



To the Administrator Addressed

Commissioner Mike Morath

1701 North Congress Avenue • Austin, Texas 78701-1494 • 512 463-9734 • 512 463-9838 FAX • tea.texas.gov

DATE:	November 6, 2025
SUBJECT:	Federal Grant Threshold Changes Update
CATEGORY:	Funding Implications
NEXT STEPS:	Share with appropriate finance, grants, and federal program staff

The previous September 25, 2025, To the Administrator Addressed letter on this topic is being clarified to provide limited additional flexibility in implementing the new thresholds described below. This flexibility is provided based on differing interpretations of best practice versus procurement procedure requirements. The Texas Education Agency (TEA) is allowing school systems the most flexible interpretation; however, independent auditors and/or monitors will determine whether your local implementation process meets compliance standards.

Effective October 1, 2025, the rules governing federal procurement of goods and services (the Federal Acquisition Regulations in [48 CFR Part 2, Subpart 2.1](#)) *have been 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, 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 is now \$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 is now \$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 or may choose to continue to follow the current federal grant procurement policy and procedures. Please see the attachment section for detailed information on implementing 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, *school systems should update local procurement procedures to reflect the new \$15,000 threshold. Best practice is to follow the previous \$10,000 threshold until the procedure is updated.*

For eligible school systems that do self-certify a higher micro-purchase threshold, *school systems should update local procurement procedures to reflect the new higher threshold. Best practice is to follow the previous threshold until the procedure is updated. The school system must implement the following steps for the higher self-certified threshold.*

1. **Approval:** Designated local authority must approve the rationale for the higher threshold, identify the higher threshold amount, and have documents that prove the school system is eligible to self-certify a higher micro-purchase threshold.
2. **TEA Notification:** The school system must notify the Texas Education Agency (TEA) via the EDGAR Connect system.

Note: If a school system is simply adopting the statutory \$15,000 threshold (without self-certifying a higher amount), no notification to TEA is required.

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).

Simplified Acquisition Threshold

For school systems that wish to implement the higher simplified acquisition threshold, *the school system should:*

- *Revise local procurement procedures to reflect the higher threshold. Best practice is to follow the previous threshold until the procedure is updated.*
- *Follow your local approval process for the revised procurement procedures. Best practice is to follow the previous threshold until the procedure is approved.*

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) 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) 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: 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.		