

Relief Funding Office Hours: Revised Liquidation Extensions

Frequently Asked Questions

Updated June 23, 2025

Per the letter received from Secretary McMahon on March 28, 2025, the U.S. Department of Education (ED) modified the liquidation period to end on **March 28, 2025, at 5:00 p.m. ET**. ED will consider an extension to the liquidation period on an *individual, project-specific basis*. ED has the authority to approve liquidation extension requests (LERs) for properly obligated funds upon review of a written request made by the Tennessee Department of Education (department) on its own behalf or on behalf of local education agencies (LEAs). Final approval of a grantee's written request will be based upon the specific facts and circumstances in accordance with 2 CFR § 200.344(b).

All ARP ESSER & ARP Homeless funds must still have been fully obligated by **Sept. 30, 2024**. The regulations at 34 C.F.R. § 76.707 govern when an obligation of Federal funds by a State or an LEA occurs. Specifically, for services or assistance provided through a contract, the obligation is made on the date that the State or subgrantee makes a binding written commitment to obtain the services, work, or products. For rental or lease of real or personal property, the obligation is made when the property is used.

Revised requests were due to the department by May 30, 2025. The department is notifying LEAs as requests are submitted and will contact LEAs once approval/denial is received regarding next steps. LEAs with projects that have been denied can appeal the decision within 30 days of the date on their denial letter.

Helpful Resources

[ED ESF Funding Letter March 28, 2025](#)

[ED ESF Funding Letter Email March 28, 2025](#)

[ED ESF Funding Email April 3, 2025](#)

[Davis Bacon Overview](#)

[Relief Funding Office Hours](#)

Questions & Answers

1. Our LER is still in ePlan without TDOE approval. When will that process continue? Will we get approval of it before it is submitted to ED?

We approve them once we submit the request to ED. We have been holding off a bit as we wait to get information from ED. Once requests are submitted to ED, we approve them on our end, which helps us keep track of what has been submitted.

2. Will my LEA receive an audit finding due to the non-reimbursement of FY25 ESSER 3.0 and ARP Homeless expenditures?

No. The department consulted with the Tennessee Comptroller's Office and was assured that a finding would not be issued for a deficit balance specifically attributable to ED's decision not to

approve liquidation extension requests for expenditures previously approved in the ESSER 3.0 and ARP Homeless grants. The audit will include a footnote explaining the deficit balance in these cases.

3. *If we had to have funds obligated by Sept. 30, 2024, and we don't get approved for what we obligated for, will there be a way to "re-obligate" those funds, or will we just have to release them?*

The obligation date is in statute and cannot be changed. LEAs will need to determine if there are expenditures from other funding sources (ex., GP, IDEA, etc.) related to direct services to students that were obligated by the deadline that would be approvable under ESSER and work with their finance team to see if those could be moved around and requested under the LER. We will submit what LEAs request, so that is ultimately an LEA-level decision.

4. *Are we constrained by our current ESSER 3.0 budget, or could we move things from other funds that were obligated by Sept. 30, 2024, in case our requests are denied?*

We would open the funding app to make those changes. LEAs will need to upload the proper documentation to show that those funds were obligated by Sept. 30, 2024.

5. *We have a vehicle request to transport McKinney-Vento students when other options are not available. Do you think ED will approve this?*

From what we have heard, vehicles are not being approved by ED, as they say that they don't provide direct services to students. If that is something an LEA requested and was denied and wishes to appeal, our team can work with you to strengthen that request.

6. *Most of our remaining funds were related to construction. However, we used another funding source to pay a company for services related to speech and language pathologists and instructional services due to shortages. Are these things we may be able to reallocate funds to that would get approved?*

The wording we have seen for what is being approved is "direct academic support to students," so LEAs need to consider services that are directly related to academics and involve students. Based on what we have seen, construction is not likely to be approved, so LEAs may need to consider moving expenditures related to direct services to students that were obligated by Sept. 30, 2024, to ESSER and covering construction expenses with another funding source.

7. *We had a tutoring contract and cannot change it at this time. Our last reimbursement wasn't approved because ED changed to the deadline. If approved, would we resubmit the request to the state for March and April and expect to get that by June 30, or would that be something we would have to wait on?*

As we are not able to reimburse anything until ED approves, June 30 is a tight deadline. We recommend working with your finance team on a contingency plan in case we don't have approval by then.

8. *For clarification, does the trend appear that interventionists paid through Title I in the 2023-24 school year could be reimbursed via ESSER 3.0?*

The only concern is that we have not seen any approvals for reimbursements. We have seen approvals from other states for continued services, such as a tutoring contract that was obligated by Sept. 30, 2024, and continues into the 2025-26 school year. We have not seen approvals or denials for “accounting adjustments” at this time.

9. *Are you seeing any approval for mental health services?*

At this time, what we have seen and heard as being approved has been directly tied to academics. We know that at least one LEA has been denied for the continuation of mental health services funded by ESSER.

10. *Would it be in our best interest to go ahead and adjust our ESSER application, as we are concerned about not getting approved?*

We recommend discussing the request with your LEA and considering whether it is for direct academic services. If not, and you are concerned it will be denied, our team could pull the previous request so the LEA can make changes and resubmit.

11. *If the department hasn't approved our extension request yet, what timeline are we looking at for approval or denial? How far into the next fiscal year could it be?*

We were originally told it would take a week to receive approval/denial; however, based on what we are currently seeing, it is taking 5-6 weeks before we hear back from ED.

12. *It sounds like accounting adjustments and reimbursements, even for direct services, may not be approved if they have already taken place. If this is the case, would we need to look at contracts and services that were obligated by Sept. 30, 2024, but continue into this school year?*

Yes, while we have not seen approval or denial for accounting adjustments at this time, it seems that the most likely requests to be approved are related to ongoing direct academic services to students.

13. *Related to direct services to students, if it is not something that has been continued/is continuing, it will likely not be approved, correct? If we do go back to look at things that were paid out of other funding sources, and/or want to reimburse those funds, how far can we go back?*

We cannot say with certainty that those would not be approved; however, we have not seen them approved at this time. Based on what we have heard, we are seeing things approved that provide direct academic services, are tied to learning loss related to COVID, and are current.

To avoid reopening your books, we recommend staying within the current fiscal year. Since the end of the fiscal year is approaching, LEAs need to be mindful of the timeframe for changing budgets and getting approvals.

14. From what we are hearing, our best chance of getting approved is something that was obligated by Sept. 30, 2024, but we are still spending from July 2025 to March 2026?

Based on the information we currently have, that would likely be the best option and have the highest likelihood of being approved.

15. Our LEA has not received reimbursements for expenditures charged to the ESSER 3.0 and ARP Homeless grants in FY25. Should we accrue the revenue on our books at year-end?

Maybe. LEAs should only accrue FY25 ESSER 3.0 or ARP Homeless revenues if they have been notified that ED approved the respective liquidation extension requests, and the LEA has not received the funds as of June 30.

16. If my LEA has not been notified by fiscal year-end whether the liquidation extension requests for the ESSER 3.0 and ARP Homeless grants were approved by ED, or has been notified that they were not approved, what are our options to cover the expenditures?

Given that accruing revenue is not permitted in these circumstances and with the fiscal year-end approaching, options may be limited in FY25. LEAs whose liquidation extension requests were denied should evaluate whether sufficient and allowable resources are available in other funds in FY25 to cover the expenses initially charged to the ESSER 3.0 and/or ARP Homeless grants. If resources are unavailable and expenses cannot be transferred to other funds, these grants may end the year with a deficit balance.

17. If my LEA closes FY25 with a deficit balance in the ESSER 3.0 or ARP Homeless grants, what action is needed to rectify this in FY26?

The LEA may wait until ED decides whether its liquidation extension request(s) will be approved. Ultimately, any expenditures not approved by ED must be covered by other funds.

18. Money was already allocated and spent by the LEA, but the project was denied (ARP Homeless). We used this money after we saw an increase in students experiencing homelessness following a major flood. What can we do to appeal in order to get reimbursed for these expenses?

LEAs will still need to follow the late liquidation period. Our team at the department and the LEA may need to work with the LEA to see if there is anything, like tutoring or other direct services, that could be moved and reimbursed. Unfortunately, several LEAs paid everything out by March 28 but had not received reimbursement, and the department is not able to reimburse the LEA without a liquidation extension approval from ED.

19. If we are denied (to cover school buses that we have been waiting on for 1-2 years), what do we do with our remaining funds?

Unless there is something else the LEA could request for extension, they would have to release the funds. One thing we are open to trying is accounting adjustments. We don't know that they will be approved and have not seen any approvals/denials in speaking with other states at this time. These would be expenditures that were approvable, paid for out of other funding sources, and provided direct services to students, like tutoring, interventionists, etc.

20. How can we find out if the requests sent to ED for approval have been approved/denied?

When the department submits the request to ED, we will email the LEA to let them know that it has been submitted. Once we receive approval/denial, we will contact the LEA to let them know the next steps.

21. We had an ESSER coordinator that we contracted with, and we have requested an extension to finish out. If we aren't approved for that, how should we handle paying them?

Since that is not directly tied to student learning, it will likely not be approved. That expenditure would probably not fall under ESEA, so we recommend moving that to general purpose and looking at other approvable expenses that were obligated by Sept. 30, 2024, that could be reimbursed.

22. Should we submit our ESSER 3.0 and ARP Homeless final expenditures reports (FERs), or should we wait?

LEAs should complete their FERs by Aug. 1.

23. We have completed our projects but need to submit reimbursement; however, based on what we are hearing, it sounds like the things we have requested won't be approved. Can we move those into Fund 141 this year, but still request reimbursement from ESSER 3.0 and ARP Homeless?

Yes, the LEA may assess whether sufficient and allowable resources are available in other funds in FY25 to cover the expenditures initially charged to the ESSER 3.0 and/or ARP Homeless grants. If the LEA moves the expenditures to Fund 141 General Purpose (GP) in FY25, they may still request reimbursement from the ESSER 3.0 and/or ARP Homeless funds. If ED approves the request, the LEA will subsequently amend their FY26 GP budget for the revenue and post it to 141 47401 ESSER 3.0 or 141 47404 ARP Homeless. Please contact your [regional finance consultant](#) if assistance is needed.