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General Guidance

1. What funding to LEAs is available under the CARES Act?  Updated September 17, 2020

- Multiple fund sources for K-12 education are included in the Coronavirus Aid, Relief and Economic Security (CARES) Act. There are four that will potentially impact your LEA.
  1. Section 18003, Elementary and Secondary School Emergency Relief Fund (ESSER) – a minimum of 90% of the ESSER grant to TEA will be allocated to LEAs that received Title I, Part A funding in school year 2019-2020 (see ESSER section below)
  2. Title VIII of Division B, Child Care Development Block Grant (CCDBG) – this funding will provide reimbursement to the small number of LEAs that provided childcare to the children of essential workers as defined in the statute
  3. Section 5001, Coronavirus Relief Fund (CRF) – this funding is administered by the Governor’s Office and is designated for state, high population county and city uses; the Governor and legislative leadership have approved an amount of the state’s portion of the CRF for use in reimbursing school systems for COVID-19 expenses (see CRF section below)
  4. Title VIII of Division B, School Emergency Response to Violence (SERV) – this funding is expected to be released by USDE in the fall and is expected to be a formula grant program which could fund some additional COVID-9 related expenditures

In addition to CARES Act funding, FEMA reimbursement is available in limited circumstances. For more information related to FEMA reimbursement, please see the 20-21 FEMA FAQ.
The National School Lunch program also received additional funding under the CARES Act to support additional meals provided through their normal formula program.

2. **For a charter school that receives the PPP loan, what account code will be used for a charter to record the loan proceeds/revenue? Assuming it is ultimately forgiven.** Posted July 28, 2020

Charters should record it like other grants if partial or total forgiveness is expected. As the requirements of the loan are met and is officially forgiven, they would recognize the forgiveness as a revenue and reduce the loan payable. For the portion of the loan that is not met it would remain recorded as a loan payable and would accrue interest. This would be recorded in fund 420 with federal revenue object code 5949. It would be reported separately from CARES (ESSER) funding.

If the charter receives PPP for COVID-19 related expenses, those expenses may not reimbursable under the CRF reimbursement program administered by TDEM.

3. **Will CARES Act Funds be allowed to replace lost revenues in the Child Nutrition Budget to offset the wages LEAs continued to pay employees while not working during school closures? Also, for wages incurred to provide meals to our community under the Summer Feeding Program.** Posted July 28, 2020

These activities could be paid under the ESSER grant.

4. **Is it possible to pay for portables with FEMA funds?** Updated September 17, 2020

No, not under the Category B costs, which are the only allowable FEMA expenses for LEAs for the pandemic.

FEMA reimbursement is available in limited circumstances. For more information related to FEMA reimbursement, please see the 20-21 FEMA FAQ.

5. **Many LEAs used busses to feed or deliver packets to students, so we have many busses still running. What if busses were used to deliver food and instructional packets?** Posted May 28, 2020

While transportation costs related to using busses to deliver meals or instructional packets may be allowable under the ESSER grant, it is not eligible mileage to report to TEA for reimbursement through the state transportation allotment. Mileage driven for COVID-19 related services can be reported on the Transportation Operations Report but must not be included in the Transportation Route Services Report of the FSP Subsystem.
Cares Act – Elementary and Secondary School Emergency Relief (ESSER) Grants

1. Where can I find the ESSER grant entitlement amounts that my LEA will receive?  Posted May 21, 2020

The entitlements will be posted by May 22 to the grant entitlements web page under the federal funds section of the TEA Grants web page and in the Waivers, Finance and Grants section of the Coronavirus web page.

2. When will the ESSER funding be available?  Posted May 21, 2020

The grant application will release in June. Training on the application will be made available around the opening date of the application.

The Grants Administration Division will issue a preliminary NOGA by email within ten (10) business days of receipt of the application to TEA. This preliminary NOGA will 1) release 20% of the funding, 2) be in the format of an email to the superintendent as listed in AskTED, or the authorized official as identified on page one of the application, along with the primary and secondary contacts listed on page one of the application, and 3) not look like a standard NOGA.

The LEA will later be able to view the preliminary NOGA in the ER system and print it for their records. In the meantime, the LEA should maintain the email preliminary NOGA as documentation that the 20% of grant funds are available. The LEA will receive the official, full NOGA and access to 100% of the grant award after the application is negotiated and awarded.

3. How are the ESSER funding amounts calculated?  Posted May 21, 2020

TEA has calculated the entitlements following the statutory formula and guidance provided by USDE. The formula states that an LEA will receive the same proportionate share of the total ESSER formula grant as it received in proportion to the state’s Title I, Part A grant in 2019-2020. You can find LEA specific amount information on the grant entitlements web page by May 22, 2020.

4. What type of reporting will be required?  Updated July 23, 2020

In addition to standard expenditure reporting through the ER system, USDE had previously stated that quarterly reporting would be required for the ESSER grant under the CARES Act. However, the quarterly reports are no longer required. USDE has notified TEA that they will instead use existing reporting mechanisms that TEA already submits to meet the quarterly reporting requirement under the CARES Act.
USDE will require an annual report from the state. TEA will require LEAs to submit required data elements in a time and manner to be determined after USDE releases the data reporting elements and instructions.

Remember, the questions in the application for funding regarding the uses of funds and the planned quarter of the expenditure are not related to the previous quarterly reporting requirement and must still be completed in order to receive a NOGA.

5. **Will COVID-19 expenses back to the start of the school closures be allowed as pre-award costs under the CARES Act stimulus funding?** [Updated July 23, 2020]

USDE is allowing pre-award costs for the ESSER funding back to March 13, 2020. Expenses must be allowable under the ESSER statute (see question 18 below) and have occurred on March 13, 2020, or after.

All activities charged to the ESSER grant must be reasonable and necessary to meet the overall purpose of the program, which is “to prevent, prepare for, and respond to” the COVID-19 pandemic.

6. **Once we know the expenditures can be legally charged to the ESSER grant, how will we code the expenditures in our accounting system?** [Posted April 14, 2020]

For accounting purposes, you will code the expenses using the 15-digit beginning with a three-digit fund code to comply with FASRG and ending with a local option code to indicate the expense was COVID-19 related. The expenditures for the LEA ESSER grant will be recorded under fund code 266 with the appropriate program intent code (PIC) related to the allowable activities for which funds will be expended. When the use of a PIC is not appropriate or mandatory to a specific program, expenditures can be coded to PIC 99.

For example, a transaction charged to the stimulus grant for payroll costs pursuant to IDEA-B will be coded as per following: 266-11-6119-00-101-0-23-V-00, where “V” is a local option code for the coronavirus.

7. **Is there a supplement, not supplant provision in the ESSER funding?** [Posted May 21, 2020]

No.

8. **Can TEA provide some guidance on ESSER funding for the LEAs and paying their employees and contractors?** [Posted May 21, 2020]

LEAs that receive ESSER funds are required, to the greatest extent practicable, to continue to pay employees and contractors during the period of any disruptions or closures related to Coronavirus. (See related guidance in the Federal Funding and Grants FAQ on the TEA Coronavirus web site.)
9. Will the ESSER funding have the same life span as current Title I, Part A dollars?  
   Posted May 21, 2020

The ESSER grant is a separate federal grant program, and is not Title I, Part A funds. The grant period for the ESSER grant is May 15, 2020, through June 30, 2021, with 12 additional months carryover under the Tydings amendment. This means the LEA may begin to expend funds on March 13, 2020, (pre-award begin date) through September 30, 2022.

10. Can my district recognize the reduction in FSP revenue in 2019-2020 and then wait to recognize the ESSER Grant revenue in 2020-2021 in our annual financial audits in order to help with COVID costs incurred for instruction in 2020-21?  
    Posted June 4, 2020

Yes. The ESSER grant funds may be expended March 13, 2020, through September 30, 2021, with 12 additional months carryover under the Tydings Amendment through September 30, 2022. The FSP reduction that the ESSER funds will offset will be taken in the 2019-2020 fiscal year. Please note that this approach could cause the LEA’s expenses to exceed its revenue resulting in the LEA ending the year with a deficit. In addition, the LEA should ensure the final budget reflects the reduced FSP revenue and record its impact on FSP settle up. Also, this may cause the LEA to fail the Financial Integrity Rating System of Texas (FIRST) indicator 9.

11. Will there be a separate application, or will the monies be added to the ESSA application?  
    Posted May 21, 2020

Due to the ESSER grant funding having a different funding period, and to be able to develop the application and award the grants more efficiently, ESSER will require a separate grant application (see timeline described in question 3 above) and will not be a part of the ESSA Consolidated Application for Funding.

12. Are the ESSER funds available only for LEAs to receive reimbursement for additional expenses during this pandemic or is there a guaranteed amount each LEA will receive based on their Title I qualifications?  
    Posted May 21, 2020

The ESSER grant is distributed as a formula grant based on the proportionate share of the state’s Title I, Part A allocation received by each LEA in 2019-2020. This is a statutory formula program and each eligible LEA will receive an entitlement amount for which they may apply by submitting the grant application. The ESSER funds may be used for any of the allowable activities listed in question 18 below.

13. Will the ESSER funding come to LEAs through TEA’s normal grant processes?  
    Posted May 21, 2020

Yes, the ESSER funds will be a standard TEA grant application with payments being requested through the eGrants Expenditure Reporting (ER) system.
There will be additional reporting required for the ESSER funds.

14. What fiscal year should these funds be accounted for? *Posted May 21, 2020*

The funds will be accounted for in the fiscal year in which they are expended.

15. Will my school board need to approve a budget amendment in order to spend these funds? *Posted May 21, 2020*

The funds will be awarded through a new grant application, with amendments as needed throughout the life of the grant. The LEA must follow its normal policy for providing public notice of the grant application, which is normally through it being an agenda item for the school board to review for most LEAs.

16. By when do these funds need to be expended? *Posted May 21, 2020*

The grant period will end September 30, 2022. All eligible expenditures must occur within the grant period.

17. Are all LEAs eligible for ESSER grants? *Posted May 21, 2020*

No. Only LEAs who were eligible, applied for, and received Title I, Part A funds in 2019-2020 are eligible for ESSER grants.

18. Will the ESSER funding allow the LEAs to pay for the direct costs incurred for planning and mitigation of the coronavirus pandemic such as, but not limited to, additional technology, hot spots for internet service, costs of distance learning, and cleaning of buildings to include staff time and supplies? *Posted May 21, 2020*

Yes. Ninety percent (90%) of the ESSER funding is a formula grant program to LEAs based on a statutory formula. All these types of costs appear to be allowable costs under the ESSER grant program.

The following activities are allowable under the grant as specified in the statute.

1. LEA discretion for any purpose under:
   1. Elementary and Secondary Education Act (ESEA)
   2. Individuals with Disabilities Education Act (IDEA)
   3. Adult Education and Family Literacy Act (AEFLA)
   4. Perkins Career and Technical Education Act
   5. McKinney-Vento Homeless Education Act
2. Activities related to coordination of preparedness and response to improve coordinated responses among LEAs with state and local health departments and other relevant agencies to prevent, prepare for, and respond to coronavirus
3. Provide principals and others school leaders with the resources necessary to address the needs of their individual schools
4. Address the unique needs of low-income children or students, children with disabilities, English learners, racial and ethnic minorities, students experiencing homelessness, and foster students including how outreach and service delivery will meet the needs of each population
5. Developing and implementing procedures and systems to improve the preparedness and response efforts of LEAs
6. Training and professional development of LEA staff on sanitation and minimizing the spread of infectious diseases.
7. Purchasing supplies to sanitize and clean facilities operated by the LEA
8. Planning for and coordinating during long term closures, including for how to provide meals to eligible students, how to provide technology for online learning to all students, how to provide guidance for carrying out requirements under IDEA, and how to ensure other educational services can continue to be provided consistent with all Federal, State, and local requirements
9. Purchasing educational technology (including hardware, software, and connectivity) for students who are served by the local educational agency that aids in regular and substantive educational interaction between students and their classroom instructors, including low-income students and students with disabilities, which may include assistive technology or adaptive equipment
10. Providing mental health services and supports
11. Planning and implementing activities related to summer learning and supplemental afterschool programs, including providing classroom instruction or online learning during the summer months and addressing the needs of low-income students, students with disabilities, English learners, migrant students, students experiencing homelessness, and children in foster care.
12. Other activities that are necessary to maintain the operation of and continuity of services in LEAs and continuing to employ existing staff.

19. Can the ESSER funds be used for construction? Updated July 23, 2020

On July 22, 2020, USDE notified TEA of the following guidance on construction as a potentially allowable cost for LEAs. Construction as part of PNP equitable services is not allowed.

Because ESSER funds may be used for “any activity authorized by the ESEA,” and construction is an allowable activity under the ESEA’s Impact Aid program, an LEA may use ESSER funds for construction, subject to prior written approval by TEA. Specifically, in ESEA, Section 7013(3) the Impact Aid definition of “construction” includes (A) the preparation of drawings and specifications for school facilities; (B) erecting, building, acquiring, altering, remodeling, repairing, or extending school
facilities; (C) inspecting and supervising the construction of school facilities; and (D) debt service for such activities.

As is the case with all activities charged to the ESSER grant, construction costs must be reasonable and necessary to meet the overall purpose of the program, which is “to prevent, prepare for, and respond to” the COVID-19 pandemic. Therefore, any construction activities, including renovations or remodeling, that would be necessary for an LEA to prevent, prepare for, and respond to COVID-19 would be allowable. This might include renovations that would permit an LEA to clean effectively (e.g., replacing old carpet with tile that could be cleaned more easily) or create a learning environment that could better sustain social distancing (e.g., bringing an unused wing of a school into compliance with fire and safety codes in order to reopen it to create more space for students to maintain appropriate social distancing).

Approved construction projects must comply with applicable Uniform Grant Guidance requirements, as well as the Department’s EDGAR regulations regarding construction at 34 CFR § 76.600. As is the case with all construction contracts using laborers and mechanics financed by federal education funds, an LEA that uses ESSER funds for construction contracts over $2,000 must meet all Davis-Bacon prevailing wage requirements and include language in the construction contracts that all contractors or subcontractors must pay wages that are not less than those established for the locality of the project (prevailing wage rates).

20. Pre-award costs are allowed back to March 13, 2020. We anticipate payroll being paid through the ESSER grant. Each employee has multiple payroll accounts including salary, TRS, Medicare, Federal Withholding, etc. To avoid having to journal voucher the many payroll codes for each employee, could we recode salary now for future payrolls in anticipation of funding? Posted May 21, 2020

Yes, under certain circumstances. Once the ESSER grant application is available in June, you may charge allowable costs to fund code 266.

USDE is allowing the ESSER funding to offer pre-award back to March 13, 2020. You will be able to charge allowable costs to the ESSER funding (fund code 266 when it becomes available) starting on that date for these added COVID-19 costs incurred by the LEA. If you choose to charge salaries, ensure they are reasonable, necessary, and allocable charges to the new fund source 266.

21. Will the expense of setting up and using technology to remotely register and enroll students or recruit and hire staff be allowable costs under the ESSER grant? Posted May 21, 2020

Yes, those types of costs are allowable.

22. My district transferred general funds in order to fund the child nutrition expenses in light of reduced food service revenue. Can we use these funds to replenish the general fund? Posted May 21, 2020
It depends. The LEA must first receive all allowable reimbursement from the Child Nutrition Program through the Texas Department of Agriculture. Additional costs not reimbursed by TDA may be allowable expenses under the ESSER grant.

23. Since there is no supplement, not supplant rule, can the LEA just select an appropriate amount of costs previously paid with the general fund and transfer them to ESSER, freeing up previously spent general fund? Posted May 21, 2020

Yes. That is one possibility to use the funding as long as the expenses are allowable under the ESSER statute. (See question 17 above for the allowable statutory uses.)

Another option is to look at uses in the coming months that would have otherwise been paid with other fund sources and are allowable costs under ESSER and charge those expenses to the ESSER grant (fund code 266). Both of these options free up the LEA’s other fund sources and utilize the ESSER funds in a way that is allowable with the federal statute, saving the LEA’s general fund.

24. Will my LEA be required to document time and effort reporting for these funds? Updated July 23, 2020

An LEA must maintain time distribution records (sometimes called “time and effort” reporting) only if an individual employee is splitting his or her time between activities that may be funded under ESSER and activities that are not allowable under ESSER. However, there will be very few situations when an employee of an LEA would perform multiple activities where some are not allowable under ESSER, and thus would be required to maintain time distribution records, given that an LEA is authorized to use funds on “activities that are necessary to maintain the operation of and continuity of services in [an LEA] and continuing to employ existing staff of the [LEA]” in order to “prevent, prepare for, and respond to” the COVID-19 pandemic.

This means there are very limited instances when time and effort records are needed for salary costs. USDE stated to TEA staff on July 22, 2020, that almost any LEA staff position would be allowable under the ESSER grant.

25. What guidance is available on private school services authorized under the CARES Act stimulus funding? Posted May 21, 2020

The LEA is required to offer equitable services to all private nonprofit schools within its boundaries with funds received under the ESSER grant, and potentially other grant funds that may become available in the future. The LEA will provide consultation with PNP officials and provide equitable services (not funding) to those PNP schools who choose to participate. The PNP may identify allowable services to meet their needs, and those PNP services are not required to be the same as the services the LEA provides to its campuses, students, or staff. Detailed equitable services guidance is being developed and will be released when it is available.
26. We need to purchase masks for the graduation ceremony for graduates and staff. Would it be best to purchase graduation items (masks etc.) with Title IV or a local budget and then reimburse the funding source when ESSER funds are available? Posted May 28, 2020

It could be an allowable expense under either scenario; however, it will only be allowable if the LEA is following the state’s guidance/rules for graduation ceremonies.

27. Are there any grants available to provide Internet service for our students? We have some devices but paying for the service is more than our rural school can afford. Posted May 28, 2020

Internet service for students would be an allowable expense for both the ESSER grant. Many internet service providers also provide free or discounted rates for low-income students. See this document for more information.

28. Will ESSER grant will have a compliance report? Updated July 23, 2020

Yes. USDE will require an annual report from the state. TEA will require LEAs to submit required data elements in a time and manner to be determined after USDE releases the data reporting elements and instructions.

In addition, the quarterly reports that were previously being required by USDE are no longer required. USDE has notified TEA that they will instead use existing reporting mechanisms that TEA already submits to meet the quarterly reporting requirement under the CARES Act.

29. Are CARES Act funds for current participating PNP’s or any PNP in the school boundary zones? Posted May 28, 2020

Any private nonprofit school located within the school district’s boundaries may request and participate in the equitable services provision under the ESSER grant.

30. Is the state’s estimated 5% of funding for PNP equitable services included in the district allocations posted on the website or is that a net of the private school allocations? Posted May 28, 2020

The 5% is an estimate of the potential statewide equitable services amounts based on the PNP enrollment data available to TEA. The district allocations posted include the amount to be provided to private nonprofit schools as equitable services.

PNPs do not receive allocations, rather they receive equitable services from the school district within whose boundaries the PNP is physically located. Each district must provide outreach and consultation with private school officials to determine which private nonprofit school will participate in equitable
services so that the calculation of the equitable services amount can be done at the district level. For more information, see the CARES Equitable Services Guidance document.

In the event that the district receives valid and appropriate requests for equitable services that exceed 5% of the LEA’s ESSER allocation, contact the Department of Grant Compliance and Administration at GrantSupport@tea.texas.gov. TEA has reserved a portion of state-level funds to account for any overage in equitable services incurred by a district.

31. If there are no PNP in our District, will we be able to spend 100% of the ESSER funds listed on the entitlements webpage? Posted June 4, 2020

Yes.

32. Are charter schools subject to PNP equitable services requirements? Also, how would that impact the ADA adjustment as it relates to the ESSER Grant funds? Posted June 4, 2020

No, charter schools are not subject to PNP equitable services requirements since they do not have physical boundaries. Furthermore, because school districts have PNP equitable services requirements, and charters do not, the subtraction of 5% of the ESSER grant that is withheld prior to the calculation of the ADA hold harmless in question #1 of the general state funding FAQ is not applicable to charter schools. This means that the ADA adjustment will reflect the full amount of the ESSER grant for charter schools.

33. Can an LEA pay for normal operating costs such as, but not limited to, utilities with ESSER grant funds? Updated July 23, 2020

Yes, if the LEA can document it as an allowable activity under the statutory allowable activities, primarily item #12.

USDE notified TEA staff on July 22, 2020, that since the LEA did not have ESSER funding when the procurement of such items was made, the LEA must only have documentation that it followed state and local procurement rules at the time of the procurement. The operating costs must be treated consistently as either direct costs or indirect costs and all activities charged to the ESSER grant must be reasonable and necessary to meet the overall purpose of the program, which is “to prevent, prepare for, and respond to” the COVID-19 pandemic.

Specifically, for costs paid with ESSER between March 13, 2020, and the date the ESSER grant award is issued (the date of the preliminary NOGA releasing 20% of the funds) the LEA is not required to be able to document any federal procurement process.

Once the LEA receives the preliminary NOGA, the LEA must be able to document that all expenses and procurements followed the required federal procurement rules. This means that most likely the
LEA may only charge utilities and other operating costs to the ESSER grant between March 13, 2020, and the date the preliminary NOGA is received (pre-award costs).

However, at TEA’s request USDE is reviewing this response and may issue further guidance. This response will be revised as appropriate at that time.

34. Our LEA brought in payroll staff during school closure due to COVID 19, these employees were paid premium pay. May ESSER funds be used to reimburse 100% of their pay? **Posted June 18, 2020**

Yes, if the LEA 1) had an existing premium pay policy in place, or 2) approved such a policy prior to paying the premium pay, and 3) followed its approved policy.

35. Is there an impact to IDEA-B LEA MOE compliance for an LEA that uses ESSER funds (Fund Code 266) versus General Funds (Fund Codes 199/420/437) on special education (PIC 23/33) expenses or to ESSA LEA MOE compliance? **Posted July 16, 2020**

It depends. For example, the IDEA-B LEA MOE calculation includes only Fund Codes 199/420/437 so if the amount charged to those Fund Codes goes down as a result of some expenditures being charged to Fund Code 266 then there would be an impact. Similarly, the ESSA LEA MOE calculation includes only Fund Codes associated with Local/State expenditures and excludes Fund Codes associated with federal expenditures such as Fund Code 266.

However, LEAs received additional funds in 2019–2020 due to HB 3, which individual LEAs may have expended on special education or other general education instructional uses. As a result, it is very difficult to determine the precise impact of these changes to an individual LEA for either IDEA-B or ESSA LEA MOE. However, we have asked USDE this question and will update the CARES Act FAQ document when a response is received.

36. May an LEA consolidate administrative funds from the ESSER grant into the ESSA Consolidated Administrative Fund and have the flexibility of consolidating its administrative funds? **Posted July 23, 2020**

Yes, An LEA may consolidate administrative funds under the ESSER grant to administer the programs included in the consolidation and for administrative activities designed to enhance the effective and coordinated use of funds under programs included in the consolidation.

37. May and LEA use ESSER funds to pay for COVID testing or doctor visits when required for a student to return to on-campus instruction and the student does not have health insurance? **Posted October 8, 2020**
Per USDE communication to TEA on October 7, 2020, ESSER funds can be used to pay for student testing or for doctor visits when the family does not have health insurance. Generally, there is no prohibition on using funds for medical services in the CARES Act. As long as the activity meets the purposes of the ESSER program (to prevent, prepare for, and respond to coronavirus) and determines that the proposed expense is necessary for students to go back to school, it is allowable.

38. If we chose to use our ESSER (Cares Act) grant funding to cover payroll costs in 2020-2021, for the purposes of the Title I, Comparability calculation for the 2020-2021 year will the personnel funded by the ESSER grant funds be considered “federally funded” or “state funded”. As the ESSER grant funding is being used as a Method of Finance to support a Foundation School Program (FSP) ADA hold harmless for SY 2019-2020. Posted October 8, 2020

Based upon currently available USDE information and guidance, since ESSER funds are federal funds, they will not be included in Title I, Part A Comparability of Services compliance determinations.

39. It is my understanding that funds received from the HHS Provider Relief Fund should be coded as revenue 5849 and expenditures from fund code 289. How will expenditures from fund code 289 and PIC 23 or 33 (PIC 43 would not apply, correct?) impact IDEA-B MOE if at all?  Posted October 8, 2020

If the expenditures are coded to Fund Code 289, then they will not be included in the IDEA-B LEA MOE calculation regardless of which PIC code is used.

40. Is there any flexibility or best practices on choosing a date to use for the Title I comparability of services report due to the impact of COVID-19 on attendance?  NEW October 15, 2020

As of October 14, 2020, TEA has not received any guidance from USDE regarding flexibility to the Title I, Part A Comparability of Services requirement resulting from COVID-19. If an LEA requires assistance in reviewing the different tests available to meet the compliance standard, please contact the Federal Fiscal Compliance and Reporting Division via email at compliance@tea.texas.gov, or by telephone at (512) 463-9127.

State Aid Implications for ESSER Grants

1. Will receiving ESSER (CARES Act) formula funds result in a loss of Foundation School Program (FSP) State Aid?  Posted May 21, 2020

LEAs will receive their full FSP entitlement as earned through the first 2/3 of the school year before school closures. In addition, districts will receive additional FSP hold harmless funding delivered via ADA/minutes adjustments to mitigate the financial impact of school closure. This additional hold harmless will be offset by the ESSER formula funding as further described below. For more information, see the General State Funding FAQ located on the TEA Coronavirus website under the Funding and Waivers for the answer to this question.
2. How will the agency calculate and fund my Foundation School Program ADA funding for the 2019-2020 school year given we will not have daily attendance information for a large number of school days this year?  Posted May 21, 2020

See the General State Funding FAQ located on the TEA Coronavirus website under the Funding and Waivers for the answer to this question.

6. Does my LEA need to spend all the funds received for fund 266?  Posted May 21, 2020

The LEA needs to utilize all the funds received in fund 266 to offset allowable expenditures. There is not a supplement, not supplant stipulation with this fund. The LEA has the flexibility of offsetting state expenditures with this fund and should maximize its use.

7. Are we required to apply for the ESSER Grant? We would prefer to simply use our state general revenue funds instead of the compliance requirements imposed by the federal funds.  Posted May 28, 2020

ESSER funds will be used as a method of finance for the FSP for all districts who are entitled to receive the funds through the Title I allocation methodology prescribed by the grant and in the amount outlined in the Entitlements Document located on the TEA Coronavirus website. An LEA is not technically required to apply; however, the amount of ESSER grant funds that each LEA is entitled (minus 5% private school equitable services) will be incorporated while calculating the ADA hold harmless adjustment, regardless of whether the LEA applies for the grant or not. If an LEA does not apply for the ESSER grant, this would result in a net loss of overall revenue.

8. Is all this CARES Act money from the feds going to supplement ADA funding flows or is it only to reimburse specific expenditures by specific schools?  Posted May 28, 2020

Currently there are two large funding streams from the CARES Act that will impact K-12 education in the state. (There are also several smaller funding streams.)

The ESSER fund flows to school districts. A portion of the ESSER fund would supplement expected FSP funding in district budgets (roughly 5% of the ESSER formula total per LEA, which would be used to cover any requested private school equitable services, but if no/fewer requests are received, would be extra funding for any lawful purpose). The remainder will be used as a source of funds for the Foundation School Program ADA Hold Harmless, and so would not be supplemental funding.

9. Can you clarify that our ESSER grant will be separate and in addition to regular formula (FSP) funding? And then the regular formula (FSP) funding will be part FSP/part ESSER?  Posted May 28, 2020
The ESSER grant is a new, federal fund source that is separate from your FSP allotment. However, because ESSER Funding will actually be used as a method of finance for the 2019-2020 ADA Hold Harmless, LEAs must combine the ESSER grant with the remainder of the normal FSP allotment in order to account for the total FSP allotment, as previously expected prior to COVID-19:

- TEA waived the necessary statutory requirements so school systems would be held harmless for the lack of in-person attendance required to receive formula funding.
- The CARES Act’s ESSER fund is a critical resource to support this hold harmless process. ESSER funds do not have a supplement versus supplant requirement, and federal guidance explicitly authorizes their use as a way for states to sustain their school finance system, as long as net state funding remains above prior years. With historic increases to state funding through HB 3, funding is significantly above prior years.
- TEA will calculate how much CARES Act ESSER formula funding an LEA is going to get, excluding 5% of that CARES formula total to ensure each LEA has an amount of funding sufficient to cover the private school equitable services requirements in the CARES Act.
- TEA will use that CARES Act formula funding (excluding the 5%) to help fund the full amount of each LEA's ADA hold harmless adjustment and the result will be that LEAs will receive their full year's ADA funding expectation but from two funding streams – one state, via the FSP, and one federal, via CARES Act ESSER funds.
- Utilizing ESSER funds as a method of finance will assist in maintaining state funding for future years.

10. If our ESSER allotment was $200,000, but our FSP reduction is more than that, will we receive more money to cover the loss through ESSER, or via FSP? Posted June 4, 2020

Your LEA’s FSP reduction should not exceed your ESSER Grant amount.

11. Does the ESSER Funding offsetting the FSP reduction impact our SCE allotment? Posted June 18, 2020

No, the ESSER Funding offsetting FSP reduction only applies to the regular program allotment. Special program allotments will be unaffected.

12. If the LEA reimburses payroll costs using ESSERS funds, do we report the federal match to TRS? Posted June 18, 2020

TRS has provided the following guidance. TRS stated that because the ESSERS funds are offsetting state funds and there is not a supplement/supplant issue then the treatment of the funds should be the same as the state funds. Therefore, the LEA will not report a federal match to TRS for the use of the ESSER funds for payroll.

13. My LEA has a June 30th fiscal year end, how will I include March 1 through June 30, 2020, costs even though I may not receive all the funds until late in the Fall? Posted July 28, 2020
The ESSER grant can be used to pay for costs beginning March 13, 2020, and through June 30, 2022. Once the complete application is received the LEA will receive a preliminary NOGA and access to 20% of its grant funding. After the LEA is issued a full NOGA it may access the remaining funds. Once the LEA requests payment from TEA, then the LEA can record the payment as a receivable. The LEA should be tracking the expenditures related to COVID-19 using a locally defined code. If the amount is unknown, LEAs should record an estimated revenue/receivable based on the information available and the allowable expenditures recorded in the fund before the accounting records are closed, and the audit is finalized.

CARES ACT – Coronavirus Relief Fund (CRF)

The following guidance has been updated now that TDEM is scheduled to release guidance and training during the week of July 28, 2020. Questions regarding the CRF LEA Reimbursement Program should be directed to CRF@tdem.texas.gov, however TEA will assist LEAs as we can with the TDEM process. Questions to TEA may be sent to GrantSupport@tea.texas.gov. Please remember that TEA staff may need to direct the LEA to TDEM or its contracted staff for some questions. Posted July 28, 2020

1. Besides the ESSER grant, does CARES Act provide any other assistance to reimburse LEAs for COVID-19 related expenditures? Posted July 28, 2020

The CARES Act also includes $6.2 billion in the Coronavirus Relief Fund from the U. S. Department of Treasury for statewide purposes. The Governor and legislative leadership have approved an amount of the state’s portion of the CRF for use in reimbursing school systems for COVID-19 expenses incurred as of close of business May 20, 2020.

TDEM is releasing guidance and training materials to LEAs the week of July 27, 2020. Guidance and information will be available at https://tdem.texas.gov/crf-lea/. TDEM will offer training on an ongoing basis on the CRF LEA Reimbursement Program, the process for funding, and their Grant Management System.

2. Do LEAs provide expense reimbursement to private schools as part of this CRF reimbursement? Posted May 21, 2020

No. LEAs are only required to provide equitable services from ESSER formula funds received. LEAs are not eligible to submit expense requests for private schools through this CRF reimbursement program.

3. Is the CRF Reimbursement separate from the 75% FEMA public assistance? How does this go against FEMA’s 75%? Posted July 28, 2020
Yes. Expenses that are allowable under the FEMA public Assistance for Category B expenses (basically cleaning and sanitizing last spring) must be submitted to that process. Expenses covered under CRF may not be used to meet the LEA’s 25% FEMA PA local share.

4. Can CRF funds be used for reopening schools this fall?  Posted September 10, 2020

On September 2, 2020, the U.S. Department of Treasury released an updated FAQ document for the Coronavirus Relief Fund under the CARES Act, which included the following question and answer:

May Fund [CRF] recipients incur expenses associated with the safe reopening of schools?

Yes, payments from the Fund may be used to cover costs associated with providing distance learning (e.g., the cost of laptops to provide to students) or for in-person learning (e.g., the cost of acquiring personal protective equipment for students attending schools in-person or other costs associated with meeting Centers for Disease Control guidelines).

To this end, as an administrative convenience, Treasury will presume that expenses of up to $500 per elementary and secondary school student to be eligible expenditures, such that schools do not need to document the specific use of funds up to that amount.

The new response from Treasury reduces the administrative burden on LEAs in documenting (for audit purposes) the allowability of CRF funding used for the safe reopening of schools. This also reduces the burden on the applicable county or city who sub-allocates CRF funding to an LEA.

Although on first reading the response appears to broaden the allowable uses of CRF funding for education purposes, it does not change the rules or guidelines for any of the following CRF reimbursement programs currently in implementation or planned:

- Op Conn Bulk Purchase Local Match Reimbursement Program (To be completed in September/October 2020)
- Op Conn Prior Purchase Reimbursement Program (Details TBD as of September 2020)

The current rules and guidelines for these two state-determined reimbursement programs remain the same; however, the LEA is not required to document the use of funds (up to $500 per elementary and secondary student) for a safe reopening of schools to a more detailed specified allowable use for audit purposes. If the amount of CRF received by an LEA for safe reopening of schools exceeds $500 per student, the amount received exceeding that threshold must be documented to specific allowable CRF activities.

TEA will continue to require more detailed information from LEAs for these programs as currently contained in the application. TEA will review the current negotiation and approval processes and
streamline them where appropriate when the requested reimbursement for LEAs for safe reopening of schools is less than the $500 per student threshold.

Note that this new Department of Treasury FAQ response does not impact the TDEM CRF LEA Reimbursement Program, as that program is designed to reimburse LEAs for supplemental allowable expenditures from March 1 through May 20, 2020.

5. **When must LEAs pay invoices related to expenses submitted to TDEM for reimbursement?**
   **Posted October 1, 2020**

TDEM is aware that LEAs have submitted orders for remote learning equipment and received partial fulfillment of their orders to date, for which they may have provided partial payment. LEAs should continue to follow their existing procurement and payment policies. The LEA must document the obligation for the expense occurred during the allowable dates of March 1 through May 20, 2020. This guidance is not intended to mandate a 90-day liquidation period but reference a general expectation for when payments would be made. Funds must liquidate before December 30, 2020.

**Operation Connectivity Bulk-Purchase Program and Local Match Reimbursement Program**

For programmatic information on the [CRF Operation Connectivity Bulk Order Program](#), please see the [Operation Connectivity Bulk Order FAQ](#) located on the [TEA Coronavirus webpage under Instructional Continuity Planning](#).

1. **Can our ESSER Grant be used as bulk-purchase local match for the devices purchased through Region 4 ESC in the CRF Operation Connectivity Bulk-Purchase Program?**
   **Posted August 20, 2020**

Yes. Since the local match requirement in the Operation Connectivity program is required by the state and not federal CRF statute, TEA has allowed the ESSER Grant to be allowable as local matching funds.

2. **Our county told us they can only contribute the county CRF funds to our local match if this can be considered "prevention of disease" which they have to spend 75% of their CRF Funds on. Will TDEM allow this to be considered "prevention of disease"?**
   **Posted August 20, 2020**

No. Section 1.5 of the Department of Treasury CRF Terms and Conditions require all jurisdictions to spend a minimum of 75% of their CRF allocation in the categories of medical expenses, public health expenses, and payroll expenses for employees substantially dedicated to mitigating or responding to the public health emergency. This aligns with the first three categories of eligible CRF expenditures as
defined by Treasury Department guidance. Expenses to facilitate distance learning, including technological improvements, in connection with school closings to enable compliance with COVID-19 precautions, do not fall under these three categories and therefore may not count towards the 75% requirement.

However, there is no sequencing requirement. The city/county is not required to have expended all their 75% of funding in Categories 1-3, see above, before expending in Categories 4-6 (where the LEA reimbursements would be coded). At the completion of the CRF period of performance, TDEM will review each jurisdiction’s spending in the aggregate order to determine compliance with the 75%/25% requirement.

3. Our LEA paid for half the bulk order purchase to Region 4 ESC from local funds. Does this reimbursement program pay for that 50% that was expended?  Posted September 3, 2020

TEA paid 50% of the bulk order through Region 4 ESC, and the LEA paid the remaining 50%. If the LEA receives city or county CRF funding as part of their local match, then they may apply for the local match reimbursement from TEA. TEA will match the amount received from the city or county, therefore reducing that actual cost to the LEA.

4. When will TEA provide the detailed training on the bulk-purchase local match reimbursement process before the application opens September 7, 2020?  Posted September 3, 2020

TEA offered training to ESC staff on Monday, August 31, 2020, and training to eligible LEAs on Wednesday, September 2, 2020. The recording of the LEA training is available on the TEA YouTube channel in the Grant Compliance and Administration playlist under the title LEA LMRP Training Recording.

5. How may LEAs record revenues and expenditures when LEAs are having to pay the invoice in August 2020 (2019-2020 budget year) for Operation Connectivity project devices purchased, and reimbursement from federal funds will come in October 2020 (2020-2021 budget year)?  Posted September 3, 2020

TEA recommends the following.

- Record computers in FY19-20 in Fund 199 (Fund 277 is not available until 20-21)
- Record revenue in FY20-21 in Fund 277 revenue object code 5939
- Transfer the funds from 277 to fund 199 as a reimbursement

Note this will be a reconciling item on the SEFA and districts will have to keep the paperwork from the original purchase.

6. Does the LEA code the TEA portion of the bulk purchase (50% base share) in our accounting?  Posted September 3, 2020
Yes, when items are donated to the LEA you must show a revenue and an expense for the donated item. The TEA share of the bulk purchase is treated like a donation to the LEA.

7. **What is the process if a city/county wants to allocate local CRF funding to the LEA for hotspots or devices?** *Posted September 3, 2020*

The city and LEA must enter into a documented agreement stating the amount of city funding approved to be allocated to the LEA, the purpose, and the timeline. If the funding can be approved by the city and the signed documentation provided by the October 1 deadline, the matching funding can meet part of your local match requirement to your bulk order purchase. After that date, the city and LEA would work together to determine the process for the city reimbursing the LEA or other allowable purchases.

8. **How should the LEA ask its city/county for an allocation toward the local match?** *Posted September 3, 2020*

Each city or county will vary in its process and in who will be the appropriate official to contact. Find out the appropriate official to contact and reach out to explain the bulk purchase and local match reimbursement programs. Ask for an allocation of the city/county’s CRF funding. Once the allocation is secured, request the required documentation so that you will have it available when you are ready to request the reimbursement funding from TEA.

In some instances, LEAs going together to request the allocations has proven successful. However, remember that it may take 1-2 weeks to get the required signed documentation so do not wait until the last minute to start this request process.

9. **Did the county and city receive detailed information on how to apply for their CRF funding?** *Posted September 3, 2020*

The U.S. Department of Treasury provided direct allocations to the Governor’s Office and to the largest 12 counties and 6 cities in the state. The Governor’s Office selected TDEM to administer the funds to the remaining counties. Counties may sub-allocate their CRF funding to cities, towns, LEAs, or any other sub-level of government within their boundaries.

Counties and eligible cities have already applied to TDEM and in most cases already have access to the city/county CRF funding.

10. **How can I find out how much CRF funding my county received?** *Posted September 3, 2020*

The high population counties and cities that received the direct allocations from Department of Treasury are available [here](#). The remaining counties that received CRF funding from TDEM are available [here](#).
Additional information on the county CRF program is available from TDEM at https://tdem.texas.gov/crf/. Questions may be submitted to crf@tdem.texas.gov.

11. How do we know if we are eligible to apply? How do I apply for the local match reimbursement funding? Posted September 3, 2020

To be eligible to apply for the local match reimbursement program your LEA must have:
   1. Participated in the bulk order program through Region 4 ESC,
   2. Paid your invoice for your 50% local match to Region 4 ESC, and
   3. Received an allocation of city/county CRF funding for your bulk purchase local match.

To start the application process, send an email to customerservice@teabulkorder.com and request the local match reimbursement application forms. You will receive a return email with a link to your individual LEA application forms with as much pre-filled data as we have available. You will complete the forms and submit them through the system. The system will generate a DocuSign request which will be sent to your designated authorized official.

12. Can we receive these local matches if we did not use the bulk purchase but ordered our devices in the early summer and paid for them directly? Posted September 3, 2020

The prior purchase reimbursement process from TEA for devices ordered outside the bulk-purchase process will be different. That process will be described at a later date. However, the LEA may request reimbursement funding from the city/county for those expenses as well and the LEA would only apply to TEA for reimbursement for costs not covered by the city/county funding.

13. How is this different then the CRF being applied for through TDEM? Posted September 3, 2020

This Operation Connectivity bulk-purchase local match reimbursement process is administered by TEA. You will apply for the funds through the Operation Connectivity system similar to how you ordered your bulk-order devices. This reimbursement application opens September 7, 2020, and closes October 1, 2020. For more information on the bulk purchase program status or the local match reimbursement program contact customerservice@teabulkorder.com.

The TDEM CRF reimbursement program follows TDEM’s grant process and is only for allowable costs to the LEAs caused by COVID-19 from March 1 to May 20, 2020. The TDEM process application opened the first of August and closes September 30, 2020. For more information on TDEM’s reimbursement program contact crf@tdem.texas.gov.

Required Documentation

1. What is the minimum documentation the LEA should maintain for COVID-19 related expenses? Posted April 14, 2020
At an absolute minimum, document the expenditures as you normally would and specify in writing 1) the need for the expenditure, 2) if using federal funds, why federal funds are needed to address the need, and 3) that it is COVID-19 related. Implement a subcategory or local option code in your accounting system so that you can specifically identify all these types of costs should the expenses, at a later time, be deemed allowable uses of state or federal reimbursement funding or other federal grant funds.

Subgrantees using current federal grant funds to meet COVID-19 related needs must maintain appropriate records and cost documentation as required by 2 CFR § 200.302 (financial management) and 2 CFR § 200.333 (retention requirements for records) to substantiate the charging of any costs to federal education grant funds related to the interruption of operations or services.

All general ledgers should contain, at a minimum, the following required elements:
- Complete account code with a minimum of 15 digits, beginning with a three-digit fund code to comply with Financial Accounting System Resource Guide (FASRG) and Special Supplement – Nonprofit Charter School Chart of Accounts (applicable to nonprofit open-enrollment charter schools) and ending with a local option code to indicate the expense was COVID-19 related.
- Predetermined set of cost categories and commodity codes used for the purpose of calculating aggregate costs
- Transaction date
- Transaction reference number (check number or purchase order number)
- Transaction description
- Vendor name
- Budgeted amount
- Obligated/Encumbered amount
- Expenditure amount

All payroll journals should contain, at a minimum, the following required elements:
- Complete account code with a minimum of 15 digits, beginning with a three-digit fund code
- Employee first and last name, and identification number
- Gross salary and other income, deductions, and net earnings
- Pay period, check date, and check number
- All fund codes to which the payroll costs were charged

Note: If an employee is paid from multiple funding sources, i.e., state and federal, include payroll distribution records that includes payroll costs charged to each contributing funding source.

13. State Documentation: How would we report these funds in the annual financial report?

Posted May 21, 2020

LEAs will report these funds using fund 266. Depending on the materiality of the funds it will be reported as a special revenue fund or as a major fund. The LEA should combine both the general
operating fund 199 or 420 (for charters) and the new CARES Act fund 266 for budgeting and financial reporting purposes.

14. State Documentation: What fund number will my LEA use to account for this revenue? Posted May 21, 2020

Districts will use fund 266 to account for the ESSER revenue created from the CARES Act.

15. What is best practice or what does TEA recommend for documenting COVID-19 related expenses? Posted April 14, 2020

In addition to the minimum requirements described above, maintain the following detailed records described in Tables 1-6. Maintaining this more detailed record will assist the LEA later in reporting expenditures to federal and state government oversight entities and will better prepare the LEA to request reimbursement when becomes available.