

Office of Federal Programs (OFP)

Substantial Approval vs. Full Approval of Application



NORTH CAROLINA
State Board of Education
Department of Public Instruction

Substantial Approval vs. Full Approval of Application

- Substantial approval of application = ability for subgrantee to obligate funds.
 - A state may not allow a subgrantee to obligate funds until the **later** of two dates under [34 CFR§ 76.708](https://www.ecfr.gov/current/title-34/subtitle-A/part-76/subpart-G/subject-group-ECFRae39e5300d1271f/section-76.708) (<https://www.ecfr.gov/current/title-34/subtitle-A/part-76/subpart-G/subject-group-ECFRae39e5300d1271f/section-76.708>):
 - The date that the state may begin to obligate funds (typically July 1); **or**
 - The date that the applicant submits its application to the state in substantially approvable form.
 - When obligations are made is defined in [34 CFR§76.707](https://www.ecfr.gov/current/title-34/subtitle-A/part-76/subpart-G/subject-group-ECFRae39e5300d1271f/section-76.707) (<https://www.ecfr.gov/current/title-34/subtitle-A/part-76/subpart-G/subject-group-ECFRae39e5300d1271f/section-76.707>) (next slide)
- Full approval of application = PSUs may draw down funds.



When an Obligation is Made Under 34 CFR§76.707

(<https://www.ecfr.gov/current/title-34/subtitle-A/part-76/subpart-G/subject-group-ECFRae39e5300d1271f/section-76.707>)

If the obligation is for—	The obligation is made—
(a) Acquisition of real or personal property	On the date on which the State or subgrantee makes a binding written commitment to acquire the property.
(b) Personal services by an employee of the State or subgrantee	When the services are performed.
(c) Personal services by a contractor who is not an employee of the State or subgrantee	On the date on which the State or subgrantee makes a binding written commitment to obtain the services.
(d) Performance of work other than personal services	On the date on which the State or subgrantee makes a binding written commitment to obtain the work.
(e) Public utility services	When the State or subgrantee receives the services.
(f) Travel	When the travel is taken.
(g) Rental of real or personal property	When the State or subgrantee uses the property.
(h) A pre-agreement cost that was properly approved by the Secretary under the cost principles in 2 CFR part 200, subpart E	On the first day of the grant or subgrant period of performance.



Why Does the Timing of Substantially Approvable Status Matter in Practice?

- For formula subgrants, PSUs may not obligate funds until the application is in substantially approvable form. ([34 CFR§76.708](https://www.ecfr.gov/current/title-34/subtitle-A/part-76/subpart-G/subject-group-ECFRae39e5300d1271f/section-76.708) - <https://www.ecfr.gov/current/title-34/subtitle-A/part-76/subpart-G/subject-group-ECFRae39e5300d1271f/section-76.708>)
- If a PSU does not have substantially approvable status by July 1, it cannot obligate or charge costs that begin on July 1 to the grant like salaries or summer programming even if those activities are otherwise allowable.
- Allowing obligation by July 1 ensures PSUs have the full federal period of availability to plan, use, and be reimbursed for validly obligated costs, rather than compressing spending into a shorter window.



How Some SEAs Approach Substantially Approvable

- Some states approach “substantially approvable” status as part of a two-phase application process:
 - Phase 1, by July 1. Submission of basic information sufficient to obtain substantially approvable status and allow the LEA to begin obligating funds (such as assurances, or other basic information).
 - Phase 2, later date. Submission of full application (including budget, narratives, etc.) and more rigorous review for full application approval, at which point LEAs may draw down funds.



How NCDPI OFP Will Approach Substantially and Full Approval of Applications

- May 1st – June 30th: Substantial Approval - submission of basic information sufficient to obtain substantially approvable status and allow the PSU to begin obligating funds (such as assurances, or other basic information).
 - This will be processed within CCIP and will follow the established workflow from Chief Administrator Approved through Division Administrator Approved.
 - This is a mandatory step within the application process and must be completed before the full application becomes available.
 - An allotment log will not be submitted as part of the substantially approved process.
- July 1st – Based on Application Timeframe: Full Approval Process - submission of full application (including budget, grant details, etc.) and more rigorous review for full application approval, at which point PSUs may draw down funds.
 - This will be processed within CCIP and will follow the established workflow from Chief Administrator Approved through Division Administrator Approved.
 - An allotment log will be submitted as part of the full approval process.



Questions

Please contact your assigned Program Administrator if you have any questions.

[NCDPI Office of Federal Programs \(OFP\) Website / Contact Information](https://www.dpi.nc.gov/districts-schools/federal-program-monitoring)

<https://www.dpi.nc.gov/districts-schools/federal-program-monitoring>

