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Washington Office of Superintendent of  
**PUBLIC INSTRUCTION**  
Chris Reykdal, Superintendent

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( ) Action Required

(X) Informational

BULLETIN NO. 056-24 FINANCIAL RESOURCES

TO: Educational Service District Superintendents  
School District Superintendents  
School Business Officers  
Business Managers of State Universities and Colleges, Selected State Agencies,  
Private Universities and Colleges, and Nonprofit Organizations

FROM: Chris Reykdal, Superintendent of Public Instruction

RE: Grant Award Reporting and Processes for Federal and State Grants Received  
Through OSPI for Fiscal Year 2024–25

CONTACT: Michelle Sartain, Supervisor, Grants Management  
[michelle.sartain@k12.wa.us](mailto:michelle.sartain@k12.wa.us), 360-742-2045

## PURPOSE/BACKGROUND

This bulletin sets forth the fiscal year (FY) 2024–25 grant payment processes, expenditure reporting, budget revision policy, and information about carryover funds and indirect costs for federal and state grant programs issued through the Education Grants Management System (EGMS).

## GENERAL FEDERAL REQUIREMENTS RELATED TO CLAIMS PROCESSING

### Federal Cash Management (2 Code of Federal Regulations (CFR) Part 200.305)

Cash management requirements are in place to minimize the time between the receipt of federal funds and disbursement of those funds to no longer than three days. You must have a system in place to ensure your claim for reimbursement of expenditures:

- Reconciles to your accounting system, and
- Includes only expenditures that have already been disbursed or will be disbursed within three days of receipt of those funds.

If you have funds on hand longer than three days or transfer funds out of federal programs subsequent to reimbursement, you will need to calculate interest earned on those federal funds from the time the funds were received until the time they were actually disbursed. Districts are allowed to retain earned interest up to \$500 per year for administrative expenses. Districts are required to remit interest earned over \$500 annually to the Department of Health and Human Services Payment Management System (PMS) through an electronic medium using either Automated Clearing House (ACH) network or a Fedwire Funds Service payment.

**Period of Performance (34 CFR Part 76.707 and 2 CFR Part 200.309)**

**Federal** grant funds can be used only for costs “obligated” during the grant period. Therefore, goods received and services performed may be charged to the grant if:

1. There is a legal commitment in place prior to the end of the grant period (obligated), and
2. The goods and services are subsequently received or performed and paid for during the close out period (liquidated).

For example, a contract was signed in August, services performed in September, and payment made in October. Since there was a contract in place prior to September 1, the resulting expenditures can be charged to the grant ending on August 31. For additional information regarding the grant close out period, see the “expenditure reporting” section of this bulletin.

The following table shows when an obligation has occurred for various kinds of property and services.

<b>If the obligation is for -</b>	<b>The obligation is made -</b>
(a) Acquisition of real or personal property	On the date the subgrantee makes a binding written commitment to acquire the property.
(b) Personal services by an employee	When the services are performed.
(c) Personal services by a contractor who is not an employee	On the date which the subgrantee makes a binding written commitment to obtain the services.
(d) Performance of work other than personal services	On the date which a subgrantee makes a binding written commitment to obtain the work.
(e) Travel	When the travel is taken.
(f) Rental of real or personal property	When the subgrantee uses the property.
(g) Approved pre-agreement cost	On the first day of the grant performance period.

In contrast, for **state** grants, all obligations must be fulfilled by the end of the grant period (e.g., all goods must be received and services completed by the grant ending date).

### **When Subgrantees May Begin Obligating Funds (34 CFR Part 76.708)**

For **federal** formula grants, you may not begin obligating funds until the later of:

- A. The date the state may begin to obligate funds (generally July 1), or
- B. The date you submit an application in substantially approvable form.

For **federal** competitive grants, you may not begin obligating funds until the subgrant is made.

### **Carryover Funds**

**Federal** funds eligible for carryover into the subsequent period shall be used in accordance with federal statutes and regulations that apply to the program and are in effect for the carryover period. (34 CFR, Part 76.709-710.)

For information on which federal programs carryover provisions are applicable, please review the EGMS announcement for each program and/or contact the program supervisor.

Unexpended **state** grant funds from 2023–24 **cannot** be carried over into FY 2024–25. State General Fund appropriations for the 2023–25 biennium have been separately earmarked and allotted for each fiscal year of the biennium and may not be transferred between fiscal years. This does not include learning assistance program (LAP), state special education, or state Transitional Bilingual Instructional Program (TBIP), which are state categorical funds subject to different state statutes.

## **GRANT PAYMENT PROCESS**

The grant payment process is on a reimbursement basis for both state and federal grants. For federal grants, a district may submit a claim for both actual and anticipated disbursements; however, funds received for anticipated disbursements are considered to be on an advance basis, and subsequent disbursement must occur within three days of receipt of those funds.

Subgrantees will receive funding reimbursement through the monthly apportionment process. Grant reimbursements appear as a line entry by revenue account number on Report 1197, Statement of Apportionment. Individual federal and state grant award information, including current expenditure and available balance information is available as an apportionment attachment. Both reports are posted electronically at the end of each month by OSPI's School Apportionment and Financial Services department.

## Expenditure Reporting

In order for OSPI to meet federal and state deadlines, districts are required to liquidate and claim their FY 2024–25 expenditures no later than the third month following the end of the budget period. For example, if your grant budget period is September 1, 2024 through August 31, 2025, your final expenditure report is due by November 15, 2025. If your grant budget period is July 1, 2024 through June 30, 2025, your final expenditure report is due by September 15, 2025.

Subgrantees submit claims through the Education Grants Management System (EGMS) and are due by 11:59 pm on the 15<sup>th</sup> of each month in order to be reimbursed at month's end. If this deadline is missed, reimbursement will not occur until the end of the next month a claim is submitted by the cutoff date.

## BUDGET REVISIONS (2 CFR Part 200.308)

Unless prohibited by federal or state statute(s) governing a particular grant program, a subgrantee is authorized to increase or decrease expenditures for any budgeted activity total or object total by an amount of up to 10% of the total "Budgeted Direct Expenditures" for that grant award ***without submitting a budget revision.***

If a budget revision is required due to exceeding that amount, make sure you allow enough time for the request to go through the approval process in EGMS prior to the claim submission cutoff date. You will not be able to submit your claim until the budget revision is approved.

## INDIRECT RATES AND CAPS ON ADMINISTRATIVE COSTS

Unless otherwise stipulated in the appropriations act, statute, rule, or by OSPI policy, the following indirect rates for FY 2024–25 apply:

- School district federal grants, contracts, and Learning Assistance Program (LAP) rates can be found on the [School Apportionment & Financial Services main webpage](#).
- School district state grants indirect rates are 7%.
- Educational service district (ESD) restricted indirect rates are 6.38% for federal grants and 11% for state grants. ESD unrestricted rates can be found on the annual letter of agreement by K-12 Financial Resources Division.

For clarification regarding administrative cost caps and indirect rate information, including information for state universities and colleges, selected state agencies, private universities and colleges, nonprofit organizations, and state-funded projects (other than LAP), please contact Amy Harris, Director of Federal Fiscal Policy & Grants Management at 360-688-0485 or [amy.harris@k12.wa.us](mailto:amy.harris@k12.wa.us).

## **INFORMATION AND ASSISTANCE**

For questions regarding this bulletin, please contact Michelle Sartain, Grants Management Supervisor, at 360-742-2045 or email [michelle.sartain@k12.wa.us](mailto:michelle.sartain@k12.wa.us). The OSPI TTY number is 360-664-3631.

This bulletin is also available on the [Bulletins](#) page of the OSPI website.

Tennille Jeffries-Simmons  
Chief of Staff

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