FY26 ESSER Recording & Reporting Federal Interest
Frequently Asked Questions

The Elementary and Secondary School Emergency Relief (ESSER) Fund (i.e., ESSER 2.0, and 3.0) allowed local education agencies (LEAs) to use federal funds for construction activities and facilities improvements, providing many LEAs the opportunity to make critical investments in infrastructure and improvements to the quality and safety of their schools.

LEAs that have undertaken ESSER-funded construction projects are required by federal regulation to file an annual report on the status of each real property in which the U.S. Department of Education (ED) retains an interest (i.e., each property on which ESSER-funded construction is in process or has been completed). Additionally, projects funded by ESSER in the amount of $1 million or more must record a Notice of Federal Interest (NFI) in the official real property records for the jurisdiction in which the facility is located.

Helpful Resources

- ED Guidance- Recording & Reporting Federal Interest
- Post Award Reporting Forms
- Tennessee Department of Education Equipment & Capital Expenditure Q & A
- Brustein & Manasevit Spending ESSER Funds on Construction Slides
- Sample Notice of Federal Interest-Bureau of Primary Health Care
- Real Property Status Report (Cover Page) (SF-429) Example
- Real Property Status Report ATTACHMENT A (SF-429A) Example
- ESSER Recording and Reporting Federal Interest Quickguide

Questions & Answers

1. ***What is federal interest?***
   Federal interest means, for purposes of 2 CFR § 200.330 or when used in connection with the acquisition or improvement of real property, equipment, or supplies under a federal award, the dollar amount that is the product of the:

   (1) Percentage of federal participation in the total cost of the real property, equipment, or supplies; and
   (2) Current fair market value of the property, improvements, or both, to the extent the costs of acquiring or improving the property were included as project costs.

2. ***What is considered "real property"?***
   Real property means land, including land improvements, structures, and appurtenances thereto, but excludes movable machinery and equipment. (2 CFR § 200.1).

3. ***How do we determine federal interest?***
   Per ED, the amount of federal interest is calculated using the definition of "federal interest" in 2 CFR § 200.1:

   > "For purposes of § 200.330 or when used in connection with the acquisition or improvement of real property, equipment, or supplies under a federal award, the dollar amount that is the product of the: (1) The percentage of Federal participation in the total cost of the real property, equipment, or supplies; and (2) Current fair market value of the property, improvements, or both, to the extent the costs of acquiring or improving the property were included as project costs."

4. ***Is the non-federal share referring to the total cost of the project improvements only? Is it accurate to pull purchase orders, or is this another question that should be taken to the Tax Assessor's office?***
   Based on guidance from ED, the non-federal share would apply only to the cost of the improvements. They have stated that the calculation must be based on the value of the improvement, not the building's original cost, to the current fair market value. LEAs may need to pull purchase orders and/or other information applicable to the project to determine this amount.

5. ***Question #15 on Attachment A asks, "Has a significant change occurred with the real property, or is there an anticipated change expected during the next reporting period?" Is this referring to a significant change to the real property other than what we are already describing with the ESSER improvements/construction in the report?***
   Yes, our understanding is that this is in reference to any significant changes in the ESSER-funded project, not otherwise noted. that have taken place or may take place before next year's report.

6. ***Which LEAs need to record an NFI?***
   Generally, LEAs that have a renovation, major remodeling, construction, or real property project using **$1 million or more** in federal funds must record the NFI in the official real property records for the jurisdiction in which the improved or purchased property is located.

   Please note that an NFI must only be filed once. If the LEA filed an NFI in FY25, they are not required to file again in FY26.

7. ***How do we file an NFI?***
   No specific form is provided to record an NFI. Since NFIs must be filed in the jurisdiction in which the facility is located, LEAs should contact their local register of deeds or other applicable government office to determine what must be provided to record property interests. The County Court Clerk, Probate Office, or the Register of Deeds are likely places to start your inquiry.

   LEAs can also reach out to their relief funding coordinator for examples of NFIs that were filed in FY25.

8. ***If an LEA has expended all its ESSER funds and did not apply for a liquidation extension, do they still need to report federal interest?***
   Yes. LEAs or other subgrantees must annually report on the status of a renovation, major remodeling, construction, or real property project for **at least the first 15 years** after a project is funded and for which a federal Interest is retained.

9. ***Our LEA used ESSER funds to complete a capital project that was under $1 million. Do we still need to report?***
   Yes. While the LEA is *not required to record an NFI*, all LEAs that used ESSER funds of any amount for a renovation, major remodeling, construction, or real property project must file an annual report on the status of each real property in which ED retains an interest (i.e., each property on which ESSER-funded construction is in process or has been completed). (2 CFR § 200.330).

10. ***Our LEA used a combination of ESSER funds and state and local funds for a capital project. Do we still need to report?***
    Yes. The reporting requirement still applies if federal funds, *regardless of amount*, were used for any part.

11. ***Our LEA completed several capital projects using ESSER funds. None of the individual projects totaled $1 million or more; however, the overall amount of ESSER funds used was over $1 million. Are we required to record an NFI?***
    Not necessarily. The recording requirement applies to each property on which ESSER-funded construction is in process or has been completed. ***However, there may be some exceptions, according to ED:***

    1) If the ESSER funds represent "the vast majority" of the total value (such as a building with a total value of $1.5 million that used $900,000 in federal funds),

    2) If ED determines that an LEA is in high-risk status, they may require an NFI to be recorded (to protect the federal interest from other liens that could prevent the building from being used for its educational purpose), or

    3) If the federal interest in the project is insignificant but the project is (even slightly) above $1 million (such as a building with a total value of $100 million that used $1,000,005 in ESSER funds).

12. ***What must LEAs attest to in the Recording & Reporting Federal Interest Assurance tool?***
    LEAs must attest to the following:
    - The LEA used ESSER funds in part or whole for construction, major remodeling, renovation, or real property.
        - If yes, then
    - The LEA had at least one project totaling $1 million or more that was funded by ESSER.
        - If yes, then
    - The LEA assures that any projects totaling $1 million or greater with ESSER funds have been properly recorded with the applicable government office within their jurisdiction.

13. ***What reports are required to be filed?***
    LEAs that used ESSER funds for a renovation, major remodeling, construction, or real property project must submit 2 reports:
    1) A Real Property Status Report (Cover Page) (SF-429)- ***Required***
       Real Property Cover Page Instructions
    2) A Real Property Status Report ATTACHMENT A (General Reporting) (SF-429A)- ***Required***
       Real Property Status Report Attachment Instructions

14. ***When is the Recording & Reporting Federal Interest Assurance due to the department?***
    LEAs must complete the Data & Information tool (ePlan > Data & Information > 2026 > Recording & Reporting Federal Interest Assurance), including uploading all necessary reports, **no later than Jan. 16, 2026.**

15. ***How does an LEA submit these reports?***
    After completing the attestation portion of the tool, LEAs will upload the required reports under the Required Uploads section in ePlan > Data & Information > 2026 > Recording & Reporting Federal Interest Assurance.

16. ***What if there are multiple projects for one building? For example, a building had three separate projects; no single one was over $1 million, but all three combined were. Does the LEA record or not?***
    Guidance from ED states that the reporting and recording requirements apply to *each property* on which ESSER-funded construction is in process or has been completed. ED and Department of Labor (DOL) have been critical of breaking down projects to avoid the Davis-Bacon Act (DBA) we would apply the same logic here – if it's multiple projects on the same property all paid with one cost (e.g., ESSER), and they total $1 million or more, it should be recorded to avoid any potential finding. We would lean towards recording since it is about the total value credited to the federal government.

17. ***An LEA had multiple HVAC projects across the district. Would this be separate reports for each building or one report for the district since they were bid under one contract?***
    Because the NFI guidance is broken down by property, the department takes the position that each property represents a different project and could be considered separately. We recommend

combining projects on the same property, rather than by contract, in order to answer the reporting questions most accurately.

18. ***Who is responsible for the recording and reporting of projects of a school that changed LEAs after the completion of the projects? The new LEA, the previous LEA, or the school?***
Whoever currently holds title to the property would be responsible. See guidance: "The signatory of the NFI should be the owner of the property or authorized representative."

19. ***Would internet wiring need to be reported? Is that considered an appurtenance or a structural improvement?***
Was the work a "renovation, major remodeling, construction, or real property project" per the guidance? It may depend on what other work was necessary to rewire. Rewiring only – with no structural or cosmetic improvements – may not qualify. If it required more than rewiring, then we recommend reporting.

20. ***Who determines the fair market value of the property? How is that done?***
If there is a recent purchase price or formal local valuation, use that. Otherwise, it will likely be an estimated value or follow any other valuation or depreciation standard that the local district or county may require.

21. ***On the cover page, what would be the Recipient Account or Identifying Number?***
Enter the account number, or any other identifying number assigned by the recipient, for the award. Because the instructions specify "account" and "assigned" by the recipient, we interpret this to mean a tracking number assigned by the LEA for budgeting purposes***.***

22. ***What should we use for "Period and type of Federal Interest (MM/DD/YYYY)"?***
LEAs should use the period of performance for the grant used for this date. The period of performance for ESSER 2.0 is March 13, 2020 – Sept. 30, 2023. The period of performance for ESSER 3.0 is March 13, 2020 – Sept. 30, 2024.

23. ***Where would we locate our Grant Award Numbers?***
The Grant Award Number for ESSER 2.0 is S425D210047; ESSER 3.0 is S425U10047.

24. ***If we have projects at multiple properties, do we need to complete multiple cover pages?***
No, each LEA only needs to submit one cover page. However, the LEA will need to submit multiple Real Property Status Report ATTACHMENT A (General Reporting) (SF-429A) documents, as one is required for each project.

25. ***Most of the fields in Attachment A are listed as "optional." Does this mean we can leave those blank?***
Since there is a wide variety of projects that may be reported on, not every field will likely apply to every project. For that reason, many fields are listed as optional. LEAs should complete all optional fields if the information is relevant to the project(s) to provide a comprehensive picture of the real property status.

26. ***On the Cover Page, field 11, who should be listed as the Authorized Certifying Official?***
    We recommend listing the Director of Schools in this field.

27. ***On the Cover Page, field 2, what is the Federal Grant(s) or Other Identifying Number(s) Assigned by Federal Agency(ies)?***
    This is the Federal Award Identification Number (FAIN) found on the grant award notification. This will be listed as the Award Number.

28. ***When does the 15-year reporting timeline begin? For example, does it begin when the project is started or when it is completed?***
    Per ED, the reporting on the Federal interest should begin in the first year of the project. Please refer to FAQ 2, which specifies that "subgrantees must annually report…for at least the first 15 years after a project is funded."

29. ***Our LEA replaced the roof on one of our schools; however, it was damaged in a hail storm and replaced by insurance. How long would we need to report on the status of that project?***
    The answer depends on the extent of the roof damage. For example, if the roof was completely destroyed and the insurance covered a complete roof replacement, then the Federal interest in the building no longer exists. If the roof was only partially damaged and the insurance only covered repairs to the damaged areas, then the Federal interest would be retained on the portion of the new roof where repairs were not needed.

30. ***What would be considered "zoning information" in question 14b on Attachment A? Does this mean commercial, residential, etc.?***
    Land use and zoning codes involve the regulation of the use and development of real estate. The most common form of land-use regulation is zoning. Municipalities use zoning regulations and restrictions to control and direct property development. Zoning includes, but is not limited to, residential, commercial, and industrial.

31. ***On the Cover Page, what is an EIN?***
    The EIN is the recipient organization's Employer Identification Number (EIN) as assigned by the Internal Revenue Service.

32. ***On the Cover Page, what is the federal agency and organizational element to which the report is submitted?***
    The federal agency and organizational element to which the report is submitted is the United States Department of Education.

33. ***On Attachment A, do we need to complete sections 13 - 18, such as land acreage, usable square footage, and the amount of federal share that was spent on the renovation? Are we required to identify the amount of cumulative energy consumption?***
    If these apply to the project, then yes, we recommend completing those fields. Regarding energy consumption, this would likely depend on the project. For example, installing fencing would not be relevant; however, a project like HVAC would apply.