

DATE:	August 12, 2021
SUBJECT:	Recoding of Federal Funds Expenditures and Possible Impact on 2019–2020 IDEA-B and ESSA Maintenance of Effort (MOE)
CATEGORY:	Federal Fiscal Compliance and Reporting
NEXT STEPS:	Impacted LEAs should notify TEA by September 3, 2021

The purpose of this letter is to inform local educational agencies (LEAs) of possible consequences to their recoding of expenditures under the Coronavirus Relief Fund Bulk Order Program, Local Match Reimbursement Program (LMRP), Prior Purchase Reimbursement Program (PPRP) and the *Elementary and Secondary School Emergency Relief* Fund (ESSER) I, II, and III grant programs.

In March 2020, in response to the COVID-19 pandemic, Texas LEAs began to receive funding from various federal funding streams, which was awarded rapidly to assist LEAs during the pandemic. As a result, the Public Education Information Management System (PEIMS) did not include all relevant fund codes during the 2019–2020 school year.

LEAs were advised to code expenditures associated with these funding streams to fund codes 199/420/437. Afterwards, some LEAs may have begun recoding these expenditures to different federal fund codes.

If your LEA recoded any 2019–2020 federal funds expenditures that were initially assigned to fund codes 199/420/437 after your LEA certified and submitted 2019–2020 final expenditure data in PEIMS, you must contact the Federal Fiscal Compliance and Reporting Division of the Texas Education Agency (TEA) by September 3, 2021, at compliance@tea.texas.gov.

Affected LEAs will be asked to provide updated expenditure data so that 2019–2020 IDEA-B LEA maintenance of effort (MOE) and ESSA LEA MOE compliance reviews and determinations can be recalculated and reissued.

For LEAs that do not complete this step, the expenditure baselines for 2020–2021 IDEA-B LEA MOE and ESSA LEA MOE compliance thresholds may be falsely inflated.

Upon receipt of the LEA's revised data, TEA will recalculate and reissue compliance reviews and determinations for 2019–2020 IDEA-B LEA MOE and/or ESSA LEA MOE. If an LEA is determined to be noncompliant based upon the revised data, the LEA will be subject to the normal noncompliance penalties:

- For ESSA LEA MOE: Reduction in 2021–2022 ESSA allocations
- For IDEA-B LEA MOE: LEA submission of a refund from nonfederal sources

Next Steps Regarding 2020–2021 Expenditures

LEAs are strongly encouraged to complete any 2020–2021 expenditure transfers between fund codes prior to certifying and submitting 2020–2021 PEIMS in fall 2021. This will ensure that 2020–2021 IDEA-B LEA MOE and ESSA LEA compliance reviews/determinations are accurate when they are issued in spring 2022.

For additional information, please contact the Federal Fiscal Compliance and Reporting Division at compliance@tea.texas.gov.