



Fiscal 101



Module 2: Obligation and Liquidation

Slide notes

This is the second module in the Fiscal 101 series. Obligation (or orders placed requiring payment) and Liquidation (payment) are essential concepts that support the appropriate management of your Federal Part C state award. Whether you directly address the fiscal award, or the management of the award is handled by your fiscal department, it is important for every Part C Coordinator to understand the requirements.

Important Terms

1. Forward Funded

Congress makes IDEA funds available to states on July 1 before the start of the fiscal year, instead of at the start of the fiscal year on October 1. ([34 CFR §76.703](#))

2. Period of Performance

3. Tydings Period

4. Obligations



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When discussing Obligation and Liquidation, there are several terms that are important to understand.

Forward Funded: Unlike other federal funding, Congress makes IDEA funds available on July 1 before the official start of the federal fiscal year on October 1.

Important Terms

1. Forward Funded

2. Period of Performance

The time during which the non-Federal entity may incur new obligations to carry out the work authorized under the Federal award. A grantee must liquidate all obligations incurred under the award not later than 90 days after the end of the funding period. ([2 CFR §§ 200.77](#) and 200.309)

3. Tydings Period

4. Obligations

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Period of Performance: This term refers to the period of time that the non-federal entity (the state lead agency) can incur obligations to carry out activities authorized by the federal award. The grantee (state lead agency) must liquidate all obligations incurred under the award by 90 days after the end of the funding period.

Important Terms

1. Forward Funded

2. Period of Performance

3. Tydings Period

Sec 421(b) of the General Education Provisions Act ([20 USC 1225\(b\)](#)), states that any funds that are not obligated at the end of the Federal Funding Period shall remain available for obligation for an additional period of 12 months.

4. Obligations

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Tydings Period: A provision of the General Education Provisions Act (GEPA) allows state lead agencies an additional 12 months to obligate any funds that were not obligated at the end of the first twelve months. As a result of the Tydings Period, states have 27 months to obligate funding for each federal fiscal award.

Important Terms

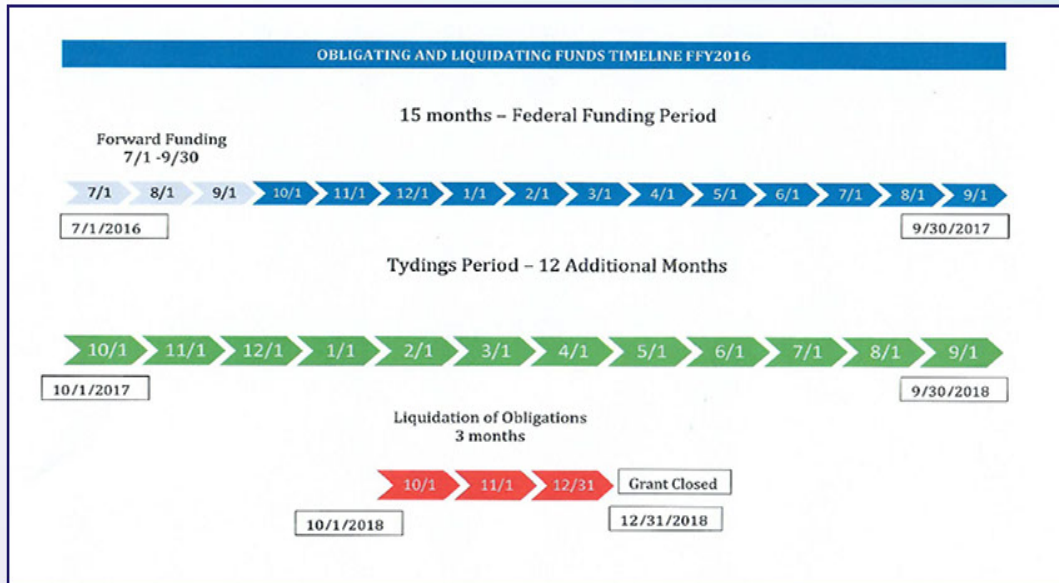
1. Forward Funded
2. Period of Performance
3. Tydings Period
4. Obligations

Contracts, subawards, orders placed for property and services, or other similar transactions during a given period that will require payment by the non-Federal entity during the same or a future period ([2 CFR §200.71](#))

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Finally, Obligations are contracts, subawards, orders placed for property and services, or other similar transactions during the funding period that will require payment.

Timelines



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Unlike many Federal awards, the period of availability for many Department of Education grants, including the IDEA Part C grant funds, have a period of availability that exceeds 12 months. This chart illustrates all three of the time periods for fiscal activity that Part C programs need to understand. While the chart uses FFY 2016 funding to illustrate these time periods, these time frames apply regardless of the specific funding year.

First, IDEA Part C funds are provided to States on July 1st of every year. This is called a forward funding period where funds are made available prior to the start of the Federal fiscal year, which is October 1st. Forward funding extends the total Federal Funding Period to 15 months.

A second provision is called the Tydings Period (an Amendment from GEPA). The Tydings Period extends the period of availability for an additional 12 months. The combination of the advanced appropriation (or Forward Funding) and the Tydings period allows the IDEA Part C funds to be available for expenditure for a total of 27 months. This 27 month period is also called the obligation period.

Because the IDEA Part C period of availability for each grant is 27 months, there are always two grants available for obligation, and between July 1st and September 30th of each year, three grants are available for obligation.

Once the 27 months have passed, there are an additional three months (from October 1st through December 31st of each year) where no new expenditures can be made, but funds can be drawn down for expenditures made during the period of availability. This is called the liquidation period.

Finally, if a lead agency cannot liquidate all of its funds during the obligation and liquidation period, a lead agency may make a late liquidation request to OSEP. If you have any questions regarding obligation and liquidation, you should contact your OSEP state lead.

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