



Fund for the Improvement of Postsecondary Education (FIPSE)

**NOW THAT YOU HAVE A
FIPSE GRANT
Expectations and Guidelines**

Fund for the Improvement of Postsecondary Education
Office of Postsecondary Education
U.S. Department of Education

January 2011

TABLE OF CONTENTS

WELCOME TO THE FIPSE FAMILY	3
Whom do I contact at FIPSE when I have a question about my grant?.....	3
What's the role of my FIPSE program officer?	4
What does FIPSE expect of me in terms of communication?.....	4
What else should I expect of my program officer?.....	6
I'M NEW TO A FIPSE GRANT	7
What are my responsibilities under a FIPSE grant?	7
What is the format for citing FIPSE support?	8
How do I read my grant award document?.....	9
What do performance period, budget period, program year, and fiscal year mean?	9
Can I be reimbursed for costs incurred prior to the start of the project?.....	10
Can I be reimbursed for costs incurred prior to the start of a continuation award?	10
Who in ED is responsible for grant payments?.....	10
What's EDGAR?.....	10
WHAT'S INVOLVED IN CHANGING SOME PART OF MY FIPSE GRANT?	12
What are the "Expanded Authorities"?.....	12
Can I make budget transfers among line item categories?	12
What programmatic or budget changes require prior approval?	13
Are unexpended funds carried over automatically between budget periods?	14
Can I extend the time left on my grant?.....	14
How can I speed up my request?	15
WHAT'S INVOLVED IN CONTINUING MY MULTI-YEAR GRANT?	15
What project evaluation requirements must I satisfy?	15
How can I make changes to the project evaluation?.....	16
What must I do to continue my multi-year award?	16
What's expected in my annual performance report?	17
When is my annual report due?	17
WHAT'S INVOLVED IN CLOSING OUT MY GRANT?	17
When is the final performance report due?.....	18
Can I draw down funds after the grant expiration date?	18
How long should I keep my records?.....	18
WHAT ELSE SHOULD I KNOW?.....	19
What are the requirements for drawing down funds for project activities?.....	19
What are my cost sharing requirements?	20
What are the Federal policies regarding program income, equipment and copyright?	20
Will my project be audited?	22
APPENDIX A: What Other Fiscal Resources Should I Know About?	23
APPENDIX B: Unallowable Expenses.....	25
APPENDIX C: Indirect Cost Rates	27

WELCOME TO THE FIPSE FAMILY

Congratulations! As a FIPSE grantee, you are now part of a very special group. Your project has been selected for support through a competitive grant-making process in the Federal government. We fully expect that your work will lead to significant impacts on postsecondary education and that you and your partners will be nationally recognized as innovators by the time your project concludes.

We are proud of the FIPSE family – partners, collaborators and, we hope, friends – commitment to improving postsecondary education. We look forward to working with you throughout the life of your project and beyond.

This guide is designed to introduce you to your responsibilities as a Federal grantee and to suggest ways in which we can collaborate to serve a common goal – the success of your grant project. The information below is laid out in a question-and-answer format, and covers most of the information you may need to manage your projects effectively.¹ If you have any questions, please contact the FIPSE program officer monitoring your grant.

Whom do I contact at FIPSE when I have a question about my grant?

Whether your question has to do with the programmatic aspects of your project or budgetary issues, your primary contact is the FIPSE program officer assigned to monitor your project. This person's name is listed on your Grant Award Notification (GAN) in Box 3. The program officer assigned to your project may be someone other than the person(s) you spoke with during the development stages of the grant competition. Even over the course of your multi-year grant period, you may be reassigned to another program officer because of personnel changes or work reassignments at FIPSE.

Your FIPSE staff contact is both the program officer and grants officer for your project. The only thing that your program officer cannot help you with is the actual grant disbursement process (i.e., drawing down funds from the Federal treasury to support your work, see p. 19). We suggest you direct questions about that process to your institution's grants or finance office, in communication with the Department of Education's payment management system (see p. 10).

¹ This document is intended only to provide guidance.

What's the role of my FIPSE program officer?

The program officers at FIPSE are fairly unique in the Federal government. Some have served as faculty and administrators at institutions of higher education throughout the United States and most others have been administrators of Federal programs for many years. Your FIPSE program officer approaches the monitoring of your project on a collegial basis. S/He truly wants to be your partner.

Your FIPSE program officer wears many hats. You should think of your program officer as someone who eagerly listens to your ideas and progress, brainstorms with you, and provides you with feedback and suggestions to tackle problems and issues you may encounter as you work at carrying out your project's goals and objectives. The primary goal of your program officer is to assist you in making your project successful at your institution and throughout the nation as a model of postsecondary educational improvement and innovation.

Upon request, your program officer can often troubleshoot for you if you hit a roadblock within your administration, with faculty, or with other institutions or partners. He or she may advocate for you on your campus or elsewhere to help you gain increased visibility and support for your project.

What does FIPSE expect of me in terms of communication?

We expect and encourage you to take very seriously your commitment to communicate the progress and results of your project. FIPSE is concerned with promoting the highest quality education for all postsecondary learners. Our investment in your project is intended to go way beyond your addressing improvements locally. FIPSE expects you to be proactive in making your project institutionally sustainable after grant funding ends and facilitate its replication to other geographical locales, as well as advancing it into a national model for postsecondary education reform if appropriate.

FIPSE, therefore, views your communication responsibilities in two distinct and important ways. First, you should maintain regular communication with your program officer. Second, you must make efforts to disseminate the knowledge and strategies gained from your project. Your dissemination effort should include a strong evaluation component, with data that document what has worked and what has not, lessons you have learned, and outcomes and impacts of your efforts.

- *Communicating with your program officer:* You should communicate progress, questions, and concerns with your program officer in a *frequent* and *timely* manner:

- *Frequent* means maintaining ongoing communication with your program officer at least every quarter, by phone or e-mail. If your project is just getting off the ground, more frequent communication may be necessary to assure a good start and identify any problems early on. Each program officer has a direct phone line and a personal e-mail address. A staff directory is available on the FIPSE Web site. Your program officer will try to return your phone call or e-mail promptly. You should be equally responsive to a message from your program officer. And, should your travels take you to Washington, D.C., FIPSE staff will welcome you to our offices to talk about the latest developments in your project.
 - *Timely* means that you should communicate with your program officer whenever significant issues arise in connection with your project. FIPSE staff has experience with hundreds of funded projects and can often help you to solve problems or suggest alternative approaches to issues.
- *Communication between partners:* If you are working with other partners, we especially encourage you to discuss with your program officer any major concerns regarding their commitment and participation. We recognize that challenges may arise as you work at forging new relationships with diverse partners. Don't just contact us by e-mail. Use the phone to discuss these challenges so we can brainstorm ways to avoid potential problems. Upon request, your program officer may mediate with a partner to help you resolve issues. We encourage you to talk with your program officer about these concerns as soon as possible.
- *Disseminating and making your project transparent:* We count on your commitment to promote your project and to share your accomplishments with other postsecondary educators. We expect that you will gladly respond to e-mails and telephone calls from educators requesting information about your project, including requests for copies of your grant proposal. You may wish to delete personal budgetary information in fulfilling such requests, but be aware that the public is entitled to see copies of funded proposals. We recommend developing a Web site for your project so that information can be easily updated and made more accessible by linking your Web site to the FIPSE Web site: <http://fipsedatabase.ed.gov>

We know that responding to the requests of others for information about your project entails extra work on your part. You should use technology (Internet, e-mail, Web site) to maximize your efforts to let others know about your ideas, approaches, and resources. You should also take the opportunity to tell others about your project's successes at conferences, workshops, and elsewhere. Just don't forget to share information about these activities with us too.

FIPSE may also ask you for information that is needed for evaluations of Federal programs. As Federal officials, we must be able to describe our programs and projects

accurately as part of our justification for future congressional appropriations. Your cooperation in this effort is very important.

What else should I expect of my program officer?

Your program officer monitors your progress throughout the term of your project. Tracking your progress begins after you receive your award. You and your program officer should discuss and mutually agree on the goals, objectives, benchmarks, and outcomes for your project, based on your approved grant application. Mutual understanding is important so you both use the same guidelines for assessing your project's progress.

Your program officer assesses your project's progress in various ways. S/He will --

- ✓ review annual performance reports you *must* submit (see p. 17) and other activity reports that you may send;
- ✓ schedule face-to-face meetings with you, your evaluator, and others at the annual Project Directors' Meeting, or make other arrangements;
- ✓ review independent evaluation reports of your project; and
- ✓ possibly (depending on available resources and time) visit your institution or organization (or one of your partners) to hear more from you, students, faculty, your administration, and others about your project's progress and to champion your goals and objectives.

I'M NEW TO A FIPSE GRANT

What are my responsibilities under a FIPSE grant?

When undertaking a project funded by the U.S. Department of Education (ED) through FIPSE, you as the project director must work in partnership with your institution's officials to fulfill certain legal, regulatory, and programmatic responsibilities, including –

- performing all the work promised in your approved grant application;
- exercising proper stewardship and demonstrating fiscal accountability of Federal funds;
- complying with all legal and regulatory requirements;
- drawing down funds as appropriate for obligations made under your grant (see p. 19);
- reporting all required information to the Department, particularly through carefully detailed annual and final performance reports;
- attending the annual FIPSE Project Directors' Meeting;
- serving as the project director and contact person for the grant;
- crediting and citing FIPSE/ED funding in all public relations notices (see page 8); and
- maintaining regular, on-going contact with your program officer.

What is the format for citing FIPSE support?

You must cite FIPSE as your funding source in all project-related publications, Web sites, and press releases. Also, please provide a link to the FIPSE database Web site at <http://fipsedatabase.ed.gov> on your Web site. FIPSE logos are also available for you to use and are available on the FIPSE database Web site.

The following is the **required citation** (EDGAR CFR 75.620) for any digital or print publication that contains FIPSE project materials.

All FIPSE grants must include reference to the U.S. Department of Education as the funding source in all press releases, publications, and on Web sites. Under EDGAR at 34 CFR §75.620 any publication that contains project materials must include the following notice:

Publications

The contents of this (insert type of publication, such as book report, film) **were developed under grant # from the U.S. Department of Education. However, those contents do not necessarily represent the policy of the U.S. Department of Education, and you should not assume endorsement by the Federal Government.**

The term “project materials” means a copyrightable work developed with funds from a grant from ED. (34 CFR §75.622)

Below is an appropriate example of a press release:

Sample Press Release Format

Contact: *Project Director's Name, Address, Phone Number, E-mail Address*

For Immediate Release

Date

Media Alert

U.S. Department of Education, FIPSE Grant to *Name of Institution*

For *Name of Project*

WHAT: The U.S. Department of Education has awarded an *amount of the award* grant, grant #, to the *name of the institution and department* for the *name of the project*. *Name the percentage of federal funds used for the project, e.g., sixty percent* of this *name the total cost of the project, e.g. two million dollar project* funded by *nongovernmental sources*.

WHEN: The *name of the project* activities *begin date* and extend to *end date*.

DETAILS: *Description of the project. Abstract used for submission would be appropriate.*

How do I read my grant award document?

Please be sure that you have received a copy of your “Grant Award Notification” (GAN). This is a computer-printed document that officially commits the Department of Education to your grant. Two copies are mailed to each institution. One copy goes to the authorizing official (the person who certified and signed in block 12 at the bottom of your grant application’s cover sheet.) The second copy goes to the person listed as the project director (block 3 of the GAN).

Notifications for multi-year awards contain information about anticipated funding for future budget periods. Please review the amount of the award and the period of the award (block 6), particularly the end date of the current budget period. This end date is tied to performance reporting requirements (see p.17). For incrementally funded projects (two or more budget periods) the ***annual report*** *must* be submitted before FIPSE can release funds for a second or third year for any funded project and will be based on the demonstrated performance demonstrated in your annual report.

Should any information in the GAN differ from what you think was discussed or agreed upon, please contact your program officer as soon as possible. If you do not have a copy of the Notification, contact your institution’s finance, grants, or business office.

For each new budget period you will receive a new Grant Award Notification for the new budget and performance period. In addition, you will also receive a new GAN any time an administrative action is taken on your grant. (e.g., change of assigned program officer, change in project period). Keep in mind that your most recent GAN supersedes all previous ones. GANs also may not be numbered in consecutive order due to the department performing some internal administrative action not requiring a printed GAN. This is usually of no consequence and should not elicit concern.

What do performance period, budget period, program year, and fiscal year mean?

Project performance period is the total amount of time for which your grant has been approved for work. Project periods are divided into budget periods. *Budget period* is an interval of time into which a project period is divided for budgetary purposes, usually twelve months. The budget period often runs from September 1 through August 31, but may include any dates. The Federal *fiscal year* runs from October 1 through September 30.

Can I be reimbursed for costs incurred prior to the start of the project?

Yes. Prior approval is required for pre-award costs included in your approved budget incurred *up to 90 days* before the beginning of a budget period. This applies to both new (first-year) and continuation (succeeding year) awards, i.e., each budget period of your grant. The applicant should have a reasonable expectation that it will receive an award before expending funds under that award. Pre-award costs are allowable *only* when the costs are consistent with the project's scope of work, activities, and budget, as approved by FIPSE. However, the funds cannot be drawn down for reimbursement until the budget period for those funds begins. In the event that an award is not made, the expenditures are incurred at the applicant's own risk.

To incur pre-award costs *more than 90 days* before the start of a budget period, prior approval is required. Check with your program officer.

Can I be reimbursed for costs incurred prior to the start of a continuation award?

Yes, you can be reimbursed for pre-award costs incurred prior to the start of a continuation award. Pre-award costs are allowable *only* if the costs are consistent with the project's approved activities and budget. However, since the decision to award a continuation award is not automatic, you should check to see if your program officer is recommending the release of continuation funds. Keep in mind that you will not be able to draw down these funds until the next budget period begins.

Who in ED is responsible for grant payments?

As part of a system of checks and balances, the Department's functions for dealing with program, regulatory, and budget issues are separated from grant disbursements. FIPSE program officers deal with the former and grant payment specialists deal with the latter. ED's G5, Financial Payments Group is responsible for grant payments and is located in an office separate from FIPSE. With new Grant Award Notifications, instructions are sent on setting up the payment system. **ED's payee hotline phone number is 888-336-8930.**

What's EDGAR?

EDGAR is the Education Department General Administrative Regulations that govern your grant. You should have received a copy of EDGAR with your Grant Award Notification.

EDGAR can also be accessed at the following Web site:

<http://www.ed.gov/policy/fund/reg/edgarReg/edgar.html>

EDGAR provides you with a framework for administering your project. EDGAR's purpose is to ensure that Federal funds are spent according to the Department of Education's mission and that you meet your commitments. The document you are reading solely provides you with practical advice and guidance based on the regulations of EDGAR.

The parts of EDGAR that most affect you are:

- **Part 74:** Provides rules for the administration of grants to institutions of higher education, hospitals, and non-profit organizations. It includes sections on cost-sharing, program income, changes requiring prior approval, annual and final reports, copyright policy, and auditing requirements.
- **Part 75:** Provides more general administrative responsibilities and procedures. It includes regulations on continuations, no-cost extensions, group applications, conflict of interest, allowable costs, indirect costs, record-keeping, and copyright.
- **Part 80:** Less common to a FIPSE grant, this part provides rules for the administration of grants to state and local governments.

➤ ***Other Resources Related to Grants***

The Office of Management and Budget (OMB) has also issued regulations and Circulars that provide guidance in the administration of Federal grants. Please see Appendix A for further elaboration of the following regulations and Circulars which can be accessed at:

<http://www.whitehouse.gov/omb/circulars>

- **Cost Principles**
 - ✓ **OMB Circular A-21** *Cost Principles for Educational Institutions*
 - ✓ **OMB Circular A-122** *Cost Principles for Nonprofit Organizations*
 - ✓ **OMB Circular A-87** *Cost Principles for State, Local, and Indian Tribal Governments*
 - ✓ **OMB Circular A-133** *Audits of States, Local Governments, and Non-Profit Organizations*
 - ✓ **2 CFR Part 180** *OMB Guidance for Suspension and Debarment (Non-procurement)*

WHAT'S INVOLVED IN CHANGING SOME PART OF MY FIPSE GRANT?

What are the “Expanded Authorities”?

In 1997, the Office of Management and Budget (OMB) revised some of its rules for administering Federal grants, which ED adopted. These amendments to the grants administration process are referred to as the “Expanded Authorities.” In general, the “Expanded Authorities” make it easier for you to make certain types of administrative changes without seeking prior approval.

However, there are limits to and restrictions for each type of action covered by these authorities because each may impact the scope and scale of your project. You should read carefully the guidance provided below on what you can do without prior approval and pay close attention to the list of changes below that still require FIPSE’s prior approval. Our best advice is to ***call your program officer when you have doubts*** as to what you are permitted to do without getting our official approval.

The four (4) types of administrative actions covered under the “*Expanded Authorities*” include –

- 1) transferring funds among budget categories;
- 2) carrying funds over from one budget period to the next;
- 3) extending the project period for up to one year; and
- 4) incurring pre-award costs up to 90 days before the budget period begins for new awards and continuations (see p. 10).

Can I make budget transfers among line item categories?

ED has taken steps to make many budget transfers among line item categories much easier for you by no longer requiring you to get prior approval. However, there are still changes that require program officer approval, many of which involve budget changes. The changes requiring written approval are described below.

At other times, small changes in your budget such as shifting a few hundred dollars between line items do not change the scope or objectives and therefore do not need to be discussed with your program officer. Common sense interpretations of the regulations should guide you as to when you should discuss budget changes with your program officer.

➤ **EXPANDED AUTHORITIES**

Pre-Award Costs

[34 CFR §74.25(e) and 34 CFR §75.263]

- No prior approval is required for pre-award costs incurred up to 90 days before the budget period begins;
- Includes both new and non-competing continuation awards;
- Applicant should have some reasonable expectation that it will receive an ED grant;
- Expenditures are incurred at the applicant's own risk;
- ED funds are not available for drawdown until the budget period begins;
- Cannot be used to pay for cost over-runs from the previous year;
- Prior approval is required for pre-award **costs incurred more than 90 days before** start of the budget period.

Time Extensions

[34 CFR §74.25(e)(2) and 34 CFR §75.261]

- One-time extension of the project period for up to one year without prior approval;
- Grantee must send written notification of planned extension to assigned ED Program officer **no later than 10 days before end of project period**. Notice includes:
 - ✓ Supporting reasons for the extension
 - ✓ Revised expiration date
 - ✓ Budget information
- Cannot be merely for the purpose of exhausting unexpended funds;
- Cannot require the need for additional Federal funds;
- Cannot change the scope or objectives of the project.

Budget Transfers

[34 CFR §74.25 and 34 CFR §75.264]

- Provisions in 34 CFR §74.23 regarding budget transfers apply to all type of grantees;
- Approval will not be permitted for a transfer that would cause any Federal appropriation or part thereof to be used for purposes other than those consistent with the original intent of the appropriation;
- Check OMB Cost Principle Circulars A-21 and A-122 for specific expenditures requiring prior approval (see following Attachment of Actions);
- Changes in the grant that require prior approval:
 - ✓ Changes in project scope or objectives;
 - ✓ Changes in a key person specified in the award document;
 - ✓ The absence for more than 3 months or 25% reduction in time of the approved project director;
 - ✓ In research projects, a change in project director or principal investigator;
 - ✓ The transfer of funds allotted for training allowances to other categories;
 - ✓ Transfer or contracting out of any work (doesn't apply to supplies, material, equipment or general support services)

Carryover

[34 CFR §74.25(e)(3) and 34 CFR §75.253(c)(1)]

- Unexpended funds may be carried over from one budget period to the next without prior approval;
- The Program Office may require a written statement describing how unexpended funds will be used:
 - ✓ When: At the time of funding decision
 - ✓ New funds may be reduced under certain circumstances
- Unexpended funds may be used for any allowable cost that falls within the approved project scope

What programmatic or budget changes require prior approval?

You must get ED's (i.e., your FIPSE program officer's) approval to make the following programmatic and budget revisions to your grant --

- ✓ changing the scope of work or objective of the project, even if there is no associated budget revision requiring prior approval;
- ✓ changing a key person specified in the application or award document. Approving such a change requires a written justification. You should explain the reasons for the change in personnel and present the qualifications of the proposed replacement;
- ✓ replacing the project director, or substantially reducing the amount of time (25 percent or more) the director would spend on the project. Approval involves a written request accompanied by a short vita of the proposed project director, along with his/her contact information: name, address, telephone and fax number, email, and the percentage of time to be spent on grant activities and whether totally funded by the ED grant or not.
- ✓ administering a project for more than three months without an approved project director;
- ✓ making a revision that would result in the need for additional Federal funding;
- ✓ providing grant funds to a third party (contracting out work), unless described in the approved grant application;
- ✓ transferring substantial programmatic responsibility for your grant to a third party;
- ✓ adding international travel that was not approved in the scope or objectives of the original grant application;
- ✓ adding the purchase of equipment not approved in the original grant application;
- ✓ transferring funds to a line item category that was not previously approved for expenditure; and
- ✓ transferring funds between direct and indirect costs.

Are unexpended funds carried over automatically between budget periods?

Funds that you did not spend are carried over from one budget period to the next without prior approval. These unexpended funds are referred to as “carryover.” It is not uncommon that activities are delayed and that you have funds to carry over. However, since large amounts of carryover may indicate a sign of trouble, you should keep your program officer informed about extenuating circumstances delaying your spending of funds in the budget period.

Although you do not need formal approval to carry funds into a new budget period, you will be *required* to submit an annual report. A continuation award and carry-over from prior budget periods are *contingent on receipt of a satisfactory report*. You will be asked to provide a written statement explaining why you were unable to spend the funds in the budget period and how you intend to use the remaining funds in the next budget period. Generally, this occurs when an activity scheduled for one year must be delayed until the next year, or when you spend less than the amount budgeted in a line item but have a need for that line item in the next year. Unexpended funds may be used for allowable costs that fall within the scope and objectives of your project.

You should be aware that under unusual instances carryover may impact the amount of funds you will receive in the new budget period. In these situations, your next continuation award may be reduced. Sometimes there are genuine savings in one budget period with an adequate budget for all the proposed activities in the following year. In these cases, FIPSE will reduce the next budget period amount by the size of the savings to use those savings to fund other program activities.

Your most recent Grant Award Notification document reflects funds available to you. Note that carryover funds are not shown on the new grant award document but are available for you to draw down. You can always check your outstanding balance in ED's Grants and Payments (G5).

Can I extend the time left on my grant?

You can extend the project period end date *one time for a period of up to 12 months* to complete unfinished project objectives without seeking prior approval. This is called a *no-cost or time extension*. Although you will not need prior approval, you should not plan on this extension and you *must* notify your program officer *at least 30 days preferred* before the end of your project period to allow your program officer sufficient time to extend the project end date in ED's grant management system (GAPS). Your request must be made in writing, clearly stating the reason(s) for the time extension, and should provide a detailed budget for the remaining funds and proposed uses. Submit your request online through the FIPSE grant

database (<http://fipsedatabase.ed.gov>). Access the database with the username (original grant number) and the password given to you as project director. Then select “No-Cost Extension Requests.”

Time extensions are *not* authorized when --

- ✓ additional Federal funds are also needed (i.e. a grant supplement);
- ✓ the scope or objectives of the project change;
- ✓ requested merely for the purpose of exhausting unexpended Federal funds; or
- ✓ contrary to Federal statute, regulation, or grant conditions.

How can I speed up my request?

You can speed your request for a change by *always stating your grant PR/Award Number*. This is the number listed at the top of block 4 on your Grant Award Notification. It is the only quick and accurate way we have to access your official file in our data system. ***Please use this number in all correspondence.***

If you have any questions, please contact your assigned program officer.

WHAT’S INVOLVED IN CONTINUING MY MULTI-YEAR GRANT?

What project evaluation requirements must I satisfy?

FIPSE places great value on evaluation and requires all grant projects to develop a sound evaluation plan and submit, on an annual basis, an evaluation report along with an annual report.

The evaluation for your project is a central and critical part of the grant from the development of the evaluation plan to collaboration with an independent evaluator, with periodic reporting on the results. You must include the evaluation report as well as the written evaluation agreement in your first annual performance report. Include these as well with your final performance report, uploading the report into the database.

Develop an evaluation plan with your independent evaluator that is adapted to your needs. An independent evaluator, who is inside or outside your institution or organization, must be

sufficiently independent of the project to render unbiased judgments. As soon as possible, send your program officer a description of the evaluator's qualifications, limited to one page, if this was not previously submitted in your application materials.

During the first year of your project, you must refine the plan you first presented in the application, negotiate an agreement with the evaluator about timelines, deliverables, meetings, etc. Submit the first evaluation report with your first annual report. The evaluation report is to be attached to the annual report, using the browse/upload function under the Performance Narrative section of your report.

Keep the evaluation plan simple and direct with a comprehensive plan that covers all the key points and is feasible within the constraints of time and budget.

How can I make changes to the project evaluation?

Any changes in the budget designated for the evaluation requires the approval of the program officer since it is defined as a deliverable within the scope of work. Please work with the program officer assigned to your project if you have any questions regarding your evaluation plan and its budget.

What must I do to continue my multi-year award?

All budgets for multi-year awards have been negotiated in full. This means that unless there has been a significant change in your scope of work, or lack of substantial progress towards your grant's objectives, no changes in total funds for each budget period will be made.

However, *you are still required to submit an annual progress report for each year of your grant* and are usually submitted in late June or early July of each year. Your program officer will use the information in the annual report to decide whether you have made satisfactory progress. He or she will also consider whether you have obtained approval for changes in the project that, at no additional cost, permit the project to meet its objectives in the future.

Because FIPSE has negotiated and approved each annual budget for your project, your program officer will use the annual report to monitor the status of your grant expenditures and work with you to address any issues arising from delayed activities, unspent funds, or requests to modify project objectives.

What's expected in my annual performance report?

The annual report is a requirement. It is an essential communication vehicle for you and your program officer, and it is crucial to the overall evaluation of your project.

Your annual performance report must contain a summary of your project's activities and outcomes since the beginning of the initial budget period, or since the submission of your last performance report. The report must include the most current performance and financial expenditure information. The discussion should relate back to the goals and objectives described in your approved grant application. You should also describe the progress each partner institution has made towards meeting project goals, objectives, and benchmarks, and you should tell us about any educational products developed in the last year.

You will also be expected to provide specific performance data on units of instruction, enrollment, completion, learners, partner changes, instructor support, evaluation and expansion or dissemination activities. Depending on the focus of your project, you will also be asked to respond to more specific questions in your narrative. You should review the guidelines for the annual report early on during the program year to ensure that you are gathering the data requested. It is advisable to consider the reporting guidelines in the design and implementation of your project evaluation plan.

Your program officer closely reviews your annual report. If you are expecting a continuation award for the next budget period, the program officer will not be able to recommend this award unless your annual report demonstrates substantial progress toward your objectives.

When is my annual report due?

Instructions for preparing your annual progress report will be sent to you in the spring of each year, for a due date in **late June or early July**. You may view the instructions for this report by logging into the FIPSE online grant database at <http://fipsedatabase.ed.gov>. This date is late enough in the budget period to enable you to provide the most meaningful information about your project's accomplishments.

WHAT'S INVOLVED IN CLOSING OUT MY GRANT?

Your responsibility to ED is only partially fulfilled when you complete your project's activities. The other important part is a final performance report on your project. You should put care into timely, accurate, and comprehensive reporting of your project's activities and outcomes. Your reporting becomes the basis for FIPSE's and the Department of Education's evaluation of the effectiveness of the particular FIPSE grant program under which you were funded, as well as our reporting to Congress, the Office of Management and Budget (OMB),

and the public.

When is the final performance report due?

Your role in the closeout process involves preparing a final performance report. Final reports are **due within 90 days** after the last day of your project's performance end date. If your project's performance end date was extended (no-cost time extension), the reporting date moves forward accordingly. Guidelines for preparing the final performance report will be sent to you shortly before your project is scheduled to conclude. The template and instructions for submitting this report online are at <http://fipsedatabase.ed.gov>. Log into the Web site with your username (grant number) and assigned password. It is very important to write a thorough final report, as this report will be the primary vehicle for communicating to FIPSE and others the lessons learned from the project. After you submit the report, you will receive a written response from a FIPSE program officer. You may view instructions for this report by logging into the FIPSE online grant database at <http://fipsedatabase.ed.gov>.

Can I draw down funds after the grant end date?

It is expected that you will have drawn down all project funds prior to the grant end date. However, should you need to draw down funds after the grant ends, there is a liquidation period of 90 days. This liquidation period begins the day after your performance end date. During this time you may draw down funds to pay for expenditures already incurred during the previous active grant period. However, ***you may not incur new expenditures during the liquidation period***. At the end of the liquidation period, the grant will be automatically placed in suspension, and you will not be able to draw down funds. The *suspension period* is a six (6) month period used only for reconciliation of any outstanding fiscal issues. For that reason, it is not advisable to wait until the very last day in the liquidation period to draw down funds. Note: Projects with a performance period of 58-60 months do not have a liquidation period.

How long should I keep my records?

Under the General Education Provisions Act (GEPA), you must retain grant records for three years after the completion of activities for which grant funds were used. Grant closeout does not affect your legal requirement to retain all records of a grant project, nor does it affect the rights of a Federal agency to have access to those records to facilitate effective audits.

WHAT ELSE SHOULD I KNOW?

What are the requirements for drawing down funds for project activities?

Although institutions have sponsored research and accounting offices for monitoring grants funds, it is important for the project director to maintain a good knowledge of available and expended funds. The guidance for drawing down funds under your grant account can be found in EDGAR, Parts 74 and 80. 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 project;
- ✓ keep to the minimum the time between drawing down the funds and paying them out for grant activities; and
- ✓ not keep any funds in interest-bearing accounts. Monies drawn down must be expended within three (3) days of the draw down.

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 drawing down funds from the Department.

Grantees are urged to read either 34 CFR §74.22 or §80.21, as applicable, to learn about federal requirements related to grant payments. Keep in mind that ED monitors cash drawdown activity for all grants on a weekly basis.

For the purposes of funds monitoring, ED staff will contact grantees who appear to have drawn down 50 percent or more of grant funds within the first quarter of the performance period, 80 percent or more in the second quarter, and/or 100 percent in the third quarter.

However, even amounts less than these thresholds could still represent excessive drawdowns for your particular grant activities in any particular quarter. Grantees determined to have drawn down excessive funds will be required to return the excess funds to the Department,

along with any associated earned interest, until such time as the money is legitimately needed to pay for grant activities. You can find the procedures for returning funds and interest in the *ED Payee's Guide*, which can be accessed at: <http://e-grants.ed.gov> (select the link for "e-payments").

Grantees who do not follow Federal cash management requirements and/or consistently appear on the Department's reports of excessive drawdowns may be --

- ✓ designated "high-risk" grantees (EDGAR §74.14, §80.12), which could mean being placed on a "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 the Department afterwards);
- ✓ subject to further corrective action;
- ✓ denied selection for funding on future ED grant applications (EDGAR §75.217(d)(3)(ii)); and/or
- ✓ debarred or suspended from receiving future Federal awards from any executive agency of the Federal government.

What are my cost sharing requirements?

FIPSE does not have a statutory requirement mandating a minimum cost share. However, in almost all cases, FIPSE grantees have promised to contribute real or in-kind resources to the project, and these promised resources were documented in your budget. If you specify a cost share amount in your application and approved budget, *you will be held responsible for showing how this cost share was met* and include this information in your final budget report and narrative. You will be expected to maintain accurate records to document how you are meeting all fiscal commitments, in keeping with information provided on your application.

What are the Federal policies regarding program income, equipment, and copyright?

Questions may arise concerning program income, equipment purchases, or copyright issues. You should discuss these questions with your program officer.

1) Program income:
[34 CFR §74.24]

(d) In the event that the Secretary does not specify in program regulations or the terms and conditions of the award how program income is to be used, paragraph (b)(3) of this section applies automatically to all projects or programs except research.

(b)(3)...program income earned during the project period must be retained by the

recipient and, in accordance with ED regulations or the terms and conditions of the award, must be used in the following way:

- *Deducted from the total project or program allowable cost in determining the net allowable costs on which the Federal shares of costs is based.*

2) Copyright:

[34 CFR §74.36]

(a) The recipient may copyright any work that is subject to copyright and was developed, or for which ownership was purchased, under an award. ED and any other Federal awarding agency reserve a royalty-free, nonexclusive, and irrevocable right to reproduce, publish, or otherwise use the work for Federal purposes, and to authorize others to do so.

3) Partner's Rights:

Federal law gives copyright authority to the grantee (i.e., the fiscal agent or lead partner). It is the responsibility of the partners themselves, working under their own institutional policies, to negotiate any sharing or transfer of rights.

4) Equipment and Disposition:

[34 CFR §74.34]

Section 74.34 contains standards regarding title to equipment acquired with Federal funds and the disposition of the equipment when the recipient no longer needs it. Please refer to the following Web site to find your institution's Regional area, then contact the designated GSA person who can assist with equipment that can be surplused:

http://www.gsa.gov/Portal/gsa/ep/contentView.do?Contact_ID=Personal+Property+Management+Offices&Contact_Type=Group&contentType=GSA_Contacts

5) Procurement Standards:

[34 CFR §74.40]

Sections §74.41 through §74.48 contain standards for use by recipients in establishing procedures for the procurement of supplies and other expendable property, equipment, real property, and other services with Federal funds. These standards are designed to ensure that these materials and services are obtained in an effective manner and in compliance with the provisions of applicable Federal statutes and executive orders. The Secretary does not impose additional procurement standards or requirements upon recipients, unless specifically required by Federal statute or executive order. Competitive bidding and procurement and records are needed when purchases exceed small purchase threshold of \$25,000.

Will my project be audited?

Under OMB Circular A-133 (see below), if your institution expends more than \$500,000 in Federal funds, it must arrange for an independent audit for that program year. Copies of audit reports should be sent to the address given in the instructions that accompany your Grant Award Notification.

In unusual circumstances, the ED Office of Inspector General performs an audit for fiscal and program compliance.

APPENDIX A

What other fiscal resources should I know about?

The following are laws, circulars and regulations governing audit reports.

The General Education Provisions Act (GEPA), as amended

- Section 443 of GEPA, 20 U.S.C. 1232(f), establishes recordkeeping requirements applicable to recipients of federal education funds and authorizes the Secretary and his/her representatives access to those records during an audit examination. Part D (Sections 451 – 460) of GEPA, 20 U.S.C. 1234 – 1234(i), sets forth the enforcement provisions applicable to most grant programs administered by the Secretary and provides for audit appeals and other enforcement proceedings arising under those programs.

Single Audit Act Amendments of 1996

- The Single Audit Act Amendments of 1996 establish uniform audit requirements for state and local governments, Indian tribal governments and non-profit organizations.

OMB Circular A-21, Cost Principles for Educational Institutions

- OMB Circular A-21 establishes principles for determining allowable costs applicable to federal grants, contracts, and other agreements with educational institutions. The principles are designed to provide that the Federal Government bear its fair share of total costs, determined in accordance with generally accepted accounting principles, except where restricted or prohibited by law.

OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments

- This circular sets forth cost principles and standards that generally apply to grants and sub-grants awarded to governments.

OMB Circular A-102, Uniform Requirements for Grants and Cooperative Agreements with State and Local Governments

- This circular enables federal agencies to provide uniform administrative requirements for state and local government recipients and sub-recipients of federal financial assistance.

OMB Circular A-110, Uniform Administrative Requirements for Grants and Other Agreements with Institutions of Higher Education, Hospitals and Other Nonprofit Organizations

- This circular establishes uniform administrative requirements for federal grants and agreements awarded to institutions of higher education, hospitals and other non-profits. Circular A-110 also provides:
 - ✓ Guidance for conducting audits of these institutions.
 - ✓ Consistency and uniformity among federal agencies in the administration of grants and other agreements with public and private institutions of higher education, public and private hospitals, and other quasi-public and private nonprofit organizations.
 - ✓ A set of uniform administrative requirements for educational institutions.

Note: It should be noted that Circular A-133 supersedes the audit requirements set forth in Attachment F 2(h) of Circular A-110.

OMB Circular A-122, Cost Principles for Nonprofit Organizations

- This circular establishes principles for determining costs of federal grants, contracts and other agreements with nonprofit organizations. The circular does not apply to colleges and universities.

OMB Circular A-133, Audits of States, Local Governments and Nonprofit Organizations

- This circular establishes audit requirements for states, local governments, Indian tribal governments and other nonprofit organizations. In addition, it defines federal responsibilities for implementing and monitoring these audit requirements.

OMB Compliance Supplement for Audits of States, Local Governments and Nonprofit Organizations

- The compliance supplement is updated annually. It is intended to assist auditors in planning and performing audits in accordance with the requirements of the 1996 Single Audit Act Amendments and OMB Circular A-133. It sets forth the major compliance requirements that should be considered in an organization-wide audit of states, local governments, Indian tribal governments, and other nonprofit institutions that receive federal assistance.

OMB Circulars can be accessed at:

<http://www.whitehouse.gov/omb/circulars>

ED Policy Bulletins may be found at:

<http://www2.ed.gov/policy/fund/guid/gposbul/gposbul.html>

APPENDIX B

Unallowable Expenses

Acquisition of real property; Construction (34 CFR § 75.533)

- ✓ Grantees may not use any portion of their awards to purchase real property or for construction unless Congress specifically stated that the funds can be used for that purpose. *Construction* includes both design (e.g., architectural or engineering design fees) and actual construction or remodeling. The Department makes no distinction between “major” and “minor” construction or remodeling---both are considered unallowable costs.

Food and Entertainment (OMB Circular A-21, A122 and A-87)

- ✓ Food and entertainment costs generally may not be paid from grant funds. Only in rare circumstances may grant funds be used to cover the costs of lunches at a conference in which teachers or other professionals are in attendance. Please contact your grant officer before spending grant funds for entertainment purposes. Spending grant monies for alcoholic beverages is never allowed.

Use of Funds for Religion Prohibited (34 CFR §75.532)

- ✓ Grant funds may not be used to pay for any of the following:
 - Religious worship, instruction, or proselytization;
 - Equipment or supplies to be used for any of those activities;
 - Construction, remodeling, repair, operation, or maintenance of any facility or part of a facility to be used for any of those activities;
 - An activity of a school or department of divinity;
- ✓ School or department of divinity means an institution or a component of an institution whose program is specifically for the education of students to:
 - Prepare them to enter into a religious vocation; or
 - Prepare them to teach theological subjects.

Fund-Raising and Lobbying (OMB Circular A-21 and 34 CFR § 82.100)

- ✓ Costs of organized fund raising incurred to raise capital or obtain contributions are not allowable.

- ✓ No portion of a grant may be used to pay anyone for *influencing or attempting to influence* a member of Congress or the Executive Branch to award funds for this project or any other project.
- ✓ This prohibition includes not only paid outside lobbyists but also employees of the recipient institution.
- ✓ A person whose salary is 100 percent supported by the grant award may not spend *any* time on lobbying activities or fund-raising.
- ✓ A person whose salary is 75 percent supported by the grant award may spend 25 percent of their time that is not supported with federal grant funds on lobbying activities or fund raising.

Advertising and Public Relations (OMB Circular, A-21, #J.1)

- ✓ Unallowable costs include the following (unless allowed under a sponsor agreement):
 - a) Costs of displays, demonstrations, and exhibits;
 - b) Costs of meeting rooms, hospitality suites, and other special facilities used in conjunction with shows and other special events; and
 - c) Salaries and wages of employees engaged in setting up and displaying exhibits, making demonstrations, and providing briefings;
 - d) Costs of promotional items and memorabilia, including models, gifts, and souvenirs; and
 - e) Costs of advertising and public relations designed solely to promote the institution.

Other Regulatory Prohibitions

- ✓ International travel is prohibited unless there it is specifically noted as an international emphasis to the award.
- ✓ Sub-grants are not allowed unless specifically included in the appropriations language authorizing the award.
- ✓ If another agency or person(s) are to work on grant activities, these activities must be established through a contract in accordance with 34 CFR §§ 74.40-74.48.

APPENDIX C

Indirect Cost Rates

Indirect costs represent the expenses of doing business that are not readily identified with a particular grant, contract, project function, or activity, but are necessary for the general operation of the organization and the conduct of activities it performs. Cost allocation plans or indirect cost rates are used to distribute those costs to benefiting revenue sources.

Indirect costs are those costs that are not classified as direct costs. Direct costs are identified specifically with particular cost objectives such as a grant, contract, project, function, or activity. Direct costs generally include:

- ✓ Salaries or wages (including vacations, holidays, sick leave, and other excused absences of employees working specifically on objectives of a grant or contract, i.e., direct labor costs);
- ✓ Employee fringe benefits allocable to direct labor employees;
- ✓ Consultant services contracted to accomplish specific grant/contract objectives;
- ✓ Travel of (direct labor) employees;
- ✓ Materials, supplies and equipment purchased directly for use on a specific grant or contract;
- ✓ Communications costs such as long distance telephone calls or telegrams identifiable with a specific award or activity.

➤ **Temporary Indirect Cost Rate**

Please refer to 34 CFR §75.560(b)-(d) for use of a temporary indirect cost rate. A temporary rate may be permitted while the grantee submits an indirect cost rate proposal to its cognizant agency. The temporary rate allows a grantee to charge *a rate of 10 percent of direct salaries and wages* (not fringe) for a 90-day period.

- ✓ *A grantee must have obtained a current indirect cost rate agreement from its cognizant agency, to charge indirect costs to a grant. To obtain an indirect cost rate, a grantee must submit an indirect cost proposal to its cognizant agency within 90 days after the date the Department issues the Grant Award Notification (GAN).*
- ✓ *If a grantee does not have a federally recognized indirect cost rate agreement, the Secretary may permit the grantee to charge its grant for indirect costs at a temporary rate of 10 percent of budgeted direct salaries and wages.*
- ✓ *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.

- *If the Secretary determines that exceptional circumstances warrant continuation of a temporary indirect cost rate, the Secretary may authorize the grantee to continue charging indirect costs to its grant at the temporary rate specified in paragraph (c) of the section even though the grantee has not submitted its indirect cost rate proposal within the 90-day period.*
 - *Once the grantee obtains a federally recognized indirect cost rate that is applicable to the affected grant, the grantee may use that indirect cost rate to claim indirect cost reimbursement for expenditures made on or after the date the grantee submitted its indirect cost proposal to its cognizant agency or the start of the project period, whichever is later. However, the authority is subject to the following limitations:*
 - *the total amount of funds recovered by the grantee under the federally recognized indirect cost rate is reduced by the amount of indirect costs previously recovered under the temporary indirect cost rate.*
 - *the grantee must obtain prior approval from the Secretary to shift direct costs to indirect costs in order to recover indirect costs at a higher negotiated indirect cost rate.*
 - *the grantee may not request additional funds to recover indirect costs that it cannot recover by shifting direct cost to indirect costs.*
- ✓ *The Secretary accepts an indirect cost rate negotiated by a grantee's cognizant agency, but may establish a restricted indirect cost rate for a grantee to satisfy the statutory requirements of certain programs administered by the Department.*

➤ **Not Allowable for Indirect Cost Reimbursement**

The following expenses may not be included as indirect cost reimbursement calculations under 34 CFR §75.564:

- ✓ 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;
- ✓ Construction grants;
- ✓ Grants to individuals;
- ✓ Grants to organizations located outside the territorial limits of the United States;
- ✓ Grants to Federal organizations; and,
- ✓ Grants made exclusively to support conferences.

➤ **Educational Training Grants**

34 CFR §75.562 states:

“Educational training grants provide funding for training or other educational services. Examples of the work supported by training grants are summer institutes, training programs for selected participants, the introduction of new or expanded courses, and similar instructional undertakings that are separately budgeted and accounted for by the sponsoring institution. These grants do not usually support activities involving research, development and dissemination of new educational materials and methods. Training grants largely implement previously developed materials and methods and require no significant adaptation of techniques or instructional services to fit different circumstances.”

Indirect cost reimbursement on these types of educational grants is limited to the grantee's actual indirect costs, as determined by its negotiated indirect cost rate agreement, or eight percent of a modified total direct cost base, whichever amount is less. For regulatory purposes, a modified total direct cost base is defined as total direct cost base less stipends, tuition and related fees, and capital expenditures of \$5,000 or more. This also applies to contracts under these types of grants.

For further information about indirect cost rate, please visit the Web site at:

<http://www2.ed.gov/about/offices/list/ocfo/fipao/icgindex.html>