



State of Arizona  
Department of Education

**Date:** May 10, 2017  
**To:** Local Education Agencies (LEA)  
**From:** Arizona Department of Education  
**Re:** Substantial Approval, Obligations, and Pre-Award Cost Approval

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Following a recent evaluation of Federal Uniform Grant Guidance (UGG), the Arizona Department of Education has identified regulations applicable to all federal grant funds passed through the Department to Local Education Agencies.

34 CFR §76.708 of Uniform Grant Guidance provides specific regulation regarding when sub grantees may begin to obligate funds. It states that sub grantees may not obligate funds until the date that the applicant submits its application to the State in Substantially approvable form for formulaic grants or until the State approves the application for discretionary grants. Further, 2 CFR §200.458 allows for the approval of pre-award costs prior to the effective date of the award where such costs are necessary for efficient and timely performance of the scope of work; to the extent that the costs would have been allowed if incurred after the date of the Federal award and only with written approval.

The Department recognizes the more recent enforcement of these regulations has caused many questions and concerns from those in the field. The Department would like to abate these concerns by introducing our strategy to enforce the regulations while simultaneously ensuring flexibility with minimal burden and impact to our LEAs ability to carry out Educational Programs for Arizona's students.

For Fiscal Year (FY) 2018, the Department will be attaching a Pre-Award Cost Request Form to all FY18 Federal Grant applications within the Grants Management Enterprise System as a Related Document. Completion of this form will be required for any LEA who has incurred pre-award costs prior to receiving Substantial approval of your FY18 application. To streamline this process, LEAs need only attach the completed form to the Related Documents section of their Funding Application during submission. Each Federal Grant where pre-award costs are incurred would require the submission of this form with the Funding Application.

Please contact the Program Specialists assigned to your Grant(s) or the Grants Management Department should you have any further questions.

A workshop on Uniform Grants Guidance will be conducted by Brustein & Manasevit, PLLC on July 26, 2017 at the Hyatt Regency Phoenix. To register, please visit <http://www.bruman.com/phoenix2017/>.

Thank You