



**Future Proud
Michigan
Educator
Grow Your Own**

SCHOOL STAFF - SEC. 27B

**FY23 MONITORING AND
GUIDANCE DOCUMENT**

**FOR FEDERALLY FUNDED GRANTEES
OF THE
FUTURE PROUD MICHIGAN
EDUCATOR (PME)**

**GROW YOUR OWN (GYO)
SCHOOL STAFF GRANT**

As a continued part of Michigan’s efforts to grow and diversify the educator workforce and reduce educator shortages, Michigan Department of Education (MDE) has awarded grants to implement and expand Grow Your Own (GYO) programs for school staff. Your grant application has been funded as a part of this effort. Congratulations!


To support grantees at various points in the administration of their federally funded GYO programs, information about the Future Proud Michigan Educator (PME) GYO program can be found on our [GYO School Staff website](#). 

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GYO GRANT PROGRAM ROLES AND RESPONSIBILITIES

It is important to recognize that the Section 27b grants fund GYO programs administered by intermediate school districts (ISDs), local education agencies (LEAs), and public school academies (PSAs) on behalf of the State of Michigan and the Federal government. In other words, once grant funds are transferred to the grantees for the purposes of making reimbursements for allowable costs, and upon condition that the grantee is complying with all grant assurances promised at the time of application, the grantee is considered to be administering **their own local GYO program**.

This means that the awardee assumes the responsibility of developing and maintaining their own grant procedures and policies, which may vary from grantee. It becomes a local decision made within the grantee's administration as to which candidates are reimbursed funds under the program. The grantee further assumes responsibility, for accurate and efficient recordkeeping of partnership agreements, financial transactions, and candidate data, including personally identifiable information (PII). Grantees will also have to comply with federal monitoring requirements, which are detailed in this document, and which can be found on the GYO School Staff website.


The Michigan Department of Education's Office of Educator Excellence (OEE) provides guidance and support, for example in the form of documents such as this one, but also with periodic informational updates in formats such as recorded videos and live Q&A webinars. The OEE team maintains the GYO School Staff website; we also recommend [signing up for our Educationally Speaking newsletter](#), since announcements related to Section 27b GYO grants occasionally appear there. The MDE GYO Team can also be reached for questions at MDE-EdWorkforceGrants@michigan.gov.



MAIN CONCEPT

It is important to recognize that the MDE makes no decisions that would affect how grantees administer their own GYO grant funds to designated candidates. While the MDE's GYO Team was responsible for the grant process, all decision-making power over the actual administration of the GYO programs, once awarded, remains with the grantee. Accountability for using grant funds responsibly, following all applicable grant assurances, ensuring compliance with monitoring requirements, making proper financial transactions, and keeping accurate records, is also the grantee's.


SECTION 27B OF PUBLIC ACT 103 (2023)

[Michigan Compiled Law \(MCL\) 388.1627b](#)  authorizes state and federal funds to be provided to eligible ISDs, LEAs, and PSAs for the purposes of administering their own Grow Your Own programs.

In FY23, intermediate school districts (ISDs), local education agencies (LEAs), and public school academies (PSAs) were invited to apply for Section 27 GYO funds in two rounds. Announcements of award winners for Round 1 were made at the end of May 2023 and announcements of award winners for Round 2 were made in mid-December 2023.

There were some Section 27b GYO grantees who were awarded state funds; this group uses similar, but separate, guidance and monitoring documentation. This document is intended for Section 27b GYO grantees whose grants are sourced from federal funds.

Please discard all earlier versions of this document that you may already have received.

It is important to note that all Section 27b funds, regardless of round, are separate from the allocation in Section 504; please refer to the [EXPLORE Grant: Section 504 website](#)  for more information. Please **do not** use this reference document for guidelines for Section 504. These will have their own documentation, timelines, and resources.

Finally, Department of MiLEAP is the authority awarding the MI Future Educator Fellowship Scholarship and Stipend. Teacher candidates enrolled in eligible preparation programs may not concurrently receive funding from Section 27b funds and these MiLEAP funds.

Candidates may not concurrently receive reimbursement funds from Section 27p (also known as Talent Together) and this funding source. Be sure to keep all records from these two funding sources strictly separate. The OEE will request records of staff participants during the performance of the grant, including PIC numbers of candidates receiving reimbursement funds.


Please keep accurate records as to which employees are funded from each source, to ensure that the funding falls within the respective eligibility windows and criteria.

EPP PARTNERSHIPS



All Section 27b GYO grantees are required to have signed formal partnership agreements with EPPs. Updated legislative language contained in Michigan’s education budget (PA

103) passed in July 2023 allowed applicants to choose partnerships from both traditional degree-granting educator preparation programs and programs that conferred a teaching certificate but not necessarily a degree.

This updated included out-of-state EPP partners, alternative route providers, and non-degree-granting approved teacher certification programs. Past grantees are allowed to add or adjust their partnership agreements to include the same wider range of partnerships.

Be aware that working with out-of-state EPPs under the grant carries with it some important considerations which are the district’s responsibility to ensure. An outline of these considerations is found in Appendix A and on our [GYO School Grant FAQ site](#). 

Awardees may use reallocation flexibilities (see Appendix C) to support partnerships in cases where shifts occur, for example when candidates wish to receive their coursework or clinical experiences from a different EPP partner, or when different candidates from those originally designated are added to candidates eligible to receive reimbursements at the discretion of the awardee.

As an additional flexibility, grantees may add EPP partnerships on an ongoing basis to meet the needs of their GYO program. To request additional partnerships, grantees must submit an approval form to add additional EPPs, called the [New EPP Partnership Request Form](#).  This link is also found on the our [GYO School Staff website](#).  See Appendix A for additional details for submitting the form.

THE ROLE OF EPPs

Partnerships with EPPs are a vital part of the program because grantees must ensure that candidates obtain essential coursework, training and clinical experiences that the law guarantees under a “no cost pathway” to certification or additional endorsement(s).

GYO PROGRAM BUDGET AND EXPENDITURES

All Section 27b GYO grantees provided a preliminary budget for their GYO budget, taking into account all allowable costs under the parameters of the grant program. Since the GYO grant programs are modeled as reimbursement programs—that is, where grant monies flow to individual candidates to make up costs already borne by that candidate, or costs paid by the grantee on behalf of that candidate—the budgets that were submitted by applicants were considered to be the best estimates available to support each candidate on their "no-cost pathway" to initial certification or additional endorsement(s).

However, the MDE anticipates that some costs will change during the actual course of grant activities, for understandable but unforeseen reasons. As a result, this section contains some updates regarding budgets and managing expenditures, as well as a projection of periodic reporting for expenditures and points at which it is necessary for grantees to post revisions to their budget to account for anticipated shifts.

UPDATED FUNCTION CODES

Round 1 applicants found that function code 135 was erroneously listed in the application for this grant. The function codes below are correct and should be assigned to all applicable budget items according to the staff members receiving reimbursements, based on whether they are considered instructional or non-instructional staff. In August of 2023, Round 1 grantees were asked to revisit their budgets and reassign costs previously assigned to function code 135 with the codes below, submitting a revised budget as a correction to what they submitted in their original applications. Note that Round 2 grantees used corrected budget codes when they submitted their applications.

- 221: Instructional staff costs (tuition, program fees, testing fees, transportation, and substitutes)
- 283: Non-instructional staff costs (tuition, program fees, testing fees, transportation, and substitutes)




ALLOWABLE COSTS

What costs are considered allowable (i.e., reimbursable to the candidate) under the Section 27b GYO grants?

- Tuition and relevant fees for courses that directly apply to the initial certification or additional endorsement(s) sought by candidates
- Applicable testing fees, such as MTTC tests
- Costs of substitute staff members who support a candidate's ability to attend course(s)
- Transportation to and from sites providing course(s)
- Costs deemed "other" but necessary to the success of the candidate's preparation, based on OEE approval

INDIRECT COST RATES

The applicant district's restricted Negotiated Indirect Cost Rate Agreement (NICRA) rate, as reflected in the [current fiscal year's rate summary report](#),  may be applied to the modified total direct costs as detailed in the original submitted budgets or in budgets required to be revised on a periodic basis.

- The inclusion of indirect costs must not result in a budget exceeding the total award amount allocated to the project.
- The same administrative cost may not be charged to both direct and indirect cost categories, or to other programs.
- The NICRA rate for Michigan's ISDs, LEAs, and PSAs is subject to change on an annual basis. For this reason, **it is vital** that grantees use the site linked above to make adjustments as necessary.
- As a reminder, restricted NICRA rates are capped at 15%. Districts must use only the correct restricted NICRA rate for a given fiscal year, or 15%, whichever is less.



EXAMPLES OF UNALLOWABLE COSTS

- Tuition and fees at an unapproved provider, or for whom the grantee has not provided a signed partnership agreement to the MDE GYO Program Office.
- Tuition and fees for staff concurrently receiving funds from the MI Future Educator Fellowship, MI Future Educator Stipend, or Section 27p (Talent Together).
- Tuition and fees that do not lead to an initial teaching certificate or to an additional endorsement on a Michigan certificate.
- Any payroll or wages which are paid **directly** to the candidate, for any reason.
- Expenses ancillary to the costs outlined in legislation, such as coaching or tutoring that duplicates existing services; professional development not otherwise provided by the program; or reassignment fees from the EPP.
- Program staffing costs otherwise attributable to indirect costs being claimed as direct costs.

SUBAWARDS

No subawards or subgranting models of fund distribution may be made by the grantees. Accordingly, all awarded ISDs, LEAs, and PSAs are subject to monitoring as subrecipients by the State of Michigan, and must show good grant administration practices over the course of using grant funds.

The identified fiscal agent—i.e., the grantee—must bear full responsibility for any and all accounting functions associated with these funds, including creation and execution of an agreement that outlines explicit dissemination and protocols as it relates to distribution of funding for individual and collective members of the consortium.

BUDGET REVISIONS

As noted before, budgets that were submitted with original grant applications were considered prospective—they represented an applicant's best estimate of what their GYO program costs were likely to be based on the following factors:

- A careful assessment of both the existing and projected staffing needs across the district and/or school(s) listed in the application.
- A complete accounting for all prospective candidates who would actually participate in the GYO program, organized by custom cohort.
- A thorough understanding of the costs associated with tuition and fees related to each candidate, based on information recorded in each individual EPP partnership agreement.
- A clear projection of additional costs deemed necessary as reimbursable expenses, according to guidance provided on the GYO grant application itself.
- An accurate calculation of indirect costs, if claimed by the applicant (see previous page for more information).

Round 1 grantees were asked to set a special revised budget to the MDE GYO Team in August 2023, using a template provided to all awardees. This was done, in part, to correct object and function codes (see page 6) erroneously listed on the Round 1 application screens. This does not apply to Round 2 grantees.

Since these first budgets are considered prospective, it is assumed that necessary budget revisions will happen as a natural outcome of making actual expenditures and adjusting for unforeseeable factors. As a result, there is an established timeline for providing revised Section 27 GYO grant budgets to the MDE, where budgets must be submitted, at minimum, on an annual basis (see Appendix B for additional details), with additional optional budget revisions submitted semi-annually.

Revised budgets should outline projected spending for the performance period of the grant. Revised budgets should include correct object and function codes (see the “Updated Function Codes” subsection above), correct restricted indirect rates (see the “Indirect Cost Rate” subsection above), and any adjusted allocations. **It is important to note that adjustments exceeding the total amount awarded will not be permitted.** Applicants should work with their business office to generate these budgets.

GRANT ADMINISTRATION TIMELINE

SPENDING WINDOWS

Per recent guidance from the US Treasury, grantees have greater flexibility with the original obligation timeline communicated previously to grantees. The official expenditure deadline remains unchanged, but please note below that there are reporting obligations to the state which make additional planning necessary for the end of both the obligation and expenditure periods.


Please note that the OEE reserves the right to review grant performance reports to determine adequate progress toward the purpose of the grant.

It is important to recognize that the fund expenditure window for this grant began on March 3, 2021. This means that grantees may request reimbursement for eligible expenses incurred after this date—even if they had not applied for GYO grant funds beforehand.

Districts are advised to take careful note of the following key dates for the end of the grant performance period:

- **September 30, 2026:** Deadline for districts to obligate or reallocate GYO funds.
- **November 29, 2026:** Deadline of the Final Expenditure Report (FER); no further draws of GYO funds are allowed.

REIMBURSEMENTS

Reimbursement requests must be made subsequent to expenditure and will be submitted and processed via NexSys. A separate set of directions for logging reimbursement requests on NexSys will be provided on the [GYO School Staff website](#). 

REPORTS

Awardees should expect to complete and submit semi-annual participant reports and expenditure reports, annual budget reports and performance reports, and one final expenditure report (FER) at the conclusion of the grant period. Appendix B has more information on each of these report types.



KEY TERMS

Obligation Deadline: The last date by which a grantee must have planned for all possible expenditures under the grant funds, accounting appropriately so that enough grant funds cover these plans, and communicating accordingly with candidates.

Expenditure Deadline: The last date by which a grantee may actually spend funds related to grant activities. After this date, all unspent grant monies revert back to the state agency.

REPORTING CALENDAR

Below is a list of important dates and deadlines associated with Section 27b GYO grant administration. Grantees are encouraged to mark their calendars with these dates, keeping in mind that some events and deadlines may change or be added per any revised federal guidance received.

| Date | Activity | System |
|--------------------|---|---------------|
| March 15, 2024 | Winter 2023 Expenditure Report due for Round 1 grantees | NexSys |
| | Revised 2024 annual budget due for Round 1 grantees | NexSys |
| April 19, 2024 | Updated Participant (PIC) Report | E-mail |
| July 10, 2024 | 2024 mid-year budget revision due for all grantees | NexSys |
| July 24, 2024 | Summer 2024 expenditure report due for all grantees | NexSys |
| | 2023-2024 Performance Report due for all grantees | Qualtrics |
| July 31, 2024 | Spending and Allocation Adjustment Survey | Qualtrics |
| September 30, 2024 | Updated Participant (PIC) Report | E-mail |
| December 9, 2024 | Revised 2025 annual budget due for all grantees | NexSys |
| December 16, 2024 | Winter 2024 Expenditure Report due for all grantees | NexSys |
| February 28, 2025 | Updated Participant (PIC) Report | E-mail |
| July 9, 2025 | Optional 2025 mid-year budget revision due for all grantees | NexSys |
| July 23, 2025 | Summer 2025 expenditure report due for all grantees | NexSys |
| | 2024-2025 Performance Report due for all grantees | Qualtrics |
| September 30, 2025 | Updated Participant (PIC) Report | E-mail |
| December 12, 2025 | Revised 2026 annual budget due for all grantees | NexSys |
| December 19, 2025 | Winter 2025 Expenditure Report due for all grantees | NexSys |
| February 27, 2026 | Updated Participant (PIC) Report | E-mail |

REPORTING CALENDAR (continued)

| Date | Activity | System |
|--------------------|---|---------------|
| June 12, 2026 | Optional 2026 mid-year budget revision due for all grantees | NexSys |
| June 26, 2026 | Summer 2025 expenditure report due for all grantees | NexSys |
| | 2025-2026 Performance Report due for all grantees | Qualtrics |
| September 30, 2026 | Updated Participant (PIC) Report | E-mail |
| September 30, 2026 | End of obligation period; Final Expenditure Reports open | NexSys |
| November 29, 2026 | Final Expenditure Reports due for all grantees | NexSys |
| January 29, 2027 | Summative Performance Report | NexSys |

Below is a summary of the various types of reports MDE requests from grantees.

| Report Type | What's Requested | How Data Is Used | Frequency | System |
|--------------------|---|---|------------------|---------------|
| GYO Budget | <ul style="list-style-type: none"> Updated estimates of monies planned for reimbursements Any anticipated corrections to object codes or indirect (NICRA) rates for the next FY | <ul style="list-style-type: none"> GYO team reviews potential variance from previous estimates Confirms good financial management of grant | Annual | NexSys |
| GYO Expenditure | <ul style="list-style-type: none"> Expenditure detail matching district's NexSys draw-downs Separate report from district's own financial system | <ul style="list-style-type: none"> GYO team monitors periodic spend-down of district GYO funds | Semi-annual | NexSys |
| Participant (PIC) | <ul style="list-style-type: none"> Names and PIC numbers of all candidates funded by grant | <ul style="list-style-type: none"> GYO team creates report of total school staff benefiting from grant | Semi-annual | E-mail |
| GYO Performance | <ul style="list-style-type: none"> Performance ratings of various areas of grant administration Open responses for feedback of candidate experience and improvements needed | <ul style="list-style-type: none"> GYO team creates report for MDE leadership reviewing progress and overall satisfaction Planning for future program changes | Annual | Qualtrics |
| Adjustment Survey | <ul style="list-style-type: none"> Estimates of projected differences between budget and expected expenditures | <ul style="list-style-type: none"> Planning for MDE award reallocation, as needed | Once | Qualtrics |

ASSURANCES

As a part of their application, each grantee agreed to the assurances listed below:



- ✓ The local education agency will exercise an intentional, equitable, and inclusive process for the selection of teacher candidates and mentor teachers to be supported with this grant.
- ✓ The local education agency will employ the teacher candidates supported under this grant throughout the grant cycle.
- ✓ The local education agency and its educator preparation partner (hereafter, “the partnership”) will use data and ongoing consultation described by MDE to continually update and improve activities supported under this grant.
- ✓ The partnership will not prohibit teacher candidates from accessing support through this grant if they are employed in a school or district that they previously attended.
- ✓ The partnership will provide coaching and other supports to teacher candidates and mentor teachers based on individual needs.
- ✓ The local education agency will submit a final budget and report at the end of the grant cycle.
- ✓ Candidates receiving funds through this grant will not concurrently receive funding from Sec 27a or 27c of PA 144 of 2022 (MI Future Educator Fellowship or MI Future Educator Stipend).
- ✓ Candidates receiving funds through this grant will not concurrently receive funding from Sec 27p (Marquette-Alger RESA-administered GYO programs, or Talent Together).
- ✓ The GYO pathway will be no cost for participants and participants will be compensated as an employee for the duration of their training, including a paid residency or student teaching.
- ✓ The applicant will provide student teaching opportunities to the teacher candidates.
- ✓ The applicant will hire the teacher candidates upon receipt of their initial teaching certificates. (Note: If the district or intermediate district is unable to hire an eligible recipient as required under subdivision (e), the eligible recipient may serve the years the recipient pledged to serve under this subdivision at another district, intermediate district, or nonpublic school.)
- ✓ Before providing funding to teacher candidates, the applicant will require the candidates to pledge to serve as full-time teachers in the district or intermediate school district for at least the same number of years as the candidate’s participation in the GYO program.

APPENDIX A: ADDING EPP PARTNERSHIPS

Before identifying new EPPs for partnerships, grantees should have a well-documented procurement policy, and district selection of an educator preparation provider partner must be consistent with its procurement processes and with federal Uniform Guidance.


STEP ONE: CONFIRM ELIGIBILITY



Ensure that your new partner meets the eligibility requirements outlined below.

1. The educator preparation provider must be a non-profit entity and must be accredited by a **regional accrediting organization**  recognized by the Council for Higher Education Accreditation.
2. If the educator preparation provider is located within the state of Michigan (see sidebar), the educator preparation provider's program must be approved by the State of Michigan to lead to teacher certification. ("Teacher" or "CTE" program type.)
3. If the educator preparation provider is located outside the state of Michigan, the educator preparation provider's program **must be approved to lead to standard-level teacher certification in the state where it is offered.** Moreover, the completed program must be in a teaching **endorsement area or areas available in Michigan.**  Please note that online programs offered by providers in other states are considered out-of-state programs.



MDE'S PROPREP WEBSITE

To see a list of institutions and alternative routes that are approved to offer an endorsement based on a selection of desired endorsement(s), use the MDE's **ProPrep website.**  This is the best way to ensure an EPP can deliver the coursework and clinical experiences needed for your candidates.

The out-of-state-prepared educator must complete all certification requirements as specified in Michigan Compiled Laws and the Teacher Certification Code. They must submit a formal application through the Michigan Online Educator Certification System to be evaluated by the Michigan Department of Education for certification after completing the program. A summary of these requirements can be found on **MDE's Out-of-State Applicants website,**  and in the **accompanying video.** 



STEP TWO: SECURE PARTNERSHIP AGREEMENT AND SUPPORTING DOCUMENTATION

Make contact with an EPP that adheres to the requirements above, and together draft a partnership agreement signed by both the applicant and EPP. It is important to note that there is no "official" MDE form for EPP partnership agreements. However, in the agreement, each of the following eight required items must be included, using separate headings or sections where necessary. Note that the ProPrep site is a rolling database that changes as program approvals change; a best practice for districts is to retain a screenshot of the current approved program list screen matching the desired program(s).

APPENDIX A: ADDING EPP PARTNERSHIPS (continued)

1. Necessary semester credit hours and tuition rate (including fees) for completion of proposed programs (initial teacher certification or additional endorsement).
2. Scope of coursework to be provided (e.g., introductory courses, methods coursework, student teaching).
3. Responsibilities of both parties for identifying and selecting teacher candidates and mentor teachers to support teacher candidates.
4. Commitment of the provider to evaluate candidate's educational background, relevant professional learning, and employment experience to waive coursework and other program requirements to expedite the pathway to certification.
5. Responsibilities of both parties for mentorship, coaching, observation, and assessment of teacher candidates.
6. Responsibilities of both parties to support teacher candidates in preparing for the Michigan Test for Teacher Certification.
7. Commitment of both parties to support the candidate beyond the conclusion of the GYO program if the candidate has needs that remain unmet by the program (testing support, career counseling, induction support, etc.).
8. For out-of-state-approved partner providers, assurance that the program(s) leads to licensure in the approving state and that the endorsement area(s) offered through the partnership have a comparable Michigan teacher endorsement.

STEP THREE: SUBMIT THE NEW PARTNERSHIP AGREEMENT FORM

Complete the [New EPP Partnership Request Form](#)  being sure to correctly identify the partner. If this is a new partnership, upload a fully signed partnership agreement that meets the requirements listed above. The form must be completed by an authorized contact for the grant listed in the original application. Contact the MDE GYO Team MDE-EdWorkforceGrants@michigan.gov  if you wish to update authorized contacts for your grant.

Please take care to revise your budget to include the expenses associated with the new partner, being mindful that you may not exceed your original award amount. Your approval will be emailed to you within 10 business days of receipt.

APPENDIX B: GRANT REPORTS

Grantees should expect to report the following data, at least annually.

A. Information about each employee who received funds, including the candidate's:

1. Full name
2. PIC (Personnel Identification Code)
3. Preparation program and institution
4. Endorsement codes or certificates sought (grade band, initial certification or additional endorsement)
5. Program completion status (in progress, complete, dropped out, hired)
6. Program progress (in quartiles)

B. Program Narratives

Grantees will be expected to write a performance narrative that captures lessons learned that may improve implementation at other sites. The survey will specifically ask grantees:

- to report data about their program participants
- to discuss milestones achieved or remaining, including schedule deadlines met or delays
- to describe any significant challenges or concerns, and
- to report any budget variances.

Questions may include, but are not limited to:

- What was your original need for GYO programming and how have your selected educators been able to help you meet that need?
- How has your partnership with the Educator Preparation Provider (EPP) worked to meet your needs and the needs of your employees? If you plan to seek a new partner for future GYO efforts, explain what you are looking for in a new partnership.
- What additional supports did you provide to your employees as they progressed through their GYO programs (e.g. release time, mentorship, testing support, etc.)? Which of those supports was most integral to their successful progress?
- What successes would you share with other districts planning GYO programming? What lessons can MDE share with districts as we continue this work?
- What obstacles or barriers did you encounter as you developed your GYO program?

APPENDIX B: GRANT REPORTS (continued)

C. Budgets

Grantees will be required to submit revised budgets annually via the NexSys reporting system. Grantees may revise these budgets on a semi-annual basis prior to submission of their expenditure reports. This budget report will be the source of the amounts listed as available within each function code in the NexSys expenditure reports.

An important note relevant to these reports is that, for any grant performance period, a GYO Budget Report for that period must be submitted on NexSys and **approved by the MDE GYO Team** before an Expenditure Report can be submitted.

Guidance for the successful submission of each GYO Budget Report, complete with screenshots, will be made available in separate messages to grantees as soon as these reports are open on NexSys.

D. Expenditures

Grantees will be required to submit expenditure reports via the NexSys reporting system on a semi-annual basis. Grantees will be required to enter these expenditures by function and object code and to keep the expenditures within their respective function's budget. Grantees will also be required to upload a system expenditure report that matches these entries to verify that expenses were incurred by the fiscal agent. This report will be associated with reimbursement requests from NexSys.

Like the GYO Budget Reports, separate guidance documents for the successful submission of GYO Expenditure Reports will be sent to grantees as soon as these reports are open on NexSys.

APPENDIX C: POST-AWARD REALLOCATIONS

BACKGROUND

This appendix addresses the following situations commonly reported from grantees seeking to better understand the scope of reallocation flexibilities allowed, such as:

- A staff member previously designated for reimbursement leaves the district or cannot otherwise fulfill the original pledge made;
- The actual needs of staffing in particular endorsement area(s) change based on student demographics, availability of staff otherwise not anticipated, or decisions about class scheduling at the building level; or
- The amounts of allowable costs of supporting one or more staff member's activities under the grant vary from what was originally budgeted in the district's application.

In addition, it is possible that some time has passed between original submissions of grant applications and the availability of grant funds in state financial management systems, including times during the school year when spikes in educator mobility often occur. As a result, Section 27 GYO grantees are encouraged to re-assess their staffing needs in order to identify opportunities for better allocation of grant funds in the interest of Michigan's students.


SCOPE OF FLEXIBILITIES ALLOWED

In general, grantees have wide flexibility to reallocate awarded funds to eligible staff members within the scope of their approved applications. As always, it is important that grantees to set up policies to govern reallocation decisions.

- If a staff member who has been designated for reimbursement leaves employment, the district may reallocate funds to other eligible staff members within the cohort described in the district's application.
- If a district (and a designated staff member) wishes to change the endorsement area the staff member is pursuing, this is also allowed, provided the district does not request more than the total amount awarded under the grant, and the resulting pathway for the staff member remains no-cost.
- A district that wishes to include another educational entity (LEA, PSA or ISD) under its grant (and did not do so in the district's original application) may do so, provided that a) the additional entity is proximal to the awarded district; and b) the awarded district serves as the fiscal agent.

CONDITIONS FOR REALLOCATION

As grantees make decisions to reallocate funds, they must observe the following:

- Reallocations may not cause the district to request more funds than their total awarded funds.
- Reallocations must be reflected on each subsequent budget and expenditure report submitted to MDE.
- Districts must maintain documentation that informed their reallocation decisions.
- Districts must work within current EPP partnerships (or add EPP partners, per Appendix A).
- Endorsements pursued by staff candidates must be qualifying teaching endorsements listed on MDE's Directory of Educator Preparation Providers and Programs, also known as the [ProPrep website](#).  Only programs that lead to endorsements classified as "Teacher" or "CTE" are eligible. Please refer to step two of Appendix A.

WRITTEN POLICIES FOR REALLOCATION

Since grantees are responsible for decisions to reallocate funds based on the first three scenarios described above, they must establish written policies for such reallocations. Written policies assist grantees with maintaining oversight of their state or federal funds, keeping track of their decisions, and ensuring that clear communication is provided to staff members who are the designees for reimbursements as they pursue their certifications or endorsements.

While OEE does not provide a template for grantees' own internal grant oversight policies and cannot mandate the policies themselves, it expects that the administration of grant funds follows the same standards found in any other area of financial reporting and accounting required by public educational institutions.

EXAMPLES OF ACCEPTABLE REALLOCATIONS

1. Administrators of a school district assess staffing needs across fourteen school buildings at the end of each semester. At the end of the first school year, many more students are enrolled in ESL services than originally anticipated. One of the staff members volunteers to pursue an English as a Second Language (NS) endorsement instead of the originally planned Reading Specialist (BR) endorsement, agreeing to begin coursework at one of the partnering EPPs.
2. A public school academy hires a new paraprofessional who had not originally been designated for a grant reimbursement, but who is interested in becoming a teacher. At the start of the school year, the academy finds itself without one of the staff members who was eligible for reimbursements for coursework already completed. The academy offers these reimbursement funds to the new candidate, who begins coursework the next semester.

APPENDIX D: BUDGET AND FINANCE FAQs

What method will districts use to show expenses paid under the grant?

Since this grant is a reimbursement grant, MDE staff will review your expenditure reports, which must match your reimbursement requests. Districts must submit a semi-annual electronic summary expenditure report that shows that what is paid matched what is requested (see Expenditure Reports in Appendix B). In addition, a district may be included in a monitoring sample, and will need to comply with any requests for documentation as part of that monitoring event.

What if our district hasn't paid anything out yet?

A district that did not expend funds by the June or December reporting deadlines must still submit an expenditure report via NexSys with zero dollars entered into the required fields. In lieu of an expenditure summary upload, the district must upload a document stating that it did not incur or request reimbursement for expenses during the reporting period. See your NexSys guidance documentation sent from OEE for more details.

Under what conditions can districts be reimbursed for the costs of substitute teachers?

This depends on what role the substitute teacher has under the grant.

If the substitute teacher is one of the support staff who is participating in the GYO grant program to pursue certification and/or an endorsement in order to address a staffing need, then this person's tuition, transportation, books, fees related to tuition or enrollment, etc. can be claimed as reimbursements, since this person is a candidate.

If the substitute teacher is supporting **another staff member** who is participating in the GYO grant program, then the district is allowed to be reimbursed for substitute teacher costs to allow coverage for that other staff member to attend courses or study time occurring during their normal work day, as long as those are directly related to the other staff member's participation in the grant.

Note that in neither case are grant funds allowed to be use for **direct payment** of wages to a substitute teacher.

APPENDIX D: BUDGET AND FINANCE FAQs (continued)

Can districts budget for computers and other supplies to be given to candidates?

Yes, the purchase of technology for the purposes of completing coursework reimbursed under the grant would be classified as “other, necessary” expenditures and thus be allowed costs. For due diligence reasons, districts should confirm that their EPP partners require the use of technology to complete coursework (copies of course syllabi stating the need to access course resources on the Internet, online discussion forums, electronic requirements for submitted papers, etc., are ideal for this purpose). In addition, following a district’s policies for GYO grant administration, it should be clear that technology purchased for this purpose **remains the property of the district.**

For lower-cost materials (e.g., textbooks), the district is not required to maintain or track these materials for federal purposes, unless the per-unit expense of the materials exceeds \$5,000. Moreover, there are no requirements to return sales proceeds for any such materials to the federal government. The district may, however, institute its own policies regarding the ownership and tracking of these materials.


Can a district pay the cost of tuition for a candidate’s program that won’t end until after the expenditure deadline?

Yes, it is allowable to pay the cost of tuition for a candidate before the final expenditure deadline, even if the candidate not yet completed the course itself, as long as the EPP providing coursework to the candidate allows for this, and as long as there is documentation to show the date the expense was actually incurred.

How do we apply the restricted indirect cost rate if it changes from year to year?

For any grant, single year or multi-year, LEAs, PSAs and ISDs are to use the applicable indirect cost rate approved by their State Education Agency (SEA). To comply with the Uniform Guidance and Educational Department General Administrative Regulations (EDGAR), districts should be using the indirect rate in effect **at the time that the expense was incurred.** Indirect cost rates must be used against the actual expenses already incurred (a district cannot take all the allotted indirect at the beginning of year).

APPENDIX D: BUDGET AND FINANCE FAQs (continued)

While there is no universal rule for classifying certain costs as either direct or indirect, [2 CFR 200.412](#)  requires treating costs “consistently in like circumstances either as a direct or an indirect (F&A) cost in order to avoid possible double-charging of Federal awards.” A district that treats a cost as direct needs to consistently (assuming like circumstances) treat that cost as direct across all Federal awards to avoid “double dipping.” Thus, it cannot treat the same cost as direct for one award then indirect on another award. For instance, if indirect funds are utilized to pay for your central office functions, then central office functions cannot be direct costs under another grant.

A district may drawdown indirect costs periodically (i.e., monthly, quarterly, or annually). Minimally, a district should draw indirect costs annually. Not doing so will have a negative impact on future indirect cost rates.