



ADMINISTRATIVE COMMUNICATIONS SYSTEM U.S. DEPARTMENT OF EDUCATION

DEPARTMENTAL HANDBOOK

Handbook ODS 01

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Signed by: Andrew Jackson
Assistant Secretary for Management

Handbook for the Discretionary Grant Process

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For technical questions relating to this Handbook, please contact the Office of the Deputy Secretary, Risk Management Service on 202-245-8400 or via email at RMSCOMMUNICATIONS@ed.gov.

Supersedes Handbook OS-01 "Handbook for the Discretionary Grant Process" dated 01/26/2009.

This Handbook, including all of its appendices, has the same authority as the handbook that it supersedes.

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The flow chart below provides an overview of the key steps in the grants process. Each step is discussed in further detail in the appropriate chapters.

Planning Activities

Develop Principal Office Spending Plan	Develop and publish regulations & priorities	Develop program performance measures	Develop and publish application notice	Develop and publish application notice
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Review Activities

Develop Application Technical Review Plan (ATRP)	Receive and screen applications	Recruit/use application reviewers	Peer reviewer scoring & quality control	Evaluate the application review process
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Pre-award and Award Activities

Review and rank applications	Perform cost analysis and budget review applications	Assess grant applicant risk	Make funding decisions	Commit and obligate new awards
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Post-Award Activities

Monitor performance and fiscal activities	Determine substantial progress	Make continuation awards	Review final project outcomes & perform grant closeout
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Chapter 1: General

1.1 Purpose

This Handbook for the Discretionary Grant Process (Handbook) provides the foundation and framework for the U.S. Department of Education (ED) discretionary grant process. It is designed to create consistent policies to the extent feasible, and basic standards and procedures for ED's discretionary grant programs to ensure that ED awards and administers Federal funds across every program in a fair and equitable manner, for the benefit of all children and other learners.

This Handbook establishes generally, the internal policies and procedures that principal offices use to carry out the discretionary grant functions of planning, review, application selection, and award; partnership and accountability; sharing results; and closeout. Principal offices are responsible for the obligation, administration and monitoring of these awards under a variety of legislative authorities, governing regulations, policies and procedures.

1.2 Applicability

The policies and procedures in this Handbook apply to all organizational units in ED that are responsible for planning grant competitions, reviewing applications, application selection and award, partnership and accountability, sharing results, and closeout processes related to discretionary grants. Each principal office should, as a general matter, follow the policies and procedures outlined in this Handbook. A principal office, however, may determine that a modification to, or a deviation from these policies and procedures is appropriate to achieve a particular program objective or deal with unusual, unanticipated, or exigent circumstances. In such cases, a principal office should consult with the Office of the General Counsel (OGC) and the Risk Management Service (RMS) prior to making the modification or deviation, and document the decision not to follow the Handbook in the Application Technical Review Plan (ATRP) or another appropriate part of the Grant Program Competition File or Grant File. These modifications and deviations should only be considered in limited circumstances, if appropriate as noted above, and if they do not violate any laws or regulations. Nothing in this Handbook is intended to give grant applicants or grantees any rights not already provided by statutes, regulations, or published program priorities.

1.3 Oversight

The Risk Management Service (RMS), Office of the Deputy Secretary, is responsible for providing ED-wide oversight to ensure that policies relative to

discretionary grant award and administration processes are effectively communicated to principal offices and to assist them in their efforts to adhere to the approved policies. RMS oversight includes several interrelated responsibilities and functions that will be carried out in partnership with ED principal office officials and their staff. These responsibilities include, but are not limited to, the following:

1. Establishing clear policies that are based on statutes, regulations, and other requirements that enable consistent policy interpretation and implementation on grant administration issues. Policies are issued in this Handbook or in grant bulletins, until such time as the bulletins are fully incorporated into this Handbook.
2. Providing training and technical assistance to principal offices. Principal offices must have a working knowledge of grant policy and how it applies to different situations. This knowledge is necessary for effective grant administration.
3. Collaborating with program officials responsible for grant programs to achieve effective monitoring of grant programs and to ensure that monitoring activities and processes are conducted with consistency and are compliant with ED regulations and policies.
4. Collaborating with program officials to conduct periodic reviews and to evaluate the internal policies and procedures of ED's overall discretionary grant process.
5. Coordinating ED's participation in interagency initiatives related to grants streamlining and electronic grantmaking. This includes, but is not limited to, coordinating ED's comments on work products of interagency grants policy initiatives; coordinating ED's participation in work groups and activities of the President's e-Grants initiative; and coordinating ED's participation in pilot and implementation efforts associated with these work products or activities.
6. Licensing those employees who have demonstrated knowledge about discretionary grant procedures through sufficient training and/or experience to obligate discretionary grant funds.

1.4 Maintenance

RMS is responsible for maintaining and updating this Handbook. RMS reviews and updates this Handbook periodically to incorporate any new ED discretionary grant regulations and policies and/or changes to current regulations or policies. This Handbook incorporates policy and guidance contained within the following grant policy bulletins and it in effect rescinds these bulletins:

- GPOS Bulletin #11: Certification of Eligibility for Federal Assistance in Certain Programs
- GPOS Bulletin #13: Guidance on 34 CFR Part 82, New Restrictions on Lobbying and Required Certifications and Disclosure Forms
- GPOS Bulletin #29: Valuation and Documentation of Grantee Cost Sharing and Matching Contributions (Cash and Third party In-Kind)
- GPOS Bulletin #32: Payment Flag Review
- GB-09-02: Changes to Discretionary Grants Policies and Procedures Regarding the Determination and Recovery of Indirect Cost Rates;
- GB-09-03: U.S. Department of Education Budget Information Non-Construction Programs Form 524 Sections A, B and C;
- GB-09-04: Verifying Committed Funding Amounts using the Funds Commitment Report;
- GB-09-05: Updates to the *Handbook for the Discretionary Grant Process (Handbook)* on Policies and Procedures for the Development of a Funding Slate and Funding Slate Memo;
- GB-09-06: Federal Financial Report (FFR) – Standard Form 425, Implementation Guidance;
- GB-10-01: Attachment V – Registration of Data Universal Numbering System (DUNS) Number & Taxpayer Identification Number (TIN) in the Central Contractor Registration (CCR);
- GB-10-02: Recordkeeping Related to the Grant Process;
- GB-10-03: Subaward and Executive Compensation Reporting Requirements under the Federal Funding Accountability and Transparency Act;
- GB-10-04: Requirements for Registering in the Central Contractor Registration (CCR) and Using Data Universal Numbering System (DUNS) Numbers;
- GB-11-02: Research Performance Progress Report (RPPR) Policy Guidance;
- GB-11-03: Updated Policy & Procedures for Monitoring Discretionary Grant for Excessive Drawdowns Due to New Functionality and Reporting in G5;

- GB-12-01: Using a Contractor to Support the Peer Review Process in Discretionary Grant Programs;
- GB-12-02: Guidelines for Compensation of Grant Application Peer Reviewers;
- GB-12-03: Electronic Signature and Electronic Notification Option for Grant Awards;
- GB-13-01: Revisions to the Department of Education's (ED) Conflict-of-Interest Policy for Peer Reviewers in Discretionary Grant Competitions;
- GB-13-08: Policy and Procedures for Processing Administrative Suspension and Debarment Case Referrals;
- GB-13-09: Grant Term and Condition Requiring Recipients to Document their PR/Award Number (Federal Award ID Number - FAIN) on all Subawards;
- GB-14-01: Revisions to the Departments of Education's (ED) Policy for Developing an Application Technical Review Plan (ATRP);
- GB-14-02: Achieving Transparency in the Discretionary Grant Application and Award Process;
- GB-14-03: Assessing Grant Applicant & Grantee Risk before Making New, Continuation, and Supplement Awards;
- GB-14-04: Subaward and Executive Compensation Reporting Requirements for U.S. Department of Education Grantees under the Federal Funding Accountability and Transparency Act ;
- GB-14-05: Peer Review Scoring and Quality Control; and
- GB-15-01: Discretionary Grants Policies and Procedures Addressing the Determination and Recovery of Indirect Cost Rates

1.5 Recordkeeping Requirements Related to the Grants Process

This Handbook requires creating and/or maintaining various records related to grant application, award, administration, and close-out. Since most grant records across the Department have traditionally been kept on paper, this Handbook discusses such requirements from the viewpoint of records in paper-based format, primarily for the sake of clarity and readers' understanding. The National Archives and Records Administration (NARA) has issued regulations and other

policy guidance to Federal agencies acknowledging the equivalent validity of records kept electronically. ED follows NARA regulations and guidance in interpreting and administering recordkeeping requirements found in this Handbook.

As a matter of grant policy, ED deems any recordkeeping requirements contained in this Handbook to be fulfilled in either paper-based or electronic formats, or a combination of the two. In addition, where the Handbook requires a signature to indicate actions required to be taken by staff (e.g., acceptance, concurrence, approval), such actions can be indicated by signing a paper document containing the relevant information or by capturing the required action via electronically “signing” a collection of data elements containing the same content in G5 or other ED information systems.

While G5 meets all requirements established by NARA, in particular those found in Title 36 of the Code of Federal Regulations, especially Part 1236, the interpretations of this Handbook’s recordkeeping requirements presume that other electronic systems used for creating and maintaining records of the grant process and/or staff actions, as well as any procedures they involve, also meet the requirements established by NARA.

Chapter 2: Planning Activities

2.1 Introduction

The discretionary grant planning process includes all of the activities necessary to set up a discretionary grant competition. These activities are designed to ensure that ED meets its responsibilities to manage its programs with the broadest participation of interested parties in its competitions. The principal office must:

1. Develop a principal office spending plan; establish schedules for all grant competitions within its office; develop regulations and program priorities for grant competitions, only when absolutely necessary to achieve statutory purposes;
2. Develop performance measures for each program;
3. Develop application notices and application packages for each competition; and
4. Distribute application packages.

2.2 Planning Activities

2.2.1 Principal Office Spending Plan

The spending plan is a comprehensive document that addresses major scheduling activities, and all other principal office grantmaking information, that are crucial to the management of discretionary grant programs. The plan is usually developed in the spring for the grant activities in the next fiscal year, and it addresses the following major activities:

1. A grant award spending plan; and,
2. Grant schedules for funding new grants and continuation awards.

The intent of the spending plan is to:

1. Align investment in grants with ED's priorities;
2. Facilitate the awarding of high-quality grants in a timely fashion;
3. Ensure satisfactory results from grant investments through effective performance monitoring;
4. Improve operational consistency across multiple offices and requirements, by making policy decisions early and integrating performance measures and budget activity;
5. Reduce and/or eliminate unnecessary regulatory requirements;
6. Actively promote innovation through competition; and
7. Maximize the use of information technology systems.

The spending plan process is managed by the Office of Planning, Evaluation, and Policy Development (OPEPD). Additional information regarding the requirement for the spending plan and this process, and a list of OPEPD contacts may be accessed at the following share.ed.gov link: [OPEPD/Budget Service Spending Plan SharePoint Site](#).

2.2.2 Grant Schedule

The grant schedule, which is part of the spending plan, is used to track principal office progress in completing the major steps described below to award new grants and continuation awards.

1. Program officials must develop a grant schedule for each discretionary grant program that contains estimates of the number of new grants and continuation awards to be made, the dollar amount authorized or allotted for the grants to be awarded, and the projected completion date for major steps in the award process. Programs with new legislation or with new or revised funding priorities should also include the publication dates of regulations or funding priorities, if any, in the schedules.

The Secretary uses information from the schedules to monitor the status of each principal office's efforts to meet major milestones.

2. The program official of each principal office must designate a grant scheduling representative. The scheduling representative is responsible for ensuring that grant schedules are entered into and/or deleted from G5 and for updating them routinely. To award grants, individual schedules must be developed and entered in G5 for:
 - a. Each program under which new grant or continuing awards are planned in the upcoming fiscal year;
 - b. Applications submitted for funding in the previous fiscal year that are being funded in the current fiscal year (see section "2.2.4 Funding Applications from a Previous Competition" and section "4.10.3 , Mishandled Applications"); and
 - c. Congressionally-directed awards (see section "4.10.1 Directed Awards") – principal offices must have a separate schedule for their directed awards for each CFDA program.

Individual program grant schedules should reflect ED's goal to award new grants and continuation awards in accordance with ED's priorities and customer needs. Early in every fiscal year, RMS issues a grant scheduling memorandum to principal offices that formally initiates the process for entering into G5 the fiscal year's grant schedules for all discretionary grant programs, and that provides guidance on entering grant schedule milestones in G5.

2.2.3 Catalog of Federal Domestic Assistance (CFDA)

For programs newly authorized by Congress, ED must announce the availability of assistance under the program through the CFDA. After Congress establishes a new program, the scheduling representative must request the creation of a CFDA program number by entering pertinent program information in G5 to provide a description of the program. Then a representative in the OPEPD Budget Service (Budget Service) reviews the program description and approves

the description after making any needed changes. Upon approval of the CFDA program description, G5 automatically assigns the program a CFDA number.

2.2.4 Funding Applications from a Previous Competition

Funding applications from a previous competition are handled as follows:

1. As a general matter, the policy of ED is to encourage the practice of funding down the slate wherever the standards specified in this section are met. Program officers should include in the application notice for every competition that would appear to meet the standards in this section the standard language developed by the Office of General Counsel (OGC), Division of Regulatory Services (DRS) for funding down the slate.
2. If a program official expects that ED will receive a sufficient number of high-quality applications to enable funding from the same slate in the next fiscal year, the program official should notify the public of the possibility in the application notice for the first year of funding. Whenever the program official decides to fund applications from the same slate in more than one fiscal year, the following standards apply:
 - a. The application(s) that would be funded in the second year are of such high quality that they benefit the congressional intent of the authorizing statute and are of comparable quality to those applications previously funded;
 - b. Current fiscal year funds are available under which the projects can be funded for the same program statute, regulations, and priorities, if any, established for the previous competition; and
 - c. The program Principal Officer specifically authorizes using the same slate from the previous fiscal year to recommend grant awards for the second fiscal year.

If the program office did not include a statement about funding down the slate for the next fiscal year in the application notice for the competition, and the program official, after reviewing the applications received under the competition, determines that there are sufficient high-quality applications to meet the standards for funding down the slate, the program official should, if possible, publish a separate notice explaining the conditions that justify the Principal Officer's decision to fund applications from the previous competition. The notice should be published in the *Federal Register*, if feasible; otherwise, the Principal Officer's decision should be posted on the ED Web site.

3. The scheduling representative must create a new discretionary grant schedule in G5 using the "Funding Down the Slate" schedule type. G5 will automatically use current fiscal year data, and will reassign the applications new or current fiscal year procurement request/award numbers (PR/Award numbers). The program official must document the Principal Officer's decision to fund these applications in the competition file.

2.3 Developing Regulations, Regulatory Documents, and Program Priorities

This section contains references to appropriate provisions in the Regulatory Quality Manual (RQM) for clearing absolute and competitive preference priorities for competitions. However, the general policy of ED is not to use absolute or competitive preferences for competitions. The spending plan process now includes procedures for justifying the use of a competitive or absolute priority.

ED will issue regulations only when it is necessary, and such regulations must be as flexible as possible and create the least possible burden for applicants and grantees. The procedures used to develop a regulatory document, as well as an application notice, may vary. In the following chart, the first column lists the type of regulatory document or documents that may need to be prepared to conduct a grant competition. The second column identifies the chapter of ED's RQM that contains the appropriate ED policies and guidance for the style and format for that document. DRS is responsible for the requirements referenced here.

The procedures and chapters of the RQM referenced in the following table can be found at the DRS Web site on ConnectED at: [OGC/DRS - Regulatory Quality Manual \(RQM\)](#).

Table.1. DRS Regulatory Documents Procedures Chart

If you are preparing...	see the following chapter of the RQM...
A Notice of Proposed Rulemaking (NPRM) or final regulations subject to the notice and comment rulemaking requirements of the Administrative Procedure Act	B for NPRMs or D for final regulations
Final regulations that waive rulemaking under section 437(d)(1) of the General Education Provisions Act because these final regulations apply to the first grant competition of a new or substantially revised program	E
A notice of proposed priority or priorities (NPP) for one program	O
A notice of final priority or priorities (NFP) for one program	P
An NPP for more than one program	Q
An NFP for more than one program	R
An application notice	J

Note: If the type of document being prepared does not correspond with an entry in the chart or there are questions regarding the instructions, contact the Regulations Quality Officer or the Regulations Coordinator for the specific program or type of document. The phone number for both of these DRS contacts is: (202) 401-8300.

2.4 Grant Program Performance Measures

The Government Performance and Results Act of 1993 (GPRA) directs Federal departments and agencies to improve the effectiveness of their programs by engaging in strategic planning, setting outcome-related goals for programs, and measuring program results against those goals. The Office of Management and Budget (OMB) measures the effectiveness of an agency in meeting the goals of its programs. ED must establish meaningful performance standards and measurements for its programs so that it can provide evidence to OMB that its programs are effective.

Budget Service is responsible for coordinating the development of performance measures with OMB as that agency determines the effectiveness of ED

programs. Program officers should work closely with Budget Service in developing the performance measures for a program.

The application notice must clearly convey to the public ED's performance measures and expectations for the program so potential applicants can design their projects to meet the established performance measures. The performance measures must also be included in the application package.

In preparing an application package, the program staff must also include specific program objectives, program performance measures and, if necessary, other program-specific measures so that applicants can develop evaluation techniques that provide valid and reliable data on the established performance measures. The Web-based version of the application package should include a hyperlink to the reporting form that will be used for the program.

Applicants must understand that ED reports progress on the program performance measures annually to OMB and Congress and review of the performance data will vitally affect the continued existence of ED programs.

2.5 Application Packages and Notices

2.5.1 Application Packages

ED policy requires that program offices receive requests for funding under discretionary grant competitions only through ED-provided application packages. Application packages must be cleared through the Office of Management and Budget's (OMB) information collection clearance process before they are made available to potential applicants. Since application packages can potentially require much time and effort in preparing them and getting them cleared through OMB for information collection, program staff need to begin working on application packages early in the process of planning for grant competitions.

ED generally uses two types of application packages to solicit applications under its discretionary grant program competitions, as discussed below.

1. Generic Application Package

The generic application package is a collection of the forms and materials most commonly used by many programs for their discretionary grant competitions. The package essentially contains the same items as the group of forms and other items that are the minimum required for *any* ED grant application package. The generic application package (i.e., ED's Grant Application Toolkit and associate documents) is at the following connectED link: [Application Package Toolkit - Documents, Instructions, & Other Information](#).

Program offices are strongly encouraged to use the generic application package for competitions in new and existing programs that do not require any forms or other information from applicants beyond what the generic application package contains.

One of the chief advantages the generic application package offers to program offices is the exemption that it gives them from the responsibility of clearing with OMB a specific application package for their competitions. Instead, once every three years, RMS submits to OMB on behalf of the Department, the “umbrella” request for clearance for the package, which includes paperwork burden data for all programs that have asked to be included as of the date of submission. Once OMB approves the package for the next three years, covered programs do not need do anything else, unless information about a particular program or its burden data substantially changes.

During the time between triennial OMB approvals for the package, program offices may ask to have a program added to the generic application package clearance and have its burden included by submitting a one-page 83-C change request form to OMB through the Privacy & Information Collection Clearance Division (PICCD) within the Chief Privacy Office (CPO). Program offices also use this form to update information about a program previously included as part of the initial RMS triennial submission to OMB. Approval from OMB for change requests usually requires approximately ten business days.

In addition, the generic application package is cleared for using statutory criteria and/or EDGAR general selection criteria, thus making it of particular benefit to programs that do not have already established criteria, and that can achieve their competition objectives by using the general selection criteria.

Program offices may not add any additional forms or other information-gathering requirements beyond what the generic application package contains when they use it for their competitions.

2. Program-specific Application Package

When a program office needs to collect additional information and/or use forms beyond what the generic application package includes (e.g., items unique to a program, items required by law or regulation), program staff must create a program-specific package for their competition(s) and follow the procedure established by the PICCD to clear the package. During this process, the program officer must ask its assigned OGC attorney to review the proposed program-specific application package.

When a program official must develop a specific application package, it must be consistent with ED policies and applicable statutory or regulatory requirements. In such cases, the program official must clear the application package through the PICCD, which manages ED's information collection process. Program officials should work closely with the Privacy & Information Collection Clearance Division during the development process to ensure compliance with information collection requirements. The PICCD contacts as well as policy and guidance on the information collection process and the Paperwork Reduction Act of 1995, such as PICCD's "Guide to the Information Clearance Process," can be found at the following connectED link: [CPO - Information Collection Clearance Process](#).

Both the generic and program-specific application packages and their associated application notice for competitions must inform applicants of the requirement to have a Data Universal Numbering System (DUNS) number and Taxpayer Identification Number (TIN) registered with the System for Award management (SAM), the U.S. Federal Government's primary registrant database, in order to receive payments and do business with ED (refer to Chapter J of the RQM at, [OGC/DRS - Regulatory Quality Manual](#), for the correct language to include in notices inviting applications, which must be included in application packages).

Application packages are posted for access by potential applicants in Grants.gov and/or G5's e-Application webpage, and may be sent to potential applicants in hard copy. Before application packages may be posted in Grants.gov, G5's e-Application webpage, or mailed, the associated grant competitions must be announced in Application Notices, which are published in the *Federal Register*, as discussed in section 2.5.4, "Application Notices."

Required information that must be included for both types of application packages can be found at the following connectED link: [Application Package Toolkit - Documents, Instructions, & Other Information](#).

2.5.2 Notifying Applicants of ED's Indirect Cost Requirements

Program officials must inform applicants in the application package for a competition about the program's policy for reimbursing grantees for indirect costs that they incur as they undertake their projects. Depending on the legal and regulatory requirements related to a specific program, there are three options for reimbursing grantee indirect costs:

1. Full reimbursement for ED's portion of the applicant's indirect costs, based on an indirect cost rate that:
 - a. A grantee has negotiated with its cognizant Federal agency; or

- b. A State educational agency (SEA) has established for a local educational agency (LEA).
2. Restricted rate reimbursement, for grants in programs subject to supplement-not-supplant requirements (see EDGAR §§75.563 and 76.564-569); or
3. Training grant reimbursement for non-governmental grantees that receive training grants subject to EDGAR §75.562, which authorizes recovery at a maximum rate of 8 percent of modified total direct costs (MTDC).

If an applicant does not have a negotiated indirect cost rate at the time it applies and receives a grant, ED generally will allow the applicant/grantee to use a temporary indirect cost rate to recover indirect funds pending the negotiation of an indirect cost rate as authorized under EDGAR §75.560, at 10 percent of budgeted direct salaries and wages (see sections 4.4.7 – 4.4.8);

Generally, ED will allow a non-governmental grantee that has never had an approved indirect cost rate agreement to use the de minimis indirect cost rate to recover indirect costs as authorized under 2 CFR 200.414(f), at 10 percent of MTDC (see section 4.4.9).¹

Indirect costs may not be charged to grants funded under programs with statutes or regulations that prohibit indirect costs. In addition, the Federal government does not reimburse indirect cost for construction grants, grants to individuals, or grants to organizations located outside the territorial limits of the United States.

In order for applicants to have a better understanding of the requirements related to indirect cost reimbursement under the program funding a competition, and to be able to estimate indirect costs more accurately in their application budget, each program is required to include in its application package the appropriate indirect cost guidance found in the application package insert titled, “Program Application Indirect Cost Instructions,” available at the following connectED link: [Application Package Toolkit](#). For more detailed discussion of indirect cost calculations, see sections 4.4.6 through 4.4.14.

2.5.3 Sources of Funding Information

In accordance with the requirement to provide public notice of Federal financial assistance programs established in 2 CFR § 200.202, of the “Uniform

¹ED procedures require State and local governments to submit indirect cost rate proposals to ED or the SEA, as appropriate, and, based on the wording in 2 CFR 200.414(f), Appendix VII.D.1.b, and the requirements in 34 CFR 75.561 and 76.561, that requirement has the effect of making these non-Federal entities ineligible to receive the de minimis rate.

Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,” ED publishes, in various media, information about the grant programs and competitions under which ED expects to invite applications for new grant or cooperative agreement awards. Potential applicants can obtain information through:

- **ED’s Web Site** – Potential applicants can access information on discretionary grant funding by accessing [ED’s Web](#) site at www.ed.gov, and clicking on the “Grants” link.
- **Grants.gov** – The Federal government maintains a portal for electronic grant applications at www.grants.gov, ED is committed to using [Grants.gov](#) for all of its grant competitions. This portal has a feature called “Find” that potential applicants can use to locate grant opportunities from all Federal grantmaking agencies, which leads to the application notice published for a competition. ED currently posts notice of all of its grant competitions on the Grants.gov Find module.
- **G5** – Is a Web-based system that supports grants management and payment activities for use by internal ED staff and authorized recipients. [G5](#) is located at <http://G5.gov>. Although, ED’s preferred application submission portal is Grants.gov, G5 does offer an application submission portal that is available should systems issues surface with Grants.gov that prevent the submission of applications, or in other situations when program offices must use G5 instead of Grants.gov. In these circumstances potential applicants can obtain grant funding information, and apply for funding in G5’s application module. When applications must be submitted via G5, programs offices must announce in their application notice that applications must be submitted via G5’s application module.
- **Grants Forecast** – The forecast is intended to assist potential applicants in planning projects and activities for upcoming ED competitions. It is advisory only, and not an official application notice. It provides actual or estimated deadline dates for the submission of applications and the names and telephone numbers of persons to contact for information about a specific program. The forecast can be found at: [Documents and Forms Referenced in the Handbook for the Discretionary Grant Process.](#)

2.5.4 Application Notices

Before publishing an application notice, program officials may first have to publish in the *Federal Register* another document or documents, such as a Notice of Proposed Rule Making (NPRM), final regulations, a notice proposing one or more funding priorities, selection criteria or other requirements, or a notice announcing one or more final priorities, selection criteria, or other requirements.

Application notices are handled as follows:

1. Before preparing an application notice, program officials must consult with their Regulations Coordinator in DRS to determine what other types of documents might be needed for a particular competition (see section “2.3, Developing Regulations, Regulatory Documents, and Program Priorities”).
2. ED publishes application notices in the *Federal Register* to inform potential applicants of all new grant competitions (see EDGAR § 75.100). An application notice is an announcement inviting applications for one or more competitions. The notice provides basic program and fiscal information on each competition and informs potential applicants when and where they may obtain applications and the deadlines for when applications must be submitted to ED. In addition, application notices must: 1) include the selection criteria and process to be used to evaluate applications (see 2 CFR § 200.203); 2) include a description of ED’s criteria for assessing an applicant’s risk (see 2 CFR § 200.205); 3) must inform applicants of the requirement to register in the System for Award Management (SAM), and to have an active Data Universal Numbering System (DUNS) number and Taxpayer Identification Number (TIN) in order to do business with ED; 4) for research proposals, describe whether an applicant’s voluntary cost share will be considered, and if so, how; and 5) other required information per Chapter J of the RQM.

Program officials must provide applicants a minimum of:

- a. 60 days to submit applications for funding under new programs; and
- b. 45 days to submit applications for funding under existing programs.

If program officials determine that a shorter application preparation time is necessary, and the shortened timeframe will not adversely affect the preparation of applications, the official must place a justification for shortening the deadline in the grant competition file. The applicant preparation time cannot be less than 30 days.

3. ED uses one type of application notice, the Short-Form Application Notice. This notice announces one or more competitions for new awards under one program. It must announce a deadline date for the submission of applications for the competition. It contains other important dates and fiscal information and may also include funding priorities. This notice should be kept simple and relatively brief. An example and a template can be found in Chapter J of the RQM that is posted on connectED at [OGC/DRS - Regulatory Quality Manual](#).

4. All application notices require approval through the DRS regulations clearance process that takes approximately ten working days to complete. To facilitate the clearance of a notice, program officials should take the following steps:
 - a. Keep schedules current in G5, to enable DRS to plan its clearance schedule.
 - b. Clear the notice with the appropriate program attorneys and budget analysts before submitting it to DRS. If the program is of particular interest to the Secretary, consult with that office ahead of time as well;
 - c. Consult with DRS Regulations Coordinators in advance on format issues or questions that arise while preparing the notice, especially if there is a need to deviate from the standard format in Chapter J;
 - d. Ensure that the notice includes the program performance measures and instructions to applicants on project evaluation requirements; and
 - e. Include a cover memorandum describing changes from previous notices for the program.

2.5.5 Pre-Application Assistance

Program officials may conduct pre-application workshops or use other media to provide technical assistance to applicants in preparing their applications for a competition for new awards. Program officials should publish a notice of the pre-application workshop in the application notice, if possible. The notice can also be published on the applicable program office Web site. Additionally, programs may use Web-based technology as another way to reach potential applicants and provide them with assistance. If a pre-application workshop is conducted, the workshop should include sessions that assist applicants in:

1. Developing application narratives and budgets;
2. Effectively addressing the program's selection criteria;
3. Using Grants.gov for electronic submission of applications;
4. Using other ED electronic business process software; and
5. Administering their grants and mastering the fiscal management requirements in 2 CFR §§ 200.302-303 and EDGAR.

Materials used at the workshop should be posted on the applicable program office's Web site for the benefit of potential applicants who could not attend the workshop.

2.5.6 General Education Provisions Act (GEPA) – Section 427

In 1994, Congress enacted a provision in GEPA that affects all applicants for assistance under ED programs. According to section 427 an applicant for a new award must provide in the application a description of steps it will take to ensure equitable access to, and participation of beneficiaries in the Federally assisted program under which the applicant may receive an award. The statute highlights six bases on which barriers may exist, denying equitable access or participation: gender, race, national origin, color, disability, or age. Based on local circumstances, the applicant must determine whether there are barriers that prevent participation by any person based on any of the six bases and how the applicant intends to overcome those barriers.

Program officials must ensure that an applicant provides the information required under section 427 of GEPA by including in all application packages the "Guidance on Section 427 of the General Education Provisions Act (GEPA) notice found within the Application Toolkit at the following connectED link: [Application Package Toolkit - Documents, Instructions, & Other Information](#). The notice explains the requirements of section 427. The applicant's responses may be provided in a single narrative, or, if appropriate, may be described in connection with other related topics in the application. The application package must inform applicants to include this requirement in the application's table of contents.

Program officials must screen all applications to ensure that the applicant has addressed the requirements of section 427, because ED cannot make an award to an applicant that has not responded to this requirement. If the information is not included, the program staff must contact the applicant, either before the deadline date or after selection to obtain the responses to the GEPA 427 requirements.

2.5.7 Application Package Distribution

Program officials must make every effort to distribute the application packages to as many potential applicants as possible by placing application packages on the ED Web site and Grants.gov, and distributing the packages through ED Pubs or any other medium that can make applications widely available. Program officials must also keep paper copies of the application package so they will be available to potential applicants that do not have access to the *Federal Register* or are otherwise unable to use the Internet to submit their applications.

2.5.8 Grants.gov

The Government Paperwork Elimination Act, P.L. 105-277, requires that all Federal agencies provide their customers the capability to conduct business electronically.

Program officials should require that potential applicants use Grants.gov when submitting applications under discretionary grant competitions.

ED participates as a partner in the government-wide Grants.gov Find and Apply site. The [Apply site](http://www.grants.gov), accessed at <http://www.grants.gov>, includes instructions on how an applicant can download an application package, complete it offline, and then upload and submit the application to the Federal agency handling the program from which funds are being sought through the Apply site. Grants.gov provides an index for application notices by CFDA number for the relevant competition. Under policy established by ED and regulations at 2 CFR § 200.203, programs may require applicants to use Grants.gov to apply for a grant. In order for program officials to have their competition participate in the Grants.gov Apply site, the program must use the standard form, Application for Federal Assistance (SF-424 and Supporting Documents) and the ED Supplement to the SF-424.

To apply in Grants.gov, and to do business with ED, applicants must have a Data Universal Numbering System (DUNS) Number and a Taxpayer Identification Number (TIN). A DUNS number is a unique nine-character identification number provided by the commercial company Dun & Bradstreet (D&B). OMB has adopted the use of the DUNS number as a way to identify organizations that receive grant awards and to track how grant money is dispersed. A TIN is an identification number used by the Internal Revenue Service (IRS) in the administration of tax laws.

The following are all considered TINs according to the IRS.

- Social Security Number "SSN"
- Employer Identification Number "EIN"
- Individual Taxpayer Identification Number "ITIN"
- Taxpayer Identification Number for Pending U.S. Adoptions "ATIN"
- Preparer Taxpayer Identification Number "PTIN"

Both the DUNS and TIN must be registered in SAM, the U.S. Federal Government's primary registrant database. If the payee DUNS number is

different than an applicant/grantee DUNS number, both numbers must be registered in SAM. Applicants should allow 3-5 business days to complete the SAM registration.

Applications and all attachments submitted to Grants.gov for ED programs will be posted using Adobe forms and pdf formats. The entire application, including attachments, must comply with page limit requirements as described in the grant program's application notice.

When an applicant has successfully transmitted the applications in Grants.gov, it will receive an automatic acknowledgement from Grants.gov that contains a Grants.gov tracking number. ED program staff will retrieve the applications from Grants.gov, which will generate a second confirmation to the applicant that will include a PR/Award number.

2.5.9 G5 Electronic Application Processing

Although Grants.gov, as addressed in section 2.5.8, "Grants.gov," is ED's preferred application submission portal, ED does offer an alternative application submission portal in G5 to a number of ED programs that cannot utilize Grants.gov. It is also available as an alternative should systems issues surface with Grants.gov that prevent the submission of applications. G5 provides applicants the capability to complete application forms online, attach narrative documents relating to the applications, and submit the entire document to ED.

For applications submitted electronically, G5 will:

1. Assign the application a PR/Award number (an ED-specified identifying number) unique to ED applications;
2. Provide the applicant with an immediate confirmation of the receipt of the application;
3. Send out an email confirmation of application receipt to all parties who worked on the electronic application;
4. Store all data received from the electronic applications in the G5 database and use the data to populate any data fields that are manually entered for paper applications; and
5. Make the applications received available for electronic review through the e-Reader software (see section "3.8, e-Reader – Electronic Peer Review System").

Program officials, at the beginning of the fiscal year, should identify all potential grant competitions that may require application submissions in G5, and respond to OCIO's annual call for these programs. If program officials decide to establish competitions that require applicants to submit their applications using G5, they must also explain in the application notice the waiver procedures for applicants who are unable to submit their applications electronically. Program officials should review the DRS Regulatory Documents Procedures in Chapter J of the RQM for guidance on voluntary versus mandatory submission of applications via the Internet.

The DUNS and TINS registration requirements set forth in section 2.5.8, "Grants.gov," are also applicable when applicants apply using G5.

2.6. Novice Applicants

2.6.1 Novice Application Procedures

To broaden and diversify the pool of applicants that apply for ED discretionary grant awards and to provide greater opportunities for inexperienced applicants to receive funding, program officials have the option of giving special consideration to novice applicants. The definition of "novice applicant," as well as novice application procedures, is found in EDGAR § 75.225. Generally, a novice applicant for a grant is an entity that:

- Never received a grant or subgrant before from the program to which it is applying;
- Never been a member of a group application that received a grant from the program to which it is applying; and
- Has not had an active grant from the Federal Government in the five years before the deadline date for applications under the ED discretionary grant programs to which it is applying.

Novice application procedures may only be used under those programs where they are legally permissible and consistent with the intent and purpose of the program. Novice application procedures are more appropriate for certain types of programs than others. For example, novice application procedures might be more appropriate for use in training, service, or demonstration programs, rather than in highly complex research projects.

In accordance with EDGAR § 75.225, when giving special consideration to novice applicants, program officials may either:

- Establish a separate competition for novice applicants; or

- Include novice applicants in the general program competition, but give competitive preference (such as bonus points) to novice applicants.

Program officials must provide information about the novice application procedures used for a competition in the Application Technical Review Plan (see section “3.2.2, Contents of the Application Technical Review Plan”).

2.6.2 Separate Competitions for Novice Applicants

When establishing a separate competition for novice applicants, program officials must:

1. Determine the estimated number of awards and the estimated level of funding that will be made available for the novice competition, as well as the general program competition. This information must be included in the principal offices’ annual spending plans.
2. Publish an application notice in the *Federal Register* for the novice competition. Information about the novice competition may be included in the same application notice that is used for a general program competition (see section, “2.5.4, Application Notices”).

Where appropriate, program officials are encouraged to employ streamlined procedures for awarding grants under a novice competition. For example, novice applicants might be required to submit a brief application of no more than seven to ten pages for smaller-than-average grants under the program. Application limitations for novice applications in a competition (for example, page limits, maximum award amounts) must be included in the application notice or application package, as appropriate.

2.6.3 Competitive Preference for Novice Applicants

When giving competitive preference (such as bonus points) to novice applicants under the general program competition, program officials must follow the procedures in EDGAR § 75.105(c)(2). Determinations about the number of bonus points awarded to novice applicants must be weighed carefully against quality concerns. The number of bonus points that will be awarded to novice applicants must be specified in the application notice for the competition. All applicants under the competition that qualify as novices must be awarded the same number of bonus points. However, if a novice application comes into the funding range solely based on the bonus points it received as a novice, the program staff should review the application to determine if the applicant has the fiscal and programmatic ability and internal controls to implement the award.

Generally, weaknesses can be addressed by including specific conditions in the award (see section “2.6.6 Special Conditions for Novice Grantees”). However, if staff is concerned that special conditions would not be sufficient to help the applicant succeed, they should note those extensive weaknesses in the memorandum accompanying the funding slate. The Principal Officer may skip the applicant on the funding slate if the analysis of the weaknesses supports that decision.

In competitions giving preference to novice applicants, ED panel monitors must closely observe scores assigned to novice applications to ensure that possible biases, either positive or negative, are not reflected in reviewers’ scores and supporting comments. Panel monitors detecting a problem in reviewer scoring practices must follow the procedures in section 3.6, “Peer Review Scoring and Quality Control.”

2.6.4 Novice Applicant Designation and Certification

In programs using novice application procedures, instructions must be included in the application package directing applicants to respond to item 2 on the ED Supplemental Information for the SF-424. For programs giving competitive preference to novice applicants, applicants should be instructed to check either the “Yes” or “No” box included in item 2 to indicate whether or not they qualify as novice applicants. For programs holding separate novice competitions, applicants should be instructed to check only the “Yes” box, since only novice applicants are eligible to apply. In either case, by checking “Yes,” an applicant certifies that it meets the novice applicant requirements in EDGAR § 75.225. If a program is not using novice application procedures, then applicants should leave item 6 blank.

In cases where a group application is submitted in accordance with EDGAR §§ 75.127-75.129, all members of the group must meet the novice applicant definition (see EDGAR § 75.225(a)(1) and (a)(2)). By checking the “Yes” box on item 2 of the ED Supplemental Information for the SF-424, the entity that is designated by the group to apply for the grant is certifying that each member of the group meets the novice applicant requirements. Further, in accordance with EDGAR § 75.128, the members of the group must enter into an agreement that, among other requirements, binds each member of the group to every statement and assurance made by the applicant in the application. The applicant must submit this agreement with its application.

2.6.5 Pre-Application Technical Assistance for Novice Applicants

In programs giving special consideration to novice applications, program officials are encouraged to conduct technical assistance workshops to assist applicants in preparing their applications (see section, “2.5.5, Pre-Application Assistance”).

These workshops are an excellent vehicle for providing inexperienced novice applicants with the information needed to submit high-quality grant applications.

2.6.6 Special Conditions for Novice Grantees

In accordance with EDGAR § 75.225(d), before making a grant to a novice applicant, program officials may impose special conditions, if necessary, to ensure that the grant is managed effectively and project goals or objectives are achieved. For example, a novice grantee might be required to submit quarterly performance reports to facilitate close monitoring of the project (see section 5.6.3, “Specific Conditions and Other Actions”).

The regulations in EDGAR § 75.225(d) provide authority independent from 2 CFR § 200.207 to impose special conditions on awards made to novice grantees, so program officials do not need to designate a novice grantee as high risk to impose conditions.

Chapter 3: Review Activities

3.1 Introduction

The discretionary grant technical review process includes all of the activities necessary to carry out a fair and objective evaluation of applications submitted for funding. The procedures in this chapter ensure that ED meets its responsibilities to use well-qualified application reviewers and that the technical review of applications submitted to a competition is done in a fair and efficient manner. Principal Officers, or their delegee(s), must:

- Develop an Application Technical Review Plan (ATRP) for all competitions of the Program Office or multiple ATRPs that, together, cover all competitions of the Office;
- Develop and maintain a grant program competition file;
- Recruit and secure the services of highly qualified application reviewers;
- Receive and screen applications;
- Manage the technical review process;
- Assess and make recommendations to fund applications; and
- Evaluate the process annually.

3.2 Developing an Application Technical Review Plan (ATRP)

3.2.1 General

Principal offices must develop Application Technical Review Plans (ATRPs) based on the policy decisions made through the spending plan process initiated each year by the Budget Service, including the consideration of any priorities established for competitions.

Principal Officers, or their delegee(s), must approve every ATRP of the principal office. Any officer who has authority to establish ATRPs may establish one ATRP that covers all discretionary grant competitions within the scope of the delegation or multiple ATRPs that, together, cover all discretionary grant competitions within the scope of the delegation. However, each ATRP developed by the program office must apply to only those discretionary grant competitions that use the same selection procedures, including those procedures required by statute and regulations. Unless otherwise instructed by the Principal Officer, each newly established ATRP must be approved by the Principal Officer or the officer delegated authority to approve the ATRP, and must be included in the grant competition file. If a Principal Officer delegated authority to another official to approve an ATRP, the official to whom that authority was delegated must provide a copy of the approved ATRP to the Principal Officer.

If there is a need to deviate from or change the ATRP during a competition, the program official proposing the deviation or change must submit both the amendment and a written justification for the amendment to the officer who has the authority to approve the ATRP. If the official responsible approves the amended ATRP, the amended plan and written justification must be included in the grant program competition file. If the Principal Officer did not establish the ATRP, a copy of the amended plan and written justification must also be provided to the Principal Officer. If, at the time the slate is being prepared, the Principal Officer determines there is a need to deviate from the rank order in a manner not already specified in the ATRP, the funding slate must include a justification for the deviation, and the competition file must include documentation supporting the deviation. The program office does not need to amend the ATRP to reflect these decisions.

NOTE: Principal offices are encouraged to consult internally and with other principal offices, as appropriate, when developing new ATRPs or amending existing ATRPs. For example, it may be appropriate to consult with program attorneys in OGC when program statutes and/or regulations impose application review requirements.

3.2.2 Contents of the Application Technical Review Plan

If a program office intends to use a peer review logistical contractor for support during the grant application review process, it must note that determination within its ATRP. The ATRP, and the contract itself, should define the role and responsibilities of the contractor, and identify expected timelines for deliverables (see section 3.4.1, "Using a Contractor to Support the Peer Review Process"). In addition, the ATRP must include the following items, if applicable, to a grant program competition:

1. Panel information:
 - a. The schedule for review of applications;
 - b. The size of the panels and, if known, the number of panels and reviewers; and
 - c. A description of how applications will be assigned to panels.
2. A description of the process for identifying and involving application reviewers:
 - a. The standards and evaluation criteria to be used in recruiting and selecting reviewers (Federal and non-Federal), including the process for identifying reviewers with a conflict of interest. The list (roster) of the reviewers and their professional affiliation must be placed in the official grant competition file;
 - b. A description of how reasonable accommodations will be provided for reviewers with disabilities, where applicable;
 - c. A description of the orientation that will be provided to the reviewers, including orientation materials (see section 3.4.8, "Packages for Application Reviewers"), to the extent they are available;
 - d. A description of the procedures that will be used to ensure that each reviewer on a panel will independently review the applications assigned to the panel before any group panel discussion occurs;
 - e. A description of the procedures that will be used to replace a reviewer in situations where the reviewer is either unable or unwilling to perform his or her job (see section 3.4.13, "Replacement of Reviewers During the Review"); and
 - f. A copy of the scoring forms that reviewers will use to assess the quality of the applications.

3. A description of the process for identifying and resolving conflicts of interest:
 - a. The procedure to be used to have each reviewer check the list of applications received under the competition prior to the beginning of the review, so that conflicts of interest can be identified;
 - b. A description of how conflicts of interest will be minimized, and when they occur, how they will be resolved; and
 - c. If the program official anticipates that a large group exemption for conflicts of interest described in section 3.5.4, "Conflict of Interest Exemption for Large Competitions," is applicable, the plan should state this and document that each condition required for utilizing the exemption has been met. To the extent possible, the plan should identify any additional conflict waivers that might be requested in accordance with section 3.5.5, "Individual Conflict of Interest Waivers."
 - d. The steps that will be taken to address factors that might affect objectivity, such as a teaching methodology, pedagogical viewpoint, or philosophical viewpoint involved in the competition that a peer reviewer may be associated with or connected to (see section 3.5.8, "Process for Addressing Other Factors That Might Affect Objectivity"). For example program offices may include in the ATRP language similar to the following: *"When reviewers disclose that they have written, published, or otherwise commented on or been connected to any specific teaching methodology, or significantly identified with any pedagogical or philosophical viewpoints associated with a competition, and further explain that their connection or significant identification may cause someone to question their objectivity, Program staff will: 1) review the responses to question 7 in "Questions for Application Reviewers on Conflict of Interest and Other Factors That Might Affect Objectivity"; 2) request and review applicable copies of written and/or published works as deemed appropriate by program staff; and 3) make a determination regarding the reviewers' objectivity. Program staff will consult with the OGC Ethics Division when assistance is needed in determining if a significant connection or significant identification exists. All related documentation, decisions, and final course of action will be filed in the official competition file."* If such factors are not involved in the competition in a way that would cause a reasonable person to question the objectivity of a peer reviewer associated with or connected to one particular methodology or view point, program offices may state within the ATRP that, *"Specific teaching methodologies, pedagogical viewpoints, and/or philosophical viewpoints are not involved in this competition in a way that would cause a reasonable person to question the objectivity of a peer reviewer associated with or connected to that methodology or viewpoint."*

4. A description of how program officials will work with the panels, including:
 - a. A description of the criteria program officials will use to determine when to meet with a panel to solicit discussion of a particular application or group of applications (see section 3.4.9, “Roles and Responsibilities in the Review Process”); and
 - b. A description of the procedures that will be used to ensure a high quality peer review, including a description of the manner by which the program official will determine if review panels vary widely in their scoring of applications and the actions to be taken to resolve these matters (see section 3.6, “Peer Review Scoring and Quality Control”).
5. A description of how applications:
 - a. Will be selected for funding (e.g., rank order listing, published priorities, other information that will be used under EDGAR § 75.217);
 - b. Will be handled if two or more receive the same score; and
 - c. Will be modified when they are within funding range but available program funds cannot support the applicants’ requested amount so that awards can be made without changing the scope or objectives of the original application.
6. If applicable, a statement of the kind of priority (absolute, competitive, invitational) that will be given to Novice Applications (see section 2.6, “Novice Applicants” and EDGAR § 75.225).
7. If applicable, a description of how applications will be selected when a multi-tier review process is used (see section 3.7, “Multiple-Tier Application Review”).
8. A description of the circumstances under which the Principal Officer will use an order of selection different than that in the rank order of applicants and the documentation requirements for such an order of selection. While under item 5(a) of this section, a description of “how” applications will be selected will be provided, the circumstances describing why an order of selection other than rank order is to be used would be described under this item. For example, a program that awards grants based on regional distribution as provided under 5(a), would describe, under this item, that this selection process is required in accordance with statute or regulation, if that is in fact the case.

9. The transparency plan that will be implemented for the discretionary grant competition(s). Generally, principal offices will have the flexibility to decide the content of their transparency plans; however, transparency plans must, at a minimum, be developed in accordance with ED's discretionary grant transparency policy as established in section 4.12, "Transparency."

NOTE: If the application technical review process is the same from one year to the next with only minor changes (e.g., dates of the review, and the number and size of the panels), program officials may use a copy of the original ATRP and update it as needed.

3.2.3 Developing the Grant Program Competition File

The grant program competition file is a collection of all information, decisions, and documentation related to a specific grant program competition or a group of related or multiple competitions within a grant program. Program officials must establish a competition file for each grant program competition.

1. All documents related to the competition should be incorporated into the file as each stage of the process is completed. The file should include the following items:
 - a. Relevant sections from the authorizing statute;
 - b. Program regulations, if applicable;
 - c. *Federal Register* Notices (such as notices of priorities, application notices, notices extending application deadline dates);
 - d. Any legal opinions or policy decisions (such as conflict of interest actions, waivers, memoranda) relevant to the competition;
 - e. Application package;
 - f. Application Technical Review Plan;
 - g. Application log(s);
 - h. List of reviewers;
 - i. Reviewer agreements and evaluations of the application review process;
 - j. Documentation if any reviewers have been replaced;
 - k. Funding slates and funding slate transmittal memoranda;

officials using either Grants.gov or G5 must include [how an application package](#) can be obtained at www.ED.gov or through the [Find Grant Opportunities](#) section at <http://www.grants.gov>, in the application notice for the competition. A program official cannot accept a faxed application unless specifically authorized in the application notice for the competition.

2. ED requires electronic submission for a competition, unless otherwise noted by program, or an applicant qualifies for a waiver to the electronic submission under one of the exceptions addressed in the RQM, Chapter J of the RQM, *How Do I Prepare an Application Notice for a Discretionary Grant Competition*. For Grants.gov or G5 submission, the application notice should use the language described as acceptable, and located in Chapter J of the RQM.
3. For applications submitted through G5, the applicant must fax the SF 424 or the equivalent program-specific cover sheet, signed by the authorized representative of the applicant, within three business days after the submission of the application. If ED has not received the faxed document within three business days, program staff must contact the applicant and instruct the applicant to submit it immediately. ED program staff must have received the faxed document before the grant application review process may begin. Without a cover sheet signed by the applicant's authorized representative, ED has no assurance that the applicant organization will support the grant project, if funded. Therefore, ED does not peer review any application for which a signed SF-424 is not submitted. This fax requirement does not pertain to applications submitted through Grants.gov, which uses e-Authentication for signature purposes.

3.3.2 Applications submitted via Grants.gov

Applications submitted via Grants.gov are handled as follows:

1. Grants.gov automatically generates an acknowledgement of the receipt of the applicant's application in the form of a screen confirmation on the Grants.gov website, and via email from Grants.gov. Once ED pulls the application from Grants.gov, G5 will verify whether the submission to Grants.gov is timely, and will also send an email to the applicant. The acknowledgement receipt from ED will indicate the date and time Grants.gov received the application, as well as the PR/Award number assigned to the application.
2. If the applicant fails to have the entire application submitted to Grants.gov by the application due date and time, Grants.gov will still generate a confirmation that the application was received and provide a PR award number. However, G5 will automatically generate an email notification indicating that the

application is rejected, because it was submitted late. G5 also marks the application as late in the G5 database.

3. An applicant must work with the Grants.gov Support Desk when encountering technical issues during the grant submission process. However, the applicant may also contact program staff to report that technical problems were experienced while submitting an application via Grants.gov, as is described in the template *Federal Register* notice language found in Chapter J of the RQM. If this occurs, program staff may need to collect additional information from the applicant (such as the Grants.gov Support Desk case tracking number, a description of the problem, and a timeline during which the technical problem occurred), and provide the G5 team liaison in the Financial System Service (FSS) office with this information to confirm the validity of the technical problem. If the technical problem is confirmed by FSS, the applicant qualifies for an exception to application submission requirements that are identified in the template *Federal Register* notice language found in Chapter J of the RQM.
4. If an applicant qualifies for one of the exceptions to the submission requirements described in the template *Federal Register* notice language found in Chapter J of the RQM, it must submit a waiver request no later than two weeks before the application deadline date. ED will reject the submission of a paper application if the waiver request is not submitted two weeks before the application deadline date as is required in the template *Federal Register* notice language found in Chapter J of the RQM. Program officials must explain in the *Federal Register* notice of funding opportunity inviting applications to be submitted via Grants.gov the waiver procedures for applicants who are unable to submit their applications electronically. Program officials should review the DRS Regulatory Documents Procedures in Chapter J of the RQM for guidance on voluntary versus mandatory submission of applications via the Internet.

3.3.3 Applications submitted via G5

Applications submitted via G5 are handled as follows:

1. The G5 program automatically sends the applicant an acknowledgement of the receipt of its application in the form of a screen confirmation from the G5 Web site. The system will also send an email to each individual who is identified as a contributor to the application. The acknowledgement receipt will indicate the date and time ED received the application, as well as the PR/Award number assigned to the application. G5 also makes these applications available for electronic review through the G5 e-Reader software (see section “3.8, e-Reader – Electronic Peer Review System).

2. If the applicant fails to submit the application via G5 by the application deadline date and time, G5 will not accept the application. The system generates an error message that appears on the applicant's computer screen explaining that the application is rejected as not being submitted by the deadline date and time.
3. Each applicant is responsible for submitting the electronic application to ED by the deadline date and time. Unless otherwise specified in the application notice, if an applicant's system has problems that prevent submission of an application via G5 by the deadline date and time, the applicant cannot submit a hard copy of the application. If, however, the G5 system is unavailable on the application submission deadline date and time, the applicant should contact the program staff identified in the *Federal Register* notice and/or the G5 help desk. If G5 staff confirm and acknowledge that the G5 system was unavailable on the application submission deadline date and time, as is described in the template *Federal Register* notice language found in Chapter J of the RQM, G5 staff will grant a one business day extension of the deadline date in G5 (see section 3.3.5, "Extending the Application Deadline Date").
4. As is reflected in section 3.3.2, "Applications Submitted via Grants.gov," there are exceptions to application submission requirements that are identified in the template *Federal Register* notice language found in Chapter J of the RQM. If an applicant qualifies for one of the exceptions to the submission requirements described in Chapter J of the RQM, it must submit a waiver request no later than two weeks before the application deadline date. ED will reject the submission of a paper application if the waiver request is not submitted two weeks before the application deadline date as is required in the template *Federal Register* notice language found in Chapter J of the RQM. Program officials, at the beginning of each fiscal year, should identify all potential grant competitions that may require application submissions via G5. If program officials decide to establish competitions that require applicants to submit their applications using G5, they must explain in the *Federal Register* notice of funding opportunity inviting applications the waiver procedures for applicants who are unable to submit their applications electronically. Program officials should review the DRS Regulatory Documents Procedures in Chapter J of the RQM for guidance on voluntary versus mandatory submission of applications via the Internet.

3.3.4 ED Accepts an Application for Review

ED accepts an application for review if it meets one of the following standards:

1. The application is submitted in response to an application notice published in the *Federal Register* and mailed or hand-delivered in accordance with ED

application transmittal instructions as specified in the application notice on or before the deadline date.

2. The application is submitted electronically to either G5 or Grants.gov, as specified in the application notice published in the *Federal Register*, and received on or before the deadline date and time established in the notice.
3. The application is submitted as an unsolicited application and meets the standards for an acceptable unsolicited application (see section “4.10.2, Unsolicited Applications”).
4. The application qualifies as a “mishandled” application under EDGAR § 75.219(a) (see section “4.10.3, Mishandled Applications”).

3.3.5 Extending the Application Deadline Date

Application deadline dates can be extended as follows:

1. Program officials may extend the deadline date for mailing applications by publishing a notice in the *Federal Register*, if:
 - a. Events, such as natural disasters as declared by the President, interfere with applicants’ ability to submit applications by the deadline. The length of the extension depends on the type of disaster and is limited to the declared disaster area(s); or
 - b. Other circumstances prevent timely submission of applications (such as the original notice or other published document gave incorrect or misleading information that had a significant effect on the application process).
2. If the program participates in Grants.gov, and the applicant is prevented from electronically submitting its application by the application deadline due to technical problems with Grants.gov, ED will extend the deadline until 4:30 p.m. Washington, D.C. time the following business day to enable the application to be transmitted electronically, or by hand delivery. The applicant may also mail the application by following the mailing instructions as described in the application notice. For the Department to grant this extension:
 - a. The applicant must provide an explanation of the technical problem experienced with Grants.gov, along with the Grants.gov Support Desk case number;

- b. The applicant must have been fully registered to submit an application to Grants.gov before the deadline date and time; and
- c. The technical problem or unavailability must be a result of a problem with Grants.gov (not the result of a problem with the applicant's system).

To grant this extension, the ED must be able to confirm that a technical problem occurred with the Grants.gov system and that the problem affected the applicant's ability to submit its application by 4:30 p.m., Washington, D.C. time on the application deadline date. The Department contacts the applicant after a determination is made on whether their application will be accepted.

3. If the program participates in the electronic application process in G5, and the system is unavailable on the deadline date, the G5 staff extends the deadline date. The program staff must never give an applicant verbal approval of an extension of a deadline to submit an application until after consulting with the G5 staff. The G5 staff collaborates with staff in OCIO to first determine whether technical problems might have prevented applicants from submitting applications by the deadline date due to G5 being unavailable. Upon confirmation of the system's unavailability, the G5 staff informs the appropriate program official of a one-day extension of the deadline date for qualified applicants to transmit their applications electronically, by mail, or by hand delivery. For the G5 staff to grant this extension:
 - a. The applicant must be a registered user of G5 and have initiated an electronic application for the program competition; and
 - b. OCIO must determine that G5 was unavailable for 60 minutes or more between the hours of 8:30 a.m. and 3:30 p.m. Washington D.C. time on the application deadline date; or
 - c. The G5 was unavailable for any period of time between 3:30 and 4:30 p.m. Washington D.C. time on the application deadline date.

The G5 staff notifies the qualified applicants via email of the one-day extension.

3.3.6 Standards for Reviewing Applications

Applications are reviewed as follows:

1. Under EDGAR § 75.216, applications are reviewed for funding only if:
 - a. The applicant is eligible;

- b. The applicant follows all of the procedural rules that govern submitting the application (such as the applicant proposes a funding amount that does not exceed the maximum award amount in the application notice);
 - c. The application contains the information required under the program; and
 - d. The proposed project can be funded under the authorizing statute and implementing regulations, if any, of the program.
2. If the program staff discovers that an application should not have been reviewed under § 75.216 during or after the application review process has been completed, the application still must be rejected.
 3. If the application notice included a maximum award amount and stated that applications that exceeded the award amount would be rejected, only those applications that did not exceed the maximum amount are evaluated.

3.3.7 Screening Applications

G5 automatically lists all received applications for new grants as “eligible”. For this reason, it is the responsibility of program staff to screen all new grant applications for eligibility and completeness prior to the beginning of the application review process.

If the program staff determines an application to be ineligible, they must choose one of the five content ineligibility options listed in G5 to indicate a status of “ineligible” (see EDGAR § 75.216). The five content ineligibility options that G5 shows are: 1) Not Applicable (NA); 2) the applicant is not eligible (e.g., the applicant has been debarred or suspended); 3) the applicant does not comply with all of the procedural rules that govern the submission of the application (e.g., the application exceeds a mandatory cap on the amount of funds that can be requested, or the applicant fails to meet any other application submission requirements as described in the standard *Federal Register* (Chapter J) language.); 4) the application does not contain the information required under the program; or 5) the proposed project cannot be funded under the authorizing statute or implementing regulations for the program.

It is the policy of ED to notify applicants whose applications are not eligible for consideration as soon as possible once the determination is made.

1. If an application is determined to be ineligible (see section 3.3.6, “Standards for Reviewing Applications”) the program official must return the application to the applicant and, if possible, provide a letter specifying the reason(s) why the application is ineligible (see EDGAR § 75.218). In case of a dispute, the program official must keep a copy of the ineligible application and associated

documents for one year after the application review process is completed and grants have been awarded for the competition. The application and associated documents can be discarded after the one-year retention period.

2. If program staff cannot determine after the initial screening whether an applicant or its proposed application meets the eligibility requirement for the competition, program staff should consult with OGC. If the application is deemed ineligible by OGC prior to the start of the peer review, the application does not have to be accepted for review, read, or scored.
3. If an application is determined to be ineligible after the review process has started, the program official must remove the application from further review and return the application following the procedures identified in item 1 above.
4. If an applicant indicated it was delinquent on a Federal debt and/or has a Federal judgment against it, the program staff may not make an award until the applicant either pays the debt or enters into an agreement to pay the debt with the creditor agency.
5. If an application is incomplete, the program official may contact the applicant to request the missing information before the application deadline date (EDGAR § 75.109). The missing information must be received in ED on or before the application deadline in order to have it added to the application and considered in the application review process. Missing information received after the application deadline cannot be added to the application and considered in the review process. However, if the missing information does not affect the decision about whether to fund the application and the application is within the funding range, the program staff may request technical information after the application has been selected.

If an electronic application is incomplete, the program official, in collaboration with OCIO's Financial Systems Services (FSS) staff, must determine whether technical problems during transmission of the application caused the application to be incomplete or whether the applicant failed to submit the information. If a technical problem on ED's part is the cause of the application being incomplete and the application deadline has passed, the program official should contact the applicant to request the missing information.

3.4 Application Reviewers

3.4.1 Using a Contractor to Support the Peer Review Process

In some program offices, the logistical support and parts of the management of a grant competition's peer review are carried out by a contractor. ED policy is to ensure that the peer review process is carried out in compliance with applicable

legal and policy requirements. In addition, program staff must continue to oversee and manage the peer review process and related activities. If a program office intends to use a peer review logistical contractor for a competition, it must note that determination within its Application Technical Review Plan (ATRP). The ATRP, and the contract itself, should define the role and responsibilities of the contractor, and identify expected timelines for deliverables.

Contracts with logistical contractors must limit the scope of the contractors' duties to only those functions that are not inherently governmental, as required under the Office of Federal Procurement Policy (OFPP) Policy Letter 11-01 (76 Fed. Reg. 56227, September 12, 2011). This Policy Letter requires that ED "ensure that inherently governmental functions are reserved exclusively for performance by Federal employees." An inherently governmental function is "a function that is so intimately related to the public interest as to require performance by Federal Government employees," (see 76 Fed. Reg. 56236). The term includes functions that require either the exercise of discretion in applying Federal Government authority or the making of value judgments in reaching decisions for the Federal Government, including judgments relating to monetary transactions and entitlements (see 76 Fed. Reg. 56227, 56236). Appendix A to the Policy Letter includes a list of examples of inherently governmental functions that are relevant to the discretionary grants process (see 76 Fed. Reg. 56240). In addition, ED must take steps to identify functions closely associated with inherently governmental functions and follow the procedures set out in OFPP Policy Letter 11-01 to ensure that contractors are properly overseen in carrying out those duties (see Appendix B and C to the Policy Letter, 76 Fed. Reg. 56241-56242). Items within Appendices A, B, and C to the policy letter, that are the most relevant to ED's discretionary grant process, are available in the following: [Documents and Forms Referenced in the Handbook for the Discretionary Grant Process](#). In addition, the policy letter in its entirety may be accessed in the *Federal Register* at the following link: [Policy Letter 11-01, Performance of Inherently Governmental & Critical Functions](#).

Consistent with the requirement that contractors not perform inherently governmental functions, only ED staff may approve the selection of application reviewers, determine applicant eligibility, recommend that the Principal Officer approve funding for applicants listed in the funding slate for new grants, approve final budgets, and issue Grant Award Notifications with the appropriate grant terms and conditions. Examples of procedural matters that any qualified contractor may carry out include distributing applications to peer reviewers, identifying potential peer reviewers, and organizing peer review panels.

3.4.2 Factors to Consider in Recruiting and Selecting Application Reviewers

1. ED uses a panel of experts to evaluate the applications submitted under a program. Panels usually consist of three or more experts unless otherwise

provided by statute or regulation, or justified in the ATRP. These experts may include persons who are not employees of the Federal government (see EDGAR § 75.217). Reviewers who are not Federal employees may receive reasonable compensation for their services. Under limited circumstances, reviewers may also volunteer their service without compensation. Principal offices may pay travel and per diem expenses in accordance with the Federal Travel Regulations.

2. In soliciting reviewers for a competition, program officials must include a statement that ED solicits reviewers without regard to race, color, national origin, gender, age or disability. The notice must also indicate that ED will provide reasonable accommodations for a qualified individual with a disability so that individual might participate in the review process.
3. A fair and competitive review process is enhanced by the use of reviewers from outside the principal office or ED to provide an independent perspective. As a general rule, program officials should try to use outside reviewers in all cases. However, there are times when legitimate program management considerations may necessitate a departure from this approach. For those competitions where reviewers internal to the principal office (but not to the specific program) must be used, the program official must include a justification in the ATRP. The program staff shall not review applications under their own programs unless allowed by statute or Congress mandates funding a specific applicant or a group of applicants (see section “4.10.1, Directed Awards (Earmarks)”).
4. If applications are reviewed by a panel of reviewers and more than one panel is convened, the number of reviewers on each panel is fixed and cannot be changed. Each reviewer must review all applications assigned to the panel.

3.4.3 Recruiting Reviewers for the Reviewer Register

In obtaining peer reviewers' services, program staff should focus most significantly on recruiting those who have background and expertise in the subject area of the competition. Program staff can use the information in the common ED-wide G5 database of peer reviewers to identify such potential reviewers and to get an objective assessment of peer reviewers' previous performance, especially as it relates to their scoring competence and reliability. When considering particular peer reviewers for participation in their panels, competition managers might also benefit from consulting with employees in ED, or other agencies who have previously worked with particular peer reviewers, to assess the individuals' skills and competence in scoring applications reliably.

The process for recruiting reviewers for the reviewer register is as follows:

1. Program officials should recruit persons from as many sources as possible and who are highly qualified in areas pertinent to the competition. Program officials then develop and maintain a reviewer register identifying those individuals who are willing and available to review applications. Program officials may use a prospective reviewer's resume or curriculum vitae or a standard form to determine the reviewer's qualifications. The methods for recruiting individuals for the reviewer register include:²
 - a. Advertisements in appropriate publications, including but not limited to the *Federal Register*, journals, newspapers, and the principal office Web site;
 - b. Letters of request to key individuals (such as college or university deans, heads or prominent members of educational research institutions and professional associations, or private and public school officials);
 - c. Contacts with members of the educational community, professional associations, and current or former reviewers; and
 - d. Requests to employees of ED or other Federal agencies (see section 08, "3.5.8: Reviewers Who Are Federal Employees Rules" governing conflicts of interest for Federal employees are found in 18 U.S.C. 208 – a Federal criminal statute – and subpart E of the Standards of Ethical Conduct for Federal Employees at 5 CFR § 2635. Federal employees serving as peer reviewers should consult with their ethics office to discuss potential conflicts of interest. At ED, employees should call the OGC Ethics Division.

3.4.4 Selecting Reviewers for a Reviewer Roster

The program staff selects grant application reviewers from the reviewer register to form the reviewer roster for a particular competition. The program staff must compare the entire list of applications for the competition to the list of potential reviewers to identify potential conflicts of interest before making final reviewer selections and before the start of the panel review process. To assist in identifying reviewers who have a conflict of interest, the program staff may use the "Questions for Application Reviewers on Conflict of Interest and Other Factors That Might Affect Objectivity" guide available in the following: [Documents and Forms Referenced in the Handbook for the Discretionary Grant Process](#). The program staff must also ensure that the names of any reviewers to be chosen do not appear on the Excluded Parties List System (EPLS) list of persons who have been debarred or suspended. The EPLS is available at www.sam.gov. Program offices that work with application review contractors

² The reviewer register is protected under the Privacy Act of 1974, as amended in 5 U.S.C. 552a. ED employees must be careful not to disclose sensitive information and if in doubt should contact their OGC program attorney.

may permit their application review contractors to initially screen reviewers in EPLS. However, the decision to exclude a potential reviewer may only be made by program staff and not the application review contractor.

After reviewers are selected, the program staff submits the reviewer roster for each competition to the program official for review and approval. The program official must approve the reviewer roster and include it as part of the grant program competition file prior to beginning the review. The program staff must also make sure that the selected reviewers, even those reviewers that will not receive compensation, have obtained a DUNS number to receive payment for their work and that they are registered with the SAM online database, the primary Government repository for contractor and grantee information required for conducting business with the Government. The SAM database can be accessed at www.sam.gov.

3.4.5 Guidelines for the Compensation of Application Reviewers

The Department of Education Organization Act (DEOA) provides that the Department may use up to one percent of the funds appropriated for any education program that awards grants on a competitive basis to pay the fees and expenses of peer reviewers, including logistical and other costs associated with the peer review process (see 20 U.S.C. 3462(b)(1)). This provision, however, does not apply to any program “under which funds are authorized to be appropriated” to pay peer reviewer fees and expenses (see 20 U.S.C. 3462(b)(2)). Program offices may use program funds for the purpose of conducting the peer review process in accordance with DEOA or program-specific legislation, and have discretion – within the limits of available funds – to determine appropriate compensation for peer reviewers. For clarification purposes, however, program staff must understand that peer reviewers, who are not otherwise Federal employees of another agency, are not considered ED employees.

The amount of funding available to compensate peer reviewers, and the number of peer reviewers being used in a competition, will need to be considered in setting compensation levels. In some cases, funding limitations might prevent some programs from compensating peer reviewers. Thus, program offices have discretion – within the limits of available funds – to determine appropriate compensation levels for peer reviewers based on the circumstances that apply to that office and a particular grant competition, such as:

1. Qualifications of reviewers. Some competitions require peer reviewers with unique qualifications, such as the ability to analyze complex data or knowledge of sophisticated methodologies. In setting compensation levels, program offices can take into account the qualifications required for peer reviewers for a particular competition.

2. Time required to review applications. The amount of time required of peer reviewers in a particular competition will depend on a number of factors, such as the number, length, and complexity of the applications they are being asked to review. Program offices may wish to consider, in setting compensation levels, the total time peer reviewers will need to read, score, and discuss the applications assigned to them. These factors may be of particular relevance in competitions where peer reviewers are asked to review a large number of lengthy and complex applications.

Because each program office, and each discretionary grant competition, will present unique circumstances that need to be considered, the Department does not prescribe a single, agency-wide method for determining whether to pay peer reviewers or the amount of those payments.

Note: After the review process is completed, program officials are encouraged to find appropriate ways (such as thank you letters, plaques, certificates) to recognize reviewers, especially those who served without compensation for their services.

3.4.6 Using Reviewers in Consecutive Application Review Cycles

ED recognizes that to have a fair and equitable review process, the assessment of applications must remain objective. The continuous use of the same reviewer for a program may result in that reviewer becoming too familiar with both the program and its applicants, and thereby losing his or her ability to provide an objective assessment. To protect against this familiarity, program officials may not use a reviewer in the same program for more than three consecutive application cycles. An application cycle includes all grant competitions within a specific program conducted during one fiscal year. Reviewers generally must skip at least one cycle following their third consecutive time of service before they are allowed to continue to review applications for that particular program.

If program officials are unable to recruit a sufficient number of highly qualified reviewers to comply with the above requirements, they must obtain a waiver from the Principal Officer to use an application reviewer for more than three consecutive application cycles. The approved waiver must be included in the competition file (see section “3.2.3, Developing the Grant Program Competition File”).

Note: This requirement that reviewers must skip at least one cycle following their third consecutive time of service for a particular program does not apply to those programs that use standing panels and the tenure of the members of the standing panel is longer than three years.

3.4.7 Packages for Application Reviewers

Program officials should prepare and furnish to each reviewer an application reviewer package at least two weeks in advance of the application review process whenever possible. However, no packages should be sent to any reviewer who has not been approved, been registered in the SAM and not received a DUNS number. The package should contain the following:

1. Application reviewer letter (logistics of the review process);
2. Grant program application package(s);
3. List of applications to be reviewed in the competition;
4. Reviewer scoring forms must include a space to record the reviewer score and a space to provide a recommendation to fund or not fund the application;
5. Either an Agreement for Grant Application Reviewers Who Serve Without Compensation (ED 5249A), or an Agreement for Grant Application Reviewers Who Receive Compensation (ED 5249B) whichever is applicable. The agreements are available in the following: [Documents and Forms Referenced in the Handbook for the Discretionary Grant Process](#);
6. Certifications regarding lobbying; and
7. Evaluation form to be completed by each non-Federal reviewer at the conclusion of the review regarding the quality of the review process.

Note: If a contractor is used to hire the reviewers, the contractor is responsible for collecting the required certifications.

3.4.8 Roles and Responsibilities in the Review Process

Generally, the review process involves the roles and responsibilities listed below. These responsibilities apply to ED competitions whether the review is held at a central location or done electronically or by mail.

1. Competition Manager – the ED staff person or program official given the overall responsibility for ensuring the fair treatment of all applications in the competition. This individual oversees the entire competition and provides the direction and guidance for all the panels conducted under the competition. A panel consists of three or more application reviewers who are highly qualified in the areas pertinent to the program. The duties of a competition manager include but are not limited to the following:

- a. Orienting the application reviewers and outlining the purpose of the review;
 - b. Monitoring the review process and providing guidance to other ED staff involved in the process by overseeing the various panels;
 - c. Checking the final computation of the scores submitted by reviewers;
 - d. Checking reviewers' comments to ensure they are objective and appropriate to the application, correctly correspond to the review criteria, and cover the entire application; and
 - e. Ensuring that the written evaluations correspond to and substantiate the scores/ratings assigned.
2. Panel monitor – the ED staff person who monitors the progress of an assigned panel or several panels. Panel monitors do not participate in the substantive panel discussions on individual applications and must not attempt to influence the outcome of the review in any way. Duties of a panel monitor include:
- a. Handling the logistics of panel review, such as the distribution of supplies and the applications;
 - b. Monitoring the progress of individual reviews and facilitating panel discussion of an application, if necessary;
 - c. Answering procedural and administrative questions; and
 - d. Providing the first level of review of the overall scores and the comments to ensure the comments are objective and appropriate to the applicant prior to the competition manager's review.
3. Panel Chair –a reviewer who typically has previous experience with ED's application review process, has a general knowledge of the program, and is considered an expert on the panel. The panel chair leads the discussions among application reviewers and, in some competitions, performs limited duties similar to those of the panel monitor.

3.4.9 Orientation of Application Reviewers

The competition manager must ensure that the review process adheres to the approved ATRP and all other governing procedures. The competition manager convenes the panel meetings; briefs reviewers about their responsibilities as application reviewers, the purpose of the program, the purpose of the review; and

collects the results of panel reviews. Before individuals begin to review applications, the competition manager will:

1. Instruct reviewers on confidentiality (see section “3.4.11: Confidentiality of the Review Process;
2. Instruct reviewers to review and score independently all applications assigned to them and evaluate each application based solely on the selection criteria and priorities, if any, published in the *Federal Register*;
3. Provide each reviewer with the list of all applications to be reviewed, if they have not already done so, to identify potential conflicts of interest before the application reviewer packages are given out;
4. Instruct reviewers that they must immediately notify the appropriate program staff if they identify a possible conflict of interest at any time in the review process;
5. Furnish each reviewer an Application Reviewer package, if they have not already done so (see section 0, “3.4.7: Packages for Application Reviewers”);
6. Ensure that each reviewer understands conflict of interest and signs the appropriate conflict of interest form;
7. Confirm that each reviewer who is receiving compensation under a purchase order does not appear on any debarred or suspension lists. If this function is performed by a contractor, ED staff must make final determinations in regard to the reviewers that will be used for an application review; and thus, makes final determination related to peer reviewer suspensions and debarments. Reviewer names must be checked against the EPLS database at SAM.gov (section 3.4.1, “Using a Contractor to Support the Peer Review Process, and section 3.4.4, “Selecting Reviewers for a Reviewer Roster);
8. Inform reviewers that they must complete and sign a scoring form for each application reviewed;
9. Explain to reviewers that scores must be based on published criteria and that scores can be changed after panel discussions if necessary (however changes are not required);
10. Explain the approach used by the competition to evaluate applications. There are three general approaches to evaluating applications (see section 3.6, “Peer Review Scoring and Quality Control”):

- a. Assume all applications began with the highest possible number of points, i.e., 100 points, and points are subtracted for related weaknesses in their response to the criteria and sub criteria;
 - b. Assume all applications began with the lowest possible number of points, i.e., zero points, and add points based on the quality of the response provided for each criteria and sub criteria; or
 - c. Assign points based on a rubric that describes the range of points that may be awarded in correlation to the quality of a response provided under a criteria or sub criteria.
11. Explain whether reviewers are authorized to evaluate the extent to which an application addresses a competitive preference;
 12. Inform reviewers that it is the program official who has final authority to address any questions or resolve any issues that might arise concerning ED rules and practices;
 13. Inform reviewers that they must consider only the information in the application to assign points to the selection criteria;
 14. Inform reviewers that all applications in the competition are competing with the entire pool of applications – not just the applications their panel is reviewing;
 15. Instruct reviewers to complete an evaluation of the process at its conclusion;
 16. Instruct reviewers to provide required information necessary for reimbursement for their services; and
 17. Instruct reviewers that they must complete all reviews by the end of the review process to receive payment or reimbursement.

Note: For time-saving purposes, the alternate reviewers should probably receive the orientation at the same time as the selected reviewers; however, this decision is up to the competition manager. If the alternate becomes a reviewer, then the compensation should be proportionate to the time spent and/or number of applications reviewed, as deemed appropriate by the program office.

3.4.10 Application Reviewer Standards or Expectations

In general, ED expects application reviewers to be qualified as specified in the ATRP, and during the review process, ED expects reviewers to:

1. Read the entire application or the parts identified by the competition manager;

2. Follow the instructions of the competition manager;
3. Review only the information in the applications assigned to them and not attempt to introduce other materials;
4. Respect the other participants in the process;
5. Participate in a professional manner in the panel discussions and not attempt to influence the other reviewers;
6. Document scores with comments that justify or explain the assigned score;
7. Provide constructive written comments that provide meaningful information to the applicant, including suggestions for improvement where it would be helpful;
8. Treat all applications in a fair and equitable manner;
9. Attend and participate in all panel discussions; and
10. Notify the appropriate official if they have a possible conflict of interest with one or more applications.

3.4.11 Confidentiality of the Review Process

1. The competition manager must ensure the confidentiality and integrity of the review process. Before the review of any applications, the competition manager must instruct the reviewers that:
 - a. They must not discuss or share the contents of an application with anyone outside of their panel during the review process or after the review process has been completed;
 - b. They must destroy at the end of the review process any notes that were taken during the review of any/all applications they have been assigned;
 - c. They must destroy any copied documents from the application;
 - d. They must ensure no other person has access to the grant applications in an electronic review process (this includes ensuring that no other person has access to the software or their password or identification number or can study the computer screen while the person enters scores and comments);
 - e. They must not allow others to enter their comments or scores into the e-Reader system except for readers with a disability who may need assistive services of other persons;

- f. They must delete all electronic files that were created in conjunction with the review process; and
 - g. They must destroy mailed applications or return them to ED (per the program official's instructions) immediately after completing the review.
2. The competition manager must also provide these instructions to the reviewers in writing.

3.4.12 Replacement of Reviewers During the Review

1. If panels of reviewers are used to review the applications, each panel must consist of the same number of people. The reviewers assigned to a panel must participate in that panel throughout the review process. On rare occasions, the competition manager may find it necessary to replace a reviewer after the start of the review process. Other than the replacement of reviewers for conflict of interest issues, there are two conditions that may require the competition manager to replace a reviewer: a) the reviewer is not performing to expectations, or b) the reviewer has an emergency that prohibits him/her from completing the review process.
2. If it becomes necessary to replace a reviewer after the competition has begun for either of the two conditions, the program official must provide the following documentation and place it in the competition file:
 - a. An explanation of the reasons for the replacement;
 - b. The process used to assign applications to the replacement reviewer;
 - c. A description of the efforts taken to resolve any problems prior to the replacement, if applicable;
 - d. The number of applications assigned to the panel;
 - e. The number of applications read by the original reviewer with the PR/Award number of each;
 - f. Explanation of the steps taken to ensure that both the original and replacement reviewers have reviewed sufficient applications to ensure fair and equitable treatment of applications;
 - g. The number of applications to be reviewed by the replacement reviewer; and
 - h. The original reviewer's completed application review forms, if any.

The competition manager must not replace a reviewer because the program staff disagrees with the reviewer's documented scores or comments, or because there is a disparity in the scores of this reviewer and those of other reviewers, unless the disparate scores are not well documented. The competition manager must ensure that the replacement reviewer meets the same standard for approval as the original reviewer and is provided orientation, training, and consultation comparable to that provided to other reviewers. Every attempt should be made to maintain the diversity of the panel, taking into account the qualifications, background, and experience of the reviewer(s) being replaced.

3.5 Conflict of Interest

3.5.1 Introduction

The Department makes reasonable efforts to recruit reviewers who have expertise in areas pertinent to each of its discretionary grant programs. Individuals interested in becoming a reviewer should complete an application or submit a resume or curriculum vitae or comparable information to the program office that administers the competition.³ Resumes and curricula vitae enable the program staff to determine whether reviewers have the necessary qualifications to review applications for upcoming competitions, and enables the Department to begin the process of reviewing potential peer reviewers to determine whether they have any conflict of interest (direct or indirect) in the outcome of the upcoming competitions, or there are other reasons for which the public would question their objectivity to serve as a reviewer.

Program officials should work closely with the OGC Ethics Division⁴ in determining whether there are possible financial interests or other reasons for which the public would question the objectivity of a potential reviewer in the competition. In addition to reviewing resumes and curricula vitae⁵, the Department may conduct Internet or other searches, and may use specific

³ Reviewers must register and complete a reviewer profile in G5 in order to review applications in G5 e-reader. For information regarding the registration and updating the reviewer profile, individuals can access the online training topic – “G5 For Reviewers (Field Readers)” module from the G5 homepage, and/or contact the external G5 Hotline number at 1-888-336-8930.

⁴The ConnectED page for the OGC's Ethics Division can be found at:
<https://share.ed.gov/ogc/Pages/Ethics.aspx>.

⁵ In conducting this review, program staff may wish to use functionalities of the G5 system that can search reviewer profiles for key terms. For example, program staff may search a reviewer's profile for resume or curriculum vitae information related to “significant connections to teaching methodologies,” “significant identification with pedagogical viewpoints,” “significant connections to related matters,” or “philosophical viewpoints that may be involved in the competition.” Assuming reviewers have entered related information in their G5 profiles, program office staff would be able to pinpoint applicable references through queries in the “Inquire on Reviewers” screens of the “Maintain Pool of Reviewers” module using the Smart Search function. For information regarding this G5 search capability, program staff may contact the internal G5 Hotline number at (202) 401-6238.

questionnaires or surveys, and interviews of the potential reviewers to gather more information relevant to the review.

In order to ensure a fair and competitive application review process, program staff must identify potential peer reviewer conflicts of interest or other factors that might affect objectivity before approving a final peer reviewer roster and prior to the start of a competition's application review process. For clarification purposes, however, program staff must understand that peer reviewers, who are not otherwise Federal employees of another agency, are not considered ED employees. Program staff should ask a series of questions concerning possible conflicts of interest and other factors that might affect objectivity when an individual is contacted about serving as a reviewer. A list of sample questions that may be used for this purpose may be found in the document titled, "Questions for Application Reviewers on Conflict of Interest and Other Factors That Might Affect Objectivity," which is available in the following: [Documents and Forms Referenced in the Handbook for the Discretionary Grant Process](#). Questions other than those provided within this document may also be appropriate to ask. Program officials should work closely with the OGC Ethics Division in order to develop their own questions to address possible conflicts of interest or other factors that might affect objectivity related to a specific competition. Additionally, the Ethics Division is available to work with program offices to develop effective strategies for identifying possible disqualifying conflicts of interests prior to the start of a competition cycle.

To the extent possible, before selecting reviewers for a particular competition, the program staff must compare the list of all applicants in the competition to the list of potential reviewers and their employers to determine if the employer of any potential reviewer has submitted an application in that competition. To the extent possible, after selecting reviewers, but before the start of the review, the program staff must provide each reviewer with a list of the competition applications assigned to that reviewer for review so that the reviewer may identify any conflicts of interest, or any other circumstances, that would impair his or her ability to impartially review any application in the competition.

3.5.2 Reviewer Conflict of Interest

All reviewers must complete the appropriate Agreement for Grant Application Reviewers form ("Department of Education Agreement for Grant Application Reviewers Who Receive Compensation," or "Department of Education Agreement for Grant Application Reviewers Who Serve Without Compensation," which are available in the following: [Documents and Forms Referenced in the Handbook for the Discretionary Grant Process](#)).

For the purposes of this policy, a reviewer who is not a Federal employee will be considered to have a conflict of interest when the reviewer, or certain individuals

and entities with which the reviewer has a relationship, has a financial interest in the outcome of the competition for which he or she is serving as a reviewer. If a reviewer has a conflict of interest with any application, that reviewer shall not participate as a reviewer in the competition unless the exemption described for large competitions in section 3.5.4, "Conflict of Interest Exemption for Large Competitions," applies or, if appropriate, the reviewer has been granted a waiver pursuant to section 3.5.5, "Individual Conflict of Interest Waivers."

1. A reviewer has a conflict of interest if:
 - a. The reviewer has agreed to serve as an employee, advisor, contractor or consultant on a project for which funding is being sought in an application under review, or has been offered the opportunity to do so and has not yet accepted or declined the offer, based on whether a grant is awarded;
 - b. The reviewer's personal financial interests will be affected by the outcome of the competition;
 - c. The reviewer helped prepare an application in the competition, even if the reviewer has no financial interest in the outcome of that application; or
 - d. The reviewer has a relationship with an entity or individual that has a financial interest in the outcome of the competition, including, but not limited to, the following:
 - i. The reviewer's spouse, his or her child, a member of his or her household, or any relative with whom he or she has a close relationship;
 - ii. Any employer the reviewer has served within the last 12 months, a business partner, an organization for which the reviewer has served as an officer, director, consultant, advisor, contractor, or trustee within the last 12 months, or an organization for which the reviewer serves as an active volunteer or participant;
 - iii. Any person or organization with whom the reviewer is seeking, or has an arrangement concerning, future employment;
 - iv. Any professional associate – including, but not limited to, any colleague, scientific mentor, or student – with whom the reviewer is currently conducting research or other professional activities or with whom he or she has conducted such activities within the last 12 months; or
 - v. Any individual with whom the reviewer has, or has had, a personal relationship where the nature, duration, or recentness of that

relationship would impair his or her ability to impartially review any application in the competition.

2. Notwithstanding the scenarios described above for identifying a conflict of interest, before and during the review process, the program official and reviewers must identify any circumstances that might cause a reasonable person to question a reviewer's impartiality in serving as a reviewer on a particular competition.

3.5.3 Conflicts Related to Applications from a Consortium of Entities

Some discretionary grant programs require applicants to include several different types of entities in their proposals. When an application is received from a consortium or other cooperative arrangement of several entities, it is not always easy to tell from simply looking at the list of applicants what potential conflicts of interest exist. The program official must develop and implement strategies for identifying and avoiding conflicts of interest that arise when a reviewer has a relationship with a member of a consortium or a partner in an application that may not be immediately apparent from reviewing an application's title page. The Ethics Division of OGC is available to work with program offices to develop effective strategies for identifying disqualifying conflicts of interests.

3.5.4 Conflicts Related to State University Systems and Multiple Campuses

An application submitted by a campus that is a member of a multi-campus system is generally NOT considered an application from the entire system of institutions. Therefore, reviewers from most multi-campus institutions may serve as reviewers in a competition in which another campus of the system has submitted an application. Examples of multi-campus systems that consider campuses in their system as individual entities are listed in "Multi-Campus Higher Education Systems," document available in following: [Documents and Forms Referenced in the Handbook for the Discretionary Grant Process](#).

For institutions not included on this list, program officials should consult with the OGC Ethics Division on a case-by-case basis in order to determine whether a specific campus of a multi-campus system is independent to eliminate the conflict of interest. Factors that can be considered when making this determination include whether the campus has a different geographical location, an independent governing body, or a separate funding source.

3.5.5 Conflict of Interest Exemption for Large Competitions

1. With respect to grant competitions with a large number of applications, ED has determined that some individuals may participate as reviewers, notwithstanding certain conflicts of interest. An individual for whom a conflict

of interest has been identified may serve as a reviewer when the following conditions are met:

- a. The competition has received and will review at least 80 applications;
 - b. The review will be comprised of at least eight panels of three or more reviewers;
 - c. The individual does not have a personal financial interest in any proposed project (for example, if a reviewer's or a reviewer's spouse's salary or other compensation, in whole or in part, is being specifically sought in any application in the competition, that individual may not serve as a reviewer in the competition);
 - d. The individual did not prepare or help prepare an application under review in the competition, even if he or she has no financial interest in the funding of that application; and
 - e. The individual will not serve as an employee, advisor, contractor, or consultant, or otherwise provide services, on any proposed project even if his or her compensation is not contingent on a grant award.
2. If an individual with a conflict of interest is permitted to serve as a reviewer because the conditions listed above are met, program officials must apply the following restrictions. A reviewer will not:
- a. Be assigned to review any application submitted by his or her employer, nor anyone for whom he or she serves as a consultant, advisor, or contractor;
 - b. Serve on the panel assigned to review the application giving rise to the conflict of interest;
 - d. Attend any panel meetings during which the conflicting application is discussed; and
 - e. Serve as a panel chairperson.

Prior to reviewing any applications, reviewers will examine the assigned applications. If a reviewer identifies any of the applications as having been submitted by his or her employer, or by any organization for which he or she serves as a consultant, advisor, or contractor, the program official will assign the application to another panel. If a reviewer identifies any other real or apparent conflict of interest – for instance, that his or her sibling is named as the project

director for implementation of the proposed program in another state – the reviewer must notify the program official immediately.

It is not necessary for ED to issue a written waiver or exemption for large competitions when these conditions have been met.

3.5.6 Individual Conflict of Interest Waivers

An individual waiver may be requested for a peer reviewer when the exemption for large competitions does not apply. To the extent possible, individual waivers should be requested and issued prior to the start of a review. However, individual waivers will be considered after the start of the review when conflicts of interest are identified through the review process. An individual waiver may be issued only when a determination that no other individual with comparable expertise who is not subject to a conflict-of-interest disqualification is available to serve as peer reviewer, and the need for the individual's services outweighs the potential for a conflict of interest raised by the identified conflicting interest.

The Principal Officer and the ED contracting officer will ordinarily issue individual waivers, with concurrence of the OGC Ethics Division. To obtain a waiver, program officials must provide a memorandum to appropriate officials requesting approval of the waiver. The "Request for Approval of a Conflict of Interest Waiver" form, which is available in the following: [Documents and Forms Referenced in the Handbook for the Discretionary Grant Process](#), offers a template that may be used for this purpose.

Note: A waiver will almost never be approved when the conflict of interest arises from the personal financial interest of the reviewer. A personal financial interest includes, but is not limited to, situations in which: 1) a reviewer or reviewer's spouse would receive or lose compensation depending on whether an application in the competition is funded; or 2) the reviewer or reviewer's spouse has agreed to serve as a paid consultant, advisor or contractor to an applicant if its application is funded. Waivers are approved on a case-by-case basis and are not granted automatically.

Documentation concerning a reviewer's conflict of interest, and a copy of any waiver, must be included in the grant program competition file (see the "Department of Education Certification for a Grant Application Reviewer with a Conflict of Interest" form available in the following: [Documents and Forms Referenced in the Handbook for the Discretionary Grant Process](#)).

3.5.7 Waiver Restrictions

A reviewer who has been granted a waiver, or who is reviewing applications under the exemptions for large competitions, must not review the application with

which the reviewer has a conflict of interest. For instance, if a reviewer employed by the University of Arkansas is granted a waiver to review applications in a competition in which the University of Arkansas is an applicant, that reviewer must not review the University of Arkansas's application.

Additionally, a reviewer who has a conflict of interest with a particular application must not attend any panel meetings in which the application is discussed or have access to the application or any information concerning its review. Reviewers who have a conflict of interest with an application being reviewed by the panel will be required to serve on a different review panel, unless the competition manager moves the application in question to a different panel.

3.5.8 Reviewers Who Are Federal Employees

Rules governing conflicts of interest for Federal employees are found in 18 U.S.C. 208 – a Federal criminal statute – and subpart E of the Standards of Ethical Conduct for Federal Employees at 5 CFR § 2635. Federal employees serving as peer reviewers should consult with their ethics office to discuss potential conflicts of interest. At ED, employees should call the OGC Ethics Division.

3.5.9 Process for Addressing Other Factors That Might Affect Objectivity

Program officials should work closely with the OGC Ethics Division in consultation with the OGC program attorney in determining whether there are other reasons for which the public would question the objectivity of a potential reviewer in the competition.

Factors that may be considered in determining whether there are other reasons for which the public would question the reviewer's objectivity to serve as a reviewer in the competition might include whether the reviewer has "significant connections to teaching methodologies" that may be involved in the competition, "significant identification with pedagogical viewpoints" or "significant connections to related matters" or "philosophical viewpoints that may be involved in the competition." In assessing other factors that might affect objectivity, program staff should consider whether the particular competition itself presents issues or connections to any specific teaching methodology, or significant identification with pedagogical or philosophical viewpoints that may be involved in the competition such that a peer reviewer may have views that would create a reason to question the objectivity of the individual to serve as a reviewer. Question 7 of the questionnaire titled, "Questions for Application Reviewers on Conflict of Interest and Other Factors That Might Affect Objectivity," may be asked of potential reviewers to determine if they have significant connections to teaching methodologies or significant identification with pedagogical viewpoints that are pertinent to the grant competition to be peer reviewed or significant

connections to related matters or philosophical viewpoints. In addition, language concerning other factors that might affect objectivity is included in the conflict of interest certifications in the agreements for peer reviewers that serve with and without compensation. The questionnaire and the peer reviewer agreements are available in the following: [Documents and Forms Referenced in the Handbook for the Discretionary Grant Process](#).

In considering "significant connections to teaching methodologies" program staff should examine whether there are specific teaching methods associated with the subject of the competition--how a subject area is taught, whether there are particular subject matters, techniques, or methods related to the teaching of the subject to the students--that if a reviewer were significantly connected to one or more of these methodologies, the public would have a substantial reason to question their objectivity to serve as a reviewer in the competitions.

In considering "significant identification with pedagogical viewpoints," program staff should examine whether there are specific theories or philosophies associated with the subject of the competition that if a reviewer were significantly connected to one or more of these theories or philosophies, the public would have a substantial reason to question their objectivity to serve as a reviewer in the competitions.

In determining when there are "significant connections" or "significant identification with philosophical viewpoints" that may be involved in the competition, ED takes into account such factors as the nature, duration, extent, and the recency of the connection or identification.

If other factors, such as a teaching methodology, pedagogical viewpoint, or philosophical viewpoint is not involved in the competition in a way that would cause a reasonable person to question the objectivity of a peer reviewer associated with or connected to one particular methodology or view point, program offices may state within the ATRP that, "Specific teaching methodologies, pedagogical viewpoints, and/or philosophical viewpoints are not involved in this competition in a way that would cause a reasonable person to question the objectivity of a peer reviewer associated with or connected to that methodology or viewpoint." However, if any of these factors are involved in the competition, program offices should describe in the ATRP for each competition they run the steps they will take to address the factors that might affect objectivity. These steps could include:

1. establishing a process for recruiting peer reviewers that seeks a broad range of experiences and perspectives;
2. reviewing the answer to question 7 of the questionnaire titled, "Questions for Application Reviewers on Conflict of Interest and Other Factors That Might

- Affect Objectivity,” and, as determined appropriate by a competition manager -- on the basis of such factors as the particular circumstances of the competition (e.g., whether it is focused on subjects that are highly controversial or involves competing schools of thoughts) or the nature of the answers provided by potential peer reviewers -- any writings or publications provided in response to this question (To address this item, program offices may include in the ATRP language similar to the following: *“When reviewers disclose that they have written, published, or otherwise commented on or been connected to any specific teaching methodology, or significantly identified with any pedagogical or philosophical viewpoints associated with a competition, and further explain that their connection or significant identification may cause someone to question their objectivity, Program staff will: 1) review the responses to question 7 of the questionnaire titled, “Questions for Application Reviewers on Conflict of Interest and Other Factors That Might Affect Objectivity”; 2) request and review applicable copies of written and/or published works as deemed appropriate by program staff; and 3) make a determination regarding the reviewers’ objectivity. Program staff will consult with the OGC Ethics Division when assistance is needed in determining if a significant connection or significant identification exists. All related documentation, decisions, and final course of action will be filed in the official competition file.”*);
3. including the language on other factors that might affect objectivity in the conflict of interest certification that is part of the agreements for peer reviewers that serve with and without compensation;
 4. taking steps to balance the types of experience and perspectives that are present on each peer review panel in a competition;
 5. requiring panel discussion in cases where there are significant discrepancies in scores between peer reviewers to ensure, among other things, that applications are being rated on the basis of the selection criteria rather than on some other factor, such as a peer reviewers connection with a particular philosophy or school of thought; and,
 6. monitoring peer reviewer comments on Technical Review forms to ascertain whether the scores given are justified on the basis of the content of the application and the selection criteria.

When considering these factors, program staff should consult with the OGC Program Attorney, who will consult with the OGC Ethics Division, as needed, to determine if they result in substantial reason to question the objectivity of an individual to serve as a reviewer. In instances in which there is substantial reason to question the objectivity of an individual to serve as a reviewer in a competition, the individual may not be used in the competition, or in appropriate

cases, an exception may be granted to mitigate the issue and modify the role of the individual or to limit the applications reviewed by the individual.

Finally, the large group exemption, set out in section 3.5.4, “Conflict of Interest Exemption for Large Competitions,” and the individual waiver process set out in section 3.5.5, “Individual Conflict of Interest Waivers,” are not applicable to the other factors that might affect objectivity addressed in this Section.

3.6 Peer Review Scoring and Quality Control

3.6.1 General

Some programs have followed the practice over time of standardizing the point values that peer reviewers have assigned to applications in various competitions. Doing so has rested on the premise that using a statistical formula to adjust anomalously low or high scores of a particular reviewer or panel in relation to the others in the same competition offers a neutral and objective way of addressing such wide variations in scoring and gives a “correct” way of establishing the scores used for ranking the applications recommended for funding.

The variety of grant competitions administered by ED, with significant differences in such areas as the number and complexity of applications received and the types of criteria and priorities applied, has made it very difficult to define a consistent approach for determining when it is appropriate to use standardization. In addition, many program offices have found that explaining the effect of standardization to unsuccessful applicants and other interested parties has been challenging. Consequently, many program offices have opted not to standardize peer reviewer scores.

Selecting high-quality projects in a fair and transparent manner remains the primary goal of the ED’s competitive process for discretionary grants. This goal can be best achieved by conducting an application peer review process that includes getting reviewers to assign accurate point values to applications consistently across programs, without the need to adjust scores after the fact. In this regard, program offices should consider improving the consistency and quality of peer reviewer scoring, and should limit the practice of standardizing reviewers’ scores in their programs to exceptional situations, where its use would give a superior result, as supported by established statistical principles. Because there is no one ideal way to achieve a peer review process that yields scores that provide an accurate reflection of applicant quality, program offices should select the methods that are most appropriate and feasible under the circumstances of a particular competition, and should work in consultation with OGC, RMS and other ED offices, as appropriate, to identify practices that can result in an equitable application review process.

3.6.2 Options to Improve the Consistency and Quality of Peer Reviewer Scoring

1. Recruiting Potential Peer Reviewers

In obtaining peer reviewers' services, program staff should focus most significantly on recruiting those who have background and expertise in the subject area of the competition. Program staff can use the information in the common ED-wide G5 database of peer reviewers to identify such potential reviewers and to get an objective assessment of peer reviewers' previous performance, especially as it relates to their scoring competence and reliability. When considering particular peer reviewers for participation in their panels, competition managers might also benefit from consulting with employees in ED or other agencies who have previously worked with particular peer reviewers, to assess the individuals' skills and competence in scoring applications reliably.

2. Training Peer Reviewers

Once program offices select their peer reviewers, providing them thorough and uniform training is one means for improving reliability of panel scores. Program offices should develop peer reviewer training that covers the substantive programmatic requirements of a particular competition, such as the authorized activities, absolute priorities, and selection criteria as well as ED guidelines and expectations about scoring methods and practices. It is important that ED staff from other program areas who have been recruited to serve as panel monitors also participate in such training. Some elements of peer reviewer training that program offices should consider in order to improve the reliability and quality of scores are discussed below.

a. Common point of departure in scoring applications

One of the key elements of consistency in scoring involves establishing a common point of departure for peer reviewers' reviews, in order to ensure that all applications start on an equal footing. Program offices have discretion about the starting point for assigning the number of points to the review criteria for the applications.

Many programs, for example, might choose to conduct a scoring process where the application is presumed to begin with zero points. In this method, peer reviewers would be trained to proceed by adding points for a criterion, to the extent that the quality of information provided in the application continues to justify them, and the burden of proof would rest with the applicant to demonstrate to the peer reviewers that the application

gives clear evidence that it has effectively addressed the selection criterion to justify the points that the peer reviewer assigns.

Some program offices might use a different starting point for scoring. For example, one approach could be to presume that all applications start out with a perfect score, and readers are asked to deduct points for deficiencies they see in the applications.

Still other programs might take any of a number of different approaches. But, whatever the method used for a particular competition, program offices should make sure that reviewers receive training on the scoring approach they all must use to evaluate applications and that they present comments that support the particular number of points they assign for a criterion or priority.

b. Peer reviewer comments and points

The peer reviewer training and orientation should also emphasize the importance of peer reviewer comments supporting the points a peer reviewer gives an application under each selection criterion. Requiring peer reviewers to justify their point allocations with explanatory comments helps panel monitors (and the public) gain insight into and confidence in the points awarded by the peer reviewers. High scores should be supported by detailed statements about associated strengths in the application, just as low scores should have strong supporting comments about associated weaknesses.

In particular, the training should alert peer reviewers to look for significant responses by an applicant to a particular program's selection criteria and priorities and to take into account salient and responsive information throughout the entire application. Important details that are overlooked or insignificant items that are given too much weight by a single peer reviewer could lead to discrepancies that might skew scores and undermine the quality ranking of applications.

Training and orientation of peer reviewers should convey to them the importance of their efforts to make their scores and comments work together to present the clearest possible picture of a peer reviewer's assessment of an application and the extent to which the application has addressed program selection criteria and priorities.

c. Peer reviewer calibration

Peer reviewer calibration is a procedure for training peer reviewers that can improve inter-reviewer reliability. The training can involve having peer

reviewers read and score model or representative applications of quality levels already known to the competition manager. This activity will allow peer reviewers to get a sense of the probable range of quality among the types of applications that they will be reviewing and help them score applications effectively, to reflect those relative levels of quality.

These models might be actual applications from the program's previous competitions (with personally identifiable information or other proprietary data removed), or they could be sample applications created by the program office for this type of exercise. In either case, their quality levels or previous scoring would not be disclosed to the peer reviewers before the exercise. The model applications should be of a sufficient number (e.g., a suggested minimum of three) to represent a variety from very low to very high quality, so that peer reviewers can understand where, along the range of possible point values, applications of different levels in the competition would fall. In such an exercise, the peer reviewers would "rate" the model applications, after which the competition manager would discuss with the peer reviewers how their "scores" compared with the applications' actual historical scores. This can help peer reviewers learn how to score applications better and help competition managers to assess peer reviewers' understanding of the relationship between the selection criteria and the numerical points that would normally be assigned to specific levels of quality, often described with such terms as "fair," "good," "very good," "excellent," etc.

Competition managers could introduce additional training for any specific peer reviewer(s) who appear to rate the model applications consistently higher or lower than the norm, in order to reinforce the Department's process for obtaining accurate scores, with a view to improving the scores' subsequent reliability. In addition to working with any individual reviewer, competition managers might find it useful to facilitate a discussion with all of the reviewers to foster a better group understanding of assigning points for the various review criteria.

Since this method of orientation and calibration requires time and effort and is increasingly effective as the number of applications and peer reviewers in a competition grows, program offices might need to consider carefully its feasibility or advisability for competitions with small numbers of applications and peer reviewers.

It is also recommended that programs retain these "test" or "pilot" scores from the calibration exercises, since they might be useful for post-competition comparison, especially in assessing any remaining peer reviewer scoring bias that might still be evident.

3.6.3 Scoring Rubrics and Peer Reviewer Oversight

1. Scoring rubrics

Another method for promoting peer reviewer scoring consistency and reliability involves developing standard, detailed scoring rubrics for the competition selection criteria. Such rubrics provide peer reviewers with specific scoring guidance that helps define the relationship between a particular score and the quality of an application with respect to a particular selection criterion. Scoring rubrics can have the effect of reducing the subjectivity of scoring judgments made during application review. Programs that plan to use such rubrics for their application reviews should consult with their OGC program attorney during the planning process for the competition.

One common method to achieve a reduction in the subjectivity of scoring judgment includes establishing a scale for a range of points for each quality level (e.g., “high,” “medium,” “low”) or description (“excellent,” “good,” “fair,” “poor,” etc.) for each selection criterion. Detailed instructions and guidance for using the rubrics enables peer reviewers to associate similar levels of quality with similar scores, thus promoting inter-rater reliability.

For example, with a criterion for which an application can earn a maximum of 20 points, peer reviewers might be guided to score a low-quality response from 1 to 10, a medium-quality response from 11 to 16, and high-quality response from 17 to 20. These ranges act as “anchors” for peer reviewers to keep the scoring realistic and consistent across peer reviewers. They also strengthen the credibility of raw scores as a basis for establishing application rank order, even in instances where there is natural variability in scoring among different peer reviewers and across panels.

Selection criteria that require factual answers to questions could lend themselves to very detailed rubrics to ensure that all peer reviewers allocate points consistently when scoring the criteria. In such cases, where programs have issued a more detailed scoring rubric (e.g., “to earn high points, an applicant must include [*required information*] in its response”), programs would need to give more specific guidance during the orientation and/or the panel review process.

At the same time, program offices should ensure that the rubrics and instructions are not too complex or difficult to use, given the number of applications that peer reviewers are assigned and the time limits they have to complete their review. If a program office wants to include a rubric that peer

reviewers must use, it will have to publish it in the *Federal Register* and go through rulemaking, unless an exception applies⁶.

Rubrics that are merely advisory do not have to go through the rulemaking process, but programs are advised to have them reviewed in advance by the OGC program attorney. Program offices might still find it valuable to include rubrics that are merely advisory in the application package for a particular competition, since the information could be beneficial to potential applicants or the general public in understanding more fully how applications will be evaluated.

2. Peer reviewer oversight

The types of oversight activities recommended below can help panel monitors as they perform the required review and assessment of the quality of peer reviewers' scores.

a. Evaluating scores and comments informally before and/or during the review process

It is highly desirable for panel monitors to perform informal evaluations of each peer reviewer's scoring patterns early in the review process. Doing so provides the panel monitor a baseline to assess how peer reviewers weigh the evidence outlined in the applications and follow the review guidance provided by the program. It also will reveal the level of detail in the comments that peer reviewers provide to support their scores. For example, monitors might look carefully at the first application a peer reviewer scores to get a preliminary baseline for that peer reviewer's understanding of the selection criteria and the review process.

For off-site reviews, such as "virtual" teleconference panels, widely used throughout the Department, panel monitors could ask peer reviewers to share their scores and comments for each application (e.g., by uploading scores into G5) a few days before the panel deliberations. This allows the panel monitor to do a preliminary analysis of each peer reviewer's scores to discern scoring patterns that seem unusually high or low or identify reviewer comments that are not adequate to support their scores. For those occasions when programs conduct reviews on-site, this could occur more or less continually throughout the application reading process, as panel monitors examine peer reviewers' scores and comments on applications as they finish each one.

⁶ One exception to this requirement might involve a program that is authorized by new or substantially revised legislative language. Under this circumstance, there would be a rulemaking exception for the first competition under such a program.

Whatever the method, program monitors who take the time early in the review process to assure that peer reviewers' scores and comments reflect an accurate understanding of the program selection criteria and competition guidelines will create a better likelihood of getting valid and reliable scores (and relevant comments) from the peer reviewers.

b. Ensuring the alignment of a peer reviewer's comments with the assigned scores

Ensuring that peer reviewers provide clear, concise, and constructive comments that accurately reflect the scores assigned is critical to helping the program manager determine which applicants have addressed the selection criteria best and, therefore, merit being included in the funding slate. This correlation of scores and comments by the peer reviewers also helps to demonstrate that the peer reviewers have carried out their duties as desired and have read the applications assigned to them thoughtfully and carefully. The goal of this correlation of peer reviewer comments and points awarded for a particular selection criterion is to avoid the reality or even the appearance of peer reviewers' arbitrary assignment of scores to applications.

For example, where a peer reviewer awards only a few points for a selection criterion, panel monitors would expect to see comments that discuss a greater number of weaknesses or flaws than any strengths they found. Conversely, peer reviewers who award the full number of points would be expected to have written comments that identify a great many strengths found in the section of the application and no weaknesses.

Similarly, panel monitors should evaluate reviewers' comments to determine that they have not made outright errors in their reviews, such as asserting, that an application is missing required information (e.g., in response to a selection criterion) when, in fact, it is present.

c. Fostering informed panel discussions

By having panel members discuss as a group each application and by paying close attention to the quality of those discussions, panel monitors should be able to assess better the level of each peer reviewer's understanding of the review process and the selection criteria. The panel discussion also allows each peer reviewer to take into account the perspective of other peer reviewers in reaching their individual conclusions and provides the peer reviewers a common, general understanding (as opposed to agreement by consensus) of the spectrum of quality of applications reviewed by the panel.

There will be instances where very qualified peer reviewers will honestly and objectively come to different conclusions about the quality of a given application. In these cases, it is possible that there will be noticeable variations in scoring among the peer reviewers. Panel monitors should encourage peer reviewers to explain their positions. After each peer reviewer's perspective has been heard on the application's merits, peer reviewers can then determine on their own if any adjustments to their scores are warranted. One or more reviewers might decide to change their scores, having the potential result of bringing the scores of those peer reviewers into closer alignment with the scores of other reviewers on the panel. But, in all cases, competition managers or panel monitors should ensure that peer reviewers are not coerced into changing their scores.

- d. Having alternate peer reviewers available for circumstances that require them

In rare instances, panel monitors might find that a specific peer reviewer is unable to score applications according to the requirements and selection criteria applicable to a competition, despite repeated interventions by the panel monitor and/or competition manager. In such an event, obtaining high-quality scores for the applications on a timely basis is often best achieved by removing the peer reviewer from the process and re-assigning the complete sub-group of that peer reviewer's assigned applications (**both scored and not scored**) to a replacement peer reviewer.⁷

When competition managers create a peer reviewer roster for a competition, recruiting one or more alternate peer reviewers facilitates a smooth transfer of such a sub-group of applications, so that the program office can receive a timely review of them with the desired level of quality, in accordance with the requirements of the competition. For such occasions, competition managers might want to focus particularly on recruiting those peer reviewers already experienced in working with Department programs. Whatever the alternate peer reviewers' backgrounds, the needs of the competition will probably best be served by recruiting those who agree to take part in initial peer reviewer orientation, whether or not the need for their services might arise.

⁷ Peer reviewers can be removed for other reasons beyond the scope of this section. See *Handbook* section 3.4.11, "Application Reviewer Standards or Expectations," for additional discussion of this topic.

3.6.4 Peer Reviewer Evaluation

Program offices should evaluate the performance of each peer reviewer after the application review process and use the evaluation to update the peer reviewer registry annually. In order to foster reliability and consistency across peer reviewers, panels, and different competitions in scoring applications, competition managers should make peer reviewer reliability in scoring part of this peer reviewer evaluation. Commenting in G5 on peer reviewers' scoring reliability can give other competition managers useful information to consider when choosing reviewers for their own competitions in the future.

ED staff ratings in G5 that objectively assess the quality of the peer reviewers' performance allow the Department to maintain a reader pool that consistently includes individuals who have demonstrated the capacity to engage in and understand all aspects of the peer review process, such as evaluating the applications, time management skills, and how to work cooperatively with others. Maintaining a high quality reader pool contributes significantly to the overall integrity of the discretionary grant review process.

3.7 Multiple-Tier Application Reviews

Under the regulations in EDGAR § 75.224, program officials have the option of using a multiple-tier review process to evaluate applications. In addition, certain programs have program regulations that specify the procedures for conducting a multiple-tier review. A multiple-tier review process involves the use of more than one review of an application or separate reviews for a pre-application and a full application in the same competition. A multiple-tier review process is most commonly used to narrow the pool of qualified applicants that will be considered for funding. For example, after the first level of review, only some of the applications are forwarded to the next tier for further consideration. A multiple-tier review process might also be used to gain different perspectives on an application (such as a group of researchers and a group of practitioners might review an application).

Under EDGAR § 75.224, program officials may refuse to review applications in any tier that do not meet a minimum cut-off score established for the prior tier. The minimum cut-off score may either be established: 1) in the application notice published in the *Federal Register*, or 2) after reviewing the applications to determine the overall range in quality of the applications received. In any tier of the review, program officials may use more than one group of experts to gain different perspectives on an application. Further, in any tier, program officials may refuse to consider an application if any of the groups in the prior tier scored it below the established minimum cut-off score.

When a multiple-tier review process is used as a means for narrowing the pool of applications that will be considered for funding, it would not be unusual for an application to receive a considerably different rating in the subsequent tiers (such as second or third tiers) than it did under the previous tier's review, even from the same reviewers.

Although the reviewers in the subsequent tiers are still reviewing the applications under the same selection criteria, the applications are now being reviewed within the context of a higher quality pool of applications, which has the potential for affecting reviewers' rating practices. For this reason, these differences in ratings do not indicate errors in judgment at the prior tier.

A description of the multiple-tier review procedures that will be used for the competition must be included in the ATRP, including how or whether minimum cut-off score(s) will be established (see section "3.2.2: Contents of the Application Technical Review Plan"). G5 can support three tiers of review.

3.8 e-Reader – Electronic Peer Review System

Program officials may conduct the application review process electronically by utilizing the G5 e-Reader functionality. Program officials interested in conducting electronic application reviews must take the G5 training and, if necessary, contact the G5 staff in OCIO/FSS with questions about the e-Reader application review system. Within G5, the program staff can develop a Web-based electronic technical review form and publish the form on the Internet for selected reviewers to complete online. Upon completion by reviewers, G5 will manage the return and validation of the completed form(s) to ED.

G5 will store reviewer information, including special needs and contact information. It will also store reviewer panel assignments and a review history for each reviewer. Program officials can assign the roles of the competition manager and panel monitor to the appropriate program staff using G5.

G5 allows reviewers to access and complete technical review forms via the Internet. It requires reviewers to complete a conflict of interest statement prior to the start of the review, and requires them to input their unique user name, and password to verify their identity.

G5 automatically enters scores directly into the discretionary scoring module once reviewers have completed and submitted their forms to ED.

Reviewers with technical questions about the G5 e-Reader system should contact the Helpdesk in accordance with the instructions provided within the Helpdesk link in the G5 e-Reader system. In addition, there is a User Guide, a 9 Steps to Submission Guide, and a Demo, that provide detailed and useful

information about G5 e-Reader, using the system, and seeking technical assistance. Program staff should encourage reviewers to use these online resources to help minimize reviewer issues in G5 e-Reader.

Chapter 4: Pre-Award and Award Activities

4.1 Introduction

The pre-award and award phases of the discretionary grant process include all activities necessary for selecting applications, awarding new grants and making continuation awards for existing ED grants. The procedures presented in this chapter ensure that ED awards grants across its principal offices consistently.

The principal office must:

- Generate a rank order list of applications;
- Review and analyze grant applications;
- Conduct budget reviews of grant applications;
- Conduct risk assessments, and if these assessments reveal risks, establish strategies to mitigate or eliminate identified risks;
- Make funding recommendations and prepare a funding slate;
- Select applications for funding;
- Record commitments and obligations in G5 and complete the legal requirements for obligation by signing and mailing awards; and
- Review Grant Performance Reports, conduct risk assessments, and establish risk mitigation strategies, as needed, and make continuation awards.

4.2 Application Review

4.2.1 Reviewing Applications

Program officials must generate a rank order list of applications based solely on the reviewers' evaluation of their quality according to the program application selection criteria. If the competition did not use e-Reader, after the reviewers complete their work, the program staff must enter the individual reviewers' raw scores into G5 or other appropriate systems, following the review and score methods established in the ATRP. If the competition used e-Reader, the e-

Reader module enters scores into G5 automatically. Program officials use the scores to generate a rank order list from which the Principal Officer will select applications for funding (see EDGAR § 75.217 (c)).

1. Using the rank order list of applications and other information as indicated in EDGAR § 75.217, the program staff must develop specific funding recommendations for those applications within the funding range. The program staff may want to review additional applications on the rank order list in case additional funds become available.
2. The program staff must conduct a thorough review of each applicant's project activities and budgets before making funding recommendations. The major goal of this review is to ensure that grantees receive funding that is both fair and adequate to the needs of their projects.
3. The program staff, when conducting its review of applications, must ensure that any recommended changes to the project activities or requested amounts do not impede the applicant's ability to perform the proposed activities and achieve the project's intended goals.
4. Cost items (both Federal and non-Federal) in an applicant's proposed budget, must be related to specific project activities and must be allowable, allocable and reasonable in accordance with the cost principles referenced in section 4.5.1, "Budget Analysis-General." While ED has authority to fund up to 100 percent of the allowable cost in an applicants budget (see EDGAR § 75.233), in limited circumstances, ED may fund projects for less than their requested amounts as long as it does not result in a change to the scope or objectives of the funded application (see section, "5.5.11 Prohibiting Changes to the Project Scope or Objectives of a Grant.")
5. To be allowable, a cost must:
 - a. Be necessary and reasonable;
 - b. Be allocable;
 - c. Conform to limitations under relevant Federal statutes and cost principles.
6. In performing their application review, the program staff must:
 - a. Consider any project activity or budget issues or concerns identified by the reviewers on the comment forms;
 - b. Analyze both the project activities and budgets for all years of the project to determine whether the activities and budgets are allowable, necessary,

- and reasonable (see EDGAR § 75.232). This includes any non-Federal portion of the budget (see section, “4.4.2: Grantee Cost-Sharing or Matching (Non-Federal Share);”
- c. Eliminate items that are not allowable from an applicant’s project or requested funding level;
 - d. Consider comments received from State single points-of-contact under Executive Order 12372, if applicable;
 - e. Ensure that the grant applicant has responded to the requirements under section 427 of the General Education Provisions Act (see section “2.5.6, General Education Provisions Act (GEPA) – Section 427”);
 - f. Review for compliance with 2 CFR part 200 subpart F, “Audit Requirements;” and
 - g. Consider other items identified on the Funding Recommendations Checklist available in the following: [Documents and Forms Referenced in the Handbook for the Discretionary Grant Process.](#)
7. Program staff must conduct risk assessments for applicants recommended for funding before submitting the funding slate memorandum for review and approval, and must identify any risk mitigation strategies that will be implemented above and beyond those that are part of the program office’s routine monitoring and oversight procedures (see section 4.3, “Assessing Grant Applicant Risk”)
8. Funding recommendations must be made in accordance with EDGAR § 75.217(d), which requires the Principal Officer to consider the following in addition to the information in the application and the rank order:

Any other information--

- a. Relevant to a criterion or priority or other requirement that applies to selecting applications for new grants;
- b. Concerning the applicant’s performance and use of funds under a previous grant under any ED program; and/or
- c. Concerning the applicant’s failure, under any ED program, to submit a performance report or its submission of a performance report of unacceptable quality (see section “4.5.4, Selecting Applications for Funding.”)

4.2.2 Certification of Eligibility for Federal Assistance in Certain Programs

Sections 75.60 – 75.62 of EDGAR require individuals who apply, either directly to ED, or indirectly through another entity, for assistance in certain affected discretionary grant programs to certify that: 1) they are not in default on debts incurred under various nonprocurement programs or that they have made satisfactory arrangements to repay defaulted debts; and 2) they are not ineligible to receive Federal funds during the period of the anticipated funding as a result of conditions of sentencing imposed by a judge under Section 5301 of the Anti-Drug Abuse Act of 1988.

Applicants who apply for assistance directly to ED under affected discretionary grant programs are required to make this certification as part of their applications. Those who apply indirectly through another entity (e.g., an institution of higher education) are required to file the certification form with the entity. The form, ED 80-0016, "Certification of Eligibility for Federal Assistance in Certain Programs," is used for this certification requirement and can be found at the following connectED link: [Application Package Toolkit - Documents, Instructions, & Other Information](#).

The certification form includes a list of the affected discretionary grant programs.

Program staff must:

1. Assure prior to award, that all grant applications contain a copy of ED 80-0016, where the recommended applicant is an individual applying directly to ED for assistance;
2. Determine prior to award that any entity recommended for funding has on file certifications from any individuals to whom grant funding from the Department will be re-distributed as indirect assistance (e.g., scholarships, fellowships, stipends, tuition); and
3. Include in a grantee's file the documentation that they have: 1) requested the certification from individuals who did not send it with the application; 2) discussed the certification requirement with entities that will redistribute grant funds as assistance to individuals; and 3) verified that entities have obtained certifications from individuals.

4.2.3 Review of Lobbying Certification and Disclosure Forms

Restrictions on the lobbying activities of applicants and recipients of grants and cooperative agreements are addressed in EDGAR Part 82 which:

1. Prohibits applicants and recipients of Federal grants and cooperative agreements from using Federal funds to lobby for any Federal grant or cooperative agreement.
2. Requires applicants for Federal grants or cooperative agreements exceeding \$100,000 to file a certification form (Certifications Regarding Lobbying Form) at the time the application is submitted. This form declares that they have not, nor will they, use Federal funds to lobby for any Federal grant or cooperative agreement.
3. Requires applicants for federal grants or cooperative agreements exceeding \$100,000 to submit the Standard Form (SF) LLL (Disclosure of Lobbying Activities), with their applications. This form is to be completed if the applicant has used non-federal funds to lobby for any Federal grant or cooperative agreement.
4. Requires recipients of sub-awards (i.e., sub-grants or contracts) that are issued under federal grants or cooperative agreements to comply with the same lobbying restrictions and certification and disclosure requirements as Federal grant applicants and recipients.
5. Provides certain exceptions for Indian tribes and tribal organizations, professional and technical services, and agency and general liaison activities.
6. Allows for the imposition of civil penalties on applicants and grantees that do not comply with the requirements of the law.

Program staff must include in all discretionary grant application packages the “Certification Regarding Lobbying,” and the “SF-LLL, Disclosure of Lobbying Activities” forms, which are available at the following connectED link: [Application Package Toolkit - Documents, Instructions, & Other Information](#).

If a completed SF-LLL form is included, program staff are required to keep an original copy of the form in the official grant file.

4.2.4 Determining Applicant Competence and Responsibility

ED policy requires grant recipients to be competent, responsible and committed to achieving the objectives of the awards they receive.

1. In reviewing applications being selected for funding, the program staff should consider the following factors in determining an applicant’s ability to carry out the proposed project activities responsibly:
 - a. The financial stability of the applicant;

- b. The applicant's previous experience, if any, in administering Federal grants;
 - c. Whether the applicant has adequate internal, fiscal and administrative controls (see 2 CFR § § 200.302; 200.303; and 200.305);
 - d. The applicant's performance under other ED awards (see EDGAR § 75.217 (d)(3)(ii)); and
 - e. Any adverse information regarding the applicant's officials or key employees that calls into question their ability to perform satisfactorily. The program staff must forward the information to RMS if the applicant's ability to perform is questionable or if the applicant's conduct otherwise appears to meet the standards for debarment and suspension. (see 2 CFR part 180 and 2 CFR part 3485)
2. If the program staff finds evidence of problems regarding item 1, they must recommend that the program official take one of the following actions:
- a. Delay the award until the conditions are corrected;
 - b. Deny the award; or
 - c. Designate the applicant as "high risk" (see section 5.7, "High-Risk") and make the award with specific award conditions (see section 5.6.3, "Specific Award Conditions and Other Actions").

4.2.5 Protection of Human Subjects Requirements

Some research activities involving human subjects are exempt by regulation from the protection of human subjects requirements and some are nonexempt. When a grant includes nonexempt research activities, program staff must include the appropriate protection of human subjects (HS) grant award attachment with the GAN.

The program staff must review an applicant's response to item 3 on ED's Supplemental Information Form to the SF-424 to see if the research is exempt from the protection of human subjects requirements.⁸ This review occurs when grant applications are included in a funding slate. Program staff must follow the guidance regarding exemptions addressed in ACS directive OCFO:1-105, "Protection of Human Subjects in Research: Extramural Research", and in EDGAR § 97.101(b).

⁸ In some cases, the SF 424, "Research and Related Other Program Information" form is used and the relevant questions that must be addressed are in items 1 and 1a.

1. If an applicant is planning research involving human subjects at any time during the project period, the applicant checks "Yes" in item 3 of ED's Supplemental Information Form to the SF-424. If the applicant checked "Yes," the applicant needs to indicate in item 3 whether the research is exempt or not exempt from the protection of human subjects requirements of part 97of EDGAR. The program staff must review the applicant's response against the application itself to determine the accuracy of the response. The human subjects coordinator in Office of the Chief Financial Officer (OCFO) assists in this process, as needed. Where necessary, the program staff may contact the applicant for additional information or clarification after the Principal Officer (or his/her designee) has approved the funding slate.

Under no circumstance should the program staff accept a change from "Yes" to "No" or from "not exempt" to "exempt" from the project director. Only the authorized representative, or other appropriate institutional official of the applicant, can make a change of this nature.

2. The application does not need to be forwarded to the human subjects coordinator in OCFO for clearance if the applicant checked "No" (i.e., there are not any research activities involving human subjects research) for item 3, or if the applicant indicated in item 3 that the research is exempt and the program staff agrees with either applicant response. If the project includes non-exempt human subjects research, or if it is unclear, the program staff must forward the application to the ED human subjects coordinator for clearance.
3. Program staff are strongly encouraged to have all of the human subjects clearance issues addressed before obligating and awarding grants. The human subjects coordinator in OCFO reviews the application, obtains all the necessary assurances and/or certifications of Institutional Review Board (IRB) approval, and clears the project for human subjects research activities. The IRB clearance process generally takes a minimum of 35 days, and varies depending on IRB review schedules and the complexity of the research. When the applicant has met all the necessary human subjects clearance requirements for award, OCFO will notify the program staff in writing.
4. Program staff should not delay the slate development and submission for approval process, if the proposed research is not ready for IRB review. Under these circumstances, program staff should consult with the human subjects coordinator in OCFO to determine if the program office should seek approval of the funding slate. If it is decided that the funding slate should be submitted for approval, and approval is granted after its submission, program staff may obligate the grant awards; however, the appropriate HS grant award attachment must be included with the GANs. Since some grants include

more than on research project, one or more of the following three HS grant award attachments may be included with the GAN:

- a. HS 3 – is applicable to grants awarded before the grantee has complied with the pre-award requirements for assurances and/or IRB certifications. (If program staff is unclear if the project includes covered research, attachment HS3 must be included with the GAN.)
 - b. HS 2 – is applicable to grants with pending IRB reviews or indefinite activities.
 - c. HS 1 – is applicable to grants requiring continuing IRB review of covered studies.
5. For grants with human subjects research that have not been cleared, within 24 hours after obligation, program staff must forward the application to OCFO for review and human subjects clearance. Program staff must follow-up regarding the human subject issue during the post-award conference. No covered research (which includes some evaluation research) can be conducted until the study has been granted clearance by OCFO, which involves obtaining assurances and IRB approval for the grantee and any other entity engaged in the research. An IRB can approve a study for up to one year. If the research continues beyond the term of the initial IRB approval, program staff should ensure that the grantee obtains continuation IRB approval in a timely manner and includes a copy of the approval in the official grant file.

The HS grant award attachments are available in [G5](https://G5.gov), <https://G5.gov>,

for use with GANs, and are also available for informational purposes at the following ConnectED link: [Grant Attachments and Enclosures](#).

ACS Directive OCFO: 1-105, “Protection of Human Subjects in Research: Extramural Research,” may be accessed at the following connectED link: ACS Directives Information about the protection of human subjects that is available to the public at ED.gov.

4.2.6 Key Personnel

Grantees are responsible for defining and identifying key personnel positions in their applications. The program staff is responsible for ensuring that grantees have identified the key positions in the applications and have either provided job descriptions or identified the qualifications of key personnel, as appropriate. In either case, the program staff needs to verify the percentage of time that each person occupying a key position will work on the project.

1. If an applicant is selected and has not included the names or qualifications for any key staff in the application, the program staff must require the grantee to submit the qualifications before award. Before the grantee makes a final selection of key staff, resumes for each person must be provided. The program staff uses this information to determine if the person is qualified before permitting the grantee to hire the individual as key personnel.
2. It is ED's policy to always designate at least either the grantee's principal investigator, project director, or both, as key personnel on a grant. The program staff should use the following factors to determine whether those hired for a grant project are covered by the concept of key personnel:
 - a. Whether the person's participation has direct bearing on the outcome of the project;
 - b. Whether the person bears substantive responsibility for developing or achieving the scope or objectives of the project;
 - c. Whether the person possesses the experience, knowledge or skills that the project requires; and
 - d. Whether the individual is identified in the application and that person's qualifications are relevant to a criterion for selecting the grantee.
3. The program staff consider the following conditions in identifying key personnel:
 - a. In many cases, key personnel in a project are permanent staff members of the institution, organization or educational agency that receives funding. However, ED policy does not exclude consultants or temporary staff members with essential expertise or skills when they are specifically identified in the application as working on or advising the project.
 - b. Key personnel generally excludes supporting staff, such as administrative or special assistants, and rarely, if ever, includes clerical personnel.
 - c. When applying requirements of ED policy and/or regulations for key personnel to particular individuals of a grantee's staff, the program staff should first look at the persons and/or positions named by an applicant in response to a selection criterion for key personnel. This criterion can be found in EDGAR criteria, § 75.210(e), or program regulations that govern selection of grantees for a particular discretionary grant competition.
 - d. Subordinate personnel may occasionally fall within the scope of key personnel when they have responsibility for a major subdivision of a

project (such as activity directors, team coordinators, co-investigators or co-directors of project components at consorting institutions or organizations).

The program staff must ensure that grantees understand that ED does not select key personnel from among competing individuals on behalf of grantees. ED's concern is to make certain that key personnel the grantee hires possess the experience, qualifications and skills necessary to ensure that the grantee achieves the scope or objectives of the project and its outcomes.

The program staff must enter the names, titles, percentage of time on the project and other required information into the "key personnel" tab of the discretionary budget sub-function in G5, when making a new award. If key personnel have not been identified, the program staff must describe the position to be filled in the Title field in G5 and enter the term "Vacant" in Last Name field in G5. The G5 requires the program staff to verify, via a link to the GSA Web site, that the key persons identified are not included on the Excluded Parties List System in SAM (EPLS).

If the key person is included on the EPLS, the program staff must contact their GPPT Liaison before proceeding with the request for the personnel change. The GPPT Liaison will verify whether the key person identified is actually the same person appearing in EPLS. In order for the GPPT Liaison to conduct the verification, program staff must provide the individual's resume, social security number, current and last known address, and current and last known employment. GPPT will investigate the reasons the person is included on the list, and will advise the program staff of any issues that would prevent the person from participating on the grant.

4.3 Assessing Grant Applicant Risk for New Awards

Program staff must -- before making new grant awards -- conduct risk assessments for applicants recommended for funding before submitting the funding slate memorandum for review and approval.. In accordance with 2 CFR 200.205, when conducting a risk assessment, program staff must consider the information available through any OMB-designated repositories of governmentwide eligibility qualification or financial integrity information, the criteria described in the application notice that is to be used to evaluate an applicant's risk in addition to prior and/or current financial and performance information, including information in G5, compliance with federal audit requirements, audit findings, progress in achieving corrective actions set in place to resolve audit findings, compliance findings, and other administrative issues to determine, if any, risk mitigation strategies above and beyond those that are part of the program office's routine monitoring and oversight procedures are necessary to mitigate any risks that have been identified. As necessary, program

staff should consult with OGC and their RMS risk consultant in developing risk mitigation strategies.

The following list identifies a number of issues that program staff may consider as they conduct risk assessments for applicants. The list is not all-inclusive, and program staff may identify additional items for consideration as they conduct risk assessments:

1. Is the applicant a novice applicant?
2. Is the applicant associated with a high-risk entity?
3. Did the applicant have a previous award with ED? If so, was the previous award closed in compliance?
4. Are there budget item concerns (unallowable and/or unreasonable costs) identified in the application project budget?
5. Does the data provided in the Entity Risk Review (ERR) reveal risks or a potential for risks?

If a risk is identified and it has been determined that the potential grantee might experience performance and/or financial management problems, it may be deemed appropriate to impose specific grant award conditions to address the identified risks, as established in section 5.6, "Specific Award Conditions and Other Actions." Prior to imposing specific grant award conditions, program staff should discuss an appropriate risk mitigation strategy with their program official, and with OGC as needed, and subsequently implement the strategy deemed appropriate to mitigate the identified risk. The document titled, "Resources Available to Aid in Risk Identification, Assessment and Mitigation," provides information that will aid program staff in determining appropriate risk mitigation strategies, and is available in following: [Documents and Forms Referenced in the Handbook for the Discretionary Grant Process.](#)

Program offices may contact an applicant for clarification, if further information is needed to understand a risk issue. The program staff should only contact an applicant **after** the funding slate memorandum has been approved and the application has been selected for funding (see EDGAR § 75.231). During this clarification call, program staff may indicate that the application is being reviewed, but may not indicate that it will be funded.

If program staff learn that an applicant seeking a new award failed to file an audit with the Federal Audit Clearinghouse in a prior year as required in 2 CFR §200.501, or they cannot confirm that an applicant has complied with its obligation to file the required audit, program staff should place a specific risk-

related condition on the GAN requiring the submission of the missing audit. Program staff may use the standard risk conditions identified in the RMS document, “Guidance and Decision Tree on Risk Mitigation When Applicants are Missing Single Audits,” available in the following: [Documents and Forms Referenced in the Handbook for the Discretionary Grant Process](#). Program staff should also address the missing audit during the post-award performance conference (see section 5.2.1, “Post-Award Performance Conference”), which should be held within 30 days after issuing the GAN. In addition, the Handbook for the Post Audit Process, which provides policy governing external and internal audits, and policy regarding audit resolution.

If the identified risk posed by an applicant requires specific award conditions, a program official may impose specific award conditions in accordance with 2 CFR § 200.207. When specific risk-related conditions are imposed on a new award, the specific conditions must be included on the GAN. In addition to sending the GAN that includes the specific condition, program officials should include a GAN cover letter to the grantee that explains the conditions or actions required under the grant award. In accordance with 2 CFR § 200.207(b), the applicant must be notified of:

1. The nature of the additional requirements;
2. The reason why the additional requirements are being imposed;
3. The nature of the action needed to remove the additional requirements, if applicable;
4. The time allowed for completing the actions, if applicable, and
5. The method for requesting reconsideration of the additional requirements imposed.

A copy of the GAN and the cover letter must be included in the grant file.

Once the program staff and program official have determined that the specific conditions have been satisfied, or the problems or risks that led to the specific conditions have been resolved, program staff must remove the specific conditions, generate a new GAN without the specific conditions, and issue that new GAN to the grantee. A GAN cover letter should be issued to the grantee explaining that the specific conditions have been removed from the award, and a copy of the amended GAN and cover letter must be included in the official grant file.

In accordance with 2 CFR §§ 200.207 and 3474.10, if the specific conditions under § 200.207 are designated as “high-risk” conditions and a high-risk

designation is imposed, program staff should refer to section 5.7, “High-Risk” in this Handbook to review how to impose and remove a high-risk designation.

Note: High-risk information is recorded in the G5 Risk Module, so that information is easily shared across ED principal offices. For information about the G5 Risk Module, and recording high-risk information in this module, see section 5.7.6, “G5 – Risk Module.”

4.4 Cost Analysis and Budget Review

4.4.1 Budget Analysis - General

The general guidelines in evaluating the budget of a grant application are as follows:

1. Before setting the amount of a new grant, the program staff must conduct a cost analysis of the applicant’s budget. If the application is for a multi-year award, a cost analysis must be conducted for each year (see EDGAR § 75.232). This analysis ensures that cost items in an applicant’s proposed budget (both Federal and non-Federal) are related to specific project activities and that those costs are allowable, allocable, and reasonable in accordance with the Federal cost principles in 2 CFR part 200 subpart E).

When reviewing specific cost items, staff members should determine whether the costs:

- a. Are necessary for the proper and efficient performance and administration of the grant project;
- b. Conform to any limitation or exclusions set forth in any governing principles or regulations that apply to the types or amounts of cost items associated with the funded project;
- c. Reflect generally-accepted accounting principles;
- d. Include indirect cost reimbursement in accordance with policy in sections 4.4.6 – 4.4.13. Generally, grantees must have a Federally approved indirect cost rate to charge indirect costs to a Federal grant. If a grantee does not have an indirect cost rate, the program staff must include grant award Attachment D, “Limitations on Indirect Cost Recovery,” with the GAN (see sections 4.4.6 – 4.4.13);
- e. Are adequately documented and justified;
- f. Are incurred specifically for the project; and

- g. Are treated consistently with costs used for the same purpose in similar circumstances.
2. Grants and cooperative agreements are defined by Federal law as being for the purpose of addressing a public purpose, rather than fostering private gain among recipients. In addition cost principles for Federal grants are cost-based and do not provide for profits under grants. Therefore, ED staff may only allow costs that are allowable, allocable, and reasonable under a grant, and may not allow a grantee to pay itself a profit, income, or any other earnings, even when the recipient is a commercial for-profit entity. This restriction does not apply to contracts under a grant.
3. When entering the budget data into G5, the program staff must enter budget data for all requested/recommended budget line items (such as Personnel, Supplies, and Other, etc.) for all years of multi-year applications. The budget data must identify key personnel and the percentage of time they are working on the project. The program staff must enter the key personnel data in the appropriate fields in G5. Whenever key personnel are not identified at the beginning of a project, the program staff must enter the title of the position in G5 and enter the term "Vacant" in the name field (see section 4.2.6, "Key Personnel").
4. The program staff must check the EPLS to see if the applicant and any of the key personnel listed in the application and entered into G5 have been debarred or suspended from participation in Federal programs. If the applicant appears in the EPLS, the program staff must contact their Grants Policy and Procedures Team (GPPT) liaison with the individual's name, and any other pertinent information, before proceeding. The GPPT liaison will verify the information and instruct the program staff on how to proceed. [EPLS](#) is available at www.SAM.gov.
5. The program staff must obtain and enter the grantee's DUNS number into G5 to process a new award. If the DUNS number is missing from the application, the program staff may contact the applicant to obtain it. The program staff, when attempting to save the applicant's budget on the discretionary budget tab page in G5, will be notified via a message in G5 if the applicant's DUNS number is associated with a high-risk grant or grantee. If the DUNS number is associated with a high-risk grantee, program staff must follow the policy and guidance in section 5.7, "High Risk."

Note: In accordance with EDGAR § 75.233, an applicant's budget must not be funded above the requested amount. To make an increase after an initial award has been made (see section "5.5.7, Supplemental Awards").

4.4.2 Grantee Cost-Sharing or Matching (Non-Federal Share)

The policies governing grantee cost-sharing or matching are as follows:

1. Cost-sharing or matching is the portion of project/program costs not borne by the Federal government. The terms are used interchangeably and refer to either:
 - a. A statutorily-specified percentage of project/program costs that must be contributed by a grant applicant in order to be eligible for funding; or
 - b. Any situation where the applicant voluntarily shares in the costs of a project.
2. In accordance with 2 CFR § 200.306, voluntary cost sharing under research applications or proposals is not expected and cannot be used as a factor during the merit review unless the criteria for considering voluntary committed cost sharing and any other program policy factors that may be used to determine who may receive an award is explicitly described in the application notice.
3. Any cost-sharing promised by the grantee in its application must be fully documented and accounted for in the grantee's expenditure records and reports. Applications submitted for funding that have either required or voluntary cost-sharing must include:
 - a. The specific costs or contributions proposed to meet the matching or cost-sharing requirement;
 - b. The source of the cost-sharing; and
 - c. In the case of in-kind contributions, a description of how the value was determined for the donated or contributed services or goods.
4. Any applicant selected for a grant who volunteers additional cost-sharing above that required by statute or regulation or cost-sharing where there is no requirement for it, is required to provide that level of volunteered cost-sharing as a condition of award.
5. A program official may require or encourage cost-sharing by applicants by establishing absolute or competitive priorities. If cost-sharing is required, the final requirement must be specified in the application notice. The application notice must indicate whether:
 - a. The cost-sharing is a fixed percentage or a minimum percentage;

- b. The cost-sharing applies to each budget period or to the project period as a whole if deemed appropriate by the program official; and
- c. There are any restrictions on meeting the cost-sharing through in-kind contributions.

Costs for the non-Federal share of an applicant's budget must meet the same standards as the Federal share; (see 2 CFR § 200.306). The program staff must then include the non-Federal share in the terms and conditions of the award.

Grantees must report their cost-share expenditures in their annual Grant Performance Report (ED 524B), if applicable, and in their final performance report at the end of the award. Programs that do not use ED 524B must have grantees report their cost-share expenditure information on the Financial Report Form (FFR).

NOTE: See section 5.3.9., "Fiscal Monitoring," for acceptable ways that applicants may value matching contributions including in-kind contributions from third parties.

4.4.3 Calculating Cost-Share Amounts

Applicant cost-share amounts are calculated as follows:

1. The cost-share requirement is usually stated in one of two ways. The applicant is either required to share a percentage of the total cost of the program or is required to match a percentage of the amount of the Federal share. The following formulas may be used to calculate the applicant's share:
 - a. Percentage of the total costs of the program

$$\frac{\text{Federal recommended amount} \times \text{Applicant's share (\%) of the total cost of the project}}{\text{Federal share (\%) of the total cost of the project}} = \text{Applicant matching amount}$$

Example: The applicant's cost-share requirement is 25 percent of the total cost of the project. The Federal recommended amount is \$90,000.

$$\frac{\$90,000 \times 25 \text{ percent}}{75 \text{ percent}} = \$30,000$$

Adding the two amounts together, the total cost of the project is \$120,000, of which the applicant must pay \$30,000.

- b. Percentage of the Federal amount

$$\begin{array}{rcccl} \text{Federal recommended} & & \text{percentage of recommended} & & \text{Applicant's} \\ \text{amount} & \times & \text{amount} & = & \text{matching amount} \end{array}$$

Example:

$$\$90,000 \times 25\% = \$22,500$$

Adding the two amounts together, the total cost of this project is \$112,500, of which the applicant must pay \$22,500.

2. For multi-year projects, cost-share amounts should be calculated for each year of the project separately, entered into G5 and included as part of the terms and conditions of the grant award. The estimated Federal funding amount can be used to calculate the matching amounts for the out-years of the project.
3. The application of cost-sharing to a Federal grant must be consistent with the applicant's application of those costs to Federal and non-Federal projects alike. For example, if the applicant's organization normally treats a cost for an activity as an indirect cost, that same cost must not be treated as a direct cost for cost-sharing purposes. To determine if the cost-share proposed by the applicant is allowable, the program staff must apply the criteria and exceptions listed in 2 CFR §200.306.
4. For any grant award that includes cost-sharing, the grant award notification must specify the level or percentage of matching funds the applicant is required to contribute to the grant.

4.4.4 Pre-Award Costs

Sometimes grantees that anticipate receiving a new award incur expenses for allowable purchases and activities before the funding period begins. These expenditures, known as pre-award costs, are authorized by EDGAR § 75.707(h), 2 CFR § 200.458, and by 48 CFR for for-profit organizations.

Examples of legitimate pre-award costs in a grant project can include:

1. Engaging a consultant to do work directly related to the project's success, which must be done before its start;
2. Buying equipment before the beginning date in order to receive a concessionary price from a vendor; and
3. Traveling for ED-sponsored conferences that occur before the start of the project period.

Pre-award Costs for Time Periods Up to 90 Calendar Days Before the Beginning of an Award Period

If ED learns that an applicant or grantee (grantee) intends to incur allowable project costs within 90 days before a new grant or continuation award, ED does not need to take any action for the costs to be allowable. The grantee already has authority to do so under §75.263 of EDGAR and 2 CFR § 200.308. However, if a grantee informs ED that it plans to incur pre-award costs within the 90-day period, program staff should inform the grantee that it incurs these costs at its own risk and, if for some reason the grantee does not get a grant or continuation award, ED will not reimburse the applicant for the pre-award costs.

Pre-award Costs for Time Periods More than 90 Calendar Days Before the Beginning of a Project or Budget Period

If an applicant or grantee (grantee) wants to incur pre-award costs for allowable expenses more than 90 days before the beginning of a new project or budget period, 2 CFR § 200.308(d)(1), requires the applicant to first obtain approval from ED before incurring the cost. If prior approval for pre-award costs is required, the grantee must submit a written request to ED that describes the reason for pre-award costs and the period during which the funds will be used.

If the grantee requests approval to incur pre-award costs before the initial GAN is issued, the program staff can append Grant Attachment 5 "Preagreement (PreAward) Costs," available in G5, when the GAN is printed and sent to the grantee. The program staff uses this form to authorize the grantee to spend grant funds in some or all budget cost categories, depending upon how the form is completed. If prior approval is given after the initial GAN is issued, the program staff must generate a modified GAN, append Attachment 5 to it, and send it to the grantee.

If an applicant or grantee requests prior approval to incur pre-award costs before funds are obligated in G5 and a GAN is issued, the program official, after reviewing the request, may approve the request in writing. In this case, Attachment 5 would not be used because a GAN has not been issued. The approval letter must:

1. Inform the prospective grantee that it incurs pre-award costs at its own risk. The grant is not legally binding on ED until grant funds have been obligated and a signed GAN, with the appropriate attachment, has been mailed to the grantee;
2. State that ED is not obligated to pay for pre-award costs in the event the grantee does not receive a new or continuation award;

3. State that the grantee may not use pre-award cost authority to reimburse itself retroactively for cost overruns that a project incurred in a prior budget period of a multi-year award or in any other Federally funded project; and
4. State that the grantee must use pre-award cost authority in a manner consistent with the approved scope and objectives of the funded project.

Disapproval of Pre-award Costs

ED may decide to disallow pre-award costs, even if the applicant or grantee incurs them within 90 days before the beginning of the budget period. For example, the applicant might attempt to use the funds for costs outside the scope and objectives of the project. In such cases, ED would prohibit the grantee from exercising their automatic authority by appending grant award notification Attachment 15, "Prior Approval Requirements," available in G5 to the GAN and checking the appropriate box to deny preaward costs or disapproving a grantee's written request in a written response.

4.4.5 Program Income

Sometimes grantees receive funds that are directly generated by a project activity or earned as a result of the award. These proceeds, known as program income, are authorized by 2 CFR § 200.307. In general, grantees may handle program income by:

1. Deducting from total allowable costs and third-party in-kind contributions the amount of program income generated in order to determine the level of Federal support allowed;
2. Adding to funds committed to the project by the Secretary and recipient and used to further eligible project or program objectives; and
3. Using funds for cost-sharing and cost-matching purposes to finance the non-Federal share of the project or program.

ED policy allows grantees to exercise any combination of the various options specified in 2 CFR § 200.307. To permit grantees to exercise any of these options, ED has created Attachment F, "Specific Grant Terms and Conditions for Using Program Income," which is available in G5. Attachment 6 must be included as a standard attachment on all new and continuation award GANs when program income is anticipated. If, in a particular case, the program office decides not to permit a grantee to exercise any one or all of the options outlined in 2 CFR § 200.307 (e.g., in the case of high-risk or profit-making grantees for which the program office determines either that the use of program income would not be appropriate, or that a grantee should use only one or two of the permitted

methods), it must mark the option(s) as “Not Allowed” on Attachment 6 and include it with the GAN.

Note: If program income was earned under the grant, a final Federal Financial Report (FFR) is required (see section 5.9.2., “Closeout Procedures”).

4.4.6 Indirect Costs - Overview

1. The Federal government’s general policy on reimbursement of indirect costs is that Federal agencies pay their portion of allowable indirect costs that are allocable to their programs, as described in 2 CFR 200.414 and appendices III, IV, V, VI, and VII to 2 CFR 200.
2. Indirect costs are incurred by a grantee for common objectives that cannot be readily and specifically identified with a particular grant project or other institutional activity without effort disproportionate to the results achieved.

Examples include:

- a. The costs of operating and maintaining facilities, equipment, and grounds (part of “facilities costs”);
 - b. Depreciation allowances (part of “facilities costs”); and
 - c. Salaries of administrators and services, such as payroll and personnel that benefit Federal programs (part of “administrative costs”)
3. Indirect costs are usually charged to the grant as a percentage of direct costs. This percentage is called the indirect cost rate and is obtained by dividing indirect costs by the direct costs of a grantee. Total direct costs are modified to eliminate costs that would distort the indirect cost rate. This adjustment to total direct costs is called “modified total direct costs” or MTDC.

MTDC consists of all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and subawards and contracts up to the first \$25,000 of each subaward (i.e., subgrant or contract).

4. An applicant or grantee can obtain an indirect cost rate agreement by submitting an indirect cost rate proposal to its cognizant agency.
 - a. The cognizant agency is generally the Federal department or agency providing the grantee with the most direct Federal funding subject to indirect cost support (or an agency otherwise designated by OMB).
 - b. If an applicant receives most of its Federal funding indirectly as a sub-recipient via another entity (for example, a State education agency [SEA]),

the conduit organization that provides the most pass-through Federal funding is responsible for establishing an indirect cost rate for the sub-recipient.

- c. If an organization receives a combination of direct Federal funding and pass-through funding as a subrecipient, and the entity does not have a rate established by some other cognizant agency, the Federal agency providing the most direct funding (or otherwise designated by OMB) is the cognizant agency for cost negotiation.
- d. Unless statutory or regulatory restrictions apply to indirect cost reimbursements, ED staff cannot require grantees to accept an indirect cost rate that is lower than the federally negotiated indirect cost rate shown on their indirect cost agreement. This means that a program office cannot hold a competition that establishes a priority for those applicants that volunteer to charge indirect costs at a rate lower than their approved rate or establish a criterion that rewards applicants that volunteer to charge a lower indirect cost rate.

Note: Indirect cost rates for virtually all institutions of higher education that receive grants from ED are negotiated on behalf of the Federal government by the Department of Health and Human Services.⁹ See 2 CFR part 200, Appendix III, paragraph C.11.a.(1).

5. Indirect costs are not reimbursed on construction grants, grants to individuals, or grants to organizations located outside the territorial limits of the United States, or grants exclusively to support conferences. Also, indirect costs are not reimbursed for fellowships and similar awards if the Federal assistance is exclusively in the form of fixed amounts, such as scholarships, stipend allowances or the tuitions and fees of an institution.
6. Indirect costs may not be charged to grants funded under programs with statutes or regulations that prohibit indirect costs.
7. A grantee must have a current indirect cost rate agreement to charge indirect costs to a grant. A grantee with an approved indirect cost agreement must charge indirect costs in accordance with that agreement, except under a grant subject to a restricted rate (e.g., supplement-not-supplant programs), a training rate program, or other programs where indirect costs are restricted or capped in statute or regulations. Grantees with approved indirect cost agreements, that are charging indirect costs to their grants based on their

⁹ The Department of Defense (DOD) is the cognizant agency for those IHEs that get the majority of their funding from DOD agencies. Because these IHEs are not likely to have expired indirect cost rates, for simplicity, we refer to HHS as the only cognizant agency for IHE indirect costs.

approved rate, may not charge a cost to its grant as a direct cost if that cost is identified as an indirect cost in the grantee's indirect cost agreement. Further, direct cost allocation and indirect cost allocation must be consistently treated across all Federal grants, unless a provision of statute or regulation requires a different outcome.

8. If a grantee has a federally recognized indirect cost rate, and it re-negotiates a new rate with its cognizant agency before the end of its current budget period, ED will generally not allow the grantee to apply the new rate to its grant until the start of the next budget period. This condition is communicated to grantees in the form of a grant clause that appears on all GANs.
9. If a grantee does not have a federally recognized indirect cost rate agreement on the date ED awards its grant, and the program funding the grant is not subject to supplement-not-supplant requirements or training grant requirements, the grantee has the option of using either a temporary rate of 10 percent of budgeted direct salaries and wages for 90 days pending negotiation of an indirect cost rate agreement, or a de minimis rate of 10 percent of MTDC. Grantees using the 10 percent de minimis rate must use the rate on all of their Federal awards for at least one fiscal year, and may continue to use the rate indefinitely thereafter until they decide to negotiate an agreement. Sections 4.4.7 through 4.4.9 provide information regarding temporary and de minimis indirect cost rates.

4.4.7 Temporary Rates Plus Negotiated Agreements

1. If a grantee opts to use a temporary indirect cost rate pending negotiation of a rate, it may only recover indirect costs at 10 percent of budgeted salaries and wages, and it must submit an indirect cost rate proposal to its cognizant agency for indirect costs (cognizant agency)¹⁰ within 90 days after ED issues the GAN.
2. If after the 90-day period, the grantee has not submitted an indirect cost proposal to its cognizant agency, the grantee may not charge its grant for indirect costs until it has negotiated an indirect cost rate agreement. However, under exceptional circumstances, a license holder may allow a grantee to continue using the temporary indirect cost rate after the end of the 90-day

¹⁰ In most cases, ED will be the cognizant agency and the ED Indirect Cost Group (ICG) will negotiate the rate for a grantee that does not have a currently approved indirect cost rate. However, in 2 CFR part 200, Appendix VII.D.1.c, the Uniform Guidance establishes the Department of the Interior as the cognizant agency for all Federally-recognized Indian tribal governments, so a tribal government that does not have an approved indirect cost rate will negotiate its indirect cost rate with Interior, even though the tribal government can use the temporary rate only for its ED grant. Also, in the unlikely event that an institution of higher education (IHE) applies for a grant and does not have an indirect cost rate, the IHE would negotiate its indirect cost rate with DHHS, which is the cognizant agency for virtually all IHEs that receive grants from ED, regardless of which Federal agency provides the most funding. See 2 CFR Appendix III.

period. A grantee can continue to use a temporary rate after the end of the 90-day period if the following conditions are met:

- a. The grantee submits documentation that exceptional circumstances prohibited submission of the proposal; and
 - b. The license holder determines that the documentation demonstrates that exceptional circumstances exist.
3. Exceptional circumstances are natural disasters that interfere with a grant applicant or grantee's ability to submit the required indirect cost rate proposal within the 90-day period.
- a. If the natural disaster is declared by the President, program staff can verify the disaster at the following [Federal Emergency Management Agency](http://www.fema.gov/disasters) website: <http://www.fema.gov/disasters>.
 - b. If the natural disaster is declared by a State Governor, program staff can verify the disaster through the applicable State government website. However, program staff must consult with the Office of the General Counsel before extending deadline dates under these circumstances.

4.4.8 Indirect Cost Reimbursement – Temporary Rate

1. A grantee that opts to use the temporary rate, and that obtains a federally recognized indirect cost rate, may use the federally recognized rate to claim indirect costs reimbursement. The recovery is subject to the following limitations:
 - a. The grantee may only recover indirect costs incurred on or after the date it submitted its indirect cost rate proposal to its cognizant agency, or at the start of the project period, whichever of the two occurs later.
 - b. 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.
 - c. 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.
 - d. The grantee may not request additional funds to recover indirect costs that it cannot recover by shifting direct costs to indirect costs.

4.4.9 De Minimis Rate – No Negotiation

1. An applicant that has never negotiated an indirect cost rate agreement before it applied to ED may opt to use the 10 percent de minimis rate authorized in 2 CFR 200.414(f) if:
 - a. The grant for which it seeks support is not:
 - Supported under a program that requires use of a restricted indirect cost rate;
 - Supported under a program that requires the use of the ED training grant rate; or
 - Supported under another program that prohibits or limits indirect cost recovery.
2. In accordance with 2 CFR 200.414(f), State and local governments may not use the 10 percent de minimis rate; thus, the ED Indirect Cost Group (ICG) should be contacted for guidance if a State or local government proposes to use the de minimis rate. In addition, there are limits on government entities that are not an SEA or LEA under programs requiring use of a restricted rate, or that have caps on administrative costs, and guidance should be sought from the ICG when these types of government entities propose to use the de minimis rate.
3. If an LEA that applies for a discretionary grant does not have an approved indirect cost rate and has not received a federally-funded grant before (e.g., a charter school LEA), the LEA must, under ED's procedures in EDGAR § 76.561(b), obtain a negotiated indirect cost rate from the SEA in the State in which it is located.
4. If a grantee opts to use the de minimis rate, it must do so for all of its Federal awards, and it must limit indirect cost reimbursement to 10 percent of MTDC. MTDC consists of all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and subawards and subcontracts up to the first \$25,000 of each subaward (i.e., subgrant or subcontract). See 2 CFR 200.68.
5. Grantees using the 10 percent de minimis rate must use the rate on all of their Federal awards for at least one fiscal year, and may continue to use the rate indefinitely thereafter until they decide to negotiate an agreement with their cognizant agency. Once a grantee obtains a federally recognized indirect cost rate that is applicable to its grant, the grantee may use that indirect cost rate to claim indirect cost reimbursement; however, the grantee

is subject to the same recovery limitations identified for the temporary rate in section 4.4.8, “Indirect Cost Reimbursement – Temporary Rate.”

4.4.10 Training Grants

The policies for reimbursing indirect costs under training grants are as follows:

1. If a government entity that receives a grant under a training grant program does not have an approved indirect cost rate and wants to recover indirect costs, it must use a temporary rate of 10 percent of budgeted direct salaries and wages, subject to the provisions in sections 4.4.7 and 4.4.8.
2. If a non-governmental entity receives a training grant, ED regulations limit recovery of costs on training grants to the grantee’s actual indirect costs, as determined by its negotiated rate agreement, or 8 percent of a MTDC, whichever is lower (see EDGAR § 75.562(c)(4)). The 8 percent limit also applies to cost-type contracts under grants, if these contracts are for training as defined in EDGAR § 75.562(a).
3. For purposes of calculating indirect costs for training grants, EDGAR § 75.562(c)(2) defines a modified total direct cost base as total direct costs minus:
 - The amount of each sub-award, including both subgrants and contracts, that exceed \$25,000;
 - Stipends, tuition and related fees; and
 - Equipment, as defined in 2 CFR 200.33 as applicable.
4. Indirect costs in excess of the training grant limit may not be charged directly, used to satisfy matching or cost-sharing requirements, or be charged to another Federal award (see EDGAR § 75.562(c)(5)).

4.4.11 Restricted Rate Programs

Under ED discretionary grant program statutes that contain supplement-not-supplant provisions (restricted rate programs), the grantee must use a restricted indirect cost rate when claiming indirect cost reimbursement (EDGAR § 75.563). Restricted indirect cost rates are lower than the regular (or unrestricted) indirect cost rates, because the restricted rate excludes certain general management and fixed costs that would otherwise be included in the standard indirect cost rate calculation. Program staff should refer grantees to EDGAR §§ 76.563 and 76.564 – 76.569, and to the ICG’s cost allocation guide, for requirements and

guidance in calculating restricted indirect cost rates. The ICG's cost allocation guide is available at the following link: [OCFO's Indirect Cost Group Resources](#).

Restricted rates for SEAs are included on the SEA's negotiated indirect cost rate agreement. Restricted rates for LEAs are negotiated with the SEA, using a methodology described in the State's indirect cost plan submitted under EDGAR § 75.561(b) and approved by the ED ICG.

All applicants under supplement-not-supplant programs may only recover indirect costs at the restricted rate included on the negotiated indirect cost rate agreement. Applicants for discretionary grants that are not a State or a local government, and that do not have a negotiated restricted rate, may use a temporary rate of 10 percent of budgeted direct salaries and wages until they negotiate a restricted rate. Use of the temporary rate is subject to the provisions of sections 4.4.7 and 4.4.8. A non-governmental grantee that already has a regular indirect cost rate must provide a copy of its rate agreement to ICG as the starting point for negotiations.

If an applicant, other than a State or local government, does not want to negotiate a restricted rate agreement, the applicant has the option of charging indirect costs at 8 percent of the MTDC of its grant for the life of the grant in accordance with EDGAR § 76.564(c)(2)¹¹, unless ED determines that the actual restricted indirect cost rate is lower than 8 percent of MTDC. If ED determines that the actual restricted indirect cost rate is lower, the lower rate must be used in the applicant's budget.

For grants under restricted rate programs, EDGAR § 76.569 requires that grantees multiply their restricted indirect cost rate by the "total direct costs of the grant minus capital outlays, sub-grants, and other distorting or unallowable items as specified in the grantee's indirect cost rate agreement." This calculation is otherwise known as multiplying by a modified total direct cost base.

4.4.12 Period of Application of Indirect Cost Rate Agreements

Indirect cost rate agreements are usually established for periods coinciding with a grantee's accounting (fiscal) year, not its grant award budget period or performance period. Consequently, a grantee might have to calculate the amount of indirect cost reimbursement to which it is entitled during a budget period by using two indirect cost rates. Under 2 CFR 200.210(a)(15), ED must include in the GAN the indirect cost rate that the grantee can charge to its grant. In the context of discretionary grants, ED is not required to increase the amount

¹¹ The 8 percent training grant rate under EDGAR § 75.562 should not be confused with the 8 percent rate under EDGAR § 75.564(d), which incorporates EDGAR § 76.564(c). The training rate must be used for all training grants made to non-governmental organizations (see section 5.8.4). The 8 percent optional rate under EDGAR § 76.564(c) can be used to avoid the expense to non-governmental grantees of calculating

of a grant to cover increased indirect costs that were negotiated after the start of the budget period. However, ED has discretion, if funds are available for this purpose, to increase the amount of a grant to cover increased indirect costs. Because the indirect cost rate that the grantee can charge its grant must be included in the GAN as a condition of the grant, a grantee cannot move funds around in its budget to cover changes in its negotiated indirect cost rate until ED has approved the change with an administrative action GAN. Under 2 CFR 200.414(g), a grantee can request up to a four-year extension of its negotiated indirect cost rate if it submits an extension request to its cognizant agency 60 days before the date the grantee would have to submit its rate proposal.

Note: If a grantee has a federally recognized indirect cost rate, and it re-negotiates a new rate with its cognizant agency before the end of its current budget period, ED will generally not allow the grantee to apply the new rate to its grant until the start of the next budget period. This grant condition is communicated to grantees in the form of a grant clause that appears on all GANs.

4.4.13 Reviewing Indirect Cost Information During Cost Analysis

The program staff must review an applicant's responses to the indirect cost questions on the U.S. Department of Education Budget Information Non-Construction Programs Form 524 Sections A, B and C if the applicant is requesting indirect cost reimbursement on line item 10 of the form.

The first question asks whether the applicant has an indirect cost rate agreement approved by the Federal government. If the answer is yes, the second question asks the applicant to identify the period of time the indirect cost agreement covers, the agency that approved the agreement, and the approved indirect cost rate. The third question asks eligible grantees if they are opting to use the 10 percent de minimis rate, and the fourth question asks if the grantee is opting to use the 10 percent temporary rate. A fifth question must be completed by applicants who are requesting indirect cost reimbursement under a restricted rate program. These applicants must indicate whether they are using a restricted rate included in their approved indirect cost rate agreement, or a rate that complies with EDGAR §§ 75.563 and 76.564 through 76.569 (see section 4.3.11, "Restricted Rate Programs"), and they must identify the actual indirect cost rate that would be used.

Note: The program staff must include the conditions specified in Grant Attachment 4, "Limitations on Indirect Cost Recovery" if:

- An applicant indicates on the budget form that it does not have a federally negotiated indirect cost rate agreement; or

- The period covered for the rate in the rate agreement has expired.

If the program staff is unsure about the reasonableness of the applicant's requested indirect cost rate, or they have other questions about the applicant's stated indirect cost rate or the base to which it is being applied, they may contact the applicant prior to award. In doing so, the program staff must follow the procedures for funding recommendation clarification contacts provided in section 4.4.4, "Funding Recommendation Clarification Contact."

At the time a continuation award is made, the program staff must review the grantee's responses to the questions concerning indirect cost on the Grant Performance Report (ED 524 B). If the responses indicate that the rate has expired, program staff must append Grant Attachment 4, "Limitations on Indirect Cost Recovery," as a term and condition of the grant award. In addition, grantees submitting a final performance report must indicate the rate to be used during the final budget period of the grant: provisional, final or other. If the grantee indicates "other," they must specify the type of rate.

Note: Federal agencies will only engage in negotiations for an indirect cost rate agreement after a grant is awarded.

4.4.14 Other Considerations

The program staff must scrutinize carefully any direct costs in a grantee's application. All direct costs chargeable to a grant must be allowable, reasonable, and specifically allocable to the grant activities and not otherwise recoverable as a reimbursement through the negotiated indirect cost rate.

Applicants may charge all allowable costs directly to the grant if they:

1. Have only one Federal grant from one Federal agency;
2. Have no other sources of revenue (such as State, local or private grants); and
3. Engage in no other activities (such as fundraising activities or other business development activities).

Applicants with multiple Federal grants and no other revenue sources must allocate all allowable costs that directly benefit the grants directly and proportionally to each grant.

4.4.15 Budget and Project Periods - General

Congress appropriates most ED funds on a fiscal year basis, meaning the funds are available for obligation by ED for only one fiscal year. Few discretionary

grant programs make funds available for obligation for more than one year. However, under discretionary grant programs, ED has flexibility to set the period that grant funds are available for obligation by the grantee. By regulation in EDGAR §§ 75.250 and 75.251, ED has established a system of budget periods and project periods to divide funding of single and multi-year grants.

4.4.16 Project Periods

A project period, sometimes referred to as the performance period, is the entire project from beginning to end. Under EDGAR § 75.250, ED can fund a project for up to 60 months unless a program statute or regulation provides for a longer project period. A project period can also be less than a year.

4.4.17 Budget Periods

Budget periods are defined as follows:

1. When ED funds grants with project periods longer than a year, it generally funds the grants in annual increments called budget periods. A budget period is usually 12 months (see EDGAR § 75.251), and funding for each budget period generally comes from separate fiscal year appropriations.
2. Program officials may establish shorter or longer budget periods if there is a compelling program reason to do so, such as:
 - a. To arrange more advantageous start and end dates for the grantee;
 - b. To allow for project periods not evenly divisible into 12 month increments;
 - c. To take into account an unavoidable extended absence of a grantee's principal investigator; or,
 - d. To accommodate a change in the grantee's fiscal year.

The program official must document the reason(s) for the shorter or longer budget period(s) in the grant file.

3. A single budget period covering the entire project period will generally be used if:
 - a. The budget period is greater than a year but less than two years;
 - b. The method of funding is required by authorizing legislation, funding appropriation or to satisfy the intent of Congress; or
 - c. Either:

- i. The project is exclusively for construction, alteration or renovation, or acquisition of property, and is funded from a multi-year or “no-year” appropriation; or
 - ii. The project period is two years or longer and OGC concurs with the longer budget period.
4. Sometimes a project period can be extended at no cost to ED (see section 0, “5.5.9, Extension of the Final Budget Period”).

4.5. Funding Decisions

4.5.1 General

ED’s policy is to first prepare a rank order list of applications. This rank order is based solely on the reviewers’ evaluation of the quality of the applications according to program-specific selection criteria or criteria identified in EDGAR § 75.210. Under EDGAR § 75.217(d), the Principal Officer then determines the order in which the applications will be selected for funding.

4.5.2 Funding Recommendation Clarification Contact

After program staff have reviewed applications and have deleted unallowable costs and/or activities, they may contact applicants to clarify technical issues, such as unsigned or missing certifications, missing DUNS, errors in the budget calculations or improperly labeled budget items. Contact may occur prior to the development of the funding slate and before the applications are selected for funding by the Principal Officer. Unallowable costs and/or activities are already deleted during the program staff’s review of the applications. When contacting an applicant for clarification of technical issues, the program staff should only indicate that the application is being reviewed, not that it is funded or will be funded.

The program staff may have serious questions regarding a recommended applicant’s budget and/or activities that must be resolved prior to awarding the grant. If more detailed information is needed, the program staff may only contact an applicant for additional information after the funding slate has been approved and the application has been selected for funding (see EDGAR § 75.231). In these cases, the application should be included on the funding slate and marked with an asterisk, indicating that funds should not be committed for the application until outstanding issues are resolved.

If the program staff receives satisfactory technical information from the applicant, the staff must inform the individual responsible for committing funds to proceed with commitment. However, if the information submitted by the applicant is

unsatisfactory, the program staff must send a memorandum withdrawing the recommendation to fund the application, stating the reasons why it will not be funded and identifying the next application on the rank order list that may be selected with the funds made available. This memorandum must be sent to the Principal Officer responsible for selecting applications for funding.

The program staff must document any funding clarification contact with a selected applicant and include a written summary of the discussion in the official grant file (see section "4.11: The Official Grant File").

4.5.3 Funding Slate for New Grants

After evaluating the information in the application, the rank ordering and other information as indicated in EDGAR § 75.217, the program staff develops a proposed funding slate listing applications recommended for funding. The program staff must also enter into G5 the project abstract for each application recommended for funding. The program staff should use the program descriptors available in G5 when completing this task. The program official reviews the slate and prepares a transmittal memo with a copy of all project abstracts for the recommended applications and submits them to the Principal Officer, his/her designee or the appropriate higher level for approval.

1. The funding slate must contain the following information:
 - a. Table of applicants to be funded, including: the proposed funding of each proposed grantee; recommended "out-year" funding (if applicable); and if applicable, relevant information about a significant change from the amount requested by the applicant;
 - b. Scores (raw and/or standardized of all applications read in the rank order);
 - c. Application notice and the notice of funding criteria and priorities published in the Federal Register; and
 - d. Include abstracts if number of awards does not exceed 50. If the number of awards is over 50 the PO should have the abstracts on hand in the event of a question.
2. The transmittal memo (usually about two pages in length) accompanies the funding slate and contains the following information:
 - a. Background information on the program and competition including:
 - i. A description of how the competition fits into the overall program budget;

- ii. A description of how the program fits within ED's Strategic Plan;
 - iii. Deadline date for the competition;
 - iv. The purpose of program and who it is designed to serve;
 - v. Who is eligible to receive a grant;
 - vi. The statutory or regulatory priorities (if applicable);
 - vii. If applicable, any special instructions or guidance in the appropriate law on how grants are to be made (include a summary of committee report language if relevant);
 - viii. The amount of funds available for new grants from this competition and for continuation grants (if applicable); and
 - ix. The number of years of the grants period (1-5 years) (with a brief statement justifying multiyear funding from a single year's appropriation, if applicable).
- b. Discussion of the Review Process: Location and dates of the panel review;
- i. The number of applications received;
 - ii. The number of applications deemed ineligible and reasons why applications were not reviewed or considered eligible for funding;
 - iii. The number of panels, the number of reviewers on each panel and the number of applications reviewed by each panel (affects standardized scores);
 - iv. Whether raw or standardized scores were used in developing the rank order; and
 - v. Description of any unique review procedures such as multiple-tier review.
- c. Special Information or Issues Encountered During the Review (if applicable):
- i. Conflicts of interest of any reviewers, and action taken to address this matter;
 - ii. Deviations from the original technical review plan, including approved amendments to the plans and justifications;

- iii. Scoring and funding anomalies;
 - iv. The identification (with an asterisk) of any applications recommended for funding that require a clarification contact prior to the commitment of funds; and
 - v. The identification of an alternate application(s) that should be funded if an application(s) requiring additional clarification is deleted from the list.
- d. Recommendation:
- i. If in rank order -
 - Indicate if the recommendation is to fund in rank order in accordance with the scores given by the reviewers.
 - ii. If not in rank order -
 - If the recommendation is to fund out of rank order, provide a brief justification for funding “out of rank order” taking into account statutory requirements or the funding criteria (e.g., application deemed ineligible, or implementing a geographic distribution requirement)[see EDGAR § 75.217(d)];
 - If the recommendation is to “fund down” a previous year’s slate provide a brief justification (e.g., small amount of funds for new awards, and high quality of applications to be funded); and
 - iii. If a recommended grantee is already receiving a grant under the same program, provide information to ensure there is not duplicate funding (if applicable).
 - iv. Any other information relevant to the recommendations that will assist the reviewers of the proposed slate.
- e. Risk Assessment Data. This information should include: (1) an assurance that a risk assessment was conducted; (2) the sources of information used and specific evidence relied upon during the assessment; (3) evidence of risk identified for specific applicants that should be monitored or acted on, and (4) if applicable, the recommendations for action, such as a high-risk designation or imposition of appropriate conditions, and how the action would address the risk.

Note: The content requirements for funding slates and funding slates memorandums listed in this section are also contained within the document titled “Content of a Funding Slate and Funding Slate Memorandum,” which may be used as a guide when developing funding slates and funding slate memorandums for new grants. This document is available in the following: [Documents and Forms Referenced in the Handbook for the Discretionary Grant Process](#).

4.5.4 Selecting Applications for Funding

In selecting applications for funding, the Principal Officer may consider the following information specified in EDGAR § 75.217 and other requirements in EDGAR, including:

1. Criteria and any other requirements specified in the application notice, such as geographical distribution of awards;
2. An applicant’s use of funds and documented performance under a previous award under any ED program (see EDGAR § 75.217(d)(3)(ii));
3. Failure of the applicant under any ED program to submit performance reports or its submission of a performance report of unacceptable quality (see EDGAR § 75.217 (d)(3)(iii));
4. An applicant’s receipt of funding from another organization within ED or another Federal agency to support identical or very similar project activities;
5. An applicant’s selection of key personnel whose total time committed to the project exceeds the amount of time that can reasonably devote to other obligations and also still meet the commitments of the grant¹²;
6. The reviewers’ failure to consider information in the application related to the selection criteria (this must be documented and justified with rationale provided for determining that the reviewers missed the information);
7. An applicant’s inclusion of unallowable project activities or costs that lead to a determination not to fund an application;
8. Activities not authorized by legislation, regulation or absolute priorities; and
9. Excessive (unreasonable) costs that, if reduced, would result in a change of the scope or objectives of the project.

¹² If the applicant is an institution of higher education, ED staff must accept the institution’s written policy on full-time faculty time limits, if one exists. Otherwise, the program official should determine reasonable time limits and explain that in the official file. See 2 CFR § 200.430

If the Principal Officer concludes that the reviewers erred in scoring on a particular criterion, the Principal Officer must document the basis for that determination before approving the final slate.

4.6 Qualifications Needed to Commit, Obligate and Award Grants

4.6.1 General

The Principal Officer or his/her designee must identify different individuals to record commitments than the individuals identified to record obligations and award grants. The principal office, or executive office staff, commits funds. However, the Principal Officer may choose to assign the commitment or obligation functions to qualified individuals working directly with the grant programs, meaning supervisors, program officials, team leaders or program staff. The individual designated to perform the commitment function must meet the minimum skill sets identified in section "4.6.2: Qualifications of Individuals Who Commit Funds". The individuals selected to perform the obligation and award functions must have a license to obligate (license) from the director of RMS and meet the skill sets in section "4.6.3: Qualifications of Individuals Who Record Obligations and Award Grants."

4.6.2 Qualifications of Individuals Who Commit Funds

The individual(s) selected to perform this function must possess the following qualifications and skills:

1. Knowledge of ED's budgeting process, including:
 - a. An understanding of appropriation law and the appropriation process;
 - b. An understanding of the theory and processing of funds allotments for each authorized program;
 - c. An understanding of the process for transferring program funds from one principal office to another;
 - d. The ability to create and maintain accurate and complete records of various programs and funding sources; and
 - e. The ability to create and maintain records for each program and project code and present reports that:
 - i. Track fund commitments;

- ii. Track uncommitted balances; and
 - iii. List funds to be allotted (indicating when they will be allotted).
2. Knowledge of ED's grant award process, including:
 - a. The ability to identify where in the process funds are committed; and
 - b. An understanding of the roles and responsibilities of key persons or positions in the process.
3. Knowledge of and the ability to use G5, including:
 - a. The ability to use the financial management system;
 - b. Familiarity with the various reports and report formats in G5 and the finance system; and
 - c. An understanding of computer access and other security issues.

4.6.3 Qualifications of Individuals Who Record Obligations and Award Grants

1. The director of RMS issues a license to an individual (license holder) selected by the Principal Officer to record obligations and award grant funds . This individual must have the appropriate security clearance and appropriate access to G5.
2. License holders have the authority, up to a specified dollar amount, to record obligations in G5, and sign (GANs), and mail new and continuation awards (GANs) for discretionary grants and cooperative agreements for specific CFDA programs.
3. License holders perform ED's final review to ensure that the integrity of the discretionary grant process has not been compromised. The license holder's signature on a GAN certifies that the grant award is made in accordance with all applicable rules, regulations and ED policies. Accordingly, license holders are ED's primary contact for discussing any legal requirements imposed on a grant, whether by statute, regulation or in terms and conditions of the award.
4. The individuals selected to perform the responsibilities of a license holder must be at the GS-12 or higher grade, and must possess the following qualifications and skills:
 - a. Knowledge of and the ability to apply the program regulations and requirements to grants they are authorized to award;

- b. Knowledge of and the ability to apply the requirements of 2 CFR Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, EDGAR, Grants Policy Bulletins that have not yet been incorporated into this Handbook, and ACS Directives applicable to grants;
 - c. Knowledge of ED's grant award process;
 - d. The ability to conduct a grant budget cost analysis;
 - e. The ability to communicate grant management and program policies and procedures to both internal and external customers;
 - f. The ability to explain any funding or administrative decision related to the grants they are authorized to award;
 - g. The ability to use G5;
 - h. At least one year of experience with the program(s) under which they will record obligations and sign and award grants.
5. Individuals selected to be license holders will successfully complete training to ensure that:
- a. The principal office is awarding grants in compliance with all applicable laws, regulations, and policies;
 - b. Best practices are shared among the principal offices;
 - c. License holders gain an in-depth understanding of grants management;
 - d. License holders acquire a reference library with resource tools from course materials; and
 - e. ED receives information and feedback on its discretionary award process for continuous evaluation and improvement.
6. License holders must also meet the following training requirements:
- a. Current license holders must identify and attend training to gain additional grant knowledge and must be aware of updates or changes in the Uniform Administrative Requirements, Cost Principles, and Audit Requirements, EDGAR, or other grant award issues and administration documents.
 - b. All license holders must attend an annual briefing sponsored by RMS to meet the annual renewal requirement. The purpose of this briefing is to:

- i. Update the license holders on current grant-related information;
 - ii. Share best practices; and
 - iii. Discuss any issues related to their responsibilities.
- c. All license holders must attend G5 training that includes, but is not limited to, courses related to the discretionary award, post-award and, closeout processes.

4.6.4 Requesting a License

To request a license to obligate funds, the Principal Officer or his/her designee (such as executive office staff) must provide a memo to the director of RMS stating:

1. The name and grade of each individual nominated to obligate funds;
2. The CFDA number and the name of each program for which the individual is nominated to obligate funds, as well as the recommended maximum grant amount for which the he/she will have authority;
3. The individual has completed the required training;
4. The selected individual(s) have the qualifications and skills identified in section "4.6.3: Qualifications of Individuals Who Record Obligations and Award Grants";
5. The individual(s) has/have the appropriate Education Central Automated Processing System (EDCAPS) systems access (as required by the Clinger-Cohen Act); and
6. A copy of the EDCAPS Production System – User Access Request Form is included.

RMS then issues a license if the individual possesses the required qualifications, skills and training. The license identifies the CFDA program numbers and the monetary amount of the individual's obligation authority. RMS then forwards the license to the Principal Officer or his/her designee who forwards the license to the selected individual. The license holder must display the original license in their work area at all times.

Note: The Principal Officer should identify at least one person in their principal office to have a license with sufficient obligation authority to cover the maximum obligation amount for any grant issued by the office.

4.6.5 Maintaining the License

Principal Officers must review licenses of license holders annually. After the end of the fiscal year (September 30th), RMS provides each principal office a list of current license holders. The list contains the name(s), grade(s), CFDA's and authorized obligation amounts. The Principal Officer or his/her designee must review the list to determine whether changes to individual licenses are needed, or if licenses should be revoked or canceled. The Principal Officer or his/her designee must certify to RMS that the license holders who remain on the list have met all applicable training requirements established by RMS, including the annual briefing for license holders.

4.6.6 Revoking or Canceling a License to Obligate Funds

The authority to obligate ED funds and to make certain administrative changes to approved projects on behalf of ED commits the license holder to a higher personal level of responsibility and accountability for Federal funds. The authority is not absolute and may be revoked or canceled upon written request by a Principal Officer to RMS, or by RMS.

1. RMS revokes the authority to obligate if the license holder:
 - a. Misuses the authority to obligate funds and award grants by:
 - i. Making awards that exceed the authorized obligation amount of the license or for making awards not covered by license; or
 - ii. Making cumulative awards that exceed the limits of a program appropriation or fund allotment.
 - b. Violates ED's computer security requirements by sharing a user ID or allowing an unauthorized user access to secured screens;
 - c. Misrepresents ED deliberately on matters of grants regulations or policy; and/or
 - d. Otherwise demonstrates the inability or unwillingness to comply with grant management requirements, including program statutes, GEPA/DEOA, EDGAR, this Handbook and all other directives related to ED's grantmaking functions.

Note: The list above is not all-inclusive. Any use of the license that indicates a lack of responsibility on the part of the licensee is grounds for revoking a license.

2. RMS can revoke or cancel a license for any of the following reasons:

- a. The individual is no longer with the principal office that issued the license;
- b. The individual's authorized obligation amounts and programs have changed (in these instances a new license may be issued);
- c. The individual did not meet the training requirements for renewal of the license;
- d. The individual is no longer performing the duties of a license holder; and/or
- e. The principal office requests the cancellation for other reasons.

4.7 Commitment, Obligation and Award Functions

4.7.1 General

There are three key steps in awarding discretionary grants:

1. Recording the commitments for selected applications in G5;
2. Recording "obligations" of funds for selected applications in G5; and
3. Signing an official GAN and sending it to the grantee.

A commitment is an administrative "reserve" placed on funds to ensure their availability to make an award at the time an obligation is recorded. The recording of an obligation in G5 is required for the ED finance system to make payments of Federal funds to a grant recipient. An obligation is made when a license holder signs the GAN and sends it to an applicant notifying them of the specific award of funds under a grant competition. Under EDGAR and appropriations law, there is no "obligation" until the GAN has been sent to the grantee. The award document also indicates the project period, the current budget period and the grant terms and conditions.

To guard against any potential misuse of funds and reduce the possibility of errors in awarding grants, individuals selected to record commitments of funds for a discretionary grant program must not record obligations of funds, nor sign and issue grant awards for the same discretionary grant program. Likewise, individuals selected to record obligations of funds and sign and issue grant awards for a discretionary grant program must not record commitments of funds for the same discretionary grant program.

4.7.2 Recording Commitments

The individual selected to record commitments does so after receiving the approved funding slate. Commitments may be recorded in G5 by PR/Award number or by a group of PR/Award numbers within a CFDA subprogram and schedule. Funds must not be committed for any application needing a clarification contact (these should be marked with an asterisk on the funding slate). Commitments for those applications may be recorded only after the outstanding issues are resolved.

The individual selected to commit funds reconciles committed funding amounts between Oracle Financial (OF) and G5 to ensure the funds are properly posted for each grantee and that all funds for a given competition have been committed.

4.7.3 Congressional Notification

The Office of Legislation and Congressional Affairs (OLCA) is responsible for notifying individual members of Congress of any new grant awards made to the member's constituents. Congressional notification must take place before the recipients of such awards are officially notified and before ED notifies unsuccessful applicants.

The program staff must wait three business days (starting on the next business day after the commitment date) before communicating funding decisions to applicants (either by mailing award documents or making direct contact with them). However, if the abstract and other documents required for congressional notification are available in G5, then the program staff cannot start the three business day waiting period. The waiting period begins when OLCA has received all of the required documents.

In order to proceed with congressional notification, OLCA must have either:

1. A customized abstract for each project application being funded; or
2. A copy of the generic abstract for all grants that a program uses.

To ensure the timely completion of the congressional notification process, OLCA accesses G5 daily and searches, using date ranges, for committed slates. OLCA then assembles congressional notification packages that contain the purpose of the program, abstracts (generic or individual) and other documents as applicable. OLCA will not conduct notification for projects for which program offices have not made commitments in G5.

OLCA will notify the appropriate program official of any problems with the timely completion of the congressional notification process. In such cases, the program

official should confirm with OLCA that the congressional notification process has been completed before notifying applicants of their status.

Note: For the submission of paper applications, the program official must forward a copy of the slate along with copies of all project abstracts to OLCA. The program official must provide the abstracts to OLCA for all applications selected for funding under the program, including those for which funds have not been committed due to clarification contacts.

4.7.4 Recording Obligations and Signing and Mailing Hard Copy GANs for New Awards

After the commitments are recorded, the license holder records the obligation of funds and signs and issues grant awards. Obligations may be recorded, the GAN may be signed, and packages may be prepared for mailing during the three business day waiting period for Congressional notification. However, as indicated in section “4.7.3 Congressional Notification,” the Congressional notification process must be completed (including the three business day waiting period) before successful applicants are contacted and the grant packages mailed, unless OLCA approves an early contact.

1. Before recording an obligation, the license holder must review the materials in the official grant file, the award data in G5 and the information printed on the GAN. The purpose of the review is to verify that all information on the GAN is accurate and to ensure that the file contains the following:
 - a. The original application signed by the applicant’s authorizing representative;
 - b. The originals of all required certification and assurance forms signed and dated by the applicant’s authorizing representative;
 - c. The original application technical review forms with reviewer comments and ratings;
 - d. Documentation that the assigned program staff member has reviewed the application and has conducted an analysis of the applicant’s budget to ensure that all budget items are allowable (for all years of a multi-year project). See the “Funding Recommendation Checklist” that may be used during this step, which is available in following: [Documents and Forms Referenced in the Handbook for the Discretionary Grant Process](#);
 - e. Documentation that unallowed activities, if any, have been identified and addressed and have been deleted from the project and budget;

- f. Documentation of any requested clarifications or revised materials; and
 - g. Documentation that all human subjects concerns have been addressed, if applicable.
2. When issuing hard copy GANS the license holder must sign and date three copies of the GAN immediately after recording the obligation in G5. One copy of the original signed and dated GAN is given to the staff to be filed in the official grant file; the second and third copies are mailed to the grantee's authorized representative and project director.
 3. The program staff must include, with the GAN, standard grant attachments and enclosures and non standard grant attachments and enclosures that are available in the G5 grant award process function. These grant attachments and enclosures are also available for information purposes only on ConnectED at the following link: [Grant Attachments and Enclosures](#). Grant attachments and enclosures that appear with the blue asterisk (*) on ConnectED must print with every GAN issued by ED, since these grant attachments and enclosures are standard for all ED grants. G5 is programmed for these grant attachments and enclosures to print automatically with GANs printed in G5. Grant attachments and enclosures without the blue asterisk, are not standard to all ED grants, and will not automatically print when GANs are printed in G5. However, these GANs are available in G5 for selection by program staff when program staff deems that they are applicable to a grant.

G5, not connectED, is ED's official repository for GAN attachments and enclosures.

Note: In some cases the license holder may need to add a condition to Block 10 of the GAN that amends one or more of the provisions in a standard attachment if the grant or grantee has to be designated high risk and/or additional specific conditions have to be placed on the grant or grantee.

4.7.5 Electronic Signature Option for Grant Awards

G5 provides license holders the option to sign and issue GANs using the G5 electronic signature (e-signature) function. Before electronically signing a GAN, license holders must ensure that the GAN information is correct in accordance with their review of all applicable grant award materials as is required under section 4.7.4, "Recording Obligations and Signing and Mailing Hard Copy GANs for New Awards." In addition to certifying that the GAN is correct, the license holder's electronic signature and the electronic GAN notification serve as ED's official obligation.

To sign and issue GANs electronically, license holders will, after commitment, select the “Electronic Signature” option in G5. Before recording obligations in G5, which occurs after GANs have been electronically signed, license holders must ensure that congressional notification has occurred in accordance with section 4.7.3. Recording an obligation in G5 will automatically generate an email containing a link to G5 where the grant projects’ directors and authorizing representatives may view and print their signed GANs and attachments; thus, license holders must ensure that congressional notification has occurred prior to recording obligations.

Project directors and certifying representatives must be registered in G5 in order to access the Adobe Acrobat version of the GANs, which will include all applicable grant attachments, enclosures, and specific terms and conditions. Program staff should refer project directors and certifying representatives that need assistance with registering in G5 to the G5 Hotline at 1-888-336-8930.

In order to electronically sign and electronically issue GANs, all associated specific grant terms and conditions and grant award attachments, including program-specific grant attachments, must be available in G5. Program staff has the capability to upload **specific grant award terms and conditions** in G5, which will appear in box 10 of the GAN, for a specific grant award or for all grant awards under a specific grant program. However, program-specific **grant attachments and enclosures** may not be uploaded in G5 to print for an individual grant award, and may only be uploaded in G5 to print for all grant awards under a specific grant program. If specific grant award terms and conditions and program-specific grant attachments are not available in G5, and they cannot be uploaded into G5 by appropriate program staff, then program staff must sign and issue hard copy GANs in accordance with section 4.7.4, “Recording Obligations and Signing and Mailing Hard Copy GANs for New Awards,” of this Handbook.

Note: GANs that require the inclusion of Grant Attachments 5 “Pre-agreement (Preaward) Costs,” 7 “Special Attachment for Budget Recommendations/Changes,” and 15 “Prior Approval Requirements,” may not be issued electronically, since these attachments are typically issued on a case-by-case basis, and must be completed by hand. Copies of these Grant Attachments are available for information purposes at the following connectED link: [Grant Attachments and Enclosures](#).

In determining whether grantees under a particular competition should receive electronically signed GANs, program offices should give primary consideration to the needs and readiness of their grantees. While this should not be the primary consideration, program offices may also take into account which approach works best for them at the current time, taking into account such factors as administrative efficiency and their own readiness to use e-signature function. If

program staff decides to electronically sign and electronically issue GANs, they should do so for an entire grant competition. In other words, for awards made under any competition for new awards, all awards should be made either with electronically signed GANs or with GANs issued in hard copy, as maintaining a consistent approach will be more efficient administratively for both grantees and ED program offices.

4.7.6 Requirements for Awarding a Grant

Simply recording an obligation of funds in G5 for a grant does not meet the legal requirements for awarding a grant. Legal requirements for awarding a grant are as follows:

1. There must be documented action to establish a firm commitment on the part of ED;
2. The commitment to award a grant must be unconditional on the part of ED;

Note: As used in appropriations, “unconditional” relates to any acts the applicants must complete before funding is secured; it does not limit ED’s ability to attach conditions to an award that must be followed during the course of the grant.

3. There must be documented evidence of the commitment to award the grant; and
4. The commitment must be made during the period the funds are available for obligation by ED.

These requirements are met if the GAN is sent to the grantee before the end of the fiscal year (see EDGAR § 75.235).

(Reference: Principles of Federal Appropriation Law, Vol. II at 7-32-3(1991))

Note: Appropriations law and EDGAR § 75.235 (a) require that, for grants that must be made by the end of the fiscal year, the license holder must 1) record the obligations, and 2) send the GAN, either in hard copy or electronically (if using e-signature) by midnight on September 30 to make the award. Hard copy grant award notifications that are not delivered to the U.S. Postal Service or other commercial carrier by midnight September 30 are presumptively not valid. Similarly, electronic grant award notifications issued using e-signature that are not delivered electronically by September 30 are presumptively not valid. The affected grant funds may lapse and would be returned to the U.S. Department of Treasury.

4.8 Notifying Applicants

4.8.1 Notifying Successful Applicants

The GAN serves to inform applicants officially that their applications have been selected for funding. The document is also the official record of award. The document provides specific details about the grant, including the amount of the award, specific terms and conditions, and contact information.

The program staff's review of the selected applicant's project plans and budgets will often result in the project being funded at a level less than the applicant's requested amount for the project. To inform the grantee of these changes, the program staff should use Grant Attachment 7, "Special Attachment for Budget Recommendations/Changes," in G5 to incorporate any budgetary changes and/or specific cost items that have been reduced or deleted from the budget. If time permits after Congressional notification occurs, the program staff may contact the applicants before mailing awards. The purpose of the contact would be to inform the applicant of the planned funding level and to determine any changes to the project based on the planned funding level or other technical matters, such as the elimination of unallowable costs. The program staff must file any requested revisions in the official grant file folder.

The program staff must also prepare appropriate terms and conditions for the award, which include standard attachments to the GAN about payment procedures; performance and financial reporting requirements; audit requirements; program income; and any other required information that the grantee needs to know. The program staff should also address any specific condition imposed on the grantee – including high-risk designation and associated conditions – and any cost-sharing or matching requirements, whether mandatory or voluntary, and should include them as one of the conditions of the award (see section "4.4.2, Grantee Cost-Sharing or Matching (Non-Federal Share)" and "5.6, Specific Award Conditions and Other Actions").

4.8.2 Notifying Unsuccessful Applicants

Program officials must notify unsuccessful applicants that their applications were not selected. Unless statutes or program regulations provide otherwise, the notifications may take place at the same time successful applicants are notified, after the three business day Congressional notification period. Unsuccessful applicants may not be notified earlier without approval of the OLCA.

The notifications must be in writing and must specify why the application was not selected for funding. The notifications may also include the applicant's rank order and reviewer comments with reviewers' names deleted. Notifications may be form letters for the entire program or may be customized for each application.

The form letters may be generated via G5. Program officials who intend to notify unsuccessful applicants before successful applicants have been notified must submit a written request to OLCA stating their rationale for early notification to request a waiver of the standard ED procedure.

Records of unsuccessful applicants should be sent to the Federal Records Center (FRC) for storage if the principal office does not have on-site storage space. Guidance on electronic record archival, how to prepare hard copy records for transfer to the FRC can be found in the “Records Storage and Archive Procedures”.

4.8.3 Appeals by Unsuccessful Applicants

Unless an administrative appeals process is provided in a program statute,¹³ ED does not provide a right of administrative review for applicants who have unsuccessfully competed for discretionary grants. Therefore, generally grant applicants cannot administratively appeal ED’s decision not to select their application for funding.

ED may reconsider an unsuccessful application if the applicant notifies ED of substantive problems related to the review of its application, or provides proof that its application was mishandled (see section “4.10.3, Mishandled Applications”).

ED’s policy is that the program official must review the situation and consult with OGC to determine if corrective action is needed. If the program official agrees that there are substantive problems related to the review of the application, and those problems resulted in the application not being funded, he/she may take appropriate steps for resolution.

Note: A substantive issue related to the actual review may exist when the applicant can show that one or more reviewers did not read the entire application, or there is evidence of reviewer bias against the applicant. A substantive issue does not include an applicant’s disagreement with a reviewer’s scores or comments. The program official should contact OGC if further guidance is needed in determining whether there are substantive issues.

¹³ As of the date of this Handbook, the only discretionary grant program managed by ED that, by statute, gives unsuccessful applicants a right of appeal is the Native American Career and Technical Education program authorized by Section 116 of the Carl D. Perkins Career and Technical Education Act of 2006 (20 U.S.C. 2326). This right is granted under Section 116(b)(2) through a cross-reference to section 102 of the Indian Self-Determination Act.

4.9 Cooperative Agreements

4.91 General

In accordance with the Federal Grant and Cooperative Agreement Act of 1977 (31 U.S.C. chapter 63), Congress permits Federal agencies to choose the appropriate instrument to use in making awards. Program officials determine whether to use a cooperative agreement as the award instrument based on the nature of the relationship and the activities to be performed by the grantee. Program officials may use a cooperative agreement only when ED anticipates having substantial involvement with the grantee during the performance of the funded project (see section "4.92, Determining Substantial Involvement"). Program officials must not use cooperative agreements for the following purposes:

1. To increase ED's involvement in projects beyond those authorized by statute;
2. To take away management control of a project from the recipient or to obtain stricter control over the administrative operations of its organization;
3. As a substitute for a procurement or contracting instrument to purchase goods or services for the benefit of the Federal government; or
4. For projects in which the program staff will not have substantial involvement with the grantee during the period of the award.

If a cooperative agreement is to be used, it must explicitly state the character and extent of the anticipated programmatic involvement of the program staff in the project and clearly define the responsibilities of both parties in the agreement. The agreement must clearly convey the programmatic benefits that the recipient would not otherwise have available to it in carrying out the project. Also, it must be developed carefully to avoid excessive ED involvement under the agreement.

Cooperative agreements are subject to the basic procedures and requirements established in EDGAR for application notice, application processing, technical review, program recommendation, award and record retention established for grants. Additional requirements unique to cooperative agreements are presented in the sections below.

The program staff must make sure that the award document for cooperative agreements is produced using one of the optional clauses in G5 designated for cooperative agreements. The award notification for the cooperative agreement must contain the appropriate specific provisions and attachments, including a copy of the actual agreement.

4.92 Determining Substantial Involvement

Federal statutes related to cooperative agreements neither define the phrase, “substantial involvement,” nor provide exact criteria for determining its presence in a project. This is because it is a relative rather than an absolute concept. However, OMB has published guidance for Federal agencies to use in determining whether or not substantial involvement with the recipient can be anticipated when making an award.

Table 4.1 below lists criteria that reflects OMB’s guidance on the subject but is not intended to be an all-inclusive listing of potential situations affecting the decision of whether to award a cooperative agreement. Program staff should contact their Grant Policy and Procedures Team (GPPT) liaison for assistance if there is uncertainty regarding whether a cooperative agreement is appropriate for a particular grant.

Table 0-1. OMB Guidance on Determining Substantial Involvement

Substantial involvement is usually considered to be present if:	Substantial involvement is usually considered NOT to be present if:
<p>ED must be able to halt an activity immediately if detailed performance specifications or requirements are not met.</p> <p>ED must review and approve one stage of work before the recipient can begin a subsequent stage during the period covered by the award.</p> <p>ED must review substantive provisions of proposed contracts under the cooperative agreement.</p> <p>ED is involved in the selection of key recipient personnel.</p> <p>ED and the recipient collaborate or participate jointly in the assisted activities.</p> <p>ED undertakes monitoring that permits it to direct or redirect the work because of interrelationships with other projects.</p> <p>Substantial and direct operational involvement of or participation by ED in the project is anticipated before the award is made to ensure compliance with such statutory requirements, such as civil rights, environmental protection and provisions for the disabled. Such participation would exceed what is normally undertaken to comply with general statutory requirements that are a condition of every award.</p> <p>ED has established highly prescriptive requirements before the award is made, which limit the recipient's discretion with respect to scope of services offered, organizational structure, staffing, mode of operation and other management processes. Requirements coupled with close monitoring or operational involvement during performance would exceed the normal exercise of Federal oversight responsibilities.</p>	<p>ED approves recipient plans before the award is made.</p> <p>ED exercises normal oversight responsibilities during the project period to ensure that the objectives, terms and conditions of the award are accomplished. Examples include telephone monitoring, site visits, performance reporting, financial reporting and audit.</p> <p>ED does not anticipate involvement to correct deficiencies in project performance or financial management.</p> <p>ED undertakes activity to comply with general statutory requirements that are a condition of every award, such as civil rights, environmental protection and provisions for the handicapped.</p> <p>ED reviews performance after completion.</p> <p>ED undertakes activity to comply with general administrative requirements such as those included in EDGAR and program regulations.</p> <p>ED provides technical assistance, advice or guidance to recipients of grant awards when</p> <ul style="list-style-type: none"> (1) it is requested by the recipient; (2) the recipient is not required to follow it; or (3) the recipient is required to follow it, but it is provided before the assisted activity begins, and the recipient understands the requirements before the award is made.

4.9.3 Alternating Award Instruments

Using the guidance discussed in Table 4.1 above, some ED programs that award Federal assistance as grants may decide to use cooperative agreements as the award instrument in future competitions, or vice versa. During the performance of a multi-year award, program officials may also decide to convert a particular award from one instrument to the other. However, such a change may occur only at the time a continuation award is made, unless the grantee voluntarily consents to such a change (see EDGAR § 75.262). A recommendation for changing the award instrument will depend on the nature of the program, individual project or the ability of the recipients. For example:

1. Some projects may start out as cooperative agreements in the first year and may be converted to grants after determining the grantee's ability to perform; or
2. Other projects, initially funded as grants, may have to be continued for subsequent budget periods as cooperative agreements, if there is a need to revise the project or protect the Federal interest (such as when monitoring or reports indicate that substantially increasing ED's programmatic involvement would benefit the work of the project).

4.10 Other Awards

4.10.1 Directed Awards (Earmarks)

Directed awards and their requirements are listed below.

1. If Congress mandates a directed award in a statute, the mandate identifies the specific recipient(s), the funding level of the award, and possibly the project activities the recipient is to conduct. The recipient must still submit an application (see EDGAR § 75.104(a)). However, since the award is mandated, the application from the recipient is not required to be reviewed in the same manner as that used for competitive applications. In all cases, the program official will conduct a review of the application as described below. The program official may also decide to have the application reviewed by one or more ED staff that possesses, to the extent feasible, the expertise in the area(s) addressed in the application or by external application reviewers.
2. Before making an award, the program official must ask the recipient to submit an application that addresses the purpose for which the award is to be made (see EDGAR § 75.104 (a)). The application must include, at a minimum, a

detailed description of the activities to be carried out and a detailed budget.¹⁴ The application must also include the required assurances and certification forms and any other documentation required before a grant award is made. The application must then be reviewed to:

- a. Ensure that the award recipient describes the intended use of the funds with sufficient specificity to make certain that funds will in fact be used for the purposes intended;
 - b. Ensure that the budget costs are allowable;
 - c. Ensure that the applicant has the fiscal and administrative ability to implement the award and account for the funds; and
 - d. Determine the appropriate conditions to be included with the GAN, including conditions to assure proper administration of the grant and accounting for the funds.
3. Unless otherwise dictated by statute or regulation, or by the scope of the project and its level of funding, directed awards usually have a one-year budget and performance period. Whenever possible, the program staff should designate “K”, (e.g., P134K2014), as the alpha indicator in the PR/Award number for all directed or earmarked awards. The program staff must monitor and administer the award closely to ensure that the recipient completes the approved project activities described in the application.
 4. The requirements in 2 CFR part 200, “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,” EDGAR (that are applicable to discretionary grants other than those requiring grant competition), and in the ED policies and practices that relate to those EDGAR requirements all apply to earmarked grants. The program staff must include the standard G5 attachments on GANs issued for earmarked grants.

Note: In cases where there is statutory authority for a directed or earmarked award, but where there is no appropriation, ED is not required to fund the activity. Similarly, ED is not required to fund an entity in cases where there is no statutory authority but Congress states its belief, in legislative history, that a particular entity deserves an award under a particular program. However, if the entity

¹⁴ There must be statutory authority for the activity that the recipient proposes. For example: Congress specifically appropriates \$1,000,000 for X program that ED awards to State University for rehabilitation assistance. State University proposes to build a swimming pool with the funds to help rehabilitate individuals. If the authorizing statute for X program does not authorize construction, ED could not make an award to build the swimming pool. State University would have to submit a different application to use the funds for some other, non-construction project, or the funds would go to the Treasury. If Congress had been more specific in the appropriation and appropriated \$1,000,000 for State University to build a swimming pool to be used for rehabilitation, the appropriation would have provided sufficient statutory authority to build a swimming pool.

meets all the substantive and procedural requirements for participation in a competition, it may be considered under a competition.

4.10.2 Unsolicited Applications

ED policy does not encourage the submission of unsolicited applications. The majority of ED's discretionary grant funds are awarded through the competitive process. However, ED does have authority under EDGAR § 75.222 to accept unsolicited applications if the applications meet certain standards.

Because unsolicited applications are not encouraged, a Principal Officer may decide not to accept unsolicited applications for a particular program by publishing a notice in the *Federal Register* that it will not accept unsolicited applications under that program. (EDGAR § 75.222, introductory paragraph.)

Each Principal Officer should take the following steps regarding unsolicited applications:

1. Establish a central receiving point in each principal office for all unsolicited applications. Upon receipt of the unsolicited application, notify the applicant that the application has been received and describe the next steps appropriate for that application.
2. Determine whether an unsolicited application should be considered for funding and if so, under which program it should be funded using the detailed procedures contained in EDGAR § 75.222.
3. Immediately forward the unsolicited application to OII if it proposes activities that can be supported by the Fund for the Improvement of Education (FIE). OII then notifies the applicant of the next steps and processes the application under the procedures in this section. If the Principal Officer wishes to provide funding recommendations, those recommendations should be provided in writing when the application is transmitted to OII.
4. Review the unsolicited application by either of the following:
 - a. If the application could be funded under a current competition for which the deadline for submission of applications has not passed, the Principal Officer must refer the application to the appropriate competition for consideration under the procedures found in EDGAR § 75.217.
 - b. If the application could have been funded under a current fiscal year competition but the deadline has passed, the Principal Officer may consider funding the application only under exceptional circumstances. Exceptional circumstances must be determined on a case-by-case basis.

In most cases, the Principal Officer will not find exceptional circumstances and must contact their OGC program attorney before making an “exceptional circumstance” decision.

- c. If no competition has been planned or conducted under which the application could be funded, the application may be considered. If this is the case, the Principal Officer must determine if:
 - i. There is a substantial likelihood that the application is of exceptional quality and its project outcomes have national significance for a program administered by EDGAR § 75.222;
 - ii. The application meets the requirements of all applicable statutes and regulations that apply to the program; and
 - iii. Selection of the project will not have an adverse impact on the funds available for other planned awards.
5. If the Principal Officer determines that the three factors in item 4c. above appear to be satisfied, then the Principal Officer must sign a memorandum for the official grant file that documents this determination and explains the rationale behind the determination. The Principal Officer assembles a panel of experts from outside ED to review the application. This panel of experts, which must not include ED employees, must:
 - a. Meet the same Conflict of Interest requirements found in section “3.5, Conflict of Interests;”
 - b. Use the same scoring forms as used for regular competitions to rate the application (see section “3.4.7, Packages for Application Reviewers”);
 - c. Evaluate the application based on the selection criteria established under EDGAR § 75.211(b) or, if the application is being considered under exceptional circumstances, under the criteria selected for the relevant competition; and
 - d. Each separately determine whether the application is of such exceptional quality and national significance that it should be funded and document the basis for that conclusion on the scoring form.
6. If the panel of experts has reviewed the unsolicited application and determined that it satisfies the criteria of exceptional quality and national significance, and has rated it highly, the Principal Officer may fund the application.

7. A Principal Officer must include all documentation of pre-award contacts with the unsolicited applicant in the grant file. If the application is forwarded to OII for consideration under FIE, the Principal Officer must include documentation of the pre-award contacts that occurred before the transfer of the file.
8. The program staff then forwards the application's information to the ACC for entry of data into G5. The program staff must designate "U" as the alpha indicator in the PR/Award number (e.g., P135U2014) for all unsolicited awards whenever possible.

Note: Principal Officers and their staff must be aware of the need to avoid circumstances where unsolicited applications—either in fact or appearance—are not genuinely unsolicited or are pre-selected.

4.10.3 Mishandled Applications

The procedure for mishandled applications is as follows:

1. Under EDGAR §§ 75.219 and 75.221, program officials may consider an application as mishandled only under the following circumstances:
 - a. The application did not get funded because the application was mishandled by ED due to an administrative error such as the application having been:
 - i. Incorrectly assigned to the wrong grant program or priority within a grant program;
 - ii. Addressed properly by the applicant but sent to the wrong address in ED;
 - iii. Incorrectly determined to have been received late; or
 - iv. Lost where the applicant can show proof the application was completed and submitted on time; and
 - b. Either:
 - i. The application was evaluated under the preceding competition of the program and the application rated high enough to deserve selection; or
 - ii. The application was not evaluated under the preceding competition but would have rated high enough in the competition to deserve selection.

2. When a program official determines that an application was mishandled, the program official provides a written justification to the Principal Officer who may then approve funding of the mishandled application. If the mishandled application is discovered in time, it can be included in the appropriate competition. If, however, the application is discovered too late to participate in the appropriate competition and there are no funds available in the current fiscal year appropriation, the application may be funded off the top of the next year's appropriation if:
 - a. The program staff evaluates the application under the criteria for the competition; and
 - b. The application ranks high enough to be in the funding range for the competition.

If the application was not evaluated under the competition to which it was submitted, the program staff must assemble a panel to review the application to determine if it is in the funding range.

4.11 The Official Grant File

The program staff must create and maintain an official grant file for each application awarded a grant. The file holds the:

1. Original application and reviewer's comments;
2. Required forms;
3. Grant award notifications;
4. Annual Grant Performance Reports;
5. Correspondence;
6. Decisions; and
7. Any other documentation relevant to the grant throughout its life cycle.

This includes documents submitted, processed and maintained electronically. The content and organization of the official file is provided in the document titled, "Organization of the Official Grant File Folder" available on ConnectED at the following link: [Documents and Forms Referenced in the Handbook for the Discretionary Grant Process.](#)

Program officials must establish a secure area in their respective offices to store the official grant files. Program officials should routinely review the official files

and reinforce proper controls and procedures with program staff as inconsistencies are noted. Documents maintained electronically during the life of the grant must be printed or copied to a diskette and included in the official file when the grant is closed out.

In compiling the official grant file, the program staff and officials must make appropriate distinctions between personal notes, which should not be included in the official grant file, and official records that should be kept in the file. Personal notes are those documents made by staff and officials that are used for their personal recollection and are not shared with other ED personnel.

4.12 Transparency

4.12.1 General

OMB's Open Government Directive (OMB M-10-06) requires Federal departments and agencies to establish strategies for achieving three principles that are the cornerstones of open government: transparency, participation, and collaboration. In response to the OMB directive, ED issued its own [Open Government Plan](#), which is available at the following link: <http://www.ed.gov/sites/default/files/opengov-plan.pdf>. ED's plan includes a transparency principle which calls for ED to increase the transparency of its discretionary grant application and award process.

4.12.2 Increasing Transparency

ED program offices publish Notices of Proposed Priorities, Notices of Final Priorities, and Notices of Funding Opportunities in the *Federal Register*, and also posts these materials on www.ed.gov ([ED's Web site](#)). To increase transparency, beyond the posting of these notices, program offices should consider the disclosure of the following competitive award process materials on ED's Web site:

1. Competition Announcement
 - a. Application package
2. Application Review
 - a. Technical review forms from funded applications complete with score and names of reviewers redacted
3. Award
 - a. Application abstracts from funded applications

b. Narratives from funded applications

In deciding whether to disclose application narratives, the program offices may consider whether such disclosures will negatively impact the integrity of future competitions due to plagiarism.

c. List of funded applications (including first year awards during current fiscal year, when applicable)

This item should be organized by state, and should include for each funded application, the total award dollar amount for the initial year and the approximated amount for each subsequent year, along with the following standard disclaimer: *Award amounts reflected in the application for the initial and subsequent years will be determined at the time continuation awards are made based on a number of factors and funding availability.*

Program offices will determine whether to disclose the materials listed above for all or a sample of applications from a discretionary grant competition. In making this determination, program offices can take into account a number of considerations, including, total number of funded applications; size of application package; and associated workload, for each discretionary grant program competition. If a sample of applications is disclosed, the Web site should specify that the applications represent only a sample along with the criteria for selecting the sample.

Program offices will have wide latitude in determining which applications from any particular grant program competition should be disclosed to increase transparency. The disclosure of a few examples of funded application narratives and all abstracts from funded applications is one way to increase transparency.

To ensure that ED achieves its transparency goals, program offices must:

1. Work closely with both their program attorney and FOIA attorney in OGC, as well as FOIA office, in implementing ED's transparency policy. Also, program offices may consult PIRMS for specific guidance related to their responsibilities under the Privacy Act of 1974, as amended (5 U.S.C. §552a) (Privacy Act), which may be accessed at the following link: [Privacy Act](#)
2. Include a transparency plan in the ATRP for a grant program competition. Although section 3.2.1, "Developing an Application Technical Review Tool – General" permits program offices to establish one ATRP that covers all discretionary grant competitions within a delegation, program offices are encouraged to establish a transparency plan for each grant competition (see

item 1 below). The document titled “Transparency Plan Format” provides guidance on how to prepare a transparency plan.

3. Inform potential applicants and application reviewers about their participation in the ED transparency policy, and may do so by including their transparency plan in application packages and in peer reviewer training and materials.

Program offices may also consider the following to aid in achieving transparency of ED’s competitive award process.

1. Program offices should develop a transparency plan for each grant program competition. A transparency plan should:
 - a. describe a grant program’s efforts to increase transparency by listing materials the program office intends to make available to the public;
 - b. identify how applicants and application reviewers will be informed of their participation in the transparency efforts; and
 - c. describe the process to ensure that applicant and application reviewer proprietary and personally identifiable information will not be disclosed.
2. Program offices should consider, within 90 days after grant award, public disclosure of competitive award materials from a sample or all of their funded applications on the ED Web site. To ensure materials are posted on the same Web pages for each grant program, program offices should post materials related to the grant application process (e.g., Notices of Funding Opportunities) on the “Applicant Info” Web page and those related to the award process (e.g., list of funded applicants) on the “Awards” Web page.
3. Program offices that decide to provide a greater degree of transparency for particular grant program competitions may also consider public disclosure of some or all of the materials listed below:
 - a. Applicants’ intent to apply;
 - b. Applicants’ completed application package materials (including proposed budget, appendices);
 - c. Application reviewers’ completed technical review forms from unfunded applications (with reviewer names redacted);
 - d. Application reviewers’ information (names, biographies, professional affiliations)

NOTE: ED policy does not allow the information to be presented in a manner that links a specific reviewer with a specific application reviewed;

- e. Applications' score and rank order; and
 - f. Grant Award Notification.
4. Before being disclosed to the public, these materials must to be screened as described in section 4.12.3, "Personally Identifiable and Proprietary Information," to ensure that proprietary and personally identifiable information is not disclosed. The materials are also to be electronically accessible to people with a range of disabilities, in accordance with established department-wide policy located at the [Accessibility Enhancement Initiative \(AEI\) website](#). Program staff may consult with Assistive Technology in OCIO for specific guidance related to electronic documents accessibility.
 5. Program offices are encouraged to collaborate with other programs in their own Principal Office and across ED to develop shared models and standards for increasing transparency of the grant application and award process.

4.12.3 Personally Identifiable and Proprietary Information

Application narratives and technical review forms may contain personally identifiable or proprietary information that ED is prohibited from disclosing. Before posting materials submitted by applicants and technical review forms, program offices must take steps to ensure that all proprietary and personally identifiable information has been redacted.

Program offices must adhere to the following process for identifying and redacting proprietary and personally identifiable information.

Program offices inform potential applicants of the ED transparency policy and the option to redact confidential personal and business information by including the standard *Federal Register* language, from Chapter J of the Regulatory Quality Manual, in the Notice Inviting Applications.

In general, program offices should redact all information identified by an applicant in its application narrative as proprietary. However, program offices are encouraged to work with applicants to ensure their good faith identification of proprietary information (see 34 CFR § 5.11), and should work closely with their program attorney and FOIA attorney in OGC should they have specific questions regarding an applicant's identification of information as proprietary.

After announcing funding decisions and before posting application narratives, program offices must email the applicants whose narratives are going to be posted on the ED Website and give them a final opportunity to identify any proprietary information in their proposals. Any information identified by applicants in response to this email should be redacted from their application narrative before it is posted. As indicated above, program offices should work with applicants to ensure their good faith identification of proprietary information in consultation with OGC. The document titled “Draft E-Mail Requesting Funded Applicants To Identify Proprietary Information In Applications ED Intends To Make Public” provides draft email language that program staff can use to request that applicants identify proprietary information in applications ED intends to make public.

Program offices must review the application narrative and technical review forms to ensure that all personally identifiable information is identified and redacted.

Chapter 5: Post-Award Activities

5.1 Introduction

Post-award activities are necessary to develop a partnership with grantees in order to administer, monitor, and close out awards made under ED grant competitions. The procedures in this chapter ensure that ED monitors its grants for both performance and compliance, and that ED can provide technical assistance to grantees to help them achieve successful project outcomes. Each principal office must:

- Establish working partnerships with its grantees;
- Review and approve post-award administrative changes to grants;
- Monitor projects for risks, and performance and financial compliance;
- Determine substantial progress and issue continuation awards;
- Provide technical assistance and feedback to grantees on their progress;
- Review grantees’ final project outcomes and disseminate successful results where authorized and appropriate; and
- Close out expired grants timely.

5.2 Partnership with Grantees

5.2.1 Post-Award Performance Conference

The post-award performance conference is the official contact between the ED program staff and grantee personnel after receipt of the GAN. This conference begins the partnership and monitoring process and aligns pre-award and post-award activities. This partnership is characterized by on-going communication between the grantee and ED throughout the life of the project.

1. The conference is between the ED program staff member who will monitor the grant and the grantee's project director or other authorized representative. The conference can take place in person (e.g., during workshops, project director meetings, etc.), or by such means as telephone, written communications including email, or Web-based activity (e.g., videoconferencing). This initial conference should take place within 30 days of the award, and must be documented in the official grant file.
2. The purpose of the conference is to:
 - a. Establish a mutual understanding of the expected performance outcomes;
 - b. Establish a mutual understanding of the measures for assessing the project's progress and results;
 - c. Clarify the frequency and method for monitoring and ongoing communication between ED and the grantee;
 - d. Discuss other technical assistance that ED will provide;
 - e. Review and clarify specific regulatory or statutory requirements affecting the grantee's performance, if applicable; and
 - f. Review and clarify any project activity or budget issues or concerns (e.g., issues or concerns related to key personnel, indirect cost, cost-sharing or matching, changes in project activities due to changes in requested amounts, and policies regarding carryover and no-cost extensions).
3. The grantee's approved application should have project outcomes and measures consistent with performance measures for the grant program (see section "2.4, Grant Program Performance Measures"). If program performance measures have not been established, the scope or objectives of the grantee's approved application should be discussed during the conference.

4. The program staff may not permit the grantee to make changes in project scope or objectives during the conference discussion (see section, “5.5.11; Prohibiting Changes to the Project Scope or Objectives of a Grant”). However, some budgetary discussions might be necessary if changes were made to the budget before the grant award was issued. In these instances, the program staff must request a revised budget that reflects any changes made for the grant file. The program staff should document the conference and place the conference discussion notes in the official grant file.

The program staff should document all subsequent contacts with the grantee in the official grant file. If changes in the grant are required or approved, a copy of the documentation should be sent to the grantee.

5.3 Monitoring

5.3.1 Introduction

The goal of monitoring is to establish partnerships with grantees that supports a results-oriented approach to program management that demonstrates excellence, accountability, and successful performance outcomes. Monitoring must also address ED’s fiduciary responsibility to hold grantees accountable for Federal funds by implementing risk-based monitoring strategies that will ensure the applicant has the capacity to manage grant funds consistent with Federal requirements.

5.3.2 Policy

It is ED’s policy to monitor active discretionary grants with a focus on technical assistance, continuous improvement, and attaining promised results. Monitoring a grantee shall continue for as long as ED retains a financial interest in the project.

ED staff is to monitor each grantee, to the extent appropriate, so as to ensure that the grantees achieve expected results under approved performance measures, while assuring compliance with grant requirements. Existing requirements in 2 CFR part 200, “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,” and in EDGAR extend equally to all grantees and their partners.

5.3.3 Purpose

Systematic and regular monitoring by ED staff of a grantee’s activities measures the project quality and progress, including strengths and weaknesses in the areas listed below.

1. A grantee's project must:
 - a. Conform to a grantee's approved application and any approved revisions, as well as to the effectiveness and quality of the project (Program Management);
 - b. Make progress against previously established performance measures (Performance Measurement);
 - c. Adhere to laws, regulations, conditions of the grant, certifications, and assurances (Compliance); and
 - d. Manage Federal funds according to Federal cash management requirements, including expenditure of funds for authorized purposes (Fiscal Accountability).
2. Regular monitoring enables ED staff to provide customized technical assistance, appropriate feedback, and follow-up to help grantees:
 - a. Improve areas of need;
 - b. Identify project strengths; and
 - c. Recognize significant achievements.

5.3.4 Responsibilities of Principal Officers

Every Principal Officer overseeing a discretionary grant program is required to:

1. Establish and adhere to uniform monitoring procedures that facilitate grantee:
 - a. Progress in achieving ED program goals and objectives;
 - b. Adherence to laws, regulations and assurances governing the ED program; and
 - c. Conformity with the approved applications, ED reporting, and other requirements as applicable.
2. Document monitoring by developing and using performance measurement systems that:
 - a. Identify core performance measures for each program;
 - b. Incorporate performance measures into program operations and documents; and

- c. Conduct continuous review and improvement to assure useful, high-quality data.
3. Utilize data collected, analyzed, and reported to:
 - a. Improve the principal office program monitoring and procedures;
 - b. Provide technical assistance to improve performance;
 - c. Target Federal and grantee resources and to redistribute these resources to areas of greatest need as appropriate;
 - d. Recommend revisions to program laws and regulations to enhance program effectiveness; and
 - e. Adjust program priorities.
4. Share program results and information about significant achievements including the best available research and practices that could serve as models for other projects, the Federal government, and the public.
5. Consult with OGC to resolve any concerns raised by an applicant, grantee, or beneficiary of a grant either about ED treating the applicant or grantee differently on the basis of religious identity during the awarding or administration of a grant, or that the grantee has treated its beneficiaries differently on the basis of religious identity during its implementation and administration of the grant project.
6. Report possible violations of Federal law or regulations to the cognizant officials, such as the Inspector General for financial misconduct or to the Assistant Secretary for Civil Rights for civil rights violations.

5.3.5 Responsibilities of Program Officials

Program officials must:

1. Develop a monitoring and technical assistance plan for each grant program that serves as a standard and guide for monitoring grants in the program. For guidance on developing these plans see the document titled "Monitoring and Technical Assistance Plan" available at the following connectED link: [Documents and Forms Referenced in the Handbook for the Discretionary Grant Process](#). The plans are maintained within the principal office.
2. Develop suitable monitoring tools that are designed to:

- a. Gather information that addresses the purposes of monitoring outlined in section 0, "5.3.3 Purpose";
- b. Describe performance and outcomes of projects and assess the extent to which projects are meeting established program goals, objectives, and performance measures; and
- c. Describe the scope, frequency and methods of monitoring for each type of monitoring activity.

Note: If these tools require responses from ten or more entities, they generally require paperwork clearance according to the procedures established by OMB under 5 CFR part 1320. The program staff should consult with the Privacy Information and Records Management Services (PIRMS) for information about paperwork requirements.

5.3.6 Responsibilities of Program Staff

The program staff must:

1. Develop the most appropriate form of monitoring for each grant, which may consist of site visits, telephone reviews, reports, milestone evaluations, written communication, or electronic methods. Factors to consider in determining the appropriate form of monitoring include:
 - a. Legal requirements for on-site monitoring;
 - b. Funding levels;
 - c. Risk factors on the part of a grantee (including designation as a high-risk grantee);
 - d. Reported problems and grantee requests for assistance;
 - e. Availability of program office travel funds and ED program staff for on-site monitoring;
 - f. The need to review a grantee's records or exchange documents;
 - g. The grant project's level of significance, or importance, to the Federal government, ED, or the field;
 - h. Geographic proximity of two or more grantees; and

- i. Opportunity for monitoring multiple awards at the same grantee location, especially when on-site joint monitoring with other ED program staff is possible.
2. Provide technical assistance to grantees to improve performance;
3. Create detailed records of all monitoring activities by ED personnel, contact with grantees (including email and telephone), and information gathered;
4. Provide to grantees timely reports of monitoring activities that include:
 - a. Any findings and recommendations for changes and improvements to projects, as appropriate;
 - b. Corrective actions needed in instances of noncompliance;
 - c. Identification of specific elements of exemplary performance, or best practices, in projects; and
 - d. Recommendations for recovery of funds in instances of adverse findings, as discussed in section 011, "Adverse Findings Requiring Consultation with Other Offices."
5. Report project-specific findings to other offices within ED, as appropriate;
6. Ensure that the appropriate disclaimer is included in project materials, as required by EDGAR § 75.620, if grant activities result in publications such as those described in section 0, "5.5.12 Publications,"; and
7. Close out grants in a thorough and timely manner.

5.3.7 Assessing Risk During Monitoring

Program staff must assess grantee risks during monitoring. They must determine if financial, programmatic, and administrative related risks exists, and decide if intervention (i.e., increased monitoring, requiring additional reporting, imposing specific conditions) is required to prevent the grantee from being designated "high risk." If a grantee is unresponsive to the intervention, or the identified risk is deemed to be serious, the program staff must inform the program official. The program official, in consultation with the program staff, will identify additional measures that may be needed to bring the grantee into compliance, including, for example, designating the grant or grantee as high risk.

Table 5.1, "Examples of Risks Identified During Monitoring and ED Actions to Address Risks With Grantees," although not all-inclusive, provides some of the most common examples of grantee risks that might require attention. The chart

also identifies actions that program staff may take to address these risks. When these suggested actions do not lead to resolution, program officials may impose specific conditions or designate the grantee “high risk” if deemed appropriate.

Table 5.1 Examples of Risks Identified During Monitoring and ED Actions to Address Risks with Grantees

Risk	ED Actions
Grant had start-up difficulties, such as the delayed hiring of the project director or other key personnel.	<p>Provide necessary technical assistance.</p> <p>Maintain regular contact with grantee to monitor progress.</p> <p>Plan for potential large carryover balance and/or possible no-cost extension at the end of the grant.</p>
An audit or other report is late or grantee has failed to submit previous reports.	<p>Ask grantee about report.</p> <p>Establish a date for grantee to submit report.</p> <p>Inform grantee that failure to submit reports is considered in continuation and new award decisions.</p>
The original budget contained many or large unallowable costs.	Provide grantee with 2 CFR 200, “Uniform, Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards” and other guidance.
Grant has excessive drawdowns.	<p>Access G5 daily to review drawdown history.</p> <p>Contact grantee to inquire about the excessive drawdown and explain ED’s policy on drawdowns.</p>
Grantee has drawn down few or no funds.	<p>Contact grantee to confirm work is taking place under the grant.</p> <p>Provide technical assistance and explain ED’s drawdown policy.</p> <p>Monitor performance progress in completing grant goals.</p>
Frequent turnover in key personnel working on the grant.	<p>Ensure key personnel replacements are qualified before providing approval.</p> <p>Contact grantee to discuss why turnover is taking place and any management concerns related to personnel.</p> <p>Ensure new personnel are familiar with ED regulations and other governing regulations.</p>

For information about imposing specific conditions, and the requirements for notifying a grantee (see section 5.6, “Specific Award Conditions and Other Actions”). Additionally, the requirements for designating a grantee high risk and the requirements for notifying a grantee of a high-risk designation are addressed in section 5.7, “High-Risk.”

5.3.8 Reviewing Audit Information During Monitoring

Program staff must review available audit information during monitoring by accessing audits at the Federal Audit Clearinghouse (FAC) database or by reviewing audit information contained in the Decision Support System Entity Risk Review (DSS ERR). Single or program-specific audits are required for entities expending Federal assistance equal to or in excess of \$750,000 during the entity’s fiscal year. If the review of the audit data reveals that a grantee that is subject to the audit filing requirements of 2 CFR part 200 subpart F, “Audit Requirements,” has failed to comply with the filing requirement, the program staff must contact the grantee to inquire about the status of the missing audit report, and if necessary, establish a deadline for the grantee to submit the report to the Federal Audit Clearinghouse. If the grantee fails to submit the report by the established deadline, and all efforts to get the grantee to submit the report have failed, the program staff must consider imposing sanctions pursuant to 2 CFR §§ 200.207, 200.338, and 200.340. The program staff must consult with OGC before taking any final actions, and must document in the official grant file all actions taken to bring the grantee into compliance with the requirements of 2 CFR part 200 subpart F.

If the grantee has filed an audit report, and the audit report reveals findings, program staff must follow-up with the grantee to assess if the findings have been resolved, and should follow policy in the Handbook for the Post Audit Process to access Program Determination Letters (PDLs), to address findings with grantees, to issue PDLs, etc. The Handbook for the Post Audit Process is available on connectED at the following link: [ACS Directives](#). In some cases, the program staff may need to recommend that the program official impose specific conditions on the grant, and may recommend additional monitoring and technical assistance.

5.3.9 Fiscal Monitoring

As part of the monitoring process, the program staff is required to pay particular attention to a grantee’s fiscal activities.

1. The program staff must use G5 as the primary tool for fiscal oversight. Program staff must utilize G5 to review expenditure information, such as payment histories and spending patterns, by PR/Award number or DUNS.

2. The program staff must review a grantee's expenditure information on a regular basis, and more frequently when the grantee is experiencing performance problems. Reviewing this information in G5 is the primary method of determining if the rate of cash draws is consistent with the expected expenditure pattern for a project's approved scope of work and project milestones.
3. By noticing problems early in a budget or project period, the program staff can partner with the grantee to resolve any issues involving cash drawdowns. Some questions the program staff should consider are:
 - a. Is the work being performed?
 - b. Are performance measures being met?
 - c. Is there a financial management problem?
 - d. Is the grantee making substantial progress?
 - e. Was the project start delayed?
 - f. Did the grantee have a difficult time hiring or replacing key personnel, including the project director?
 - g. Did key personnel leave the project?
 - h. Does the grantee understand ED's procedures for drawing funds?
 - i. Is the rate of the grantee's cash draws justified considering the nature of the project?
4. During fiscal monitoring, the program staff might discover financial management problems that could indicate problems are prevalent with the grantee's financial management systems. The standards for financial management systems that grantees are required to follow are established in 2 CFR § 200.302. The standards require grantees to maintain:
 - a. Identification, in their accounts of all Federal awards received and expended, and the Federal programs under which they were received. Federal program and Federal award identification must include, as applicable, the CFDA title and number, Federal Award Identification Number and year (at ED the Federal Award Identification Number, or FAIN, is the same as a grant's PR/Award Number), name of the Federal agency, and name of the pass-through entity, if a pass-through entity exists;

- b. Accurate, current, and complete disclosure of the financial results of each Federal award, or program, in accordance with established reporting requirements;
 - c. Records that identify adequately the source and application of funds for federally funded activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest, and must be supported by source documentation;
 - d. Effective control and accountability over all funds, property and other assets, so they are only used for authorized grant purposes;
 - e. Records that show a comparison of expenditures with budgeted amounts for each award;
 - f. Written procedures for determining the allowability of costs in accordance with 2 CFR part 200 subpart E, "Cost Principles"; and
 - g. Written procedures for minimizing the time between draws and disbursements in accordance with 2 CFR § 200.305, "Payments."
5. The program staff should be particularly concerned if the grantee:
- a. Has drawn few or no funds;
 - b. Is not drawing funds on a consistent basis; or
 - c. Has a large fund balance near the end of each quarter of a budget period.
6. The financial information in G5 that will assist program staff with fiscal monitoring includes:
- a. Excessive drawdown activity;
 - b. Large available balance information; and
 - c. Payment flag information, .
7. Every evening G5 will compare drawdown activity against preset drawdown thresholds established in G5, and will identify grants that appear to have atypical drawdown patterns (i.e., excessive or insufficient drawdowns). Additionally, G5 will identify route payment, reimbursement, and stop payment flags, and program staff must review and address these with grantees as deemed appropriate.

8. Grantees are required to minimize the amount of time between the drawdown and the use of funds from their bank accounts (see 2 CFR § 200.305) .Funds must be drawn only to meet a grantee’s immediate cash needs for each individual grant, and program staff must continuously monitor drawdown activity. To continuously monitor drawdown activity, program staff must log into G5 on a regular basis, typically after reports are submitted, and access “My Quick View, My Program Office Awards. There they can review any awards identified as having excessive drawdowns. G5 compares drawdown activity against the following preset thresholds:
- First quarter: more than 50 percent of the funds for that budget period have been drawn by the end of this quarter;
 - Second quarter: more than 80 percent of the funds for that budget period have been drawn by the end of this quarter; and
 - Third quarter: 100 percent of the funds for that budget period have been drawn by the end of this quarter.

These percentages may be modified for a subprogram by the program official or his/her designee. However, these percentages may not be changed without first consulting with the appropriate Grant Policy and Procedures Team (GPPT) liaison. The consultation should justify the need for the change based on the program’s intent as defined by the program’s regulations.

- a. If excessive drawdowns have occurred, the program staff must review the drawdown data in G5 against the grantee’s approved budget and grant application to ensure that a correlation exists between the large drawdown and the period of time it has occurred, and the budget period’s scheduled activities.
- b. If drawdowns are excessive, program staff must take action to resolve the issue within fourteen calendar days. To ensure timely resolution, program staff must contact the grantee immediately after the excessive drawdown, and inform the grantee that it must resolve the excess cash balance within the fourteen calendar day timeframe.
- c. Once the excess cash balance is resolved, program staff records the resolution in the comment field in G5 and checks the resolved box. Program staff must also document the resolution in the official grant file. If program staff review reveals that the drawdown is not excessive, program staff must also summarize its review in G5 and in the official file.

- d. When documenting the grantee's resolution or program staff's review in G5 and in the official file, program staff must include the following information:

If program staff determined that the drawdown was not excessive:

Indicate how the drawdown is consistent with approved project activities and the approved budget.

If program staff determined that the drawdown was excessive:

- i. Indicate the date the grantee was contacted and notified of the excessive drawdown.
 - ii. Indicate the date the grantee resolved the excess cash balance.
 - iii. Indicate if funds were (1) returned to ED or (2) the grantee made an on-line adjustment.
 - iv. Indicate the specific condition or any other action taken as a result of the excessive drawdown, if any.
- e. Program staff, in their contact with the grantee, should inform the grantee of the correct cash management policies and regulations regarding drawdown and disbursement of funds.
- f. If the drawdowns are not consistent with the activities planned for the grant, the program staff person must inform the grantee that the excess cash must be returned to ED, within fourteen calendar days from the date of the contact in accordance with item 7, and that the interest earned in excess of \$500 per year on Federal cash balances must be returned to—

Department of Health and Human Services
Payment Management System
Rockville, MD 20852

Note: The amount of interest earned on Federal cash balances that a discretionary grantee is required to remit is established in 2 CFR § 200.305, "Payments."

- g. Program staff must follow the policy in item 9, Resolving Excessive Cash Balances, if the grantee does not resolve the excess cash balance within fourteen calendar days after being contacted.

9. Resolving Excessive Cash Balances:

- a. When excess cash balances occur, program staff should encourage the grantee to return the funds to ED using the G5 Payments Module. Grantees may also exercise the option to return funds by check, or may make an on-line adjustment in G5 to redistribute funds that have been excessively drawn from one grant over to other grants with immediate expenditure needs. If a grantee desires to use the G5 refund functionality, or desires to make adjustments to the balances of its various grants, the program staff should direct the grantee to review a copy of the *Department of Education G5 Training Guide* (G5 Guide), available on the G5 Web site under "Help." The G5 Guide provides detailed instructions on all electronic payment processes, and instructions for navigating through the G5-Payments screens. Program staff must inform the grantee that it must resolve excess cash balances within fourteen days after being contacted by the program staff.
- b. The program staff should instruct grantees returning funds by check to include the PR/Award and DUNS numbers, and the name and telephone number of the person authorized to resolve the excess cash issue. The check should be mailed to:

U.S. Department of Education
P.O. Box 979053
St. Louis, MO 63197-9000.

- c. If the grantee does not resolve excess cash balances within fourteen days after being contacted, the program official must consult with the program attorney and take one of the following actions:
 - i. Activate the Route Payment Flag in G5 and notify the grantee that all future payment requests will be routed to the program office for approval. Activating this flag ensures that payments will not be made without program staff approval.
 - ii. Require the program staff to transfer the grant from the advance payment method to the reimbursement payment method in G5, which requires that the grantee be reimbursed for expenses incurred. The reimbursement flag must be activated in G5 to facilitate this transfer. A grantee assigned to reimbursement must submit vouchers as proof of expenditures, and explain why these expenditures are allowable. The program staff member may approve drawdowns only after the grantee has substantiated expenditures greater than the amount of the excess balances. If a new drawdown is appropriate, the program staff member brings supporting documentation to the license holder, who then can authorize payment.

- d. If the excess cash balances remain unresolved after taking the actions under paragraph **c** above, the program official must consult with the program attorney and decide whether to designate the grantee as high risk. If the grantee is designated high risk, the program official must notify the grantee, and activate the stop payment flag in G5. Activating the stop payment flag will prevent the grantee from drawing down funds on an individual award, or if necessary, on any award made to the entity until the excess cash issue has been resolved.
- e. If the grantee does not resolve the excessive cash balances within a reasonable time period under the conditions of item 9, c i. or c ii. above, the program official must take action specified in section “5.8.4, General Recovery of Funds.”
- f. Program officials are responsible for directing their staff to monitor for excessive drawdown activity, and to research for the resolution of any excessive drawdowns made. There is an “Excessive Drawdown Report” available in G5 that program officials may access and use as a tool to assist with their ongoing monitoring of a particular grant program, DUNS, or staff member. The “Excessive Drawdown Report” contains a listing of the grants that continue to have unresolved excessive drawdowns for a period of 15 days or more. G5 also provides an “Award History Report” that can supplement the review of the “Excessive Drawdown Report.”

On the 30th day of each month, another report titled “Unresolved Excessive Drawdown Report” is sent to program officials, or their designees. The report serves as ED’s official notification to program offices that their grantees continue to have an unresolved excessive cash balance beyond the fourteen day timeframe. Program officials, or their designees, are to distribute the “Unresolved Excessive Drawdown Report” to the appropriate program staff for research and immediate resolution. The program official must ensure that problems with excess cash balances are resolved, and that proper documentation regarding the status of each grant listed on the report is maintained in G5 and in the official grant file.

- g. GPPT is responsible for providing overall department-wide oversight to ensure that program offices are monitoring for excessive drawdowns, and is responsible for generating the “Unresolved Excessive Drawdown Report,” which contains a listing of the grants that continue to have unresolved excessive drawdowns for a period of 15 days or more. GPPT will monitor unresolved excessive drawdown activity identified in the report, and will distribute the report to the program official or his/her designee on the 30th day of each month.

10. Large Available Balance Report:

Large balances remaining in grant accounts at the end of a budget period may indicate non-performance or financial mismanagement. The “Large Available Balance Report” flags grants where 70 percent of the project budget is available 90 days or less before the budget period ends. The principal office should designate an individual to generate the “Large Available Balance Report” who will deliver the report to the program official. The program official then assigns the program staff to research each grant on the report, and to work with the grantee for resolution. The program staff must review the report before issuing continuation awards, or before accepting a grantee’s notification of a time extension to the final budget period.

The designated individual must run the report 90 days before the end of the budget period. If there are varying budget period end dates on grants within the same program, the report must be run on a recurring basis to ensure that all of the grants can be evaluated based on the “Large Available Balance Report” criteria. The program staff may run this report at anytime for monitoring purposes.

Having a large available balance does not always mean there is a problem, or a failure on the part of the grantee. Some grantees use their own funds and reimburse themselves with funds from their ED G5 account. Other grantees draw funds from the G5 accounts on set schedules, such as monthly or quarterly according to the accounting and cash management procedures of the organization. If there are large available balance issues requiring resolution, program staff must contact grantees and document in the grant file how the large available balance issue was resolved.

Program officials must sign, date, and return the “Large Available Balance Report” to the designated individual. This individual maintains the report until it is no longer needed.

11. Resolving Large Available Balances:

After determining why a grantee has a large available balance, and having reached an agreement with the grantee for a revised expenditure plan, the program staff must recommend that the program official either approve the grantee’s plans for spending the funds, or recommend a reduction in the amount of the new funds to be awarded for the following budget period (see section “5.4.10 Carryover”). The program official may also decide not to make a continuation award.

Note: Recommending a reduction of the continuation award by the entire remaining amount shown on the report might be appropriate. The program

staff must consider whether the grantee can simultaneously perform grant activities it did not complete in the prior budget period and pursue activities planned for the new budget period.

When a grantee identified on the report is in the final budget period of its grant, the program staff must follow the procedures in section "5.5.9, Extension of the Final Budget Period," if an extension is being considered.

12. Monitoring Cost-share and Matching Contributions:

Program staff are required to monitor whether grantees are meeting their matching commitments. For practical purposes, ED treats cost-sharing and cost-matching as the same thing in accordance with 2 CFR § 200.29. Costs contributed by a grantee to a project as a share or match item must meet the same standards for reasonableness, allocability, and allowability as those items supported by Federal dollars.

When conducting post-award monitoring of grantee matching commitments, both mandatory and voluntary, program staff must review audits performed in accordance with 2 CFR part 200 subpart F and PDLs for match related findings requiring resolution, and should be aware of and refer to the cost sharing and matching requirements in 2 CFR § 200.306. Program staff must also be aware of the specific matching requirements for their program; any costs that may not be counted toward cost sharing or matching requirements under program statutes and regulations; and the types of costs that are generally allowable under the program statute and regulations. In addition to these general requirements, grantees must be able to justify that costs used to meet cost sharing and matching requirements are allowable under the cost principles in 2 CFR part 200 subpart E, including the requirement that the costs must serve an objective of the grant.

All matching contributions (both cash and third party in-kind) must meet the following criteria:

- a. Verifiable from the recipient's records
- b. Not included as a contribution for any other Federally assisted project or program (No double counting)
- c. Necessary and reasonable for the proper and efficient accomplishment of project or program objectives
- d. Allowable under 2 CFR part 200 subpart E. If a cost would be allowable in the Federal budget, it would be allowable in the non-Federal budget as a matching contribution. Likewise, if a cost would not be allowable in the

Federal budget, it would not be allowable in the non-Federal budget as a matching contribution.

- e. Not paid by the Federal Government under another award (except where authorized by statute).
- f. The application of matching to a Federal grant must be consistent with the grantee's application of those costs to Federal and non-Federal projects alike. If the grantee's organization normally treats a cost for an activity as an indirect cost, the same cost may only be treated as an indirect cost for matching purposes.
- g. Grantees must be careful not to try to contribute in direct cost categories items as a cost-share or cost-match that are already included and covered in the indirect cost pool that was used as the basis for calculating the grantee's Federally approved indirect cost rate.
- h. The budget for the items that the grantee contributes as a share or match should be developed and shown separately from the Federally funded portion of the budget, in accordance with the instructions for the ED 524 A & B forms (Budget Summary), which must be included in all grant application packages.
- i. Indirect costs of institutions of higher education and non-profit organizations that are not recovered on training grants because those costs are limited to a maximum indirect cost rate of 8% of modified total direct costs may not be included as part of matching (see EDGAR § 75.562(c)(3)).
- j. If a grantee decides to not charge the Federal award for the full indirect costs to which it is entitled and there are no requirements that limit the amount of indirect costs the grantee can recover, it may apply the unrecovered indirect costs to its matching budget, but only with prior approval (see 2 CFR § 200.306(c)).
- k. Program income may be used to finance the non-Federal share of the project, if authorized in the terms and conditions of the award. Grant Award Attachment F, Specific Grant Terms and Conditions for Using Program, a standard attachment used on all new and continuation award GANs. This gives grantees three options for handling program income, one of which permits using program income for cost-sharing and cost-matching purposes to finance the non-Federal share of the project or program (see Grant Award Attachment 6 and 2 CFR § 200.307).

Program staff are required to monitor whether grantees are meeting their matching commitments. When conducting post-award monitoring of grantee matching commitments, both mandatory and voluntary, program staff must review audits performed in accordance with audit requirements in 2 CFR part 200 subpart F and PDLs for match related findings requiring resolution, and should be aware of and refer to the cost sharing and matching requirements in 2 CFR § 200.306.

For guidance regarding the valuation of a grantee's cost-share and matching contribution see the document titled, "Valuation and Documentation of Grantee Cost-share and Matching Contributions" at the following link: [Documents and Forms Referenced in the Handbook for the Discretionary Grant Process.](#)

5.3.10 Adverse Findings Requiring Consultation with Other Offices

If monitoring reveals noncompliance with laws, regulations, or grant terms and conditions, the program staff will work to bring the grantee into compliance by:

1. Providing technical assistance;
2. Having the grantee make needed changes to the conduct of a project; and
3. Recommending the program official impose actions such as a suspension, termination or reimbursement of funds (see section 5.8.1, "Failure to Comply with Conditions of a Grant.")

If findings identified for a grant are in the areas of financial management, procurement, documentation of expenditures or other issues that may affect the grantee's administration of other ED grants, program staff may consult with their RMS Management Improvement Team (MIT) point of contact for technical assistance, and for coordinating actions with other program offices that may be affected.

If monitoring reveals an unallowable obligation under the grant, failure to account for funds properly, or other need for the recovery of funds, the program official shall work with other appropriate ED offices such as OGC and Financial Management Operations (FMO) and, if appropriate, establish a claim for recovery of funds in accordance with the collection procedures set forth in 34 CFR part 30.

If findings require a follow-up audit, the program staff will refer such requests to the Office of Inspector General (OIG)

Principal Officers should report findings involving possible violation of Federal law or regulation to OIG and other cognizant officials, such as the Assistant Secretary for civil rights for apparent violations of civil rights assurances, or other Federal agencies.

5.3.11 Suspension and Debarment

Suspension and debarment are effective administrative measures that protect the public interest and ensure the integrity of Federal programs by ensuring that the federal government only conducts business with responsible entities and individuals. These measures protect taxpayers from fraud, waste and abuse by allowing agencies to exclude entities and individuals that have shown to be unworthy of the public trust from receiving awards, contracts, grants and other financial assistance. The effect of suspension and debarment by a Federal agency is government-wide (see 2 CFR parts 180 and 3485).

Suspension temporarily prevents a party from participating in most government-funded procurement and non-procurement transactions pending completion of an investigation or legal proceeding (usually less than 1 year). Debarment is a final determination that a party is not presently responsible and thus ineligible (usually not to exceed 3-years) to participate in Federally funded contracts or grants.

Risk Management Service (RMS) is responsible for processing all nonprocurement suspensions and debarments that do not relate to Federal Student Aid programs or that involve Certified Public Accountants (CPAs), CPA professional corporations, or CPA firms or partnerships. RMS coordinates with Principal Offices and their program attorneys to assemble a case record with relevant documentation supporting a cause for non-OIG investigated debarment or suspension actions. Program offices are responsible for referring the apparent existence of a cause for suspension and debarment to RMS. Program officers have the responsibility to monitor their assigned grant projects and identify, in consultation with their program attorney, apparent causes for debarment or suspension. Subsequently cases should be referred to RMS for processing. RMS will work with OGC, and coordinate as needed with OIG, to develop the Suspension or Debarment Notice setting forth the specific legally supportable grounds for suspension and/or debarment. Principal Offices are responsible for referring cases of probable cause in accordance with 2 CFR parts 180 and 3485, and providing adequate supporting documentation for review of all alleged debarment and suspension case referrals.

Policy and guidance regarding suspension and debarment, and the administrative referral process, can be found in ACS Directive ODS 1-101, "Nonprocurement Debarment and Suspension" available at the following connectED link: ACS Directives.

5.3.12 Documentation Requirements

The program staff must document all monitoring activity in each grantee's official file. Each Principal Officer will strive to standardize the documentation required in programs throughout a principal office. At a minimum, documentation of monitoring activities must describe:

1. Purpose of the monitoring activity;
2. Methods and instruments used for monitoring a project;
3. Documentation of all monitoring contacts;
4. An assessment of the activities that have been completed and how much a grantee's project scope and objectives have been met;
5. Results of project activities observed in monitoring or reported by the grantee;
6. Findings of grantee noncompliance with Federal legislative or regulatory requirements; and
7. Corrective actions for each finding or specific recommendations made for project improvements that have been communicated to the grantee in writing, and the grantee's responses.

5.4 Continuation Awards

5.4.1 Assessing Risks Prior to Making Continuation Awards

Unless a continuation meets the conditions set forth in the paragraph that follows within this subsection, program staff must conduct risk assessments for grantees before obligating their continuation awards. When conducting a risk assessment, program staff must consider prior and/or current financial and performance information, compliance with federal audit requirements, audit findings, progress in achieving corrective actions set in place to resolve audit findings, compliance findings, and other administrative issues. Additionally, program staff must consider any issues or concerns, identified through day-to-day oversight, routine monitoring, and technical assistance efforts, that might adversely affect a grantee's performance under a continuation award. The following is a list of factors that may be considered when assessing grantee risks, before obligating continuation awards. This is not an all-inclusive list, and program staff may identify additional items for consideration as they conduct risk assessments:

1. Has the grant or entity been designated high-risk?

2. Is the grantee implementing its project in accordance with any specific risk-related conditions or risk mitigation strategies previously imposed upon the grant award?
3. Were there any excessive drawdowns during the previous budget period?
4. Is there a large available balance which will result in a carryover amount?
5. Has there been turnover of key personnel?
6. Has substantial progress been made, if not why?
7. Have all required reports been submitted?
8. If applicable, has progress been made on corrective actions?
9. Are there any 2 CFR part 200, subpart F, "Audit Requirements" audit findings, or is the grantee making progress in resolving prior 2 CFR part 200 subpart F, "Audit Requirements" audit findings?
10. Is the grant on schedule to achieve its objectives?
11. Will a no-cost time extension be needed?

In some program offices, second-year continuation awards are processed soon after the initial award is made. In these instances, program staff will need to determine whether a risk assessment is necessary, and if so, how detailed a risk assessment to conduct. When determining whether a risk assessment is needed and, if it is necessary, how detailed a risk assessment to conduct, program staff should consider the amount of time that has passed since the last risk assessment, whether risk issues were previously identified and risk mitigation strategies implemented, the grantee's progress in addressing the risk issues identified, and any applicable information garnered from the relationship established between the grantee and program staff. If program staff monitoring efforts reveal risks have not changed since the prior risk assessment, or no new risks are identified, and the grantee's progression towards addressing risks is on target, program staff may simply summarize these facts in their continuation award risk assessments. Conversely, a more detailed assessment should be conducted when new risks are identified, or the grantee is failing to mitigate risks in accordance with applicable specific risk-related conditions and/or risk mitigation strategies that were implemented during the previous risk assessment.

In addition to identifying new risks, program staff should consider if any specific risk-related condition or other risk mitigation action is to be continued, amended, removed, or supplemented by another specific risk-related condition or risk mitigation action. If risks are identified that require specific award conditions, a program official may impose specific award conditions on a continuation award in accordance with 2 CFR § 200.207, or may designate the specific award conditions as “high-risk” conditions, and designate the grant or grantee high risk in accordance with 2 CFR §§ 200.207 and 3474.10. The document titled, “Resources Available to Aid in Risk Identification, Assessment and Mitigation,” provides information that will aid program staff in determining appropriate risk mitigation strategies, and is available on ConnectED at the following link: [Documents and Forms Referenced in the Handbook for the Discretionary Grant Process.](#)

For information about imposing specific conditions, and the requirements for notifying a grantee (see section 5.6, “Specific Award Conditions and Other Actions”). Additionally, the requirements for designating a grantee high risk and the requirements for notifying a grantee of a high-risk designation are addressed in section 5.7, “High Risk.”

5.4.2 Reviewing Audit Information Prior to Issuing Continuation Awards

Program staff must review available audit information before issuing continuations by accessing audits at the Federal Audit Clearinghouse (FAC) database or by reviewing audit information contained in the Decision Support System Entity Risk Review (DSS ERR). Single or program-specific audits are required for entities expending Federal assistance equal to or in excess of \$750,000 during the entities’ fiscal year. If the review of the audit data reveals that a grantee that is subject to the audit filing requirements of 2 CFR part 200 subpart F, “Audit Requirements” has failed to comply with the filing requirement, the program staff must contact the grantee to inquire about the status of the missing audit report, and if necessary, establish a deadline for the grantee to submit the report to the Federal Audit Clearinghouse. If the grantee fails to submit the report by the established deadline, and all efforts to get the grantee to submit the report have failed, the program staff must consider not issuing a continuation grant or imposing other sanctions pursuant to 2 CFR §§ 200.207, 200.338, and 200.340. The program staff must consult with OGC before taking any final actions, and must document in the official grant file all actions taken to bring the grantee into compliance with the requirements of 2 CFR part 200 subpart F.

If the grantee has filed an audit report, and the audit report reveals findings, program staff must follow-up with the grantee to assess if the findings have been resolved, and should follow policy in the Handbook for the Post Audit Process to access Program Determination Letters (PDLs), to address findings with grantees,

to issue PDLs, etc. The Handbook for the Post Audit Process is available on ConnectED at the following link: ACS Directives. In some cases, the program staff may need to recommend that the program official impose specific conditions on the grant, and may recommend additional monitoring and technical assistance.

5.4.3 Making a Continuation Award

Recipients of multi-year discretionary awards must submit an annual Grant Performance Report that provides the most current performance and financial expenditure information to meet the reporting requirements of 2 CFR §§ 200.327 and 200.328 and EDGAR §§ 75.590 and 75.720. The report may be submitted in either hard copy or by using G5's electronic reporting functionality. The annual report provides data on the status of the funded project that corresponds to the scope and objectives established in the approved application and any approved amendments. Under EDGAR § 75.118, the report must provide the most current performance and financial information (including cost-share data, if applicable).

Unless additional requirements are imposed by the program statute or regulations, under EDGAR § 75.253, continuation funding is contingent upon the following requirements:

1. Congress has appropriated sufficient funds under the program (see EDGAR § 75.253(a)(1));
2. The grantee has made substantial progress towards achieving the goals and objectives of the project; and if the Secretary has established performance measurement requirements for the grant in the application notice, the performance targets in the grantee's approved application; or the program staff has obtained approval from the program official for changes to the project that enable the grantee to achieve the goals and objective of the project and meet the performance targets of the project, if any(see EDGAR § 75.253(a)(2));

Note: The program official cannot approve changes that increase the cost of the grant, or change the scope or objectives of the grant.

3. The grantee has submitted all required reports (including the annual Grant Performance Report) (see EDGAR § 75.253(a)(3));
4. The program staff has determined that continuing funding is in the best interest of the Federal government (e.g., the program staff believes the project continues to serve the priorities of the program) (see EDGAR § 75.253(a)(4)); and

5. The program staff has determined that the grantee has maintained financial and administrative management systems that meet requirements in 2 CFR § 200.302, Financial management, and § 200.303, Internal controls.
6. If the program staff informs the license holder that the grantee meets these standards, the license holder may issue a continuation award.

5.4.4 Grant Performance Report Form

Program officials, whenever possible, must have grantees use the Grant Performance Report form (ED 524B) to submit their grant performance and financial data to ED, unless additional information is needed beyond that requested on the report form. ED 524B may be used as both the continuation and final Performance Report. In rare circumstances where program officials decide additional reporting information is necessary, they may develop program-specific performance report forms. These program-specific performance report forms must include the budget and indirect cost information requested on the ED 524B. Program Officials must obtain approval from PIRMS and OMB to use separate program-specific forms and instructions under the Paperwork Reduction Act.

Note: Gaining OMB's approval of the specific form can take up to 120 days after PIRMS' review (see PIRMS' "Guide to the Information Clearance Process," which can be found at the following connectED link: [Information Collections Clearance Information](#)).

Electronic Grant Performance Reports

The G5 reporting functionality allows existing grantees to complete and submit annual performance reports to ED electronically via the Internet. The program staff must notify grantees of the availability of this functionality. The program staff may create an electronic performance report in G5 that includes:

1. All applicable report forms;
2. Narrative headings and space for grantees to address project issues; and
3. Space for grantees to provide narrative documents to support a determination of substantial progress by the program staff.

Grantees will get an immediate notice confirming the receipt of their report, followed by an email confirmation message.

Program staff can access the "help" module in G5 for further instruction on creating an electronic performance report.

5.4.5 Grant Performance Report Due Date

Program officials are responsible for establishing the date when grantees must submit their annual Grant Performance Report to ED for each program they administer. The submission date for the report should be established as late in the budget period as reasonably possible. Generally, the program official should require grantees to submit their reports seven to ten months after the start of the budget period. Report dates can vary based on program requirements, special circumstances, and whether reports are submitted electronically.

The program staff should inform grantees of their next performance report due date when they send the original grant award notification to them, and with subsequent continuation grant award notifications. The program staff must notify grantees of any changes to these dates as soon as possible. The instructions for submitting the reports should clearly state where the reports should be received. G5 has a template reminder letter to assist with this task. If the annual Grant Performance Report is not submitted through G5 then the report is sent directly to the program staff member assigned to the grant, or to a central location within the principal office. The program official is responsible for establishing procedures for receiving and logging in the reports in G5 when the report is not submitted electronically in G5 by the grantee.

5.4.6 Research Performance Progress Report

The Research Performance Progress Report (RPPR) may be used by recipients of grants and cooperative agreements that support research and research-related activities to report research progress on an interim and annual basis.

1. Use of the RPPR:

- a. Program staff are not required to implement the use of the RPPR, if research or research-related activities are reported by grantees on a preexisting OMB cleared reporting format (see item 3 of this subsection). However, if deemed appropriate, program staff may opt to implement the use of the RPPR in lieu of any preexisting OMB cleared reporting format. Program staff opting to implement the RPPR must do so only for grantees that support research and research-related activities. The RPPR is to be used for the submission of annual or other interim performance reporting requirements, and addresses research progress for the most recently completed reporting period, at the frequency required or designated by the program office. Grantees may submit the RPPR in either paper copy or in electronic form to the appropriate program staff.
- b. Each category in the RPPR is a separate reporting component. The mandatory component requires award recipients to report on

“Accomplishments.” The optional components of the format are used to request additional information. Within a particular component, program staff should direct recipients to complete only those questions that are relevant to the award or to ED. If a recipient has nothing significant to report during the reporting period on a question or item, they will note that they have “Nothing to Report” under that question or item.

- c. Program staff are required to utilize the standard instructions that have been developed for each category, but may provide additional program-specific instructions necessary to clarify a requirement for a particular program.
2. Program staff may develop additional program-specific reporting components; however, to maintain maximum uniformity, program offices should minimize the degree to which they supplement the standard categories. In accordance with the Paperwork Reduction Act, added program-specific requirements will require additional OMB review and clearance.
3. Program staff may require other reporting formats, such as the Performance Progress Report (PPR), or other OMB cleared reporting formats, if those formats are better suited to the program office’s reporting requirements. For example, other OMB cleared reporting formats may be better suited for research centers/institutes, clinical trials, fellowship/training awards, or for program performance reporting.

The [RPPR](http://www.nsf.gov/bfa/dias/policy/rppr/format_ombostp.pdf) is available to program staff and grantees at:
http://www.nsf.gov/bfa/dias/policy/rppr/format_ombostp.pdf

5.4.7 Federal Financial Report SF 425 (FFR)

OMB Approved the FFR for the purpose of establishing a standard format through which recipients of grants and cooperative agreements may report the financial status of their grants and cooperative agreements. Through the implementation of the FFR, recipient financial reporting is streamlined across Federal government agencies by consolidating, on a single form, financial information that recipients of grants and cooperative agreements are required to report. In this regard, the FFR, as approved by OMB, replaces the Financial Status Report Long and Short forms (SF-269 and SF-269A), as well as the Federal Cash Transaction Report forms (SF-272 and SF-272A).

For a number of years, the use of the SF 272 and SF 272 A have not been required at ED, since the information reported on these forms has been available for program staff review in ED’s automated grants system (in G5, and prior to G5, in GAPS). Similarly, the submission of the SF 269 and SF 269A were not required, unless grantees met certain conditions requiring the submission of

either of these forms. The policies and procedures that have been in place covering grantee reporting of expenditures and unobligated balances using the SF 269 and SF 269A are applicable to the FFR.

ED grantees are required to submit an FFR if:

1. Their grants or cooperative agreements involve cost-sharing and the U.S. Department of Education Grant Performance Report Cover Sheet (ED 524B)¹⁵ is not used (e.g., a program office uses a program-specific performance report approved by OMB that does not collect cost-sharing information);
2. Program income was earned;
3. The grantee had indirect cost information to report that was not captured on the ED 524B (or ED 524B was not used). The ED 524B collects indirect cost information; however, if this information is not reported on the ED 524B, the grantee must submit the information on FFR. Similarly, if a program uses a program-specific performance report approved by OMB that does not collect indirect cost information, grantees using that reporting document must report indirect cost information on the FFR; or
4. Program regulations, or a grant term or condition (e.g., high-risk designation), require the submission of the FFR.

When the above conditions require the submission of the FFR, program staff must include (and appropriately complete) Grant Attachment 2, “Specific Grant Terms and Conditions for Financial and Performance Reports” with GANS. Program offices must identify ED program staff to whom the FFR must be delivered within this grant award attachment.

There are times when the implementation of a governmentwide form requires a Federal agency to note necessary exceptions that apply to its universe of grantees. ED has identified a number of exceptions related to the reporting of financial data on the FFR, and with some of the form’s instructions. Program staff should take note of these exceptions, and communicate them to their grantees when requiring the submission of the FFR. A guidance document that lists the exceptions and includes a copy of the FFR titled, “Federal Financial Report SF-425 (FFR) Guidance” is available at the following ConnectED link: [Documents and Forms Referenced in the Handbook for the Discretionary Grant](#)

¹⁵ Department of Education Grant Performance Report Cover Sheet (ED 524B), which is used to report performance prior to continuation funding as is reflected in this section, is not be confused with the U.S. Department of Education Budget Information Non-Constructions Program Form 524 Sections A, B, and C. The U.S. Department of Education Budget Information Non-Constructions Program Form 524 Sections A, B, and C captures budget and indirect cost information; however, this form is submitted by grant applicants when they submit grant applications for funding.

Process. The version of the [FFR](http://www.whitehouse.gov/omb/grants_forms/) that is available for official government use is available at the following link: http://www.whitehouse.gov/omb/grants_forms/.

5.4.8 Substantial Progress

The project data included in a grantee's annual Grant Performance Report (ED 524 B) must correspond to the scope and objectives that were established in the approved project application or any approved amendments. The determining factor in awarding a continuation grant is whether the recipient has made substantial progress within the scope of the approved application in attaining the objectives of the grant as evidenced by meeting the grant's performance measures.

The program staffs must review, sign, and date the report or include a note in the grant file that reflects his or her approval. Program staff must also update G5 to indicate that the report has been received. A program staff member's signature on the report, or a note to the file, certifies that:

- The report was read;
- The grantee is making substantial progress; and
- The license holder may record the obligation and obligate the funds by signing and mailing the continuation award.

The program staff must analyze each report to ensure that the grantee has made substantial progress toward achieving: the goals and objectives of the project, and the performance targets in the approved application if performance measurement requirements were established for the grant in the application notice. What constitutes substantial progress will vary across programs and projects. The program staff must review the grantee's responses to the indirect cost questions in the ED 524B. If the indirect cost rate is expired, or raises other concerns, program staff should review and follow the procedures in sections 4.4.6 through 4.4.8, before proceeding. Furthermore, the program staff must review the grantee's financial data in G5 when determining substantial progress and before issuing a continuation award. This financial review will include reviewing the "Large Available Balance Report" (see section 5.3.9, "Fiscal Monitoring," especially item 8 for information specific to the "Large Available Balance Report.").

If a grant that is currently being reviewed for substantial progress is listed on the "Large Available Balance Report," then the program staff will need to compare the data on the report with the grantee's financial data in G5, and the financial data submitted on the annual ED 524B. If major discrepancies are found in the financial information, the program staff should determine the reasons for the

discrepancies, resolve any issues, and recommend to the program official to either approve the grantee's plans for expenditure of the funds, or recommend a reduction in the amount of the new funds to be awarded for the following budget period (see section "5.4.10, Carryover") and EDGAR § 75.253(c)(1-3). The program staff must record the resolution and the basis for the resolution in the grant file prior to issuing the continuation award.

The program staff must recommend discontinuing funding to grantees that have not demonstrated substantial progress toward meeting project goals and objectives, unless the program official approves changes to the project that will enable the grantee to make substantial progress in succeeding budget periods (see EDGAR § 75.253 (a)(2)). In such cases, the grantee must submit a plan describing how substantial progress will be made in the future to justify continued funding. If funding is discontinued, the program official must send the grantee a written explanation. The grantee has no formal appeal rights to the program official's decision to discontinue funding of the grant for failure to demonstrate substantial progress.

5.4.9 Setting the Continuation Award Amount

The program staff establishes the budget levels for each budget period of a multi-year award when the original award is made. After the program staff reviews and signs the ED 524B, and determines that the grantee has made substantial progress, "Electronic Signature Option for Grant Awards" ¹⁶, if there are no changes to the funding levels in the new and succeeding budget periods.

Continuation amounts are sometimes affected by changes to the ways grantees carry out their approved project activities or by the appropriated funding level for the program. In such cases, grantees may be required to submit a revised description of the manner in which the work is to be performed and a revised budget to reflect the changes. These changes may not result in a change to the project scope or objectives (see section "5.5.11, Prohibiting Changes to the Project Scope or Objectives of a Grant").

5.4.10 Carryover

The policy for unexpended or carryover funds is as follows:

¹⁶ Continuation grants are not subject to Congressional notification; thus, program staff do not have to adhere to the Congressional notification rules referenced in section 4.7.3, "Congressional Notification," as applicable to new grant awards, when awarding continuation grants. Additionally, unless program staffs choose to include the grant award attachments referenced in section 4.7.5 and in section 4.7.4 item 3, G5 will not automatically issue the grant award attachments with continuation GANs. Instead, the continuation GAN references the grant award attachments and terms and conditions included that were included with the new grant award notification as being applicable to the continuation award.

1. Unexpended funds at the end of one budget period can be used in the next budget period without any action by ED or the grantee unless restricted by the program staff as a condition of the award (see 2 CFR § 200.308(d) and EDGAR § 75.253(c)(1)).

If there is a large available balance, the program staff must require a written explanation from the grantee, unless the balance can be explained by the budget (see section 5.3.9, "Fiscal Monitoring.")

Program staff may require a description of how the unexpended funds will be used, (see EDGAR §75.253(c)(2)). If a description is required, it must include:

- a. A description of how the grantee plans to use the unexpended funds in the next budget period; and
 - b. A list of activities that were not completed in the previous budget period (if applicable).
2. When the program staff requires a written statement from the grantee, the staff must consider the statement in deciding how much funding to provide the grantee for the next budget period.

If the program staff discovers excessive unobligated balances, they must make a good faith effort to work with the grantee to resolve any issues related to the circumstances that resulted in the unobligated funds.

In cases where the program staff does not concur with the grantee's planned expenditures, staff recommends that the program official reduce new grant funds awarded for the following budget period. Before making this recommendation, however, the program staff must be sure that the grantee has enough funds available to complete the next budget period and any activities not completed from the prior budget period.

In general, ED policy is not to limit use of carryover or reduce the amount of new funds awarded. The program staff should become sufficiently familiar with grantee projects through financial monitoring and technical assistance that funds balance issues are resolved before the time to make a continuation award decision arrives.

5.5 Grant Administration

5.5.1 Grantee Flexibility with Administrative Actions (Expanded Authorities)

Grantees are allowed a certain degree of flexibility to make post-award changes and budget revisions. However, post-award changes must be consistent with the project activities and budgets in the approved application, and must not change the scope or objectives of a competitive grant. Listed below are policies regarding these flexibilities.

1. Unless otherwise restricted by the terms and conditions of the award (see section) 5.5.3, “Technical Changes to a Grant that do not Require Prior Approval, the program staff cannot require grantees to seek prior approval for the following categories of administrative actions:
 - a. Budget transfers (see EDGAR § 75.264), unless the transfer requires specific prior approval in accordance with 2 CFR § 200.308 (see Table 5.2)
 - b. Use of carryover funds for allowable activities or costs that fall within the scope and objectives of the project (see section 5.4.10, “)5.4.10, Carryover”.
 - c. Pre-award costs or expenditures for allowable items and activities of a project for a period up to 90 days before the beginning of a new award (see EDGAR § 75.263 and 2 CFR § 200.308 and see section 4.4.4, “re-Award COSTS,” for guidance on pre-award cost proposed for periods greater than 90 days before the beginning of a project period.
 - d. A one-time no-cost time extension of the final budget period of an award for a period of up to 12 months, as authorized in EDGAR § 75.261, unless law, regulations, or the grant terms and conditions specify otherwise. 2 CFR § 200.308(d) requires the grantee to notify ED of the intended extension at least ten days before the end of the budget period and give supporting reasons for the extension. ED can deny a no-cost extension under 2 CFR § 200.308(d) if a grantee wants the extension simply to obligate unused funds after the objectives of the project have been met. ED cannot obligate additional funds to the grant for the extension, or permit the grantee to conduct activities outside the scope and objectives of the approved project.
2. If the program staff has concerns that grant funds are not being obligated and expended properly as a result of any administrative action undertaken by a grantee, the program staff should ask the grantee to provide additional information about the way in which the grant funds are being used. If, after

receiving this information, the program staff decides to restrict the expanded authority, the program staff must notify the grantee of his/her determination, document the official file and, where appropriate, update G5, and issue a revised GAN. Program staff must follow the requirements of section 5.5.4, when restricting the expanded authorities.

5.5.2 Administrative Actions Requiring Prior Approval from ED

Administrative actions may be monetary or non-monetary in nature and might or might not require prior approval from ED. EDGAR and 2 CFR§ 200.308 define the types of administrative actions that require grantees to seek ED prior approval.

1. Grantees must submit a written request to the program staff if prior approval is required. After receiving a written request, the program staff may contact grantees directly for clarification, or for additional information as needed. For some administrative actions, the program staff must consult with the program official before the program staff can approve or disapprove a request, or in some cases, the program official is the one that must approve or disapprove the request.
2. The decision to approve or disapprove a request must be based on requirements imposed by applicable Federal statutes, including GEPA, program legislation and regulations, EDGAR, and 2 CFR part 200. All resulting costs and activities related to approved changes must be allowable. No official may authorize any administrative actions that conflict with any applicable Federal statute, program legislation or regulation, EDGAR, 2 CFR part 200, grant conditions, or permit changes that would alter the scope or objectives of a competitive discretionary grant.
3. If the grantee has been designated as high risk, the program staff must consult with the program official before approving or disapproving a grantee's request. The program staff must document, and include in the grant file, any discussion held with the program official about the request and decisions reached.
4. Table 5.2 identifies the administrative actions that require prior approval. In reviewing Table 5.2, program staff should take note of the sections referenced under the column titled "Handbook References," and should review these sections for detailed information about the administrative actions listed in the figure. The column titled "Responsible ED Staff" identifies the person that responds to the administrative request with an approval or disapproval.

Note: Some actions, such as grant transfers, require consultation with an OGC program attorney, or other ED staff, before making a final decision to approve or disapprove the action.

Table .2 Administrative Actions that Require Prior Approval

Administrative Action	Responsible ED Staff	Handbook Reference
Restricting grantee flexibility to take administrative action without prior approval (Impose Grant Attachment 15).	Program Official	"5.5.4 Restricting Grantee Flexibility under Expanded Authorities"
Any prior approval requirement established by the terms and conditions of the grant (see 2 CFR § 200.308)	Program Staff	N/A
Pre-award costs incurred more than 90 days prior to the budget period.	Program Official	"4.4.4 Pre-Award Costs"
Changes in key personnel.	Program Staff	"5.5.5 Changes to Key Personnel"
The absence of the project director or principal investigator for more than three months (see 2 CFR § 200.308).	Program Staff	"5.5.5 Changes to Key Personnel"
A 25 percent reduction in the project director or principal investigator's time (see 2 CFR § 200.308).	Program Staff	"5.5.5 Changes to Key Personnel"
The transfer of substantive work to a third party (see 2 CFR § 200.308 and EDGAR § 75.701).	License Holder	N/A
Any other costs that require approval in accordance with the 2 CFR part 200 subpart E, "Cost Principles."	Program Staff	N/A
Revising grantee cost-sharing.	Program Official License Holder After consulting with OGC.	"5.5.6 Revising Grantee Cost-sharing"
The need for additional funds (supplemental grant awards).	Program Official License Holder	"5.5.7 Supplemental Awards"
Transfer of funds into Indirect Costs (see EDGAR § 75.560(d))	Program Official	Indirect Costs Sections 4.4.6 through 4.4.8,
The transfer of a grant from one entity to another or a change in legal status.	License Holder	"5.5.8 Grant Transfers"
Second grant extension requests EDGAR § 75.261(c)	Program Staff	"5.5.9 Extension of the Final Budget Period"
All other grant extension requests after the second request, including those submitted after the project end date and those requesting an extension beyond 12 months.	Program Official	"5.5.9 Extension of the Final Budget Period"

In all cases where prior approval is required, the program staff must keep a copy of the grantee's original request in the official grant file, along with any additional information received from the grantee, documentation of discussions with the program official, ED's written decision (including ED's reason for the action), and any amended GAN (see section "5.5.10 e-Administration").

5.5.3 Technical Changes to a Grant that do not Require Prior Approval

Many changes are made to a grant that do not require ED prior approval. Nevertheless, grantees must document all changes in their files, and should inform their ED program contacts of the changes, as some of these changes may require action by ED to be effective. For example, a grantee may change the business address of its offices or change to a new email address. ED needs to document these technical changes, so it can stay in contact and fulfill its monitoring responsibilities. Before accepting a change, program staff must research the change with the grantee's authorized official, project director, or other appropriate sources, to make ensure that the requested change is authorized by the grantee. Program staff can enter these technical changes in G5, sign and issue an updated GAN, then note the change via an updated GAN in the grant file without further approval.

5.5.4 Restricting Grantee Flexibility under Expanded Authorities

Circumstances might arise for which a grantee should not be allowed to exercise flexibilities to make changes and budget revisions as permitted under 2 CFR § 200.308(d). If such circumstances should arise, program officials must use Grant Attachment 15, "Prior Approval Requirements" to prohibit one or all of the flexibilities authorized under 2 CFR § 200.308. Program officials should establish a procedure for determining when the use of the language in Grant Attachment 15 is appropriate for a particular grant program. A common reason for disallowing flexibilities involves making the terms of one or more grant awards conform to statutory or regulatory requirements for a grant program or a particular category of grantee.

After issuing a new or continuation award, the program official may remove a grantee's authority to exercise these administrative flexibilities, but only after consultation with the ED program attorney. Removing the grantee's authority to exercise these administrative actions can be implemented as a specific award condition with or without designating the grantee high risk (see section 5.6.3 "Specific Conditions and Other Actions").

5.5.5 Changes to Key Personnel

After an award, the program staff may approve or disapprove request for changes to key personnel and sign and issue a revised GAN. Guidance

regarding who may be defined as key personnel is provided in section 4.2.6, "Key Personnel."

Before approving changes to key personnel, program staff must consider the requirements in 2 CFR § 200.308(c) regarding changes in key personnel.

Program staff must ensure that grantees receive approval for:

1. The initial hiring of a person to fill a position described in an application when no one was named, or no resume was provided;
2. Changing persons who occupy key positions that were identified in the application; or
3. Substantively redefining a key position and its duties.

In order to maintain current and accurate information on key personnel in G5, the program staff must enter the names, titles, percentage of time, and other required information into the key personnel tab of the discretionary budget sub-function in G5 whenever key personnel changes occur during the life of a project. G5 requires that program staff verify, via a link to the SAM Web site, that the key persons identified are not included in EPLS. If the key person is included, the program staff must contact their GPPT Liaison before proceeding with the request for the personnel change. The GPPT Liaison will verify whether the key person identified is actually the same person appearing in EPLS. In order for the GPPT Liaison to conduct the verification, program staff must provide the individual's resume, social security number, current and last known address, and current and last known employment. GPPT will investigate the reasons the person is included in EPLS, and will advise the program staff of any issues that would prevent the person from participating on the grant.

5.5.6 Revising Grantee Cost-sharing

The combination of Federal funds and the value of the grantee's cost-sharing contribution equal the total cost of the grant (see 2 CFR § 200.306 and section 4.4.3, "Calculating Cost-Share Amounts"). The minimum dollar amount or percentage of cost-sharing the grantee is required to pay is specified in the relevant statute or program regulation. If the grantee: a) is required by statute or regulation to provide an amount or percentage of cost-sharing; b) volunteers to provide additional cost-sharing above what is required; or c) volunteers cost-sharing where none is required, the total cost-sharing, including the required or volunteered amounts or percentages, must be specified in the GAN.

Occasionally, a grantee might raise concerns with the program office about its ability to contribute the required or volunteered dollar amount specified in the

GAN. In such cases, the program staff must make every effort to work with the grantee to help the grantee find ways to meet the cost-sharing requirements, especially since the amount of cost-sharing proposed in the grantee's application could have been a significant or decisive factor for reviewers who recommend funding the project. In such cases, the program staff should make clear that ED expects grantees to honor their cost-sharing commitments since they are a condition of the award.

If the grantee is still unable to provide a cost-share dollar amount, even after program office intervention, the program staff may permit reductions to the amount of the Federal award (see item 3 below regarding reductions to the Federal award). The reduction, however, cannot change the scope or objectives of the original application (see section "5.5.11: Prohibiting Changes to the Project Scope or Objectives of a Grant"). If a reduction can be made without changing the scope or objectives of the grant, the program official may take one or more of the following actions:

1. If the statute, regulation, or application notice establishes a maximum percentage for the Federal share of project costs, the program official may reduce the amount of Federal funds awarded so that the maximum Federal percentage share of total costs is not exceeded; or
2. The program official may waive all or part of the established level of cost-sharing if: a) the program legislation or regulations permit changes to cost-sharing percentages or amounts and the program official has consulted with the appropriate ED program attorney; or b) the cost-sharing was volunteered by the grantee; or
3. If the grantee had promised cost-sharing at a level exceeding that required by statute or regulation and ED made the whole amount a condition of the grant award, the program official may reduce the Federal grant in proportion to the amount of reduction made to the grantee's share of the costs down to its legally required minimum.

If the program official takes one of the actions described above, the license holder must issue a revised GAN updating the terms and conditions for the award. If a change in the scope of the project is likely to occur as a result of such reductions, the program official must contact the ED program attorney to discuss appropriate courses of action. All actions taken by the program staff and program official must be documented in the official grant file.

5.5.7 Supplemental Awards

There are many situations where a grantee may request a supplement to its grant or where ED may see a need to supplement a grant or group of grants.

Because the facts in each circumstance are different, this section cannot describe every situation where a supplement would be appropriate. This section provides basic guidance to help determine whether a supplement is appropriate. It also addresses supplements in the joint-funding context, and provides information on cases where ED wants to supplement a grant of another agency or another agency wants to supplement an ED grant.

Program officials must exercise great care in deciding whether to give a supplemental award. Except for the examples referenced in items 5.a and 5.b below, program officials must consult with their ED program attorney when deciding whether to make a supplement or group of supplements.

1. To determine if a supplement is appropriate for a grant made with ED funds, a program official must determine whether the supplement would change the scope or objectives of the grant that was awarded initially. This is known as the scope or objectives test.
2. While EDGAR states that ED only funds up to 100 percent of the allowable costs of a grant when an award is made (EDGAR § 75.233(a)), a supplement that raises the funding level above the 100 percent cap may be appropriate if the supplement does not change the scope or objectives of the grant.
3. If ED enters into a joint funding agreement with another Federal agency under GEPA section 430, or another joint funding authority, and one of the agencies wants to supplement a joint-funded project, the determination to supplement depends upon the nature of the joint funding agreement between the agencies and the identity of the agency managing the grant.
4. The program official may have to use an analysis other than the scope or objectives test when:
 - a. Another agency wants to supplement an ED grant that is not jointly funded; or
 - b. ED wants to supplement a grant of another agency that was not jointly funded.
5. Examples of when a supplement is appropriate include the following:
 - a. A program official may supplement grants awarded under a program if the program receives less money than anticipated in an appropriation or allotment for that program and the original awards were made in amounts that were less than the amounts needed to fund all the allowable costs budgeted by the applicants. In this case, the grant may be supplemented to provide up to 100 percent funding of allowable costs.

- b. A program official may supplement a grant that was not fully funded because it was last on the funding list and there were insufficient funds available at the time of the award for full funding. In this case, the grant may be supplemented to provide up to 100 percent funding of allowable costs.
 - c. A grantee runs into unexpected costs in performing the grant and requests an increase in support. Generally, the program official may supplement the grant if funds are available and the funds are used for activities within the scope and objectives of the initial award.
 - d. A grantee develops a new line of research growing out of the original research or develops a new method for conducting its research. Generally, the program official would not be able to supplement the award, because the grantee won the competition based on the method proposed in the application and for the objectives of the original line of research. However, in some cases where the additional research is very small in comparison to the overall scope of the grant, a supplement might be acceptable.
 - e. A Program Officer in ED learns about a grant funded by another program of ED, or funded by another Federal agency, and wants to give the grantee funds to pursue an interest relevant to the ED non-funding office. These types of supplements may, or may not, be appropriate depending upon whether the supplement would have the effect of changing the scope or objectives of an ED grant.
 - f. Another agency comes in contact with an ED grantee and sees an opportunity to fund more work by the grantee in the same or similar areas to the work already being conducted by the grantee, and the other agency desires to transfer funds to ED so that ED may award these funds as a supplement to the grantee. Generally, these situations are resolved based on the law applicable to the other agency's funds.
 - g. A program official sees an opportunity under an ED program to supplement grants to carry out activities that support and enhance general program activities as provided in the program statute or regulations. This general supplement to all the grants under a program may be acceptable if the supplemented grants still have the same scope or objectives.
6. If the program official decides that a supplement is appropriate, the program official must obtain from the grantee a revised budget showing how the funds will be used and a description of the activities being supplemented.

- 7 Unless a supplement meets the conditions set forth in the paragraph that follows within this section, program staff must conduct a risk assessment before supplements to a grant or group of grants are obligated. When conducting a risk assessment, program staff must consider prior and/or current financial and performance information, compliance with federal audit requirements, audit findings, progress in achieving corrective actions set in place to resolve audit findings, compliance findings, and other administrative issues. Additionally, program staff must consider any issues or concerns, identified through day-to-day oversight, routine monitoring, and technical assistance efforts, that might adversely affect a grantee's performance.

A supplement may be awarded: 1) in the same fiscal year as the approved grant slate for the purpose of fully funding a previously approved grant; or 2) soon after an initial award or continuation award is obligated. In these instances, risk assessments will have been completed prior to the initial or continuation award; thus, program staff will need to determine whether risk assessments for these supplements are necessary. If so, program staff will need to determine how detailed a risk assessment to conduct. When determining whether a risk assessment is needed and, if it is necessary, how detailed a risk assessment to conduct, program staff may consider the amount of time that has passed since the last risk assessment, whether risk issues were previously identified and risk mitigation strategies implemented, the grantee's progress in addressing the risk issues identified, and any applicable information garnered from the relationship established between the grantee and program staff.

If risks are identified that require specific award conditions, a program official may impose a specific award condition in accordance with 2 CFR § 200.207, or designate the specific conditions as "high-risk" conditions, and designate the grantee or grant high risk in accordance with 2 CFR § 3474.10. The document titled, "Resources Available to Aid in Risk Identification, Assessment and Mitigation," provides information that will aid program staff in determining appropriate risk mitigation strategies, and is available on ConnectED at the following link: [Documents and Forms Referenced in the Handbook for the Discretionary Grant Process](#).

For information about imposing specific conditions, and the requirements for notifying a grantee (see section 5.6, "Specific Award Conditions and Other Actions"). Additionally, the requirements for designating a grantee high risk and the requirements for notifying a grantee of a high-risk designation are addressed in section 5.7, "High-Risk."

8. If the supplement is awarded at the request of the grantee, the program official must require the grantee to provide a written justification demonstrating why the supplement is necessary. If the supplement is based

on program needs of ED, the program official must provide a written justification demonstrating why the supplement(s) is (are) necessary. In either case, the justification must be included in the official file for the affected grant, in the original competition file if a group of grants is affected.

Sometimes a program official may want to use unobligated funds to supplement grants from a current appropriation at the end of the fiscal year. The mere presence of additional funds at the end of a fiscal year is not relevant to whether a grant may be supplemented. However, if funds are available and grants can be supplemented within the guidelines in this paragraph, the program official may use the funds for supplements.

5.5.8 Grant Transfers

Generally, a grant transfer is a voluntary action initiated by the grantee. A circumstance may arise which does not permit the grantee to carry on the work for which the grant award was made. While the appropriate procedure in some cases is termination of the grant, in others, a preferred course of action may be to transfer the remaining work and grant funds to another eligible organization. Both the current and future grantee must agree to the transfer. Generally, transfers can be affected only if the transfer involves a change in the legal recipient and all other aspects of the grant are not changed.

1. Although the circumstances that make a grant transfer necessary can vary widely, usually a grant transfer is done for one of the following reasons:
 - a. **Change in eligibility, identity, or legal status.** Some changes in grantee status (such as the loss of eligibility to participate in ED programs) eliminate a grantee's legal authority to carry out one or more objectives of the project. Other changes in grantee status are of a legal or formal nature and do not materially affect a grantee's performance of the project (such as merger of two institutions, or institutional name change resulting in a new DUNS Number).

Note: A grant transfer is not required for an organization that only changes its name. In these cases, the name change should be recorded in G5. Before making a DUNS number change, however, program staff must take extra care to verify with the grantee that a name change does not reflect an actual change in the legal identity or status of the grantee entity (See section 5.5.3 "Technical Changes to a Grant that do not Require Prior Approval").

- b. **Movement of key personnel.** Some grants are awarded to eligible entities that function only as "nominal" or "accommodation" grantees. Although they are the grantees of record, their sole function is to sponsor

the participation of certain key individuals whose work is the sum and substance of the project. If such a key person moves to another eligible entity, a grant transfer may be made if all the other conditions for a transfer are met.

- c. **Other reasons.** For a variety of reasons (such as major restructuring, loss of resources, impending bankruptcy), a grantee may lose their ability to honor their commitment to finish the work of a project. Under these circumstances, there may be conditions that warrant transfer of the grant to another eligible entity to: (1) complete the project; and (2) ensure that the grant's intended beneficiaries are served.
2. Before approving a grant transfer, the license holder must ensure that:
 - a. The transfer does not circumvent or appear to circumvent the ED competitive grant process;
 - b. The need for the project or activity that existed at the time of original award still exists;
 - c. The terms and conditions of the transfer are acceptable to both the original grantee and the new organization;
 - d. The new organization meets all standards of eligibility for the grant program;
 - e. The new organization agrees to carry out future activities as specified in the original application and, if possible, keep the same key personnel to manage the grant as were identified in the original grant;
 - f. The new organization will continue to serve the same population with the same level of service as the original grantee;
 - g. The change is made in a timely manner; and
 - h. No increase in funding over the original amount of the award is required.

A transfer cannot take place when it involves an award to an individual. Similarly, a grant cannot be transferred to or between foreign institutions or international organizations.

A transfer agreement must be completed by all parties involved in the transfer (i.e., the transferor [ED's original grantee] and the transferee [the replacement grantee]). A template of the transfer agreement titled "Grant Transfer Agreement" is available on ConnectED at the following link: [Documents and Forms Referenced in the Handbook for the Discretionary Grant Process](#).

Detailed procedures that ED program staff must follow when transferring grants are also available at this link within a document titled "Grant Transfer Procedures."

5.5.9 Extension of the Final Budget Period

The terms for initiating a one-time extension of the final budget period without the obligation of additional funds by the Federal government (i.e., a no-cost time extension) are as follows:

One-Time No-Cost Time Extensions

1. Grantees may initiate a one-time no-cost time extension in accordance with the following:

Grantees must notify ED in writing with the supporting reasons for the one-time no-cost time extension, and the revised expiration date at least ten days before the project period end date; however, ED may waive the ten day notification requirement on a case-by-case basis in accordance with 2 CFR § 200.102(a) if the extension is otherwise appropriate. The program staff must review the grantee's plan for using the remaining funds to determine:

- a. If the proposed use of the funds is within the scope and objectives of the grant;
 - b. That the extension does not suggest management problems with the project or the grantee entity;
 - c. That the additional time period proposed in the notification is proportionate to the amount of funds remaining and the activities to be undertaken. For example, a grant having a few thousand dollars remaining unspent at the end of the project period would probably not justify an entire 12-month extension period. In this regard, the no-cost time extension may be for a period of up to 12 months, but the 12 months is not automatic, and the actual extension period must correlate to the actual work to be completed and the amount of funds remaining unspent; and
 - d. That the grantee is not exercising the one-time no-cost time extension merely for the purpose of using unobligated balances, when all grant project activities have been completed. Initiating the one-time no-cost time extension for this purpose is prohibited in accordance with 2 CFR § 200.308(d)(2).
2. The program staff reviewing the grantee's reasons for a one-time no-cost time extension must review the grantee's financial data to:

- a. Ensure that the remaining funds are sufficient for the activities that the grantee proposes to complete;
- b. Determine whether the grantee has appeared on the Large Available Balance report (see section 5.3.9, "Fiscal Monitoring").

Note: If the program staff has concerns, he/she should contact the grantee to resolve any issues before extending the award.

3. The program staff, if accepting the grantee's reason for a time extension notification, must:
 - a. Amend the data field in G5 to show the new project period end date;
 - b. Sign and send a copy of an amended GAN to the grantee;
 - c. Include a copy of the amended GAN in the official grant file along with the grantee's notification and supporting reasons for the extension.
4. If the program staff does not accept the grantee's explanation of the reasons for the funds remaining, or their intended use during the proposed extension period, or cannot resolve questions about the remaining fund balances for the grant, the program staff may deny the time extension. The program staff must immediately notify the grantee in writing, with reasons for the denial and must place a copy of the response in the official grant file.
5. If a grantee sends a time-extension notification to ED after the project period end date, the program staff must forward the request to the appropriate program official along with a recommendation for either accepting or rejecting the extension. After the program official issues a decision, the program staff must place a record of the decision and any supporting documentation in the official grant file.

No-Cost Time Extensions Exceeding 12 Months

1. Extensions exceeding 12 months do not fall within the scope of 2 CFR § 200.308(d)(2); thus, they must be considered under EDGAR §75.261(c) & (d). In these cases, the grantee must submit a request for prior approval that justifies the need for the additional time, provides updated timelines with completion dates, lists remaining activities to be completed and identifies unobligated funds. Program staff must review the request to determine:
 - a. If the proposed use of the funds is within the scope and objectives of the grant;

- b. That the extension does not suggest management problems with the project or the grantee entity;
 - c. That the additional time period proposed in the notification is proportionate to the amount of funds remaining and the activities to be undertaken. For example, program staff may determine that there are not enough funds to cover the entire extension period requested, and may decide that a lesser period of time better correlates to the actual work to be completed and the amount of funds remaining unspent; and
 - d. That the grantee is not exercising the no-cost time extension merely for the purpose of using unobligated balances, when all grant project activities have been completed.
2. Program staff must also review the grantee's financial data in G5 to:
 - a. Ensure that the remaining funds are sufficient for the activities that the grantee proposes to complete; and
 - b. Determine whether the grantee has appeared on the Large Available Balance report (see section 5.3.9, "Fiscal Monitoring," item 9).
 3. Once program staff has completed his/her review, program staff must forward the request for extension to the appropriate program official along with a recommendation for either accepting or rejecting the extension. The program official must issue a written decision on the recommendation, and the program staff must place a record of the decision and any supporting documentation in the official file. These provisions of EDGAR §75.261 require the grantee to submit its request at least 45 days before the end of the project period, unless certain conditions exist, as described in §75.261(d).
 4. If the program official approves the request for a no-cost time extension exceeding 12 months, the program staff must:
 - a. Amend the data field in G5 to show the new project period end date;
 - b. Sign and send the grantee a copy of an amended GAN showing the new end date; and
 - c. Include a copy of the amended GAN in the official grant file along with the grantee's notification and supporting reasons for the extension.

Subsequent No-Cost Time Extensions

1. When grantees have exercised their flexibility to initiate a one-time no-cost time extension (even if the original extension was for less than a year), in accordance with EDGAR § 75.261(c), the grantee must submit to the ED program office a written request for prior approval for the second no-cost time extension and provide

supporting reasons. The request must justify the need for the additional time, provide updated timelines with completion dates, list remaining activities to be completed, and identify unobligated funds. These requests must be closely scrutinized as it is ED's expectation that the grantee will complete all grant activities during the first no-cost time extension.

The request must be submitted to ED at least 45 days before the end of the project period unless the grantee could not have known of the need for the extension on or before the start of the 45-day period, or the failure to give notice on or before the start of the 45-day period was unavoidable, EDGAR §75.261(d).

2. Program staff must review the request to determine:
 - a. If the proposed use of the funds is within the scope and objectives of the grant;
 - b. That the extension does not suggest management problems with the project or the grantee entity;
 - c. That the additional time period proposed in the notification is proportionate to the amount of funds remaining and the activities to be undertaken. For example, program staff may determine that there are not enough funds to cover the entire extension period requested, and may decide that a lesser period of time better correlates to the actual work to be completed and the amount of funds remaining unspent; and
 - d. That the grantee is not requesting the second no-cost time extension merely for the purpose of using unobligated balances, when all grant project activities have been completed.
3. Program staff must also review the grantee's financial data in G5 to:
 - a. Ensure that the remaining funds are sufficient for the activities that the grantee proposes to complete; and
 - b. Determine whether the grantee has appeared on the Large Available Balance report (see section 5.3.9, "Fiscal Monitoring," item 8).
4. The program staff, must recommend approval or disapproval of the request for this second extension, and must forward the recommendation along with the request to the program official for final decision. The program official must issue a written decision which must be placed in the official file along with all supporting documentation.
5. If the program official approves the request for the second no-cost time extension, the program staff must:
 - a. Amend the data field in G5 to show the new project period end date;

- b. Sign and send the grantee a copy of an amended GAN showing the new end date; and
- c. Include a copy of the amended GAN in the official grant file along with the grantee's notification and supporting reasons for the extension.

5.5.10 e-Administration

Grantees should submit an administrative request to modify their active grants to the program staff via G5's post award administration module. Upon its receipt, the request is saved in the G5 database and is immediately available to ED staff to accept, approve or disapprove. G5 will send an email to the grantee confirming receipt of the request. G5 will also send an email to the appropriate ED program staff notifying them that an administrative request has been received. Program staff must act upon the request within 30 days of its receipt following the procedures for approval or disapproval of administrative request as identified in section 0, "5.5.2 Administrative Actions Requiring Prior Approval from ED."

5.5.11 Prohibiting Changes to the Project Scope or Objectives of a Grant

2 CFR § 200.308(c)(1) gives ED program officials the authority to review and approve requests to change the scope or objectives of a discretionary grant. However, to ensure the integrity of ED's competitive review process, ED does not permit changes to the scope or objectives of a grant except in rare cases where the competition for the grant was not truly competitive. Unsolicited applications are not exempt from this requirement, because unsolicited applications must be evaluated for quality against selection criteria in the same manner as grants made under a competition.

If a grantee requests a change to its grant, and the change might involve a change in the scope or objectives of the grant, the responsible program official must consult with the ED program attorney for the program before approving or disapproving the request. The program attorney provides assistance in determining whether the change will constitute a change in the scope or objectives of the grant. The program official must notify the grantee in writing of the status of its request whether it is approved, approved in part, or not approved. A copy of the written approval or disapproval of the request must be placed in the grantee's official grant file.

5.5.12 Publications

Sometimes grantees indicate in their applications that as part of their outreach efforts, they plan to publish editorials, opinion-editorials (Op-Ed), and other articles and publications. If the program staff has reason to believe that a grantee is going to produce these kinds of materials as part of the grant activities, the staff must notify the grantee of the requirement to include in any such materials the disclaimer in EDGAR § 75.620 that states:

The contents of this (insert type of publication; such as book, report, film) were developed under a grant from the Department of Education. However, those contents do

not necessarily represent the policy of the Department of Education, and you should not assume endorsement by the Federal government.

5.6 Specific Award Conditions and Other Actions

5.6.1 General

This section provides guidance to program officials on how to impose specific award conditions or take other actions on a grant if the program official determines that, without the specific conditions or actions, the grantee might not be successful in implementing its project or projects. Program officials may impose specific award conditions on a grant in accordance with 2 CFR § 200.207, or take other appropriate actions when the program official determines that the specific conditions or actions are necessary to: 1) protect the government's interest; 2) require a change or action that will reduce the risk of future noncompliance; or 3) ensure a grantee's success in implementing its project.

5.6.2 Grant Performance and Administration

When the program staff discovers that a grantee is experiencing performance, management, or financial problems or risks that affect the conduct of a grant, they must provide the grantee with technical assistance to help overcome those problems or risks. Generally, the program staff should engage the grantee to determine if the problems or risks can be remedied through routine monitoring and technical assistance efforts. The program staff must document the results of the discussions with grantees through an email or letter to the grantee and include a copy in the grant file. If technical assistance efforts are not successful, program staff must immediately alert the program official to determine whether specific award conditions should be imposed on the grant or grantee, or whether another action is required, including designating the grant or grantee high risk (see section 5.7, "High Risk"). The program official must consult with the ED program attorney before imposing any specific award condition or other action.

5.6.3 Specific Conditions and Other Actions

After consulting with OGC, the program official may impose specific conditions or take other actions on a grant. Below is a list of specific conditions or actions that a program official may impose on a grant or grantee exhibiting financial management and/or performance related problems or risks:

1. Require the grantee to submit detailed quarterly financial and performance reports;
2. Require the grantee to obtain prior approval for certain expenditures or actions that would otherwise not require prior approval (e.g., prohibiting the grantee from using expanded authorities to make budget revisions, incur pre award costs, carryover funds, or initiate a one-time no-cost time extension);

3. Place the grantee on a cost reimbursement payment basis, requiring the grantee to submit receipts for expenditures, so that ED releases payments only if it approves the expenditures for allowable costs;
4. Require changes in the grantee's project that do not change the scope and objectives of the grant, but that permit the grantee to complete the project successfully;
5. Prohibit the grantee from proceeding to later phases of its project until ED has received satisfactory evidence of acceptable performance within a specified period;
6. Stop, on an emergency basis, the ability of the grantee to draw funds before giving the grantee notice of this action if the program official determines there is an immediate need to do so;
7. Withhold issuance of a continuation grant, or as a specific condition of a continuation grant, only continue the grant under certain conditions, or for a part of the project period;
8. Transfer the grant to another organization if the conditions under section, "5.5.8, Grant Transfers" are met;
9. Designate the grant or grantee as high risk with specific conditions for that grant or all of the grants to that grantee. The grantee must be given notice and an opportunity to request a reconsideration of this decision by the Principal Officer (see section 5.7, "High Risk");
10. Temporarily stop the ability of the grantee to draw funds from their grant account(s). The grantee must be given notice and an opportunity to justify why this action should not be taken.
11. Suspend the grant if warranted in accordance with 2 CFR §§ 200.338 through 200.342 (see section "5.8.2: Voluntary and Adversarial Termination, Suspension," to determine the procedures that apply to the suspension);
12. Partially or fully withhold funds from the grantee under GEPA. The grantee must be given notice and opportunity to request a hearing. For grants made under the Higher Education Act of 1965 (HEA), (see section "5.8.5 Withholding and Recovery of Funds under the HEA");
13. Terminate a grant voluntarily in accordance with 2 CFR §§ 200.338 through 200.342;

14. Bring a cease-and-desist action under GEPA (does not apply to grants made under HEA); and
15. Enter into a compliance agreement with the grantee under GEPA. This action is subject to public hearing and publication in the *Federal Register*. While this statutory procedure does not apply to grants made under HEA, program officials can enter into a compliance agreement under the informal procedures specified for HEA actions in sections “5.8.3 Suspension and Termination for Cause under the HEA,” and “5.8.5 Withholding and Recovery of Funds under the HEA.”

If a program official imposes specific conditions or takes other actions on a particular grant or grantee, the program official must increase its monitoring and technical assistance efforts, as appropriate, to assist the grantee in overcoming identified problems and risks.

5.6.4 Notification of Specific Conditions

In accordance with 2 CFR § 200.207(b), if the decision was made to impose specific conditions on an award that address additional requirements or action by the grantee, program staff must notify the grantee of:

1. The nature of the additional requirements;
2. The reason why the additional requirements are being imposed;
3. The nature of the action needed to remove the additional requirements, if applicable;
4. The time allowed for completing the actions, if applicable, and
5. The method for requesting reconsideration of the additional requirements imposed.

The specific conditions must be included in the award by amending the GAN to include the specific conditions. The amended GAN must be sent to the grantee. In addition to sending the amended GAN, program officials may include a GAN cover letter to the grantee that explains the conditions or actions required under the amended GAN. A copy of the amended GAN and the cover letter must be included in the official grant file.

Once the program staff and program official have determined that a specific condition has been satisfied, or the problems or risks that led to the specific condition have been resolved, program staff must remove the specific condition, generate a new GAN without the specific condition, and issue that new GAN to

the grantee. A GAN cover letter should be issued to the grantee explaining that the specific condition has been removed from the award, and a copy of the amended GAN and cover letter must be included in the official grant file.

5.7 High Risk

5.7.1 General

Program officials may designate the specific conditions under 2 CFR § 200.207 as “high-risk” conditions and designate either a grant (i.e., a single grant project) or the grantee (i.e., an entity and all ED grant projects associated with the entity under the entity’s DUNS) as high risk in accordance with 2 CFR §§ 200.207 and 3474.10. If a grant or a grantee is designated high risk, the program official or his/her designee must forward a copy of all the correspondence related to the program official’s decision to RMS for input into the Risk Module in G5. That information will then be available to all ED principal offices for their consideration when monitoring their grantees and when making new or continuation awards to grantees that have been designated high risk or that have a high-risk grant.

5.7.2 High-Risk Designation

The high-risk designation is used to assist grantees into compliance with the conditions of their grant (or grants) so that the grant(s) may succeed in accomplishing their objectives and goals. The program official must collaborate with the program staff and program attorney prior to making a decision to designate a grant or grantee as high risk. The program attorney will assist the program official in determining the appropriate course of action under applicable requirements in statutes, regulations and conditions of the grant, and ensure that ED’s interests are protected. If a grantee is designated high risk, the Principal Officer notifies the grantee of its high-risk designation, the related specific high-risk conditions, and of its right to ask for reconsideration.

If a program official intends to designate an entire grantee organization as high risk, the program official must inform the RMS (see section 5.7.7, “Risk Module Information and Maintenance), which will assist in collaborating with the applicable program attorney and with other principal offices that have awarded grants to that organization. This collaboration will allow all principal offices that have grants with the organization the opportunity to weigh in on the high-risk decision, and if a high-risk designation is imposed, ensure a consistent approach to resolving the problems of performance under all of the grants awarded to it.

5.7.3 Suggested Standards for High-Risk Designation

This paragraph identifies standards for designating a grant or grantee high risk, and for imposing specific high-risk award conditions on a grant in accordance

with 2 CFR §§ 200.207 and 3474.10. If a grantee fails to comply with the requirements and conditions of its grant, the program staff must immediately alert the program official to determine whether specific award conditions, other actions, and/or a high-risk designation should be imposed on the grant. The program official may consider a high-risk designation when the following suggested standards are met:

1. The grantee:
 - a. Has a documented history of unsatisfactory performance;
 - b. Is not financially stable;
 - c. Has a management system that does not meet Federal management standards, as listed in section 5.3.9, "Fiscal Monitoring," and 2 CFR § 200.302(b) and requirements for record-keeping §§ 200.333 – 200.337;
 - d. Did not conform to the terms and conditions under a previous grant;
 - e. Is otherwise not responsible; and
 - f. The high-risk designation is necessary to ensure that the grantee materially complies with the requirements of the grant.

Once a determination has been made to designate a grant or grantee high risk, program staff may impose specific high-risk conditions as established in section 5.6, "Specific Award Conditions and Other Actions."

5.7.4 High-Risk Notification to the Grantee

The GAN is the official document through which high-risk status is communicated to the grantee (see EDGAR § 75.235). If specific high-risk conditions are imposed, as part of a high-risk designation, the program official includes those conditions on the GAN (see 2 CFR §§ 200.207 and 3474.10). The specific conditions must inform the grantee and the following notices and information must be provided to the grantee in a separate cover letter:

1. Failure to comply with the high-risk related specific conditions may constitute a material failure to comply with the requirements of the grant;
2. The corrective actions that must be taken before the conditions will be removed and the time allowed for completing the corrective actions;
3. If the grantee disagrees with the conditions, they may request reconsideration of the conditions by the Principal Officer;

4. The address to which the grantee must submit such request;
5. The time period within which the grantee must submit such request; and
6. The Principal Officer will reach a decision on the request and notify the grantee of the decision within a reasonable period of time, which shall be specified in the notice.

The high-risk designation, and related specific high-risk conditions, are the final decision of ED, and the grantee has no formal right of review within ED. If the grantee fails to request reconsideration within the time period specified in the notice, the high-risk designation becomes final when the time period expires.

5.7.5 G5 Risk Module

The G5 Risk Module is the official central repository for all information related to grants or grantees that have been designated high risk. The data in the G5 HRisk Module is available to all ED principal offices and allows them to be consistent in their treatment of grants to organizations that have been designated high risk and that receive multiple grant awards from ED.

1. The G5 Risk Module contains:
 - a. Identifying information about the high-risk grant or grantee along with the name of an ED contact involved in the high-risk designation;
 - b. The high-risk designation letter and all other correspondence from or to the grantee about the specific high-risk conditions; and
 - c. The specific high-risk conditions or actions imposed as part of the designation and identified in the GAN.
2. G5 uses the DUNS to search for matches in the high-risk database. If a DUNS number is associated with a grant or grantee that has been designated high-risk, at the time of entering or reviewing budget data for a new or continuation award, G5 generates an alert to the program staff monitoring grants with the same DUNS number. G5 also alerts program staff when processing a DUNS number change or a grant transfer.
3. Program staff are required to access the G5 High-Risk Module when:
 - a. Making a new or continuation award and a alert is displayed on the budget tab page;
 - b. A problem arises with a grant during a budget period; and

- c. An alert message is received from RMS indicating that a particular grant or grantee has been designated high risk and the information is contained in the risk module (see section “5.7.6: Risk Module Information and Maintenance.”)
4. If the program staff receives a high-risk alert, they must access the G5 Risk module and conduct an assessment of the information. In this assessment, the program staff must:
 - a. Review the information in the module;
 - b. Ask the principal office that assigned the high-risk status for updates, if any;
 - c. Print the high-risk letter and any other supporting documentation;
 - d. Inform their program official and program attorney of the high-risk status and provide them with the documentation from the module; and
 - e. Determine whether a grant they monitor should be designated high risk, or any other actions should be taken with regard to a new grant or continuation award being considered for funding.

The G5 module requires program staff to certify that the assessment is completed, and records the date and ID of the person who made that certification.

5. If the Module indicates that a DUNS has been associated with a grantee whose entire organization has been designated high risk, the program official must impose the same specific conditions or actions as those identified in the G5 module on any award being considered for funding. The program official may also consider additional specific conditions or actions from the list in section 5.6.3, “Specific Conditions and Other Actions”, if necessary to address specific high-risk concerns not covered with a grant in the G5 module.

The program official is not required to use the same specific conditions or actions if the entire grantee organization is not high risk and, in consultation with the program attorney, may choose any item from the list in section 5.6.3, “Specific Conditions and Other Actions” as appropriate to that particular grant.

6. If RMS alerts the program staff that an entire entity has been designated high risk during an interim budget period, the program staff with grants associated to the high-risk entity’s DUNS must access the Risk Module and inform their program official of the high-risk status. The program official will require the

license holder to issue a revised GAN establishing the same terms and conditions that ED is applying to all of the entity's grants.

5.7.6 Risk Module Information and Maintenance

When a program official designates a grant or grantee high risk, that official must forward to the Program Risk Management and Monitoring Team (PRMMT) high-risk point of contact in RMS the high-risk designation letter and all other documentation supporting that designation for entry into the G5 risk module.. The PRMMT point of contact list can be found at the following ConnectED link: PRMMT Risk Consultants. The documentation must be forwarded to PRMMT within 48 hours after a grantee has been designated high risk. Similarly, the program staff must also submit changes regarding the high-risk status of the grant or grantee to RMS within 48 hours of the effective date of the changes. RMS will alert license holders and Executive Offices within 48 hours after receiving and entering the information in G5 whenever:

1. A grant or grantee has been designated high risk;
2. A grant or grantee is removed from high-risk status; or
3. The conditions or actions taken on a grant or grantee under a high-risk designation are changed.

Additionally, the program staff may generate reports in G5 listing grants designated high risk within their principal office or across ED for informational purposes and to assist in their overall monitoring activities.

5.8 Suspension and Termination

5.8.1 Failure to Comply with Conditions of a Grant

When a grantee's failure to comply with one or more of the conditions of its award constitutes a material failure to comply¹⁷, including any requirement specified in Federal statutes, regulations, or conditions of the grant, the program official can:

1. Direct the grantee to comply with the conditions of the grant or ED will initiate action to suspend or terminate¹⁸ the grant; or

¹⁷Under those programs subject to review by the OALJ, this standard is stated slightly differently as a "failure to comply substantially with any requirement of law applicable to [the grant] funds." (20 U.S.C. 1234(c)(a).) Also, grants made under the Higher Education Act of 1965 do not have a right to request reconsideration of actions before the OALJ.

¹⁸Suspend or terminate are terms used in 22 CFR § 200.338 to describe an action that temporarily or permanently ends the grantee's ability to receive payments under a grant.

2. Take action to suspend or terminate the grant under one of the following procedures:
 - a. If the grant was awarded under the HEA, the program official must use the procedures specified under “5.8.2: Voluntary and Adversarial Termination, Suspension,” to suspend or terminate the grant;
 - b. If the grant was awarded under the Impact Aid program, the program official must use the procedures specified under 20 U.S.C. 7711 to suspend or terminate the grant (see 34 CFR part 222, subpart J);
 - c. If the grant was awarded under any authority other than the HEA or Impact Aid, the program official must use the procedures of OALJ to suspend or terminate the grant (see 20 U.S.C. 1234(c) and 1234(d) as well as EDGAR part 81);
 - d. A decision not to release funds for an advance payment request and a denial of a reimbursement request are not, in themselves, suspensions of a grant. However, if these decisions or denials are coupled with an action to permanently deny access to some or all remaining grant funds, the program official must take action to either suspend or terminate the grant under the procedures specified in section 5.8.2, “Voluntary and Adversarial Termination, Suspension,” item 2(e)(2).

5.8.2 Voluntary and Adversarial Termination, Suspension

1. As stated in section 5.6.2: Grant Performance “and Administration,” a program official must work informally with a grantee to resolve performance, management, and financial problems. If a grantee decides that they cannot perform the grant as required under the program statute, regulations of ED, and the conditions in the grant award, including any high-risk conditions, they may request termination of their grant in whole or in part (see 2 CFR § 200.339(a)(4)). The program official may assist the grantee in preparing their request. The grantee must send the program official a letter stating:
 - a. The reasons for the termination;
 - b. The effective date of the termination; and
 - c. In the case of a partial termination, the portion of the grant to be terminated.
2. In the case of partial terminations:
 - a. If the grantee requests a partial termination, the program official must determine whether funding the remaining portion of the grant will change the scope or objectives of the grant;

- b. If the partial termination does not change the scope and objectives of the grant, the program official may amend the GAN to reflect the partial termination.
- c. If partial termination would result in a change to the scope or objectives of the grant, the program official may obtain consent from the grantee for other changes that do not affect the scope or objectives of the grant, and amend the GAN to reflect any agreed upon changes.
- d. If the program official cannot get a grantee to consent to appropriate changes that do not change the scope or objectives of the grant, the official must inform the grantee in writing that they must either:
 - i. Agree to terminate the entire grant; or
 - ii. Continue performance of the grant as specified under the statute, regulations and conditions of the GAN or as proposed by the program official.
- e. The program official must take action to suspend or terminate the grant under the procedures appropriate to the program under which the grant was awarded if:
 - i. The grantee refuses the options offered under items 2a.-d. listed immediately before this item; and
 - ii. The grantee has materially failed to comply with a requirement of the grant award, including any requirement specified in Federal statutes, regulations or conditions of the grant.
- f. If the grant was awarded under the HEA, the program official must use the procedures specified under 5.8.3, "5.8.3 Suspension and Termination for Cause under the HEA", to suspend or terminate the grant.
- g. If the grant was awarded under the Impact Aid program, the program official must use the procedures specified under 20 U.S.C. § 7711 to suspend or terminate the grant (see 34 CFR part 222, subpart J).
- h. If the grant was awarded under any authority other than the HEA or Impact Aid, the program official must use the procedures of the OALJ to suspend or terminate the grant 20 U.S.C. 1234(c) and 1234(d) (see 34 CFR part 81).

5.8.3 Suspension and Termination for Cause under the HEA

If a program official believes that a grantee has materially failed to comply with a condition of the grant, and the program funding the grant is authorized under the HEA, the program official shall use the following procedures to suspend or terminate the grant.

1. The program official must send the grantee a notice including:
 - a. The reasons for the suspension or termination;
 - b. The effective date of the suspension or termination;
 - c. A note indicating the grantee's right to appeal the suspension or termination to the Principal Officer;
 - d. The address where the appeal must be sent;
 - e. The date by which the grantee must submit their appeal;
 - f. That the Principal Officer will reach a decision on the appeal and notify the grantee of the decision within a reasonable period of time, as specified in the notice.
2. The Principal Officer must work with counsel designated by OGC to conduct the appeal as informally as possible and, to the extent possible, limit the grantee and the program official to written submissions.

5.8.4 General Recovery of Funds

If a program official believes that a grantee has expended funds for unallowable costs or has improperly accounted for funds, the program official may take the following action to recover those funds.

1. If the grant was made under a program authorized by HEA, the program official must use the procedures specified in section "5.8.5: Withholding and Recovery of Funds under the HEA."
2. If the grant was made under the Impact Aid program, the program official must use the procedures specified under 20 U.S.C. 7711 (see 34 CFR part 222, subpart J).
3. If the grant was made under any authority other than HEA or Impact Aid, the program official must use the procedures specified in 20 U.S.C. 1234(a) and 1234(b) to recover the funds (see EDGAR part 81).

If ED has completed actions to recover the funds under the appropriate procedures specified in item 1 in this section above, and the grantee has failed to make payment on the debt, the program official must transfer the collection action to the OCIO for collection under the procedures in 34 CFR part 30.

5.8.5 Withholding and Recovery of Funds under the HEA

A program official may recover or withhold funds under a program authorized by HEA, as follows:

1. The program notice must be sent to the grantee stating:
 - a. The facts and reasons that form the basis for withholding or recovering the funds, including:
 - i. The amount of funds ED seeks to recover;
 - ii. The date by which the funds must be repaid to ED, either by direct payment or by returning funds to the grant account in G5; and
 - iii. The address to which the funds must be sent or the account that must be refunded in G5 to recover the funds;
 - b. The grantee's right to appeal the withholding decision or demand for recovery to the Principal Officer;
 - c. The address to which the appeal must be sent;
 - d. The time period within which the grantee must submit their appeal; and
 - e. That the Principal Officer will reach a decision on the appeal and notify the grantee of the decision within a reasonable period of time, as specified in the notice.
2. The Principal Officer must work with counsel designated by OGC to conduct the appeal as informally as possible and, to the extent possible, limit the grantee and the program official to written submissions.

5.9 Grant Closeout

5.9.1 General

The program staff must promptly closeout expired grants, and should transfer files for expired grants that have been closed out to the Federal Records Center (FRC) when on-site storage is not available. ACS Directive, OM:6-106, "Records Retention and Disposition Schedules" provides policy on preparing and retiring

expired grant files for FRC storage, and is available at the following ConnectED link: ACS Directives. Additionally, related guidance is also provided in the document titled “Records Storage and Archive Procedures” available at the following connectED link: [Documents and Forms Referenced in the Handbook for the Discretionary Grant Process](#).

Program staff must complete a “Closeout Checklist for Discretionary Grants,” which is available on ConnectED at the following link: [Documents and Forms Referenced in the Handbook for the Discretionary Grant Process](#). The checklist requires the signature of the program staff person who closed the grant and the signature of the license holder when funds were deobligated.

Within 12 months after the performance period end date, the program staff must complete all the necessary steps to close out a grant. These steps include reviewing the final performance report and determining whether the grantee achieved the scope and objectives of the grant. The program staff must also determine if all applicable administrative actions and financial obligations have been completed by the grantee and that the grant is ready for closeout. A grant can be closed out if:

1. The project period has ended;
2. All of the required reports have been received and found to be satisfactory; and
3. G5 indicates there are zero funds available in the grant account.

5.9.2. Closeout Procedures

The program staff must follow the procedures below when performing grant closeout. Templates for each of the letters referenced in this section are located in the G5 award closeout module under the sub-function “award status monitoring” and can be accessed by selecting Create Notifications. They are also provided for reference purposes at the following ConnectED link: [Documents and Forms Referenced in the Handbook for the Discretionary Grant Process](#).

1. **Pre-expiration letter.** Issue a Pre-Expiration Reminder Letter to grantees at least 60 days prior to their performance period end date. This letter reminds grantees of their reporting responsibilities once the grant ends. The letter should detail the grantee’s financial obligation to draw down funds for outstanding obligations during the liquidation period. It should also remind grantees that if they fail to comply with the terms and conditions of the award, both performance and financial, the grant may be closed in noncompliance.

2. **Required reports.** Request and review the final performance report and Federal Financial Report (FFR), if an FFR is required, to determine if the grant is ready to be closed or needs to remain open for further post-award action. Record the receipt of the final performance FFR in G5.
 - a. **Final Performance Report:** All recipients, in accordance with EDGAR § 75.590, are required to submit a final performance report.

The program staff must review the final performance report to ensure that the grantee has achieved the grant's objectives, and must sign the report to certify that the report was read and is acceptable as submitted. If any information in it is unclear, contact the grantee to get clarification. Contact the grantee if the report has not been received or the information in the report is unclear regarding the status of expected outcomes. If efforts to resolve these issues are unsuccessful, close the grant in noncompliance this section item 5, "Closing a Grant in Noncompliance").

- b. **Federal Financial Report (FFR):** Some recipients are required to submit a FFR. A final FFR is required if the grant involved cost-sharing and the ED 524B was not used, program income was earned under the grant, or program regulations or a specific grant condition require it.

If the FFR is required, use the following steps to determine total expenditures, cost-sharing requirements, and indirect costs, if applicable. When following these steps, if there are differences between what the grantee reports on the FFR and the data in G5, contact the grantee to determine the cause of the difference.

- i. Compare the total Federal share reported on the FFR to the performance period total in block 6 of the GAN and the balance in G5.
 - ii. Review the payee information screen in G5. The status should indicate that the award is in one of the four closeout statuses defined in item 7, "Closeout Statuses in G5." The amounts in the completed payments field should equal the Federal share reported by the recipient on the FFR and the amount indicated on the GAN under block 7, performance period. If any of the amounts under completed payments or Federal share reported are less than what is reported on the GAN under block 7, performance period, then staff must follow-up to determine the basis for the discrepancy. Additional follow-up, if necessary, may include a review of the grantee's payment history from G5.

- iii. Compare the total amount of the recipient share required, as reported on the FFR, to the cost-sharing/matching amount shown in the approved budget. Block 7 of the GAN indicates the required cost-sharing stated as a percentage or an amount of funds identified by the grantee in their application under the heading non-Federal funds.
 - c. Compare the indirect cost rate shown in block 11b and 11d of the FFR to the rate indicated on the approved budget.
 - d. The program staff must inform the grantee that acceptance of final reports does not constitute approval of all activities under the grant and that the grant is subject to further review and audit. This information is communicated in the "Notification of Closeout Letter".
3. **Closing a grant with zero balance of funds remaining.** The program staff must complete the grant closeout checklist and notify the grantee via the "Notification of Closeout Letter" G5 after the following criteria have been met:
 - a. The final performance report has been received, reviewed, and accepted;
 - b. All other terms of the grant were met; and
 - c. A review of the financial status in G5 indicates that no funds remain in the grant account.

The "Notification of Closeout Letter" informs the grantee of the status of their award and serves to remind them of the record retention requirements found in 2 CFR § 200.333. The program staff must place a copy of the signed and dated letter in the official grant file, prepare the file to be stored, and record the closed grant information in G5 as described in item 6, "Recording Closed File Information in G5."

4. **Closing a grant with fund balances.** If the final performance report was received, reviewed and accepted and all other terms of the grant were met, but G5 indicates that funds remain on the grant, the program staff must do either of the following before closing the grant:
 - a. If more than 10 percent of the Federal funds made available to the grantee in the final budget period (or the performance period, for grants with only one budget period) remain in the grant account in G5, the program staff contacts the grantee before de-obligating the funds, and asks for a letter or email verifying that the funds are not needed, and that all of the financial obligations of the grant were met. The grantee's certifying official should send the email or sign the letter. Upon receiving this information,

program staff should close out the grant. If the grantee previously submitted a final report that identifies the balance as unneeded (i.e., an FFR), program staff may determine that it is not necessary to contact the grantee. An authorized license holder must then deobligate the funds and approve the closeout in G5G5

If the grantee wants to draw down any of the remaining funds, the program staff must require the grantee to provide a written request and justification for using the funds, and an FFR. The request and the FFR should be signed by the certifying official. If program staff approves the request, a license holder should modify the liquidation dates in G5 to allow the grantee to draw down the agreed amount of funds. The drawdown period should not exceed 30 days. If the request is not approved, program staff must ask an authorized license holder to de-obligate the remaining funds and approve the closeout in G5. The program official signs and sends to the grantee a letter informing the grantee of the disapproval.

- b. When the funds remaining on the grant represent less than 10 percent of the total Federal award, the program staff should determine, based on their knowledge of the project, if any follow-up with the grantee is necessary.

If the program staff determine that follow-up with the grantee is unnecessary, the program staff must ask an authorized license holder to de-obligate the remaining funds and approve the closeout in G5.

5. **Closing a grant in noncompliance.** A grant closed out in noncompliance may seriously affect a grantee's ability to receive awards under future grant competitions with ED (see EDGAR § 75.217). Therefore, it is critical that the program staff ensure that this happens rarely and only in appropriate circumstances. If the grantee has failed to comply with a material requirement under the grant, the program staff must close the grant in non-compliance.

However, if a missing final performance report is the reason for noncompliance, the program staff must contact grantees to obtain the report. The program staff should make several attempts to contact the grantee in writing requesting submission of the final report.

If the final performance report failed to communicate or substantiate that the goals of the grant were achieved, the program staff should follow-up with the grantee to determine whether an oversight occurred, or if the recipient truly failed to meet the grant's objectives.

If the program staff's efforts to get the missing report are unsuccessful or the grantee has failed to comply with a material requirement of the grant, the program staff must close the grant in noncompliance using the following steps:

- a. Issue a Noncompliance Letter signed by the program official explaining the basis for the noncompliance and whether the grantee materially failed to meet the requirements of the grant;
 - b. Place a copy of the letter in the grant file along with the documentation of the program staff member's efforts to resolve any noncompliance issues, and the documentation of the consultation between the program staff and the program official concerning the close out of the grant in noncompliance; and
 - c. In G5, the noncompliance indicator in the award history screen must be checked and the reason that the grant was closed out in noncompliance must be recorded.
6. **Recording grant closeout information in G5.** The Records Liaison Officer in each principal office ensures that closed records are properly maintained and retained in accordance with the National Archives and Records Administration (NARA) approved records schedule. The program staff must record information related to the archival of the physical grant files in G5, if the files are transferred to the FRC (note: electronic files stored in ED approved recordkeeping systems do not need to be sent to the FRC). The information entered into G5 allows for electronic retrieval of archived information and electronic tracking of closed grant files. The system requires the following information to be entered:
- a. Grantee Name;
 - b. PR/Award number;
 - c. Performance period begin date;
 - d. Performance period end date;
 - e. Closeout date;
 - f. Record archival date;
 - g. The accession number under which the file was included;
 - h. The number of the box in which the file was stored; and

i. Location of records at the FRC.

The location where the accession number must be entered in G5 is included on the approved copy of the Records Transmittal and Receipt Form (SF 135) that was submitted to the FRC when records were transferred. The location information received by FRC is needed to retrieve any files at a later date.

7. **Closeout statuses in G5.** G5 automatically assigns the closed status to grants where all the reports have been received and logged, the remaining balance is zero and the grant has been in suspension for more than 30 days. At the end of a grant's performance period, the grant will be placed in one of four closeout statuses, indicating which phase of the closeout process the award is in. The four statuses and their associated activities are as follows:
- a. **Liquidation.** The liquidation status is the first closeout phase in G5 and occurs immediately after the grant's performance period has ended. In the liquidation status, a grantee is given 90 days from the end of the grant's performance period to submit final performance and financial reports and draw down funds for obligations incurred prior to their grant's performance period end date. No action is required by ED program staff.
 - b. **Suspension.** The suspension status (the second closeout phase in G5) provides an additional six (6) month period following the liquidation period to complete grant closeout activities. A grant in the suspension status has either unexpended funds remaining or a required report was not received and recorded in G5, or both. While in this status, a grantee may make online adjustments to their grant's financial data. However, the grantee may not draw down any funds remaining in the grant account in G5 without the program staff's approval and intervention.
 - c. **Manual closeout.** At the end of the six (6) month suspension status period, if a grant still has either unexpended funds or a required report was not received, and recorded in G5 by the program staff, G5 automatically moves the grant to a manual closeout status. While in the manual closeout status, the program staff must contact the grantee regarding the unexpended funds or missing report(s) and resolve any issues preventing the grant from being closed out.
 - d. **Closed.** A grant in the closed status indicates that the grant's performance period has ended, all required reports have been submitted, and the remaining balance is zero (for information about closing a grant with funds remaining unspent, see item 4, "Closing a grant with fund balances").
8. **Changing the closeout status of an award in G5.** A grantee may need to contact the program staff to make adjustments to their grant's financial data and request authorization to draw down funds for obligations incurred during

the performance period. This usually occurs after the grant's liquidation period has ended and the grant is in the suspension or manual closeout status in G5. The program staff must review the request and contact the grantee, if necessary, to confirm the need and amount of the draw down and the time needed to complete the transaction.

After review of the request, program staff may authorize the draw down:

- a. If the grant is in the suspension status, by changing the grants closeout status in G5 from suspension back to liquidation and extending the liquidation period for a period not to exceed 30 days on any single request and 60 days cumulatively for all requests¹⁹; or
- b. If the grant is in the manual closeout status, by requesting a license holder to review and approve the request and to take action to move the grant from manual closeout status back to the liquidation status; or
- c. If the grant is in the closed status, by taking action to reinstate the grant following the procedures described in section "5.10 Grant Reinstatements."

5.10 Grant Reinstatements

5.10.1 General

A grant reinstatement reopens and restores Federal funds to a grant for which unused fund balances were de-obligated as part of the closeout process. In general, reinstatements of discretionary grants should be an action taken only in rare circumstances. The program staff should monitor grant activities and review grantee expenditure histories in G5, and provide technical assistance to grantees to avoid reinstatements.

5.10.2 Processing a Reinstatement

1. The funds needed for a grant reinstatement are usually available from the appropriation account under which the original award was made.

Note: Program appropriation accounts are canceled five fiscal years after the last date that ED could obligate the funds; therefore, in some cases, it may be necessary to request funds from a current year appropriation account to restore funds to the grant. As a general matter, however, ED has no legal

¹⁹ A system edit and corresponding flag prevents the program staff from processing in G5 any single extension of the liquidation period that exceeds a 30-day time period. Further, a flag alerts the program staff that the grantee has already received cumulative extensions of 60 days or more and that only the license holder can approve and process any further extension of the liquidation period in G5. The license holder must document the official grant file stating the reasons for approving an extension of the liquidation period beyond a 60-day period.

obligation to use current-year funds to help a grantee liquidate an old obligation.

2. Before program staff can reinstate a grant, staff must coordinate the reinstatement with the program official and receive an approval from the program official to submit the necessary paperwork to the Executive Office. The reinstatement process is as follows:
 - a. The program staff must first obtain from the grantee a written request to reinstate the grant, which must include:
 - i. The PR/Award and DUNS number and a FFR;
 - ii. The total actual dollar amount of expenditures for which reinstatement is needed, not to exceed the grant award authorization for the project period; and
 - iii. A written statement describing the allowable costs for which the funds will be used, why this use of funds should be allowed, and why they were not drawn during the performance or liquidation periods of the grant closeout process.
 - b. Upon receipt of the grantee's written request, the program staff must conduct a review to:
 - i. Verify the grantee's name, address, and DUNS number in G5;
 - ii. Verify the information provided on the FFR against the award history information in G5;
 - iii. Determine whether the costs were authorized under the grant, if an adjustment is needed, and whether the obligations underlying the expenditures occurred prior to the grant's project period end date; and
 - iv. Ensure that the reinstatement amount does not exceed the amount authorized for the performance period and that the appropriation is available for adjustments (31 U.S.C. 1553).
 - d. The program official must submit a "Use of Prior Year Funds Request" to the Executive Officer for review and verification (see ACS Directive, OPEPD:1-102, Upward Adjustments to Obligations in Expired Expenditure/Appropriation Accounts, found at: ACS Directives for information about this form). The Executive Officer, after review, submits the form to the Budget Execution Analysis Branch (BEAB) for approval.

BEAB is required to review and approve the use of prior-year funds. BEAB approval is needed to determine if enough funds exist in the ED program appropriation account to allow the grantee to make the needed adjustments. The Executive Officer must provide the following information to BEAB:

- i. The grantee's written request for reinstatement of funds;
 - ii. A copy of the original GAN and any amendments reflecting the grantee's total award amount;
 - iii. Documentation validating the prior year obligation, and a FFR showing an available unobligated balance; and
 - iv. A copy of any requests for written advice from the OGC, if the obligation adjustment involves legal issues (such as written advice pertaining to the validity of the grantee's request).
3. BEAB reviews the request for the use of prior-year funds and other documents to either:
 - a. Approve the request, issue any allotment changes needed, and return the package to the Executive Office; or
 - b. Disapprove the request, return the package to the program official via the Executive Office, and suggest alternative methods of funding the reinstatement (such as use of current year funds).
4. If BEAB approves the request to use prior-year funds, the Executive Office reinstates the grant in G5 for a period not to exceed 30 days. The closeout function/reinstatement sub-function must be used to reopen a closed discretionary award and reinstate funds to a grant.
5. If BEAB determines that the appropriation is cancelled, or that prior year funds are not available for the reinstatement, the program official (with the approval of the Principal Officer) may use grant funds available for the purposes of the program and from a current year program appropriation to allow the grantee to make the needed adjustments. In accordance with 31 U.S.C. 1553, a principal office may only use up to one percent of a current appropriation for the program.
6. The program staff must ensure that a copy of the grantee's request, other supporting materials, and the signed Use of Prior Year Funds Request Form, from BEAB, are placed in the grantee's official file.

5.11 Sharing Results

The program staff may identify successful projects within their grant programs that contributed significantly to the goals of the program mission and also have national significance. These projects are of exceptional quality and demonstrate best practices. The program staff should share this information with other grantees, potential grantees, and the public. The Education Resource Information Center (ERIC) clearinghouse and national centers can be used to disseminate information. ED may also share such information with the educational community through its Web site and through training, technical assistance, and conferences.

Some of the material developed by grantees and recipients of cooperative agreements might be subject to ED's Information Quality (IQ) Guidelines. Under the IQ Guidelines, publications, audiovisual products and Web sites produced by grantees and recipients of cooperative agreements are subject to the guidelines if ED:

1. Represents or uses the information as the official position of ED, or in support of the official position of ED;
2. Has authority to review and approve the information before release; or
3. Directs that the information be disseminated.

If a grantee produces material that meets these standards, the program staff must review the material to ensure that it meets the standards of the IQ Guidelines.

Questions about sharing information and materials on the Web, or about ED's Information Quality Guidelines, should be referred to Information Assurances staff in OCIO.

5.12 Freedom of Information Act (FOIA) Request

The Freedom of Information Act (FOIA)(5 U.S.C. § 552) provides that any person or organization (excluding Federal agencies) has the right to request access to Federal agency records or information. In general, all agency records must be made available to the public except for those portions of records that fall under one of nine FOIA exemptions:

1. Exemption One, Properly classified as secret;
2. Exemption Two, Related to internal personnel rules and practices;

3. Exemption Three, Specifically exempted by law;
4. Exemption Four, Privileged or confidential information or concerning trade secrets;
5. Exemption Five, Interagency and intra-agency communications (except final decisions);
6. Exemption Six, Personnel and medical files that would constitute a clearly unwarranted invasion of personal privacy;
7. Exemption Seven, Compiled for law enforcement purposes;
8. Exemption Eight, Contained in records concerning financial institutions; and
9. Exemption Nine, Geological or geophysical-related documents.

The following list identifies some of the most commonly requested discretionary grant items requested from ED under FOIA:

1. Funded or unfunded grant applications
2. Grant application reviewer information (comments, evaluations, reviewer lists)
3. Funding slates and rank order lists
4. Procedures for the Review of Applications (Application Technical Review Plan)
5. Project materials
6. Data in the Grants Administration and Payment System (G5)
7. Program-specific reports
8. Information regarding discretionary grants that have been closed out and sent to a the Federal Records Center

For detailed information about what information may be released in response to a FOIA request for any of the above listed items, program staff is directed to ACS Directive OCIO 1-102 "Freedom of Information Act (FOIA) Policies and Procedures: Release or Denial of Department of Education Records Responsive to FOIA Requests" available at the following connectED link: [ACS Directives](#). This directive provides in-depth discussion of the Act and ED procedures and guidelines for processing and responding to FOIA requests. When handling complex information requests, requests requiring greater sensitivity, privacy

issues, or other matters pertaining to FOIA, program staff should contact ED's FOIA office for assistance.

5.13 Review of ED's Discretionary Grant Processes

To ensure fairness, objectivity and consistency across all of ED's programs and to promote continuous improvement, RMS works in partnership with each principal office to identify strengths and weaknesses in ED's discretionary grant processes.

1. In carrying out this responsibility RMS may review:
 - a. Principal office discretionary grant award competition files;
 - b. Funded discretionary grant award files;
 - c. Application Technical Review procedures and processes;
 - d. Application technical reviewer comments and evaluations of the review process;
 - e. Novice applicant procedures;
 - f. Monitoring activities under selected programs;
 - g. Grant administration activities under selected programs;
 - h. Grant closeout processes under selected programs; and
 - i. Grants or grantees designated high risk.
2. After each review, RMS may prepare draft reports to share with all principal offices for review and comment. The reports cover the strengths and weaknesses of the ED grant processes as administered by the various principal offices of ED and make recommendations for improvements, as needed. The report may include a plan that consists of measurable steps to improve the process, including any necessary training. RMS may issue final reports regarding ED's discretionary grant processes for specific programs, offices or for ED as a whole.

Glossary

Absolute Priorities. See Funding Priorities .

Agreement for Grant Application Reviewers Who Receive Compensation. A document signed by each reviewer receiving compensation. The document includes a conflict of interest certification and other statements about the duties and responsibilities of a reviewer.

Agreement for Grant Application Reviewers Who Serve Without Compensation. A document signed by each non-paid reviewer that waives any right to payment or compensation for services rendered. The document includes a conflict of interest certification and other statements about the duties and responsibilities of a reviewer. Travel or per diem costs provided by ED under the Federal Travel Regulations are not considered compensation for the purposes of this agreement.

Allocable Cost. Cost that can be traced to specific activities of a grant project.

Allowable Cost. A cost incurred by a grantee that is:

- Necessary and reasonable for the performance of the award;
- In conformance with any limitations or exclusions set forth in the Federal cost principles applicable to the organization incurring the cost or in the Grant Award Notice as to types or amount of cost items;
- Consistent with the grantee's policies and procedures that apply uniformly to both Federally financed and other activities of the grantee;
- Determined in accordance with generally-accepted accounting principles; and
- Not included as a cost in any other Federally financed grant (unless specifically authorized by statute).

Application. A request for financial support of a project or activity submitted to ED on specified forms and in accordance with instructions provided by ED; also, all the information that otherwise would be requested on these forms (see Application Package).

Application Control Center (ACC). The administrative unit of ED in the Office of the Chief Financial Officer officially authorized to receive hard copy applications for discretionary grants and cooperative agreements.

Application Notice. A notice published in the *Federal Register* (see Federal Register) that invites applications for one or more discretionary grant or cooperative agreement competitions. The notice gives basic program and fiscal information on each competition, informs potential applicants when and where they can obtain applications, and cites the deadline date (see Deadline Date), for a particular competition (see EDGAR § 75.100).

Application Package. A package that contains the application notice for one or more programs and all the information and forms needed to apply for a discretionary grant (see EDGAR § 75.125) under one of those programs.

Application Reviewer (Reviewer or Peer Reviewer). An individual who serves ED by reviewing new discretionary grant and cooperative agreement applications.

Application Technical Review Plan. A plan that describes the competitive procedures used by a principal office to conduct a new grant competition.

Appropriations Statute. A statute passed by Congress to make funds available for the purposes specified in the legislation (such as grant programs).

Approval (or Authorization). The documentation showing ED's express written consent for a grantee to incur a specific cost or take an action if the cost or action requires prior approval.

Approved Budget. The budget submitted by the grantee and any revisions for which approval is necessary by the principal office and which have been approved. The approved budget includes cost items for Federal funds and may include cost items for non-Federal funds, if cost-sharing or matching is required or volunteered (see Cost-Sharing or Matching) (see EDGAR §§ 75.232 and 75.235).

Assurances. A listing of requirements found in different Federal laws, regulations, and executive orders that apply to grants, and to which applicants must agree in writing to observe as a condition of receiving Federal assistance (2 CFR 200.208).

Audit Finding. A conclusion about a monetary or non-monetary matter related to an auditor's examination of an organization, program, activity, or function, which frequently identifies problems and provides recommendations for corrective action in order to prevent their future recurrence. (see EDGAR § 75.910).

Audit Resolution. The process used to resolve negative audit findings and recommendations, including management and systems deficiencies and monetary findings (i.e., questioned costs (2 CFR part 200 subpart F)).

Authorizing Statute. A statute passed by the Congress that establishes or continues a grant program either indefinitely or for a specified period of time. Authorizing legislation is generally a prerequisite for appropriations.

Authorizing Representative. The individual entrusted by the applicant/grantee organization to sign the application either electronically or on the Standard Form 424, including the applicable assurances and certifications on behalf of the organization. The governing body's authorization for this entrusted individual to sign an application as official representative must be on file in the applicant's office.

Award. See Grant.

Budget Period. Annual increments of time into which a project period is divided for budgetary purposes, usually twelve months (see EDGAR § 75.251).

Carryover Balance. Unexpended funds of the grantee from a previous budget period under a grant that are authorized for use to cover allowable costs in a current budget period (see EDGAR § 75.253).

[Catalog of Federal Domestic Assistance \(CFDA\)](http://www.cfda.gov/). Publication and database produced by the General Services Administration that lists the domestic assistance programs of all Federal agencies and gives information about a program's authorization, fiscal details, accomplishments, regulations, guidelines, eligibility requirements, information contacts, and application and award process (see <http://www.cfda.gov/>).

CFDA Number. Identifying number for a Federal assistance program, composed of a unique two-digit prefix to identify the Federal agency that makes the funds available (ED's prefix is 84). A period and a unique three-digit code for each authorized program follow the prefix.

Code of Federal Regulations (CFR). Compilation of all final regulations issued by Federal agencies and published annually by the National Archives and Records Administration (NARA), divided into numbered "titles." Title 2 contains the Uniform Administrative Requirements, Cost Principles, and Audit Requirements and Title 34 contains the applicable regulations of the Department of Education.

Cognizant Agency for Indirect Costs. The Federal agency responsible for reviewing, negotiating, and approving cost allocation plans or indirect cost proposals developed on behalf of all Federal agencies (see 2 CFR § 200.19).

Competition File. See Grant Program Competition File.

Competition Manager. The ED staff person or program official given the overall responsibility to ensure the fair treatment of all applications in a competition. This

individual oversees the entire competition and provides the direction and guidance for all the panels conducted under the competition.

Competitive Priorities. See Funding Priorities.

Competitive Review Process. The process used by ED to select discretionary grant applications for funding, in which applications are scored by *Application Reviewers* and ED funds the highest qualified applications (see EDGAR § 75.217).

Continuation Award. A grant for a budget period subsequent to the first budget period. A grantee does not have to compete with other applicants to receive this award (see EDGAR § 75.251).

Cooperative Agreement. A type of Federal assistance; essentially, a variation of a grant (see *Grant*), awarded by ED if it anticipates having substantial involvement with the grantee during the performance of a funded project (see Federal Grant and Cooperative Agreement Act of 1977).

Cost Analysis. The examination and verification of budget data submitted by applicants to determine the allowability of the costs included in the budget pursuant to the applicable Federal cost principles (see EDGAR § 75.232).

Cost Principles (Federal Cost Principles). The principles as set out by the Office of Management and Budget (OMB) for generally accepted accounting rules used to determine whether costs applicable to grants, contracts and other agreements are allowable, reasonable, and allocable. The Federal cost principles are found in 2 CFR part 200 subpart E.

Cost-Sharing or Matching. The value of allowable third party in-kind contributions and the allowable costs of a Federally assisted project or program not borne by the Federal government (see 2 CFR § 200.306).

Data Universal Numbering System (DUNS). A unique nine-digit identification code that is assigned to an institution by Dunn and Bradstreet, a nationally recognized credit rating bureau. All grantees and payees must have a DUNS number to receive payments through ED's Grants Management System (G5).

Deadline Date. The date by which an applicant must submit an application for a grant or cooperative agreement. Hard copy applications must be mailed by the deadline date and electronic applications must be received by the deadline date and time. (EDGAR § 75.102).

Directed Grant (also known as an *Earmark*). A grant that ED is directed by Congress through legislation to make to a specific entity. These grants are subject to all the rules

in 2 CFR Partparts 200, 3474, 3485, and EDGAR except those regarding competition and to the respective requirements in this Handbook.

e-Administration. ED's electronic system that makes it possible for grantees to submit requests for administrative changes to their active grants directly to program staff via the Internet.

e-Applications. An electronic application system within G5 that provides the capability for applicants to apply to selected grant programs electronically.

Earmark. See Directed Grant.

ED. The acronym for the U.S. Department of Education (meaning Education Department).

ED Form 424 or ED 424. The ED standard grant application form, sometimes referred to as the application cover page.

EDGAR (Education Department General Administrative Regulations).

Administrative regulations governing ED's grant programs found in parts 75, 76, 77, 79, 81, 82, 84, 86, 97,98 and 99 of Title 34 of the *Code of Federal Regulations (CFR)* (defined above); a document issued by ED that contains a reprint of these regulations.

ED PUBS. The main distributor of hard-copy grant applications and other ED literature.

ED Staff Offices. Principal Offices of ED other than program offices that are involved in the planning, review, and award of discretionary grants. This includes the Office of the Chief Financial Officer, the Office of the Under Secretary, the Office of the Deputy Secretary, the Office of the General Counsel, the Office of the Chief Information Officer, and the Office of Legislation and Congressional Affairs.

Eligibility. Refers to the question of whether an entity that applies for a grant has all the characteristics required under a program statute, regulation or absolute priority so that the entity may receive a grant (see EDGAR § 75.50).

Entity Risk Review Report (ERR). Is an Excel spreadsheet that contains administrative, financial, and internal controls performance data on grant applicants and grantees. The data in the ERR comes from several sources: G5, the Federal Audit Clearinghouse, proprietary financial information from Dun & Bradstreet (D&B), and the Adverse Accreditation Actions list distributed by OPE.

e-Reader. ED's electronic review system that supports the program office's peer review process.

e-Reports. ED's electronic reporting system which makes it possible for grantees to submit their annual grant performance reports (ED 524B) to ED via the Internet.

Federal Award Identifier Number (FAIN). This is the award number, or other identifying number, assigned by the Federal awarding agency. The FAIN is a Federal-wide term that is synonymous with ED's PR/Award Number, and is a term used in FFATA reporting in the FFATA Subaward Reporting System (FSRS) and other reporting data systems.

Federal Financial Report (FFR). A standard form used to obtain financial information from grantees. ED grantees are required to submit this form if reporting program income, cost-sharing or matching, or when required by program statute or regulation or by a specific condition to their grant.

Federal Funding Accountability and Transparency Act (FFATA). This legislation and its subsequent 2008 amendments seek to increase transparency and improve access to Federal Government information by:

- Requiring information disclosure of entities receiving Federal funding through Federal awards such as Federal contracts and their sub-contracts, and Federal grants and their subawards; and
- Requiring disclosure of executive compensation for certain entities;

Federal Grant and Cooperative Agreement Act of 1977. The act (31 U.S.C. chapter 63) which establishes standards Federal agencies must apply to determine whether a particular activity or agreement should be funded as a grant, cooperative agreement, or contract. Under the Act, an agency must use the correct instrument to fund a particular agreement even if Congress specified a different instrument in the authorizing statute (see Grant and Cooperative Agreement).

Federal Register. A daily compilation of proposed and final Federal regulations, legal notices, presidential proclamations and executive orders, Federal agency documents having general applicability and legal effect, documents required to be published by act of Congress, and other Federal agency documents of public interest. The *Federal Register* is prepared by the National Archives and Records Administration for public distribution by the Government Printing Office; it is the publication of record for the Federal government.

Federal Service Desk (FSD; www.FSD.gov). Assists visitors with obtaining the information and assistance they need for the systems (i.e., Web sites) that the FSD supports, including the System of Award Management and Federal Subaward Reporting System among others.

Federal Share. The amount – generally expressed as a percentage of total project costs – of dollars, property or other direct assistance provided by the Federal government to an eligible grantee to accomplish a public purpose of support or

stimulation authorized by statute. If cost sharing or matching are required in a grant, both the Federal and non-Federal share are noted on the Grant Award Notice.

Federal Subaward Reporting System (FSRS; www.FSRS.gov). The Web site prime awardees (i.e., ED's grantees) use to capture and report subaward and executive compensation data for their first-tier subawards in accordance with FFATA reporting requirements.

Financial Reports. Interim and final financial data provided by grantees as they make payment requests through ED's Grant Management System (G5) (see *Grant Management System (G5)*). Grantees also provide financial data with their submissions of annual and final performance reports.

First-tier Subaward. For the purposes of FFATA reporting requirements, this is the subgrant made by the ED grantee its subrecipient, and generally does not include any type of subgrants awarded by the subrecipient to any other entity.

Funding Priorities. A means of focusing a competition on the areas in which the Secretary is particularly interested in receiving applications. Generally, priorities take the form of specific kinds of activities that applicants are asked to include in an application. There are absolute priorities, which the applicant must address in order to be considered for funding; competitive preferences, which the applicant has the option of choosing whether or not to address and for which they may receive additional points; and, invitational priorities, which the applicant is encouraged but not required to address. Applications addressing invitational priorities receive no preference over applications that do not meet the priority (see EDGAR § 75.105).

Funding Slate. A list prepared by the program official and approved by the Principal Officer which identifies the grant applications that are approved for funding, as well as the order in which they will be funded until funds are exhausted (see EDGAR § 75.217).

Grant. Financial assistance, including cooperative agreements, to support, stimulate or accomplish a public purpose. The terms "award", "grant" and "subgrant" as defined in 2 CFR 3474 have the same meaning as the term "Federal award" in 2 CFR § 200.38, and these terms may cover agreements in the form of money, or property in lieu of money, by the Federal government to an eligible grantee. The term does not include: technical assistance, which provides services instead of money; other assistance in the form of loans, loan guarantees, interest subsidies or insurance; direct payments of any kind to individuals; and contracts which are required to be entered into and administered under procurement laws and regulations (see 2 CFR part 3474 and 2 CFR § 200.38).

Management System (G5). G5

Grant Award Notification (GAN). The official document signed by a license holder stating the amount and conditions of an award for a discretionary grant or cooperative agreement (EDGAR § 75.235).

Grant Closeout. The final step in the lifecycle of a grant or cooperative agreement. During this phase, ED ensures that all applicable administrative actions and required work of a discretionary grant or cooperative agreement have been completed by the grantee. ED also reconciles and/or makes any final fiscal adjustments to a grantee's account in G5 (2 CFR § 200.343).

Grant Conditions. All requirements imposed on a grantee by ED, whether by statute, regulation, absolute priority, or in the grant award document itself. The terms of the Grant Award Notice may include both standard and specific provisions that are considered necessary to attain the objectives of the grant, facilitate post-award administration of the grant, conserve grant funds or otherwise protect the Federal government's interests.

Grantee. The legal entity to which a grant is awarded and that is accountable to the Federal Government for the use of the funds provided. The grantee is the entire legal entity even if only a particular component of the entity is designated in the grant award notice (GAN)

Grant File. The official file of a particular grant that contains all significant documents and correspondence related to the award.

Grant Management System (G5). A financial subsystem that is part of ED's Education Department Central Automated Processing System (EDCAPS). G5 provides on-line capabilities for grantees to request payments, obtain their most current payment information, access their GAN documents, request administrative changes to their grants, and file electronic reports. It is also the system through which ED staff manage aspects of the pre-award, award, post-award, closeout and payments stages of the grants process.

Grant Performance Report. A report a grantee must submit to receive continued funding under a multi-year award. The report provides the most current performance and financial information about a discretionary grant or cooperative agreement (see EDGAR § 75.118).

Grant Policy Bulletins. Documents issued by RMS (see *Risk Management Service* (RMS)) that provide information about grant policies and procedures for ED discretionary grant programs, including best practices and lessons learned, and which have not yet been incorporated into this Handbook.

Grant Program. An effort authorized under statute or regulations to provide assistance on a particular matter of congressional concern. Grant programs can provide assistance on a discretionary or formula basis.

Grant Program Competition File. A file containing a collection of information, decisions or documentation related to a specific grant program competition or a group of related competitions.

Grant Transfer. A process whereby the legal and administrative responsibility for a grant-supported project or activity is transferred from one legal entity to another if certain limited conditions are met.

Guidance. Information provided to assist Principal Office staffs comply with Federal statutes and regulations, executive orders, OMB circulars and internal ED policies. It may offer direction and aid in the form of guides, templates, instructions, best practices, and applicable examples for consideration.

High Risk. A term used to describe the act of imposing specific high-risk conditions on a grant or grantee whose risk of failure is determined to be high based on a history of poor performance or poor business practices, financial instability, or lack of a management system meeting the required financial management standards (for specific conditions see 2 CFR § 200.207; for ED's authority to designate a grantee as high risk, see 2 CFR § 3474.1010).

Human Subjects. Under Federal regulations, human subjects are defined as living individuals about whom an investigator conducting research obtains data through intervention or interaction with the individuals, or by collecting identifiable private information about the individuals (see EDGAR Partpart 97).

Indirect Costs. Costs an organization incurs for common or joint objectives, which cannot be readily and specifically identified with a particular grant project or other institutional activity without effort in excess of the results achieved (see EDGAR §§ 75.560 and 76.560).

Indirect Cost Rate Proposal. The documentation prepared by a non-Federal entity to substantiate its request for the establishment of an indirect cost rate.

Indirect Cost Rate. A percentage established by a Federal department or agency for a grantee organization or sub-organization, which the grantee uses in computing the dollar amounts it charges to the grant to reimburse itself for indirect costs *Error! eference source not found.* incurred during the grant project (see EDGAR §§ 75.560 and 76.560).

In-Kind Contribution. A contribution directly benefiting a grant-supported project that is provided by or to the grantee by non-Federal third parties. In-kind contributions may

be in the form of real property, equipment, supplies and other expendable property, and goods and services directly benefiting and specifically identifiable to the project or program (see 2 CFR § 200.36). In-kind contributions are generally used by grantees to meet cost-sharing or matching requirements.

Institutional Review Board (IRB). An administrative body established by a recipient to protect the rights and welfare of human research subjects recruited to participate in research activities conducted under the auspices of the institution with which it is affiliated. The IRB has the authority to approve, require modifications in, or disapprove research activities that fall within its jurisdiction (see EDGAR Partpart 97).

Invitational Priorities. See Funding Priorities.

License. An authorization provided by RMS to an individual ED employee that allows that person to record obligations and sign and issue new or revised grant awards for discretionary grants and cooperative agreements.

License Holder. An individual who has met the qualifications to receive and has received a license in order to record and make obligations.

Monitoring. Monitoring is the regular and systematic assessment of 1) how well a grant is being implemented and achieving outcomes, 2) the degree to which it is meeting established measures, and 3) whether it is complying with statutory requirements, program regulations, polices and fiscal requirements.

Monitoring and Technical Assistance Plan. A plan that provides standards and serves as a guide for monitoring and for providing technical assistance for each grant program. The plans are maintained within the principal office.

No-Cost Time Extension. An extension of time to the last or only budget period of a project to complete the work of the grant during that period, without the obligation of additional funds by the Federal government (see 2 CFR § 200.308 and EDGAR § 75.261).

Non-Federal Share. The portion of allowable project costs not borne by the Federal government (see 2 CFR § 200.306).

Notice of Funding Opportunity (NOFO). A notice published in the *Federal Register* (see Federal Register.) that invites applications for one or more discretionary grant or cooperative agreement competitions. The notice gives basic program and fiscal information on each competition, informs potential applicants when and where they can obtain applications, and cites the deadline date (see Deadline Date), for a particular competition (EDGAR § 75.100).

Notice of Proposed Rulemaking (NPRM). An announcement published in the *Federal Register* of proposed new regulations or modifications to existing regulations; the first formal stage in the process of creating or modifying regulations for most programs.

Novice Applicant. Any applicant for a discretionary grant from ED that meets the standards in EDGAR § 75.225. Generally, a novice applicant for a grant is an entity that:

- Never received a grant before from the program to which they are applying;
- Never been a member of a group application that received a grant from the program to which they are applying; and
- Not had an active grant from the Federal Government in the five years before the deadline date for applications under the ED discretionary grant programs to which they are applying.

Objective. The goals and strategic purpose of a grant as described in the application and determined in the context of the grant program funding the award.

Obligation. At the Federal level, the legal act of signing the GAN and sending it to the grantee. May be referred to as the Federal award date (see 2 CFR §200.39). At the grant level, one of the legal acts specified in EDGAR § 75.707

Office of Management and Budget (OMB). An agency within the Executive Office of the President that helps the President formulate spending plans; prepare the budget for submittal to Congress; evaluate the effectiveness of agency programs, policies, and procedures; assess competing funding demands among agencies; set government-wide funding priorities; manage Federal information collection; and manage the Federal government's regulatory procedures.

OMB Circular. An administrative policy document issued by OMB that give instruction to Federal agencies on a variety of topics, including the administration of Federal grants and cooperative agreements.

Oracle Financial. The system software ED uses to support its financial management and business processes.

Pass-through Entity/Grantee. Is a non-Federal entity that provides a subaward to a subrecipient to carry out part of a Federal program.

Performance Measure. A characteristic or metric used to assess a grantee's performance under a program or project (i.e., dollars expended, student enrolled, grade-point average, number of job offers received).

Performance Period. See 5.6.3 Specific Conditions and Other Actions **5.6.3**
Specific Conditions and Other Actions

Policy. The general rules and operating principles established by ED that are based upon provisions in Federal statutes and regulations, executive orders, OMB circulars, and requirements and procedures that are internal to ED. They are established to: 1) ensure proper execution of ED's grant award and administration process; 2) reinforce compliance with related rules and regulations; and 3) ensure operational consistency across ED offices.

Post-Award Performance Conference. A conference between ED and grantees after a new award has been made. **PR/Award Number.** The identifying number for an application and discretionary grant or cooperative agreement, composed of seven parts

Example – H029A951234-95C –

1. Principal office designator (H)
2. CFDA numeric suffix of the program (029)
3. Alphabetic sub-program identifier (A)
4. Last two digits of the fiscal year of the competition (95)
5. Unique application identifier (1234)
6. Last two digits of the fiscal year of the funding (95)
7. Sequential order of the most recent funding action in a fiscal year, expressed alphabetically (C)

The first five parts remain the same throughout the life of the project period while the last two parts change by budget period.

Pre-Application. A summary statement a principal office requests or requires from potential applicants to determine: 1) the applicant's intent to request Federal funds under a program; 2) the applicant's eligibility; 3) the quality of the proposed project compared to similar applications; and 4) which applications have little or no chance for Federal funding so ED can inform the applicant before it incurs significant expenditures to prepare an application. The pre-application process is in addition to the application process.

Pre-Award Cost. The cost incurred prior to the effective date of the award and in anticipation of the award (see 2 CFR § 200.308 and EDGAR § 75.263).

Prime Awardee. Is a Federal agency's direct grant recipient.

Principal Office. One of seven principal offices of ED responsible for administering programs that award discretionary grants and cooperative agreements: Institute of Education Sciences (IES); Office of English Language Acquisition (OELA); Office of Elementary and Secondary Education (OESE); Office of Innovation and Improvement (OII); Office of Postsecondary Education (OPE); Office of Special Education and Rehabilitative Services (OSERS); and Office of Career Technical and Adult Education (OCTAE).

Principal Officer. The ED official who is head of one of the eight principal *offices* (listed above) and who holds the rank of Assistant Secretary or its equivalent.

Prior Approval. The written permission provided by the authorized program staff member from the ED awarding office before the grantee may undertake certain activities (such as performance or modification of an activity), expend funds or exceed a certain dollar level (see EDGAR §§ 74.25 and 80.30).

Program Income. The gross income received by the grantee or cooperative agreement recipient that is directly generated by the supported activity, or earned as a result of the award (see 2 CFR § 200.80).

Program Office. A sub-unit of a principal office that conducts the daily work of administering ED discretionary grant or cooperative agreement programs, including the responsibility for the review and ranking of applications.

Program Official. A program manager having various oversight responsibility for the planning, review, pre-award/award, and post-award activities in the discretionary process. This person frequently acts as a level of review and approval for various procedures described throughout the Handbook.

Program Regulations. Regulations that implement legislation passed by Congress to authorize a specific grant program; they may include applicant and participant eligibility criteria, nature of activities funded, allowability of certain costs, selection criteria under which applications will be selected for funding, and other information relevant to the program.

Program Staff. Individuals who handle the day-to-day program office responsibilities as assigned by the program official.

Project Costs. The total allowable costs incurred by a grantee, including costs contributed by the grantee (and the value of the in-kind contributions) in accomplishing the objectives of the award during the project period.

Project Director. An individual designated by the grantee to direct the project or program being supported by a grant. The project director is responsible and

accountable to officials of the grantee organization for the successful outcome of the project, program or activity.

Project Period. The period established in the award document during which Federal sponsorship begins and ends , including any extensions of that period (also referred to as “Period of Performance” 2 CFR § 200.77).

Project Scope. The nature and extent of the work to be performed under a grant as described in the application.

Reasonable Cost. A cost is reasonable if, in its nature or amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. See the Federal cost principles in 2 CFR part 200 subpart E.

Recipient. See Grantee.

Record of Obligation. An entry made by a license holder in ED’s automated accounting system that authorizes the payment of Federal grant funds to a grantee. A record of obligation does not obligate funds to a grantee. See Obligation.

Regulations. The Federal rules of general applicability and legal effect that are authorized by Federal laws or other Federal authority and contained in the CFR.

Reimbursement. A payment made by electronic transfer, Treasury check or other means to a grantee upon request after the grantee has expended its funds on an allowable cost. A request for reimbursement must be accompanied by documentation of the expense (see 2 CFR § 200.305).

Reviewer Register. A list of qualified Federal and non-Federal individuals from which ED selects reviewers of applications for new grants. Each principal office may maintain its own register.

Reviewer Roster. A list of individuals approved by the Principal Officer to review applications for new grants in a specific competition or competition cycle.

Risk. A measure of the potential inability to achieve overall program objectives within defined requirements related to cost, schedule, legislative authority and grant management practice.

Risk Assessment. An analysis and summary of risks associated with a potential grant award. The purpose of the risk assessment is to analyze the possible effect of risks on grant implementation, the significance of that effect, the likelihood that it will occur or recur, estimate its likely occurrence or recurrence, and serves as the basis for determining how the risks should be managed.

Risk Identification. The identification of external risk factors, such as those that arise from interactions between an applicant or a grantee and other entities, and internal risk factors including those that are entity-wide and those that are grant project specific. Risk identification may occur during day-to-day oversight, official grant monitoring, or while conducting risk assessments before obligating new, continuation and supplement awards.

Risk Information Sharing. Sharing, within program offices and across all ED offices, risk-related data, mitigation actions and strategies, and grants administration improvements.

Risk Management Service. A component of the Office of the Deputy Secretary which develops and coordinates a Department-wide risk management strategy, and institutes Department-wide grant policies and procedures for formula and discretionary grants management that promote grantee accountability and results; and provides Department-wide oversight of compliance with grants policies and procedures.

Risk Mitigation. Identifying and implementing activities and/or strategies to mitigate or manage risks associated with an applicant or grantee. When deciding upon a risk mitigation action or strategy, the following should be considered: 1) the severity of the risk; 2) the recurring of a risk that surfaced in the past or the likelihood that a newly identified risk will occur in the future; 3) the relevance of the risk to the grant project; 4) any prior enforcement or assistance efforts and success of those efforts; and 5) any prior sanctions imposed and their impact on changing the performance of the applicant or grantee.

Stewardship. The management of assistance programs exercised by Federal officials. Program staff oversee the process of reviewing and awarding grants and participate in the oversight of awarded grants to ensure that funding is properly used, that all applicable laws and regulations are followed, and that the objectives of the authorizing legislation are furthered.

Subaward. An award provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a Federal award received by the pass-through entity. It does not include payments to a contractor or payments to an individual that is a beneficiary of a Federal program. A subaward may be provided through any form or legal agreement, including an agreement that the pass-through entity considers a contract see 2 CFR § 200.93).

Subgrant. An award of financial assistance in the form of money, or property in lieu of money, made under a grant by a grantee to an eligible subgrantee. The term includes financial assistance when provided by contractual or any other form of legal agreement, but does not include procurement purchases, nor does it include any form of assistance that is excluded from the definition of "grant or award". The term subgrant has the same meaning as "subaward" in 2 CFR § 200.92.

Subgrantee. The government or other legal entity to which a subgrant is awarded and that is accountable to the grantee for the use of the funds provided.

Substantial Progress. A level of achievement that a grantee must meet in its project during a budget period, which can be measured and verified by evidence, so the grantee can receive a continuation award (see EDGAR § 75.253).

Supplemental Award. Additional Federal funds obligated to an existing grant.

Supplies. All tangible personal property other than those described in 2 CFR § 200.33 Equipment (see 2 CFR § 200.94).

Suspension. An administrative action by ED that temporarily suspends Federal financial assistance under an award, pending corrective action by the grantee or pending a decision to terminate the award by the awarding office. Suspension of an award is different than a suspension under agency regulations implementing Executive Order 12549, "Debarment and Suspension," found in 2 CFR part 3485.

Suspension Status. One of the phases in the close-out process.

System for Award Management (SAM; www.SAM.gov). A system that combines a number of Federal systems, including the Central Contractor Registry (CCR) and EPLS, into one system for the purpose of streamlining and integrating processes, and eliminating data redundancies.

Termination. The permanent cancellation of a grantee's authority to obligate all or part of the funds that have been awarded to it. It also means the grantee's voluntary relinquishment of that authority (see 2 CFR § 200.338). Termination is distinct from ED's refusal to provide additional funds through a continuation award (denial of refunding/withholding of support).

Termination Cost. The cost incurred, or the need for special treatment of costs, which would not have arisen had the agreement not been terminated (see 2 CFR § 200.338).

TIN Number. The Federal Tax Identification Number is the unique nine-digit number used by the Internal Revenue Service (IRS) in the administration of tax laws. It is issued either by the Social Security Administration (SSA) or by the IRS. A Social Security number (SSN) is issued by the SSA whereas all other TINs are issued by the IRS.

The following are all considered TINs according to the IRS.

- Social Security Number "[SSN](#)"
- Employer Identification Number "[EIN](#)"
- Individual Taxpayer Identification Number "[ITIN](#)"

- Taxpayer Identification Number for Pending U.S. Adoptions "[ATIN](#)"
- Preparer Taxpayer Identification Number "[PTIN](#)"

Unsolicited Application. An application submitted to ED in writing and solely on the applicant's own initiative, without prior formal or informal solicitation by any Federal government official. The application's content may or may not fall within the scope of activities that can be supported under a grant program funded by ED and must be analyzed under EDGAR § 75.222 to determine whether it may be funded.

USASpending.gov. Is the searchable Web site, accessible to the public at no cost, which includes for each Federal award: 1) the name of the entity receiving the award; 2) the amount of the award and executive compensation data; 3) information on the award including transaction type, funding agency, etc.; 4) the location of the entity receiving the award; 5) the unique FAIN of the entity receiving the award; and 6) first-tier sub-award data (including subaward amounts and executive compensation data), which is provided by FSRS.

Withholding of Payment. An action taken by ED, after appropriate administrative procedures have been provided, that suspends a grantee's ability to access its grant funds until the grantee takes the corrective action required by ED.