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Education Stabilization Fund

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Today's presentation:

- ❑ Education Stabilization Fund general overview
- ❑ Compliance Requirements – HEERF
- ❑ Compliance Requirements – ESSER
- ❑ ESSER monitoring observations

ESF 84.425 - What is it?

- ❑ New COVID-19 federal program
- ❑ Funding provided to states, schools, and institutions of higher education to prevent, prepare for, and respond to the coronavirus
 - CARES Act - \$30.75 billion
 - CRRSA Act - \$81.88 billion
 - ARP Act - \$165 billion
- ❑ 23 subprograms within ESF designated as ALN 84.425 with Alpha

Most Common Subprograms

☐ School Districts

- 84.425C – Governor’s Emergency Education Relief (GEER) Fund
- 84.425D – Elementary and Secondary School Emergency Relief (ESSER) Fund
- **84.425U – American Rescue Plan – Elementary and Secondary School Emergency Relief (ARP ESSER)**
- 84.425W – American Rescue Plan – Homeless Children and Youth

☐ Colleges

- 84.425C – Governor’s Emergency Education Relief (GEER) Fund
- **84.425E – Higher Education Emergency Relief Fund (HEERF) Student Aid**
- **84.425F – HEERF Institutional Aid**

Funding Use Timeline

- ❑ CAREs Act - Ended 9/30/2022
 - GEERS I, ESSER I, HEERF I
- ❑ CRRSA - Ended 9/30/2023
 - GEERS II, ESSER II, HEERF II
- ❑ ARP - Ends 9/30/2024
 - ESSER III, HEERF III

ARP ESSER/HEERF Timeline

□ ARP ESSER

- Period of availability
 - March 13, 2020 – September 30, 2024
- Funds must be liquidated no later than 90 days after the end of the grant period on 9/30/24
- Example: If an LEA enters into a contract for a building renovation using ARP ESSER funds, the contract end date cannot extend beyond September 30, 2023; however, the LEA can make payments using ARP ESSER funds up to 90 days after this date

□ HEERF

- Grant period ends based on the date listed on the most recent Grant Award Notification

Required SEFA & Data Collection Form Elements

<u>Federal Grantor / Pass-Through Grantor / Project Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Grant Period Beginning/ Ending Dates</u>
<u>U.S. Department of Education</u>			
Passed through the Pennsylvania Department of Education:			
COVID-19 Education Stabilization Fund	84.425D	200-210003	3/13/20-9/30/23
COVID-19 Education Stabilization Fund	84.425U	223-210003	3/13/20-9/30/24
COVID-19 Education Stabilization Fund	84.425U	225-210003	3/13/20-9/30/24
COVID-19 Education Stabilization Fund	84.425U	225-210003	3/13/20-9/30/24
COVID-19 Education Stabilization Fund	84.425U	225-210003	3/13/20-9/30/24
COVID-19 Education Stabilization Fund	84.425W	181-212003	7/1/21-9/30/24
Subtotal 84.425			

Data Collection Form Example

[illegible]

Higher Risk Designation

- ❑ Part 8 Appendix IV of the Compliance Supplement identifies programs as higher risk
 - Education Stabilization fund is identified

ESF INTRODUCTION

Note: This program is considered a “higher risk” program for 2023, pursuant to 2 CFR section 200.519(c)(2). Refer to the “Programs with Higher Risk Designation” section of Part 8, Appendix IV, Internal Reference Tables, for a discussion of the impact of the “higher risk” designation on the major program determination process.

- ❑ Normally a higher risk designation would not mean that a program cannot be considered low risk A if it met all the other criteria for being low risk

Higher Risk Designation (cont.)

☐ Type A Program

- % of COVID funding is material to the program – must be a major program
- ESF is 100% COVID funding = major program
 - 2 year look back does not apply

☐ Type B Program

- Remains just one factor for evaluating Type B programs as high risk

ARP Act

- ❑ 84.425E – HEERF Student Portion – to provide college students with emergency financial aid grants to help cover expenses related to the disruption of campus operations due to coronavirus
- ❑ 84.425F – HEERF Institutional Portion – to be used to cover any costs associated with significant changes to the delivery of instruction due to the coronavirus
- ❑ 84.425U – ARP ESSER – to provide SEAs and LEAs with emergency relief funds to help schools return safely to in-person instruction, maximize in-person instructional time, sustain the safe operations of schools and address the academic, social, emotional, and mental health impacts on students

Compliance Requirements - HEERF

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

Activities Allowed/ Allowable Costs

❑ 84.425E – HEERF Student Aid

- Disbursements are required to be made directly to students.
- Students are eligible if enrolled in an institution of higher education on or after March 13, 2020 regardless of FAFSA completion or Title IV eligibility.
- Funding may be used for any component of the student's cost of attendance or for emergency costs that arise due to the coronavirus
- Requires schools to prioritize students with exceptional need

Activities Allowed/ Allowable Costs

☐ 84.425F – HEERF Institutional Aid

- May use to defray expenses associated with the coronavirus
- May use institutional funds to provide additional emergency financial aid grants to students
- Must be used to implement evidenced-based practices to monitor and suppress coronavirus in accordance with public health guidelines
- Must conduct direct outreach to financial aid applicants about the opportunity to receive a financial aid adjustment due to the recent unemployment of a family member or independent student, or other circumstances

Cash Management

- ❑ 84.425E – HEERF Student Aid
 - Should be disbursed within 15 calendar days of the drawdown from ED's grant management system (G5)
- ❑ 84.425F – HEERF Institutional Aid
 - Should be disbursed within 3 calendar days of drawdown
 - Lost revenue “obligation” occurs on the date the institution completes its estimate of its amount of lost revenue after the estimation period

Earmarking

- ❑ 84.425E – HEERF Student Aid
 - Must use the full amount allocated under 84.425E to financial aid grants to students
- ❑ 84.425F – HEERF Institutional Aid
 - Institutions must document the amount of the HEERF grant spent on the two new required activities was reasonable and necessary given the unique needs and circumstances of the institution
- ❑ At the end of the period of performance, the relationships between the two proportions must be met and measured

Period of Performance

- ❑ Institutions generally have 1 year to expend their HEERF grant from the date the most recent obligation was processed
- ❑ No-cost extensions of up to 12 months are available to extend a grant's period of performance

Procurement and Suspension and Debarment

- ❑ Institutions must sufficiently document rationales and determinations in making any sole source awards during the time of national emergency.

Reporting – 3 components for HEERF

- ❑ Quarterly public reporting on Student Aid
- ❑ Quarterly public reporting on Institutional Aid
- ❑ Annual Report

What's next for colleges?

- ☐ No longer have institutional portion to cover ongoing costs or lost revenue
- ☐ Students are no longer receiving student portion
- ☐ Decline in enrollment
- ☐ Budgetary concerns

Compliance Requirements - ESSER

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

Program and Budget Revision Requests

- ❑ Interim Revisions required for significant changes to the ARP ESSER application
 - Adding a new expenditure
 - Removing an expenditure that was approved
 - If unsure if you need to complete, email your PDE Regional Coordinator

Activities Allowed/ Allowable Costs

❑ 84.425U – ARP ESSER

- Providing principals and other school leaders with the resources necessary to address the needs of their individual schools
- Developing and implementing procedures and systems to improve the preparedness and response efforts of LEAs
- Training and professional development for staff of the LEA on sanitation and minimizing the spread of infectious disease

Activities Allowed/ Allowable Costs

❑ 84.425U – ARP ESSER

- Purchasing supplies to sanitize and clean facilities of an LEA
- Planning for and coordinating during long-term closures, including for how to provide meals to eligible students and how to provide technology for online learning to all students
- Providing mental health services and supports
- Planning and implementing activities related to summer learning and supplemental afterschool programs

Activities Allowed/ Allowable Costs

- ❑ 84.425U – ARP ESSER
 - Addressing learning loss amount students
 - School facility repairs and improvements to enable operation of schools to reduce risk of virus transmission and exposure of environmental health hazards, and to support student health need
 - Projects to improve the indoor air quality in school facilities including HVAC, filtering, purification, and other air cleaning systems
 - **Other activities that are necessary to maintain the operation of and continuity of services in LEAs and continuing to employ existing staff of the LEA**

ARP ESSER Spending by Category

Transportation	\$52,541,578.00
System Equity	\$38,409,338.19
Staff Recruitment and Retention	\$2,151,143,865.59
Social-Emotional Learning, Trauma-Sensitive Schools, Health & Wellness	\$349,440,183.02
Security	\$21,010,962.62
Other Expenditures	\$620,315,709.44
HVAC/Environmental	\$426,077,819.90
Family and Community Partnerships	\$10,475,534.45
Facilities	\$207,170,254.25
Computer/ Technology	\$285,078,304.20
Early Childhood Education	\$913,324.08
Classroom/ Instructional Space	\$3,830,980.00
Cafeteria/ Food Services	\$22,568,402.99
Academic Recovery and Acceleration	\$278,711,166.85
Grant Total All Categories	\$4,467,687,423.58

Equipment and Real Property Management

❑ 84.425U – ARP ESSER

- **Equipment** – Tangible personal property, including IT systems, having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the entity's capitalization level or \$5,000

❑ Prior Approval Requirement –

- Embedded into the application process for ARP ESSER
 - No need to submit separate form as it was approved with the application
- Previous funding required submission of prior approval form (GEER, ESSER I & II)



**ESSER Prior Approval –
Other Capital Expenditures**

Equipment and Real Property Management

- ❑ Property records must be maintained
- ❑ A physical inventory of property must be taken and reconciled with the property records at least once every 2 years.
- ❑ A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of property
- ❑ Adequate maintenance procedures must be developed to keep the property in good condition

Capital Projects Fund vs Capital Reserve Fund

❑ Capital Projects

- Allowed to record debt proceeds, project costs, and transfers to/from other funds

❑ Capital Reserve (Fund 32)

- More restrictive
- Sources of funding include interfund transfers from General Fund only, interest, refund of prior year fund 32 expenditures, or fund 32 insurance recoveries
- Sources CANNOT be: debt proceeds, grant funds, transfers from funds other than General Fund, donations and contributions, any other state or federal funding

Capital Reserve Fund – continued

- ❑ Allowable uses:
 - Capital improvements, replacement of additions to public works, purchases of school buses, debt service payments
- ❑ Unallowable uses
 - Computers, laptops, technology equipment, and maintenance of these items, furniture and other removable equipment, vehicles other than school buses
- ❑ Common errors

Matching, Level of Effort, Earmarking

❑ 84.425U – ARP ESSER

- Not Direct & Material to the LEA
 - Applicable in the compliance supplement but all are state requirements
 - State has maintenance of effort requirements for the amount of support provided
 - State has earmarking requirements
 - ✓ At least 5% for learning loss
 - ✓ At least 1% for summer enrichment programs
 - ✓ At least 1% for afterschool program

Reporting

❑ 84.425U – ARP ESSER

- State is required to submit annual reports to ED
 - LEAs must submit data to the state for inclusion in the State's report
 - FY21-22 LEA ESSER Funding Status Report was required to be submitted to PDE by March 9, 2023
 - Report was to be completed based on funds expended during the reporting period and planned for future use for all ESSER funds
 - Information on the next collection period not yet available

Special Tests and Provisions

❑ Davis Bacon Wage Requirement

- ESF funds used for minor remodeling, renovation, or construction contracts that are over \$2,000 and use laborers and mechanics must follow prevailing wage requirements
- Compliance Supplement refers to 'Wage Rate Requirements Cross Cutting Section'
- Requires the following:
 - LEAs must include a provision that the contractor must comply with the Wage Rate Requirements (Davis-Bacon Act) and the DOL regulations
 - Certified payrolls must be submitted weekly by the contractor for each week in which contract work is performed.

Special Tests and Provisions

- ❑ Davis Bacon Wage Requirement (cont.)
 - Audit Procedures
 - Verify that the required prevailing wage rate clauses were included in the contracts
 - For each week in which work was performed under the contract, verify that the contractor or subcontractor submitted the required certified payrolls
 - Auditors are not expected to determine whether prevailing wage rates were paid

Unique Requirements

- ❑ GEER I & ESSER I – must provide equitable services to private school children
 - Not included for ESSER II or III as separate EANs subprograms created
- ❑ ARP ESSER – 20% learning loss set aside
 - Summer or learning enrichment programs, extended day, after school programs, extended school year programs
 - Programs must attend to student's academic, social, and emotional needs and address the pandemic's disproportionate impact on underserved student groups

What's next for School Districts

- ❑ ESSER funding has been covering the cost of many activities necessary to maintain the operation and continuation of services and employment of staff
- ❑ Equipment purchases, construction or minor remodeling, and provident for land, building, or equipment have also been at least partially covered by ESSER funding
- ❑ Important to be mindful of this revenue stream ending and continuing operating or construction costs needing to be covered by the budget of the school district

ESSER Monitoring

- ❑ Not an audit, so not “findings” and no corrective action plan
 - Conducted by PDE staff & Deloitte staff
 - Were required to submit “Subrecipients response”
- ❑ Purpose – to help prepare for and respond to future audits/reviews
- ❑ Risk based:
 - Low – questionnaire & audit results reviewed
 - Medium – virtual monitoring
 - High – onsite monitoring

Monitoring Observations

1. No SAM.gov suspension and debarment check
 - Regulatory Guidance – 2 CFR 200.214
 - Recommended Practice – proactively perform SAM.gov on contractors before award

Monitoring Observations (cont.)

2. Procurement of Services (competitive)

- Regulatory Guidance – 2 CFR 200.318
- Recommended Practice – ensure that bids are publicly solicited, and contracts are awarded to the responsible bidder lowest in price for all contracts over \$250,000

Monitoring Observations (cont.)

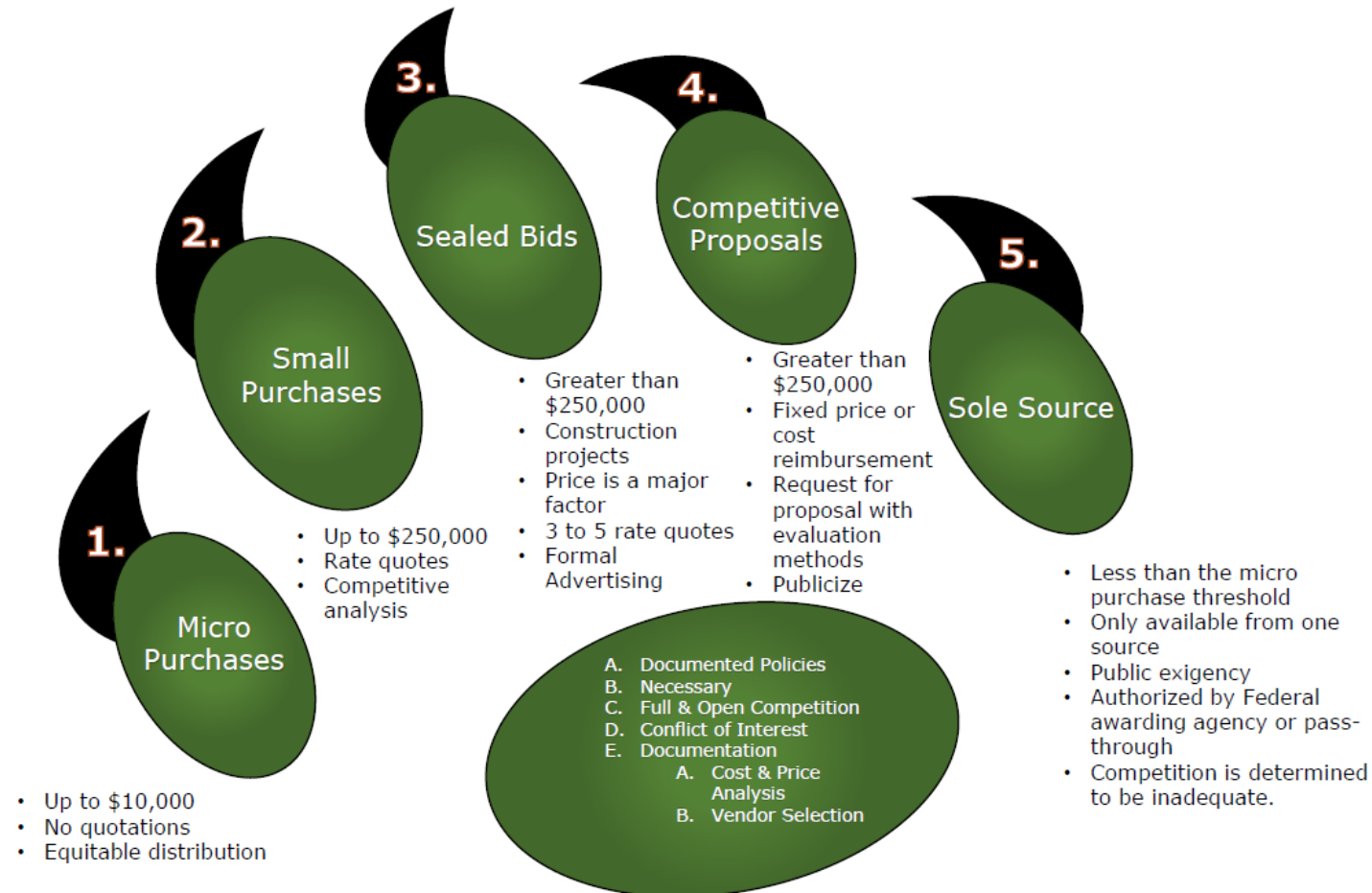
3. Procurement of Services (Quotes)

- LEA did not have 3+ quotes for services over the micro-purchase threshold
- Regulatory Guidance – 2 CFR 200.320(a)(2)i)
- Recommended Practice – LEA must document at least 3 price quotations for procurements over \$10,000

Methods of Procurement

2 CFR § 200.320 Methods of procurement to be followed.

Requirements for
Procurement of
Services



Competitive Procurement

Procurement Method	Goods/Supplies	Services	Requirements
Micro-purchase (no quotes required)	Less than \$10,000 Note: Must use more restrictive \$0 Federal threshold instead of no state requirements under \$11,800	Less than \$10,000 Note: Must use more restrictive \$10,000 Federal threshold instead of state exemption for services	<ul style="list-style-type: none"> • consider price to be reasonable • distribute equitably among suppliers to the extent practical
Small Purchase Procedures (Relatively simple and informal)	\$10,000 - \$22,500 Note: Must use more restrictive \$10,000 Federal threshold instead of \$21,900 state threshold	\$10,000 - \$249,999 Note: Must use more restrictive \$10,000 Federal threshold instead of state exemption for services	<ul style="list-style-type: none"> • obtain/document price or rate quotations from a reasonable number of qualified sources (at least three per 24 PS 8.807.1) • written or documented quotes
Sealed Bids (Formal advertising)	\$22,500 or more Note: Must use more restrictive \$22,500 state threshold instead of \$250,000 Federal threshold	N/A	<ul style="list-style-type: none"> • bids are publicly solicited • firm fixed price contract awarded to the responsible bidder lowest in price • cost or price analysis for purchases in excess of the Simplified Acquisition Threshold (\$250,000)
Competitive Proposals (Formal RFPs)	N/A	\$250,000 or more Note: Must use more restrictive \$250,000 Federal threshold instead of state exemption for services	<ul style="list-style-type: none"> • conducted with more than one source submitting an offer • price is not used as a sole selection factor • fixed price or cost-reimbursement type contract is awarded • cost or price analysis for purchases in excess of the Simplified Acquisition Threshold (\$250,000)
Non-competitive proposals	Appropriate only when these circumstances apply: <ul style="list-style-type: none"> • Available only from a single source (sole source) • Public emergency • Expressly authorized by awarding or pass-through agency in response to written request from district • After soliciting a number of sources, competition is deemed inadequate 		<ul style="list-style-type: none"> • solicitation from only one source • used only when qualifying circumstances apply • fixed price or cost-reimbursement type contract is awarded

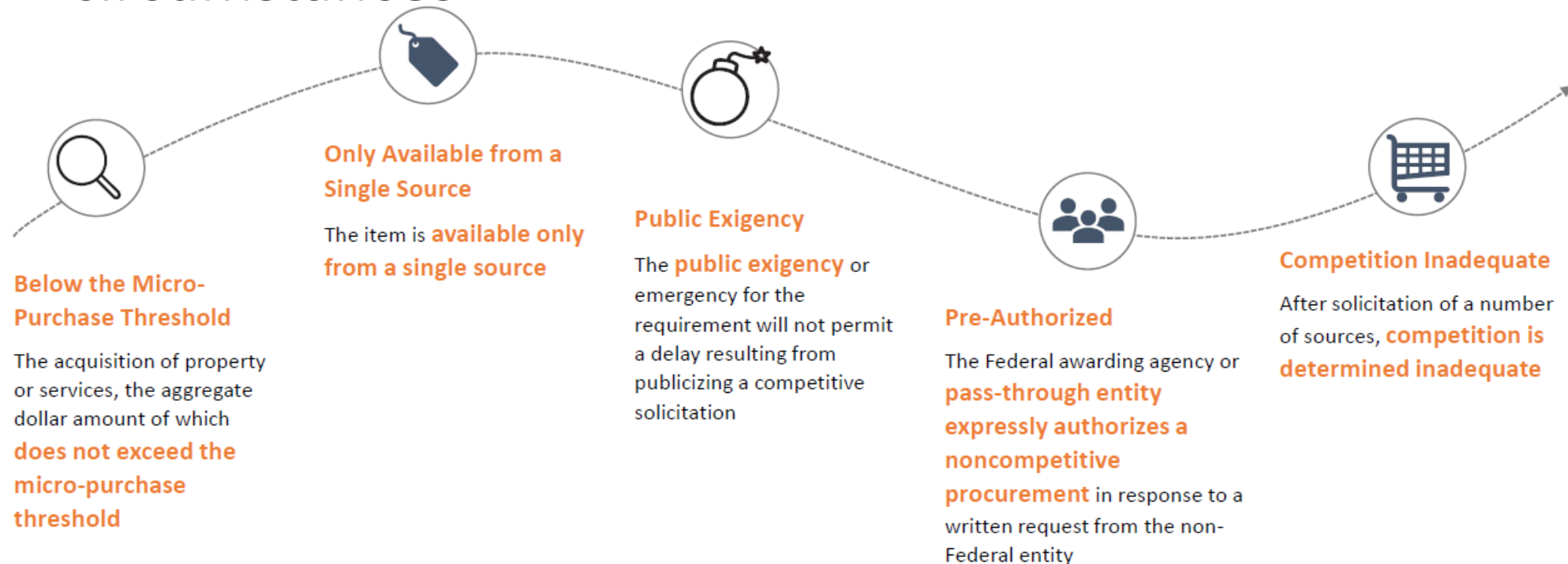
Monitoring Observations (cont.)

4. No Sole Source Justification

- Regulatory Guidance – 2 CFR 200.318(i) & 2 CFR 200.320(c)
- Recommended Practice – LEA should maintain procurement records including why the sole sourced contract was necessary

When is 'Sole Source' Allowed?

- ❑ Be sure to document the rationale surrounding these circumstances



Monitoring Observations (cont.)

5. No policy against fraud, waste, and abuse
 - Regulatory Guidance – 2 CFR 200.303(a)
 - Recommended Practice – LEA should have a policy in place for whistleblowers to report such instances

Monitoring Observations (cont.)

6. Reporting or Returning Interest earned over \$500
 - Regulatory Guidance – 2 CFR 200.305(b)(8) & (9)
 - Recommended Practice – LEA must adequately document all interest earned with the Federal award.

Monitoring Observations (cont.)

7. No steps taken to engage Minority/Women Owned Businesses
 - Regulatory Guidance – 2 CFR 200.321(a)
 - Recommended Practice – LEA should ensure that affirmative steps to solicit and use MWE businesses when possible

Minority/Business Owned Enterprise Steps



**Include them
on solicitation
lists**



**Reach out to
them when they
are potential
sources**



**Divide
requirements
when possible**



**Create
schedules to
encourage
participation**



**Reach out to
organizations
that can help**



**Make sure your
contractors are
taking the same
steps**

1.

Placing qualified small and minority businesses and women's business enterprises on solicitation lists;

2.

Assuring that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources;

3.

Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses, and women's business enterprises;

4.

Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority businesses, and women's business enterprises;

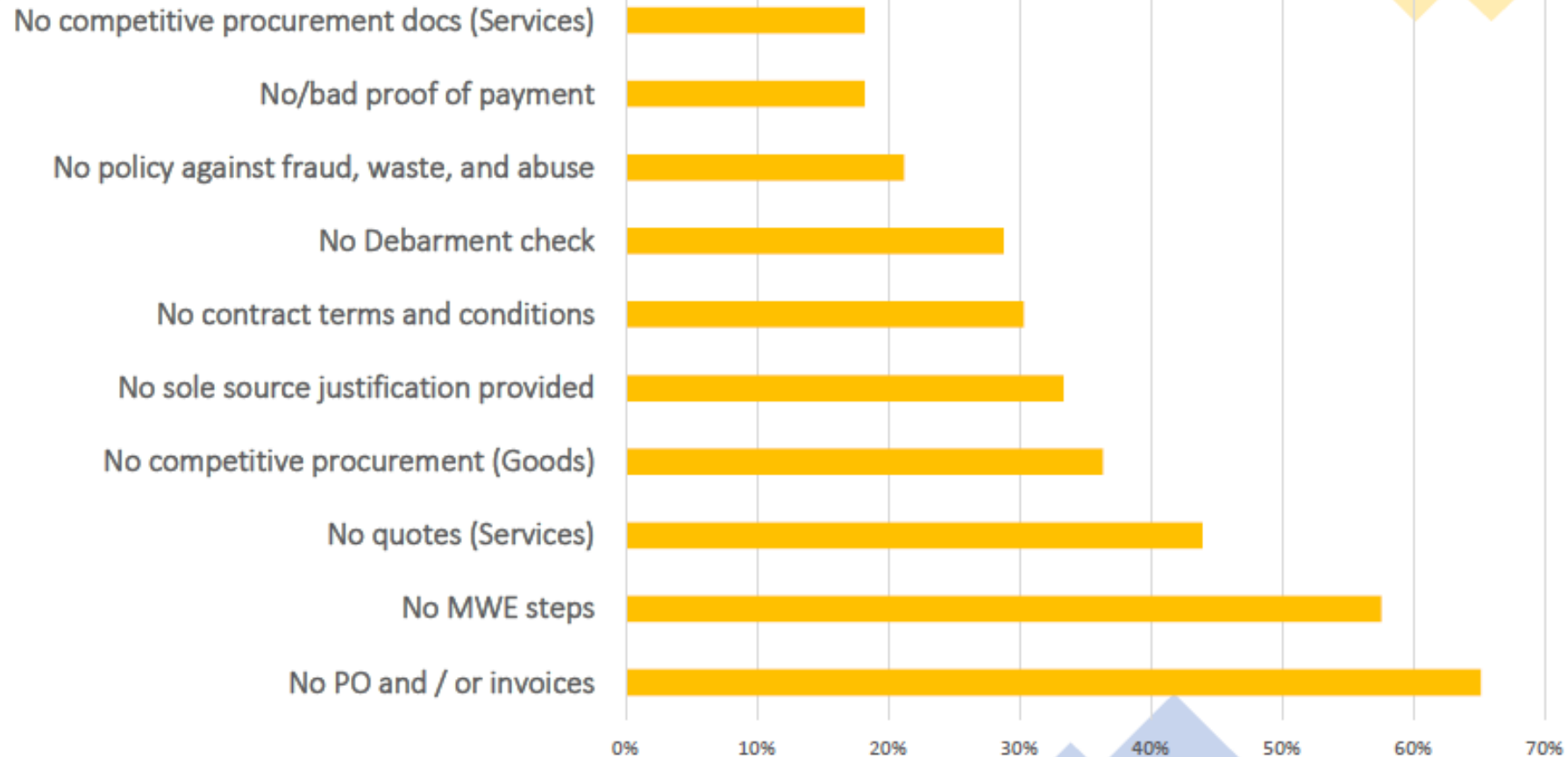
5.

Using the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce; and

6.

Requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed in paragraphs (b)(1) through (5) of this section.

Top 10 ESSER Observations



Resources

- ❑ 2 CFR Part 200, Appendix XI Compliance Supplement
- ❑ PICPA Focus Forward: Federal Program Updates
- ❑ PDE Website – education.pa.gov

Questions? Contact Me!



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