

Race to the Top – District Grantee Frequently Asked Questions



**U.S. Department of Education
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Purpose of the Guidance

The purpose of this guidance is to provide information about the Race to The Top – District program. The guidance provides the U.S. Department of Education’s interpretation of various statutory provisions and does not impose any requirements beyond those included in the Race to the Top – District Notice Inviting Applications (NIA, or notice) and applicable laws and regulations. In addition, it does not create or confer any rights for or on any person.

The U.S. Department of Education will provide additional or updated program guidance as necessary on its Race to the Top – District Web site, www2.ed.gov/programs/racetothetop-district/index.html. If you have further questions that are not answered here, please email racetothetop.district@ed.gov.

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A. Overview of the Race to the Top – District Program

A-1. What is the purpose of the Race to the Top – District program?

The Race to the Top – District grants encourage and reward those local educational agencies (LEAs) or consortia of LEAs that have the leadership and vision to implement the strategies, structures, and systems needed to implement personalized, student-focused approaches to learning and teaching that will produce excellence and ensure equity for all students.

An LEA or consortia of LEAs receiving an award under this program are building on the lessons learned from, and the progress of, States and districts in implementing reforms in the four core educational assurance areas (as defined in the Notice Inviting Applications, hereafter referred to as the notice¹) through Race to the Top and other key programs. Grantees are providing teachers the information, tools, and supports that enable them to meet the needs of each student and substantially accelerate and deepen each student’s learning. These LEAs have the policies, systems, infrastructure, capacity, and culture to enable teachers, teacher teams, and school leaders to continuously focus on improving individual student achievement and closing achievement gaps. These LEAs also make equity and access a priority and aim to prepare each student to master the content and skills required for college- and career-readiness, provide each student the opportunity to pursue a rigorous course of study, and accelerate and deepen students’ learning through attention to their individual needs. As important, they are creating opportunities for students to identify and pursue areas of personal academic interest--all while ensuring that each student masters critical areas identified in college- and career-ready standards or college- and career-ready high school graduation requirements.

Information about the winners of the Race to the Top – District competition can be found at: <http://www2.ed.gov/programs/racetothetop-district/awards.html>.

B. Program Requirements

B-1. What are the program requirements for the Race to the Top – District competition?

The Department of Education will monitor grantees on their implementation of these requirements once grant awards have been made.

1. Budget requirements: For the Race to the Top – District competition, an applicant’s budget request for all years of its project must fall within the applicable budget range as follows:

¹ The term “the notice” (for example in “as defined in the notice”) is used throughout this document. “The notice” refers to the Notice Inviting Applications (NIA). The Department published the final notice for the Fiscal Year 2012 Race to the Top - District competition in the Federal Register on August 16, 2012. The notice includes the final priorities, requirements, definitions, selection criteria, and certain details for applicants, such as deadlines, budget guidance, and submission requirements. For the notice, see 77 FR 49654-49677, available at <http://www.gpo.gov/fdsys/pkg/FR-2012-08-16/pdf/2012-20037.pdf>.

Number of participating students	Award range
2,000-5,000 or Fewer than 2,000, provided those students are served by a consortium of at least 10 LEAs and at least 75 percent of the students served by each LEA are participating students (as defined in the notice)	\$5-10 million
5,001-10,000	\$10-20 million
10,001-25,000	\$20-30 million
25,001+	\$30-40 million

The Department did not consider an application that requested a budget outside the applicable range of awards, not including any optional budget supplements included in the application.

2. A grantee must work with the Department and with a national evaluator or another entity designated by the Department to ensure that data collection and program design are consistent with plans to conduct a rigorous national evaluation of the program and of specific solutions and strategies pursued by individual grantees. This commitment must include, but need not be limited to—
 - (i) Consistent with 34 CFR 80.36 and State and local procurement procedures, grantees must include in contracts with external vendors provisions that allow contractors to provide implementation data to the LEA, the Department, the national evaluator, or other appropriate entities in ways consistent with all privacy laws and regulations.
 - (ii) Developing, in consultation with the national evaluator, a plan for identifying and collecting reliable and valid baseline data for program participants.
3. LEAs must share metadata about content alignment with college- and career-ready standards and use through open-standard registries.
4. LEAs in which minority students or students with disabilities are disproportionately subject to discipline (as defined in the notice) and expulsion (according to data submitted through the Department’s Civil Rights Data Collection, which is available at <http://ocrdata.ed.gov/>), must conduct a district assessment of the root causes of the disproportionate discipline and expulsions. These LEAs must also develop a detailed plan over the grant period to address these root causes and to reduce disproportionate discipline (as defined in the notice) and expulsions.
5. Each grantee must make all project implementation and student data available to the Department and its authorized representatives in compliance with FERPA, as applicable.
6. Grantees must ensure that requests for information (RFIs) and requests for proposal (RFPs) developed as part of this grant are made public, and are consistent with the requirements of State and local law.
7. Within 100 days of award, each grantee must submit to the Department—

- (i) A Scope of Work that is consistent with its grant application and includes specific goals, activities, deliverables, timelines, budgets, key personnel, and annual targets for key performance measures; and
 - (ii) An individual school implementation plan for participating schools (as defined in this notice).
8. Within 100 days of award, each grantee must demonstrate that at least 40 percent of participating students in participating schools are from low-income families, based on eligibility for free or reduced-price lunch subsidies under the Richard B. Russell National School Lunch Act, or other poverty measures that LEAs use to distribute funds under section 1113(a) of the ESEA.

B-2. Must a grantee employ an external evaluator to assess the effectiveness of its project (Program Requirement 2)?

No. However, a grantee must work with the Department and with a national evaluator or another entity designated by the Department to ensure that data collection and program design are consistent with plans to conduct a rigorous national evaluation of the program and of specific solutions and strategies pursued by individual grantees. This commitment must include, but need not be limited to—

- (i) Consistent with 34 CFR 80.36 and State and local procurement procedures, grantees must include in contracts with external vendors provisions that allow contractors to provide implementation data to the LEA, the Department, the national evaluator, or other appropriate entities in ways consistent with all privacy laws and regulations.
- (ii) Developing, in consultation with the national evaluator, a plan for identifying and collecting reliable and valid baseline data for program participants.

B-3. When must a grantee complete its assessment of disproportionate discipline and expulsion rates (Program Requirement 4)?

The Department will work with grantees to establish a timeline to complete its assessment of disproportionate discipline and expulsion rates and develop a plan to address root causes and reduce disproportionate discipline and expulsions.

B-4. If an LEA is currently in an agreement with the Department’s Office for Civil Rights (OCR) or currently has a plan to address disparities in its discipline or expulsion rate disparities, will it still be required to undergo a district assessment and develop a plan under Program Requirement 4?

An LEA in which minority students or students with disabilities are disciplined at disproportionately high rates must examine its data and understand the underlying causes for the disparity and from that understanding develop a plan over the grant period to address these causes and reduce disproportionate discipline practices and expulsions in general. There is no single approach to assessing or addressing such disparities and their causes. If an LEA has already initiated such an effort prior to the Race to the Top – District competition, and if the LEA receives a grant, the Department will work with each grantee case-by-case to see if pre-existing efforts are sufficient or need to be supplemented to address this Program Requirement.

B-5. What information should be included in the grantee’s Scope of Work (Program Requirement 7)?

Within 100 days of receiving the grant award notice, each grantee must submit to the Department a detailed Scope of Work for the entire grantee project that is consistent with the grantee’s application. This Scope of Work should include the grantee’s specific goals, activities, timelines, budgets, key personnel, and annual targets. Through the Scope of Work process, the grantee will work with the Department to clarify and finalize any areas where additional information is needed. Race to the Top – District funds may be used only for activities proposed in the grantee’s approved grant application, unless otherwise approved by the Department. For more guidance on Scopes of Work, see: <http://www2.ed.gov/programs/racetothetop-district/resources.html>.

B-6. What is the process for requesting a change to a grantee’s Race to the Top – District Scope of Work?

As a condition of receiving a Race to the Top – District grant, each grantee agreed to implement all of the activities and meet the timelines in its application, Scope of Work, and budget. As such, each grantee will be held accountable for implementing its plan. The Department recognizes, however, that there may come a time when a grantee may need to revise its plan due to unforeseen or unanticipated circumstances in order to keep on its path of reform to improve student outcomes. The Department has the authority to approve amendments to a grantee’s application, budget, and Scope of Work. Grantees may propose revisions to activities, timelines, budgets, or annual targets, provided that the following conditions are met:

- The revisions do not result in the grantee’s failure to comply with the terms and conditions of the award and the program’s statutory and regulatory provisions;
- The revisions do not change the overall scope and objectives of the approved proposal; and
- The Department and the grantee mutually agree in writing to such revisions. The Department has sole discretion to determine whether to agree to such revisions or modifications.

A grantee must request an amendment for proposed revisions that constitute a substantial change in activities from the approved grant project, including budgetary changes that exceed \$500,000 of the current approved budget, including transfers among direct cost categories (e.g., personnel, travel, equipment) and among separately budgeted programs, projects, functions, or activities. A grantee must submit any proposed amendment to the Department in writing. When submitting an amendment, grantees must provide information regarding the grant project area that would be affected by the change, a description of the requested change, an impact statement regarding the potential effect on the grantee’s performance measures and student outcome goals, budget documentation, and the signature of the payee.

Amendment requests must be submitted prior to implementing any changes to grant projects or budgets and should be submitted to the grantee’s program officer at the Department. Please note that all approved amendments will be posted publicly on the Department’s Web site, along with the grantee’s rationale for the change.

B-7. Will a Race to the Top – District grant be terminated if (a) its number of participating students drops below 2,000 or (b) the number of participating LEAs in a consortium is reduced; or (c), the percentage of participating students from low-income families drops below 40 percent during the grant period?

Significant changes in the number of participating students, the number of LEAs in a consortium, or the percentage of participating students from low-income families could affect a grantee's ability to meet the goals in its approved application or affect the scope of a grantee's project. The Department would review and consider such changes case-by-case. Such changes could result in changes to the grant, including partial or complete termination of the grant. Grantees must inform the Department of any substantive changes from their approved grant application, which would include a decrease in the number of participating students or the percentage of participating students from low-income families, as soon as the grantee is aware of the changes.

B-8. What should be included in a school implementation plan for participating schools (Program Requirement 7)?

Within 100 days of receiving the grant award notice, each grantee must submit to the Department a school implementation plan for participating school. Each school implementation plan should include the school's specific goals, activities, timelines, budgets, key personnel, and annual targets related to the work that schools are responsible for implementing, consistent with the grantee's approved application. Additional information on school implementation plans can be found in the Webinar titled "Race to the Top – District Fiscal Oversight Overview Webinar," and is available on the Department's Web site at <http://www2.ed.gov/programs/racetothetop-district/resources.html>.

B-9. Must a grantee submit a school implementation plan for each participating school?

Grantees have the option to create either a single school implementation plan that applies to all participating schools, or multiple school implementation plans if schools are implementing different aspects of the grantee's Scope of Work consistent with the grantee's approved application.

B-10. How should a grantee demonstrate that at least 40 percent of participating students are from low-income families (Program Requirement 8)?

Within 100 days of receiving the grant award notice, each grantee must submit to the Department documentation demonstrating that at least 40 percent of participating students in participating schools are from low-income families, based on eligibility for free or reduced-price lunch subsidies under the Richard B. Russell National School Lunch Act, or other poverty measures that the grantee uses to distribute funds under section 1113(a) of the ESEA. This documentation must contain an updated version of Table (A)(2) *Applicant's Approach to Implementation*, including a final list of participating schools. In addition, the grantee must submit an assurance that the information and data in Table (A)(2) is accurate. The assurance must be signed by the Superintendent or CEO of the individual LEA or Lead LEA and the Local School Board President. The Department may ask for supporting documentation to substantiate these numbers during the program review process.

C. Grant Administration

C-1. How will the Department support grantees and hold them accountable during the implementation of their Race to the Top – District plans?

As part of the Department's commitment to supporting grantees as they implement ambitious reform agendas, the Department established the Implementation and Support Unit (ISU) in the

Office of the Deputy Secretary to administer, among others, the Race to the Top program. The goal of the ISU is to provide assistance to States and LEAs as they implement unprecedented and comprehensive reforms to improve student outcomes. Consistent with this goal, the Department has developed a Race to the Top – District program review process that addresses the Department’s responsibilities for fiscal and programmatic oversight, and is designed to identify areas in which Race to the Top – District grantees need assistance and support to meet their goals. The ISU will work with Race to the Top – District grantees to provide support based on individual grantee needs, and help grantees work with each other and with experts to achieve and sustain educational reforms that improve student outcomes. The information and data gathered by the Department’s program review will inform the Department’s management and support of the Race to the Top – District grantees, as well as provide appropriate and timely updates to the public on grantees’ progress.

C-2. Must an LEA be the payee for a Race to the Top – District grant?

Only an LEA or a separate, eligible legal entity is eligible to receive a grant and typically only an LEA or a separate, eligible legal entity, would serve as the payee for a grant. If selected for a grant, an LEA or a separate, eligible legal entity may be able to designate a different payee and could work with the Department at that time to ensure that appropriate procedures are followed. For instance, a different payee may be an entity that is hired through an appropriate procurement procedure to assist the grantee with fiscal management. If an LEA chooses a different payee, the selection must also be consistent with the LEA’s State laws and procedures. While a grantee may acquire the services of an outside entity to assist with administrative fiscal tasks, a grantee is ultimately responsible for ensuring that all requirements of the grant are met. In particular, the grantee is responsible for overseeing the use of grant funds and for ensuring that the project is carried out in accordance with the approved grant application and all applicable Federal requirements (see 34 CFR 75.700-702), including the requirements for financial management systems contained in 34 CFR 80.20.

C-3. What is the timeline for obligating and spending Race to the Top – District funds?

In accordance with the Consolidated Appropriations Act of 2012 (Public Law 112-74, Division F, Title III), the Department obligated all FY 2012 Race to the Top – District funds to grantees by December 31, 2012.

Grantees must plan to complete all activities outlined in their approved applications and obligate all Race to the Top – District funds by the end of the four-year grant period. Grantees will have 90 days after the end of their grant period to liquidate funds (see 34 CFR 80.23(b)). While there is regulatory authority that allows for no-cost extensions past the grant period, approval will not be granted for any grantees until a significant portion of program implementation has been completed, at which point approvals will be determined on a case-by-case basis.

Please note that any FY 2012 Race to the Top – District funds that are not obligated and liquidated by December 31, 2017, will revert to the U.S. Department of the Treasury.

C-4. When and how may grantees draw and release Race to the Top-District funds?

A grantee must have an effective system for managing the flow of funds to ensure that LEAs are able to draw down funds as needed to pay program costs and that also minimizes the time that elapses between the transfer of the funds and their disbursement by the grantee or subgrantee, in accordance with U.S. Department of the Treasury regulations at 31 CFR 205 (see 34 CFR

80.21(b)). Grantees have three options for timing and release of funds: reimbursement, cash advance, and working capital advances. Reimbursement is the preferred method as it is the safest fiscal option. Regardless of which method is used, all draws must be conducted in accordance with the provisions in 34 CFR 80.21 and based on immediate need to minimize the time between transfer of funds and disbursement by recipients (typically three to five days) (34 CFR 80.21(i)). The Department will take appropriate actions against grantees that fail to comply with this requirement.

C-5. When and how do grantees return interest earned on Race to the Top – District funds?

In the case that interest is earned on funds, grantees must promptly, and at least quarterly, remit interest earned. The threshold is \$100 annually for LEAs. Interest should be remitted to: U.S. Department of Education, P.O. Box 979053, St. Louis, MO 63197-9000. (See [Ed Grants and Contracts Memos and 34 CFR 80.21\(i\)](#).)

C-6. How will drawdowns of funds be tied to performance?

A grantee that receives funds under Race to the Top – District is accountable for meeting the goals, timelines, budgets, and annual targets established in the grantees’ applications. Grantees must adhere to a fund drawdown schedule that is tied to meeting these goals, timelines, budgets, and annual targets. The Department will review each grantee’s performance against these goals, timelines, budgets, and annual targets through (at a minimum) annual reports and ongoing dialogue.

C-7. What rules must grantees follow regarding procurement or contracting for goods and services?

Procurement transactions made with Race to the Top – District grant funds must be conducted in a manner providing full and open competition, consistent with the standards in 34 CFR § 80.36 and any conditions upon which the grant is made. 34 CFR § 80.36 requires that grantees use their own procurement procedures (which reflect State and local laws and regulations) to select contractors, provided that those procedures meet the standards described in 34 CFR 80.36(b)-(j).

C-8. May a third party procure goods or services on behalf of a grantee?

Yes. A third party may procure services on behalf of a grantee provided that (a) doing so is consistent with applicable State and local law and with the agreement between the third party and the grantee, (b) the procurement process complies with applicable Federal, State, and local procurement laws, regulations, and processes, and (c) the grantee remains ultimately responsible for overseeing the use of grant funds and ensuring that all requirements of the grant are met. In particular, the grantee is responsible for overseeing the use of grant funds and for ensuring that the project is carried out in accordance with the approved grant application and all applicable Federal requirements (see 34 CFR 75.700-702).

D. Uses of Funds

D-1. What are the allowable uses of Race to the Top – District grant funds and what uses of funds are prohibited?

In general, Race to the Top – District grant funds must be used to implement the grantee’s approved Race to the Top – District plan, including the grantee’s approved budget; the budget must be consistent with the Department’s administrative regulations ([EDGAR](#)) as well as OMB’s cost principle circulars, such as A-87². The program’s statutory requirements under the American Recovery and Reinvestment Act (ARRA), as amended, place several restrictions on the use of Race to the Top – District grant funds, as described below. With these exceptions, applicants have considerable flexibility in designing their plans and, therefore, have considerable discretion in determining how grant funds are used, consistent with their approved plan.

As noted above, the ARRA places several restrictions on uses of Race to the Top – District grant funds as follows:

- Section 14003 of the ARRA prohibits Race to the Top funds from being used for:
 - Payment of maintenance costs;
 - Stadiums or other facilities primarily used for athletic contests or exhibitions or other events for which admission is charged to the general public;
 - Purchase or upgrade of vehicles;
 - Improvement of stand-alone facilities whose purpose is not the education of children, including central office administration or operations or logistical support facilities; or
 - School modernization, renovation, or repair that is inconsistent with State law;
- Section 14011 of the ARRA prohibits Race to the Top funds from being used to provide financial assistance to students to attend private elementary or secondary schools, unless the funds are used to provide special education and related services to children with disabilities as authorized by the Individuals with Disabilities Education Act (IDEA); and
- Section 1604 of the ARRA prohibits Race to the Top funds from being used for any casino or other gambling establishment, aquarium, zoo, golf course, or swimming pool.

D-2. May a grantee make subgrants?

No. LEA grantees under the Race to the Top – District competition may not make subgrants to other entities. However, grantees may award contracts for services related to their grant activities. If multiple LEAs apply as a consortium for a Race to the Top – District grant, they may access the funds, consistent with the consortium agreement, through the LEA or separate, eligible legal entity that serves as the fiscal agent.³

LEAs may distribute Race to the Top – District grant funds to schools or other public entities through memoranda of understanding (MOUs), interagency agreements, contracts, or other mechanisms authorized by State or local procurement laws. Grantees should talk with their State procurement offices or financial offices to find out what mechanisms are available and allowable in their State.

² For OMB’s cost principle circulars, see www.whitehouse.gov/omb/circulars.

³ A consortium’s fiscal agent and Lead LEA are not required to be the same entity.

D-3. Are there “supplement, not supplant” requirements for the Race to the Top – District grants?

No. The Race to the Top – District program grant does not include “supplement, not supplant” requirements.

D-4. May grantees use Race to the Top – District grant funds to cover the costs incurred by travelling to Race to the Top grantee meetings?

Yes, grantees may pay for travel expenses to grantee meetings, such as training or technical assistance meetings, out of their Race to the Top – District grant. While the Department has not yet finalized its specific trainings and other meetings for Race to the Top – District grantees, we expect that grantees will participate in several meetings each year. As the Department finalizes its meeting plans for Race to the Top – District grantees, it will work with grantees to make any necessary adjustments to their Race to the Top – District budgets.

D-5. May a grantee use Race to the Top – District grant funds to pay for pre-award costs with grant funds?

Grantees are eligible to be reimbursed for pre-award costs from the date their award was announced (December 11, 2012). All pre-award costs are incurred at the grantee’s risk. The Secretary will not reimburse costs that are unallowable, unreasonable, or otherwise ineligible according to the Department’s applicable regulations and/or OMB cost principles.

D-6. Can Federal funds be used to purchase food for Race to the Top – District related events?

Food is not an allowable expense if it is part of an activity that is considered to be entertainment. (See OMB Cost Circular A-87, Attachment B item 14, available at: http://www.whitehouse.gov/omb/circulars_a087_2004). However, food may be an allowable cost if it is necessary to accomplish the objectives of the program, and is reasonable in cost. For example, we do not consider meal services at a Race to the Top – District related conference to be necessary to accomplish the objectives of the program. There may be rare instances where food is a necessary and reasonable cost. For example, if a grantee’s plan proposes to complete community outreach in the evening and low-income families would otherwise not be expected to participate in the event, providing food may be reasonable and necessary.

D-7. May a Race to the Top – District grantee use its grant funds to purchase real property?

No. The ARRA and the FY 2012 Race to the Top – District notice do not authorize Race to the Top – District grantees to use grant funds for the acquisition of real property. Consistent with 34 CFR 75.533, no grantee may use its grant for acquisition of real property unless specifically permitted to do so under the authorizing statute or implementing regulations for the program.

D-8. May a grantee use Race to the Top – District grant funds for construction?

A grantee may propose to use Race to the Top – District funds for modernization or major renovation if it is detailed in the grantee’s approved application. As provided in section 14003 of the ARRA, a grantee may use funds under this section for construction. However, the Department discourages grantees from using Race to the Top – District funds for construction.

D-9. May Race to the Top – District grant funds be used to support early learning activities?

Yes. Consistent with a grantee’s approved application, Race to the Top – District funds may be used to support early learning activities.

D-10. May private schools receive Race to the Top – District grant funds?

No. The statutory language authorizing funds for the Race to the Top – District competition specifically provides that LEAs are the eligible applicants for Race to the Top funds. Race to the Top – District grant funds may not be provided to private schools through a grant or subgrant, and there is no requirement that private school students, teachers, or other educational personnel participate in Race to the Top – District on an equitable basis (as required in some ESEA programs). Furthermore, Race to the Top – District grant funds may not be used to provide financial assistance to students to attend private schools, although funds may be used to provide special education and related services to children with disabilities as authorized by the IDEA. However, consistent with the LEA/consortium’s approved plan, an LEA or consortium has the flexibility to use its Race to the Top – District grant funds to include private school students, teachers, and other educational personnel in activities that the LEA deems appropriate, and may contract with private schools for appropriate secular activities.

D-11. What is the difference between direct costs and indirect costs?

OMB Circular A-87, which applies to LEAs, describes direct costs as those that can be identified specifically with a particular cost objective. The circular provides examples of typical direct costs, which include:

- Compensation of employees for the time devoted and identified specifically to the performance of those awards.
- Cost of materials acquired, consumed, or expended specifically for the purpose of those awards.
- Equipment and other approved capital expenditures.
- Travel expenses incurred specifically to carry out the award.

See OMB Circular A-87, Attachment A, Section E.1.

Indirect costs, by contrast, are those (a) incurred for a common or joint purpose benefiting more than one cost objective, and (b) not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved. (*See* OMB Circular A-87, Attachment A, Section F.1.) Indirect costs represent the expenses of doing business that are not readily identified with a particular grant project function or activity, but are necessary for the general operation of the organization and the conduct of activities it performs. Indirect costs are generally administrative costs such as the salaries and expenses for staff engaged in organization-wide (general) activities. Typical indirect costs include the costs of procurement, payroll, personnel functions, maintenance and operations of space, data processing, accounting, auditing, budgeting, or communications. A cost may not be allocated as an indirect cost if any other cost incurred for the same purpose, in like circumstances, has been assigned as a direct cost.

D-12. How may a grantee include indirect costs in its Race to the Top – District budget?

An LEA or consortium of LEAs may use Race to the Top – District funds for indirect costs, consistent with its approved Race to the Top – District budget. If an LEA chooses to include such costs, it must use the current approved indirect cost rate approved by the State educational agency (SEA) in a manner consistent with 34 CFR 75.561. The indirect cost rate must be applied in accordance with the terms and procedures established by the SEA. If a grantee receives an approved indirect cost rate during the grant period different than the rate included in its originally approved budget, the grantee may request to revise its Race to the Top – District budget to reflect the revised rate.

If multiple LEAs apply as a consortium, the indirect costs for the consortium are limited to the amount derived by applying the rate of the Lead LEA (34 CFR 75.564(e)). As there is no “supplement, not supplant” requirement for Race to the Top – District grants, grantees may use either the unrestricted or the restricted indirect cost rate, at their discretion, when developing their Race to the Top – District budget.

A grantee may apply its indirect cost rate only against the first \$25,000 of each contract on a yearly basis (subject to that being consistent with its Indirect Cost Rate Agreement), and not against the full amount of each contract.

For more information about indirect cost rates, please refer to the Department’s *Cost Allocation Guide for State and Local Governments*. This guide may be found at: <http://www2.ed.gov/about/offices/list/ocfo/fipao/guideigcwebsite.pdf>.

D-13. What must a grantee do in order to claim indirect costs under its Race to the Top – District grant?

Department regulations provide that each SEA, on the basis of a plan approved by the Secretary, must approve an indirect cost rate for each LEA that requests it to do so. (*See* 34 CFR 75.561.) A grantee that is not an LEA, such as a consortium that has established itself as a separate legal entity, and does not already have an indirect cost rate must obtain a current indirect cost rate from its cognizant Federal agency in order to charge those costs to its grant. The cognizant Federal 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).

For additional information about obtaining an approved indirect cost rate or applying for an indirect cost rate, you may contact a cost negotiator using the information provided at the following link: <http://www2.ed.gov/about/offices/list/ocfo/fipao/icgreps.html>.

D-14. May contractors charge indirect costs? For a contractor to charge indirect costs, would it first have to have an approved indirect cost rate?

Yes, contractors (entities receiving funds via procurements from a Race to the Top – District grantee) may charge indirect costs to their Race to the Top – District awards, subject to the limitations of applicable local, Federal, and State rules regarding indirect costs. If a contractor has an indirect cost rate approved by the cognizant Federal agency or by the State under a delegation agreement between the State and the cognizant Federal agency, then it must apply the approved rate. If a contractor does not have an approved indirect cost rate, the grantee must ensure that the indirect costs the contractor proposes to charge are reasonable and necessary to the

contractor's performance under the Race to the Top – District grant and comply with all applicable local, State and Federal rules.

Grantees are responsible for ensuring that each entity to which it distributes funds charges only reasonable and allowable indirect costs to the grant. Please note that although the approved rate is the maximum rate that an entity receiving program funds may apply, it may choose to apply a lesser rate. The Department will expect grantees to regularly monitor indirect costs charged to the grant to ensure that the costs charged are reasonable and necessary to performance under the grant.

In addition, a Race to the Top – District grantee may distribute funds through memoranda of understanding, interagency agreements, or other mechanisms authorized by State procurement laws. The same rules apply to entities that receive program funds through these means, and the grantee is still responsible for ensuring that each entity to which it distributes funds charges only reasonable and allowable indirect costs to the grant.

Please note that grantees and entities receiving program funds via procurements or other means may apply their approved or recognized indirect cost rate only against the first \$25,000 of any contract, and only under circumstances that require meaningful administrative support in distributing and handling the contracted funds.

D-15. If, at the time it receives its Race to the Top-District grant award, an LEA grantee does not have an indirect cost agreement from its SEA, how should it go about obtaining an indirect cost agreement?

An LEA must contact its SEA's business office to obtain information about obtaining an indirect cost rate. A consortium that establishes itself as a separate, eligible legal entity should contact the Department for further instructions on how to obtain an indirect cost rate.

If the grantee indicated in its grant application that it does not have an approved indirect cost rate: (a) The grantee may charge the 10 percent provisional rate for up to 90 days after the grant award notification is issued; (b) The grantee must submit an indirect cost proposal to its cognizant agency within 90 days and, if it does so, may continue charging the 10 percent provisional rate until the cognizant agency has provided the grantee with a negotiated indirect cost rate; and (c) 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 with its cognizant agency.

D-16. Is the Race to the Top – District program subject to a restricted indirect cost rate?

No. Under 34 CFR 75.563, programs that are subject to a non-supplanting requirement must use a restricted indirect cost rate. Because the ARRA does not include a non-supplanting requirement for the Race to the Top program, it is not subject to a restricted indirect cost rate. Therefore, grantees may use either the restricted or unrestricted rate.

E. Consortium Grantees

E-1. May an LEA enter or leave a consortium receiving Race to the Top – District funds?

Yes. The consortium must provide a detailed consortium governance structure (as defined in the notice) in its application that explains the protocols for consortium members to change roles, enter, and leave the consortium. Because significant changes to a consortium's membership could affect a grantee's ability to meet the goals in its approved application or affect the scope of a grantee's project, consortium grantees must inform the Department of any substantive changes to its membership, as soon as the grantee is aware of any possible changes. The Department would review and consider such changes on a case-by-case basis and they could result in changes to the grant, including partial or complete termination of the grant.

E-2. If a group of LEAs receives a Race to the Top-District award as a consortium, what is the grantee entity?

A group of LEAs must enter into an agreement that details the activities that each member of the group will perform and binds each member of the group to every statement and assurances made by the applicant in the application.

The Lead LEA in the consortium is the grantee and is legally responsible for (1) the use of all grant funds, (2) ensuring that the project is carried out by the consortium in accordance with Federal requirements, and (3) ensuring that indirect cost funds are determined as required under 34 CFR 75.564(e). In addition, each member of the consortium is legally obligated to carry out the activities it agrees to perform and use any funds it receives in accordance with Federal requirements that apply to the grant.

E-3. If a group of LEAs applies as a consortium, which LEA(s) may procure goods and services on behalf of the consortium?

If a group of LEAs chooses to apply as a consortium, the members must enter into an agreement that details the activities that each member of the group will perform and binds each member of the group to every statement and assurance made by the applicant in the application. The group may specify in this agreement which LEA(s) may procure goods and services on behalf of the consortium. Grantees should ensure that all procurement arrangements comply with the relevant State and local laws and regulations.

F. Transparency, Accountability, Reporting, and Other Obligations

F-1. What are the reporting requirements for the Race to the Top – District program?

Each grantee receiving Race to the Top – District funds must submit to the Department an annual report that must include a description of its progress to date on its goals, timelines, activities, deliverables, and budgets, and a comparison of actual performance to the annual targets the grantee established in its application for each performance measure. Further, a grantee receiving funds under this program is accountable for meeting the goals, timelines, activities, deliverables, budget, and annual targets established in the application; adhering to an annual fund drawdown

schedule that is tied to meeting these goals, timelines, activities, deliverables, budget, and annual targets; and fulfilling and maintaining all other conditions for the conduct of the project. The Department will monitor a grantee's progress in meeting its goals, timelines, activities, deliverables, budget, and annual targets and in fulfilling other applicable requirements. In addition, the Department may collect other data as part of a grantee's annual reporting requirements.

A grantee must submit, within 100 days of receiving its award, a Scope of Work that is consistent with its application and includes specific goals, timelines, activities, deliverables, budget, and annual targets for key performance measures. If the Department determines that a grantee is not meeting its goals, timelines, activities, deliverables, budget, or annual targets or is not fulfilling other applicable requirements, the Department will take appropriate action, which could include a collaborative process between the Department and the grantee, or enforcement measures with respect to this grant, such as placing the grantee in high-risk status, putting it on reimbursement payment status, or delaying or withholding funds.

An LEA that receives a Race to the Top – District grant must also meet the reporting requirements for the Federal Funding Accountability and Transparency Act (FFATA) for subaward and executive compensation data. Grantees, referred to as “prime awardees,” must report using the FFATA Subaward Reporting System (FSRS), and must, therefore, register in FSRS. More specific information regarding the FFATA reporting requirements will be provided after the grants are awarded.

F-2. What are the reporting requirements under the Federal Funding Accountability and Transparency Act (FFATA)?

For new Federal grants awarded as of October 1, 2010, if the initial award is equal to or more than \$25,000, reporting of subaward and executive compensation data under FFATA is required. Grantees, referred to as “prime awardees,” must report using the FFATA Subaward Reporting System (FSRS), and must, therefore, register in FSRS. The key FFATA data reporting elements are: name of entity receiving award; amount of award; funding agency; Catalog of Federal Domestic Assistance (CFDA) program number for grants; program source; award title; and location of the entity. To facilitate subaward reporting, the prime awardee must report information related to a subaward by the end of the month following the month the subaward or obligation was made. Similarly, the prime awardee must report the subawardee's executive compensation data by the end of the month following the month the award or obligation was made. Additional information about FFATA reporting is available on the FSRS Web site at: <https://www.fsrs.gov/>, which includes links to FFATA FAQs and OMB Guidance on FFATA.

Unlike Phase 1 and Phase 2 grantees under the Race to the Top State competition, Race to the Top – District grantees do not need to meet the reporting requirements that apply to ARRA-funded programs, such as quarterly reports under section 1512(c) of the ARRA (ARRA Division A, Section 1512(c)).

F-3. Does the receipt of Race to the Top – District funds require recipients to comply with Federal civil rights laws?

Yes. LEAs receiving Federal Race to the Top – District funds must comply with Federal civil rights laws that prohibit discrimination based on race, color, national origin, sex, disability, and age.

F-4. Will grantees be able to share student-level data with external public or private partner organizations, such as public health or social service providers?

Grantees may only share student-level data (as defined in the notice) with partner organizations in a manner that is consistent with the Family Educational Rights and Privacy Act (FERPA). In most instances, this will require securing parental consent. FERPA allows LEAs to share student-level data without consent in limited instances, such as to conduct an audit or evaluation of a Federal- or State-supported education program. FERPA would not allow partner organizations to receive student-level data without consent for the purpose of administering services to students. Therefore, we encourage partner organizations to obtain FERPA data-sharing consent from parents.

The Department's Family Policy and Compliance Office (FPCO) is available to provide technical assistance regarding FERPA; to request assistance contact FPCO at FERPA@ed.gov or the Privacy Technical Assistance Center at PrivacyTA@ed.gov.

G. Resources and Information

G-1. Where can one obtain updated information or answers to questions or raise additional questions about the Race to the Top – District program?

The Department will post updated information about the Race to the Top – District program on the Department's Web site at: <http://www2.ed.gov/programs/racetothetop-district/index.html>.

You may submit specific questions about the Race to the Top – District program to the following e-mail address: racetothetop.district@ed.gov. Department staff will respond promptly to your questions. From time to time, we will update this document with relevant questions and answers.

G-2. Where can one find resources about fiscal oversight of Federal grants?

- *Education Department General Administrative Regulations (34 CFR):* http://www.access.gpo.gov/nara/cfr/waisidx_10/34cfrv1_10.html
- *Office of Management and Budget Circulars:* http://www.whitehouse.gov/omb/circulars_default
- *Grants Management Training and Resources:* <http://e-grants.ed.gov/training/index.htm>
- *Ed Memos:* <http://www2.ed.gov/policy/fund/guid/gposbul/gposbul.html>