



To the Administrator Addressed

Commissioner Mike Morath

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DATE:	July 20, 2023
SUBJECT:	Federal Debt Ceiling Updates, ESSER II Closeout, and ESSER III Requirements
CATEGORY:	ESSER Grant Compliance
NEXT STEPS:	Share information with program, grant, and business staff.

The purpose of this letter is to provide an overview of federal debt ceiling legislation, ESSER II closeout and liquidation extension procedures, and certain reporting and compliance requirements.

Fiscal Responsibility Act of 2023 and COVID-19 Relief Funds

On June 2, 2023, the Fiscal Responsibility Act of 2023 was signed into law, suspending the federal debt limit. While the Act rescinded certain unobligated COVID-19 relief funds, the US Department of Education (USDE) has already fully obligated CARES, CRRSA, and ARP funds to the state. Some local educational agencies (LEAs) have expressed concern that ARP ESSER III allocations may be in jeopardy of being reduced by any unexpended amounts. TEA has been informed that this will not happen; LEAs will continue to have full access to their ARP ESSER III formula funds.

ESSER II Closeout

As we approach the end of the performance period for CRRSA ESSER II formula funds, these are the key upcoming milestones for subgrantees to keep in mind:

- 07/06/2023 – Amendment due date for CRRSA ESSER II funding application.
- 09/30/2023 – End of performance period for CRRSA ESSER II funds, last day to obligate funds.
- 01/02/2024 – Final Expenditure Report/Revised Final Expenditure Report due.

To prevent lapsing of ESSER II funds, LEAs who are not going to expend all CRRSA ESSER II formula funds within the timeline are strongly encouraged to reclassify expenditures (also known as documenting Expenditure Transfer Vouchers (ETVs)) from:

- previously coded ESSER III activities to ESSER II funds (see TEA's ESSER Expenditure Team [step-by-step video](#) to assist LEAs with completing this process, or for further information, please contact ESSERexpenditures@tea.texas.gov); and/or
- previously coded state and/or local funds expenditures to ESSER II funds for allowable activities such as teacher salaries (moving these expenditures to ESSER II will free up local maintenance and operations funds that can be used after ESSER II funds are no longer available; please take note of the possible impact on federal maintenance of effort requirements if pursuing this option).

CRRSA ESSER II Liquidation Extension

On May 5, 2023, USDE released introductory information regarding the CRRSA Act funding Liquidation Period Extension being offered for ESSER II funding. TEA is required to gather

data from LEAs needing the extension; the agency will submit one statewide aggregated request on behalf of those LEAs. *This extension offered is only for ESSER II at this time.*

All costs under ESSER II must have been fully obligated for allowable grant uses by Saturday, September 30, 2023. Certain obligated costs may continue to be received and paid during the liquidation period extension. However, the extension does not cover all types of costs (e.g., indirect costs, staff salary, or travel), due to the federal rules defining when an obligation was made. TEA may request the extension for up to 13 additional months after the standard liquidation period (until February 28, 2025) for LEAs. TEA has until December of 2023 to request the liquidation period extension.

More information will be forthcoming closer to the end of the performance period for CRRSA ESSER II (September 30, 2023) with more detailed information on how to request a liquidation extension.

Year Four ESSER Annual Performance Reporting

Year Four Annual Reporting to USDE will require additional data elements across all ESSER programs (CARES ESSER I, CRRSA ESSER II, and ARP ESSER III). TEA is currently working to incorporate these changes and will be releasing an instructional workbook for Year Four ESSER Annual Reporting in late summer.

ESSER III Return to In-Person Instruction and Continuity of Services (RIPICS) Plans and Maintenance of Equity (MOEquity)

The statutory end date of ARP ESSER III is September 30, 2023; however, there is a carryover period for one additional year that makes the end of the obligation period September 30, 2024. Due to the statutory end date of the ARP ESSER III program, bi-annual RIPICS plan reviews as well as MOEquity reporting are no longer required past September 30, 2023.

For Further Information

For information and guidance on information pertained in this letter, please contact Nick Davis (nick.davis@tea.texas.gov) in the Department of Grant Compliance and Administration.