

# **U.S. Department of Education Overview of GEAR UP and Federal Procedures/Guidelines**

## **GEAR UP**

### **(Gaining Early Awareness and Readiness for Undergraduate Programs)**

(According to the US Department of Education GEAR UP website:

[www.ed.gov/programs/gearup](http://www.ed.gov/programs/gearup))

#### PROGRAM DESCRIPTION

This discretionary grant program is designed to increase the number of low-income students who are prepared to enter and succeed in postsecondary education. GEAR UP provides six-year grants to states and partnerships to provide services at high-poverty middle and high schools. GEAR UP grantees serve an entire cohort of students beginning no later than the seventh grade and follow the cohort through high school.

#### TYPES OF PROJECTS

GEAR UP offers state and partnership grants. State grants are competitive six-year matching grants that must include both an early intervention component designed to increase college attendance and success and raise the expectations of low-income students and a scholarship component.

Partnership grants are competitive six-year matching grants that must support an early intervention component and may support a scholarship component designed to increase college attendance and success and raise the expectations of low-income students.

## **FEDERAL PROCEDURES/GUIDELINES**

#### AUDIT REQUIREMENTS (OMB Circular A-133)

The grantee must conduct an annual GEAR UP audit as part of its regular external audit and the GEAR UP portion of the audit report must be mailed to the Federal Audit Clearinghouse and to the GEAR UP Program Officer at the U.S. Department of Education.

#### BUDGET EXPENDITURES

The Office of Management and Budget (OMB) Circulars provide basic guidance for the expenditure of funds. However, because GEAR UP allows certain expenditures that OMB typically does not, the U.S. Department of Education requires prior approval on the following items:

- Food: Events where food is served must have prior approval. A Special Event form needs to be completed which includes a description of the event, attendees, purpose, and cost/person estimate. The request must be submitted to the GEAR UP Director at least 2 weeks prior to the event. If it is a field trip and charter buses are involved, the request should be submitted at least one month prior to the trip.
- Certain Materials: Although not specifically covered in an OMB circular, to avoid an audit exception, it is required that all special purchases (including door prizes, t-shirts, calculators, entertainment or sport events tickets, gift cards, etc) obtain prior approval by completing a Special Event form which includes a description of the event, attendees, purpose, and cost/item estimate.
- Travel: ALL travel for professional development or for conferences MUST obtain prior approval, including those that are not GEAR UP funded but will be used for Match. In-

state travel for local meetings does not require such approval, nor does travel for the Federal Capacity Building Workshop or Annual GEAR UP Conference as long as the limit is not exceeded. If there are more than six individuals attending the conference (the federal limit), approval must be obtained to use GEAR UP funds for additional attendees.

### BUDGET TRANSFERS

Some things must have prior approval from the federal GEAR UP Program Officer. These requests come from the GEAR UP Director to the Federal US DOE Project Officer as a request and justification. If a county needs to transfer funds in their budget from one of the areas noted below, the county notifies the GEAR UP Budget Specialist and the Director then contacts the US DOE. Once the approval has been given, the transfer can be made.

- Budget Transfers from any of these accounts:
  - Professional Development / Training
  - Contracts
  - Services to Students (tutoring, mentoring, counseling, etc.). For funds that are internally transferred from one area of student service to another, the approval is not required from the US DOE.

### CARRYOVER

Carryover monies are those unexpended funds from any given year. Carryover should not exceed 10% of the grant and if it does, the grantee must provide an explanation as to why this occurred and present an expenditure plan for use of these funds. Carryover funds will be the first funds spent in any new fiscal year. They can be used to complete unfinished GEAR UP programs or activities or for new activities within the scope of GEAR UP. A grantee's annual allocation MAY BE REDUCED if the U.S. Department of Education ascertains that too much carryover exists.

### COMMON AUDIT EXCEPTIONS

- Missing Time & Effort Reports (all payroll timesheets must have a detailed time and effort report attached showing direct time spent on GEAR UP activities)
- Poor Record Keeping and Lack of Documentation: must maintain accessible documentation on all expenditures and payments as well as on data collected for programs and activity participation. MATCH must be documented!
- Incorrect Indirect Cost Rate: a copy of the Indirect Cost Rate Agreement must be sent to the U.S. Department of Education, GEAR UP for filing
- Unallowable Costs

### DOCUMENTATION AND RETENTION REQUIREMENTS FOR RECORDS

Financial records, supporting documents, statistical records, and all other records pertinent to an award shall be retained for a period of 3 years from the date of submission of the final expenditure report. (OMB A-110, C.53). The Fairmont State GEAR UP office will provide the GEAR UP counties with the appropriate date to dispose of the records.

## DRAWDOWNS

GEAR UP is an “expenditure model” which means funds are drawn down after the expense has occurred. Funds drawn down must be spent within 72 hours. The U.S. Department of Education monitors GEAR UP draw downs and recommends they occur no less than monthly. They view “progress” and grant activity by the draw down activity. They like to see draw downs consistent with the timeliness of the expenditures – they do not like to see a stockpiling of expenditures to hold for major draw downs.

## EQUIPMENT PURCHASES

All equipment (defined as a non-expendable property with a per unit cost equal to or greater than \$5,000) purchases must receive prior approval from the U. S. Department of Education.

## FEDERAL CONCERNS

- Large amounts of unobligated funds at the end of the budget period
- Excessive or infrequent draw downs
- Project goals are not being met
- APR was not submitted on time or at all

## FUNDRAISING

The use of Federal funds for fundraising is not allowed. Federal funds may be used for capacity building (i.e. providing training in the acquisition of programs and services which promote GEAR UP goals).

## KEY PERSONNEL

If there is a change in key personnel as written into the grant, the GEAR UP Director must submit to the US DOE GEAR UP Program Officer resumes and cover letters for the 2-3 finalists for the vacant key personnel position, along with the job description. The US DOE must approve the change in key personnel positions prior to offering a position to an applicant. Failure to follow this procedure may result in loss of federal funding for this position.

If the Project Director is absent for more than 3 months or if there is a 25% reduction in time, the U.S. Department of Education GEAR UP Program Officer must be notified.

## MATCH

GEAR UP is a dollar-for-dollar match program. Match can be monetary, in-kind (personnel, equipment, etc.) or program income (there will not be much of this if any). A system for the collection, documentation, and reporting of MATCH must be established and monitored for annual reporting requirements. The annual dollar amount of Match is determined based on what we submitted in the original grant application, regardless of expenditures. Exceptions to the annual obligation may be made by the GEAR UP Program Officer.

## NO COST TIME EXTENSIONS

Final Year: Each grantee may be given a one-time extension for up to one year with a written notice submitted to the US DOE GEAR UP Program Officer no later than 10 days before the project ends (August 31, 2011). The notice must include the reason for the extension and an anticipated revised expiration date (no longer than one year). The extension is for the completion of unfinished GEAR UP activities for the cohort of students.

## ORGANIZATIONAL CHANGES

Changes in the structure or positions as submitted and approved in the grant application must be submitted to the US DOE GEAR UP Program Officer for approval prior to the implementation of the change.

## PRE-AWARD COSTS

Fairmont State University GEAR UP may charge GEAR UP-related expenses (because there was a reasonable expectation of obtaining the grant) for up to 90 days prior to the actual award date (September 1, 2005). No prior approval is required.

## PUBLICATIONS

Federal dollars cannot be used to promote GEAR UP. Funds can be used to promote GEAR UP activities, college access, programs, and services. Any publications produced using federal funds must include a statement i.e., *“Produced or paid for in full or in part by the U.S. Department of Education, Fairmont State GEAR UP Grant”*. Handouts used for internal purposes do not need to comply with this regulation, just formal publications, promotions (for college access) or media productions.

## SUBSTANTIAL CHANGES IN SCOPE

All substantial changes in the scope of the grant must be submitted to the US DOE GEAR UP Program Officer for approval.

## TAX EXEMPT STATUS

As a reminder, schools should not be using grants funds to pay state taxes.

- Be sure your school staff knows to use the appropriate TAX EXEMPT FORMS.
- On major items, it is probably not an issue because the county fiscal officer will make sure that tax is not charged, but when the schools order food for example, they have to remember to use the Tax Exempt Form. If they forget, the grant cannot reimburse for taxes paid.

## TIME & EFFORT REPORTING

ALL GEAR UP employees, support staff, and volunteers (if used for Match) MUST attach to their timesheet a Time and Effort Log, detailing the time spent on GEAR UP activities.

## 21<sup>ST</sup> CENTURY SCHOLAR CERTIFICATES

All partnership grantees are required to provide students with a 21<sup>st</sup> Century Scholar Certificate from the U.S. Secretary of Education. These certificates are personalized by the grantee and specify the amount of federal financial aid for college a student may be eligible to receive. Grantees are responsible for personalizing the certificates and distributing them to students.

### OVERALL, THE U.S. DEPARTMENT OF EDUCATION IS LOOKING FOR:

- Annual substantial progress in meeting grant goals
- GPRA indicators met
- Strong recordkeeping and fiscal accountability