

## Financial Review Division

### FAQ – COVID-19

Updated June 26, 2020

The following questions have been compiled to assist LEA finance officers in determining the effects of the current health crisis on the financial records and reporting deadlines. **The responses are based on the information available as of this date and may change as more guidance is provided by federal and state authorities.**

#### **STATE ALLOTMENTS**

**Will the state categorical grant periods be extended to ensure the grant funds can be spent?**

The FY 2020 state categorical grants have not been extended past June 30, 2020. The AFY19 School Security Grant has been extended through September 30, 2020. All reimbursement requests must be submitted by that date.

**When will the FY 2021 QBE estimates be provided? Should we anticipate raises for our certified staff, transportation, and nutrition employees?**

The 2019-2020 legislative session was suspended after March 13, 2020. At that time, the House had released their recommendations for the FY 2021 Budget, and those recommendations did modify the budget as presented by the Governor. Because the FY 2021 Budget has not made its way through the complete legislative process, we cannot provide estimates. State Agencies were notified on May 1, 2020, to prepare for a 14% budget cut to the FY 2021 state funding. At this time, we do not know how the state cuts will affect specific earnings and categorical grants at the district level, but we encourage all LEAs to plan for the significant cuts to state funding. The Georgia Generally Assembly resumed the 2020 legislative session on Monday, June 15, the 30<sup>th</sup> Legislative Day. We encourage each district to review the budget tracking document, located on the House website: <http://www.house.ga.gov/budget/en-US/budgetdocuments.aspx> **If you have any questions, please contact FBO Budget Services or Financial Review.**

#### **FEDERAL GRANTS**

**What funding is available to the LEAs through the CARES Act?**

The CARES Act includes \$2.2 trillion in emergency funding. Approximately \$13.4 billion of that emergency funding was allocated to K-12 education. The education funding is allocated to Georgia as follows:

- Approximately \$450 million to the Georgia Department of Education
  - 90% allocated to districts as a formula grant, based on FY 2020 Title I allocations. Allotments have been shared with the LEAs.



### **When will the funding be available?**

We submitted our Certification and Agreement for Funding application on April 28, 2020 and received an approval letter on April 29. The State Board of Education approved final LEA allocations on May 4, 2020. Funds are now loaded in the Consolidated Application so once budgets are approved, funds can be drawn down by the LEA.

### **What activities are allowable to be funded with the CARES Act?**

GaDOE is proactively planning to structure the CARES Act stimulus funding to LEAs to specifically address:

- At-risk student populations
- Distance learning/Remote Learning
- School meals
- Mental and Physical Health
- Supplemental Learning
- Facilities and Equipment
- Continuity of Core Staff and Services

### **Is the CARES Act Education Stabilization funding retroactive to cover expenditures already incurred?**

The CARES Act is retroactive to March 13, 2020. There may be expenditures that the LEA chooses to reclassify to the CARES Act fund and program code.

### **Will the CARES Act require a completion report?**

The CARES Act Education Stabilization funding will require a completion report. This will ensure GaDOE has the final expenditure reports necessary to report the use of the CARES Act K-12 funding to U.S. Department of Education.

### **How will the salaries charged to the CARES Act – ESSER funds be reported on the Certified/Classified Personnel Information (CPI) Report?**

Salaries charged to CARES Act – ESSER funds should be reported on the CPI report as they typically would be reported based on the job assignment of the employee.

### **Who at the LEA is responsible for managing the CARES Act funds?**

Responsibility for CARES Act Administration will be determined locally. For time and effort purposes, LEAs should be reminded that this does constitute a different cost objective than grant funds authorized under ESSA, IDEA, and McKinney-Vento. Any staff that work on the administration of the CARES Act would need to be paid from the CARES Act administrative funds or another allowable use of funds. Time and effort will need to be tracked separately for each cost objective.

### **Will the general federal grant periods be extended to ensure the grant funds can be spent?**

GaDOE has received approval to extend grant periods for existing federal awards. Such extensions currently include federal formula-based grants that are set to expire on or before December 31, 2020, which would include current FY 20 formula grants to LEAs that expire on September 30, 2020. GaDOE will develop plans and procedures to allow these funds to extend for an additional 12-month period. The Title IV, Student Support Academic and Enrichment Grant will be extended through September 30, 2021. All other Title grants will allow 100% carryover of funds into the 2021 grant award. The CARES Act is already set for a period through September 30, 2021 and can be extended to September 30, 2022.

### **Will the Title I limit of 15% carryover be waived?**

Yes, the GaDOE Federal Programs Department did receive approval to waive the limit of 15% for carryover of the 2020 grant award.

### **Will the cash drawdown process continue to operate in the same manner?**

Yes. Districts should continue to request cash drawdowns of all federal and state categorical grants using the same process used during normal operating times. GaDOE has put provisions in place to ensure cash drawdown requests continue to be processed each Thursday at 3 p.m. LEAs should ensure the cash drawdown requests are submitted prior to 3 p.m. each Thursday in order to be paid the following Thursday. Any questions regarding this process should be directed to Regina Hailey at [rhailey@doe.k12.ga.us](mailto:rhailey@doe.k12.ga.us).

### **Will the payment of salaries for employees, both exempt and non-exempt, be considered an allowable expense for the federal grants?**

The U.S. Office of Management and Budget has released guidance that the payment of salaries and benefits during the school closures is allowable with federal funds as long as the payments are consistent with the LEA's policy of paying salaries (under unexpected or extraordinary circumstances) from all funding sources, federal and non-federal. Therefore, the LEA must consistently follow the same methodology in determining payment for salaries and benefits for employees paid with federal and non-federal funds.

### **Does the CARES Act require continued payment of salaries for employees in order to be eligible to receive the funds?**

The CARES Act, section 18006, states the following: A local educational agency, State, institution of higher education, or other entity that receives funds under "Education Stabilization Fund", **shall to the greatest extent practicable, continue to pay its employees and contractors during the period of any disruptions or closures related to coronavirus.**

The Fact Sheet published by U.S. Department of Education on April 8, 2020, <https://www2.ed.gov/documents/coronavirus/factsheet-fiscal-questions.pdf>, further states:

"in general, a grantee or subgrantee may continue to charge the compensation (including but not necessarily limited to salaries, wages, and fringe benefits) of its employees who are paid by a currently active grant funded by the Department to that grant, consistent with the organization's policies and procedures for paying compensation from all funding sources, Federal and non-Federal, under unexpected or extraordinary circumstances. If a grantee or subgrantee does not currently have in place a policy that addresses extraordinary circumstances such as those caused by COVID-19, the grantee or subgrantee may amend or create a policy in order to put emergency contingencies in place for Federal and non-Federal similarly situated employees."

"A grantee and subgrantee must maintain appropriate records and cost documentation as required by 2 CFR §200.302 (financial management), 2 CFR §200.430(i) (standards for documenting personnel expenses), and 2 CFR §200.333 (retention requirements for records) to substantiate the charging of any compensation costs related to interruption of operations or services."

Based on the CARES Act and the guidance presented by U.S. Department of Education, GaDOE Financial Review recommends LEAs consult with their Board of Education's legal counsel in developing and approving written policies for salary and fringe benefit payments during the time period affected by

the COVID-19 pandemic. Because of the varying schedules, responsibilities, and shifts in job duties that have been implemented by each LEA, the guidance cannot be uniform for every LEA. Therefore, it is imperative that you follow the advice of your board attorney during the time of the school closures. All documentation supporting the decisions made on salary and fringe benefit payments must be maintained for Single Audit purposes.

#### **Are locally approved charter schools eligible to receive CARES Act funds?**

The CARES Act does not require the funds to be allocated down to the school level. Allocation of funds to schools would be an LEA decision based upon the needs of the LEA. If the LEA uses CARES dollars to fund centralized supports or services, charter schools should have equitable access to these supports and services. If the LEA decides to allocate funds to schools, then the locally approved charter schools should receive funds based on the same considerations utilized to allocate funds to all schools within the system. LEAs must treat charter schools no less favorably than other schools within the system with respect to the provision of funds or in-kind services.

### **SCHOOL NUTRITION**

#### **How do we account for the additional costs (salaries/supplies/transportation) related to the meal services while schools are closed?**

The U.S. Department of Agriculture has released guidance to the Nutrition Departments that indicates the LEAs will operate during the school closure under the Summer Seamless Feeding Program. There are no additional reimbursements through the nutrition program for transportation costs, so LEAs should determine if the nutrition program income will pay for those costs or the General Fund. The same fund and program codes should be utilized for this program that are utilized for the Child Nutrition Cluster program. Guidance for the operations of the meal program should be sought and provided by the Nutrition Program Specialists at GaDOE.

Additionally, the CARES Act allows funding to be utilized for providing meals to eligible students. LEAs should seek guidance from the GaDOE Nutrition Division.

#### **Are costs associated with the school nutrition services allowable under the CARES Act ESSER Funds?**

The CARES Act ESSER grant can be used for nutrition-related activities such as “planning for and coordinating during long-term closures, including for how to provide meals to eligible students” and “other activities that are necessary to maintain the operation of and continuity of services in local educational agencies and continuing to employ existing staff of the local educational agency.” Many school systems are planning to utilize the ESSER Grant to assist with a decrease in revenue in the school nutrition program related to the closure of the schools during the pandemic. While these activities are allowable, the school system needs to be mindful that all expenditures funded with the ESSER grant must be recorded in Fund 420. Additionally, any expenditures funded with the ESSER grant cannot also be included in expenditures submitted for reimbursement through U.S.D.A. Examples of nutrition expenditures that would best be applied to the ESSER grant include salaries during the closure in which meals were not being served and therefore, no meal reimbursements through U.S.D.A., or any other costs such as hazard pay during the unique times of school closure that cannot be included in plate costs. If you are unsure of the best approach for utilizing the CARES Act ESSER grant to supplement nutritional services, please contact your district’s nutrition consultant and ESSER grant budget specialist to discuss the particular budget request for your school system.

## **SALARIES, TRAVEL AND PAYMENTS TO EMPLOYEES**

### **How should LEAs track the payment of leave in accordance with the Emergency Paid Sick Leave and Expanded Family and Medical Leave Acts?**

If an employee is eligible for payment through either the emergency paid sick leave or expanded family and medical leave acts, the district should develop a new leave/pay code to differentiate the payment.

An LEA will most likely need three (3) new codes:

- One code for 100% of pay rate, up to the cap, for the emergency paid sick leave,
- One code for 2/3 of the rate of pay, up to the cap, for the emergency paid sick leave, and
- One code for 2/3 of the rate of pay, up to the cap, for the expanded family and medical leave.

Guidance on allowability of the paid leave for specific individuals should be provided by your school district legal counsel.

### **Will LEAs be reimbursed for the payments of leave in accordance with the Emergency Paid Sick Leave and Expanded Family and Medical Leave Acts?**

The Families First Coronavirus Response Act includes provisions for tax credits for paid sick and paid family and medical leave. However, LEAs are not eligible for that tax credit. The Act, Sec. 7001 (e)(4) states, "This credit shall not apply to the Government of the United States, the government of any State or political subdivisions thereof, or any agency or instrumentality of any of the foregoing."

### **Will payments of leave in accordance with the Emergency Paid Sick Leave and Expanded Family and Medical Leave Acts be considered an allowable cost for the CARES Act Education Stabilization funding?**

While the LEA is not eligible for the tax credit, the CARES Act Education Stabilization funding is an allowable funding source for the payments. The CARES Act, §18003(d)(12) indicates the use of funds includes "other activities that are necessary to maintain the operation of and continuity of services in local educational agencies and continuing to employ existing staff of the local educational agency." However, the LEA should keep in mind that the leave paid is in lieu of salary, and an employee is only eligible if not currently being paid their salary. Therefore, the funding resources in FY 2020 that budgeted for salary payments could also support the emergency paid leave payments. The payment of the leave is also considered an allowable expense of other federal grants, to the extent the LEA's local emergency plan is applied consistently to both federal and non-federal staff.

### **Will the payment of travel costs, conferences, etc. that have been cancelled but are nonrefundable be considered an allowable expenditure of state and/or federal funds?**

Yes. Costs associated with the cancellation of events, travel, or other activities necessary and reasonable will be an allowable expenditure of the General Fund. If there are services or goods that will be consumed by your LEA, and you are not sure of the allowability, please contact Financial Review and the assigned Program Specialist for the specific grant. The U.S. Office of Management and Budget released guidance specific to federal grants to indicate the SEA may allow recipients of grant funds to charge the full cost of cancellation when the event, travel, or other activities are conducted under the conditions of the grant. However, do not assume there will be additional funds available to carry out the purpose of the grant. There are no additional grant allocations as of the date of this document.

## **ACCOUNT CODES**

### **What account codes do we utilize for extra goods/services directly related to the current health crisis?**

For function/object codes, some suggestions include: 1) Function 2600 for additional cleaning/disinfecting. 2) Function 2100 for additional nursing services or supplies such as masks. 3)

Expenditure object code 610 for general supplies. 4) Additional salaries will be reported based on the job duty associated with the activity.

### **What account codes have been created to track the CARES Act funding?**

GaDOE has created the following account codes to be utilized for the CARES Act funding:

Fund Code 420 – CARES Act Funding – Fund for federal grant activity directly related to the COVID-19 pandemic and not accounted for elsewhere.

Program Code 4155 - Federal grant passed through GaDOE to support schools with the effects of the COVID-19 pandemic in compliance with the CARES Act. Fund 100, Effective FY 2020.

Program Code 4156 - ESSER allocations using the SEA reserve to provide funding to school districts and education facilities that were not included in the original allocation methodology. The funding is to offset expenditures related to the impact of the COVID-19 pandemic. CFDA 84.425D. Fund 420. Revenue Source 4535. Effective FY 2020.

Revenue Source Code 4535 – Federal grants through GaDOE and any other agencies related to the COVID-19 pandemic.

### **PROCUREMENT REQUIREMENTS**

#### **Is it acceptable to waive procurement requirements of the school district to purchase items in an emergency?**

GaDOE Financial Review recommends following your local policy on emergency procurement purchases and obtaining board approval for those purchases outside the normal procurement process in accordance with the timeframe set forth in your local policy. Additionally, the Georgia Department of Administrative Services (DOAS) has guidance on their website for state agencies that may be followed by LEAs. This is the Georgia Purchasing Manual excerpt below regarding emergency purchases:

#### 1.3.5. Emergency Purchases

*In accordance with (O.C.G.A.) Section 50-5-71, State Purchasing Division has granted the authority to state entities to purchase urgently needed items arising from unforeseen causes, including, but not limited to, extreme weather conditions or official declared emergencies.*

*Emergency purchases are an exception to the Order of Precedence. An emergency procurement is handled outside of the normal competitive process for purchases greater than \$24,999.99 because of the urgency of the circumstances, such as the immediate welfare of the general public. Therefore, State Purchasing Division approval is not required in advance of the emergency purchase. Poor planning or the pending expiration of funds does not constitute a valid justification for an emergency purchase. It is always good business practice and considered to be in the best interest of the state of Georgia to make any procurement as competitive as time permits. The state entity is authorized to handle the emergency purchase whether or not the dollar amount of the emergency purchase falls within the state entity's delegated purchasing authority.*

Additionally, DOAS has created an FAQ specifically regarding emergency purchases for state agencies that can be accessed [here](#) . Because these are guidelines for the state level that may conflict with your local emergency policy, please contact your board attorney with specific questions regarding the procurement procedures for your LEA.

## **BUDGET REQUIREMENTS**

### **Will the budget requirements set forth in O.C.G.A. §20-2-167(a)(5) and §20-2-167.1 be waived for FY 2021?**

The requirements to adopt a balanced budget in order to operate are still in effect. School systems are required to follow the budget requirements set forth in O.C.G.A. §20-2-167(a)(5) and §20-2-167.1 School systems may pass a Spending Resolution for each month in FY 2021 until a balanced budget is adopted at the local level. The GaDOE Financial Management Handbook for Georgia's Local Units of Administration (FMGLUA), Section IV – Chapter 2, includes details on passing a Spending Resolution for each month of the fiscal year until an annual budget is adopted. Please see full chapter [here](#) .

## **DE046 AND OTHER FINANCIAL REPORTING ISSUES**

### **Are there specific reporting requirements related to the CARES Act K-12 Education Stabilization funding?**

Yes. The Elementary and Secondary School Emergency Relief Fund (ESSER Fund) Certification Agreement includes Reporting Assurances that the Georgia Department of Education (SEA) must comply with in order to be awarded the funds. Specifically, the SEA must comply with Section 15011 (b) (2) of Division B of the CARES Act, which states, “Not later than 10 days after the end of each calendar quarter, each covered recipient shall submit to the agency and the Committee a report that contains—

(A) the total amount of large covered funds received from the agency;

(B) the amount of large covered funds received that were expended or obligated for each project or activity;

(C) a detailed list of all projects or activities for which large covered funds were expended or obligated, including—

(i) the name of the project or activity;

(ii) a description of the project or activity; and

(iii) the estimated number of jobs created or retained by the project or activity, where applicable; and

(D) detailed information on any level of subcontracts or subgrants awarded by the covered recipient or its subcontractors or subgrantees, to include the data elements required to comply with the Federal Funding Accountability and Transparency Act of 2006 (31 U.S.C. 6101 note) allowing aggregate reporting on awards below \$50,000 or to individuals, as prescribed by the Director of the Office of Management and Budget.

The Act further states “the first report submitted under paragraph (1) shall be submitted not later than 45 days after the end of the first full quarter following the date of enactment of this Act.” The GaDOE Financial Review Division has created 3 excel templates for school systems to utilize for the first reporting period ending June 30, 2020. This manual process will only be utilized the first reporting period, as a web-based reporting tool is currently being developed for future reporting periods.

If a school system has expended CARES Act ESSER funds in the period of March 13, 2020 through June 30, 2020, the system will submit all 3 completed excel templates via the MyGaDOE password-protected portal. If a school system has not expended any CARES Act funds, or reported expenditures to the grant, the school system will only be required to submit the Expenditure Detail – FY 2020 – Quarter 4 template, indicating no expenditures incurred.

## **AUDIT DEADLINES**

### **Will audit deadlines for the FY 2019 and FY 2020 audit periods be extended?**

The Georgia Department of Education is not the responsible party for setting the audit schedules and will update our deadlines for corrective action plans based on the deadlines set by DOAA. Additionally, DOAA released a memo dated April 1, 2020, outlining their plans for continued audit services during the COVID-19 Pandemic. Please direct any questions regarding the LEA's FY 2019 audit to Sara Rohrbach at (404) 732-9198 or [rohrbach@audits.ga.gov](mailto:rohrbach@audits.ga.gov).

## **RESOURCES**

- GaDOE COVID-19 K-12 Resource website: <https://www.georgiainsights.com/coronavirus.html>
- Georgia Department of Administrative Services – Human Resources Administration: <http://doas.ga.gov/doas/covid-19-response>
- Georgia Department of Audits and Accounts: <http://www.audits.ga.gov/>
- Georgia Department of Labor: <https://dol.georgia.gov/>
- U.S. Department of Education: <https://www.ed.gov/coronavirus?src=feature>