ESC Region 1: July 23, 2026, 2:00 – 3:00 PM
4th Annual School Finance and Operations Conference

Keeping the Herd Strong: Staying on the Right Trail
Through Change, Compliance, and New Opportunities on the Horizon
Appropriations, Federal Hot Topics, and Proposed UGG Changes

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Federal Compliance Unit
Department of Grant Compliance and Administration

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SY 2026-2027 Explanatory Statements, Education Appropriations

- Accompany appropriations act, carry weight of statute
- Interagency Agreements and Program Transfers – stronger oversight and reporting
- ESEA Waiver Reporting – post within 30 days of approval
- Cell Phones Ban – data collection and reporting on student cell phone use on school grounds or during school day

FY27 Presidential Budget Proposal

On April 3, 2026, the Administration released its budget request for federal fiscal year (FY) 2027, which begins on October 1, 2026.

The budget request for approximately $3 billion or 3.9% below the current FY 2026 funding level.

FY27 Presidential Budget Proposal

The budget request *again* proposes the consolidation of 17 K-12 grant programs into a single consolidated grant, newly designated the Make Education Great Again (MEGA) grant for FY 2027, at approx. 30% overall funding level.

The administration proposed similar program consolidations for FY 2026, but Congress refrained from making the proposed consolidations.

FY27 Presidential Budget Proposal

The budget request also proposes the elimination of 12 ESEA grant programs, including
Migrant
Title II, Part A *
Title III, Part A
Title IV, Part A *
21st CCLC *
McKinney-Vento *
Rural *

*Included in new block grant

FY27 Presidential Budget Proposal

The budget level funds Title I, Part A and Perkins.

Consolidates 7 IDEA programs with 8.2% increase.

THIS IS JUST A PROPOSAL…
WE HAVE SEEN THIS BEFORE

FY27 House Appropriations Committee

The U.S. House Appropriations Committee voted June 9th to advance the FY 2027 appropriations bill to the House floor. The Senate has **not yet** released its FY 2027 LHHS appropriations bill.

Summary:

- **Proposed increases to IDEA by $46 million**
- **Cuts Title I by $1.895 billion**
- **Eliminates ESEA Title I assessments, Title II, Part A, and Title III**
- **Increases Rural Education by $5 million**
- **Level funds 21st CCLC**
- **Increases CTE funded by nearly $8 million**

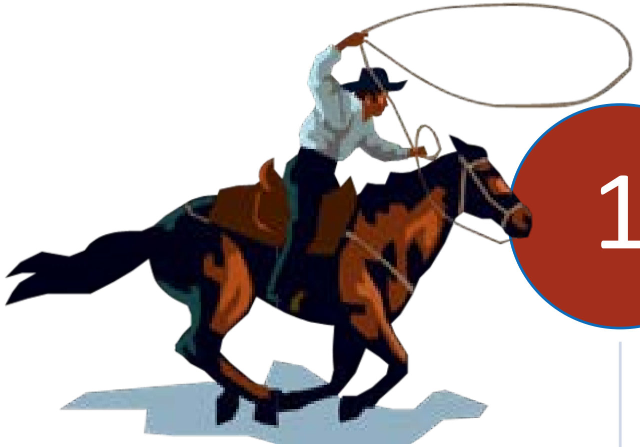
News from DC

Overview of USDE Program Co-Administration

The U.S. Department of Education (USDE) signed six interagency agreements to transition program management with other federal agencies.

- Statutory responsibility of programs remains with USDE.
- USDE will transition management of various programs with four other federal agencies. (OESE will be co-administered)

Program Transitions and Implementation



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Majority of OESE programs are transitioning to the U.S. Department of Labor.

2

Estimated 4-month execution timeline, this may vary program to program.

Programs Impacted
Office of Elementary and Secondary Education (OESE)

- Title I, Part A: Improving Basic Programs Operated by Local Educational Agencies
- Title I, Part B: Improving Academic Achievement of the Disadvantaged—State Assessment Grants
- Title I, Part C: Education of Migratory Children
- Title I, Part D: Prevention and Intervention Programs for Children and Youth Who are Neglected, Delinquent or At-Risk
- Title II, Part A: Supporting Effective Instruction State Grants
- Title III, Part A: English Language Acquisition State Grants

Programs Impacted
Office of Elementary and Secondary Education (OESE) Cont.

- Title IV, Part A, Student Support and Academic Enrichment (SSAE)
- Title IV, Part B 21st Century Community Learning Centers
- Title V Small, Rural School Achievement and Rural and Low-Income School Programs
- Impact Aid
- Education for Homeless Children and Youths

Program Transitions and Implementation

Interagency Agreement

OESE with HHS Administration for Children and Families (ACF)

SERV – emergency disaster response and school violence grants

School Safety National Activities

Statewide Family Engagement, etc.

IAA: USDE and Health and Human Services (HHS)

- On June 16, 2026, USDE announced a new interagency agreement with Health and Human Services (HHS) as a *"Special Education and Rehabilitative Services Partnership".*

- Notably, formula grant funds and discretionary grant programs authorized under the Individuals with Disabilities in Education Act (IDEA) (Part B, Part C, and Part D) will be moved to HHS to *"support the administration of…programs".*

- All federal fiscal year (FFY) 2026 awards (and supplemental awards) will be awarded and managed in USDE's grant system, and subsequent awards will transition to HHS's grant system.

IAA: USDE and Department of Justice (DOJ)

- On June 16, 2026, USDE announced a new interagency agreement between the Department of Justice (DOJ) as a *"Civil Rights Partnership".*

- The fact sheet of the IAA address *"How will this partnership impact students, parents, and advocates who want to file a complaint?"* with a response of: ***"This partnership will not impact students, parents or families who believe they have experienced discrimination. Anyone who believes discrimination has occurred in an education program or activity may file a complaint with ED-OCR."***

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Things to be Aware of…

Funding Transferability Correspondence from USDE (May 19, 2026)

Unsafe School Choice (increased USDE focus)

Federal Register notices (will be cross-coded with DOL, documents will likely be co-branded)

Federal Monitoring – Payment Integrity Reviews continue (supposed to be only monitoring by USDE this FY)

Potential Update to School Nutrition Standards

- Last updated 2024
  - Must be compliant 2027
- New Dietary Guidelines for Americans (DGA) from HHS and USDA
  - Focus on scratch cooking
  - Less dependence on processed foods
- Discussion if administration should possibly update school nutrition standards to align to DGA.

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FYI: Education Freedom Tax Credit – Treasury

- $1,400 credit; sent to “scholarship” granting organization in states for school of choice or other education related services and products
- Goes into effect January 1, 2027
- Most people focus on positive impact for private school tuition
- Can also be used for public schools
  - Tutoring
  - Support services to SWD in public schools
  - Etc.

E-Rate Change and Proposed Rulemaking

- **FCC reversed rule that previously allowed e-rate funds to be expended for:**
  - **Mobile hotspots lending program**
  - **School bus Wi-Fi program**

- **FCC voted and approved a Notice of Proposed Rulemaking to seek public comment *"on actions the Commission could take to ensure that the E-Rate program advances student learning outcomes and better protects the online safety of children when using ERate-funded networks and services, particularly given the number of hours per day children of all ages now spend online."***

Dear Colleague Letter (DCL) May 19, 2026
Funding Transferability

- Clarifies transferability authority under ESEA Section 5103.
- Encourages states and districts to utilize this authority to better meet community needs.
- Guidance seeks to increase awareness and use of transferability supports.

United States Department of Education

OFFICE OF ELEMENTARY AND SECONDARY EDUCATION

May 19, 2026

Dear Colleague:

The Trump administration's goal is to improve academic achievement by empowering States with greater flexibility, autonomy, and decision-making authority. A key part of returning education to the States is greater flexibility in the use of federal funds to better meet States' and communities' needs. Towards this goal, the Department has released a series of Dear Colleague Letters aimed at highlighting existing flexibility in federal law and is in conversation with States to help them navigate how to leverage these flexibilities.

This letter provides information about the transferability authority available to State educational agencies (SEAs) and local educational agencies (LEAs) under section 5103 of the *Elementary and Secondary Education Act of 1965*, as amended (ESEA). This authority allows States and LEAs to move certain Federal funds across programs to better meet State and local priorities.

This guidance builds on the U.S. Department of Education's (Department) July 29, 2025, Dear Colleague Letter highlighting flexibilities and waiver authorities under ESEA.

The Department's goal is to improve academic achievement, reduce unnecessary Federal and bureaucratic burden, and return greater decision-making authority to States and local communities. Increasing awareness and use of transferability supports these goals by allowing States and LEAs to align Federal resources more effectively to student needs.

This guidance is most relevant to State and local leaders in SEAs and LEAs who administer ESEA funds. ESEA section 5103 allows SEAs and LEAs to transfer all or a portion of funds from certain programs to other allowable ESEA programs.

Transferability does not change the total amount of Federal funding received. Instead, it allows SEAs and LEAs to use these funds more strategically. Once funds are transferred, they are no longer subject to the requirements of the original program and instead follow the rules of the program to which they are transferred.

Importantly:
- SEAs and LEAs do **not** need prior approval from the Department to transfer funds.
- LEAs do **not** need prior approval from their SEA.
- Transferability is intended to be a **simple and flexible tool**, not an additional administrative burden.

At the **State level**, SEAs may transfer funds from:
- Title II, Part A
- Title IV, Part A
- Title IV, Part B

1

Key Takeaways:

- LEAs do not need prior approval from their SEA but must notify their SEA at least 30 days prior to the transfer.
- Highlights programs that LEAs can transfer from and programs where these funds can be transferred.
- Overall goal: break down program silos within LEAs and support coordinated, student centered strategies.

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2025 OMB Compliance Supplement SEFA Guidance on Transferability (p. 1313)

3. *Transferability* (SEAs and LEAs)

ESEA programs in this Supplement to which this section applies are Title II, Part A (84.367) and Title IV, Part A (84.424A) –not including the Stronger Connections Grant (84.424F).

Expenditures of funds transferred from one program to another (as described in III.A.3, "Activities Allowed or Unallowed – Transferability (SEAs and LEAs)") should be included in the audit universe and total expenditures of the receiving program for purposes of (1) determining Type A programs, and (2) completing the SEFA. A footnote showing amounts transferred between programs is encouraged.

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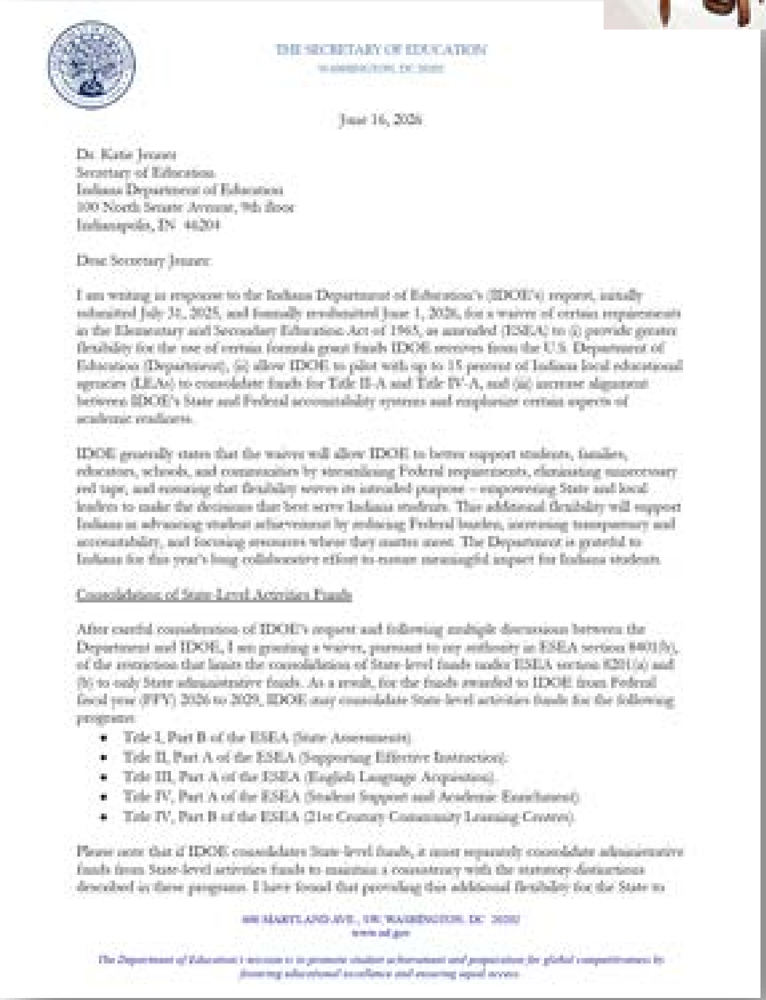
USDE Approval of Indiana's *Returning Education to the States Waiver*

What Was Approved:

- **State ESSA Funds Flexibility**: Indiana may consolidate state-level ESSA funds across 5 federal programs (Titles I-B, II-A, III-A, IV-A, and IV-B) through FFY 2029.
- **LEA Fund Consolidation Pilot:** Up to 15% of LEAs may consolidate Title II-A and Title IV-A funds to better align spending with local priorities. May only select among LEAs with both Title I and non-Title I schools that are ineligible for the Alternative Fund Use Authority (AFUA)
- **Accountability Flexibility:** Indiana may place greater emphasis on college, career, and workforce readiness indicators in high school accountability by removing the requirement that academic indicators receive "much greater weight" than school quality/student success indicators.



THE SECRETARY OF EDUCATION

June 16, 2026

Dr. Katie Jenner
Secretary of Education
Indiana Department of Education
100 North Senate Avenue, 9th floor
Indianapolis, IN 46204

Dear Secretary Jenner:

I am writing in response to the Indiana Department of Education's (IDOE's) request, initially submitted July 31, 2025, and formally resubmitted June 1, 2026, for a waiver of certain requirements in the Elementary and Secondary Education Act of 1965, as amended (ESEA) to (i) provide greater flexibility for the use of certain formula grant funds IDOE receives from the U.S. Department of Education (Department), (ii) allow IDOE to pilot with up to 15 percent of Indiana local educational agencies (LEAs) to consolidate funds for Title II-A and Title IV-A, and (iii) increase alignment between IDOE's State and Federal accountability systems and emphasize certain aspects of academic readiness.

IDOE generally states that the waiver will allow IDOE to better support students, families, educators, schools, and communities by streamlining Federal requirements, eliminating unnecessary red tape, and ensuring that flexibility serves its intended purpose – empowering State and local leaders to make the decisions that best serve Indiana students. This additional flexibility will support Indiana in advancing student achievement by reducing Federal burden, increasing transparency and accountability, and focusing resources where they matter most. The Department is grateful to Indiana for this year's long collaborative effort to ensure meaningful impact for Indiana students.

Consolidation of State-Level Activities Funds

After careful consideration of IDOE's request and following multiple discussions between the Department and IDOE, I am granting a waiver, pursuant to my authority in ESEA section 8401(b), of the restriction that limits the consolidation of State-level funds under ESEA section 8201(a) and (b) to only State administrative funds. As a result, for the funds awarded to IDOE from Federal fiscal year (FFY) 2026 to 2029, IDOE may consolidate State-level activities funds for the following programs:

- Title I, Part B of the ESEA (State Assessments);
- Title II, Part A of the ESEA (Supporting Effective Instruction);
- Title III, Part A of the ESEA (English Language Acquisition);
- Title IV, Part A of the ESEA (Student Support and Academic Enrichment);
- Title IV, Part B of the ESEA (21st Century Community Learning Centers).

Please note that if IDOE consolidates State-level funds, it must separately consolidate administrative funds from State-level activities funds to maintain a consistency with the statutory distinctions described in these programs. I have found that providing this additional flexibility for the State to

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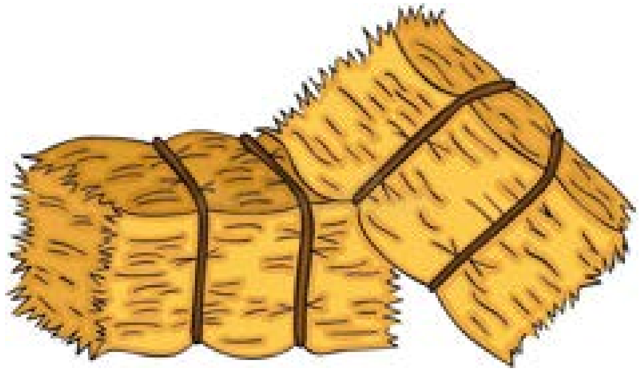
Proposed UGG Changes

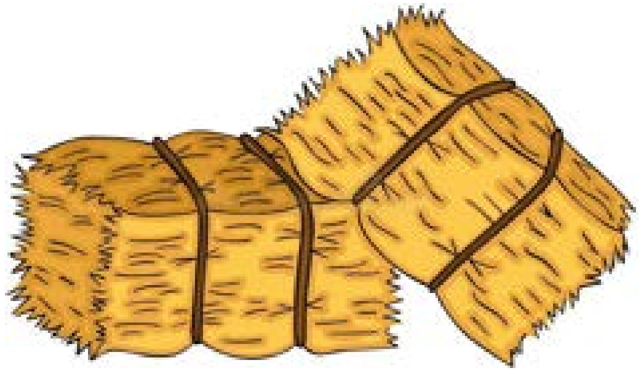
Public Comment Period Updates

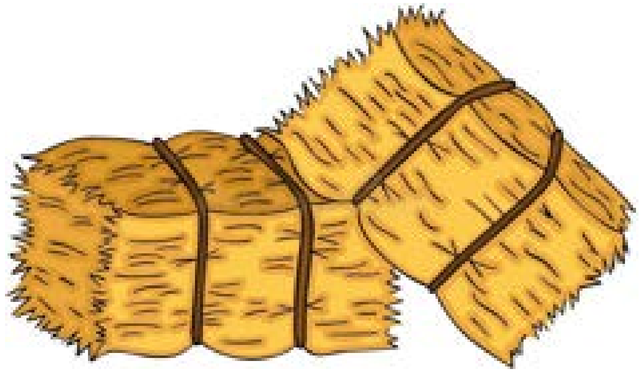
- May 29, 2026 – Updates published in the Federal Register
- July 13, 2026 - 45-day comment period closed
- October 1, 2026 – Goal for effective date (per OMB)
- Possible Delays
- Around 500,000 comments

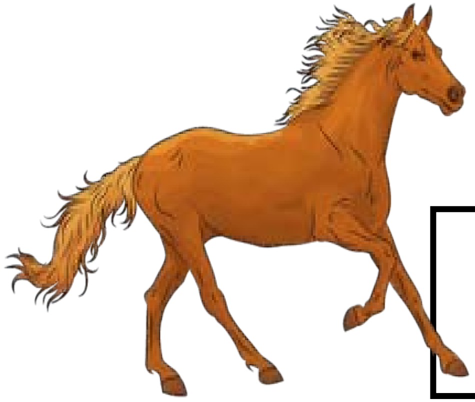
Objectives of Proposed UGG Changes

- Implement Federal executive orders (EOs),
- Expand Federal agency authority for grant making,
- Increased pass-through entity (PTE) responsibilities
- Changes to allowable costs

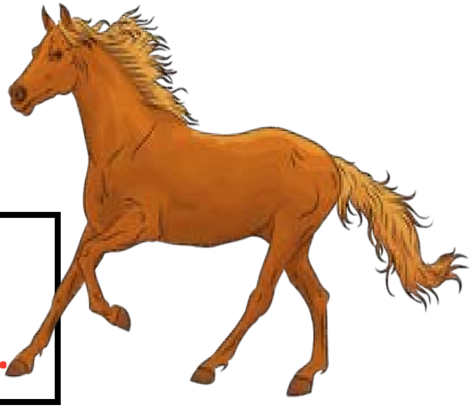








2 CFR 200.1 – Definitions



Underlined Text in Blue is New Language to be Added

Red Text with ~~Strikethrough~~ is Proposed Text to be Removed.

Federal award date means the date when the authorized official of the Federal agency ~~signed (physically or digitally) the Federal award or when an~~ :

(1) Signed (physically or digitally) the Federal award; or

(2) Obligated the Federal award by alternative~~,~~ means consistent with the requirements of 31 U.S.C. 1501~~, is reached with the recipient~~.

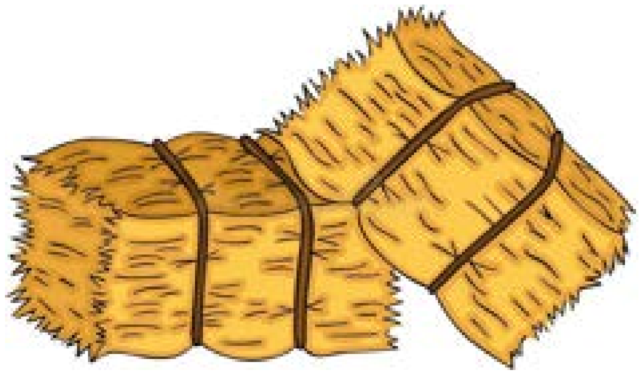
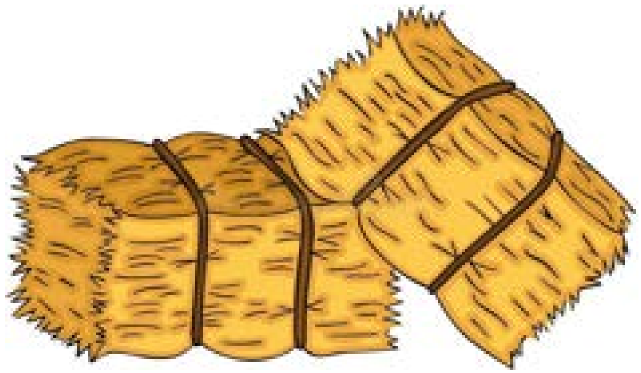
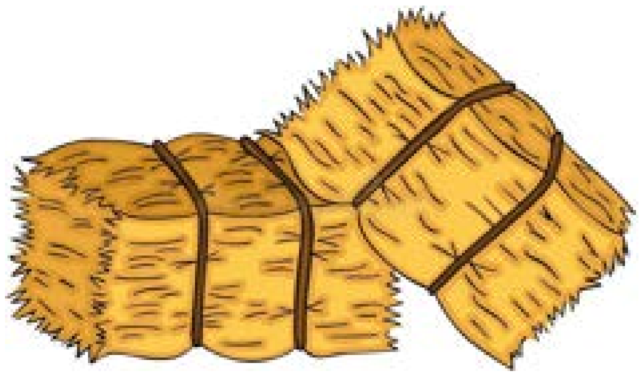
2 CFR 200.1 – Definitions

Unobligated balance means the amount of funds under a Federal award that the recipient or subrecipient has not obligated. ~~The amount~~For purposes of this definition, "obligated" means funds that the recipient or subrecipient has legally committed through actions such as placing an order, awarding a contract or subaward, or otherwise incurring a liability for which payment will be due. The amount of an unobligated balance is computed by subtracting the cumulative amount of the recipient's or subrecipient's unliquidated financial obligations and expenditures under the Federal award from the cumulative amount of funds the Federal agency or pass-through entity authorized the recipient or subrecipient to obligate.

Compliance supplement means an ~~annually updated~~ authoritative source of information for auditors that identifies existing important compliance requirements that the Federal Government expects to be considered as part of an audit. Auditors use it to understand the Federal program's objectives, procedures, and compliance requirements, as well as audit objectives and suggested audit procedures for determining compliance with the relevant Federal program.

2 CFR 200.1 Definitions - Proposed Text to be Removed

~~*Fixed amount award* means a type of grant or cooperative agreement pursuant to which the Federal agency or pass-through entity provides a specific amount of funding without regard to actual costs incurred under the Federal award. This type of Federal award reduces some of the administrative burden and record-keeping requirements for both the recipient or subrecipient and the Federal agency or pass-through entity. Accountability is based primarily on performance and results. See §§ 200.102(c), 200.101(b), 200.201(b), and 200.333.~~

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2 CFR 200.1 Definitions - PII Proposed Text to be Removed

Personally Identifiable Information (PII) means information that can be used to distinguish or trace an individual's identity, either alone or when combined with other personal or identifying information that is linked or linkable to a specific individual. ~~Some PII is available in public sources such as telephone books, websites, and university listings. The definition of PII is not attached to any single category of information or technology. Instead, it requires a case-by-case assessment of the specific risk that an individual can be identified. Non-PII can become PII whenever additional information is made publicly available, in any medium and from any source, that could be used to identify an individual when combined with other available information.~~

~~*Protected Personally Identifiable Information (Protected PII)* means PII (see definition in this section), except for PII that must be disclosed by law. Examples of PII include, but are not limited to, social security number; passport number; credit card numbers; clearances, bank numbers; biometrics; date and place of birth; mother's maiden name; criminal, medical and financial records; and educational transcripts.~~

2 CFR 200.111 – English Language

§ 200.111 English language.

~~(a)~~ All Federal financial assistance announcements, applications, and Federal award information ~~should~~must be in the English language and must be in terms of U.S. dollars. ~~However, Federal agencies, recipients, and subrecipients may issue or translate a Federal award or other documents~~

2 CFR 200.112 – Conflicts of Interest

Federal agencies must establish conflict of interest policies for Federal awards. A recipient or subrecipient must disclose in writing any potential conflict of interest to the Federal agency or ss-through entity in accordance with the established Federal agency policies. A recipient or cipient must also disclose whether any employees who worked on an application for, or sal in support of, a resulting Federal award, or are anticipated to work on activities under deral award, were employed by the awarding Federal agency during the preceding two rs prior to application submission. This disclosure must be provided to agencies for informational purposes.

What does this proposed change mean for school systems?

School systems would be required to develop internal processes to identify if staff were employed at the awarding federal agency (in the preceding two years), and if staff were identified the school system would need disclose that information to the federal awarding agency.

2 CFR 200.113 – Mandatory Disclosure

An applicant, recipient, 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 United States Code or a violation of the Federal civil False Claims Act (31 U.S.C. 3729-3733). The disclosure ~~must be made in writing to the Federal agency, the agency's~~ Office of Inspector General, and pass-through entity (if applicable). Recipients and subrecipients are also required to report matters related to recipient integrity and performance in accordance with appendix XII ~~of~~to this part. Failure to make required disclosures can result in any of the ~~remedies~~administrative actions described in § 200.339. (See also 2 CFR part 180, 31 U.S.C. ~~3321~~3354, and 41 U.S.C. 2313.) Any such disclosures made to the agency's office of Inspector General must be transmitted to the United States Attorney's Office for the District of Columbia within ten days of receipt.

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2 CFR 200.113 – Mandatory Disclosure

What does this proposed change mean for school systems?

Following the school system's disclosure in writing to the Federal agency, the agency's Office of Inspector General (OIG), and TEA, the agency's respective OIG would be required to transmit these disclosures to the U.S. Attorney's Office for the District of Columbia within 10 days of receipt. This would likely accelerate involvement from the federal agency OIG's and federal legal staff.

2 CFR 200.202 – Program Planning and Design

(a) *Elements of program design.* The Federal agency must design a Federal program and create an Assistance Listing before announcing the Notice of Funding Opportunity. A Federal program must be designed:

(1) With clear goals and objectives that ~~provide meaningful results and be consistent with the Federal authorizing legislation of the program;~~:

(i) Aim to achieve meaningful results;

(ii) Are consistent with the public purpose of the program as authorized by law; and

(iii) Align with administration policies and priorities;

What does this proposed change mean for school systems?

Likely to start seeing federal grants, especially competitive grants, having more pre-determined performance measures and reporting requirements.

2 CFR 200.216
Prohibition of Certain Equipment, Services, and Systems

(b) *Prohibition of procurement and operation of prohibited unmanned aircraft systems.* Pursuant to section 1825 of the American Security Drone Act of 2023 (Pub. L. 118-31), on or after December 22, 2025, the following prohibition restricts the extent to which funds provided through a Federal grant or cooperative agreement, or otherwise made available, may be used by a recipient or subrecipient for procurement and operation of Federal Acquisition Security Council (FASC)-prohibited unmanned aircraft systems. This prohibition applies to all Federal awards, regardless of whether the FASC-prohibited unmanned aircraft system to be acquired or operated will process, store, or transmit Federal information.

What does this proposed change mean for school systems?

TEA and subrecipients would be required to verify that if drones are being purchased with federal funds that they are in compliance with FASC requirements and prohibitions.

2 CFR 200.218 – Prohibition of Using Federal Awards to Promote or Support Theories of Disparate-Impact Liability

(a) *General prohibition.* To the maximum extent permitted by law, Federal agencies must eliminate the use of disparate-impact liability in all contexts relevant to Federal awards. Disparate-impact liability imperils the effectiveness of civil rights laws by mandating, rather than proscribing, discrimination.

(b) *Federal agency and pass-through entity responsibilities.* To the maximum extent permitted by law, to avoid violating the Constitution and Federal civil rights laws, the Federal agency or pass-through entity must:

(c) *Recipient and subrecipient responsibilities.* To the maximum extent permitted by law, to avoid violating the Constitution and Federal civil rights laws, recipients and subrecipients must:

(1) Not adopt, issue, or enforce disparate-impact liability standards in administering programs or activities supported by a Federal award; and

(2) Review their policies and procedures related to Federal financial assistance to ensure alignment with this paragraph (c).

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2 CFR 200.218 – Prohibition of Using Federal Awards to Promote or Support Theories of Disparate-Impact Liability

What does this proposed change mean for school systems?

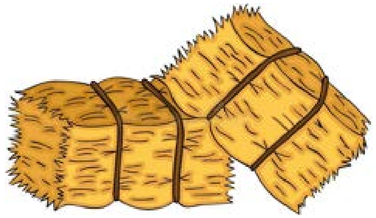
→

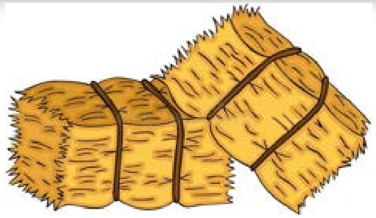
TEA and subrecipients would be required to review current grant programming and activity, as well as policy and procedures, to ensure that activities and internal processes are not promoting or supporting disparate-impact theories.

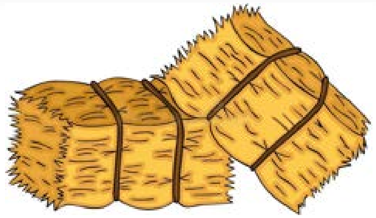
Note: The respective federal executive orders (EOs) were included in the most recent provisions and assurances update for grants issued on or after July 1, 2025. Additional requirements will be added into revised Provision and Assurances, when regulations become final.

2 CFR 200.300 – Statutory and National Policy Requirements

(a) *In general.* The Federal agency or pass-through entity must manage and administer the Federal award ~~in a manner so as~~ to ensure that Federal funding is expended and associated programs are implemented in full accordance with the U.S. Constitution~~,~~ and applicable Federal statutes and regulations—including provisions protecting free speech~~,~~ and religious liberty, ~~public welfare, and the environment,~~ and those prohibiting discrimination—and the requirements of this part. Consistent with Federal law, this includes managing and administering the Federal award to ensure that no person otherwise eligible will be unlawfully excluded from participation in, unlawfully denied the benefits of, or otherwise subjected to unlawful discrimination in the administration of Federal programs, activities, projects, assistance, and services. The Federal agency or pass-through entity must communicate to a recipient or subrecipient all relevant requirements, including those contained in general appropriations provisions, and incorporate them directly or by reference in the terms and conditions of the Federal award and all subawards.







2 CFR 200.300 – Statutory and National Policy Requirements

What does this proposed change mean for school systems?

TEA and subrecipients would be required to review current grant programming and activity, as well as policy and procedures, to ensure that activities and internal processes are not violating non-discrimination laws.

Note: The respective federal executive orders (EOs) were included in the most recent provisions and assurances update for grants issued on or after July 1, 2025.

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2 CFR 200.303 – Internal Controls

The recipient and subrecipient must:

(a) Establish, document, and maintain effective internal control over the Federal award that provides reasonable assurance that the recipient or subrecipient is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. ~~These 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 or the "Internal Control Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).~~

(e) Take reasonable cybersecurity and other measures to safeguard information including ~~protected~~ personally identifiable information (PII), confidential business information, and other types of information subject to protections against disclosure under applicable law. This also

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2 CFR 200.303 – Internal Controls

(f) Participate in the Department of Homeland Security's E-verify program to confirm the employment eligibility of all employees and contractors hired in or performing work in the United States under a Federal award.

(1) Recipients and subrecipients must comply with all requirements of the E-verify program and applicable Federal law.

(2) If a recipient or subrecipient receives a Final Nonconfirmation (FNC) notice through E-verify, the recipient or subrecipient must submit this information to the Federal agency or pass-through entity. The recipient or subrecipient must also provide the Federal agency or pass-through entity with the FNC case verification number and confirm that the recipient or subrecipient has taken appropriate actions consistent with E-Verify program requirements. Failure to provide notice or take appropriate action may result in the termination of the Federal award.

2 CFR 200.303 – Internal Controls

What does this proposed change mean for school systems?

TEA and subrecipients would be required to ensure that confidential business data is protected, related to federal awards.

Enroll in DHS E-Verify program and comply with all requirements of this program, and in the event that an employee (who is working on the federal award) receives a Final No confirmation (FNC) notice must submit this information to the federal agency or TEA.

2 CFR 200.305 – Federal Payment

(a) *Treasury Do Not Pay (DNP) System Review and Verification*. Prior to the disbursement of any Federal payment under this part, the Federal agency must review available data sources with relevant information on the eligibility of the recipient included in the Department of the Treasury's Do Not Pay (DNP) System to verify eligibility and prevent improper payments.

2 CFR 200.305 – Federal Payment

(c) *Payment justifications for recipients and subrecipients other than States.* (1) In coordination with OMB and the Department of the Treasury, each Federal agency must use an information system for payments capable of recording a brief, written justification for each payment request. Federal agencies must require payment justifications as described in this paragraph (c) as soon as information systems with this capability become available.

(2) Payment requests under paragraph (d) of this section from a recipient to the Federal agency or a subrecipient to the pass-through entity must include a brief, written justification regardless of whether the payment is made in advance or to reimburse the recipient or subrecipient. The brief, written justification must include information on the activities or aspects of the Federal award that correspond to the payment request. For example, this may include project milestones, project activities, administrative activities, or other requirements that must be completed under the Federal award.

2 CFR 200.305 – Federal Payment

What does this proposed change mean for school systems?

School systems would be required to be prepared to submit justifications to TEA for each drawdown of federal grant awards. Dates of service, use of the funds, activity, and potentially how compliant and allowable expenditure.

2 CFR 200.321 – Contracting with Small Businesses

§ 200.321 Contracting with small businesses~~, minority businesses, women's business enterprises, veteran-owned businesses, and labor surplus area firms~~.

~~(a)~~ When possible, the recipient or subrecipient 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 set forth below.~~<u>including subcategories of small businesses enumerated in Federal statute, are considered when issuing contracts under Federal financial assistance awards.</u>

~~(b) Such consideration means:~~

What does this proposed change mean for school systems?

School systems would still be required to "when possible" ensure that small business (including subcategories of small businesses enumerated in statute), are considered for sub-contracts. School systems must be cognizant if authorizing statute includes these subcategories of small businesses.

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2 CFR 200.322 – Domestic Preferences for Procurements

(a) ~~The recipient or subrecipient should,~~ To the greatest extent practicable and consistent with law, ~~provide a preference for the purchase, acquisition, or~~Federal agencies must include terms and conditions in Federal awards to maximize the use of goods, products, ~~or~~and materials produced in the United States ~~(including but not limited to iron, aluminum, steel, cement, and other manufactured products). The~~. If included in a Federal award, these requirements ~~of this section~~ must also be included in all subawards, contracts, and purchase orders under Federal awards.

~~(b) For purposes of this section:~~

What does this proposed change mean for school systems?

Federal awarding agency would be required to include this in the terms and conditions of their awards (so generally would be agency-specific), includes language around Build America, Buy America (BABA) and applicability to infrastructure-projects.

TEA and subrecipients would be required in applicability of this requirement as they procure goods under their federal awards.

2 CFR 200.332 – Requirements for Pass-Through Entities

(e) *Temporary suspension* —(1) *In general.* The Federal agency or pass-through entity, to the extent permitted by law, may at any time issue a written order temporarily suspending a Federal award in part or its entirety if the Federal agency or pass-through entity determines that a suspension is in the interest of the Federal agency or pass-through entity. A suspension order under this provision must not exceed a period of 90 days unless the parties mutually agree to an extended period. The period of suspension will begin to run after a written order of suspension is delivered to the recipient or subrecipient. The suspension order must:

(i) Direct the recipient or subrecipient to temporarily stop all or part of the activities under the Federal award;

(ii) Specify the effective date, scope, and expected duration of the suspension, which may not exceed a period of 90 days unless extended by mutual agreement; and

(iii) Consistent with paragraph (e)(2) of this section, direct the recipient or subrecipient to take all reasonable steps to minimize the incurrence of costs allocable to activities covered by the order during the suspension period.

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2 CFR 200.332 – Requirements for Pass-Through Entities

(i) Ensure that each subrecipient is in compliance with the terms and conditions of the subaward and does not take actions that could significantly damage the reputation of the pass-through entity, the Federal agency making the award, or the Federal Government. If a pass-through entity determines that a subrecipient has taken such actions, it must consult with the Federal agency to determine whether the subaward should be terminated under § 200.340. If the Federal agency determines that such significant reputational harm has occurred, it may either direct the pass-through entity to terminate the subaward or terminate the Federal award to the pass-through entity.

What does this proposed change mean for school systems?

TEA would be required to monitor subgrantee conduct and monitor more detailed compliance with provisions and assurances for grant, and for "reputational harm" to TEA, federal awarding agency, or Federal government.

2 CFR 200.429 – Commencement and Convocation Costs

~~For IHEs,~~ Costs incurred for commencements and convocations are unallowable~~, except as activity costs provided for in Appendix III, (B)(9) Student Administration and Services~~.

2 CFR 200.432 - Conferences

(a) A conference means an event whose primary purpose is to disseminate technical information beyond the recipient or subrecipient and is necessary and reasonable for successful performance under the Federal award. Allowable conference costs may include the rental of facilities, speakers' fees, attendance fees, costs of meals and refreshments, local transportation, and other items incidental to such conferences unless further restricted by the terms and conditions of the Federal award. The costs of identifying and providing locally available dependent-care resources for participants are allowable as needed. Conference hosts/sponsors must exercise discretion and judgment in ensuring that conference costs are appropriate, necessary, and managed to minimize costs to the Federal award. The Federal agency may authorize exceptions for programs including Indian Tribes, children, and the elderly. See also §§ 200.438, 200.456, and 200.475.

(b) The costs for attending conferences are allowable only if participation in the conference is expressly approved by the Federal agency and included in the terms and conditions of the Federal award. See § 200.475.

2 CFR 200.432 - Conferences

What does this proposed change mean for school systems?

Conferences would be generally prohibited, unless federal agency expressly approves and the federal agency includes as allowable in the terms and conditions of the federal award.

Goes as far as to prohibit travel related costs (200.475) alongside conference registration fees.

2 CFR 200.454 – Memberships, Subscriptions, and Professional Activity Costs

(a) Costs of the recipient's or subrecipient's membership in professional, civic, business, and technical~~, and professional~~ organizations are allowable~~.~~ if necessary to fulfill the award requirements. Such costs must receive prior written approval of the Federal agency.

(b) Costs of the recipient's or subrecipient's subscriptions to business, professional, academic, and technical periodicals are ~~allowable~~unallowable.

~~(c) Costs of membership in any civic or community organization are allowable.~~

(~~d~~c) Costs of membership in any country club or social or dining club or organization are unallowable.

(~~e~~d) Costs of membership in organizations whose primary purpose is lobbying or issue advocacy are unallowable. See § 200.450.

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2 CFR 200.454 – Memberships, Subscriptions, and Professional Activity Costs

What does this proposed change mean for school systems?

School systems would be required to receive prior written approval from the federal agency for memberships to *"professional, civic, business, and technical organizations."*

Subscriptions costs to "business, professional, **academic**, and technical periodicals are **unallowable.**"

School systems would be required to review purchases of subscriptions and ensure that they are not being charged to federal grants.

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2 CFR 200.461 – Publication and Printing Costs

~~(a) Publication costs for electronic and print media, including distribution, promotion, and general handling, are allowable. These costs should be allocated as indirect costs to all benefiting activities of the recipient or subrecipient if they are not identifiable with a particular cost objective.~~

~~(b)~~(a) *In general*. Except as provided in paragraph (b) of this section, publication costs (including page charges, article processing charges (APCs), or similar fees such as open access fees for professional journal publications and other peer-reviewed publications ~~resulting from a~~) are unallowable under Federal ~~award~~awards. Printing costs (including distribution and general handling) are allowable ~~where:~~.

What does this proposed change mean for school systems?

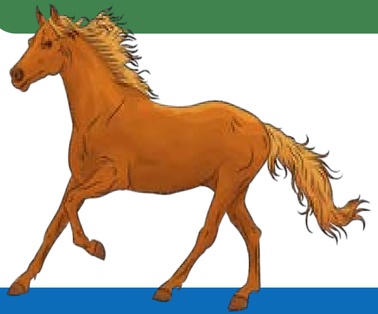
Proposed changes makes all publication costs, including open access fees, unallowable.
Printing costs, including distribution and handling, would remain allowable.

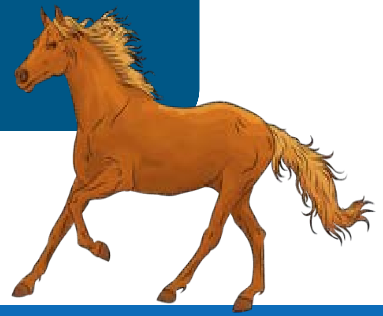
2 CFR 200.513 - Responsibilities

(4) Provide OMB with ~~annual~~ updates to the compliance supplement. These updates include working with OMB to ensure that the compliance supplement focuses the auditor on testing the compliance requirements most likely to cause improper payments, fraud, waste, abuse, or generate audit findings for which the Federal agency will take action in accordance with § 200.505. Prior to submitting compliance supplement drafts to OMB, Federal agencies should

What does this proposed change mean for school systems?

OMB would not be required to update the Compliance Supplement on an annual basis (and might be alluding to updating the compliance supplement when UGG changes occur).





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Thank you!