May 10, 2024

Greetings, Grantees:

We are following up with responses to grantee questions we received after the April 25, 2024, release of the Consolidated Administrative Funds Tydings Waiver Dear Colleague Letter. We hope you find this information helpful.

Q1: Is the Department inviting waivers to extend the period of availability, through March 31, 2026, of consolidated administrative funds if a State solely consolidates the ARP State administrative funding (EANS, ESSER, and HCY)? Or, is the Department inviting waivers from States that consolidate the ARP State administrative funding with ESEA State administrative funds?
A: The Department is specifically inviting waiver requests to extend the period of availability of consolidated administrative funds under ESEA section 8201 from State educational agencies (SEAs) that consolidate at least one eligible program from the ESEA and at least one eligible program from the ARP Act to help States best leverage existing funding sources to carry out critical program administrative tasks. For the list of eligible programs, please see the Consolidated Administrative Funds Tydings Waiver webinar: https://oese.ed.gov/files/2024/05/Consolidated-Admin-Funds-Tyding-Waiver-FY-22.-Final.pdf

Q2: What is required of the SEA when consolidating funds under the ARP Act and the ESEA?
A: The SEA may consolidate the amounts made available for State administration under the ARP Act and ESEA programs without separately tracking the administrative costs to a particular program if the SEA can demonstrate that the majority of the SEA's resources for administration come from non-Federal sources, consistent with ESEA section 8201(a)(1). We will not ask the SEA to demonstrate this in its waiver request; however, the SEA should be prepared to do so during the normal course of monitoring and oversight.

Q3: Is a State that consolidates State administrative funds under ESEA section 8201 required to create a single account and charge administrative funds to that account or may the State continue to charge administrative costs to individual programs?
A: It is up to the SEA to determine how to operationalize the consolidation of the administrative funds across programs. Some typical approaches include: 1) create a new account for the consolidated funds and charge administrative costs to this fund; and 2) keep the funds in separate accounts and charge administrative costs to the programs based on a sequential method (e.g., use all ARP ESSER administrative funds first) or a proportionate method (e.g., ARP ESSER is 50 percent of the consolidated funds, so half of each administrative cost is charged to ARP ESSER).

Q4: May reverted ARP EANS funds be consolidated under ESEA section 8201 and be included as part of the SEA's waiver request?
A: No. The ESEA section 8201 consolidation authority is limited to the SEA. Therefore, because reverted ARP EANS funds are returned to the governor, they are not eligible for consolidation.

Q5: What constitutes administrative costs?
A: Administrative costs include costs (direct and indirect) involved in the proper and efficient performance and administration of a Federal program. For example, and aligned with the purposes of this waiver, administrative costs may include personnel costs associated with the close-out, liquidation, and reporting activities of the programs included in a State's consolidation of administrative funds. Please note that the flexibility granted under this waiver may only be used to extend the period of availability of administrative funds consolidated under ESEA section 8201, and not programmatic funds.

In partnership,
Office of State and Grantee Relations