another notification, may reflect any of the following:

1. All recipients of a multi-year discretionary award must submit an annual Grant Performance Report per 34 CFR 75.118.

2. That an annual performance report shall provide the most current performance and financial expenditure information that is sufficient to meet the reporting requirements in the government-wide requirements located in 2 CFR 200. The terms reflected in this document are also consistent with:
    - 2 CFR 200.328, Financial reporting;
    - 2 CFR 200.329, Monitoring and reporting program performance;
    - 2 CFR 200.332, Requirements for pass-through entities;
    - 34 CFR 75.720, Education, Direct Grant Programs, Financial and performance reports; and
    - Applicable reporting requirements stipulated in program statutes or regulations.

3. That a performance report is due by the due date provided by your ED program contact. The report should contain current performance and financial expenditure information for this grant.

4. That an interim performance report is required because of the nature of the award or because of statutory or regulatory provisions governing the program under which this award is made, and that the report is due more frequently than annually as indicated. For example, more frequent reports may be due quarterly and submitted within 30 days after the end of each quarter, or due semiannually and submitted within 30 days after the end of each 6-month period (2 CFR 200.329(c)(1)).

5. That other reports are required. For example, program-specific reports may be required in a program's statute, regulation, or specific conditions of the Federal award (2 CFR 200.208).

FINANCIAL REPORTS – SOME RECIPIENTS

If a financial report is required, your ED program contact will provide you with information about your financial report submission, including the due date, as a grant term or condition in box 10 on the GAN, or through another notification.

ED uses the government-wide Standard Form (SF) 425, also known as the Federal Financial Report (FFR), for final reporting. Government-wide reports can be accessed on the Post-Award Reporting Forms page on the Grants.gov website.

FINANCIAL REPORT OVERVIEW

A SF 425 FFR is required if:

1. A grant involves cost sharing, and the ED 524B, which collects cost sharing information, is not submitted or a program-specific report approved by OMB does not collect cost sharing information;
2. Program income was earned;
3. Indirect cost information is to be reported and the ED 524B was not used or a program-specific report approved by OMB does not collect indirect cost information;
4. Program regulations or statute require the submission of the FFR; or

5. Specific Award Conditions, or specific grant or subgrant conditions for designation of "high risk," were imposed in accordance with 2 CFR 200.208 and 2 CFR 3474.10 and required the submission of the FFR.

SUBMISSION TIMELINES

If the FFR is required, the notification may indicate one of the following reporting frequencies and timelines:

1. Quarterly - due within 30 days after each reporting period.
2. Semi-annual - due within 30 days after each reporting period.
3. Annual - due within 30 days after the reporting period.
4. Final - In coordination with the submission of a final performance reports, grantees must submit FFRs no later than 120 calendar days after the conclusion of the period of performance. A subgrantee must submit a final financial report to a pass-through entity no later than 90 calendar days after the conclusion of the period of performance (2 CFR 200.328).

SUBMISSION GUIDANCE

When completing an FFR for submission in accordance with the above-referenced selection, the following must be noted:

1. *Multiple Grant Reporting Using SF 425A Not Required*
   - While the FFR is a government-wide form that is designed for single grant and multiple grant award reporting, ED's policy is that multiple grant award reporting is not permitted for ED grants.
   - Grantees are instructed to not use the FFR attachment (SF 425A), which is available for reporting multiple grants, for reporting on ED grants.

2. *Completing an SF 425 for Each Grant*
   - ED grantees are required to submit an FFR in accordance with any of the above-referenced selections.
   - Grantees must complete and submit one FFR for each of its grants.
   - FFR Form, Field 2: Grantees are instructed to disregard the note about using the SF 425A to report multiple grants.
   - FFR Instructions, Report Submissions: With regard to item 1 of the note found in the FFR Instructions, a grantee must complete items 10(a) through 10(o) for each of its grants. The multiple grants and FFR attachment references found in item 2 of the Line Item Instructions for the FFR are not applicable to ED grants.

3. *Program Income*
   - Unless disallowed by statute or regulation, a grantee will complete item 10(m) or 10(n) in accordance with the options or combination of options as provided in 2 CFR 200.307.
   - A grantee is permitted, in accordance with 2 CFR 200.307, to add program income to its Federal share to further eligible project or program objectives; use program income to finance the non-Federal share of the project or program; and deduct program income from the Federal share of the total project costs.

4. *Indirect Costs*
   - A grantee will complete item 11(a) by listing the indirect cost rate type identified on its indirect cost rate agreement, as approved by its cognizant agency for indirect costs.
   - A ED grantee that does not have an indirect cost rate agreement approved by its cognizant agency for indirect costs, and that is using the ED approved (beyond the 90-day temporary period) temporary indirect cost rate of 10% of budgeted direct salaries and wages, or the de minimis rate of 15% of modified total direct cost (MTDC) must list its indirect cost rate in 11(a) as an ED Temporary Rate or De Minimis Rate.
     - The de minimis rate of 15% of MTDC consists of: All direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and subawards and contracts up to the first $50,000 of each subaward.
     - MTDC excludes equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs and the portion of each subaward in excess of $50,000.
     - Other items, including contract costs in excess of $50,000, may be excluded when necessary to avoid a serious inequity in the distribution of indirect costs (2 CFR 200.1, Modified Total Direct Cost (MTDC)).
   - A training program grantee whose recovery of indirect cost limits indirect cost recovery to 8% of MTDC or the grantees negotiated indirect cost rate, whichever is less in accordance with 34 CFR 75.562(c), must list its rate in 11(a) as an ED Training Grant Rate. The 8% limit does not apply to agencies of Indian tribal governments, local governments, and States[2] as defined in 2 CFR 200.1.
   - A restricted program grantee must list its rate as a Restricted Indirect Cost Rate in 11(a).
     - A restricted program (i.e., programs with statutory supplement-not-supplant requirements) grantee must utilize a restricted indirect cost rate negotiated with its cognizant agency for indirect costs, or may elect to utilize a restricted indirect cost rate of 8% MTDC if their negotiated restricted indirect cost rate calculated under 34 CFR 75.563, is not less than 8% MTDC.
     - A State or local government[3] that is a restricted program grantee may not elect to utilize the 8% MTDC rate.
     - Additionally, restricted program grantees may not utilize the de minimis rate but may utilize the temporary rate until a restricted indirect cost rate is negotiated.
     - If a restricted program grantee elects to utilize the temporary rate, it must list its rate as an ED Temporary Rate in 11(a).
   - Grantees with indirect cost rates prescribed in program statute or regulation must list their rate as a Rate Required in Program Statute or Regulation in 11(a).
   - Grantees are required to follow program-specific statutory or regulatory requirements that mandate either indirect cost rate type or maximum administrative costs recovery.
   - For detailed information including restrictions related to temporary, de minimis, training, restricted, and program prescribed indirect cost rates see the Indirect Cost Division webpage on the ED website.

[2] Note that a State-funded institution of higher education is not considered a "State government" for these purposes; and a Tribal college or university funded by a Federally recognized Tribe is not considered a Tribe for these purposes.
[3] Note that a State-funded institution of higher education is not considered a "State government" for these purposes.

5. *Supplemental Pages*

- If grantees need additional space to report financial information, beyond what is available within the FFR, they should provide supplemental pages.
- Additional pages must indicate the following information at the top of each page:
  - PR/Award Number (also known as the Federal Identifying Number or FAIN),
  - Recipient organization,
  - UEI,
  - Employer Identification Number (EIN), and
  - Period covered by the report.

III. LIMITATIONS ON INDIRECT COST RECOVERY

If the entity identified in Box 1 of the GAN chooses to draw down on indirect costs, they are subject to limitations on indirect cost recovery as described in this section.

- All entities (other than institutions of higher education) - The GAN for this grant award shows the indirect cost rate that applies on the date of the initial grant for this project. However, after the initial date, when a new indirect cost rate agreement is negotiated, the newly approved indirect cost rate supersedes the indirect cost rate shown on the GAN for the initial grant. This new indirect cost rate should be applied according to the period specified in the indirect cost rate agreement, unless expressly limited under the Education Department General Administrative Regulations or program regulations.
- Institutions of higher education - Under 2 CFR 200, Appendix III, ED must apply the negotiated indirect cost rate in effect on the date of the initial grant award to every budget period of the project, including all continuation grants made for this project. See 2 CFR 200, Appendix III, C.7. Therefore, the GAN for each continuation grant will show the original indirect cost rate and it applies to the entire period of performance of this project. If the indirect cost rate agreement that is applicable to this grant does not extend to the end of the grant's project period, the indirect cost rate set at the start of the project period must still be applied to the end of the project period regardless of the fact that the rate has otherwise expired.

TYPES OF INDIRECT COST RECOVERY

This grant is subject to one of the following:

1. An **unrestricted indirect cost rate** (described under A below);
2. A **temporary indirect cost rate** (described under B below);
3. A **de minimis indirect cost rate** (described under C below);
4. A supplement-not-supplant requirement under the program statute, requiring use of a **restricted indirect cost rate** or an eight percent restricted indirect cost rate (described under D and E below**)**;
5. A **training grant indirect cost rate** (described under F below); or
6. A **program-specific limitation on indirect costs** (described under G below).

The type of indirect cost rate for this grant is specified in the GAN or the application notice for discretionary grant programs. The grant award statutes dictate the indirect cost rate type. The sections below describe each type of indirect cost rate:

A. Unrestricted Indirect Cost Rate

To utilize an unrestricted indirect cost rate, the grant must not have restricted (supplement-not-supplant), training, or program specific indirect cost rate restrictions.

To obtain an unrestricted indirect cost rate, the grantee may:

- Negotiate an indirect cost agreement with its cognizant agency for indirect costs (2 CFR Part 200.1 "Cognizant agency for indirect costs"), by submitting an indirect cost proposal within 90 days after the award of this grant;
- Elect to utilize the de minimis rate under 2 CFR 200.414(f) with less than $35 million in direct Federal funding (2 CFR 200, Appendix VII, D.1.b)); or
- A temporary indirect cost rate subject to the limitations in 34 CFR 75.560(d)(e).

The grantee must provide proof of its negotiated indirect cost rate agreement to ED as soon as it has signed such an agreement with its cognizant agency.

B. Temporary Indirect Cost Rate

A grantee that does not have a current negotiated indirect cost rate agreement may recover indirect costs at a temporary rate, which is limited to 10% of budgeted direct salaries and wages (See 34 CFR Part 75 Subpart E - Indirect Cost Rates); or it may choose not to charge indirect costs to the grant. The temporary rate can only be used for 90 days unless the exceptional circumstances apply.

If the grantee has not submitted its indirect cost proposal to its cognizant agency within the 90-day period, it may no longer recover indirect costs utilizing the temporary indirect cost rate until it has negotiated an indirect cost rate agreement with its cognizant agency. Once a grantee obtains a current Federally recognized indirect cost rate that is applicable to this grant, the grantee may use that indirect cost rate to claim indirect cost reimbursement.

The recovery of indirect costs using the temporary rate is subject to the following limitations:

1. If a grantee fails to submit an indirect cost rate proposal to its cognizant agency within the required 90 days, the grantee may not charge indirect costs to its grant from the end of the 90-day period until it obtains a Federally recognized indirect cost rate agreement applicable to the grant. ED, if it determines exceptional circumstances are present, can allow a grantee to use the temporary rate beyond the 90 days.
2. The grantee must obtain prior approval from ED to shift direct costs to indirect costs in order to recover indirect costs at a higher negotiated indirect cost rate.
3. The grantee may not request additional funds to recover indirect costs that it cannot recover by shifting direct costs to indirect costs.

C. De minimis Indirect Cost Rate

Institutions of Higher Education, Federally-recognized Indian Tribes, State and Local Governments[4] receiving less than $35 million in direct Federal funding (Appendix VII, D.1.b), and nonprofit organizations, if they do not have a current negotiated (including provisional) rate, and are not subject to ED's training rate or restricted rate (supplement-not-supplant provisions), may elect to charge a de minimis indirect cost rate of 15% of MTDC. This rate may be used indefinitely.

MTDC consists of all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and subawards and contracts up to the first $50,000 of each subaward (i.e., subgrant). MTDC excludes equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs and the portion of each subaward in excess of $50,000. Other items, including contract costs in excess of $50,000, may be excluded when necessary to avoid a serious inequity in the distribution of indirect costs (2 CFR 200.1 "Modified Total Direct Cost (MTDC)).

Additionally, the de minimis rate may not be used by grantees that are subject to ED's training indirect cost rate (34 CFR 75.562) or restricted indirect cost rate (34 CFR 75.563). The de minimis rate may be used indefinitely. However, if a grantee chooses to use the de minimis rate to recover indirect costs, it must do so for all of its Federal awards until such time as the grantee negotiates an indirect cost rate with its cognizant agency. Once a grantee obtains a Federally recognized indirect cost rate that is applicable to this grant, the grantee may use that indirect cost rate to claim indirect cost reimbursement.

The de minimis indirect cost rate only allows the grantee to recover indirect costs incurred on or after the date of the beginning of the project period.

D. Restricted Indirect Cost Rate (Programs with a Supplement-not-supplant requirement)

Programs that contain a supplement-not-supplant requirement are required to use a restricted indirect cost rate under 34 CR 75.563.

Grantees under these programs may use the temporary indirect cost rate described under B, Temporary Indirect Cost Rate, until a restricted indirect cost rate is negotiated. Grantees may not use the de minimis rate described under C, De Minimis Indirect Cost Rate.

If this grant is made under a program subject to a supplement-not supplant requirement, the grantee must notify the cognizant agency that the grant is subject to a restricted indirect cost rate, as calculated under 34 CFR 75.563 and 34 CFR 76.564 - 76.569 and negotiate a restricted indirect cost rate with ED. To accomplish this, the grantee should ask its cognizant agency to contact ED's Indirect Cost Division to coordinate a review of the restricted indirect cost proposal or determine eligibility for election of 8% MTDC or less, per 34 CFR 76.564(c).

[4] Note that a State-funded institution of higher education is not considered a "State government" for these purposes.

E. Eight Percent Restricted Indirect Cost Rate (Programs with a Supplement-not-supplant requirement)

A grantee that is not a State or local government[5] under a program that contains supplement-not-supplant provisions may elect to utilize a restricted indirect cost rate of 8% modified total direct costs (MTDC) if their negotiated restricted indirect cost rate calculated under 34 CFR 75.563, is not less than 8% modified total direct costs. The grantee must maintain documentation that it has an indirect cost rate of at least 8% MTDC.

F. Training Grant Indirect Cost Rate

If the grantee is a training grant recipient, and is not a State, local, or Tribal government,[6] the grantee must negotiate a rate under 34 CFR 75.562. This provision limits indirect cost recovery to 8% of MTDC or the grantee's negotiated indirect cost rate, whichever is less.

The recovery using the training grant indirect cost rate is subject to the following limitations:

1. The lesser of the 8% indirect cost rate or negotiated indirect cost rate also applies to sub-awards that fund training.
2. The 8% limit does not apply to agencies of Indian tribal governments, local governments, and States as defined in 2 CFR 200.1, respectively.
3. Indirect costs in excess of the 8% limit may not be charged directly, used to satisfy matching or cost-sharing requirements, or charged to another Federal award.
4. A grantee using the training rate of 8% is required to have documentation available for audit that shows that its negotiated indirect cost rate is at least 8%.

G. Program-Specific Indirect Cost Rate

Grantees are required to follow program-specific statutory or regulatory requirements that mandate either indirect cost rate type or maximum administrative costs recovery instead of the general requirements described here.

PROVISIONS APPLICABLE TO ALL GRANTEES

Based on the indirect cost request included in the budget for this grant, ED has obligated sufficient funds for this budget period to recover indirect costs at a rate we estimate is appropriate, and which is subject to adjustment as described in this section on Limitations on Indirect Cost Recovery.

Any funds allocated for indirect costs that have not been drawn for those costs of a single-budget project period or the end of a multi-year project period must be deobligated by ED at the end of the project period unless ED permits the grantee to use these funds for allowable direct costs incurred during the project period.

Reimbursement of indirect costs is subject to the availability of funds and statutory or administrative restrictions.

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[5] Note that a State-funded institution of higher education is not considered a "State government" for these purposes.
[6] Note that a State-funded institution of higher education is not considered a "State government" for these purposes; and a Tribal college or university funded by a Federally-recognized Tribe is not considered a Tribe for these purposes.

The application of the rates and the determination of the direct cost base by a grantee must be in accordance with the indirect cost rate agreement approved by the grantee's cognizant agency.

Indirect cost reimbursement (34 CFR 75.564 and 34 CFR 76.562) is not allowable under grants for:

1. Fellowships and similar awards if Federal financing is exclusively in the form of fixed amounts such as scholarships, stipend allowances, or the tuition and fees of an institution;
2. Construction grants;
3. Grants to individuals;
4. Grants to organizations located outside the territorial limits of the United States;
5. Grants to Federal organizations; and
6. Grants made exclusively to support conferences.

IV. PARTICIPATION OF FAITH-BASED ORGANIZATIONS

1. A faith-based organization that participates in this program retains its independence from the Government and may continue to carry out its mission consistent with religious freedom and conscience protections in Federal law.

2. A faith-based organization may not use direct Federal financial assistance from ED to support or engage in any explicitly religious activities except when consistent with the Establishment Clause of the First Amendment and any other applicable requirements. Such an organization also may not, in providing services funded by ED, or in outreach activities related to such services, discriminate against a program beneficiary or prospective program beneficiary on the basis of religion, a religious belief, a refusal to hold a religious belief, or a refusal to attend or participate in a religious practice.

V. WRITTEN NOTICE OF BENEFICIARY PROTECTIONS

In accordance with 34 CFR 75.712, all grantees and subgrantees providing social services under an ED program supported by direct Federal financial assistance (e.g., programs that provide employment, independent living, education, or related services to individuals or groups of individuals) must give written notice to a beneficiary or prospective beneficiary of certain protections.

The written notice that an organization uses to notify beneficiaries or prospective beneficiaries of certain religious non-discrimination protections must include language substantially similar to that in Appendix C to 34 CFR Part 75 (See 34 CFR 75.712). Grantees and subgrantees have discretion regarding how to provide the notice, which may include providing the notice directly to each beneficiary, posting it on the grantee's website, or other means. A grantee or subgrantee that participates in multiple ED programs may provide a single notice covering all applicable programs. Additionally, grantees must ensure that the notice is accessible to individuals with disabilities and limited English proficient individuals as required by law. Unless notified by the applicable program office, a grantee or subgrantee is not required to include in the notice the information in paragraph (5) of Appendix C to 34 CFR Part 75 (i.e., the opportunity of a beneficiary to receive information about other similar providers).

VI. SELECT TOPICS IN ADMINISTERING DISCRETIONARY GRANTS

FINANCIAL MANAGEMENT SYSTEMS (2 CFR 200.302)

The grantee's and subrecipient's financial management system must provide for the following (see 2 CFR 200.334, 2 CFR 200.335, 2 CFR 200.336, and 2 CFR 200.337):

- Identification of all Federal awards received and expended and the Federal programs under which they were received. Federal program and Federal award identification must include, as applicable, the Assistance Listings title and number, Federal award identification number, year the Federal award was issued, and name of the Federal agency or pass-through entity.
- Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements in 2 CFR 200.328 and 2 CFR 200.329.
- Maintaining records that sufficiently identify the amount, source, and expenditure of Federal funds for Federal awards. These records must contain information necessary to identify Federal awards, authorizations, financial obligations, unobligated balances, as well as assets, expenditures, income, and interest. All records must be supported by source documentation.
- Effective control over, and accountability for, all funds, property, and assets. The grantee or subrecipient must-safeguard all assets and ensure they are used solely for authorized purposes. See 2 CFR 200.305.
- Comparison of expenditures with budget amounts for each Federal award.
- Written procedures to implement the requirements of 2 CFR 200.305.
- Written procedures for determining the allowability of costs in accordance with subpart E of 2 CFR Part 200 and the terms and conditions of the Federal award.

State systems must account for funds in accordance with State laws and procedures that apply to the expenditure of and the accounting for a State's own funds. A State's procedures, as well as those of its subrecipients and contractors, must be sufficient to permit the preparation of reports that may be required under the award as well as provide the tracing of expenditures to a level adequate to establish that award funds have not been used in violation of any applicable statutory restrictions or prohibitions.

INTERNAL CONTROLS (2 CFR 200.303)

The grantee and subrecipient must:

- Establish, document, and maintain effective internal control over the Federal award that provides reasonable assurance that the grantee or subrecipient is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should align with the guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission.

- Comply with the U.S. Constitution, Federal statutes, regulations, and the terms and conditions of the Federal award.
- Evaluate and monitor the grantee's or subrecipient's compliance with statutes, regulations, and the terms and conditions of Federal awards.
- Take prompt action when instances of noncompliance are identified.
- Take reasonable cybersecurity and other measures to safeguard information including protected personally identifiable information and other types of information consistent with applicable Federal, State, local, and tribal laws regarding privacy and responsibility over confidentiality.

FEDERAL PAYMENT (2 CFR 200.305)

Under this part:

- ED pays grantees in advance of their expenditures if the grantee demonstrates a willingness and ability to minimize the time between the transfer of funds to the grantee and the disbursement of the funds by the grantee;
- Where the time between the transfer of funds to the grantee and the disbursement of funds cannot be minimized, the preferred method of payment is reimbursement of expenditures incurred by the non-Federal entity;
- Grantees, generally, must maintain advance payments of Federal awards in interest bearing accounts that are insured; grantees or subrecipients may retain up to $500 per year of interest earned on Federal funds to use for administrative expenses of the grantee or subrecipient. Any additional interest earned on Federal funds must be returned annually to the Department of Health and Human Services Payment Management System (PMS) through either the Automated Clearing House network or a Fedwire Funds Service payment. All interest in excess of $500 per year must be returned to PMS regardless of whether the grantee or subrecipient was paid through PMS. Instructions for returning interest can be found at: Returning Funds/Interest | HHS PSC FMP Payment Management Services.

For any cash that you draw from your ED grant account, you must:

- Draw down only as much cash as is necessary to meet the immediate needs of the grant project;
- Keep to the minimum the time between drawing down the funds and paying them out for grant activities; and
- Return to the Government the interest earned on grant funds deposited in interest-bearing bank accounts except for a small amount of interest earned each year that your entity is allowed to keep to reimburse itself for administrative expenses.

In order to meet these requirements, you are urged to:

- Take into account the need to coordinate the timing of drawdowns with prior internal clearances (e.g., by boards, directors, or other officials) when projecting immediate cash needs so that funds drawn down from ED do not stay in a bank account for extended periods of time while waiting for approval;
- Monitor the fiscal activity (drawdowns and payments) under your grant on a continuous

basis;
- Plan carefully for cash flow in your grant project during the budget period and review project cash requirements before each drawdown; and
- Pay out grant funds for project activities as soon as it is practical to do so after receiving cash from ED.

Keep in mind that ED monitors cash drawdown activity for all grants. ED staff will contact grantees who appear to have drawn down excessive amounts of cash under one or more grants during the fiscal quarter to discuss the particular situation.

Grantees that do not follow Federal cash management requirements and/or consistently appear on ED's reports of excessive drawdowns could be:

- Subjected to specific award conditions or designated as a "high-risk" grantee (2 CFR 200.208 and 2 CFR 3474.10), which could mean being placed on a "cash-reimbursement" payment method (i.e., a grantee would experience the inconvenience of having to pay for grant activities with its own money and waiting to be reimbursed by ED afterwards);
- Subjected to further corrective action;
- Denied selection for funding on future ED grant applications (34 CFR 75.217(d)(3)(ii)); and/or
- Debarred or suspended from receiving future Federal awards from any executive agency of the Federal government.

In general, grantees should make payment requests frequently, only for small amounts sufficient to meet the cash needs of the immediate future.

ED has recently encountered situations where grantees failed to request funds until long after the grantee actually expended its own funds for the costs of its grant. Grantees need to be aware that, by law, Federal funds are available for grantees to draw down for only a limited period of time, after which the funds revert to the U.S. Treasury. In some cases grantees have requested funds too late for ED to be able to pay the grantees for legitimate costs incurred during their project periods. ED urges financial managers to regularly monitor requests for payment under their grants to assure that Federal funds are drawn from the grants management system at the time those funds are needed for payments to vendors and employees.

PERSONNEL (34 CFR 75.511 - 75.519 AND 2 CFR PART 200 SUBPART D AND SUBPART E)

The rules governing personnel costs are located in 34 CFR Part 75 and 2 CFR Part 200 Subpart D and Subpart E. 34 CFR Part 75 covers issues such as paying consultants with grant funds, prohibiting dual compensation of staff, and waiving the requirement for a full-time project director. The rules clarifying changes in key project staff are located in 2 CFR 200.308(f)(2). General rules governing reimbursement of salaries and compensation for staff working on grant projects are addressed in the post Federal award requirements and cost principles in 2 CFR Part 200 Subpart D and Subpart E. In all cases, payments of any type to personnel must be supported by complete and accurate records of employee time and effort. For those employees that work on multiple functions or separately funded programs or projects, the grantee must also maintain time distribution records to support the allocation of employee salaries among each function and separately funded program or project.

COST PRINCIPLES (2 CFR 200 SUBPART E)

All costs incurred under any grant are subject to the cost principles found in 2 CFR 200 Subpart E. The cost principles provide a list of selected items of allowable and unallowable costs and must be used in determining the allowability of costs funded under the grant.

PROCUREMENT STANDARDS (2 CFR 200.317 - 200.327)

Under 2 CFR 200.317 - 200.327, States are required to follow the procurement rules the States have established for purchases funded by non-Federal sources. When procuring goods and services for a grant's purposes, all other grantees (i.e., grantees that are not States) may follow their own procurement procedures, but only to the extent that those procedures meet the minimum requirements for procurement specified in the regulations. These requirements include written competition procedures and codes of conduct for grantee staff, as well as requirements for cost and price analysis, record-keeping and contractor compliance with certain Federal laws and regulations. These regulations also require grantees to include certain conditions in contracts and subcontracts, as mandated by the regulations and statutes.

AUDIT REQUIREMENTS (2 CFR PART 200 SUBPART F)

2 CFR Part 200 Subpart F requires that grantees that are non-Federal entities (a State, local government, Indian tribe, institution of higher education, or nonprofit organization that carries out a Federal award as a recipient or subrecipient) obtain a non-Federal audit of their expenditures under their Federal grants if the grantee expends more than $1,000,000 in Federal funds in one fiscal year. 2 CFR Part 200 Subpart F contains the requirements imposed on grantees for audits conducted in connection with the _____.

ED recommends hiring auditors who have specific experience in auditing Federal awards under the regulations and the Compliance Supplement.

OTHER CONSIDERATIONS

Some other topics of financial management covered in 2 CFR Part 200 that might affect particular grants include program income (2 CFR 200.307), cost sharing or matching (2 CFR 200.306), property management requirements for equipment (2 CFR 200.313), and equipment and other capital expenditures (2 CFR 200.439).

GOVERNMENT-WIDE ADMINISTRATIVE STATUTORY AND NATIONAL POLICY REQUIREMENTS FOR U.S. DEPARTMENT OF EDUCATION AWARDS

OVERVIEW

This portion of the Notice of Award (NOA) Attachment describes Federal government-wide sources of laws and policies that apply to grantees and subgrantees of Federal awards issued by the U.S. Department of Education (ED).[1] The sources of Federal government-wide laws and policy include the U.S. Constitution, statutes, regulations, executive orders, and statements of policy. By accepting this award, grantees must comply with 34 CFR 75.700, including all applicable executive orders. Grantees throughout the course of their grant must use Federal funds in accordance with executive orders currently applicable to their Federal award, to ensure project activities align with the interests of the Federal government.

This Attachment compiles many of the laws and policies that apply to awards; however, it is not intended to be an exhaustive list or to reproduce the full text. Some laws and policies are only applicable to awards with certain types of activities or to certain types of recipients. Additionally, ED award terms and conditions may incorporate statutes, regulations, or policies specific to an award.

Please note that some sources use different terms for grantee such as recipient. Per 34 CFR Part 77–Definitions that Apply to Department Regulations, ED uses grantee to mean the legal entity to which a grant is awarded and is accountable to the Federal Government for the use of the funds provided. Subgrantee means the government or other legal entity to which a subgrant is awarded and that is accountable to the grantee for the use of the funds provided.

APPLICABILITY OF LAWS AND POLICIES

The legal order of precedence determines the order in which laws and policies may apply to Federal awards. The following list includes examples of the types of laws and policies, and is not an exhaustive list:

- U.S. Constitution
- Program-Specific Authorizations and Appropriations
- Single Audit Amendments Act of 1996
- Federal Funding Accountability and Transparency Act of 2006 (FFATA)
- Digital Accountability and Transparency Act of 2014 (DATA Act)
- Grant Reporting Efficiency and Agreements Transparency Act of 2019 (GREAT Act)
- Uniform Administrative Requirements, Cost Principles, and Audit Requirements: 2 CFR Part 200 as adopted as regulations of ED in 2 CFR 3474.
- Education Department General Administrative Regulations: 34 CFR Parts 75, 76, 77, 79, etc. (ED-specific)
    - 34 CFR Part 75–Direct Grant Programs

[1] The content in this portion of the NOA Attachment consolidates information previously included in separate Grant Award Notification/NOA Attachments and Enclosures.

  - 34 CFR Part 76–State-Administered Formula Grant Programs
  - 34 CFR Part 77–Definitions that Apply to Department Regulations
  - 34 CFR Part 79–Intergovernmental Review of Department of Education Programs and Activities
- Executive Orders
- Office of Management and Budget Memoranda (OMB Memos)
- ED and Program-specific guidance such as grant notices, Frequently Asked Questions, and other program announcements

The following general condition is applicable to all grantees:

Grantees must not use Federal funds under this project in any manner that violates the United States Constitution, Title VI or Title VII of the Civil Rights Act of 1964 (42 U.S.C. 2000d *et seq.* or 42 U.S.C. 2000e *et seq.*), Title IX of the Education Amendments of 1972 (20 U.S.C. 1681 *et seq.*), section 504 of the Rehabilitation Act (29 U.S.C. 794), the Age Discrimination Act of 1975 (42 U.S.C. 6101 *et seq.*), Title II of the Americans with Disabilities Act of 1990 (42 U.S.C. 12131 *et seq.*), the Boy Scouts of America Equal Access Act of 2001 (20 U.S.C. 7905), section 117 of the Higher Education Act of 1965, as amended (20 U.S.C. 1011f), or other applicable Federal law.

Please note the provisions of Executive Orders 14151, 14168, 14173, and 14190 as well as the U.S. Department of Justice's July 29, 2025, non-regulatory "Guidance for Recipients of Federal Funding Regarding Unlawful Discrimination," which clarifies the application of Federal antidiscrimination laws to programs or initiatives that may involve discriminatory practices, including those labeled as Diversity, Equity, and Inclusion ("DEI") programs.

Such activities may risk violating Federal civil rights laws and may jeopardize Federal funding. This includes any discriminatory equity ideology in violation of a Federal anti-discrimination law. A definition of "discriminatory equity ideology" is contained in Section 2(b) of Executive Order 14190.

Additionally, grantees must comply with all "Financial Assistance General Certifications and Representations" annual registration requirements made in SAM.gov, including any provisions in the annual registration that address civil rights, DEI programs or activities, and support of illegal aliens.

To the extent that a grantee uses grant funds for such unallowable activities, ED may take appropriate enforcement action including the potential recovery of funds, or may pursue termination or non-continuation. The NOA document accompanying your award may contain further terms and conditions, as necessary, to ensure grantee compliance with applicable laws, regulations, and administrative priorities.

FINANCIAL ASSISTANCE GENERAL CERTIFICATIONS AND REPRESENTATIONS

All applicants, grantees, and subgrantees of Federal financial assistance are required to register in the System for Award Management (SAM.gov) and obtain a Unique Entity Identifier (UEI) before receiving an award per 2 CFR Part 25, Unique Entity Identifier and System for Award

Management.

An entity must be registered in SAM.gov before submitting applications, include their UEI in each application, maintain current and active registration in SAM.gov at all times during which it has an active Federal award, and review and update its information annually as a recipient or an application under consideration by a Federal agency. The applicant or recipient must review and update its information in SAM.gov annually from the date of initial registration or subsequent updates to ensure it is current and accurate.

Grantee authorized organization representatives agree to the Financial Assistance General Certifications and Representations that are binding on every award as part of registration and annual certification in SAM.gov. However, grantees may be exempted by Federal statute or the exceptions listed in 2 CFR 25.110, Exemptions to this part.

When applicants register or annually recertify in SAM.gov, their authorized organization representative agrees to the Financial Assistance General Certifications and Representations (Certifications). These Certifications are binding on every award. Laws and policies identified in these Certifications are identified in this document with the statement, "See Certifications." The Certifications in SAM.gov can be found in Appendix I of the SAM.gov Entity Registration Checklist and are incorporated by reference herein.

LAWS AND POLICIES

This section outlines various laws and policies that may apply to ED awards (including grantees and subgrantees). It is not intended to be an exhaustive list.

Requirement	Description	Source
Cash Management	Grantees are required to manage Federal grant funds in compliance with the requirements in the Payment Integrity Information Act of 2019 (PIIA), Cash Management Improvement Act of 1990 (CMIA), and as further clarified in ED and government-wide regulations.	• Payment Integrity Information Act of 2019 (PIIA) • Cash Management Improvement Act of 1990 (CMIA)
Conflict of Interest	Federal agencies must establish conflict of interest policies for Federal awards and grantees, and subgrantees must disclose in writing any potential conflict of interest to the Federal agency or pass-through entity in accordance with established Federal agency policies.	• 2 CFR 200.112, Conflict of interest • See Certifications
Contract Provisions	In addition to other provisions required by the Federal agency or non-Federal entity, all contracts	• 2 CFR 200, Appendix II

Requirement	Description	Source
	made by the non-Federal entity under the Federal award must contain certain provisions, as applicable.	
Debt Collection	After providing reasonable notice, Federal agencies or pass-through entities may withhold payments to grantee or subgrantees for financial obligations incurred after a specific date until conditions are corrected or the debt is repaid to the Federal Government.	• OMB Circular A-129, Policies for Federal Credit Programs and Non-Tax Receivables • See Certifications
Drug-Free Workplace	Related to maintaining a drug-free workplace and notifying the awarding agency if an employee is convicted of violating a criminal drug law. Failure to follow these requirements may be cause for debarment.	• Drug-Free Workplace Act (41 USC 8101-8106) • 2 CFR Part 182, Government-Wide Requirements for Drug-Free Workplace (Financial Assistance) • See Certifications
Executive Compensation Reporting	Related to requirements to report certain information on compensation for executives.	• Federal Funding Accountability and Transparency Act of 2006 (FFATA) • 2 CFR Part 170, Reporting Subaward and Executive Compensation Information • See Certifications
Environmental Protections – Assess and Mitigate Environmental Impact	The National Environmental Protection Act includes policies to conduct reviews to assess and mitigate environmental impact. Applies to construction or major renovation activities. Does not apply to subcontractors.	• National Environmental Policy Act of 1969, as amended (42 USC 4321 *et seq*) • See Certifications
Fair Housing Practices	Related to protecting people from discrimination in housing under Federally funded programs.	• Title VIII of the Civil Rights Act of 1968 (42 USC 3601 *et seq*) • See Certifications
Faith-Based Organizations	Related to protections for faith-based organizations to apply and receive Federal funds without discrimination or interference with their mission. Describes limitations on the use of Federal funds.	• Religious Freedom Restoration Act of 1993 (42 USC 2000bb et seq) • Executive Order 13279, Equal Protection of the Laws for Faith-Based and Community Organizations

Requirement	Description	Source
		• Executive Order 13559, Fundamental Principles and Policymaking Criteria for Partnerships with Faith-Based and Other Neighborhood Organizations • Executive Order 13831, Establishment of a White House Faith and Opportunity Initiative • 28 CFR Part 38, Partnerships with Faith-Based and Other Neighborhood Organizations
Lobbying Disclosures	Related to requirements to disclose lobbying activities.	• Lobbying Disclosure Act of 1995 (2 USC 1601 *et seq*, Disclosure of Lobbying Activity) • See Certifications
Procurement – American-Manufactured Goods	Related to required preferences for certain products and materials made in the US. Waivers may be possible.	• Buy American Act (41 USC 8301 *et seq*) • Build America, Buy America Act • 2 CFR 200.322, Domestic preferences for procurements
Procurement – Fly America Act	Related to requirements for travelers to use certified U.S. airlines for award-funded air travel.	• 49 USC 40118 • 41 CFR 301-10.132 - 142, Use of United States Flag Air Carriers
Procurement – Prohibition on certain telecommunications and video surveillance services or equipment	Related to restrictions on using Federal funds for telecommunications equipment produced by certain companies.	• 41 USC 3901 *et seq* • 2 CFR 200.216, Prohibition on certain telecommunications and video surveillance equipment or services
Protections Against Discrimination	Related to protecting people from discrimination based on different criteria under Federal grants and programs.	• Age Discrimination Act of 1975 (42 USC 6101 *et seq*) • Section 504 of the Rehabilitation Act (29 USC 794) • Title VI of the Civil Rights Act (42 USC 2000d) • Church Amendments (42 USC 300a-7) • Coates-Snowe Amendment (42 USC 238n) • Title IX of the Education Amendments of 1972, as

Requirement	Description	Source
		amended (20 USC 1681 *et seq*) • See Certifications
Public Announcements	Disclosure of Federal funding sources in public announcements when issuing statements, press releases, requests for proposals, bid solicitations, and other documents describing projects or programs funded in whole or in part with Federal money.	• Division H, Title V, Section 505 of Public Law 116260, Consolidated Appropriations Act, 2021 (pages 441-442)
Publications and Acknowledgement of Support	Describes requirement for grantees to publicly disclose when Federal funds from the ED are used in documents such as press releases, requests for proposals, and publications.	• 34 CFR 75.620(b)
Recipient Integrity and Performance	Describes the award terms and conditions for recipient integrity and performance matters.	• 2 CFR 200, Appendix XII
Subaward Reporting	Related to requirements to report certain information on subawards.	• Federal Funding Accountability and Transparency Act of 2006 (FFATA) • 2 CFR Part 170, Reporting Subaward and Executive Compensation Information • See Certifications
Suspension and Debarment	Related to restrictions on issuing Federal awards, subawards, and contracts to certain parties that are debarred, suspended, or otherwise excluded from receiving or participating in Federal awards.	• 2 CFR Part 180, OMB Guidelines to Agencies on Government-Wide Debarment and Suspension (Nonprocurement) • 2 CFR 200.214, Suspension and debarment • Executive Orders 12549 and 12689, Debarment and suspension • See Certifications
Trafficking Victims Protection	Related to bans on providing funds to organizations involved in human trafficking.	• Trafficking Victims Protection Act (TVPA) of 2000, as amended, (22 USC 7104(g)) • 2 CFR Part 175, Award Term for Trafficking in Persons • See Certifications

Requirement	Description	Source
Violations of Federal Criminal Law and Civil Actions	Related to requirements to disclose certain violations of Federal criminal law.	• False Claims Act (31 USC 3729-3733, False claims and 31 USC 3730, Civil actions for false claims) • Program Fraud and Civil Remedies Act (31 USC 3801 *et seq*) • 2 CFR 200.113, Mandatory disclosures • See Certifications
Wage Protections – Copeland Anti-Kickback Act	Related to protections that require contractors to follow construction, alteration, and renovation and weekly compliance statements on the wages paid to each employee in support of Federal awards.	• Copeland Anti-Kickback Act (18 USC 874 and 40 USC 3145) • 48 CFR 22.403, Copeland Act
Wage Protections – Davis-Bacon Act	Related to protections that require using contractors that pay prevailing wages and benefits under awards that fund construction, alterations, or repairs.	• The Davis-Bacon Act (40 USC 3141 *et seq*)
Whistleblower Protections	Related to protecting employees from reprisal for disclosing information about violations.	• Protection from Reprisal of Disclosure of Certain Information (41 USC 4712) • See Certifications

SPECIFIC GRANT TERMS FOR U.S. DEPARTMENT OF EDUCATION DISCRETIONARY AWARDS

ED TERMS AND CONDITIONS

I. Enforcement Provisions
II. Grant Terms and Conditions for Discretionary Grant Financial and Performance Reports
III. Limitations on Indirect Cost Recovery
IV. Participation of Faith-Based Organizations
V. Written Notice of Beneficiary Protections
VI. Key Financial Management Requirements

I. ENFORCEMENT PROVISIONS

Non-Continuation:

Per the Secretary's authority in 34 CFR 75.253, this award may be non-continued at any point during the award's period of performance. In accordance with 34 CFR 75.253, the Secretary considers, among other things, continued funding if:

1. Congress has appropriated sufficient funds under the program;
2. The Secretary has determined that continuing the project would be in the best interest of the government;
3. The grantee has made substantial progress toward meeting the goals and objectives of the project;
4. The performance targets in the grantee's approved application, if the Secretary established performance measurement requirements for the grant in the application notice;
5. The recipient has submitted reports of project performance and budget expenditures that meet the reporting requirements found at 34 CFR 75.118, 2 CFR 200.328, and 200.329, and any other reporting requirements established by the Secretary; and
6. The grantee has maintained a financial and administrative management system that meets the requirements in 2 CFR 200.302, Financial management and 2 CFR 200.303, Internal controls.

When an award is non-continued, the recipient remains responsible for compliance with the closeout and post-closeout requirements in 2 CFR 200.344 and 2 CFR 200.345. ED will provide the necessary closeout instructions and provide instructions regarding a reconsideration of the non-continuation determination consistent with 34 CFR 75.253(g).

For more information, see the Department Grant Discontinuation and Termination Processes page on the ED website.

Termination:

Per the Secretary's authority in 2 CFR 200.340, the Federal award may be terminated in part or its entirety at any point during the award's period of performance. The award may be terminated as follows:

1. By ED, if the recipient fails to comply with the terms and conditions of the award, including all conditions in this document;
2. By ED with the consent of the recipient, in which case the two parties must agree upon the termination conditions, including the effective date and, in the case of partial termination, the portion to be terminated;
3. By the recipient upon sending to the ED program contact written notification setting forth the reasons for such termination, the effective date, and, in the case of partial termination, the portion to be terminated. However, if ED determines in the case of partial termination that the reduced or modified portion of the award will not accomplish the purposes for which the award was made, ED may terminate the award in its entirety; or
4. By ED, to the extent authorized by law, if the award no longer effectuates the program goals or agency priorities.

When an award is terminated in part or its entirety, the recipient remains responsible for compliance with the closeout and post-closeout requirements in 2 CFR 200.344 and 2 CFR 200.345. ED will provide the necessary closeout instructions and instructions regarding an appeal of the termination consistent with applicable requirements.

For more information, see the Department Grant Discontinuation and Termination Processes page of the ED website.

II. GRANT TERMS AND CONDITIONS FOR DISCRETIONARY GRANT FINANCIAL AND PERFORMANCE REPORTS

Financial and performance reports required for grants awarded by ED, and described in this term and condition, can be accessed on the Grant Application and Other Forms page of the ED website. Government-wide reports can be accessed on the Post-Award Reporting Forms page of the Grants.gov website.

PERFORMANCE REPORTS

FINAL REPORTS – ALL RECIPIENTS

ALL RECIPIENTS are required to submit a final performance report within 120 days after the expiration or termination of grant support in accordance with submission instructions provided in the NOA, or through another notification provided by ED (2 CFR 200.329(c)).

ANNUAL, QUARTERLY, OR SEMIANNUAL REPORTS – ALL RECIPIENTS

Your ED program contact will provide you with information about your performance report submissions, including the due date, as a grant term or condition in box 10 on the NOA, or through another notification provided by ED. The grant term or condition in box 10 on the NOA, or another notification, may reflect any of the following:

1. All recipients of a multi-year discretionary award must submit an annual Grant Performance Report per 34 CFR 75.118.

2. That an annual performance report shall provide the most current performance and financial expenditure information that is sufficient to meet the reporting requirements in the government-wide requirements located in 2 CFR 200. The terms reflected in this document are also consistent with:
    - 2 CFR 200.328, Financial reporting;
    - 2 CFR 200.329, Monitoring and reporting program performance;
    - 2 CFR 200.332, Requirements for pass-through entities;
    - 34 CFR 75.720, Education, Direct Grant Programs, Financial and performance reports; and
    - Applicable reporting requirements stipulated in program statutes or regulations.

3. That a performance report is due by the due date provided by your ED program contact. The report should contain current performance and financial expenditure information for this grant.

4. That an interim performance report is required because of the nature of the award or because of statutory or regulatory provisions governing the program under which this award is made, and that the report is due more frequently than annually as indicated. For example, more frequent reports may be due quarterly and submitted within 30 days after the end of each quarter, or due semiannually and submitted within 30 days after the end of each 6-month period (2 CFR 200.329(c)(1)).

5. That other reports are required. For example, program-specific reports may be required in a program's statute, regulation, or specific conditions of the Federal award (2 CFR 200.208).

FINANCIAL REPORTS – SOME RECIPIENTS

If a financial report is required, your ED program contact will provide you with information about your financial report submission, including the due date, as a grant term or condition in the NOA, or through another notification.

ED uses the government-wide Standard Form (SF) 425, also known as the Federal Financial Report (FFR), for final reporting. Government-wide reports can be accessed on the Post-Award Reporting Forms page on the Grants.gov website.

FINANCIAL REPORT OVERVIEW

A SF 425 FFR is required if:

1. A grant involves cost sharing, and the ED 524B, which collects cost sharing information, is not submitted or a program-specific report approved by OMB does not collect cost sharing information;
2. Program income was earned;
3. Indirect cost information is to be reported and the ED 524B was not used or a program-specific report approved by OMB does not collect indirect cost information;
4. Program regulations or statute require the submission of the FFR; or

5. Specific Award Conditions, or specific grant or subgrant conditions for designation of "high risk," were imposed in accordance with 2 CFR 200.208 and 2 CFR 3474.10 and required the submission of the FFR.

SUBMISSION TIMELINES

If the FFR is required, the notification may indicate one of the following reporting frequencies and timelines:

1. Quarterly - due within 30 days after each reporting period.
2. Semi-annual - due within 30 days after each reporting period.
3. Annual - due within 30 days after the reporting period.
4. Final - In coordination with the submission of a final performance reports, grantees must submit FFRs no later than 120 calendar days after the conclusion of the period of performance. A subgrantee must submit a final financial report to a pass-through entity no later than 90 calendar days after the conclusion of the period of performance (2 CFR 200.328).

SUBMISSION GUIDANCE

When completing an FFR for submission in accordance with the above-referenced selection, the following must be noted:

1. *Multiple Grant Reporting Using SF 425A Not Required*
   - While the FFR is a government-wide form that is designed for single grant and multiple grant award reporting, ED's policy is that multiple grant award reporting is not permitted for ED grants.
   - Grantees are instructed to not use the FFR attachment (SF 425A), which is available for reporting multiple grants, for reporting on ED grants.

2. *Completing an SF 425 for Each Grant*
   - ED grantees are required to submit an FFR in accordance with any of the above-referenced selections.
   - Grantees must complete and submit one FFR for each of its grants.
   - FFR Form, Field 2: Grantees are instructed to disregard the note about using the SF 425A to report multiple grants.
   - FFR Instructions, Report Submissions: With regard to item 1 of the note found in the FFR Instructions, a grantee must complete items 10(a) through 10(o) for each of its grants. The multiple grants and FFR attachment references found in item 2 of the Line Item Instructions for the FFR are not applicable to ED grants.

3. *Program Income*
   - Unless disallowed by statute or regulation, a grantee will complete item 10(m) or 10(n) in accordance with the options or combination of options as provided in 2 CFR 200.307.
   - A grantee is permitted, in accordance with 2 CFR 200.307, to add program income to its Federal share to further eligible project or program objectives; use program income to finance the non-Federal share of the project or program; and deduct program income from the Federal share of the total project costs.

4. *Indirect Costs*
   - A grantee will complete item 11(a) by listing the indirect cost rate type identified on its indirect cost rate agreement, as approved by its cognizant agency for indirect costs.
   - A ED grantee that does not have an indirect cost rate agreement approved by its cognizant agency for indirect costs, and that is using the ED approved (beyond the 90-day temporary period) temporary indirect cost rate of 10% of budgeted direct salaries and wages, or the de minimis rate of 15% of modified total direct cost (MTDC) must list its indirect cost rate in 11(a) as an ED Temporary Rate or De Minimis Rate.
     - The de minimis rate of 15% of MTDC consists of: All direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and subawards and contracts up to the first $50,000 of each subaward.
     - MTDC excludes equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs and the portion of each subaward in excess of $50,000.
     - Other items, including contract costs in excess of $50,000, may be excluded when necessary to avoid a serious inequity in the distribution of indirect costs (2 CFR 200.1, Modified Total Direct Cost (MTDC)).
   - A training program grantee whose recovery of indirect cost limits indirect cost recovery to 8% of MTDC or the grantees negotiated indirect cost rate, whichever is less in accordance with 34 CFR 75.562(c), must list its rate in 11(a) as an ED Training Grant Rate. The 8% limit does not apply to agencies of Indian tribal governments, local governments, and States[2] as defined in 2 CFR 200.1.
   - A restricted program grantee must list its rate as a Restricted Indirect Cost Rate in 11(a).
     - A restricted program (i.e., programs with statutory supplement-not-supplant requirements) grantee must utilize a restricted indirect cost rate negotiated with its cognizant agency for indirect costs, or may elect to utilize a restricted indirect cost rate of 8% MTDC if their negotiated restricted indirect cost rate calculated under 34 CFR 75.563, is not less than 8% MTDC.
     - A State or local government[3] that is a restricted program grantee may not elect to utilize the 8% MTDC rate.
     - Additionally, restricted program grantees may not utilize the de minimis rate but may utilize the temporary rate until a restricted indirect cost rate is negotiated.
     - If a restricted program grantee elects to utilize the temporary rate, it must list its rate as an ED Temporary Rate in 11(a).
   - Grantees with indirect cost rates prescribed in program statute or regulation must list their rate as a Rate Required in Program Statute or Regulation in 11(a).
   - Grantees are required to follow program-specific statutory or regulatory requirements that mandate either indirect cost rate type or maximum administrative costs recovery.
   - For detailed information including restrictions related to temporary, de minimis, training, restricted, and program prescribed indirect cost rates see the Indirect Cost Division webpage on the ED website.

[2] Note that a State-funded institution of higher education is not considered a "State government" for these purposes; and a Tribal college or university funded by a Federally recognized Tribe is not considered a Tribe for these purposes.
[3] Note that a State-funded institution of higher education is not considered a "State government" for these purposes.

5. *Supplemental Pages*

- If grantees need additional space to report financial information, beyond what is available within the FFR, they should provide supplemental pages.
- Additional pages must indicate the following information at the top of each page:
  - Federal Identifying Number (FAIN),
  - Recipient organization,
  - UEI,
  - Employer Identification Number (EIN), and
  - Period covered by the report.

III. LIMITATIONS ON INDIRECT COST RECOVERY

If the entity identified in Box 1 of the GAN chooses to draw down on indirect costs, they are subject to limitations on indirect cost recovery as described in this section.

- All entities (other than institutions of higher education) - The GAN for this grant award shows the indirect cost rate that applies on the date of the initial grant for this project. However, after the initial date, when a new indirect cost rate agreement is negotiated, the newly approved indirect cost rate supersedes the indirect cost rate shown on the GAN for the initial grant. This new indirect cost rate should be applied according to the period specified in the indirect cost rate agreement, unless expressly limited under the Education Department General Administrative Regulations or program regulations.
- Institutions of higher education - Under 2 CFR 200, Appendix III, ED must apply the negotiated indirect cost rate in effect on the date of the initial grant award to every budget period of the project, including all continuation grants made for this project. See 2 CFR 200, Appendix III, C.7. Therefore, the GAN for each continuation grant will show the original indirect cost rate and it applies to the entire period of performance of this project. If the indirect cost rate agreement that is applicable to this grant does not extend to the end of the grant's project period, the indirect cost rate set at the start of the project period must still be applied to the end of the project period regardless of the fact that the rate has otherwise expired.

TYPES OF INDIRECT COST RECOVERY

This grant is subject to one of the following:

1. An **unrestricted indirect cost rate** (described under A below);
2. A **temporary indirect cost rate** (described under B below);
3. A **de minimis indirect cost rate** (described under C below);
4. A supplement-not-supplant requirement under the program statute, requiring use of a **restricted indirect cost rate** or an eight percent restricted indirect cost rate (described under D and E below**)**;
5. A **training grant indirect cost rate** (described under F below); or
6. A **program-specific limitation on indirect costs** (described under G below).

The type of indirect cost rate for this grant is specified in the GAN or the application notice for discretionary grant programs. The grant award statutes dictate the indirect cost rate type. The sections below describe each type of indirect cost rate:

A. Unrestricted Indirect Cost Rate

To utilize an unrestricted indirect cost rate, the grant must not have restricted (supplement-not-supplant), training, or program specific indirect cost rate restrictions.

To obtain an unrestricted indirect cost rate, the grantee may:

- Negotiate an indirect cost agreement with its cognizant agency for indirect costs (2 CFR Part 200.1 "Cognizant agency for indirect costs"), by submitting an indirect cost proposal within 90 days after the award of this grant;
- Elect to utilize the de minimis rate under 2 CFR 200.414(f) with less than $35 million in direct Federal funding (2 CFR 200, Appendix VII, D.1.b)); or
- A temporary indirect cost rate subject to the limitations in 34 CFR 75.560(d)(e).

The grantee must provide proof of its negotiated indirect cost rate agreement to ED as soon as it has signed such an agreement with its cognizant agency.

B. Temporary Indirect Cost Rate

A grantee that does not have a current negotiated indirect cost rate agreement may recover indirect costs at a temporary rate, which is limited to 10% of budgeted direct salaries and wages (See 34 CFR Part 75 Subpart E - Indirect Cost Rates); or it may choose not to charge indirect costs to the grant. The temporary rate can only be used for 90 days unless the exceptional circumstances apply.

If the grantee has not submitted its indirect cost proposal to its cognizant agency within the 90-day period, it may no longer recover indirect costs utilizing the temporary indirect cost rate until it has negotiated an indirect cost rate agreement with its cognizant agency. Once a grantee obtains a current Federally recognized indirect cost rate that is applicable to this grant, the grantee may use that indirect cost rate to claim indirect cost reimbursement.

The recovery of indirect costs using the temporary rate is subject to the following limitations:

1. If a grantee fails to submit an indirect cost rate proposal to its cognizant agency within the required 90 days, the grantee may not charge indirect costs to its grant from the end of the 90-day period until it obtains a Federally recognized indirect cost rate agreement applicable to the grant. ED, if it determines exceptional circumstances are present, can allow a grantee to use the temporary rate beyond the 90 days.
2. The grantee must obtain prior approval from ED to shift direct costs to indirect costs in order to recover indirect costs at a higher negotiated indirect cost rate.
3. The grantee may not request additional funds to recover indirect costs that it cannot recover by shifting direct costs to indirect costs.

C. De minimis Indirect Cost Rate

Institutions of Higher Education, Federally-recognized Indian Tribes, State and Local Governments[4] receiving less than $35 million in direct Federal funding (Appendix VII, D.1.b), and nonprofit organizations, if they do not have a current negotiated (including provisional) rate, and are not subject to ED's training rate or restricted rate (supplement-not-supplant provisions), may elect to charge a de minimis indirect cost rate of 15% of MTDC. This rate may be used indefinitely.

MTDC consists of all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and subawards and contracts up to the first $50,000 of each subaward (i.e., subgrant). MTDC excludes equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs and the portion of each subaward in excess of $50,000. Other items, including contract costs in excess of $50,000, may be excluded when necessary to avoid a serious inequity in the distribution of indirect costs (2 CFR 200.1 "Modified Total Direct Cost (MTDC)).

Additionally, the de minimis rate may not be used by grantees that are subject to ED's training indirect cost rate (34 CFR 75.562) or restricted indirect cost rate (34 CFR 75.563). The de minimis rate may be used indefinitely. However, if a grantee chooses to use the de minimis rate to recover indirect costs, it must do so for all of its Federal awards until such time as the grantee negotiates an indirect cost rate with its cognizant agency. Once a grantee obtains a Federally recognized indirect cost rate that is applicable to this grant, the grantee may use that indirect cost rate to claim indirect cost reimbursement.

The de minimis indirect cost rate only allows the grantee to recover indirect costs incurred on or after the date of the beginning of the project period.

D. Restricted Indirect Cost Rate (Programs with a Supplement-not-supplant requirement)

Programs that contain a supplement-not-supplant requirement are required to use a restricted indirect cost rate under 34 CR 75.563.

Grantees under these programs may use the temporary indirect cost rate described under B, Temporary Indirect Cost Rate, until a restricted indirect cost rate is negotiated. Grantees may not use the de minimis rate described under C, De Minimis Indirect Cost Rate.

If this grant is made under a program subject to a supplement-not supplant requirement, the grantee must notify the cognizant agency that the grant is subject to a restricted indirect cost rate, as calculated under 34 CFR 75.563 and 34 CFR 76.564 - 76.569 and negotiate a restricted indirect cost rate with ED. To accomplish this, the grantee should ask its cognizant agency to contact ED's Indirect Cost Division to coordinate a review of the restricted indirect cost proposal or determine eligibility for election of 8% MTDC or less, per 34 CFR 76.564(c).

[4] Note that a State-funded institution of higher education is not considered a "State government" for these purposes.

E. Eight Percent Restricted Indirect Cost Rate (Programs with a Supplement-not-supplant requirement)

A grantee that is not a State or local government[5] under a program that contains supplement-not-supplant provisions may elect to utilize a restricted indirect cost rate of 8% modified total direct costs (MTDC) if their negotiated restricted indirect cost rate calculated under 34 CFR 75.563, is not less than 8% modified total direct costs. The grantee must maintain documentation that it has an indirect cost rate of at least 8% MTDC.

F. Training Grant Indirect Cost Rate

If the grantee is a training grant recipient, and is not a State, local, or Tribal government,[6] the grantee must negotiate a rate under 34 CFR 75.562. This provision limits indirect cost recovery to 8% of MTDC or the grantee's negotiated indirect cost rate, whichever is less.

The recovery using the training grant indirect cost rate is subject to the following limitations:

1. The lesser of the 8% indirect cost rate or negotiated indirect cost rate also applies to sub-awards that fund training.
2. The 8% limit does not apply to agencies of Indian tribal governments, local governments, and States as defined in 2 CFR 200.1, respectively.
3. Indirect costs in excess of the 8% limit may not be charged directly, used to satisfy matching or cost-sharing requirements, or charged to another Federal award.
4. A grantee using the training rate of 8% is required to have documentation available for audit that shows that its negotiated indirect cost rate is at least 8%.

G. Program-Specific Indirect Cost Rate

Grantees are required to follow program-specific statutory or regulatory requirements that mandate either indirect cost rate type or maximum administrative costs recovery instead of the general requirements described here.

PROVISIONS APPLICABLE TO ALL GRANTEES

Based on the indirect cost request included in the budget for this grant, ED has obligated sufficient funds for this budget period to recover indirect costs at a rate we estimate is appropriate, and which is subject to adjustment as described in this section on Limitations on Indirect Cost Recovery.

Any funds allocated for indirect costs that have not been drawn for those costs of a single-budget project period or the end of a multi-year project period must be deobligated by ED at the end of the project period unless ED permits the grantee to use these funds for allowable direct costs incurred during the project period.

Reimbursement of indirect costs is subject to the availability of funds and statutory or administrative restrictions.

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[5] Note that a State-funded institution of higher education is not considered a "State government" for these purposes.
[6] Note that a State-funded institution of higher education is not considered a "State government" for these purposes; and a Tribal college or university funded by a Federally-recognized Tribe is not considered a Tribe for these purposes.

The application of the rates and the determination of the direct cost base by a grantee must be in accordance with the indirect cost rate agreement approved by the grantee's cognizant agency.

Indirect cost reimbursement (34 CFR 75.564 and 34 CFR 76.562) is not allowable under grants for:

1. Fellowships and similar awards if Federal financing is exclusively in the form of fixed amounts such as scholarships, stipend allowances, or the tuition and fees of an institution;
2. Construction grants;
3. Grants to individuals;
4. Grants to organizations located outside the territorial limits of the United States;
5. Grants to Federal organizations; and
6. Grants made exclusively to support conferences.

IV. PARTICIPATION OF FAITH-BASED ORGANIZATIONS

1. A faith-based organization that participates in this program retains its independence from the Government and may continue to carry out its mission consistent with religious freedom and conscience protections in Federal law.

2. A faith-based organization may not use direct Federal financial assistance from ED to support or engage in any explicitly religious activities except when consistent with the Establishment Clause of the First Amendment and any other applicable requirements. Such an organization also may not, in providing services funded by ED, or in outreach activities related to such services, discriminate against a program beneficiary or prospective program beneficiary on the basis of religion, a religious belief, a refusal to hold a religious belief, or a refusal to attend or participate in a religious practice.

V. WRITTEN NOTICE OF BENEFICIARY PROTECTIONS

In accordance with 34 CFR 75.712, all grantees and subgrantees providing social services under an ED program supported by direct Federal financial assistance (e.g., programs that provide employment, independent living, education, or related services to individuals or groups of individuals) must give written notice to a beneficiary or prospective beneficiary of certain protections.

The written notice that an organization uses to notify beneficiaries or prospective beneficiaries of certain religious non-discrimination protections must include language substantially similar to that in Appendix C to 34 CFR Part 75 (See 34 CFR 75.712). Grantees and subgrantees have discretion regarding how to provide the notice, which may include providing the notice directly to each beneficiary, posting it on the grantee's website, or other means. A grantee or subgrantee that participates in multiple ED programs may provide a single notice covering all applicable programs. Additionally, grantees must ensure that the notice is accessible to individuals with disabilities and limited English proficient individuals as required by law. Unless notified by the applicable program office, a grantee or subgrantee is not required to include in the notice the information in paragraph (5) of Appendix C to 34 CFR Part 75 (i.e., the opportunity of a beneficiary to receive information about other similar providers).

VI. SELECT TOPICS IN ADMINISTERING DISCRETIONARY GRANTS

FINANCIAL MANAGEMENT SYSTEMS (2 CFR 200.302)

The grantee's and subrecipient's financial management system must provide for the following (see 2 CFR 200.334, 2 CFR 200.335, 2 CFR 200.336, and 2 CFR 200.337):

- Identification of all Federal awards received and expended and the Federal programs under which they were received. Federal program and Federal award identification must include, as applicable, the Assistance Listings title and number, Federal award identification number, year the Federal award was issued, and name of the Federal agency or pass-through entity.
- Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements in 2 CFR 200.328 and 2 CFR 200.329.
- Maintaining records that sufficiently identify the amount, source, and expenditure of Federal funds for Federal awards. These records must contain information necessary to identify Federal awards, authorizations, financial obligations, unobligated balances, as well as assets, expenditures, income, and interest. All records must be supported by source documentation.
- Effective control over, and accountability for, all funds, property, and assets. The grantee or subrecipient must-safeguard all assets and ensure they are used solely for authorized purposes. See 2 CFR 200.305.
- Comparison of expenditures with budget amounts for each Federal award.
- Written procedures to implement the requirements of 2 CFR 200.305.
- Written procedures for determining the allowability of costs in accordance with subpart E of 2 CFR Part 200 and the terms and conditions of the Federal award.

State systems must account for funds in accordance with State laws and procedures that apply to the expenditure of and the accounting for a State's own funds. A State's procedures, as well as those of its subrecipients and contractors, must be sufficient to permit the preparation of reports that may be required under the award as well as provide the tracing of expenditures to a level adequate to establish that award funds have not been used in violation of any applicable statutory restrictions or prohibitions.

INTERNAL CONTROLS (2 CFR 200.303)

The grantee and subrecipient must:

- Establish, document, and maintain effective internal control over the Federal award that provides reasonable assurance that the grantee or subrecipient is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should align with the guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission.

- Comply with the U.S. Constitution, Federal statutes, regulations, and the terms and conditions of the Federal award.
- Evaluate and monitor the grantee's or subrecipient's compliance with statutes, regulations, and the terms and conditions of Federal awards.
- Take prompt action when instances of noncompliance are identified.
- Take reasonable cybersecurity and other measures to safeguard information including protected personally identifiable information and other types of information consistent with applicable Federal, State, local, and tribal laws regarding privacy and responsibility over confidentiality.

FEDERAL PAYMENT (2 CFR 200.305)

Under this part:

- ED pays grantees in advance of their expenditures if the grantee demonstrates a willingness and ability to minimize the time between the transfer of funds to the grantee and the disbursement of the funds by the grantee;
- Where the time between the transfer of funds to the grantee and the disbursement of funds cannot be minimized, the preferred method of payment is reimbursement of expenditures incurred by the non-Federal entity;
- Grantees, generally, must maintain advance payments of Federal awards in interest bearing accounts that are insured; grantees or subrecipients may retain up to $500 per year of interest earned on Federal funds to use for administrative expenses of the grantee or subrecipient. Any additional interest earned on Federal funds must be returned annually to the Department of Health and Human Services Payment Management System (PMS) through either the Automated Clearing House network or a Fedwire Funds Service payment. All interest in excess of $500 per year must be returned to PMS regardless of whether the grantee or subrecipient was paid through PMS. Instructions for returning interest can be found at: Returning Funds/Interest | HHS PSC FMP Payment Management Services.

For any cash that you draw from your ED grant account, you must:

- Draw down only as much cash as is necessary to meet the immediate needs of the grant project;
- Keep to the minimum the time between drawing down the funds and paying them out for grant activities; and
- Return to the Government the interest earned on grant funds deposited in interest-bearing bank accounts except for a small amount of interest earned each year that your entity is allowed to keep to reimburse itself for administrative expenses.

In order to meet these requirements, you are urged to:

- Take into account the need to coordinate the timing of drawdowns with prior internal clearances (e.g., by boards, directors, or other officials) when projecting immediate cash needs so that funds drawn down from ED do not stay in a bank account for extended periods of time while waiting for approval;
- Monitor the fiscal activity (drawdowns and payments) under your grant on a continuous

basis;
- Plan carefully for cash flow in your grant project during the budget period and review project cash requirements before each drawdown; and
- Pay out grant funds for project activities as soon as it is practical to do so after receiving cash from ED.

Keep in mind that ED monitors cash drawdown activity for all grants. ED staff will contact grantees who appear to have drawn down excessive amounts of cash under one or more grants during the fiscal quarter to discuss the particular situation.

Grantees that do not follow Federal cash management requirements and/or consistently appear on ED's reports of excessive drawdowns could be:

- Subjected to specific award conditions or designated as a "high-risk" grantee (2 CFR 200.208 and 2 CFR 3474.10), which could mean being placed on a "cash-reimbursement" payment method (i.e., a grantee would experience the inconvenience of having to pay for grant activities with its own money and waiting to be reimbursed by ED afterwards);
- Subjected to further corrective action;
- Denied selection for funding on future ED grant applications (34 CFR 75.217(d)(3)(ii)); and/or
- Debarred or suspended from receiving future Federal awards from any executive agency of the Federal government.

In general, grantees should make payment requests frequently, only for small amounts sufficient to meet the cash needs of the immediate future.

ED has recently encountered situations where grantees failed to request funds until long after the grantee actually expended its own funds for the costs of its grant. Grantees need to be aware that, by law, Federal funds are available for grantees to draw down for only a limited period of time, after which the funds revert to the U.S. Treasury. In some cases grantees have requested funds too late for ED to be able to pay the grantees for legitimate costs incurred during their project periods. ED urges financial managers to regularly monitor requests for payment under their grants to assure that Federal funds are drawn from the grants management system at the time those funds are needed for payments to vendors and employees.

PERSONNEL (34 CFR 75.511 - 75.519 AND 2 CFR PART 200 SUBPART D AND SUBPART E)

The rules governing personnel costs are located in 34 CFR Part 75 and 2 CFR Part 200 Subpart D and Subpart E. 34 CFR Part 75 covers issues such as paying consultants with grant funds, prohibiting dual compensation of staff, and waiving the requirement for a full-time project director. The rules clarifying changes in key project staff are located in 2 CFR 200.308(f)(2). General rules governing reimbursement of salaries and compensation for staff working on grant projects are addressed in the post Federal award requirements and cost principles in 2 CFR Part 200 Subpart D and Subpart E. In all cases, payments of any type to personnel must be supported by complete and accurate records of employee time and effort. For those employees that work on multiple functions or separately funded programs or projects, the grantee must also maintain time distribution records to support the allocation of employee salaries among each function and separately funded program or project.

COST PRINCIPLES (2 CFR 200 SUBPART E)

All costs incurred under any grant are subject to the cost principles found in 2 CFR 200 Subpart E. The cost principles provide a list of selected items of allowable and unallowable costs and must be used in determining the allowability of costs funded under the grant.

PROCUREMENT STANDARDS (2 CFR 200.317 - 200.327)

Under 2 CFR 200.317 - 200.327, States are required to follow the procurement rules the States have established for purchases funded by non-Federal sources. When procuring goods and services for a grant's purposes, all other grantees (i.e., grantees that are not States) may follow their own procurement procedures, but only to the extent that those procedures meet the minimum requirements for procurement specified in the regulations. These requirements include written competition procedures and codes of conduct for grantee staff, as well as requirements for cost and price analysis, record-keeping and contractor compliance with certain Federal laws and regulations. These regulations also require grantees to include certain conditions in contracts and subcontracts, as mandated by the regulations and statutes.

AUDIT REQUIREMENTS (2 CFR PART 200 SUBPART F)

2 CFR Part 200 Subpart F requires that grantees that are non-Federal entities (a State, local government, Indian tribe, institution of higher education, or nonprofit organization that carries out a Federal award as a recipient or subrecipient) obtain a non-Federal audit of their expenditures under their Federal grants if the grantee expends more than $1,000,000 in Federal funds in one fiscal year. 2 CFR Part 200 Subpart F contains the requirements imposed on grantees for audits conducted in connection with the _____.

ED recommends hiring auditors who have specific experience in auditing Federal awards under the regulations and the Compliance Supplement.

OTHER CONSIDERATIONS

Some other topics of financial management covered in 2 CFR Part 200 that might affect particular grants include program income (2 CFR 200.307), cost sharing or matching (2 CFR 200.306), property management requirements for equipment (2 CFR 200.313), and equipment and other capital expenditures (2 CFR 200.439).

Grant Condition for 2026 CGSA Award

Subrecipient Monitoring:

The grantee must monitor its grant activities, including all procurements, to ensure compliance with all applicable Federal requirements, including the requirement that CGSA funds may not be subgranted. As soon as possible, but no later than 180 days from the date of the notice of award, the grantee must submit in writing a plan, protocols, and a schedule for subcontract monitoring, including both programmatic and fiscal issues. If you wish to request reconsideration of this specific condition, please send written notification to your Department program officer within 10 days of the notice of award describing why such condition should not be imposed on this grant.

Grant Condition for 2026 CGSA Award

Frontloading:

This grant includes frontloaded funds. The grantee may not access these funds for the subsequent budget year until, among other requirements: (1) a complete and timely report including current performance and financial information is submitted and accepted by the Department per 34 CFR 75.118; (2) the Department determines that the grant will continue under 34 CFR 75.253(a), including confirming the grant remains in the federal government's best interest; and (3) the Department communicates this continuation determination to the grantee. The Department may update the grant's general terms and conditions in accordance with 2 CFR 200.211(c). If any changes are made, the Department will notify the grantee and specify when the updates will take effect.

U.S. Department of Labor/ETA Office of Grants Management

200 Constitution Avenue, N.W. – Room N-4716
Washington, D.C. 20210

Dear Recipient:

Your grant award for programs administered by the Office of Elementary and Secondary Education (OESE) is now available. You can access the Notice of Award, including the terms and conditions, of your Federal award in GrantSolutions at https://home.grantsolutions.gov/home/.

This message provides instructions on how to access your organization's funding. Award recipients accomplish this using the Payment Management System (PMS), operated by the U.S. Department of Health and Human Services (HHS).

For Existing PMS Users

Please note that you must have an ID.me account to access PMS.

If your organization has previously received a grant or cooperative agreement in GrantSolutions, a PMS account already exists, and it's where you can find your new grant award funding. The front page of your grant award will have the following information to help access your funding in PMS:

- The last eight digits of the Federal Award Identification Number (item 12) of the new grant or cooperative agreement (e.g., XX123456),
- Award amount (item 20), and
- The PMS Employer Identification Number (EIN) (item 3) (e.g., 1123456789X1) where the new grant or cooperative agreement funding resides under a payee account (e.g., 5h43B).

Recipients may add or amend account access and banking information using the links below.

- To add or remove PMS account access for your organization, please visit: https://pms.psc.gov/grant-recipients/user-access.html
- To add a bank account to your PMS account, please visit: https://pms.psc.gov/grant-recipients/banking-add-change.html
- For information on rejected banking requests, please visit: https://pms.psc.gov/grant-recipients/banking-add-change.html

For new PMS Users

All grant recipients must have an ID.me account to gain access to PMS. Establishing your ID.me account is the first step in the PMS process. User access requests for grant recipients will only be approved if you have an ID.me account. If you have questions

related to creating an ID.me account or need technical assistance with accessing PMS via ID.me, instructions and additional guidance can be found at https://xms.hhs.gov/help/job-aids/help_pages.html.

When issuing a grant award, a PMS account was set up for your organization. A payee account (e.g., 5h43B) also was established, and it's where you can find funding for your new grant award. The front page of your grant award will have the following information to access your account:

- The last eight digits of the Federal Award Identification Number (item 12) of the new grant or cooperative agreement (e.g., XX123456),
- Award amount (item 20), and
  The 12-digit PMS Employer Identification Number (EIN) (item 3) (e.g., 1123456789X1) where the new grant or cooperative agreement funding resides under a payee account (e.g., 5h43B) must match the SF-1199a.

As a new PMS user, you will need to add or amend account access and banking information using the links below.

- To add or remove PMS account access for your organization, please visit: https://pms.psc.gov/grant-recipients/user-access.html
- To add a bank account to your PMS account, please visit: https://pms.psc.gov/grant-recipients/banking-add-change.html

All banking requests must include the SF-1199A Direct Deposit Sign-up form.

- When completing the SF-1199A, the Claim or Payroll ID Number is the organization's 12-digit PMS Employer Identification Number (EIN) which must match the 12-digit PMS EIN on the grant or cooperative agreement document.

PMS Help Desk

If you need assistance with your PMS account, information on the PMS Helpdesk can be found at https://pms.psc.gov/support/help-desk.html.

- Please contact the PMS Help Desk at (877) 614-5533 or PMSSupport@psc.gov
- Recipients may also submit a service ticket online and access more services using the Self-Service Web Portal at: https://gditshared.servicenowservices.com/hhs_pms

If you have additional questions regarding your award or access to GrantSolutions and PMS, please reach out to your Federal Project Officer listed in Section 10 of your Notice of Award.