

DATE:	September 25, 2025
SUBJECT:	Federal Grant Threshold Changes
CATEGORY:	Funding Implications
NEXT STEPS:	Share with appropriate finance, grants, and federal program staff

Effective October 1, 2025, the rules that govern federal procurement of goods and services (the Federal Acquisition Regulations in [48 CFR Part 2, Subpart 2.1](#)) will be revised to reflect the cost of inflation. These revised rules include changes to definitions, including procurement-related thresholds that will apply to school systems with federal grants if local action is taken, especially in conjunction with the passage of [Senate Bill \(SB\) 1173](#), 89th Regular Session, 2025, which allows for procurements up to \$100,000 without requiring some form of competition as outlined in the Financial Accountability System Resource Guide (FASRG).

Specific Changes

Two specific changes may impact and give greater flexibility to school systems if local policy and procedures are changed to reflect the following changes.

- *The new micro-purchase threshold will be \$15,000 (previously \$10,000).* The federal grant regulations ([2 CFR §200.320](#)) still allow for the school system to self-certify a higher threshold (see below).
- *The new simplified acquisition threshold will be \$350,000 (previously \$250,000).* This can increase the purchasing threshold when the school system is required to implement a formal procurement process of sealed bids or vendor proposals.

The local school system may choose whether to implement these higher procurement thresholds mid-grant year by the processes outlined below, or may choose to continue to follow the current federal grant procurement policy and procedures. Please see the attachment section for detailed information on how to implement these higher thresholds in the school system.

Note that all federal procurement policies and procedures must be followed for all federal grant procurements, whether implementing these new thresholds or not.

Attachment: How to Implement the Federal Changes

Micro-purchase Threshold

For school systems not self-certifying an allowed higher micro-purchase threshold, the previous \$10,000 threshold, as stated in the school system's local policy and procedures, remains the most restrictive and must be followed until the local policy and procedures are updated to reflect the new \$15,000 threshold.

For eligible school systems that do self-certify a higher micro-purchase threshold, the previous board-approved self-certified threshold that is codified in the local policy and procedures remains the most restrictive and must be followed until the following processes are completed.

- The local board must approve the reasoning for and the higher self-certified threshold and document the approval in local board minutes. Note that the school system does not notify TEA if you are following the statutory threshold of \$15,000 (previously \$10,000), as the statutory threshold is already approved for the school system.
- The school system must revise and update local policy and procedures to include the higher threshold, and
- The school system must notify TEA of the higher threshold through the Department of Grant Compliance and Administration's EDGAR Connect system.

Once all three of these actions are completed, the school system may begin implementing the higher threshold.

The self-certified threshold process will be as follows:

- Self-certified thresholds from \$15,001 to \$49,999 will continue to only require notification to TEA through the [EDGAR Connect](#) system.
- Self-certified thresholds of \$50,000 to \$99,999 will require the following documentation to be uploaded with the notification through the [EDGAR Connect](#) system.
 - Proof of eligibility,
 - low risk grantee as stated in the most recent federal audit (this is written by the external auditor and is not TEA's annual risk assessment status), or
 - internal organizational risk assessment that identifies, mitigates, and manages financial risk (the assessment must address all three areas of identification, mitigation, and management of risk).
 - Local board minutes documenting the approved threshold policy, and
 - Local policy reflects the new threshold and the reason the higher threshold is needed.

Simplified Acquisition Threshold

For school systems that wish to implement the higher simplified acquisition threshold, the previous \$250,000 threshold that is codified in the local procurement policy and procedures remains the most restrictive and must be followed until the following processes are completed.

- The school system must revise and update local policy and procedures to include the higher threshold, and
- The local board must approve the updated procurement policy, which reflects the higher threshold, and document the approval in local board minutes.

Once both actions are completed, the school system may begin implementing the higher threshold.

Contact Information

For any questions regarding the implementation of updated federal regulations or federal grant procurement requirements, please email Cory Green (cory.green@tea.texas.gov) and Nick Davis (nick.davis@tea.texas.gov) in the Department of Grant Compliance and Administration.

Attachment: Most Restrictive Procurement Rules and Regulations

Purchases, including purchasing cooperatives, must demonstrate compliance with the most restrictive procurement requirements:		
Amount	State Requirements	EDGAR Requirements
\$1-\$15,000 Aggregate	TEC, §44.031 – no formal requirements, suggests policy	§200.320(a)(1) micro-purchase – reasonable cost, and, as practicable, equally distributed among vendors
\$15,001-\$99,999 Aggregate	TEC, §44.031 – no formal requirements, suggests policy	§200.320(a)(2) simplified acquisition – price quotes from an adequate number of vendors
\$100,000-\$350,000 Aggregate	TEC, §44.031, requirements (choose best option for school system) <ol style="list-style-type: none"> 1. Competitive bidding 2. Competitive sealed proposals 3. RFP 4. Interlocal contract 5. RFQ 6. Reverse auction 7. Formation of political subdivision corporation 	§200.320(a)(2) simplified acquisition – price quotes from an adequate number of vendors
\$350,001+	TEC, §44.031, requirements (choose best option for school system) <ol style="list-style-type: none"> 1. Competitive bidding 2. Competitive sealed proposals 3. RFP 4. Interlocal contract 5. RFQ 6. Reverse auction 7. Formation of political subdivision corporation 	§200.320(b)(1) sealed bids and proposals; (b)(2) IFB, RFP, or RFQ only §200.324 LEA is required to conduct cost or price analysis on all procurements.
Non-Competitive/Sole Source	TEC, §44.031 – Sole source allowed if existence of a patent, copyright, secret process, or monopoly.	§200.320(c) Noncompetitive Proposal: <ol style="list-style-type: none"> 1. Micro-purchase 2. Available from a single source 3. Public exigency or emergency 4. Prior Approval by authorized agency (TEA) 5. No competition – only one bid/proposal received after attempting competition
Denotes the most restrictive rules that must be followed.		