

Liquidation Extension Request for American Rescue Plan IDEA Part B

Flow-Through, Coordinated Early
Intervening Services, and
Preschool Funds

Topics

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ARP Background

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The Higher Education Emergency Relief Fund III was authorized by ARP, Public Law 117-2, and signed into law on March 11, 2021.

- The U.S. Department of Education awarded \$39.6 billion in grants to State Education Agencies (SEAs) for the purpose of providing Local Education Agencies (LEAs) and other subrecipients emergency relief funds to address the impact of the COVID-19 pandemic on elementary and secondary students across the nation.

Obligation and Liquidation Timeline Requirements

Obligation Requirements

States had to obligate funds during a 27-month period of availability -- **from July 1, 2021- Sept. 30, 2023.**

As a reminder, IDEA funds are forward funded, which means a portion of Part B 611 (Flow-through) grants and the entirety of IDEA Part B 619 (Preschool) grants are made available on **July 1 of each fiscal year** -- three months prior to the start of the federal fiscal year.

In addition to the three-month forward funding and the 12-month fiscal year funding period, states had an additional 12 months (**Oct. 1, 2022 – Sept. 30, 2023**) to obligate any IDEA funds that were not obligated during the previous 15 months.

This was permitted under the Tydings Amendment in 34 CFR 76.709(a) of the Education Department General Administration Regulations (EDGAR).

Obligation Specifics

If the obligation is for...

- a. If the obligation is to acquire personal property ...
- b. If the obligation is for personal services by a contractor who is not an employee of the state ...
- c. If the obligation is for personal services by an employee of the state ...
- d. Performance of work other than personal services ...
- e. Public utility services ...
- f. Travel ...
- g. Rental or real or personal property ...
- h. A pre-agreement cost that was properly approved by the secretary under the cost principles in 2 CFR part 200, Subpart E-Cost Principles ...

Then the obligation is...

- a. The obligation date is the date the state makes the binding written commitment (i.e., the execution date of the contract).
- b. The obligation date is the date that the state makes a binding written commitment to obtain the services.
- c. The obligation date is the date that the services are performed.
- d. On the date on which the state or subgrantee makes a binding written commitment to obtain work.
- e. When the state or subgrantee receives the services.
- f. When the travel is taken.
- g. When the state or subgrantee uses the property.
- h. On the first day of the grant or subgrant performance period.

Liquidation of Funds

Liquidation is the drawing down and expenditure of funds by a grantee for obligations incurred during the grant's legal obligation period.

- Timely liquidation occurs during the project performance period and through the first 120 days after the final day of that period or an extension of that period authorized by the U.S. Department of Education, pursuant to 2 C.F.R. § 200.344(b).

Grantees may carry out contracted grant activities during liquidation.

- The period of delivery of goods and services and the associated payments for those goods and services can extend to the end of the liquidation period, so long as a timely and valid obligation had been made pursuant to 34 C.F.R. § 76.707.

Liquidation Timeline

- States must liquidate their funds during the 120-day liquidation period set forth in 2 C.F.R. § 200.344(b).
- The liquidation period for FFY 2021 IDEA ARP and FFY 2021 IDEA formula grant awards is from **Oct. 1, 2023, through Jan. 28, 2024.**
 - After the initial 120-day liquidation period has ended, states may request a Phase 1 late liquidation request within 18 months of the obligation period (or not more than 14 months after the end of the normal liquidation period (i.e., after Jan. 28, 2024).
 - A state must submit its Phase 1 late liquidation request to the director or the Office of Special Education Programs-Monitoring and State Improvement Planning by March 31, 2025.

Obligation and Liquidation Process Timeline



The deadline to obligate ARP funds was **Sept. 30, 2023**.



The deadline to liquidate funds was **Jan. 28, 2024** (120 days after the September 30, 2023, deadline).



Should funds be obligated by **Sept. 30, 2023**, the U.S. Department of Education has the authority to approve extension requests based on facts and circumstances of a given obligation and written request of a grantee, in accordance with 2 CFR 200.344(b).

Liquidation Extension Request Process Overview

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On behalf of grantees, ISBE may request an extension of up to 14 months beyond the automatic 120-day liquidation period. This would extend the liquidation period through **March 31, 2025**.

ISBE will release the Liquidation Extension Request forms on **March 12, 2024**.

Liquidation Extension Request forms are due to ISBE no later than **April 12, 2024**.

On behalf of grantees, ISBE will submit extension requests to the U.S. Department of Education.

Phase I Late Liquidation Requirements

All Phase I late liquidation requests must be submitted by either the state director of special education or Part C coordinator. The request must include a general description of what the allowable obligations were for, as well as:

- A description of the impact of the transaction on other funds (e.g., subsequent or previous Part B grants, state and/or local funds, etc.);
- A clear explanation of the failure to liquidate the funds in a timely manner along with the specific steps the state is taking to avoid reoccurrence;
- For large amounts of funds, a signed attestation by a high-ranking authorized official that the obligations were valid and allowable;
- An assurance that the funds are NOT funds returned to the SEA by the LEA (for Part B only); and
- Documentation (e.g., copies of purchase orders or contracts) showing the obligations were made during **July 1, 2021, through Sept. 30, 2023.**

Examples of Eligible and Ineligible Expenses

Eligible for Liquidation Extension

- Capital projects obligated prior to **Sept. 30, 2023**, that experienced unforeseeable delays or supply shortages where the equipment or supplies could not be delivered during the period of performance.
- Contracts with third-party providers obligated prior to **Sept. 30, 2023**, that support the continuity of educational support services through the end of the school year, including:
 - Contracts for tutoring, mental health support, curriculum materials, professional development, or technology tools.

Ineligible for Liquidation Extension

- Capital projects obligated or amended after **Sept. 30, 2023**.
 - No changes can be made to a project or contract approved for liquidation extension.
 - If the executed contract cannot be fulfilled, the funds subject to late liquidation must be forfeited.
- Staff salaries or benefits incurred after **Sept. 30, 2023**.
 - Pursuant to 34 CFR 76.707, services performed by an employee of the state or subgrantee are considered obligated when the services are performed. Therefore, they are not eligible for liquidation extension.



Questions?

Please email all questions to
GrantsTeamReporting@isbe.net.