



To the Administrator Addressed

Commissioner Mike Morath

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DATE:	February 13, 2025
SUBJECT:	Rescinded Revised Timeline for Implementation of the new Federal Grant Regulation Changes
CATEGORY:	Federal Grant Compliance
NEXT STEPS:	Share information with federal grant, program, and business staff

This letter provides important updated information relevant to all current federal grant programs and grant applications and should be shared within the school system as quickly as possible.

On February 10, 2025, USDE published a new notice in the *Federal Register* rescinding the previous notice of January 16 that led the Texas Education Agency (TEA) to issue the January 30, 2025, To the Administrator Letter under a similar subject line. This letter replaces the January 30 letter.

All federal grant rules and regulation changes go into effect July 1, 2025, unless the Local Educational Agency (LEA) has received a separate new federal grant award on or after October 1, 2024. LEAs should continue to create, revise, and/or update all applicable grant policies and procedures to align to the implementation of all the federal grant changes for a July 1, 2025, implementation as previously explained in TEA guidance and trainings.

Key points of the January 30 letter are still of importance and applicable to school systems for implementation purposes on July 1, 2025. For example, the definition of equipment has changed the initial purchase price from \$5,000 per unit or local acquisition threshold, whichever is lower, to \$10,000 per unit or local acquisition threshold, whichever is lower. School systems will need to determine if they will utilize the new federal definition of equipment or make a more restrictive policy to remain at the \$5,000 threshold or a different local acquisition threshold amount.

On July 1, 2025, this letter will supersede current Financial Accountability System Resource Guide (FASRG) rules 1.2.4.3 Capitalization of Assets referring to the \$5,000 threshold per unit cost for capitalized assets. The FASRG will be updated to reflect this change in April of 2026. The new per-unit cost will be increased to \$10,000 to align with the federal changes outlined in this letter.

In addition, the required federal audit threshold of \$750,000 total federal grant funds expended during the grantee's fiscal year increasing to \$1,000,000 will not go into effect until the grantee's next fiscal year which covers most of the 2025-2026 grant year.

For Further Information

For federal grant information and guidance on the new federal grant regulations, please contact Nick Davis (nick.davis@tea.texas.gov) in the Department of Grant Compliance and Administration.

For information and guidance related to FASRG, please contact the Financial Compliance Division at financialaccountability@tea.texas.gov.