



UNITED STATES DEPARTMENT OF EDUCATION


OFFICE OF THE CHIEF FINANCIAL OFFICER

THE CHIEF FINANCIAL OFFICER

SEP 27 2007

**MEMORANDUM**

To: Chief State School Officers

From: Lawrence A. Warder 

Subject: New Guidance for Late Liquidation of Federal Education Funds

On April 23, 2007, I wrote to remind you to obligate outstanding Fiscal Year 2005 program fund balances by September 30, 2007, and to be aware that unliquidated program funds five years beyond their availability for federal obligation will revert to Treasury on October 1, 2007. I also included a notice of an upcoming change in the Department's late liquidation policy.

The Department issued a policy regarding the circumstances under which States may carry out late liquidations of grant funds under State-administered programs in January 2005. This policy remains in effect through September 30, 2007, and the deadline has already passed for submissions of liquidation requests under that policy. On October 1, 2007, changes to the policy based on the Department's experiences over the past four years will take effect. Under the new policy, grantees may submit to the appropriate program office requests for late liquidations up to eighteen months after the end of the obligation period. After the eighteen-month period expires, the Department will no longer entertain late liquidation requests except under extraordinary circumstances or in cases involving lengthy construction contracts.

Unintentionally, my letter contained an erroneous web link that was intended to direct you to a detailed comparison of the outgoing liquidation policy with the new policy. This comparison document is now available to you permanently at <http://www.ed.gov/policy/fund/guid/lateliquidation.doc>, and also on the Department's new significant guidance documents reference page at <http://www.ed.gov/policy/gen/guid/significant-guidance.html>.

Thank you again for your work and diligence over the past few years in obligating and liquidating your federal funds in a timely manner.