Memo Regarding Interim Final Rule 31 CFR Part 35 Affecting ADN-to-BSN Program Requirements

To: Project Leads, ADN-to-BSN Completion Grant Program at Michigan’s Public Community Colleges
From: The Office of Sixty by 30, Michigan Department of Labor and Economic Opportunity
Date: November 21, 2023
Re: Interim Final Rule Change Affecting ADN-to-BSN Program

The U.S. Department of the Treasury has issued new federal guidance that may affect several programs administered by the Office of Sixty by 30 using State and Local Fiscal Recovery Fund (SLFRF) dollars. In particular, the ADN-to-BSN Completion Grant Program is immediately affected.

Rules in place prior to this change stipulated that all SLFRF funding must be obligated by December 31, 2024. Treasury advised that this “obligation deadline” passed to grant subrecipients. For many institutions, this rule was a major challenge to implementing the program design for ADN-to-BSN completion that they would have preferred. The Office of Sixty by 30 has advised institutions that some expenditures are especially challenging because of the requirement to incur the expense and obligate the funds prior to 12/31/24. In particular, our office was concerned that using the funding for personnel and student financial aid opened schools, and the State, to significant risk that funds would be lost if spending plans needed to change after the obligation deadline. In short, the need to obligate funding by 12/31/24 limited program spending flexibility following the obligation deadline and substantially informed program design.

On November 9, 2023, the U.S. Department of Treasury issued a new interim final rule that greatly expands program flexibility. Grant subrecipients (in this case, community college grantees) are now exempt from the requirement to meet the same obligation deadline as the state. The funds will be considered obligated at the time that the State and college enter into a grant agreement. This flexibility means that it is now significantly easier to use the funding for personnel costs and student financial aid, among other expenditure categories.

Institutions are not required to make any changes to their LOI/spending plan as a result of this rule change flexibility; but because we know that many institutions felt constrained by the obligation deadline, we want to create the opportunity.

Program Design Changes Affecting Colleges Waiting on a Final Grant Agreement

While, naturally, we wish that this change had come before we were a year into the program, we feel it is beneficial to the success of the ADN-to-BSN program to modify our program requirements to allow schools to benefit from the flexibility that U.S. Treasury is granting. We recognize that some schools may want to alter their program design and change their spending plan. Our priority is to enable this flexibility without stalling progress towards finalizing grant agreements. This means that for institutions still in process, we will work towards approved grant agreements based on existing LOIs and use amendments for any institutions that want to make changes given the changes to the obligation rules.

The primary change institutions will notice to the grant agreement template is that project budgets will no longer be included. By removing project budgets from the grant agreement, we are avoiding a need for
future budget amendments that could trigger the State’s obligation requirements if your budget changes after 12/31/24.

**Colleges With An Approved LOI, Awaiting Final Grant Agreement**

Sixty by 30 will process a grant agreement using your current approved LOI, removing the budget, and then process amendments in early 2024 for any institutions that want to modify their program design based on the new flexibility from Treasury.

- We will send you a revised grant agreement that reflects this new flexibility.
- The agreement with your four-year partner is still required for an executed grant agreement.
- If any institution would prefer to modify their LOI before executing a grant agreement, they should alert our office as soon as possible, or when we send the grant agreement to them for signature.

**Colleges With a Submitted But Not Yet Approved LOI, Awaiting Final Grant Agreement**

Sixty by 30 will reach out individually to colleges that have not yet received approval on their LOI by December 1, 2023, to approve the current LOI or to request additional information/clarification. At that point, the office will ask the institution to determine whether the institution would like to make changes to its LOI before signing a grant agreement.

- If the currently submitted LOI is approved, a college will have the option to move forward as in the previous category, with the current LOI, and use a grant amendment in 2024 to reflect any changes to the program.
- If the currently submitted LOI requires revision, Sixty by 30 will request that the college include any desired program changes in a revised LOI.

**Colleges With An Executed ADN-to-BSN Grant Agreement Already**

For those institutions that already have a fully executed grant agreement, no action is necessary at this time. But in the first quarter of 2024, we will be reaching out to modify your grant agreement to remove the budget. In the meantime, you may continue spending against your current agreement and submit reimbursement requests as frequently as monthly.

**For All Institutions**

It is important to emphasize that the deadline for fully expending the funds has not changed and remains September 30, 2026, and colleges may only use funds for budget items allowed by the statute.

If you have any questions, please contact Sixtyby30@michigan.gov.

The Office of Sixty by 30 hosts weekly office hours on all non-holiday Wednesdays from 12:00-1:00pm, via zoom: https://us06web.zoom.us/j/83886606810?pwd=emDkQeJwmqy7aXiyxHKOofF3Gsf1. In addition, institutions can set up one-on-one meetings with the appropriate staff by reaching out to the email address above.