Texas Education Agency

General and Fiscal Guidelines

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Texas Education Agency

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Introduction to the General and Fiscal Guidelines

The Texas Education Agency (TEA) administers federal[1] and state grant awards to its subgrantees[2] to carry out a program. Such entities include primarily school systems (referred to as local educational agencies [LEAs] in statutes), including independent school districts and charter schools; education service centers (ESCs); and, to a lesser degree, institutions of higher education (IHEs), nonprofit organizations (NPOs), and other statutorily allowable organizations.

The General and Fiscal Guidelines are a component of the Request for Application (RFA) for all grant programs administered by TEA. For applicants selected for funding, all guidelines and instructions associated with the RFA are incorporated by reference into the Notice of Grant Award (NOGA).

TEA may update these guidelines as additional information becomes available on the Education Department General Administrative Regulations (EDGAR) or Title 2 of the Code of Federal Regulations, Part 200 (2 CFR Part 200), the Uniform Grant Guidelines (UGG) federal grant rules. TEA may also periodically issue written guidelines concerning the management of grants approved in an application or clarifying previously issued grant guidelines. Any guidance issued after the initial approval of the application is to be incorporated with these guidelines (see Errata Notices).

Disclaimer

This document is intended solely to provide general information and guidance to Texas school systems, ESCs, non-profit organizations and other subgrantees, and participating private schools receiving equitable services. The content in this document reflects the Texas Education Agency's current understanding of statute and applicable federal guidance. The content of this document is subject to change as a result of future guidance and/or other updates provided by federal agencies with regulatory oversight of these programs. This document does not constitute legal advice, and entities are, therefore, advised to seek legal counsel regarding the information and guidance provided in this document before acting upon the information provided.

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[1] TEA is the grantee and pass-through entity for federal education funding. *Grantee* is defined as the legal entity to which a grant is awarded and that is accountable to the federal government for the use of the funds provided. The term "grantee" does not include any secondary recipients, such as subgrantees and contractors, that may receive funds from a grantee pursuant to a subgrant or contract. (34 CFR 77.1) *Pass-through entity* is defined as a recipient or subrecipient that provides a subaward to a subrecipient (including lower tier subrecipients) to carry out part of a federal program. (2 CFR 200.1)

[2] *Subgrantee* is defined by TEA to be the same as a *subrecipient*, which is defined in 2 CFR 200.1 as an entity that receives a subaward from a pass-through entity to carry out part of a federal award. The term does not include an individual that is a beneficiary or participant of the program. TEA may use the terms *subgrantee, grantee, subrecipient,* and *applicant* synonymously.

Use of Generative Artificial Intelligence (AI): Grantees using generative AI must be in compliance with any specific restrictions on such use under the grant award, as well as federal and state laws and regulations. Additionally, grantees must follow the requirements, restrictions, and quality control measures described in the General Provisions and Assurances that apply to all grants awarded by TEA. Grantees shall not allow generative AI to make decisions or judgments in performance of the grant award.

Recording/Use of AI During Grants-Related Meetings or Trainings: TEA does not permit third-party recording or the use of AI summary services during its grants-related meetings or trainings. Attendees of TEA's grants-related meetings or trainings may not use AI services, language models, applications, interfaces, or assistants to attend, review, or record the meetings or trainings. TEA further prohibits any person or entity from using the information included in its grants-related meetings or trainings to train AI technologies. Any attendees of TEA's grant-related meetings or trainings who violate this prohibition may be removed from the events and may be barred from attending future grants-related meetings or trainings.

For Additional Information

Additional Grant-Related Resources

The following resources provide additional guidance and support for grant management, implementation, and compliance. Other resources are provided throughout this document as applicable.

- The Financial Accountability System Resource Guide (FASRG) describes the rules of financial accounting for school districts, charter schools, and ESCs.
- The Budgeting Costs Guidance Handbook provides general information on how to determine allowable costs and budget items by class/object code in accordance with grant requirements
- The Indirect Cost Rates webpage provides current and past indirect cost rates for school systems and ESCs and explains the rate calculation method, while the Maximum Indirect Costs Worksheet is a helpful tool for calculating the maximum amount of indirect costs that can be claimed for a grant.
- The Procurement Guidance Handbook provides detailed information regarding procurement standards for goods and services.
- The Forms for Prior Approval, Disclosure, and Justification webpage provides forms to request prior written approval from TEA, forms for disclosure of certain activities, or justification forms for specific costs, as described in this document and the RFA for a grant.

- TEA's Grants Administration Division provides a number of online tools and resources to support eligible grant applicants in applying for funding, developing a budget, administering a grant, and reporting expenditures to request payment. The division's Grant Resources page provides links to trainings, videos, additional handbooks and budget-related guidance, forms, tools, and a list of frequently asked questions about grants.

Contacting TEA for Grant Support

Program-specific support: For questions about allowable uses of funds, grant implementation and requirements, or other program-specific information contained in the grant's Program Guidelines, contact the TEA program manager listed as the Program Contact in the Contact for Clarifying Information section of the Program Guidelines.

Grant application support: For application and amendment support or general grant-related questions, contact the Grants Administration Division using one of the following methods:

- **Noncompetitive grants:** Contact a grant negotiator directly using the Grants Administration Division Contacts document.
- **Competitive grants:** General questions about competitive or informal discretionary competitive (IDC) grants should be directed to CompetitiveGrants@tea.texas.gov.
- **Division email:** Grants@tea.texas.gov
- **Division phone:** 512-463-8525

Expenditure reporting: For questions about expenditure reporting, visit the Expenditure Reporting webpage, contact an ER Fiscal Coordinator, or email TEAExpenditures@tea.texas.gov.

Other contact information may be included elsewhere in this document in relation to specific topics or requirements.

Email Bulletins (GovDelivery)

The Department of Grant Compliance and Administration publicizes a variety of grant-related information via email bulletins through the GovDelivery system, including the following:

- RFA announcements
- Changes impacting formula grants or multiple grants
- Grant-specific information or reminders

To subscribe for grants-related bulletins, click the Sign Up for Updates link on the TEA home page and follow the instructions to submit your email address. It will take you to the Quick Subscribe

page. Under Subscription Topics, select the Grants (formerly GAFPC) topic from the Finance & Grants category. Then submit your request.

Types of Grants Administered by TEA

The General and Fiscal Guidelines apply to all federal and state-funded grants administered by TEA. Grant types include both formula and discretionary grants.

Formula Grants

The legislation authorizing a formula grant defines eligibility criteria and calculation methodology for grant fund amounts (entitlements). Formula grants are available to all grantees who meet eligibility criteria and who apply for funding. The three major formula-grant programs that TEA administers are authorized by the following pieces of federal legislation:

- Elementary and Secondary Education Act (ESEA) of 1965, as amended by P.L. 114-95, the Every Student Succeeds Act (ESSA). ESSA was authorized in 2015 and replaced the No Child Left Behind (NCLB) Act of 2001.
- Individuals with Disabilities Education Act (IDEA), as reauthorized by the IDEA Improvement Act of 2004
- Carl D. Perkins Vocational and Technical Education Act of 2006, as reauthorized in 2018 by the Strengthening Career and Technical Education for the 21st Century Act (Perkins V)

Discretionary Grants

Discretionary grants are grants in which the legislation authorizing the grant gives some freedom, or discretion, to the agency administering the grant.

- **Discretionary noncompetitive grants** are awarded to a predetermined list of eligible applicants, each of which is allotted a certain amount of grant funding. Eligibility criteria may be defined in statute or determined by program staff. Applicants must meet programmatic requirements to receive an award.
- **Discretionary competitive grants** are awarded to eligible applicants whose applications meet submission requirements and receive the highest scores in a peer-review process. There are two types of competitions:
  - Formal Competition (additional information is available in Appendix A)
  - Informal Discretionary Competition, or IDC (additional information is available in Appendix B)

Grant Management Regulations

In addition to these guidelines, grantees must follow all applicable statutory, regulatory, and programmatic requirements. In instances where state regulations or local policies have a higher standard than existing federal rules, the more restrictive policy should be followed. (2 CFR 400.203[c])

Education Department General Administrative Regulations (EDGAR)

EDGAR is a set of federal regulations and guidelines (34 CFR Parts 75-79, 81-86, 97-99) established by the U.S. Department of Education (USDE) to govern the administration and management of federal education grants and programs. Educational institutions and organizations receiving federal education funds are required to comply with EDGAR, as well as programmatic regulations (ESSA, IDEA, etc.) for the federal award. EDGAR regulations cover, but are not limited to, the application process, financial management, procurement, inventory management, time and effort, allowability, record retention, program oversight, and audit resolution.

Uniform Grant Guidance (UGG)

Per EDGAR, all federal education grants and agreements must follow the Office of Management and Budget (OMB) rules and regulations outlined in Title 2 of the Code of Federal Regulations, Part 200 (2 CFR Part 200), as adopted by USDE. Title 2 of the CFR is called the OMB Guidance for Federal Financial Assistance. 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is commonly referred to as Uniform Grant Guidance, or UGG.

To support consistency and uniformity in grant administration, cost principles for state-funded grants generally align with federal cost principles in UGG. Where applicable, more restrictive state requirements may be included in this document.

Program Statutes, Regulations, and Other Guidance

Federal grant programs must be in compliance with the authorizing statute and regulations (ESSA, IDEA, Perkins V, Workforce Innovation and Opportunity Act (WIOA), etc.).

Additionally, all grant programs must follow TEA's General and Fiscal Guidelines and General Provisions and Assurances, as well as the RFA's Program Guidelines and other supporting documents.

FASRG

Title 19 of the Texas Administrative Code (TAC) Chapter 109, Subchapter C (19 TAC 109.41) requires school systems and ESCs to follow uniform grant accounting principles described in the FASRG. FASRG is often more restrictive than the federal EDGAR and UGG regulations and in those cases must be followed for federal grant funds.

For specific questions related to financial accounting and reporting, including coding, email TEA's Financial Compliance Division at financialaccountability@tea.texas.gov.

Texas Grant Management Standards

For state-funded grants, regional ESCs and limited other applicants must follow the Texas Grant Management Standards (TxGMS). See the TxGMS for detailed requirements. The Texas GMS do not apply to school districts or open-enrollment charter schools.

Note: In addition to following laws, principles, and requirements as listed in this section, grantees must consistently follow their local **written policies and procedures**. Grantees must regularly review their policies and procedures to ensure they are appropriate and up-to-date. Grantees must follow the most restrictive environment.

The Request for Application (RFA)

The RFA details a grant opportunity, its requirements, and how eligible entities can apply for funding. The RFA consists of the General and Fiscal Guidelines, General Provisions and Assurances, the individual grant's Program Guidelines, program-specific provisions and assurances, the grant application (known as the Standard Application System [SAS]), any associated errata notices or other documents, and instructions for completing the SAS. For applicants selected for funding, all guidelines and instructions are incorporated by reference into any NOGA issued by TEA.

The RFA and all associated materials are published on the TEA Grant Opportunities page. This link is also available on Grants Administration Division webpages. Follow the Grant Opportunities webpage instructions to search for an available grant.

Each RFA includes the following information:

- **Program Information,** including a program description, eligibility, and statutory authority
- **Funding Information,** including grant start and end dates, expected number of awards, and anticipated funding amount
- **Application and Support Information,** including links to guidelines, any applicable errata or applicant funding lists, application resources, and other grant-related items

- **Critical Events,** including key due dates for applications and amendments, as well as final expenditure reports
- **Contact Information** for program and funding support

Universal errata that apply to all grant applications, as well as links to helpful or important resources, are listed in the left sidebar of the TEA Grant Opportunities page.

Grantees are responsible for regularly monitoring the TEA Grant Opportunities webpage for updated grant information (e.g., errata, FAQs, or revised dates) and for meeting all due dates and other grant requirements. TEA is not responsible if a grantee misses a due date or fails to meet updated grant requirements.

Parts of the RFA

The RFA consists of the following parts.

General and Fiscal Guidelines

The General and Fiscal Guidelines apply to all grants administered by TEA. This part of the RFA describes application requirements and submission procedures and provides general directions regarding the process to be used for distribution and management of grant funds. Always refer to the grant's Program Guidelines for detailed information about the specific grant program. The Program Guidelines will, as necessary, refer the applicant back to the General and Fiscal Guidelines for general information.

Program Guidelines

The grant's Program Guidelines provide information about the specific program, including the purpose of the grant, eligibility criteria, program description, administrative cost limitations, statutory and TEA programmatic requirements, any specific application review or performance measurement criteria, and critical dates. The Program Guidelines also contain specific information regarding the allowability of certain types of costs as related to specific grant programs. Items requiring specific approval through the grant application, or a required attachment to the application, must be included in the application and approved by TEA. Expending funds for these items without including them in the grant application and receiving approval is unallowable and will result in questioned costs.

Program-specific information in the Program Guidelines supplements the more general and comprehensive grant-related information in the General and Fiscal Guidelines. Applicants are reminded to refer to the General and Fiscal Guidelines for guidance as they complete and prepare to submit their applications.

Provisions, Assurances, and Certifications

Legal provisions, assurances, and certifications that apply to the grant program are located in the grant's RFA on the TEA Grant Opportunities page. Additionally, links for program-specific provisions and assurances for eGrants applications are included on the SC5003 schedule for formula grants or on the CS7000—Provision, Assurances, and Certifications schedule. It is critical that the authorized official (or designee) who submits the grant application read all provisions, assurances, and certification requirements for the grant. By signing page 1 of the PDF grant application or by certifying and submitting the eGrants application, the authorized official (or designee submitting the application) agrees that the applicant agency will comply with all the terms outlined in the RFA.

For additional information, see the Guidelines, Provisions, and Assurances webpage.

The following sections describe the various provisions, assurances, and certifications and how they apply to grant applicants.

General Provisions and Assurances

The General Provisions and Assurances document is a set of legal provisions and assurances that apply to all applicants for all grants that TEA administers. It includes a summary of the terms of the subaward between TEA and the subgrantee and a list that includes but is not limited to the federal rules, laws, and regulations that apply to all state and federal programs.

Program-Specific Provisions and Assurances

Each RFA includes required program-specific provisions and assurances for the grant. For a PDF grant, these provisions and assurances are included in Application Part 1. For eGrants applications, the program-specific provisions and assurances are linked as a separate document in the Application and Support Information section for the RFA on the TEA Grant Opportunities page, as well as within the SC5003 or CS2700 schedules within eGrants.

By signing page 1 of the PDF grant application, or by certifying and submitting the eGrants application, the authorized official (or designee) indicates that the grantee has read and will comply with these requirements. Grantees must review each of these assurances carefully as they will be required to implement them and document their implementation. These activities may be monitored or audited.

Certifications

Certification Statement When Applying for Funds, Requesting Payment, or Submitting a Financial Report

This requirement applies to all tiers of subrecipients for federally funded programs.

In accordance with 2 CFR 200.415(b), subrecipients under the federal award must certify to TEA whenever applying for funds, requesting payment, and submitting financial reports: "I certify to the best of my knowledge and belief that the information provided herein is true, complete, and accurate. I am

aware that the provision of false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil, or administrative consequences including, but not limited to violations of U.S. Code Title 18, Sections 2, 1001, 1343 and Title 31, Sections 3729-3730 and 3801-3812." Each such certification must be maintained pursuant to the record retention requirements of 2 CFR 200.334.

Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion—Lower Tier Covered Transactions

This requirement applies to all applicants for federally funded programs.

Per 2 CFR 200.214, grantees are subject to the nonprocurement debarment and suspension regulations implementing Executive Orders 12549 and 12689, as well as 2 CFR Part 180. The regulations in 2 CFR Part 180 restrict making federal awards, subawards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from receiving or participating in federal awards.

By signing page 1 of the PDF grant application or by certifying and submitting the eGrants application, the authorized official (or designee) certifies that neither the applicant agency nor its authorized officials are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any federal department or agency.

Lobbying Certification

This requirement applies to federal grants in excess of $100,000 or in which a subcontract or subaward to another organization exceeds $100,000.

By signing page 1 of the PDF grant application or by certifying and submitting the eGrants application, the authorized official (or designee) certifies that no federally appropriated funds have been paid or will be paid to lobby Congress in connection with the making of any federal grant and the extension, continuation, renewal, amendment, or modification of any federal grant.

The SF-LLL Disclosure of Lobbying Activities form must be completed and attached to the grant application at original submission to disclose lobbying activities pursuant to Title 31 United States Code (USC), Section 1352. The filing of this form is required for each payment or agreement to make payment to any person[3] for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with any covered federal actions (such as a federal grant award).

[3] Person means an individual, corporation, company, association, authority, firm, partnership, society, state, and local government, regardless of whether such entity is operated for profit or not for profit. This term excludes an Indian tribe, tribal organization, or any other Indian organization eligible to receive federal contracts, grants, cooperative agreements, or loans from an agency, but only with respect to expenditures by such tribe or organization that are specifically permitted by other federal law.

Grant Application (SAS) and Instructions

The grant application, known as the Standard Application System (SAS), either in PDF format or in eGrants, must be completed for the eligible applicant to be considered for grant funding. The grant application includes schedules or sections requiring input in response to the requirements defined for the program, budget schedules, provisions and assurances, and other requirements associated with the grant program. Instructions for each section or schedule contain general and comprehensive information necessary to complete the application. Refer to the SAS for more information.

Throughout this document, PDF grant application refers to a non-eGrants application.

Errata Notices

If an error is found in an RFA or if there is a significant change to a grant program, TEA will publish a correction through an errata notice. Errata notices are posted to the grant's RFA in TEA Grant Opportunities and also may be publicized through email bulletins. It is the applicant's responsibility to periodically check the TEA Grant Opportunities page for any posting of errata notices.

Errata impacting multiple or all grants are published to the Universal Errata page. Typically, TEA will provide notice of Universal Errata through email bulletins. The applicant is responsible for reviewing and applying the appropriate changes according to the Universal Errata statement. The link to the Universal Errata webpage is accessible from the sidebar on the TEA Grant Opportunities page and the sidebar on Grants Administration webpages.

Terms of Subaward

In addition to the terms specified in the General Provisions and Assurances and program-specific provisions and assurances, the following also apply to all TEA subgrantees.

Subrecipient Responsibilities

By applying for and accepting grant funds, the subrecipient accepts the following responsibilities (2 CFR 200.400):

- Efficient and effective administration of the award through sound management practices
- Administering funds in a manner consistent with statutes, regulations, and terms and conditions of the award
- Employing organization and management techniques necessary to ensure proper and efficient administration of the award
- Ensuring accounting practices are consistent with UGG cost principles and maintaining adequate documentation to support costs charged to the award

- Consistently applying UGG cost principles for cost allocation plans or indirect cost proposals
- Ensuring that no profit is earned or kept unless explicitly authorized by the terms and conditions of the award

Preparation and Submittal of an Application

TEA will not be liable for any costs incurred in the preparation and submittal of the application.

Per 2 CFR 200.460, proposal costs are the costs of preparing bids, proposals, or applications on potential federal and non-federal awards or projects, including the development of data necessary to support the grantee's bids or proposals. Proposal costs of the current accounting period of both successful and unsuccessful bids and proposals normally should be treated as indirect costs and allocated to all current activities of the grantee. No proposal costs of past accounting periods may be allocated to the current period.

Note: This includes what is generally referred to as "grant writing" and includes the development and submission process for submitting grant applications to TEA for funding.

The applicant shall furnish such additional information as TEA may reasonably require. Noncompetitive grant applications must be submitted in substantially approvable form in order to be accepted for review and processing. For information on how eligible applicants can apply for noncompetitive grant funding, see Application Completion and Submission. Competitive and IDC grant applications not following grant instructions and requirements will not be accepted for review (see Appendix A and Appendix B, respectively).

Negotiation or Rejection

Before TEA awards funding of any type, the grant application is reviewed for compliance with grant requirements and to check that costs are allowable, allocable, reasonable, and necessary. The applicant may be asked to update elements of the application in order to meet requirements. In those cases, TEA grant negotiators will provide guidance directly to the applicant.

If TEA determines during the negotiation process that the application is not eligible to be funded, the agency will notify the applicant of its ineligibility for funding. TEA is not responsible for paying for any expenditure incurred by the applicant.

TEA reserves the right to reject any and all applications and to negotiate portions thereof.

Selection of Competitive Applications

TEA reserves the right to select competitive applications containing the best proposal considering the outcomes desired when awarding discretionary grant funds.

Awarding of Funds

Project funding is based on appropriation by the authorized governmental body and on general budget approval by the commissioner of education, the state legislature, or U.S. Congress, as applicable. It should be clearly understood that the applicant will not necessarily receive the amount requested if a lesser amount is determined to be appropriate when awarding discretionary grant funds.

Right to Reduce Funding

TEA reserves the right to reduce funding if the initial funding projections must be adjusted based upon the number of actual applicants or other factors. Should additional funds become available for distribution, TEA will decide how to distribute the funds based on statutory requirements at the direction of the commissioner of education or the commissioner's designee.

Scope of Work

The applicant agrees to complete the scope of work described in the approved application at the funding amount indicated in the NOGA.

Commencement and Performance of Project Activities

The subgrantee must commence and perform project activities according to established timelines. Failure to do so may result in reduction and reallocation of funds.

Purchasing Contracts

Applicants must comply with purchasing contract requirements (including competitive bidding) and methods outlined in the Texas Education Code (TEC) Section 44.031, where applicable. See also Procurement Standards.

Right to Revoke

The commissioner of education, or the commissioner's designee, reserves the right to revoke a subgrant award for reasons including, but not limited to, the following:

- Noncompliance with application's provisions and assurances
- Failure to implement the grant program or to use grant funds and any required cost share or matching funds in accordance with the RFA, General and Fiscal Guidelines, program rules and guidelines, the authorizing program statute, or the application approved by TEA
- Lack of program success as evidenced by progress reports and program data

- Failure to provide program data to TEA or its subcontractors
- Failure to account for grant funds in accordance with standards for financial management, to retain proper documentation for grant expenditures, or to provide information to auditors and monitors
- Identification by TEA as high-risk or as a high-risk grantee during the grant period, in which case TEA reserves the right to begin procedures immediately to terminate the grant
- Failure to meet performance measures or standards as specified in the RFA
- Failure to provide accurate, timely, and complete information as required by TEA to evaluate the effectiveness of the grant program

The subgrantee may be reimbursed for allowable expenditures up through the date of notification of high-risk status.

For a state-funded grant, a decision by the commissioner of education or designee to revoke the grant award is final and may not be appealed.

Subrecipient Monitoring

In accordance with 2 CFR 200.332, TEA is required to monitor the activities of a subrecipient to ensure compliance with federal statutes, regulations, and the terms and conditions of the subaward.

Review and Approval of Grant Products

If specified by TEA, the program design and all materials, program activities, and other products produced or adapted by the subgrantee must be reviewed and approved in draft form and in final form by TEA.

Sole Property of TEA

All materials, conceptions, and products created or conceived by the subgrantee, its employees, agents, consultants, or subcontractors arising out of the subgrant shall be the sole property of TEA. TEA, and/or the federal government for a federally funded project, shall hold the copyright and trademark to all materials, conceptions, and products created or conceived under the grant, unless the prior express written permission of the TEA Copyright Office is obtained. The subgrantee shall so bind all concerned through written agreements with subcontractors and consultants.

Continuation Funding

Project funding in subsequent project periods will be based on satisfactory progress on the prior year(s) program implementation, objectives and activities, general budget approval by the commissioner of

education or the commissioner's designee, and appropriations by the state legislature or the U.S. Congress, as applicable.

Subgrants of Grantees

EDGAR 34 CFR 75.708 states that, unless prohibited by statute, USDE may, with prior notice, authorize subgrants when necessary to meet the purposes of a program. As a pass-through entity, the grantee would assume all subgrant application and grant monitoring responsibilities. Grantees that are not allowed to make subgrants under 34 CFR 75.708(b) are authorized to contract, as needed, for supplies, equipment, and other services, in accordance with 2 CFR Part 200, Subpart D (2 CFR 200.317 through 200.326, Procurement Standards).

If a TEA grantee is permitted to award a subgrant, the grantee must evaluate and monitor the subgrantee's compliance with statutes, regulations, and the terms and conditions of the federal award and must take prompt action when instances of noncompliance are identified.

Requirements Applicable to All Applications

The following sections describe requirements that apply to all TEA grant applications.

Statutory Requirements

Applicants must comply with all statutory requirements defined in the RFA to be considered for funding. Additionally, all grantee employees and contractors receiving grant funding must comply with the fingerprinting requirements of TEC 22.0834, explained further in the Fingerprinting Requirement section.

TEA Program Requirements

Applicants must address all TEA program requirements to be eligible for grant funding. For formula grant funding and discretionary noncompetitive grants, if any TEA program requirements are not addressed in the application, the application will need to be corrected during negotiations before TEA can award the grant to the applicant. For discretionary competitive grant funding, any TEA program requirements not addressed in the application will cause the application review score to be lower, and the applicant likely will not be selected for funding. TEA reserves the right to not award discretionary grants if TEA requirements are not addressed in the grant application. TEA also reserves the right to cancel discretionary grants if TEA requirements are not met during program implementation.

Eligibility for Funding

To qualify for grant funding, the applicant must meet all eligibility criteria defined in the Program Guidelines, Eligible Applicants. The following requirements also apply.

Submission of Single Audit Reports

As required in 2 CFR 200.501(b), a subrecipient that expends $1,000,000 or more in federal grant funds during its fiscal year must have a single audit conducted in accordance with 2 CFR 200.514. All subrecipients must submit their single audit report to the Federal Audit Clearinghouse at fac.gov. School district, open-enrollment charter school, and ESC subrecipients must also be compliant with the requirement to submit the single audit to TEA's Financial Compliance Division, as described in the Submission of Audit Reports for Federal Grants section. **Important:** There are different deadlines for submitting the federal audit to TEA and to the FAC.

High-Risk Grantee Identification

TEA reserves the right not to award a grant to an applicant that is identified by TEA as a high-risk grantee. Moreover, TEA reserves the right not to award a federal competitive grant (including a continuation grant that was originally competitive) to an applicant that is identified by TEA as a high-risk grantee between the time the application is submitted to TEA and the time the application is approved and the NOGA is awarded. Refer to High-Risk Status, Specific Conditions, and Remedies.

Revoked or Closed Charters

An open-enrollment charter school shall become ineligible for grant funding (or, if a campus has applied for and received funding for a grant, may have its grant funding placed on hold) and placed on short-term high-risk grantee status if the commissioner notifies the campus's charter holder of his or her intent to (1) revoke or non-renew such charter under TEC Chapter 12, or (2) close the campus under TEC Chapter 39, for any of the reasons set forth in either statutory provision. If the commissioner ultimately revokes or denies renewal of an open-enrollment charter of a charter holder or closes a campus that has been awarded funds under this grant program, grant funding shall be discontinued.

Fingerprinting Requirement

Per TEC 22.0834, any person offered employment by any entity that contracts with TEA or receives grant funds administered by TEA (i.e., a grantee or subgrantee) is subject to the fingerprinting requirement. TEA is prohibited from awarding grant funds to any entity, including nonprofit organizations, that fails to comply with this requirement.

The subgrantee should contact the applicable TEA program division with any questions regarding the fingerprinting requirement. Additional information is available on TEA's Do Not Hire Registry and Fingerprinting in Schools page. Questions about the fingerprinting process and the Do Not Hire registry can be submitted to the TEA Help Desk. The Help Desk also provides a list of FAQs.

The Fingerprinting Unit does not review the criminal history of these individuals or confirm their eligibility for employment under the grant.

As Applicable to Campus or School System Employees

In accordance with TEC Chapter 22, Subchapter C, the following personnel are required as a condition of employment to submit their fingerprints to either the State Board of Educator Certification (SBEC) or TEA:

- All certified educators (those holding an educator certification issued by the SBEC)
- Charter school employees, whether certified or not, who are working in a teaching or professional position that would require certification if they were employed in a traditional school district
- All classroom substitute teachers and aides, whether certified or not
- Employees of a school system or campus who hold a certification other than a teaching certificate
- Noncertified employees of a school system or campus
- Employees of a shared services arrangement (SSA), if the employee's duties are performed on school property or at another location where students are regularly present

All the above-referenced employees of a campus or school system should, before beginning employment, already be in compliance with the fingerprinting requirement, regardless of whether the campus or school system is a recipient of grant funds administered by TEA.

As Applicable to School System or SSA Contractors

In addition, per TEC 22.0834, any person who is offered employment by an entity that contracts with a school system or SSA, or any subcontractor to that entity, is subject to the same fingerprinting requirement, as long as the person meets both the following conditions:

- The employee or applicant has or will have continuing duties related to the contracted services.
- The employee or applicant has, will have, or may potentially have direct contact with students on school property or at another location where students are regularly present

All the above-referenced contractors of a school system or SSA should, before beginning employment, already be in compliance with the fingerprinting requirement, regardless of whether the school system or SSA is a recipient of grant funds administered by TEA.

As Applicable to Institutions of Higher Education, Nonprofit Organizations, and For-Profit Subgrantees

Employees of institutions of higher education (IHEs), nonprofit organizations, or for-profit organizations receiving grant funds from TEA are subject to the fingerprinting requirement, if those employees meet the two conditions described above.

By signing page 1 of the PDF grant application or by certifying and submitting the eGrants application, the authorized official or designee provides assurance to TEA that all employees and subcontractors of the subgrantee comply with the fingerprinting requirement for every individual who has continuing duties under the subcontract and/or who has, will have, or potentially may have direct contact with students on school property or at another location where students are regularly present.

The TEA subgrantee is responsible for the following:

- Contacting the Department of Public Safety to set up a secure site account to monitor progress
- Collecting personal information for all applicable employees and subcontractors
- Communicating instructions to those individuals on how fingerprints must be submitted, including information indicating that the individual is responsible for all associated fees
- Reviewing each individual's criminal history and ensuring that all employees of the subcontractors are eligible for employment under the grant
- Maintaining any applicable and necessary files related to criminal history background checks in case of audit/monitoring
- Providing assurance to the campus administrator that all applicable grant and subcontract employees have met the fingerprinting requirement, that they are eligible to be on campus, and that criminal histories are available on request to the campus administrator

Fiscal-Related Documentation Required to Be on File

Grant applications have been streamlined so that they only require information that is necessary to award the grant funds. Subgrantees should maintain all fiscal and programmatic documentation locally and must be able to provide the documentation to TEA upon request.

Refer to Submission of Audit Reports for Federal Grants for a description of the audit submission requirement as it applies to different applicant types.

Grantees are required to have the documentation described below on file with TEA.

Local Educational Agencies: ISDs, Open-Enrollment Charter Schools, and ESCs

Independent school districts (ISDs), open-enrollment charter schools, and regional ESCs must have on file with the TEA Financial Compliance Division the annual financial report (audit report, including any applicable federal single audit) for the immediate prior fiscal year and for all previous fiscal years. If the audit report for the immediate prior fiscal year is past due (i.e., delinquent) as of the deadline date for submitting applications in response to an RFA, the application (state or federal discretionary) may be

disqualified and not be considered for funding. Any decision to disqualify an application for this reason is final and may not be appealed.

If specified in the RFA, applicants may be required to attach their audit report to the application.

Open-Enrollment Charter Schools Operated by a Nonprofit Organization

Open-enrollment charter schools operated by a nonprofit organization must have the proper proof of nonprofit status on file with the TEA Charter School Authorizing Division.

Nonprofit Organizations, Excluding ISDs and Open-Enrollment Charter Schools

Nonprofit organizations, excluding ISDs and open-enrollment charter schools, must submit proof of nonprofit status with their application as a required fiscal-related attachment. The following documents can be used:

- Copy of a letter from the Internal Revenue Service recognizing that contributions to the organization are tax deductible under Section 501(c)(3) of the Internal Revenue Code
- Statement from a state taxing body or the state attorney general certifying that the organization is a nonprofit organization operating within the state and that no part of its net earnings may lawfully benefit any private shareholder or individual
- Certified copy of the applicant's certificate of incorporation or similar document if it clearly establishes the nonprofit status of the applicant
- Any item described above if that item applies to a state or national parent organization, together with a statement by the parent organization that the applicant is a local nonprofit affiliate

Any of the listed documentation submitted must be in the name of the applicant entity to be eligible for consideration. A grant will not be awarded to a nonprofit organization that cannot demonstrate nonprofit status at the time of application submittal.

Institutions of Higher Education, For-Profit Entities, Governmental Entities

No fiscal-related attachments are required to be submitted with the grant application.

Required Program-Related Attachments

In addition to any required fiscal-related attachments, TEA may require program-related documentation to be submitted with the application.

See the grant's Program Guidelines, Required Program-Related Attachments section, for a description of any program-related documentation required to be submitted with the application for the grant program.

Generative Artificial Intelligence (AI)

Grantees using generative artificial intelligence (AI) must be in compliance with any specific restrictions on such use under the grant award, as well as federal and state laws and regulations. Additionally, grantees must follow the requirements, restrictions, and quality control measures described in the General Provisions and Assurances that apply to all grants awarded by TEA. Grantees shall not allow generative AI to make decisions or judgments in performance of the grant award.

Recording/Use of AI During Grants-Related Meetings or Trainings: TEA does not permit third-party recording or the use of AI summary services during its grants-related meetings or trainings. Attendees of TEA's grants-related meetings or trainings may not use AI services, language models, applications, interfaces, or assistants to attend, review, or record the meetings or trainings. TEA further prohibits any person or entity from using the information included in its grants-related meetings or trainings to train AI technologies. Any attendees of TEA's grant-related meetings or trainings who violate this prohibition may be removed from the events and may be barred from attending future grants-related meetings or trainings.

Requirements for Applicable Federal Programs

These requirements apply to applicable federally funded grant programs.

Continuous Improvement

EDGAR emphasizes the importance of effectiveness and continuous improvement of federal education projects. Continuous improvement means using plans for collecting and analyzing data about a project component's implementation and outcomes (including the pace and extent to which project outcomes are being met) to inform necessary changes throughout the project. These plans may include strategies to gather ongoing feedback from participants and stakeholders on the implementation of the project component.

The purpose of implementing and monitoring is to ensure that the improvement plan is implemented with fidelity and to ensure that progress towards annual goals is being made.

Equitable Access and Participation

Provisions for equitable access and participation apply to all federally funded grants administered by USDE. As such, Equitable Access and Participation is a required section and/or schedule for both PDF

and eGrants applications that are federally funded. The application will not be eligible to be considered for funding in the absence of this information.

In accordance with the General Education Provisions Act (GEPA), Section 427, applicants must develop and describe the procedures they will use to ensure equitable access to and equitable participation in the grant program. The barriers to such participation should be identified for all participants and potential participants during the needs assessment phase of program planning and development.

All applicants must address the special needs of students, teachers, and other program beneficiaries to overcome barriers to equitable participation, including those based on gender, race, color, national origin, disability, and age.

Private Nonprofit School Participation

ESSA and IDEA-B require that local educational agencies (LEAs) consult with participating private nonprofit schools (PNPs) to determine equitable services for private school students and/or teachers.

Note: The following guidance focuses primarily on ESSA requirements. For IDEA-B, refer to the Special Education Consolidated Grant Application (Federal) Program Guidelines, as well as the PS3502 schedule and instructions in the eGrants application. For additional information, email or call the Grant Program Contact listed in the Program Guidelines.

ESSA

Per ESSA, Sections 1117 and 8501, LEAs are required to consult with PNPs to determine equitable services for private school students and/or teachers.

The LEA must annually conduct outreach to all private schools within its boundaries to elicit interest in:

- Title I, Part A **(see note below)** — Improving Basic Programs
- Title I, Part C — Education of Migratory Children
- Title II, Part A — Supporting Effective Instruction
- Title III, Part A — English Language Acquisition, Language Enhancement, and Academic Achievement Act
- Title III, Part A — Immigrant Children and Youth
- Title IV, Part A — Student Support and Academic Enrichment
- Title IV, Part B — Nita M. Lowey 21st Century Community Learning Centers (CCLC) Discretionary Grant, if applicable

Note: For **Title I, Part A,** participation, the LEA must annually conduct outreach to all private schools **within and outside** its boundaries. Title I, Part A, is the only program that can provide equitable services to PNP-eligible students across district lines.

Before completing and submitting the ESSA Consolidated Federal Grant Application, PS3099 Private School Schedule, the applicant must contact the private nonprofit school(s) located within its boundaries (**see note above**) and notify them of the opportunity to participate in the program(s). The applicable PNP section for PDF grants or the schedule for eGrants must be completed and submitted with the application.

Per ESSA, Sections 1117 and 8501, eligible private nonprofit schools must be consulted in the planning and development of the equitable services programs. Additionally, there must be ongoing meaningful consultation with participating PNPs throughout the school year. Both children and teachers from private nonprofit schools must be assured equitable participation in all services, materials, equipment, and teacher training. Note that specific program statutes may have more detailed requirements.

Private Nonprofit School Initial Contact

Each year, in a manner that is "timely and meaningful" (generally, as described in ESSA, Title VII, Part F, Section 8501), the applicant must contact the private nonprofit school officials located within its boundaries (and outside boundaries for Title I, Part A, programs) to determine if the school would like to participate. Only secular, neutral, and nonideological services, materials, and equipment may be provided to eligible participants. The applicant and private school consult and decide details of equitable services to meet the private school needs.

Before completing and submitting the grant application, the applicant must conduct outreach to private nonprofit school officials located within its boundaries (and outside of boundaries for Title I, Part A, programs) to ascertain if these officials would like teachers or eligible children enrolled in their schools to participate in the purposes and benefits of the grant program. The initial contact may be carried out through a variety of communication forms, including documented phone calls, letters (preferably certified), fax, email, and/or meetings with the school officials.

Private Nonprofit School Consultation

The LEA must engage in ongoing, meaningful consultation with eligible private school officials before making decisions regarding Title I, Part A, and Title VIII, Part F, programs' equitable services for eligible private school students. This includes discussions about reserving funds "off the top" of the LEA's allocation for districtwide initiatives before distributing funds to participating LEA campuses. All consultation meetings must be documented and kept in district files. Additionally, because the eligibility of private school students for equitable services is based on their residence within a participating public school attendance area, the LEA is required to share the results of its campus selection and allocation process with private school officials early in the consultation process.

Affirmation of Consultation Form required discussion topics:

- How the children's needs will be identified
- What services will be offered

- How, where, and by whom the services will be provided
- How the services will be academically assessed and how the results of the assessment will be used to improve those services
- The size and scope of the equitable services to be provided to the eligible private school children, teachers, and other educational personnel, the amount of funds allocated for those services, and how the amount of funds is determined
- The method or data sources used to identify the number of low-income children residing in Title I, Part A, public school attendance areas who are enrolled in eligible private schools, whether located within or outside district boundaries
- How and when the LEA or fiscal agent of an SSA will make decisions about the delivery of services, including a thorough consideration and analysis of the views of private school officials on the provision of contract services through a contract with potential third-party providers
- How, if the LEA disagrees with the views of the private school officials on the provision of services through a contract, the LEA will provide in writing to private school officials an analysis of the reason(s) why it has chosen not to use a third-party contractor for Title I, Part A, equitable services
- Whether the LEA or fiscal agent of an SSA shall provide services directly or through a separate government agency, consortium, or entity, or a third-party contractor
- Whether to provide Title I, Part A, equitable services to eligible private school children:
    - By creating a pool or pools of funds with all the Title I, Part A, funds allocated based on all eligible children from low-income families in a participating school attendance area(s) who attend private schools; or
    - In the LEA's participating Title I, Part A, school attendance area, who attend private schools, with the proportion of funds allocated based on the number of eligible children from low-income families who attend private schools
- When, including the approximate time of day, Title I, Part A, equitable services will be provided
- Whether to consolidate and use Title I, Part A, funds provided under Section 1117(a)(4) in coordination with eligible funds available for services to private school children under Title VIII, Part F, applicable programs, as defined in Section 8501(b)(1) to provide equitable services to eligible private school children participating in programs

Additional requirements that must be addressed during consultation are:

- LEA procedures related to procurement (contracting, purchasing, vendor acquisition)
- LEA timelines related to encumbering services and materials
- Estimated allocations for PNP equitable services for each of the ESSA programs

- LEA considerations related to the use of Funding Transferability from Title II, Part A, and Title IV, Part A, as applicable
- LEA discussions and procedures on any unforeseen carryover of equitable services at year-end

Equitable Services

ESSA Sections 1117 and 8501 require equitable services to be provided to eligible participating private nonprofit schools, if requested during consultation. When this is applicable, the services that a subgrantee provides to private nonprofit school participants must be equitable in comparison to the services and benefits provided to public school participants. Services are equitable if the subgrantee does the following:

- Addresses and assesses the needs and progress of private school participants on a comparable basis to public school participants
- Determines the number of eligible participants to be served in an equitable manner
- Meets the expenditure requirements for equitable services
- Provides private school participants with an opportunity to participate that is equitable in relation to the opportunity and benefits provided to public school participants

Equitable Expenditures for PNP Services

Expenditures for educational services and other benefits to eligible private school children shall be equal to the proportion of funds allocated to participating school attendance areas based on the number of children from low-income families for Title I, Part A, programs who attend private schools.

Expenditures for educational services and other benefits to eligible PNP school children shall be equal to the proportion of funds allocated to participating school attendance areas based on the total number of eligible children who attend private schools in participating school attendance areas. The proportional share of funds shall be determined based on the total amount of funds received by the LEA, before any allowable expenditure or transfers. Funds allocated to the LEA for educational services and other benefits to eligible PNP school children shall be obligated in the fiscal year for which the funds are received by the LEA. The LEA may determine the equitable share each year or every two years.

The control of funds, title to materials, equipment, and property belongs to the LEA. LEAs should refer to their policies and procedures for such a process.

Subgrantees are responsible for maintaining documentation of the equitable services calculation at the local level for monitoring and audit purposes. For ESSA, refer to PS3099 Private School schedule in the eGrants application for calculation instructions by program. For PDF grants, refer to the SAS in the RFA.

For More Information on ESSA PNP Equitable Services

Additional PNP requirements and resources are available on TEA's ESSA Private School Equitable Services webpage.

For questions and other support, contact:

ESSA PNP Ombudsman
Federal Program Compliance Division
PNPombudsman@tea.texas.gov

Supplement, Not Supplant

Supplement, not supplant (SNS) is a provision common to many federal statutes authorizing education grant programs. Generally speaking, the purpose of an SNS provision is to help ensure that federal grant funds are expended to supplement (expand or increase) the level of services, rather than supplant (replace) costs for similar activities that the grantee would have paid for out of state, local, or other federal funds. State or local funds may not be decreased or diverted for other uses merely because of the availability of these funds.

Any program activity required by state law, State Board of Education (SBOE) rules, or local board policy may not be paid for with these supplemental grant funds. Grantees must maintain documentation that clearly demonstrates the supplementary nature of these funds. However, the grantee that identifies a potential supplanting issue may correct the issue at any time during the active grant period, as long as the correction is properly documented for fiscal monitors and auditors.

For more information on SNS, visit the Supplement, Not Supplant Handbook.

Maintenance of Effort (MOE)

Some authorizing statutes, such as ESSA and IDEA-B, include a maintenance of effort (MOE) requirement. MOE requires school systems to maintain their state and local expenditures at a specified level from one fiscal year to the next. Grantees applying for federal funding for these grant programs must comply with MOE requirements.

In order for TEA to determine if the grantee is maintaining the appropriate fiscal effort, it verifies the grantee's MOE using PEIMS data available and notifies the grantee if fiscal effort has not been maintained.

Refer to the following TEA resources for additional information and guidance regarding the MOE requirement for the ESSA and IDEA-B grant programs:

- IDEA Fiscal Compliance
- ESSA Fiscal Compliance

Required Disclosures

Federal grant regulations require subgrantees to disclose the following items that may impact the federal grant award or expenditure of federal funds. To file the appropriate form with TEA, see the Forms for Prior Approval, Disclosure, and Justification page. Questions regarding mandatory disclosures should be directed to GrantSupport@tea.texas.gov.

- **Potential Conflict of Interest Disclosure:** The grantee must disclose to TEA any potential conflicts of interest involving staff assigned to the federal program or within the chain of command responsible for approving the program's budget or activities. A common example is when family members work within the same organization and at least one person's work is related to a federal program. (2 CFR 200.112)

  See also Procurement Standards for information related to conflict of interest.

- **Mandatory Disclosure — Violation of Federal Criminal Law**: An applicant or subrecipient of a federal award must promptly disclose whenever, in connection with the federal award (including any activities or subawards thereunder), it has **credible evidence** of the commission of a violation of federal criminal law involving fraud, conflict of interest, bribery, or gratuity violations found in Title 18 of the U.S. Code or a violation of the civil False Claims Act (31 USC 3729-3733). The disclosure must be made in writing to the federal agency, the agency's Office of Inspector General, and TEA. Subrecipients are also required to report matters related to recipient integrity and performance in accordance with Appendix XII to 2 CFR Part 200. Failure to make required disclosures can result in remedies for noncompliance. (2 CFR 200.113)

- **Disclosure of Lobbying Activities**: This requirement applies to federal grants in excess of $100,000 or in which a subcontract or subaward to another organization exceeds $100,000. See Lobbying Certification.

Whistleblower Procedures

Per 2 CFR 200.217, an employee of a grantee must not be discharged, demoted, or otherwise discriminated against as a reprisal for disclosing information that the employee reasonably believes is:

- Evidence of gross mismanagement of a federal contract or grant;
- A gross waste of federal funds;
- An abuse of authority relating to a federal contract or grant;
- A substantial and specific danger to public health or safety; or
- A violation of law, rule, or regulation related to a federal contract (including the competition for or negotiation of a contract) or grant.

Grantees must inform their employees in writing of employee whistleblower rights and protections under 41 USC 4712.

Requirements for Applicable State Programs

Texas Grant Management Standards (TxGMS)

Regional ESCs and limited other applicants are required to follow TxGMS for state-funded grants. The TxGMS do not apply to school districts or open-enrollment charter schools.

Use of Funds/Cost Principles

The following information is based on UGG cost principles and additional requirements from EDGAR. See UGG and EDGAR for full text on these topics. The terms encumbrance, accounts payable, and expenditure, as with all other project accounting terms, are used here as defined in the FASRG.

Funds expended for a grant program must be used for the purposes and objectives, statutory requirements, and TEA programmatic requirements described in the grant's Program Guidelines. Expenditures must be allowable uses of funds in accordance with the Program Guidelines and the authorizing statute.

Applicants may elect to use additional resources and other sources of financial support to help maximize the effectiveness of the program goals and objectives. So long as they do not violate the supplement, not supplant provision (if applicable to the grant program), applicants are strongly encouraged to coordinate their participation in federal, state, and local programs to eliminate duplication of resources.

Grant Period

All obligations and encumbrances of program funds must occur within the grant period beginning and ending dates listed on the NOGA, or to a pre-award date if expressly permitted in the grant's Program Guidelines. For noncompetitive grants (including federal formula grants), unless otherwise specified in the RFA, the grant period beginning date will be the latter of the following: the first day of the grant performance period (as listed on the grant award) or the date the application was submitted to TEA in substantially approval form (referred to as the "stamp-in date" in some applications). Competitive grants can begin to obligate upon final approval of the Notice of Grant Award.

The authorizing federal agency and/or TEA reserve the right to extend, shorten, or terminate a discretionary project's period of performance.

Obligation of Funds

Financial obligations are orders placed for property and services, contracts and subawards made, and similar transactions that require payment by a subrecipient under an award that will result in expenditures by the subrecipient under the award. (2 CFR 200.1)

Program funds shall not be obligated for expenditure before the beginning date of the grant or after the ending date of the grant unless pre-award costs to a specified date are expressly permitted for the individual grant program. Funds may be requested only for those items that are reasonable and necessary for accomplishing the objectives of the program, allocable to the grant fund source, and allowable for the program as defined in the RFA and for implementing activities as described. Grantees must follow 34 CFR 76.707 to determine when an allowable obligation is made; see the table below for specific types of expenditures and when the obligation is made.

In general, goods or services delivered near the end of the grant period may be viewed by TEA as not necessary to accomplish the objectives of the current grant program; however, TEA will evaluate such expenditures on a case-by-case basis. Formula grants or other funds with expected continuations of funding in the next grant year are more flexible to allow near end of grant year expenses as they will likely be able to benefit the intended program beneficiaries at the start of the new grant year. Discretionary grants and those grants that are ending do not have this type of flexibility for near end-of-year expenses. Note that a TEA monitor or an auditor may disallow such expenditures if the grantee is unable to do the following:

- Document the need for the expenditures
- Demonstrate that program beneficiaries receive benefit from the late expenditures
- Negate the appearance of “stockpiling” supplies or equipment

The grantee must receive the benefit and liquidate (record as an expenditure) all obligations incurred under the grant award no later than the revised final expenditure report due date. **An encumbrance cannot be considered an expenditure or accounts payable until the goods have been received and the services have been rendered.**

Obligations that are liquidated and recognized as expenditures must meet the allowable cost principles in 2 CFR 200, Subpart E (as applicable) and program rules, regulations, and guidelines contained elsewhere. This provision applies to all formula and discretionary grant programs (both federally and state-funded).

When an obligation is made depends on the type of expenditure, as described in the following table from 34 CFR 76.707.

If the Obligation is For —	The Obligation Is Made —
Acquisition of real or personal property	On the date the subgrantee makes a binding written commitment to acquire the property
Personal services by an employee of the subgrantee	When the services are performed
Personal services by a contractor who is not an employee of the subgrantee	On the date on which the subgrantee makes a binding written commitment to obtain the services
Performance of work other than personal services	On the date on which the subgrantee makes a binding written commitment to obtain the work
Public utility services	When the subgrantee receives the services
Travel	When the travel is taken
Rental of real or personal property	When the subgrantee uses the property
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 performance period

Factors Affecting Allowability of Costs

There are a number of basic factors that will determine whether grant expenditures are allowable. These include factors such as, but not limited to, whether costs are reasonable, allocable, and necessary; when the cost obligations are made; whether costs are treated consistently regardless of funding source; whether the costs are programmatically allowable; and whether the costs are adequately documented.

- **Reasonable***:* A cost is reasonable if it does not exceed an amount that a prudent person would incur under the circumstances prevailing when the decision was made to incur the cost. (2 CFR 200.404)

  Reasonable cost considerations:

  - Whether the cost is recognized as ordinary and necessary for performance of the award
  - Whether the cost follows sound business practices; arms-length bargaining; federal, state, and local laws and regulations; terms and conditions of the award
  - What the market price is for comparable costs for the geographic area
  - Whether individuals acted with prudence in the circumstances considering their responsibilities to the grantee, its members, employees, clients, the public, and federal or state government
  - Whether the cost aligns with the grantee's established written policies and procedures for incurring costs

- **Necessary:** A cost is necessary if it is essential to accomplish the objectives and requirements of the grant program. (2 CFR 200.403)

  Necessary cost considerations:

  - In order for actual costs incurred to be allowable, they must comply with the cost principles and other requirements of UGG, 2 CFR Part 200; be necessary and reasonable for proper and efficient accomplishment of project or program objectives; and be verifiable from the grantee's records.
  - The costs must be identified in the program plan, or if applicable the campus/district improvement plan, to show it is verifiable in the grantee's records.

- **Allocable:** A cost is allocable to a particular grant if the cost is assignable to that grant in accordance with the relative benefits received. (2 CFR 200.405)

  Allocable Cost Considerations— This standard is met if the cost satisfies any of the following criteria:

  - It is incurred specifically for the grant.
  - It benefits both the grant and other work of the grantee and can be distributed in proportions that may be approximated using reasonable methods.
  - It is necessary to the overall operation of the grantee and is assignable to the grant in accordance with these cost principles.

  Any cost allocable to a particular grant or other cost objective may not be shifted to other federal awards (or state awards, if state-funded) to overcome funding deficiencies or to avoid restrictions imposed by law or by the terms and conditions of the grant award.

To be allowable, costs also must:

- Conform to any limitations or exclusions set forth in the federal cost principles or in the grant award as to types or amount of cost items
- Be consistent with policies and procedures that apply uniformly to federally financed and other activities of the grantee. The grantee must follow the most restrictive policy (federal, state, or local).
- Be accorded consistent treatment as a direct or indirect cost across all grant programs, regardless of funding source
- Be determined in accordance with generally accepted accounting principles (GAAP)
- Not be included as a cost or used to meet cost sharing or matching requirements of any other federally or state-funded program in the current or a prior period
- Be adequately documented

Refer to the Program Guidelines for additional guidance pertaining to costs that are allowable or unallowable for the grant program. See also 2 CFR 200.403.

All costs must be budgeted in the approved application to be eligible to be charged (allocable) to the grant for allowable activities under the grant program. See Application Completion and Submission.

Classification of Direct and Indirect Costs

Programmatic and administrative costs must be classified as either direct or indirect costs, as explained in the sections below. There is no universal rule for classifying certain programmatic or administrative costs as direct or indirect costs. Each cost incurred for the same purpose in like circumstances must be treated consistently either as a direct or an indirect cost to avoid possible double-charging of federal awards. (2 CFR 200.412) In other words, direct costs cannot also be recovered as indirect costs.

Direct Program Costs

Direct costs are those costs that can be identified specifically with a particular final cost objective, such as a federal award or other internally or externally funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy. (2 CFR 200.413)

Direct program costs are costs that are clearly linked with specific, program-related activities, such as instructional programs and services. These costs must be reasonable, allocable, and necessary to meet the program's intent. Program activities include, but are not limited to:

- Proportion of employee compensation and benefits expended to directly carry out program activities
- Trainings or professional development for teachers or employees working on the program
- Supplies and materials necessary to carry out program activities
- Equipment used specifically to carry out program activities
- Travel and other operating costs incurred specifically for program-related purposes

Administrative Costs

Administrative costs are costs that relate to the overall management of the grant program. Administrative costs may be either a direct cost or an indirect cost to the program. Administrative costs incurred for the same purpose in like circumstances must be treated consistently, regardless of funding source.

Administrative costs, including direct and indirect costs, are subject to the grantee's established written policies and procedures. Grantees are strongly encouraged to consult with their business office to ensure funds are correctly budgeted as either direct or indirect administrative costs.

Restrictions on the amount or percentage of administrative costs that can be charged to a grant project will be specified in the Program Guidelines for the grant.

Direct Administrative Costs

Direct administrative costs can be identified with a specific grant program with a high degree of accuracy. Personnel costs associated with the administration of the program and charged directly to the grant should be supported by time and effort documentation to the program, if applicable. Funds requested for direct administrative use must be requested in the application on the appropriate budget sections and/or schedules.

Note: Administrative and clerical staff salaries should normally be treated as indirect costs unless the services are integral to the grant award, the individuals involved can be specifically identified with the grant award, and the costs are not also recovered as indirect costs. In grant applications, the grantee should **only** identify positions paid as direct administrative costs by title or responsibilities, not by individual name. Individual names will be negotiated out of grant applications.

Examples of direct administrative costs may include the following, when they can be clearly allocated to the specific grant program:

- Accounting and other fiscal activities, including reporting expenditures to TEA
- Auditing, distributed across federal awards being audited, when a federal audit is required
- Overall program administration
- Evaluating and reporting on the progress and results of the grant program
- Monitoring compliance with the program requirements
- Salaries and benefits for personnel who supervise activities of program staff (supported by time and effort documentation)
- Salaries and benefits for personnel who perform fiscal and reporting activities related to the grant (supported by time and effort documentation)
- Insurance that protects the grantee
- Direct administrative costs included in an approved direct cost allocation plan
- Supplies and materials, or equipment, requested for administrative use (if allowable per the grant)
- Contracted services associated with the administration of the program

Indirect Costs

Indirect costs are costs incurred for a common or joint purpose benefiting more than one cost objective and not readily assignable to the cost objectives specifically benefited, without effort

disproportionate to the results achieved. (2 CFR 200.1) These administrative costs are not identifiable with a particular grant program but are necessary for the grantee's general operation.

Examples of indirect costs include:

- Operation and maintenance of shared facilities
- General budgeting, accounting, or payroll preparation
- Human resources or personnel management
- Purchasing
- Legal departmental costs (Note: Such costs are generally unallowable with federal funds.)
- Centralized data processing
- Warehousing
- Administrative and clerical staff salaries not directly related to a specific award

Indirect costs are not required to be budgeted in the grant application in order to be charged to the grant. Indirect costs are calculated and reimbursed based on actual expenditures when reported in the Expenditure Reporting system, regardless of the amount budgeted and approved in the grant application, and can only accurately be calculated on the final expenditure report. Indirect costs claimed are part of the total grant award amount, not in addition to the grant award amount. Do not submit an amendment solely for the purpose of budgeting indirect costs.

For charging indirect costs to grants, grantees must comply with thresholds in their current indirect cost rate agreements issued by TEA (34 CFR 76.564[b]). For current-year indirect cost rates, as well as calculation information, visit the Federal Fiscal Compliance and Reporting Division's Indirect Cost Rates webpage.

A grant program's Program Guidelines will indicate whether a grantee should use their current restricted rate or unrestricted rate when calculating indirect costs to be charged to the grant program:

- **Restricted Rate** — The restricted indirect cost rate is used for grant programs where the supplement, not supplant requirement applies. The majority of the grants that TEA administers are subject to SNS, and the restricted indirect cost rate is applied to them.
- **Unrestricted Rate** — The unrestricted indirect cost rate is applied to grants not subject to the SNS requirement.

TEA may not further limit the amount of indirect costs allowed by a grant program. However, the authorizing statute may set a limit on administrative costs.

To calculate maximum indirect costs, use the Maximum Indirect Costs Worksheet available on the Grants Administration Division's Grant Resources webpage.

For additional information about indirect costs, refer to 2 CFR 200.414.

Administrative Closeout Costs

For federal grants awarded on or after October 1, 2024, administrative closeout costs may be incurred until the due date of the final report(s). If incurred, these costs must be liquidated prior to the due date of the final report(s) and charged to the final budget period of the award unless otherwise specified by the federal agency. All other costs must be incurred during the approved budget period. (2 CFR 403[h])

Examples of administrative closeout costs include:

- Salaries of personnel preparing final reports
- Publication and printing costs of associated final financial reports
- Related indirect costs

Equipment and Supplies

Equipment is tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost that equals or exceeds the lesser of the capitalization level established by the grantee for financial statement purposes, or $10,000[4]. Tangible personal property not meeting the definition of equipment and below the lower capitalization level is considered a supply. Applicable term definitions and rules for budgeting equipment and other capital assets are provided in the Budgeting Costs Guidance Handbook in the Capital Outlay (Capital Expenditures) (6600) section.

Equipment

The following provides additional guidance for equipment purchased with grant funds. For guidance on supplies, see the Supplies section.

Specific Approval

As capital assets and expenditures, equipment costs require specific, prior approval in the grant application.

[4] The federal definition of equipment is $10,000 unless the grantee defines a lower acquisition threshold. For grants awarded prior to October 1, 2024, the maximum capitalization level is $5,000, or the capitalization level established by the applicant agency in its written policies and procedures, whichever is less. Tangible personal property not meeting the definition of equipment and below the lower capitalization level is considered a supply.

Procurement

Equipment purchases and related services must follow procurement standards.

Title

The title to equipment acquired under a federal award will vest upon acquisition in the subrecipient subject to the conditions of 2 CFR 313. This title must be a **conditional title** unless a federal statute specifically authorizes the federal agency to vest title in the subrecipient without further responsibility to the federal government (and the federal agency elects to do so). A conditional title means a clear title is withheld by the federal agency until conditions and requirements specified in the terms and conditions of the federal award have been fulfilled. The title for equipment vested in a subrecipient is subject to the following conditions:

- The equipment must be used for the authorized purposes of the project during the period of performance or until the property is no longer needed for the purposes of the project.
- While the equipment is being used for the originally authorized purpose, the subrecipient must not dispose of or encumber its title or other interests without the approval of TEA.
- The equipment must be used and disposed of in accordance with 2 CFR 200.313(b), (c), and (e).

Cost of Equipment Insurance

The grantee must, at a minimum, provide the equivalent insurance coverage for equipment acquired or improved with federal funds as provided to property and equipment owned by the subrecipient. The actual cost of insurance for equipment purchased with funds from the grant program may be charged as a direct cost to the grant so long as the insurance costs are not contained in any other comprehensive casualty insurance held by the grantee.

If the grant funding which purchased the equipment ends (e.g., ESSER) but the equipment continues to be used for the original or another federal purpose, it must continue to be insured at the same applicable rate.

Use of Equipment Purchased with Grant Funds

Equipment purchased with federal grant funds must be used for the grant project or program for which it was acquired and for as long as the equipment is needed, whether or not the grant continues to be supported by federal funds. **The grantee must not dispose of or encumber the equipment without prior approval from TEA.**

When no longer needed for the original project or program, the equipment may be used in other activities in the following order of priority:

1. Activities for other grant programs funded by USDE (or another federal agency that funded the original program or project); then
2. Activities for other grant programs under federal awards from other federal agencies. These activities include consolidated equipment for information technology systems.

During the time that equipment is used on the project or program for which it was acquired, the grantee must also make the equipment available for use on other federally funded programs or projects, provided that such use will not interfere with the purpose for which it was originally acquired. First preference for other use of the equipment must be given to other programs or projects supported by USDE (or another federal agency that financed the equipment). Second preference must be given to programs or projects under federal awards from other federal agencies. Use for non-federally funded projects is also permissible, provided such use will not interfere with the purpose for which it was originally acquired. The grantee should consider charging user fees as appropriate.

Note: Use for the original grant should always take priority over other uses.

Notwithstanding the encouragement in 2 CFR 200.307 to earn program income, the grantee must not use equipment acquired with the federal award to provide services for a fee that is less than a private company would charge for similar services unless specifically authorized by federal statute. This restriction is effective as long as the federal government retains an interest in the equipment.

When acquiring replacement equipment, the grantee may either trade in or sell the equipment and use the proceeds to offset the cost of the replacement equipment.

Equipment purchased with state grant funds must be used for the grant project or program for which it was acquired and for as long as the equipment is needed, whether or not the grant continues to be supported by state funds. To dispose of equipment purchased with state funds, the grantee must ensure they are following applicable state guidelines and their local policies and procedures.

Management Requirements for Equipment

Regardless of whether equipment is acquired in part or its entirety under the grant award, the grantee must manage equipment (including replacement equipment) utilizing procedures that meet the following requirements:

- Property records must include a description of the property, a serial number or another identification number, the source of funding for the property (including the FAIN), the title holder, the acquisition date, the cost of the property, the percentage of the federal agency contribution towards the original purchase, the location, use and condition of the property, and any disposition data including the date of disposal and sale price of the property. The grantee is responsible for maintaining and updating property records when there is a change in the status of the property.

- A physical inventory of the property must be conducted, and the results must be reconciled with the property records at least once every two years.
- A control system must be in place to ensure safeguards for preventing property loss, damage, or theft. Any loss, damage, or theft of equipment must be investigated. The subrecipient must notify TEA through the EDGAR Connect WorkApp System of any loss, damage, or theft of equipment that will have an impact on the program. TEA requires a police report for theft.
- Regular maintenance procedures must be in place to ensure the property is in proper working condition (see note below).
- If the subrecipient is authorized or required to sell the property, proper sales procedures must be in place to ensure the highest possible return.

Note: Costs incurred for necessary maintenance, repair, or upkeep of grant equipment to keep it in an efficient operating condition are allowable. Costs incurred for improvements that add to the permanent value of the equipment or appreciably prolong their intended life are allowable as a direct cost, but they must be treated as capital expenditures and require specific approval in the application. These costs are only allowable to the extent not paid through rental or other agreements.

Federal grant funds used to purchase equipment, or other state/local funds as allowable, may be used to pay for repairs to that equipment. If the equipment is no longer needed for the original grant, and its use has been transferred to another federal grant as appropriate, repairs may be purchased with funds from the receiving grant or other state/local funds as allowable.

Disposition of Equipment

When equipment acquired under a grant is no longer needed for the original project, program, or for other activities as described in the Use of Equipment Purchased with Grant Funds section, the grantee must request and follow TEA disposition instructions in order to remove equipment from inventory, if required by the terms and conditions of the award. Reasons for removal may include that the equipment is no longer operable, was destroyed, was stolen, or is no longer needed for other activities (see Use of Equipment Purchased with Grant Funds).

The form for requesting to dispose of equipment and supplies (and, therefore, remove them from inventory) is available through TEA's EDGAR Connect WorkApp System — see the Forms for Prior Approval, Disclosure, and Justification page. **The completed disposition form must be submitted for approval by TEA prior to the actual disposition of the equipment.**

Disposition of the equipment will be made as follows, in accordance with TEA disposition instructions:

- After receiving written authorization from TEA, equipment with a current fair market value of $10,000[5] or less (per unit) may be retained, sold, or otherwise disposed of with no further responsibility to the federal agency or to TEA.
- After receiving written authorization from TEA, or if TEA fails to provide requested disposition instructions with 120 days, items of equipment with a current fair market value in excess of $10,000[6] (per unit) may be retained or sold by the grantee. However, the federal agency is entitled to an amount calculated by multiplying the percentage of the federal agency's contribution towards the original purchase by the current market value or proceeds from the sale. The grant must be credited, and a refund must be submitted to TEA for the calculated amount. The refund will then be returned by TEA to the federal government. If the equipment is sold, TEA may permit the subrecipient to retain, from the federal share, $1,000 of the proceeds to cover expenses associated with the selling and handling of the equipment.
- The subrecipient may transfer title to the property to the federal government or to an eligible third party provided that the subrecipient must be entitled to compensation for its attributable percentage of the current fair market value of the property.

In cases where a subrecipient fails to take appropriate disposition actions, TEA may direct the subrecipient to take disposition actions.

If the subgrantee purchases capital outlay (furniture or equipment) to accomplish the objectives of the grant project, the title will remain with the subgrantee organization throughout the grant period. TEA reserves the right to transfer capital outlay items during the grant period or as needed after the ending date of the grant from subgrantees that fail to comply with grant requirements. This provision applies to any furniture or equipment regardless of unit price and item classification in the subgrantee's accounting records.

Retention of Equipment

When included in the terms and conditions of the federal award, the federal agency may authorize TEA to permit the subrecipient to retain equipment, with no further obligation to the federal government unless prohibited by federal statute or regulation.

[5] For grants awarded prior to October 1, 2024, this threshold is $5,000 or less (per unit).

[6] For grants awarded prior to October 1, 2024, this threshold is $5,000 (per unit).

Supplies

Supplies are all tangible personal property other than those described in the definition of equipment. A computing device[7] is a supply if the acquisition cost is below the lesser of the capitalization level established by the subrecipient for financial statement purposes or 10,000[8], regardless of the length of its useful life.

Costs incurred for materials, supplies, and fabricated parts necessary for the performance of a grant award are allowable. Purchased materials and supplies must be charged at their actual prices, net of applicable credits. Withdrawals from general stores or stockrooms must be charged at their actual net cost under any recognized method of pricing inventory withdrawals, consistently applied. Incoming transportation charges are an allowable part of materials and supplies costs.

Materials and supplies used for the performance of a federal award may be charged as direct costs. Charging computing devices as direct costs is allowable for devices that are essential and allocable, but not solely dedicated, to the performance of a federal award.

Where federally-donated or furnished materials are used in performing the federal award, the materials will be used without charge.

Additionally, the following apply to supplies purchased with federal grant funds:

- **Title:** Title to supplies acquired under the federal award will vest upon acquisition in the subrecipient.
- **Unused Supplies (New Condition):** When there is a residual inventory of unused supplies exceeding $10,000[9] in aggregate value at the end of the period of performance, and the supplies are not needed for any other federal award, the subrecipient may, **with prior written approval from TEA** through the EDGAR Connect WorkApp System, retain the supplies for use on other activities or sell the unused supplies; in either case, the subrecipient must compensate, through TEA, the federal agency for its share. Unused supplies means supplies that are in new condition, not having been used or opened before. The aggregate value of unused supplies consists of all supply types, not just like-item supplies.

[7] Computing devices means machines that acquire, store, analyze, process, and publish data and other information electronically, including accessories (or "peripherals") for printing, transmitting and receiving, or storing electronic information. Laptops and tablets are considered computing devices.

[8] The federal definition of equipment is $10,000 unless the grantee defines a lower acquisition threshold. For grants awarded prior to October 1, 2024, the maximum capitalization level is $5,000, or the capitalization level established by the applicant agency in its written policies and procedures, whichever is less. Tangible personal property not meeting the definition of equipment and below the lower capitalization level is considered a supply.

[9] For grants awarded prior to October 1, 2024, the total aggregate value threshold is $5,000.

To calculate the appropriate compensation to the federal agency/TEA, multiply the percentage of the federal agency's or TEA's contribution towards the cost of the original purchase(s) by the current market value or proceeds from the sale. The grant must be credited for this compensation amount, and a refund must be submitted to TEA. The refund amount will then be returned by TEA to the federal government, as applicable. If the supplies are sold, TEA, as the pass-through entity, may permit the subrecipient to retain, from the federal share, $1,000 of the proceeds to cover expenses associated with the selling and handling of the supplies.

- **Service Fees:** Unless expressly authorized by federal statute, the subrecipient must not use supplies acquired with the federal award to provide services for a fee that is less than a private company would charge for similar services. This restriction is effective as long as the federal government retains an interest in the supplies or as authorized by federal statute.

Supplies purchased with state grant funds must be used for the grant project or program for which they were acquired and for as long as the supplies are needed, whether or not the grant continues to be supported by state funds. To dispose of supplies purchased with state funds, the grantee must ensure they are following applicable state guidelines and their local policies and procedures.

Technology Purchases as Capital Outlay

Applicants should be thoughtful and deliberate in the planning phase of the application process when budgeting grant funds to purchase technology equipment. The grant application must specify what type of technology is planned to be purchased and must demonstrate how the planned purchase aligns with the purpose and goals of the grant. Avoid including brand names in the description.

After grant funds are awarded, they must be expended in accordance with the approved budget. If the grantee realizes that a different type of equipment better serves the same need, the grantee must submit an amendment to the application before the equipment is purchased. For instance, if the grantee budgeted for a keypad reader door-locking system and decides instead to install a smart access door-locking system as a more effective means of serving the same need, the grantee must submit an amendment before obligating grant funds for the equipment.

Technology purchases require specific approval from TEA if the acquisition cost equals or exceeds the lesser of the capitalization level established by the applicant in its written policies or procedures, or $10,000[10]. If the technology units or systems are less than the capitalization level – for example,

[10] The federal definition of equipment is $10,000 unless the grantee defines a lower acquisition threshold. For grants awarded prior to October 1, 2024, the maximum capitalization level is $5,000, or the capitalization level established by the applicant agency in its written policies and procedures, whichever is less. Tangible personal property not meeting the definition of equipment and below the lower capitalization level is considered a supply.

laptops or tablet computers — they should be budgeted in Supplies and Materials (6300) rather than Capital Outlay (6600), unless the written policies and procedures of the applicant require such technology to be listed as capital expenditures.

Inventory for Technology Items That Do Not Meet the Capitalization Threshold

Per 2 CFR 200.302(b)(4), the grantee must provide for "effective control over and accountability for all funds, property, and other assets. The subrecipient must safeguard all assets and ensure they are used solely for authorized purposes."

While items such as tablet computers, netbooks, and laptops may not meet the capitalization level established by the subgrantee or UGG, it is required by 2 CFR 200.302 that these items be safeguarded and protected following a process defined in the grantee's written policies and procedures. A best practice for these types of items, although it is not required, may be for them to be inventoried, tracked, and monitored, as they are highly mobile and susceptible to loss. The grantee must be able to document for auditors and TEA monitors how it safeguards all grant assets.

Personal Use of Technology Purchased with Grant Funds

Grantees are strongly encouraged to develop and approve a written policy pertaining to the personal use of technology (such as laptops, computers, and other computing devices) purchased with grant funds. The policy should include the following elements:

- A statement detailing that software and/or applications that are solely for personal use should not be loaded/saved onto computing devices purchased with grant funds
- Mechanisms/procedures for ensuring compliance with the policy
- Consequences for noncompliance with the policy

Special or Unusual Costs

The reasonableness and allocability of certain items of costs may be difficult to determine. To avoid potential disallowance or dispute, the applicant may request prior approval from TEA through the EDGAR Connect WorkApp System for special or unusual costs that do not align with the grantee's normal procurement activities. If the costs are approved by TEA, the grantee can maintain the approval documentation for an audit or for TEA monitoring. **Note:** This form is not to be used when the cost is easily determined as an allowable program cost, or in instances when the cost is allowable but the grantee has never used the funds for that activity before.

Application Completion and Submission

This section describes the process of completing and submitting the application.

Coordination with the Business Office

To ensure compliance with required accounting procedures, all applicants are strongly encouraged to consult with their business office about assignment of budgeted items to the proper class/object codes before submitting an application. Advance coordination with the business office will expedite negotiation and processing of the application and may assist in avoiding audit exceptions for the grantee.

Local Board Approval

Applicants are advised to complete the process of obtaining local board approval, as appropriate and in accordance with local written policies and procedures, before applying for funding.

Budgeting Costs in the Application

Funds requested must be only for those items that are reasonable and necessary for accomplishing the objectives of the program and for implementing activities as described in RFA. Costs must be allocable to the grant program and allowable by statute and the grant's Program Guidelines. See Factors Affecting Allowability of Costs. All costs must be budgeted in the approved application to be eligible to be charged (allocable) to the grant for allowable activities under program statute.

In general, the budget submitted by the applicant must show the following:

- Project costs are reasonable in relation to expected outcomes.
- The amount requested would realistically be expected to have an impact on the stated needs.
- The expected outcomes are sufficient to justify the amounts requested.
- The program identifies and coordinates funding from several sources.
- All expenditures are pertinent to and appropriate for the objectives and activities stated.

For support in budgeting costs for an application, eligible applicants can refer to the Budgeting Costs Guidance Handbook.

Application Submission Requirements: Noncompetitive Grants

The following sections describe the procedures related to proper submission of noncompetitive PDF and eGrants applications, including formula grants. For information on applying for a competitive or informal competitive grant, see Appendix A and Appendix B, respectively.

Applications must be submitted by the due date listed in the grant's RFA.

Note: TEA has limited resources to provide technical assistance to those who experience difficulty accessing and using these schedules. While the RFA may allow application submission to 11:59pm on its due date, TEA staff are only available for technical assistance from 8am to 5pm on weekdays, excluding observed holidays. Grantees are advised to submit applications as early as possible in case of technical difficulties or other unforeseen complications. TEA will consider requests for extensions of application deadlines for formula grants and noncompetitive discretionary grants on a case-by-case basis.

eGrants

An eGrants application is an online grant application that is published through TEA's electronic grants (eGrants) system. The eGrants system stores the application and related amendments, special collections, and select reports. It also provides links to grant-related documents included on the grant's TEA Grant Opportunities page. Within eGrants, there are many Help or Instruction buttons to guide applicants in completing specific sections or pages of the application. The grantee must provide all requested information according to the instructions.

Before an eligible applicant can complete an application in the eGrants system, grant staff responsible for completing, submitting, and certifying the application must have a TEA Login (TEAL) account. To request a new TEAL account, go to the TEA Login page and click Request a New User Account, then complete the form provided to receive a username and temporary password for logging in and finalizing the account.

From within TEAL, authorized grantee approvers can assign user roles for staff members. The eGrants Roles and Privileges document outlines what responsibilities each type of user has.

The eGrants application must be certified and submitted by an individual who has been authorized by the applicant or subgrantee organization to enter the organization into a legally binding contractual agreement. The authorized official is the individual who will represent the applicant or subgrantee in the event any legal disputes arise. For school districts, this person is usually the superintendent. For ESCs and nonprofit organizations, this person is usually the executive director. The authorized official may designate other persons who can certify and submit on behalf of the applicant entity in the role of grantee official.

All applications must include any requested attachments, in addition to contact information, program forms, budget forms and provisions, assurances, and certifications.

In establishing the time and date of receipt, the commissioner of education will rely solely on the date and time of the eGrants automated system. TEA accepts no responsibility for technical problems, delays, or insufficient capacity of technology that occurs at the applicant or originating organization. Applicants are strongly advised to submit their applications well before the deadline time and date in an effort to reduce or eliminate technical barriers.

Applicant Designation and Certification (ADC)

All eligible applicants applying for a grant in eGrants are required to complete an Applicant Designation and Certification (ADC) form and submit it through eGrants before being allowed access to the electronic application. On this form, the grantee official must indicate how the applicant entity will apply for that grant: apply on own as an independent applicant, apply as the fiscal agent for an SSA, apply as a member of an SSA, or not apply at all.

Note: The response to this ADC form is binding for the entire project period. TEA is not required to allow grantees to change their mind after submission of the ADC form and in many cases cannot undo previous funding actions already taken.

Grantees are advised to complete the process of obtaining local board approval, as appropriate, before submitting this form.

For formula grants, the grantee must first submit the required Special Collection schedule SC5003 in order to access the ADC.

PDF Application

Noncompetitive PDF applications are available from the grant's RFA in TEA Grant Opportunities. It is the applicant's responsibility to ensure that all parts of the application are completed fully and appropriately before submitting the application to TEA via email to grantapplications@tea.texas.gov. All required attachments must be included with the application at the time it is submitted. Do not include unsolicited attachments. Applications must be in substantially approvable form in order to be accepted for review.

Responses must be typed into the PDF application form; handwritten entries will not be accepted. Applicants submitting a PDF grant application are responsible for ensuring that the forms and schedules maintain TEA's format.

TEA requires the PDF application for noncompetitive grants to be signed, with a digital ID or by hand, by a person authorized to bind the applicant to a contractual agreement:

- Applications submitted by ISDs must be signed by the superintendent of the ISD or a designee.
- Applications submitted by regional ESCs must be signed by the executive director or a designee.
- Applications submitted by open-enrollment charter schools must be signed by the chief operating officer of the school or a designee.
- Campuses and campus charter schools must apply through their ISD, and the application must be signed by the superintendent or a designee.

Review, Negotiation, and NOGA

Noncompetitive grants must be submitted in substantially approvable form in order to be processed. For competitive and IDC grants, refer to Appendix A and Appendix B.

During grant negotiations, TEA staff will review the application for compliance and whether costs budgeted in the application are allocable and allowable, as well as reasonable and necessary for the grant program and applicant entity. Costs determined by TEA staff to be unallowable, not reasonable, or not necessary will be removed from the application during negotiations and may be reduced from the grant year budget, depending on the specific grant program. Requested funds may or may not be reallocated to other activities, depending on the specific grant program, after being determined to be unallowable or not reasonable and necessary by TEA staff.

Once the review and negotiation process has been completed, TEA will approve and issue the NOGA. All applicable laws and requirements, guidelines, provisions and assurances, instructions, errata, the approved application, and any other required elements of the RFA are incorporated by reference into the NOGA. The NOGA constitutes a binding agreement.

Amending an Application

After the original application is approved and the grantee has received the NOGA, the subgrantee may realize a need, or is required by TEA, to make modifications to planned allowable activities or estimated budget costs. Subgrantees are permitted to rebudget within the approved direct cost budget (as established on the Program Budget Summary) to meet unanticipated requirements and to make certain changes to the approved budget without written amendment. However, some changes do require the prior written approval of TEA through an amendment. **Refer to the When to Amend the Application guidance document on the Amending an Application page to determine when an amendment is required.**

In addition to requesting approval for budget revisions in accordance with the When to Amend the Application document, per 2 CFR 200.308 grantees must request TEA's prior written approval for the following by submitting an amendment:

- Change in the scope or the objective of the project or program (even if there is no associated budget revision requiring prior written approval)
- Change in key personnel (including employees and contractors) that are identified by name or position in the award
- Disengagement from the project for 3+ months or a 25% reduction in time and effort devoted to the award over the grant period by the approved project director or principal investigator
- Inclusion of costs that require prior approval, unless waived by the federal agency

- The transfer of funds budgeted for participant support costs, if applicable, to other budget categories
- Subaward activities not proposed in the application and approved in the award (usually not applicable to a change of subrecipient, unless the inclusion was a determining factor in the merit review or eligibility process). This requirement does not apply to procurement transactions for goods and services.
- Changes in the total approved cost-sharing amount
- The need arises for additional funds to complete a project
- Transferring funds between construction and non-construction work under a federal award
- A no-cost extension (submitted at least 10 calendar days before the conclusion of the grant period)

Regardless of how a grantee distributes the funds among the class/object codes, the grantee is still responsible for carrying out the scope and objectives of the grant as described in the approved application. Additionally, regardless of whether an amendment is required, subgrantees must comply with any requirements for maximum or minimum expenditures for certain categories or activities. For example, if the grant requires that no more than 15% of the funds may be used for a certain activity, such as planning, the subgrantee must comply with this 15% maximum requirement.

For competitive and IDC grants, grantees may not amend the grant application in a way that alters the basic program intent, goals, or objectives to the extent that the program would no longer be the program that received the application score and was subsequently recommended for funding. See Appendix A (competitive grants) and Appendix B (IDC grants) for additional guidance.

TEA reserves the right to reject unnecessary amendments without reviewing and/or approving them.

Amendment Deadline and Retroactive Approval Requests

The TEA Grant Opportunities page lists the last day an amendment may be submitted. Amendments that are submitted after the deadline or that request retroactive approval of expenditures will be accepted and considered by TEA on a case-by-case basis if the amendment is allowable by program statute or regulation and if TEA has not begun the next business process in the grant cycle. The grantee must specifically request retroactive approval in the amendment, if applicable.

Amendments will not be accepted for any grant after the grant period end date.

Submitting an Amendment

For noncompetitive PDF grant applications, amendments must be submitted by email to grantapplications@tea.texas.gov. **Note:** Always work with the most recent TEA-approved application

or amendment, rather than an original application submission. Submit the amendment with the following required application elements:

- **Application Part 1 (PDF), Page 1:** Applicant Information page with up-to-date contact information and current authorized official's signature and date
- **Application Part 1 (PDF), Section 6.** Amendment Description and Purpose page with changes to Application Part 1 (PDF) and/or Application Part 2 (Excel) identified and briefly described, excluding any calculations or dollar amounts
- **Application Part 1 (PDF):** All updated pages/sections affected by the change(s) in the amendment
- **Application Part 2 (Excel):** Budget Summary and all worksheets affected by the change(s) in the amendment

For noncompetitive grant applications submitted via eGrants, amendments must be submitted electronically using the eGrants system. The schedule GS2900 — Purpose of Amendment must be completed with an appropriate amendment justification. Any additional schedules affected by the proposed change must be appropriately updated and submitted with the amendment.

For amending competitive or IDC grants, see Appendix A and Appendix B, respectively. Instructions regarding amendments for these grants will be provided in the grant's Program Guidelines and/or application.

Amendment Effective Date

An amendment, after being approved by TEA, is considered effective on the date it was received by TEA in substantially approvable form. All amendments are subject to negotiation.

In general, an amendment must be approved by TEA before any activities occur, such as purchase orders issued, funds encumbered or expended, goods received, or services rendered that are affected by the amendment. If the grantee chooses to implement such changes prior to the amendment being approved by TEA, the grantee will be responsible for paying, from other fund sources, any costs not approved during negotiations.

Shared Services Arrangements (SSAs)

A shared services arrangement (SSA) is an agreement between two or more school districts, open-enrollment charter schools, and/or ESCs. Such entities may desire to enter into an SSA for the performance and administration of a program in order to maximize the use of funds and services to be provided; the SSA provides services for all of the entities involved. SSAs must be allowable per the grant's Program Guidelines, Shared Services Arrangement section. In every SSA, a fiscal agent must be designated to be ultimately responsible for compliance with grant requirements and

conducting administrative duties. The fiscal agent must be an eligible entity for the grant program, as defined in the Program Guidelines. A formal written SSA agreement (described below) must be signed by the fiscal agent and SSA member and outlines the responsibilities of both the fiscal agent and the member.

A consortium between school systems and/or ESCs for the purposes of applying for and expending grant funding is considered an SSA and subject to the guidance in this section. As an SSA, such a consortium must have a written agreement signed by the fiscal agent and member entities.

Excluded Entities

All entities other than school districts, open-enrollment charter schools, and ESCs, are prohibited from being part of an SSA. The following is a non-exhaustive list of entities that are excluded from providing services through an SSA:

- Colleges/universities
- Community-based organizations
- Councils of governments
- For-profit organizations
- Nonprofit organizations
- Other local governments, such as cities and counties

Entities prohibited from being part of an SSA may contract with the SSA's fiscal agent to provide services or enter into a collaborative partnership with the fiscal agent to conduct grant activities. Such contractors or partners will not be members of the SSA.

Fiscal Agent and Member Responsibilities

SSA designations (fiscal agent and/or members) and associated responsibilities are for the entire grant period, as indicated on the NOGA, up through the final expenditure reporting period.

Fiscal Agent Responsibilities

The designated fiscal agent of an SSA is the applicant that completes and submits a composite application with input from and on behalf of its members.

In addition to responsibilities outlined in the written SSA agreement, the fiscal agent is responsible for the following:

- Ensuring that funds are used in accordance with all grant provisions
- Maintaining all SSA financial and personnel records required for TEA, in accordance with Financial Accounting and Reporting (FAR)
- Managing the SSA in accordance with federal statute(s) and regulations

The fiscal agent may also be responsible for financial consequences concerning the following:

- SSA instances of noncompliance
- Any SSA member unable to repay respective portion of misappropriated funds in question

Member Responsibilities

Member districts contribute financially to the SSA and are responsible for adhering to the terms of the written SSA agreement with the fiscal agent.

Member districts must maintain proper fiscal, personnel, and student records, as applicable to the grant program. They must cooperate with the fiscal agent to provide any necessary data or records to be in compliance with statute, TEA programmatic and fiscal requirements, and performance measures.

Written SSA Agreement

When two or more school districts, open-enrollment charter schools, or ESCs enter into an SSA, a formal written agreement is required that defines the composite entity and describes the responsibilities of its fiscal agent and of each SSA member. The responsibility for compliance belongs to the fiscal agent receiving the subgrant award. The SSA agreement must define the roles and responsibilities of the fiscal agent and the member districts, including the responsibility for the policies and procedures, and be signed by all participating entities. This signed, written agreement is a binding contractual agreement between the fiscal agent and each member. TEA does not review the written agreement.

At a minimum, the written SSA agreement should contain the following information.

- **Legal requirements:**
  - Organization of the shared services arrangement
  - Ownership of assets
  - Policies and procedures addressing disposition of assets if the SSA is terminated by one or all members
  - Policies and procedures addressing carryover funds if the SSA is terminated by one or all members
  - Liabilities, including legal fees due to complaints, grievance, litigation, refund from onsite monitoring, audit, etc.

  - Basis for allocation of costs of the fiscal agent
  - Uncontrollable costs that impact the fiscal agent
  - Term of the agreement (**Note:** Fiscal agent and member responsibilities are for the full duration of the grant period, regardless of when the school year ends. This includes the liquidation and closeout period of the grant, as applicable.)
- **Responsibilities of the designated fiscal agent:**
  - Services to be provided to SSA members
  - Employment of personnel
  - Budgeting and accounting
  - Reporting
- **Responsibilities of each SSA member:**
  - Employment of personnel
  - Budgeting and accounting
  - Reporting

The signed written agreement(s) must be on file by the fiscal agent for audit and monitoring purposes.

Applying for Funding As an SSA

In order for grantees to apply for funding as an SSA, such SSAs must be allowable per the Program Guidelines. The following application information applies to noncompetitive grants. For information about applying for competitive or informal competitive grants, refer to Appendix A and Appendix B, respectively.

PDF Applications for Noncompetitive Grants

Before submitting a PDF application for a noncompetitive grant on behalf of an SSA, the fiscal agent must obtain (in Section 2 of Application Part 1) an authorized official's signature for each participating SSA member entity. Applications without all member signatures will be considered incomplete and held in negotiation until all signatures are obtained.

eGrants SSA Applicant Designation and Certification Form (ADC)

For formula grants, all grantees participating in an SSA must complete the ADC form in eGrants to indicate whether they are applying as a fiscal agent or as a member. The fiscal agent should submit its ADC form as early as possible, before any other SSA members complete their ADCs, so that the members are able to select the name of their designated fiscal agent on the form.

Note: The response to the ADC form is binding for the entire project period. TEA is not required to allow grantees to change their mind after submission of the ADC form and in many cases cannot undo previous funding actions already taken.

Grantees are advised to complete the process of obtaining local board approval, as appropriate, before submitting this form. Whether a fiscal agent or a member of an SSA, each applicant must submit the ADC form by the date specified in the RFA.

Fund Management

General Rules

Grantees must maintain a proper general ledger that complies with GAAP, federal financial management standards, and Financial Accountability and Reporting (FAR). Grantees must account for grant funds on a fund accounting basis (i.e., by grant funding source).

Financial Management Standards

Fiscal control and accounting procedures must permit the tracking of funds to a level of expenditure adequate to establish that funds have been used in accordance with the terms and conditions of the grant award. The applicant must maintain effective control over and accountability for all funds, property, and other assets.

Per 2 CFR 200.302(b), the grantee's financial management system must provide for the following:

- Identification, in its accounts, of all federal awards received and expended and the federal programs under which they were received
- Accurate, current, and complete disclosure of the financial results of each federal award or program in accordance with the reporting requirements in 2 CFR 200.328 (Financial Reporting) and 2 CFR 200.329 (Monitoring and Reporting Program Performance)
- Maintaining records that sufficiently identify the amount, source, and expenditure of federal funds for federal awards. These records must contain information necessary to identify the federal awards, authorizations, financial obligations, unobligated balances, assets, outlays (expenditures), income, and interest. All records must be supported by source documentation.
- Effective control over, and accountability for all funds, property, and assets. The grantee must safeguard all assets and ensure they are used solely for authorized purposes. See Internal Controls.
- Comparison of expenditures with budget amounts for each federal award

- Written procedures to implement the requirements for payments (2 CFR 200.305)
- Written procedures for determining the allowability of costs in accordance with 2 CFR Part 200, Subpart E – Cost Principles, and the terms and conditions of the federal award

School districts, open-enrollment charter schools, and ESCs are required to maintain records on all expenditures by budget function, class/object code, and year of entitlement (appropriation), in accordance with the provisions of the Financial Accountability System Resource Guide (FASRG).

All nonprofit and for-profit applicants for federally funded grants must demonstrate the capability to comply with federal financial management and accounting standards.

TEA reserves the right to conduct a pre-award audit or post-award audit to determine whether a grantee maintains an adequate financial management system. If the financial management system is found to be inadequate, TEA may deny or terminate the award.

Failure to comply with federal financial management standards and FASRG provisions may result in audit or monitoring findings and the disallowance of expenditures paid from the grant.

Financial Accounting System

The applicant's financial accounting system must meet federal financial management and Financial Accountability and Reporting standards, as described in the Financial Management Standards section. Refer to the Information for Organizations Selected for a Review page of the TEA website for sample general ledgers and payroll journals that comply with the mandatory account code structure established by FASRG.

Pursuant to 2 CFR 200.302 and FASRG, TEA will verify whether grantees that are ISDs, charter schools, or ESCs use a software application capable of providing adequate financial accounting to administer TEA grant funds. Adequacy of grantees' financial accounting-system software application is determined by whether the software application has the ability to do all of the following:

- Accommodate the minimum 15-digit account code mandated by the FASRG
- Generate information needed for Public Education Information Management System (PEIMS) reporting
- Ensure adequate accountability of state and federal funds

Failure of an ISD, charter school, or ESC to account for funds in accordance with FASRG may result in audit or monitoring findings and the disallowance of expenditures paid from the grant.

All other grantees must have a financial accounting system that meets the standards specified in this section, in accordance with 2 CFR 200.302.

Internal Controls

Any organization receiving federal grant funds must establish a system of internal controls to ensure the effective management of its grant funds.

Per 2 CFR 200.303, the grantee must:

- Establish, document, and maintain effective internal control over the grant award
- Provide reasonable assurance that it is managing the award to comply with U.S. Constitution, federal statutes, regulations, and the terms and conditions of the federal award
- Evaluate and monitor compliance with statutes, regulations, and the terms and conditions of federal awards
- Take prompt action when instances of noncompliance are identified
- Take reasonable cybersecurity and other measures to safeguard information, including protected personally identifiable information (PII) and other types of information, including sensitive information

A system of internal controls requires the participation of all levels of an organization. The grantee's business processes, and organizational structure should reflect and support the internal control system established for monitoring grant funds. An effective system of internal controls ensures:

- Accurate program and financial grant reporting
- Effective and efficient operations
- Compliance with all applicable laws and regulations
- Consistent adherence to written policies and procedures by all staff

Organizations should develop and maintain internal control documentation that clearly defines roles and responsibilities, thereby creating standards for segregation of duties and setting expectations for performance and conduct.

Per 2 CFR 200.303, Internal controls should align with the guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States (the Green Book) or the "Internal Control-Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

For additional information related to effective internal controls, see the Submission of Audit Reports for Federal Grants and High-Risk Status, Specific Conditions, and Remedies sections.

Cash Management

The grantee must account for and expend grant funds in accordance with federal statute, state laws, and the terms and conditions of the grant award. Additionally, the grantee must follow with consistency its established written policies and procedures in relation to cash management.

Methods of Payment

There are two payment methods available to a grantee: reimbursement and cash advance.

Reimbursement

In a reimbursement method, a grantee draws down grant funds from the TEA Expenditure Reporting (ER) System to reimburse allowable expenditures after the grantee has already paid for the costs with state or local funds. To allow grantees additional flexibility, TEA has defined reimbursement as drawing down grant funds on or after the day the grantee has mailed, delivered, or submitted an electronic payment for allowable costs. For audit purposes, the grantee must track the date it mailed, delivered, or submitted an electronic payment as proof for the reimbursement method. Under the reimbursement method, a grantee is not required to deposit funds in an interest-bearing account.

Reimbursement is the preferred method of drawing down funds for allowable expenditures for most grants administered by TEA

Grantees may not draw down funds until the NOGA has been approved by TEA.

Cash Advance

Under the cash advance method, a grantee draws down grant funds in advance of when the funds will be paid out. The use of this payment method requires the grantee to have written procedures that minimize the time elapsing between the transfer of funds from TEA and the disbursement of funds by the grantee for the program purpose. (2 CFR 200.305) Under this payment method, the grantee is required to deposit advance grant payments in an insured interest-bearing account, unless one of the following applies:

- The grantee receives less than $250,000 in total federal awards per fiscal year.
- The best available interest-bearing account would not reasonably be expected to earn interest in excess of $500 per fiscal year on total federal cash balances.
- The depository would require an average or minimum balance so high that it would not be feasible with the expected federal and non-federal cash resources.
- A foreign government or banking system prohibits or precludes interest-bearing accounts.
- An interest-bearing account is not readily accessible

Advance payments of grant funds must be limited to the minimum amounts needed and be timed with the actual, immediate cash requirements of the grantee in carrying out the purpose of the approved program or project. The timing and amount of advance payments must be as close as is administratively feasible to the actual disbursements for direct program or project costs and the proportionate share of any allowable indirect costs. For contracts, the grantee must make timely payments to contractors in accordance with the contract provisions.

Grantees must have written procedures and internal controls for cash management to ensure that only the actual amount of cash needed from grant funds will be requested and that the cash received will be paid out. Procedures should show that the grantee plans carefully for cash flows for grant projects and reviews cash requirements before each request for payment. Cash management procedures are monitored during monitoring visits and during the annual independent audit.

Grantees are not required to maintain separate bank accounts for federal grants. However, grantees must comply with the applicable standards for financial management in maintaining accounting records by fund source (see 2 CFR 200.302 and 200.305). Grantees receiving federal grant payments may be required to return interest earned to the appropriate federal agency, as described in the following section.

Return of Interest Earned from Payments to All Eligible Entities

When the grantee has cash on hand from federal grant funds, interest begins to accrue from the date of receipt of the drawdown. The grantee may retain an aggregate amount up to $500 per year of interest earned on federal funds to use for administrative expenses. If the total aggregate amount of interest earned on all federal grant awards exceeds $500, the excess amount must be returned annually to the Department of Health and Human Services Payment Management System (PMS) through an electronic medium using either Automated Clearing House (ACH) network or a Fedwire Funds Service payment, following the process described in 2 CFR 200.305.

Do not remit the interest earned to TEA.

Program Income

Program income must be used for the original purpose of the federal award and must be expended prior to requesting additional federal funds. Program income earned during the period of performance may only be used for costs incurred during the same period of performance or allowable closeout costs. (2 CFR 200.307)

There are three methods of applying program income:

- **Deduction:** Program income is deducted from the total allowable costs, reducing the total amount of the federal award. This is the default method of applying program income.

- **Addition:** Program income is added to the total allowable costs, increased the total amount of the federal award. This method must be approved by TEA in the EDGAR Connect WorkApp System.
- **Cost Sharing:** Program income is used to meet the federal award's cost sharing requirement, if applicable.

Applicable Credits

Any transactions that offset or reduce expenses to the federal grant must be credited to the federal grant either as a cost reduction or cash refund, as appropriate. This includes purchase discounts, rebates or allowances, recoveries or indemnities on losses, insurance refunds or rebates, and adjustments of overpayment or erroneous charges. (2 CFR 200.406) Applicable credits are not considered program income.

If the applicable credit is received during the grant period, it must be credited to the current federal grant. When the applicable credit is received after the grant period, it must be processed as follows:

- If there is a like continuation grant in progress (e.g., Title I, Part A, or another continuing formula grant), the credit must be credited to the current year federal grant.
- If it is for a grant that has ended with no continuation grant currently in progress, the credit must be returned to TEA as a refund to be returned to the federal government.

Noncompliance with Cash Management Requirements

Pursuant to the provisions of 2 CFR 200.339, grantees that fail to comply with cash management requirements, including the repayment of interest earned, may be subject to specific award conditions and remedies for noncompliance as described in the High-Risk Status, Specific Conditions, and Remedies for Noncompliance section.

Requesting Payment through the Expenditure Reporting (ER) System

Grantees in good standing are required to use the expenditure reporting (ER) system to record expenditures and request payment. Grantees may enter total expenditures by budget class/object code into the ER system.

Accessing ER

All individuals reporting and certifying expenditures are required to have a TEA Login (TEAL) account and access to the ER application. For security purposes, do not share one's TEAL username and password with any other user. The ER system is designed to accommodate a segregation of duties between the staff member who enters the drawdown into the ER system and the authorized official

who certifies and submits the request. Failure to have such segregation of duties could be a sign of insufficient internal controls, indicating risk of inadequate fund management. TEA strongly recommends the segregation of duties and may impose additional specific conditions on grant awards when risk is identified.

To request access to TEAL, visit TEA Login (TEAL) and click Request New User Account, then complete the form provided to receive a username and temporary password for logging in and finalizing the account. Once the TEAL account is finalized, click on My Application Accounts within TEAL and follow the instructions to request access to the Expenditure Reporting application.

From within TEAL, staff members can select their user role. The Expenditure Reporting (ER) Quick Reference Guide, available from the Expenditure Reporting page, details user roles and responsibilities for the ER system.

If staff members already have a TEAL account and access to ER, they can log in directly to TEA Login (TEAL). In the list of applications, they can select the applicable role/link under the Expenditure Reporting heading to access the ER system.

Reporting Expenditures

The liquidation of funds is the expenditure and drawing down of funds by a grantee for obligations incurred during the grant's legal obligation period. Timely liquidation occurs during the project performance period and through the first 90 days after the grant period end date, or an earlier date agreed upon by TEA and the grantee.

Grantees in good standing may report allowable grant expenditures in the ER System at any time during the grant period listed on the NOGA or the final liquidation period to receive payment. Such payments must conform to the rules pertaining to cash management.

Note: TEA requires that grantees submit allowable expenditures regularly, at minimum quarterly, to indicate that funds are being spent and that activities are being carried out according to the established timelines. However, it is best practice to request funds monthly to support program implementation. Not requesting payments at least quarterly may cause noncompliance findings on improper program implementation in TEA subrecipient monitoring.

The grantee agrees to report expenditures by budget class/object code in ER when it requests each payment. The grantee is responsible for ensuring the grantee manager and/or grantee official, or such person using the grantee manager or grantee official's credentials, is authorized to enter the organization into legally binding agreements for grant payment purposes prior to that person certifying and submitting expenditure payment requests in the ER system. This authorized official must certify each request for payment as described in 2 CFR 200.415.

Denial of Expenditure Reports

When reporting expenditures by budget class/object code, the ER system will not permit the grantee to submit an expenditure report if:

- The grantee is claiming expenditures in a class/object code not budgeted in the approved application, or
- The total amount exceeds the total amount of the grant

If the grantee determines that it needs to revise the application to include a class/object code not previously budgeted, the grantee must submit an amendment. See the Amending an Application section for more information. Refer to the grant's RFA in TEA Grant Opportunities for the grant's last amendment due date.

Supporting Documentation

TEA reserves the right to require supporting documentation (such as an accounting ledger) that lists the individual expenditures by object code, as well as invoices, receipts, travel vouchers, and other expenditure documents at any time during or after the grant period for as long as the records are retained according to requirements for record retention. The grantee will be required to reimburse any expenditures that are unsupported by appropriate documentation or found to be unallowable under the grant. Depending upon the severity of noncompliance with allowable cost principles, TEA may impose remedies for noncompliance up to and including termination of the grant and refund of all unallowable costs.

Expenditure Payment Requests Requiring Manual Approval

In order to comply with federal regulations, TEA monitors expenditure payment requests through a manual review and approval process. If a payment request requires manual approval, TEA will contact the grantee for a simple narrative justification for the request. TEA will not ask for detailed supporting documentation unless the circumstances require it.

For more detailed information on the manual approval process, refer to Payment Requests Requiring Manual Approval, posted in the Expenditure Reporting Guidance section of the Grant Resources page.

Final and Revised Final Expenditure Reports

Final and revised final expenditure reports must be filed by the grantee in the ER system within 90 days after the ending date of the grant, or an earlier date as agreed upon by TEA and the grantee. (2 CFR 200.344) Due dates for each grant program are provided on the TEA Grant Opportunities page. The total project costs of the grant, as provided on the final or revised final expenditure report, should equal and in no case exceed the total expenditures by class/object code recorded in the grantee's financial accounting records.

If cost share or matching is required in accordance with the Program Guidelines, the grantee must report the total cost share or match expended on the final or revised final expenditure report. The grantee is reimbursed only for that portion or percentage of grant funds that meets cost share or match requirements.

Failure to meet reporting deadlines may result in loss of funds and could cause the grantee to be identified as "high risk." If a grantee fails to comply with the requirement to submit a final or revised final expenditure report within 90 days after the ending date of the grant (or agreed-upon earlier date), the last interim expenditure report filed will be the basis of the final expenditure report. In the event that no interim or final expenditure reports have been submitted, TEA staff will enter the final expenditures as $0 total expenditures to allow for the grant closeout process. Depending on the specific grant, the grantee may or may not be able to access the funds as carryover.

Extension Requests

A grantee has 90 days after the ending date of the grant (or an earlier date as agreed upon by TEA and the grantee) to submit a final or revised final expenditure report. In order for TEA to comply with close-out requirements, no extensions to the expenditure reporting deadline will be provided to the grantee.

Refund to TEA

Prior to the expenditure reporting deadline, if the grantee discovers expenditures are less than the amount initially reported; it must immediately submit an expenditure report in ER and submit a refund to TEA within 30 days. If the expenditure reporting deadline has passed, submit the refund to TEA, and the cumulative expenditures will be adjusted on the appropriate NOGA when the refund is processed by TEA.

The grantee must submit a refund check to the following address:

Texas Education Agency—MSC
P.O. Box 13717
Austin TX 78711-3717

Write the name of the grant program, NOGA ID number, and reason for refund ID (selected from the list below) on the refund check. The refund will be credited to the NOGA ID from which the excess funds were drawn down.

Reason for Refund

- **R.1.** Correction of an administrative error
- **R.2.** Correction of an unallowable cost
- **R.3.** Correction for a cost incurred outside the period of availability

- **R.4.** Return of funds associated with an excessive drawdown
- **R.5.** Return of funds associated with termination (voluntary or involuntary)
- **R.6.** Return associated with a failure to meet maintenance of effort
- **R.7.** Other (provide brief explanation on separate page)

Expenditure Reporting Assistance

For more information on Expenditure Reporting, including the ER Quick Reference Guide, see the Expenditure Reporting webpage. For assistance with cash management, contact an ER fiscal coordinator in the Grants Administration Division or email:

- **Expenditure reporting support:** TEAExpenditures@tea.texas.gov
- **Refund support:** TEAGrantRefunds@tea.texas.gov

Pre-Award Costs

Definition of Pre-Award Costs

Pre-award costs are those costs incurred before the start date of the grant period where such costs are allowable and necessary for efficient and timely performance of the scope of work. Grantees may not claim expenditures prior to the start date of the grant unless TEA has authorized the allowability of pre-award in the grant's Program Guidelines and specified the allowable period.

For example, the beginning date of a program might be September 1. During the summer, however, a conference is being held that would be of substantial benefit to program participants. If TEA authorizes pre-award costs for the grant to allow program participants to attend the conference, the grantee would be able to request payment for the conference expenditures even though they were incurred before the grant beginning date.

Review the grant's Program Guidelines to determine whether pre-award costs are permitted and, if so, the allowable period.

Requesting Pre-Award Costs

In order for the subgrantee to be reimbursed for pre-award costs, pre-award costs must generally be requested in the originally approved grant application (including adding the request during negotiations of the original application). If an applicant did not request pre-award costs in the originally approved grant application, the applicant may subsequently request pre-award costs through an amendment. However, the subgrantee may be required to provide additional

justification and documentation that explains why the request was not submitted in the original grant application. TEA reserves the right to not approve retroactive pre-award requests.

Pre-award costs are part of, and not in addition to, the total grant award.

Budgeting Pre-Award Costs

eGrants Applications

In eGrants applications, applicants must use the pre-award column, if available, in the BS6001 – Program Budget and Support schedule. Otherwise, the subgrantee will be required to submit a pre-award attachment to request pre-award costs. If a pre-award attachment is required, the form will be linked to the grant's TEA Grant Opportunities page.

PDF Applications

When pre-award costs are permitted, all budget pages of the PDF application will include a pre-award column. The total pre-award costs budgeted for each class/object code must match the pre-award amount entered on the corresponding line of the Budget Summary schedule.

Cost Share/Match Requirement

Cost sharing is the portion of project costs not paid by federal funds or contributions (unless authorized by statute). This term includes matching, which refers to required levels of cost share that must be provided.

Refer to the grant's Program Guidelines, Cost Share or Matching Requirement section, to determine whether the grant program requires either a cost share or a match.

In general, cost share/matching funds may be derived from three sources: cash contributions, grantee in-kind contributions, and third-party (i.e., other than the grantee) in-kind contributions. Unless otherwise stated, federal funds may not be used to meet a cost share/matching requirement; only local or state funding sources may be used.

For costs to be eligible to meet cost share/matching requirements, the costs must first be allowable under the grant. Therefore, costs for items such as gifts, noneducational field trips, food, and construction are not eligible to be paid from cost share/matching funds.

Applicants must indicate eligible cost share/matching amounts in the appropriate columns in the application. Applicants are not required to list cost share/matching amounts in the same class/object codes in which grant funds are budgeted. Applicants may distribute cost share/matching amounts among any of the class/object codes, so long as the costs are eligible to be paid from cost share/matching funds and so long as the total cost share/matching amount is equal to or greater than the cost share/matching amount required by TEA (or the authorizing statute, as applicable).

Grantees are required to maintain the same auditable records, including time and effort documentation, if applicable, for all expenditures relating to cost share/matching funds as for the regular grant funds. These records must be maintained by the business office in the same manner and for the same time period as the regular grant funds. TEA will be required to reduce the total amount of grant funds paid to the grantee if the cost share/matching funds are not provided in the required amount. Depending on the timeline that this determination is made, the grantee could be required to submit a refund to TEA.

Procurement Standards

The following requirements apply to procurements made with grant funds.

Written Agreements and Contracts

The grantee must maintain and use its own documented procurement procedures which reflect applicable federal, state, local, and tribal laws and regulations. The grantee must conform with the general procurement standards listed in 2 CFR 200.318, which requires that the grantee:

- Maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders
- Maintain written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in selection, award and administration of contracts. No grantee employee, officer, agent, or board member with a real or apparent conflict of interest may participate in the selection, award, or administration of a contract supported by the grant award. Grantee employees, officers, agents, and board members may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors. The grantee's standards of conduct must also provide for disciplinary actions to be applied for violations by its employees, officers, agents, or board members.

  Note: A **conflict of interest** exists when an employee, officer, agent, or board member—or any of their immediate family members, their partner, or any organization that employs or is about to employ any of these individuals—has a financial interest in, or could personally benefit from, a company being considered for a contract.

- Award contracts only to responsible contractors that possess the ability to perform successfully under the terms and conditions of a proposed contract
- Maintain records sufficient to detail the history of each procurement transaction

When appropriate for the procurement or use of common or shared goods and services, grantees are encouraged to enter into state and local intergovernmental agreements or inter-entity agreements for procurement transactions. These or similar procurement arrangements using strategic sourcing may foster greater economy and efficiency. Documented procurement actions of this type (using strategic sourcing, shared services, and other similar procurement arrangements) will meet the competition

requirements of this part. Grantees must annually verify that these types of procurements or arrangements (e.g., purchasing cooperatives) meet all UGG procurement requirements. If the arrangement does not meet all of the UGG procurement requirements, the grantee is required to ensure that any missing UGG procurement requirements are still met.

The dates for services to be performed in contracts and other written agreements must be within the grant's period of availability. Multi-year contracts are generally not appropriate for discretionary grants. TEA is not liable for paying grantees for a contract beyond the current grant's period of availability.

The contract administration system must be in compliance with requirements stated in 2 CFR 200.318–327, including the following general rules:

- Maintain a copy of the signed contract, agreement, or purchase order for services to be performed and the rationale or procedure for selecting a particular contractor.
- For contracts or agreements in excess of $10,000, describe conditions under which the contract may be terminated for cause or for convenience and include the basis for settlement.
- Maintain evidence that awards were made only to contractors or consultants possessing the ability to perform successfully under the terms and conditions of the proposed contract or procurement.
- Select consultants based on demonstrated competence, qualifications, experience, and reasonableness of costs. Consideration must be given to contractor integrity, compliance with public policy, past performance, and financial and technical resources.
- Contract only with persons not employed by the grantee's organization.
- Do not participate in selection or award of a contract if a conflict of interest is involved.
- Maintain records on services performed—date of service, purpose of service—ensuring that services are consistent and satisfactory as described in the signed contract or purchase order.
- Make payment only after the service is performed and not before, according to state and federal law. Advance payment to contractors is prohibited.
- If the contract is to develop materials, concepts, or products, ensure that the agreement or contract contains provisions that protect and retain ownership of such materials, concepts, or products by TEA, the State of Texas, and the federal government, as applicable (including copyright, patent, trademark).

Note: Specifying an individual vendor in a grant application does not meet the applicable requirements for sole-source providers. TEA's approval of such grant applications does not constitute approval of a sole-source provider.

The grantee must also comply with procurement methods outlined in 2 CFR 200.320 and listed below, in accordance with the most restrictive policy, whether federal, state, or local.

Informal Procurement Methods:

- Procurement by micro-purchase
- Procurement by simplified acquisitions

Formal Procurement Methods:

- Procurement by sealed bids
- Procurement by competitive proposals

Noncompetitive Procurement:

- Noncompetitive procurement (in specific circumstances outlined in 2 CFR 200.320[c])

The grantee must also comply with Appendix II to 2 CFR Part 200 – Contract Provisions for Non-Federal Entity Contracts Under Federal Awards, as applicable based upon the nature of the procurement. The appendix includes provisions such as covering termination for cause and convenience clauses, Equal Employment Opportunity, Davis-Bacon Act, Contract Work Hours and Safety Standards Act, Clean Air Act, debarment and suspension, and the Byrd Anti-Lobbying Amendment. Additionally, in accordance with Appendix II:

- Grantees should, to the greatest extent practicable and consistent with law, provide a preference for the purchase, acquisition, or use of goods, products, or materials produced in the United States (including but not limited to iron, aluminum, steel, cement, and other manufactured products). (2 CFR 200.322)
- Grantees are prohibited from obligating or expending loan or grant funds to: (1) Procure or obtain covered telecommunications equipment or services; (2) Extend or renew a contract to procure or obtain covered telecommunications equipment or services; or (3) Enter into a contract (or extend or renew a contract) to procure or obtain covered telecommunications equipment or services. Covered telecommunications equipment or services are described in 2 CFR 200.216.
- Grantees also should, to the greatest extent practicable and consistent with law, purchase, acquire, or use products and services that can be reused, refurbished, or recycled; contain recycled content, are biobased, or are energy and water efficient; and are sustainable. (2 CFR 200.323)

When possible, grantees should ensure that small businesses, minority businesses, women's business enterprises, veteran-owned businesses, and labor surplus area firms (see U.S. Department of Labor's list) are considered, as detailed in 2 CFR 200.321.

For more information on Procurement Standards 2 CFR 200.318–200.326 and FASRG, please refer to EDGAR/FASRG side-by-side and the Procurement Guidance Handbook.

For Independent School Districts and ESCs

Regarding procurement regulations in 2 CFR 200 and the FASRG, the school district or ESC must follow the most restrictive rule or regulation (2 CFR 200.403[c]). For micro-purchases below $15,000, the federal regulations apply. Note: The school district or ESC may self-certify a higher threshold up to $99,999.99 with submission to TEA and TEA approval above $50,000.

For purchases that cost between $15,001 and $99,999.99, the federal rules require price or rate quotations from an adequate number of qualified sources for these purchases. So, in this case, the federal rules are more restrictive than the state rules, up to the $100,000 threshold.

At $100,000 and above, the state rules become more restrictive than the federal and must be followed. However, at $350,001 and above, the federal rule for the cost or price analysis is more restrictive and must also be followed in conjunction with the state rules.

Purchases, including purchasing cooperatives, must demonstrate compliance with the most restrictive procurement requirements, as indicated with bold text in the table below.

Amount	State Requirements	EDGAR Requirements
$1-$15,000 Aggregate	TEC 44.031 — no formal requirements; suggests policy	**2 CFR 200.320(a)(1) Micro-purchase – reasonable cost, and, as practicable, equally distributed among vendors**
$15,001-$99,999 Aggregate	TEC 44.031 — no formal requirements; suggests policy	**2 CFR 200.320(a)(2) Simplified acquisition – price quotes from an adequate number of vendors**
$100,000-$350,000 Aggregate	**TEC 44.031 — requirements (choose best option for school system):** **1. Competitive bidding** **2. Competitive sealed proposals** **3. Request for proposals (RFP)** **4. Interlocal contract** **5. Request for qualifications (RFQ)** **6. Reverse auction** **7. Formation of political subdivision corporation**	2 CFR 200.320(a)(2) Simplified acquisition – price quotes from an adequate number of vendors
$350,001+	TEC 44.031 — requirements (choose best option for school system): 1. Competitive bidding 2. Competitive sealed proposals 3. RFP 4. Interlocal contract 5. RFQ 6. Reverse auction 7. Formation of political subdivision corporation	**2 CFR 200.320(b)(1) Sealed bids and proposals; (b)(2) Invitation for bid (IFB), RFP, or RFQ only** **2 CFR 200.324 Subrecipient is required to conduct cost or price analysis on all procurements.**

Amount	State Requirements	EDGAR Requirements
Non-Competitive /Sole Source	TEC 44.031 — Sole source allowed if existence of a patent, copyright, secret process, or monopoly.	**2 CFR 200.320(c) Noncompetitive Proposal:** **1. Micro-purchase** **2. Available from a single source** **3. Public exigency or emergency** **4. Prior approval by authorized agency (TEA)** **5. No competition – only one bid/proposal received after attempting competition**

For Charter Schools

FASRG requirements are not applicable to charter schools unless the commissioner approved otherwise in the individual contract for charter. Generally, TEC Section 12.1053 provisions do not significantly limit the contracting and purchasing activities of open-enrollment charter schools. The federal EDGAR requirements will therefore be more restrictive where FASRG does not apply and must, in such instances, be followed for all procurements under federal awards.

Reporting

By submitting the application, the applicant agrees to comply with any reporting requirements established by TEA and to submit the reports in the timeline and format requested by TEA.

Per EDGAR 34 CFR 76.722, TEA may require a grantee to submit reports in a manner and format that assists TEA in:

- Complying with state reporting requirements for monitoring and continuous improvement (34 CFR 76.720)
- Carrying out other responsibilities under the program
- Engaging in periodic review and continuous improvement of the state's plan
- Supporting the grantee in engaging in periodic review and continuous improvement of the grantee's plan

Required Programmatic Reports

This section describes required programmatic reports. Additional reports may be required by TEA for programmatic monitoring.

Activity, Progress, and Evaluation Reports

The applicant agrees to submit all required written activity/progress reports for the project in the timeline and format specified by TEA. Each activity/progress report is generally due to TEA within 15 days after the close of the reporting period. TEA uses these reports to determine whether modifications or adjustments to the program are indicated. Refer to the grant's Program Guidelines for listed programmatic report due dates and confer with the TEA Program Manager for additional guidance.

Final Evaluation Report

The applicant must provide any required final evaluation report in the format requested by TEA within 30 days of the end of the project. The subgrantee is not in compliance with grant conditions and requirements until this report is received by TEA in approvable form. Final payment may be withheld pending receipt of the report in approvable form. Failure to meet the reporting deadline may also affect the grantee's eligibility to receive future grants, including continuation grants, from TEA.

It is critical that the grantee submit the evaluation report on time. A late evaluation report could cause the subgrantee not to receive final payment.

Limits on Contracted Evaluators

When a grantee chooses, or is required under a grant, to hire a contracted evaluator, TEA believes that the evaluator must have the capability to remain independent and objective in carrying out the evaluation. "Independent and objective" implies that there is no influence or control, real or perceived, exerted on the evaluator by any person who is involved in the provision of program services. Therefore, the only way in which a contracted evaluator can be truly independent and objective is not to be involved in any manner with the provision of program services or activities. Otherwise, the evaluator is, at least in part, evaluating their own services.

In addition, TEA is aware that some grant writers develop and design the grant program, write the entire grant application, and then propose to evaluate the grant program. TEA also believes that this scenario poses a conflict of interest for the evaluator, in that the evaluator is evaluating the grant program that they designed, developed, and wrote. Again, it is not possible for the evaluator to function independently and objectively if they perform in this capacity. It is certainly acceptable for the grant writer to receive some information from a potential evaluator to include in the evaluation section of the grant application with regard to an appropriate evaluation plan or design, but communication between the grant writer and evaluator should be limited to that specific topic.

Applicants should make every effort to ensure that contracted evaluators are independent and objective.

Expenditure Reporting

Grantees in good standing are required to use the expenditure reporting (ER) system to record expenditures and request payment. The grantee has 90 days after the ending date of the grant (or an earlier date as agreed upon by TEA and the grantee) to submit a final or revised final expenditure report. For details on required expenditure reporting, see the Cash Management and Requesting Payment through the Expenditure Reporting (ER) System sections.

Other Reporting

Time and Effort

Charges to the federal award must be based on records that accurately reflect the work performed. Employees who work on multiple activities or cost objectives must document their time and effort in one of two ways:

- By meeting the characteristics described in 2 CFR 200.430, or
- Through a Substitute System of Time and Effort Reporting

The grantee's written policies and procedures should detail the following criteria:

- The method for reporting single and multiple cost objective personnel
- The completion of time and effort reporting
- The approval cycle that is required
- Processing of personnel charges
- Internal review process to ensure effective internal controls and reconciliation process for paying based on actual time worked

Submission of Audit Reports for Federal Grants

Grantees expending more than $1,000,000 in federal awards in the grantee's fiscal year must complete an annual audit report. See Submission of Audit Reports for Federal Grants.

Records

Grantees must maintain appropriate records and other documentation in accordance with statutory and programmatic requirements. Such documentation must facilitate an effective audit and be made available to auditors and monitors as requested. Appropriate documentation must be maintained to

show the following (but not limited to): available funding and how the funds were used, justification for expenses as required for the program, cost share, procurement, capital assets (including inventory and disposition), travel, required disclosures, prior approval for costs if required, payroll, records that show compliance with program requirements, and records of significant project experiences and results.

Records Retention

TEA requires that ESC and school system grantees (including SSAs) retain financial records, supporting documents, statistical records, and all other subrecipient records pertinent to a grant award for seven years from the date of activity or five years from the date of TEA's final expenditure report (which occurs 120 days after the grant end date), whichever is later.

For federal awards that are renewed quarterly or annually, the records must be maintained from the date of the submission of the quarterly or annual financial report, respectively, as reported to TEA. (2 CFR 200.334).

Note that if an audit is conducted, it resets the timeline.

Submission of Audit Reports for Federal Grants

The following requirements apply only to subrecipients of federal awards, including formula, discretionary, or continuation grants, as applicable. A continuation grant is a grant that is awarded in any subsequent year following the initial grant award.

2 CFR Part 200 Subpart F — Audit Requirements

Beginning with fiscal year 2026, as required in 2 CFR 200.501, a subrecipient that expends $1,000,000 or more in federal awards during the subrecipient's fiscal year must have a single or program-specific audit conducted for that year in accordance with the provisions in 2 CFR Part 200 Subpart F—Audit Requirements. Federal funds may only be used for required federal audits.

All subrecipients must submit their audit report to the Federal Audit Clearinghouse (FAC) at fac.gov.

ESCs and School Systems: Independent school districts, ESCs, and open-enrollment charter schools that are required to have a single or program-specific audit per 2 CFR 200.501 must also submit the audit report to TEA with their annual financial report in the time and manner required by TEA's Financial Compliance Division. The audit report shall include the reporting package required under 2 CFR 200, Subpart F. As required in 2 CFR 200.501(b), a non-federal entity that expends **$1,000,000** or more in federal grant funds during their fiscal year must have an external single-audit conducted in accordance with 2 CFR 200.514.

As required in 2 CFR 200.512(a)(1), the audit, data collection form, and reporting package must be submitted within 30 calendar days after the auditee receives the auditor's report(s) or nine months after the end of the audit period (whichever is earlier).

If the single audit is submitted late or not submitted, the auditee's risk assessment will be affected due to non-compliance. TEA will assign a short-term high-risk designation and impose special conditions. This designation will be removed once TEA verifies the auditee's FAC submission.

Nonprofit Organizations and IHEs: Nonprofit organizations (other than charter schools) and IHEs are not required to submit annual financial reports to the Financial Compliance Division; however, if they are required to have a single or program-specific audit per 2 CFR 200.501, they must submit it to FAC as well as TEA's Federal Compliance Officer. As required in 2 CFR 200.501(b), a non-federal entity that expends **$1,000,000** or more in federal grant funds during their fiscal year must have an external single-audit conducted in accordance with 2 CFR 200.514.

As required in 2 CFR 200.512(a)(1), the audit, data collection form, and reporting package must be submitted within 30 calendar days after the auditee receives the auditor's report(s) or nine months after the end of the audit period (whichever is earlier).

If the single audit is submitted late or not submitted, the auditee's risk assessment will be affected due to non-compliance. TEA will assign a short-term high-risk designation and impose special conditions. This designation will be removed once TEA verifies the auditee's FAC submission.

Exemption when federal awards expended are less than $1,000,000: A subrecipient that expends less than $1,000,000 in federal awards during its fiscal year is exempt from federal audit requirements for that year, except as noted in 2 CFR 200.503. However, in all instances, the records of the subrecipient must be available for review or audit by appropriate officials of the federal agency, TEA, and the Government Accountability Office (GAO).

High-Risk Status, Specific Conditions, and Remedies for Noncompliance

TEA is authorized to designate a federal grant subrecipient as a high-risk grantee and to impose specific conditions upon that subrecipient by 2 CFR 3474.10, 200.208, and 200.332.

The following sections provide information on the policy and conditions governing high-risk status for TEA grantees.

Notice of Agency Policy

TEA conducts federal fiscal grant subrecipient monitoring and compliance reviews, and implements related remedies for noncompliance, in accordance with its established policies and procedures. These

policies and procedures incorporate best practices and standards that may be similar to common auditing standards, but the agency does not apply a specific set of external standards, such as the U.S. Government Accountability Office's Generally Accepted Government Auditing Standards (Yellow Book), nor is it required to do so.

TEA reserves the right not to award a discretionary grant to a high-risk subgrantee or to a subgrantee that is materially noncompliant with the terms and conditions of another award. If a subgrantee is identified as high risk by TEA during the grant period, TEA reserves the right to begin procedures immediately to terminate the grant. The subgrantee will be reimbursed for allowable expenditures up through the date of notification of high-risk status.

Specific Conditions

Pursuant to 2 CFR 200.208, if TEA identifies, in its sole determination, a grantee as posing a level of risk identified by the agency's risk criteria, the grantee has a history of failure to comply with the terms and conditions of the grant award, the grantee fails to meet performance goals, or the grantee is not otherwise responsibly managing the grant, then TEA may impose additional specific award conditions on any grant award.

Specific conditions may include:

- Requiring payments as reimbursements rather than advance payments (cash advances): Subrecipients can no longer draw down funds automatically using TEA's expenditure reporting (ER) system.
- Requiring additional or more detailed financial reports: Subrecipients must submit all unreimbursed expenditures to TEA at least once a month for each federal grant and include fiscal records such as general ledgers, payroll journals, and source documents. If the subrecipient does not have expenditures for a given month, it must notify TEA. A subrecipient can only submit reimbursement requests for obligated and recorded funds in its general ledgers.
- Requiring additional project monitoring: Before approving payment, TEA may randomly review financial records submitted by a subrecipient for compliance with each grant's general and specific federal requirements.

Additional conditions may include withholding authority to proceed to the next phase until receipt of evidence of acceptable performance, requiring the subrecipient to obtain technical or management assistance, or establishing additional prior approvals.

TEA may, in appropriate circumstances, designate the specific conditions established under 2 CFR 200.208 as "high-risk conditions" and designate a subrecipient subject to specific conditions established under 2 CFR 200.208 as a high-risk grantee per 2 CFR 3474.10.

Notification of Specific Conditions

Pursuant to 2 CFR 200.208, , prior to placing a specific condition, TEA must notify the subrecipient of 1) the nature of the specific condition(s); 2) the reason why the specific condition(s) is being imposed; 3) the nature of the action needed to remove the specific condition(s); 4) the time allowed for completing the actions; and 5) the method for requesting TEA to reconsider imposing a specific condition.

Any specific conditions must be promptly removed once the conditions that prompted them have been satisfied.

Remedies for Noncompliance

If TEA determines that noncompliance cannot be corrected by imposing specific conditions, TEA may take one or more of the following actions, as appropriate in the circumstances, per 2 CFR 200.339:

- Temporarily withhold cash payments until the subrecipient takes corrective action
- Disallow costs for all or part of the activity or action not in compliance
- Wholly or partly suspend or terminate the federal grant award
- Initiate suspension or disbarment proceedings under 2 CFR 180
- Withhold further federal grant awards (new awards or continuation funding) for the project or program
- Pursue other legally available remedies

For state-funded grants, see similar 19 TAC 157.1082.

Notification of Remedies for Noncompliance and Opportunity for Hearing

Upon taking any remedy for noncompliance, TEA must provide the subrecipient an opportunity to object and provide information and documentation challenging the suspension or termination action. (2 CFR 200.342) In addition, 34 CFR 76.401 provides TEA with statutory authority for its procedure for hearing appeals related to the disapproval of an application for grant funding.

The procedure for the hearing of appeals arising under federal law and regulations is codified in 19 TAC 157.1083.

TEA Actions That Result in Applicant's Opportunity for Hearing

Per 19 TAC 157.1082, applicants have the opportunity for a hearing when TEA disapproves or withholds grant funds, such as any of the following:

- IDEA LEA MOE
- ESSA LEA MOE
- Title I comparability
- 2 CFR 200, Subpart F (independent audits) questioned costs
- TEA audit or monitoring review resulting in questioned costs
- Any other enforcement actions where TEA reduces subgrantee allocation amounts or requires refunds due to compliance or eligibility requirements
- Disapproval of an application, as applicable (per 34 CFR 76.401)

Applicant's Opportunity for a Hearing

Per 34 CFR 76.401(c)(1) and (2) and 19 TAC 157.1081, TEA must offer an opportunity for a hearing if the applicant alleges that TEA took either of the following actions in violation of state or federal statute or regulation:

- Disapproval of or failure to approve the application or project in whole or in part
- Failure to provide funds in amounts in accordance with the requirements of statutes and regulations

The applicant must meet the following requirements and TEA must adhere to the following process, as defined in 19 TAC 157.1083.

Applicant Requirements

According to the procedures in 19 TAC 157.1083, the hearing must be requested within thirty (30) calendar days of the date of the enforcement letter and must be requested in accordance with the procedures specified in 19 TAC 157.1083.

In the request for hearing, the applicant or grantee shall specify:

- The action or proposed action that is the subject of the requested hearing
- The statutory or regulatory authority identifying and supporting a finding that a violation occurred by TEA in enforcing the decision
- Specific facts supporting a finding that the action taken by TEA is in error

A hearing request shall be filed with the Division of Hearing and Appeals by one of the following methods:

- File through TEA's Hearings and Appeals Electronic Filing Portal
- Email to HearingsandAppeals@tea.texas.gov
- Transmit by facsimile to (512) 475-3662
- Mail by certified mail with returned receipt requested, or hand deliver to:

  Director of Hearings
  Texas Education Agency
  1701 N. Congress Ave., Suite 2-150
  Austin TX 78701-1494

The request for hearing shall be deemed filed at the time it is actually received by the Director of Hearings or the designated docket clerk in the TEA Hearings Division.

The opportunity to request a hearing will be void 31 calendar days after the date of the enforcement letter.

TEA Hearings Process

The hearing shall be held on the record and within 30 days after the request for hearing is received.

At reasonable times and places, TEA shall make pertinent TEA records available.

No later than 10 days after the hearing, TEA shall issue a written ruling that includes findings of fact and reasons.

TEA shall be ordered to rescind the action if it is determined to be contrary to governing state or federal statutes or regulations.

Opportunity for Appeal

Per 19 TAC 157.1084, the applicant may appeal to the U.S. Department of Education if TEA is ordered to rescind its action and fails to do so.

Appendix A: Additional Guidelines for Competitive Grants

TEA awards discretionary competitive grant funds to eligible applicants whose applications meet submission requirements and receive the highest scores in a peer-review process. If the authorizing statute or approved state plan requires a grant competition, eligible applicants must follow a formal competitive application process. Formal competitive grants are announced in the Texas Register as well as via email bulletins.

Appendix A to the guidelines applies to formal competitive grants. For informal discretionary competitive grants, see Appendix B.

Eligibility to Apply

To be eligible for a competitive grant award, the applicant must:

- Meet all eligibility standards previously addressed in these General and Fiscal Guidelines
- Meet all eligibility criteria defined in the Program Guidelines, Eligible Applicants
- Be included on the eligibility list published with the RFA on the TEA Grant Opportunities page (if applicable)

Use of Grant Writers

The use of contracted grant writers is not prohibited by TEA. However, applicants should consider that employees of the applicant organization are often better suited to write and negotiate grant applications and amendments. Grant applications should be written by the same staff who will implement the grant, if awarded, as there will be better knowledge of both the applicant organization and the contents of the awarded grant application. External grant writers often submit almost identical grant applications for multiple organizations. Grant applications should be customized to meet the needs and demographics of the applicant. Grant negotiations and amendments should be confirmed by employees of the applicant organization. TEA reserves the right to disqualify potential applicants that submit almost identical grant applications.

For this reason, the name of the person writing the grant application must be entered on page 1 of the PDF grant application or on the ADC submission in eGrants. Providing erroneous information in this section of the application may cause the application to be disqualified.

Comprehensive Needs Assessment

Grant applications should be written to address needs identified by the applicant through their comprehensive needs assessment (CNA) process. CNA is required by most federal ESSA programs as well as other grant programs. While there is not one specific CNA process required for grant applicants, the applicant should review TEA CNA materials such as the Texas Accountability Intervention System (TAIS) needs assessment and continuous improvement process.

Generally, the applicant's CNA should focus on academic and other information about all students on the campus/school system, including economically disadvantaged students, students from major racial and ethnic groups, students with disabilities, limited English proficient students, and other groups of students. This information must include student achievement in relation to state standards and should also include the campus's/school system's current status regarding student needs, curriculum and instruction, professional development, family and community involvement, and campus context and organization.

One CNA process suggests five steps the applicant should take to conduct the CNA:

1. **Establish a planning team.** The applicant's campus/school system needs an effective team to lead the development, organization, and oversee the CNA process; lead staff in developing the campus/LEA improvement plan; and conduct or oversee the annual evaluation of programs and/or services provided. In addition to the knowledgeable instructional leader, the team might consist of campus and district administrators; teachers representing different grades and content areas; other professional staff on the campus, such as guidance counselors and curriculum specialists; parents and other community members; and students (in a secondary school).
2. **Clarify the vision for reform.** Before the CNA begins, campus/school system staff should discuss their vision for a reformed campus/school system in terms of student success, and the difference between that vision and the campus/school system in its current state. This discussion helps identify the strengths and challenges the campus/school system must address to achieve meaningful change, improve student achievement, and attain the collective vision.
3. **Create the campus/school system profile.** All staff must understand the campus's/school system's current state in order to understand the gap between the current status and the status after reform. A campus/school system profile; which is a data-driven description of the students, staff, and community demographics, programs, and mission; can help identify the focus areas of the CNA and suggest critical areas that the team can address in the campus/school system improvement plan.
4. **Identify data sources.** The planning team should gather and organize data in the identified areas of focus. Some of the necessary quantitative data (such as student achievement results, enrollment counts, dropout rates, and graduation rates) is readily available. The team may also

have to gather qualitative data by using written surveys or interviews, focus groups, or classroom observations.

5. **Analyze data.** The team should conduct thorough data analysis to progress from gathering information to creating a campus/school system improvement plan that accurately and realistically addresses the key issues facing the campus.

The planning team should create a report or other document that summarizes the data it gathered and used, the conclusions it drew from the analysis, and the needs it identified. Each step of a needs assessment includes critical actions to be taken during that step. Although parts of the needs assessment may be useful in isolation, the needs assessment is designed to be used as a process.

SMART Goals

All grant programs should be developed around the organization's summative SMART Goal(s). It is recommended that TEA grant programs focus on improving student academic achievement or other applicable grant outcomes. Grant programs should also have quarterly progress goals that lead to the success of the SMART goal. Quarterly progress goals may be process or progress goals that ensure implementation of the grant program is progressing to ensure the summative goal will be met.

SMART goals should be all of the following:

Specific

When setting a goal, the applicant entity should be specific about what they want to accomplish. Think about this as the mission statement for the overall goal. This is not a detailed list of how the applicant is going to meet a goal, but it should answer the following:

- **Who** — Describe who needs to be involved to achieve the goal.
- **What** — Detail exactly what the applicant is trying to accomplish.
- **When** — Set a time frame.
- **Where** — If applicable, identify the location or relevant event.
- **Which** — Determine related obstacles or requirements.
- **Why** — Describe the reason for the goal.

Measurable

Identify metrics to determine if the applicant meets the goal. This makes a goal more tangible because it provides a way to measure progress.

Achievable

Focus on how important a goal is to the applicant and what the applicant can do to make it attainable. The goal is meant to inspire motivation, not discouragement.

Relevant

Relevance refers focusing on something that makes sense with the broader organization goals.

Timely

Provide a target date for deliverables. Providing time constraints creates a sense of urgency.

Competitive Application Resources

Program Guidelines

The Program Guidelines provide information on eligibility, funding amounts, requirements, and allowable activities and use of grant funds. It is highly recommended that applicants carefully and thoroughly review the Program Guidelines.

Errata

Corrections or other significant changes to the RFA will be issued as errata on the TEA Grant Opportunities page for the grant. The applicant is responsible for periodically checking the page for errata notices for the grant.

Application Instructions

For each section of the eGrants or PDF competitive grant application, guidance in the form of tool tips is provided on the information that applicants should provide.

Frequently Asked Questions

To assure that no prospective applicant obtains a competitive advantage because of acquisition of information unknown to other prospective applicants, any and all questions about the RFA must be submitted in writing to the TEA contact person listed in the Program Guidelines, Contact for Clarifying Information. The name of the RFA and the RFA number, located at the bottom of each page of the Program Guidelines, must be included in the written request for information.

Applicants must submit their written questions no later than the deadline specified in the Program Guidelines, Grant Timeline. The questions and their answers (in the form of FAQs) will be published on the TEA Grant Opportunities page on or before the date specified in the Program Guidelines, Grant Timeline. To provide all applicants with equal opportunity to review all FAQs prior to submitting the grant application, any questions received after that date will not be answered by TEA.

The FAQ document becomes incorporated into the RFA by reference.

Applicants' Conference/Webinar

Prospective applicants for competitive grants may be provided an opportunity to receive general and clarifying information from TEA about the scope of the RFA, generally in the form of a webinar. The webinar will be the single opportunity, in a group setting, for applicants for competitive grants to ask questions of TEA personnel in order to clarify their understanding of the scope and nature of the work required for the application. The webinar will be open to all potential applicants, and all questions will be asked and answered in the presence of all attending. Portions of the webinar may be prerecorded and broadcast at the specified time. Each person who attends will be required to register with his or her name and the name, address, and telephone number of the organization he or she represents.

Questions relevant to the RFA may be sent to the program manager listed in the Program Guidelines, Contact for Clarifying Information, no later than the deadline date listed in the Program Guidelines, Grant Timeline. These questions, along with other information, will be addressed in the presentation.

Questions related to webinar access should also be directed to the program manager listed in the Program Guidelines, Contact for Clarifying Information.

Additional Resources

If applicable, required attachments or other resources may be included on the TEA Grant Opportunities page for the grant.

Completing the Competitive Application

It is the applicant's responsibility to ensure that the application is complete before submitting the application to TEA. All required attachments must be included with the application at the time it is submitted. Do not include unsolicited attachments.

TEA does not provide facilities, equipment, or supplies for applicants to use in completing an application.

Application Format

Responses must be submitted via eGrants application system or typed into the PDF application form; handwritten applications will not be reviewed and will receive a score of zero.

If an applicant changes the format of the PDF by any means (font size, answer box size, etc.), their application may be rejected.

Incomplete Application Sections

It is the applicant's responsibility to ensure that every section of the application submitted is complete. Reviewers will be instructed to select "Not Addressed" on the scoring survey for a blank section of the application and to assign that section a score of zero.

Required Program and Fiscal-Related Attachments

See the Program Guidelines for a description of any program or fiscal-related documentation required to be submitted with the application for the grant program. Applications that are missing any required attachments may affect how the application is scored by reviewers and will likely affect the application's overall score.

Important Note: See the Submission of Audit Reports for Federal Grants section for details regarding the audit submission requirement as it applies to different applicant types.

Submitting the Competitive Application

The following information includes guidance on how to submit the competitive grant application.

Signature Requirements

For competitive grants, TEA requires submittal by eGrants or one copy of the PDF application emailed to the address specified. PDF applications are to be signed, with a digital ID or by hand, by a person authorized to bind the applicant to a contractual agreement. Applicant organizations must have on file a list of designees authorized to sign the application. For submission:

- Applications submitted by ISDs must be signed by the superintendent of the ISD or a designee.
- Applications submitted by regional ESCs must be signed by the executive director or a designee.
- Applications submitted by open-enrollment charter schools must be signed by the chief operating officer of the school or a designee.
- Campuses and campus charter schools must apply through their ISD, and the application must be signed by the superintendent or a designee.

Note: Handwritten applications will not be accepted.

Failure to meet submission requirements will result in disqualification, and the application will not be forwarded for competitive review.

Submission Requirements

Competitive grant applications must be submitted via eGrants or, for PDF applications, emailed to competitivegrants@tea.texas.gov. Refer to the Program Guidelines for specific submittal instructions.

Only one application may be included with any email submission. Entities eligible to submit multiple applications must attach each application to a separate email, along with all required attachments.

With the following exception, the application must be submitted in its entirety in a single email. Multiple emails that include separate parts of any one application do not constitute a complete submission and will not be reviewed.

> **Exception:** If required attachments cannot be emailed with the application because the complete submission exceeds file size or other server limitations, the attachments may be submitted in additional email(s). The subject lines of each email must include a "part" designation (Part 1, Part 2, etc.).

If TEA receives duplicates of the same application, only the applicant's final submission will be considered for funding. TEA will discard all earlier submissions without review.

Competitive Application Deadline

Competitive applications will only be accepted and considered for funding if received by the deadline listed in the Program Guidelines, Grant Timeline. After that deadline, any additional materials submitted (including required attachments or resubmissions of the application) will be discarded without review or blocked for submittal.

Applications received via email after the deadline will be discarded without review. Accepting one late application for any reason invalidates the entire competition and requires the publication of a new competitive grant and resubmittal of applications by all applicants on a new deadline date. Acceptance of late applications creates an undue burden for applicants who did meet the deadline and would cause significant delays in the implementation of the program. TEA will neither accept nor consider for funding any application received after the established deadline.

TEA assumes no responsibility, due to any circumstances, for the receipt of an application after the deadline time and date listed in the Program Guidelines, Grant Timeline. TEA accepts no responsibility for delays caused by technical problems or insufficient capacity of technology that occurs at the applicant or originating organization. Applicant organizations are strongly advised to allow for and anticipate any such delays by submitting applications as early as possible.

In establishing the time and date of receipt, the commissioner of education will rely solely on the following:

- Time and date stamp by the eGrants system
- Time and date stamped on the email message received at competitivegrants@tea.texas.gov with the required application attached

TEA will not accept any other documentation as proof of receipt of any application.

Competitive Review Process

Applications for grants in which the maximum award available is less than $500,000 are reviewed and scored three times. All three scores are averaged.

Applications for grants in which the maximum award available is $500,000 or greater are reviewed and scored five times. The highest and lowest scores are dropped, and the remaining scores are averaged.

Conflict of Interest and Nondisclosure

All grant reviewers are required to sign a legally binding form certifying that they have no basis for any conflict of interest in the grants they are assigned to review. In addition, reviewers agree not to disclose the contents of any grant application they review to anyone but TEA's competitive review unit.

A reviewer who violates either of these assurances faces the following potential consequences:

- Nullification of the entire grant competition
- Disqualification of the reviewer's organization from the specific grant competition
- Ineligibility of the reviewer's organization to apply for any TEA grant competition for up to 12 months
- Naming of the reviewer's organization in all official TEA announcements as the reason why a competition must be run again and why any grants awarded under the competition must be canceled/voided

Standard Review Criteria

The following standard review criteria are generally used in scoring the application. Note that more specific, detailed review criteria customized for the grant program may be used in combination with the standard review criteria.

Each competitive application is reviewed to determine the capability of the applicant to implement its proposed program. In reviewing the information submitted and in recommending competitive applications for funding, reviewers consider the following ratings: Clearly Outstanding, Exceeds Expectations, Meets Standard, Needs Improvement, or Not Addressed. When scoring each indicator, reviewers select a rating which has an appropriate point value assigned.

Identify/Address Needs (10 Points Possible)

Quantifiable needs have been identified and strategies to address those needs have been clearly described.

Measurable Goals and Progress (10 Points Possible)

The benchmarks and the summative Specific Measurable Achievable Relevant Timely (SMART) goals are clearly described and related to either student outcomes or are consistent with the purpose of the grant program.

Project Evaluation and Modification (5 Points Possible)

Applicant clearly describes how project evaluation data will be used to determine when and how to modify the project plan, including if quarterly progress or summative SMART goals do not show progress.

Statutory/Program Requirements (25 Points Possible)

Strategies and activities are of sufficient quality and depth to ensure accomplishment of the goals and objectives of the grant program outlined in the Program Guidelines.

Budget (10 Points Possible)

The costs reflected in the budget are appropriate for the results expected. (5 points)

The budget, including personnel, materials, and other identified expenses, supports the activities outlined in the grant application. (5 points)

Total Possible Points

For each application, a total of 60 points is possible.

Specific Review Criteria

For some grants, the standard review criteria do not fully address all fundamental aspects of the program the applicant is expected to design and describe in the application. In those cases, additional specific review criteria may be defined so that in addition to the indicators addressed by the standard review criteria, those other fundamental aspects may also be evaluated, reviewed, and scored by the grant reviewers. Any specific review criteria defined for the grant program will be listed in the Program Guidelines, Specific Review Criteria, along with the point value that corresponds to each criterion.

Priorities for Funding

In some grant programs, points are available to applicants that meet certain priorities for funding defined in statute or by TEA. These points are beyond those available through either the standard or specific review criteria and are added to the averaged score of the standard and specific review criteria. In general, applicants must receive 70% of points available through the standard and specific review criteria before priority points will be awarded. Any priorities for funding (priority points) defined for the program will be listed in the Program Guidelines, Priorities for Funding. If used for the grant, priority points are assigned by TEA program staff.

Oral Interviews for Funding

In limited circumstances, the applicants receiving the most favorable ratings in the application review may be asked to send a representative to Austin, Texas, or conduct an electronic meeting or conference call, at a time and place to be arranged, for an oral presentation of the application. Applications may be rated again and re-ranked following the oral presentations. Points are designated and awarded by TEA program staff.

Selection for Funding

Applications for competitive grants are considered and selected on the basis of total points scored during review and, if applicable, as the result of any oral interviews, but awards are contingent upon availability of funds. In some cases, only applications that receive at least 70 percent, or another minimum percentage of points established by TEA, will be considered for funding. Grant awards are generally made starting with the highest-scoring application and continuing to the next highest scoring application until funds are exhausted or until the applications with the minimum percentage score or higher are funded, whichever is the case.

It is important that a diverse group of students and districts be represented in the operation of grant programs. Therefore, after all applications have received a final score, some additional factors may be considered before grant recipients are selected. The order in which applications are ranked may be changed to fund projects that represent a greater diversity of students and districts. In general, projects are selected to establish programs that accomplish the following:

- Meet the intent and purposes of the authorizing statute
- Are cost-effective (i.e., the total grant amount divided by the total number of students served equals the cost per student)
- May be replicated in districts with similar demographics
- Are diverse with respect to size of districts (include districts with small, medium, and large enrollment)

- Are diverse with respect to geographic location in Texas (include different ESC regions or quadrants of the state)
- Demonstrate greatest need
- Meet any additional criteria identified in the program guidelines

To be considered for funding, applicants for competitive grants and continuation grants that have previously received discretionary grants from TEA must have a positive record of successfully managing programs. A positive record includes compliance with all requirements and conditions of those grants, including financial management requirements and implementing grant programs according to the timelines and descriptions approved in the grant applications.

Final Recommendations and Notice of Grant Award

Based on final scores, the outcome of oral interviews, and any additional considerations as indicated above or identified in the Program Guidelines, final recommendations are assembled and presented to the commissioner of education or designee who will do one of the following:

- Approve the application in whole or in part.
- Disapprove the application.
- Defer action on the application for further review.

TEA notifies each applicant in writing of the commissioner's decision. A final approved copy of the applicant's PDF application may be emailed to the applicant contacts as soon as negotiations and all final reviews are complete; eGrants applications will be accessible in TEAL. To help TEA complete negotiations and release the remainder of grant funds in a timely fashion, the applicant should respond to any inquiries from TEA staff as quickly as possible.

Grantees are responsible for ensuring that any expenditures incurred prior to the conclusion of the negotiation process are allowable under the terms and conditions of the grant program. TEA will not make reimbursements for any activities or line items deleted during negotiations. Any refunds incurred while negotiations are ongoing must be paid before the remainder of the grant is released.

The NOGA incorporates the RFA, the instructions for each form, and the approved application as negotiated by TEA and will constitute the binding agreement between the parties. To be eligible to receive an approved application, NOGA, and subsequent funding, applicants must not be on warrant hold by the Texas Comptroller of Public Accounts and must not owe TEA a refund for any discretionary grant.

Applicant Checklist: Competitive Grant

Check the following non-exhaustive list before submitting a competitive grant application:

- ✓ Review the following documents thoroughly to ensure a clear understanding of the purpose of the grant program, including eligibility requirements, funding amounts, program requirements and allowable activities:
  - Program Guidelines
  - Schedule instructions
  - Frequently asked questions (FAQs)
  - Errata notices
  - Other documents that have been published along with the RFA on the TEA Grant Opportunities page
- ✓ Complete all sections of the application. If an applicant leaves an application section blank, it will impact how reviewers score the application.
- ✓ Attach any documents outlined in the Required Attachments sections of the Program Guidelines.
- ✓ Submit one original copy of the PDF application.
- ✓ **Competitive applications will only be accepted via eGrants for eGrants-based opportunities or email for PDF-based opportunities at competitivegrants@tea.texas.gov.** Please allow extra time for the application to be received by TEA, as technological delays can occur. Emailing an application early will minimize the possibility of it arriving after the application due date — only applications received by the deadline as published will be considered for funding.
- ✓ When applicable, provide the names of three individuals who can serve as peer reviewers by completing the Reviewer Information Survey.

Amending an Approved Competitive Grant Application

This document's Amending an Application section provides general information about amending an application once the application has been approved and a NOGA has been issued. However, for competitive grants, it is important to note that grantees may not amend the grant application in a way that alters the basic program intent, goals, or objectives to the extent that the program would no longer be the program that received the application score and was subsequently recommended for funding.

To amend an approved competitive grant application, the grantee must follow the procedures outlined in the applicable grant's Program Guidelines. Begin by reviewing the amendment instructions and noting any specific deadlines provided in the program guidelines to ensure timely submission.

Additionally, the grantee should consult the When to Amend the Application guidance document available on TEA's Amending an Application webpage. This document provides essential guidance on the types of changes that require an amendment and the appropriate steps to take. Adhering to both the program-specific instructions and the general amendment guidance from TEA will help ensure compliance and avoid delays in processing.

Appendix B: Additional Guidelines for Informal Discretionary Competition (IDC) Grants

The Informal Discretionary Competition (IDC) grant competition and process is an informal competitive process for the selection of applicants to receive funding for certain grant projects. These grants are reviewed and scored by TEA staff and industry professionals at TEA's discretion.

Depending on the IDC grant's specified format, there may be two required parts to the application:

- eGrants IDC application – single application form including both narrative application and budget schedule
- PDF IDC application
  - Application Part 1 (PDF) — Application Form
  - Application Part 2 (Excel) — Budget Schedule
- Other IDC application
  - Application Part 1 — Survey software solution (e.g. Qualtrics, etc.)
  - Application Part 2 — eGrants (budget)

Eligibility to Apply

To be eligible to apply for an IDC grant competition, the applicant must do the following:

- Meet all eligibility standards previously addressed in these General and Fiscal Guidelines
- Meet all eligibility criteria defined in the Program Guidelines, Eligible Applicants section
- Be included on the eligibility list published with the RFA on the TEA Grant Opportunities page (if applicable)

Use of Grant Writers

The use of contracted grant writers is not prohibited by TEA. However, applicants should consider that employees of the applicant organization are often better suited to write and negotiate grant applications and amendments. Grant applications should be written by the same staff who will

implement the grant, if awarded, as there will be better knowledge of both the applicant organization and the contents of the awarded grant application. External grant writers often submit almost identical grant applications for multiple organizations. Grant applications should be customized to meet the needs and demographics of the applicant. Grant negotiations and amendments should be confirmed by employees of the applicant organization. TEA reserves the right to disqualify potential applicants that submit almost identical grant applications.

For this reason, the name of the person writing the grant application must be entered on page 1 of the PDF grant application or on the ADC submission in eGrants. Providing erroneous information in this section of the application may cause the application to be disqualified.

IDC Application Resources

Program Guidelines

The IDC Program Guidelines provide information on eligibility, funding amounts, requirements, and allowable activities and use of funds. Applicants should carefully and thoroughly review the program guidelines.

Errata

Corrections or other significant changes to the RFA will be issued as errata on the TEA Grant Opportunities page for the grant. The applicant is responsible for periodically checking the page for errata notices for the grant.

Application Instructions

For each section of the IDC application, guidance in the form of tool tips is provided on the information that applicants should provide.

Frequently Asked Questions

To assure that no prospective applicant obtains a competitive advantage because of acquisition of information unknown to other prospective applicants, any and all questions about the IDC must be submitted in writing to the TEA contact person listed in the Program Guidelines, Contact for Clarifying Information. The name of the IDC and the IDC number, located at the bottom of each page of the Program Guidelines, must be included in the written request for information.

Applicants must submit their written questions no later than the deadline specified in the Program Guidelines, IDC Timeline. The questions and their answers (in the form of FAQs) will be published on the TEA Grant Opportunities page on or before the date specified in the Program Guidelines, IDC

Timeline. To provide all applicants with equal opportunity to review all FAQs prior to submitting the grant application, any questions received after that date will not be answered by TEA.

The FAQ document becomes incorporated into the IDC by reference.

Additional Resources

If applicable, required attachments or other resources may be included on the TEA Grant Opportunities page for the grant.

Completing the IDC Application

It is the applicant's responsibility to ensure that the application is complete before submitting the application to TEA. All required attachments must be included with the application at the time it is submitted. Do not include unsolicited attachments.

TEA does not provide facilities, equipment, or supplies for applicants to use in completing an application.

Application Format

Responses must be submitted via the eGrants application system, submitted via the electronic survey system as noted in the Program Guidelines, or typed into the PDF application form; handwritten applications will be disqualified from the IDC competition.

If an applicant changes the format of the PDF by any means (font size, answer box size, etc.), their application may be rejected.

Incomplete Application Sections

It is the applicant's responsibility to ensure that every section of the IDC application submitted is complete. Reviewers will be instructed to select "Not Addressed" on the scoring survey for a blank section of the application and to assign that section a score of zero.

Required Program and Fiscal-Related Attachments

See the Program Guidelines for a description of any program or fiscal-related documentation required to be submitted with the application for the grant program. Applications that are missing any required attachments may affect how the application is scored by reviewers and will likely affect the application's overall score.

Important Note: See the Submission of Audit Reports for Federal Grants section for details regarding the audit submission requirement as it applies to different applicant types.

Submitting the IDC Application

The following information includes guidance on how to submit the IDC application.

Signature Requirements

For IDC grants, TEA requires submittal by eGrants or survey instrument, or one copy of the PDF application emailed to the address specified. PDF applications are to be signed, with a digital ID or by hand, by a person authorized to bind the applicant to a contractual agreement. Applicant organizations must have on file a list of designees authorized to sign the application. For submission:

- Applications submitted by ISDs must be signed by the superintendent of the ISD or a designee.
- Applications submitted by regional ESCs must be signed by the executive director or a designee.
- Applications submitted by open-enrollment charter schools must be signed by the chief operating officer of the school or a designee.
- Campuses and campus charter schools must apply through their ISD, and the application must be signed by the superintendent or a designee.

Note: Handwritten applications will not be accepted.

Failure to meet submission requirements will result in disqualification, and the application will not be forwarded for competitive review.

Submission Requirements

IDC applications must be submitted via survey instrument or eGrants, or, for PDF applications, emailed to competitivegrants@tea.texas.gov. Refer to the IDC Program Guidelines for specific submittal instructions.

Only one application may be included with any email submission. Entities eligible to submit multiple applications must attach each application to a separate email, along with all required attachments.

With the following exception, the application must be submitted in its entirety in a single email. Multiple emails that include separate parts of any one application do not constitute a complete submission and will not be reviewed.

> **Exception:** If required attachments cannot be emailed with the application because the complete submission exceeds file size or other server limitations, the attachments may be submitted in additional email(s). The subject lines of each email must include a "part" designation (Part 1, Part 2, etc.).

If TEA receives duplicates of the same application, only the applicant's final submission will be considered for funding. TEA will discard all earlier submissions without review.

IDC Application Deadline

IDC applications will only be accepted and considered for funding if received by the deadline listed in the IDC Program Guidelines, IDC Timeline. After that deadline, any additional materials submitted (including required attachments or resubmissions of the application) will be discarded without review or blocked for submittal.

Applications received via email after the deadline will be discarded without review. Accepting one late application for any reason invalidates the entire competition and require the publication of a new IDC grant and resubmittal of applications by all applicants on a new deadline date. Acceptance of late applications creates an undue burden for applicants who did meet the deadline and would cause significant delays in the implementation of the program. TEA will neither accept nor consider for funding any IDC application received after the established deadline.

TEA assumes no responsibility, due to any circumstances, for the receipt of an application after the deadline time and date listed in the IDC Program Guidelines, IDC Timeline. TEA accepts no responsibility for delays caused by technical problems or insufficient capacity of technology that occurs at the applicant or originating organization. Applicant organizations are strongly advised to allow for and anticipate any such delays by submitting applications as early as possible.

In establishing the time and date of receipt, the commissioner of education will rely solely on the following:

- Time and date stamp by the eGrants system
- Time and date stamp of the survey instrument
- Time and date stamped on the email message received at competitivegrants@tea.texas.gov with the required application attached

TEA will not accept any other documentation as proof of receipt of any application.

IDC Review Process

Standard Review Criteria

The following standard review criteria are generally used in scoring the IDC application. Note that more specific, detailed review criteria customized for the program may be used in combination with the standard review criteria.

Each IDC application is reviewed to determine the capability of the applicant to implement its proposed program. In reviewing the information submitted and in recommending competitive applications for funding, reviewers consider the following ratings: Clearly Outstanding, Exceeds Expectations, Meets Standard, Needs Improvement, or Not Addressed. When scoring each indicator, reviewers may select a rating which has an appropriate point value assigned.

The following sections describe the standard IDC application and the applicant's requested response. Any additional input required in a particular IDC application will include specific guidance in the form of tool tips.

The program application must have a minimum of two of the following application components.

- Budget (inclusive of 5 below)
- Narrative responses (qualitative) (inclusive of 1,2 and 3 below)
- Quantitative data
- Interviews

Because there is a level of competition and all program eligibility applications may not result in funding, program eligibility application components must be scored against a scoring rubric, as published in the Program Guidelines, by a minimum of three reviewers for grants less than $500,000. For grants $500,000 and more, a minimum of 5 reviews are required. If the grant application consists of data driven responses only, a data validation review of the scoring is required.

- Program staff will develop the scoring rubric based on the application components chosen and the data collected.
- Program staff will maintain the documentation of scoring for compliance, audits, and public information requests.

Other components may include:

- **Summary of Program:** Summarize the program that will be implemented with grant funds, including the overall mission and specific needs of the organization.
- **Qualifications and Experience:** Provide data on the qualifications and experience of the existing or future staff members, as required per the program guidelines.
- **Goals, Objectives, and Strategies:** Describe how stated goals, objectives, and strategies will be used to define the proposed program.
- **Performance and Evaluation Measures:** Describe strategies and activities that are of sufficient quality and depth to ensure accomplishment of the goals and objectives of the grant program outlined in the IDC Program Guidelines.
- **Budget Narrative:** Explain how the costs reflected in the Budget Schedule (Application Part 2), eGrants schedule, or electronic survey, as applicable, are appropriate for the results expected. The budget, including personnel, materials, and other identified expenses, should support the activities outlined in the application.

Priorities for Funding

In some IDC programs, points are available to applicants that meet certain priorities for funding defined in statute or by TEA. These points are beyond those available through either the IDC standard or IDC specific review criteria and are added to the averaged score of the standard and specific review criteria. In general, applicants may be required to receive 70% of points available through the IDC standard and specific review criteria before priority points will be awarded. Any priorities for funding (priority points) defined for the program will be listed in the IDC Program Guidelines, Priorities for Funding. If used for the grant, priority points are assigned by TEA program staff.

Oral Presentations

In limited circumstances, the applicants receiving the most favorable ratings in the application review may be asked to send a representative to Austin, Texas, or conduct an electronic meeting or conference call, at a time and place to be arranged, for an oral presentation of the application. Applications may be rated again and re-ranked following the oral presentations. Points are designated and awarded by TEA program staff.

Selection for Funding

Applications for IDCs are considered and selected based on total points scored during review and, if applicable, as the result of any oral interviews, but awards are contingent upon availability of funds. In some cases, only applications that receive at least a minimum standard review percentage of points established by TEA will be considered for funding. Unless specified otherwise in the IDC Program Guidelines, grant awards are generally made starting with the highest-scoring application and continuing to the next highest scoring application until funds are exhausted or until the applications with the minimum standard review percentage score or higher are funded, whichever is the case.

It is important that a diverse group of students and districts be represented in the operation of grant programs. Therefore, after all applications have received a final score, some additional factors may be considered before grant recipients are selected. The order in which applications are ranked may be changed to fund projects that represent a greater diversity of students and districts. In general, projects are selected to establish programs that accomplish the following:

- Meet the intent and purposes of the authorizing statute
- Are cost-effective (i.e., the total grant amount divided by the total number of students served equals the cost per student)
- May be replicated in districts with similar demographics
- Are diverse with respect to size of districts (include districts with small, medium, and large enrollment)

- Are diverse with respect to geographic location in Texas (include different ESC regions or quadrants of the state)
- Demonstrate greatest need
- Meet any additional criteria identified in the program guidelines

To be considered for funding, applicants for IDCs and continuation grants that have previously received discretionary grants from TEA must have a positive record of successfully managing programs. A positive record includes compliance with all requirements and conditions of those grants, including financial management requirements and implementing grant programs according to the timelines and descriptions approved in the grant applications.

Final Recommendations and Notice of Grant Award

Based on final scores, the outcome of oral interviews, and any additional considerations as indicated above or identified in the IDC Program Guidelines, final recommendations are assembled and presented to the commissioner of education or designee who will do one of the following:

- Approve the application in whole or in part.
- Disapprove the application.
- Defer action on the application for further review.

Some grants may permit pre-award costs from the award announcement date to the grant start date. Refer to the IDC grant's Program Guidelines for further information.

Upon successful completion of the negotiation process, a final approved copy of the PDF application will be sent to the applicant via email; eGrants applications will be accessible in TEAL. To help TEA complete negotiations, the applicant should respond to any inquiries from TEA staff as quickly as possible.

Grantees are responsible for ensuring that any expenditures incurred prior to the conclusion of the negotiation process are allowable under the terms and conditions of the grant program. TEA will not make reimbursements for any activities or line items deleted during negotiations. Any refunds incurred while negotiations are ongoing must be paid before the remainder of the grant is released.

The NOGA incorporates the IDC RFA, the instructions for each form, and the approved application as negotiated by TEA and will constitute the binding agreement between the parties. To be eligible to receive an approved application, NOGA, and subsequent funding, applicants must not be on warrant hold by the Texas Comptroller of Public Accounts and must not owe TEA a refund for any discretionary grant.

Amending an Approved IDC Grant Application

This document's Amending an Application section provides general information about amending an application once the application has been approved and a NOGA has been issued. However, for IDC grants, it is important to note that grantees may not amend the grant application in a way that alters the basic program intent, goals, or objectives to the extent that the program would no longer be the program that received the application score and was subsequently recommended for funding.

To amend an approved IDC grant application, the grantee must follow the procedures outlined in the applicable grant's Program Guidelines. Begin by reviewing the amendment instructions and noting any specific deadlines provided in the program guidelines to ensure timely submission. Additionally, the grantee should consult the When to Amend the Application guidance document available on TEA's Amending an Application webpage. This document provides essential guidance on the types of changes that require an amendment and the appropriate steps to take. Adhering to both the program-specific instructions and the general amendment guidance from TEA will help ensure compliance and avoid delays in processing.