Recording & Reporting Federal Interest

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Federal Programs and Oversight

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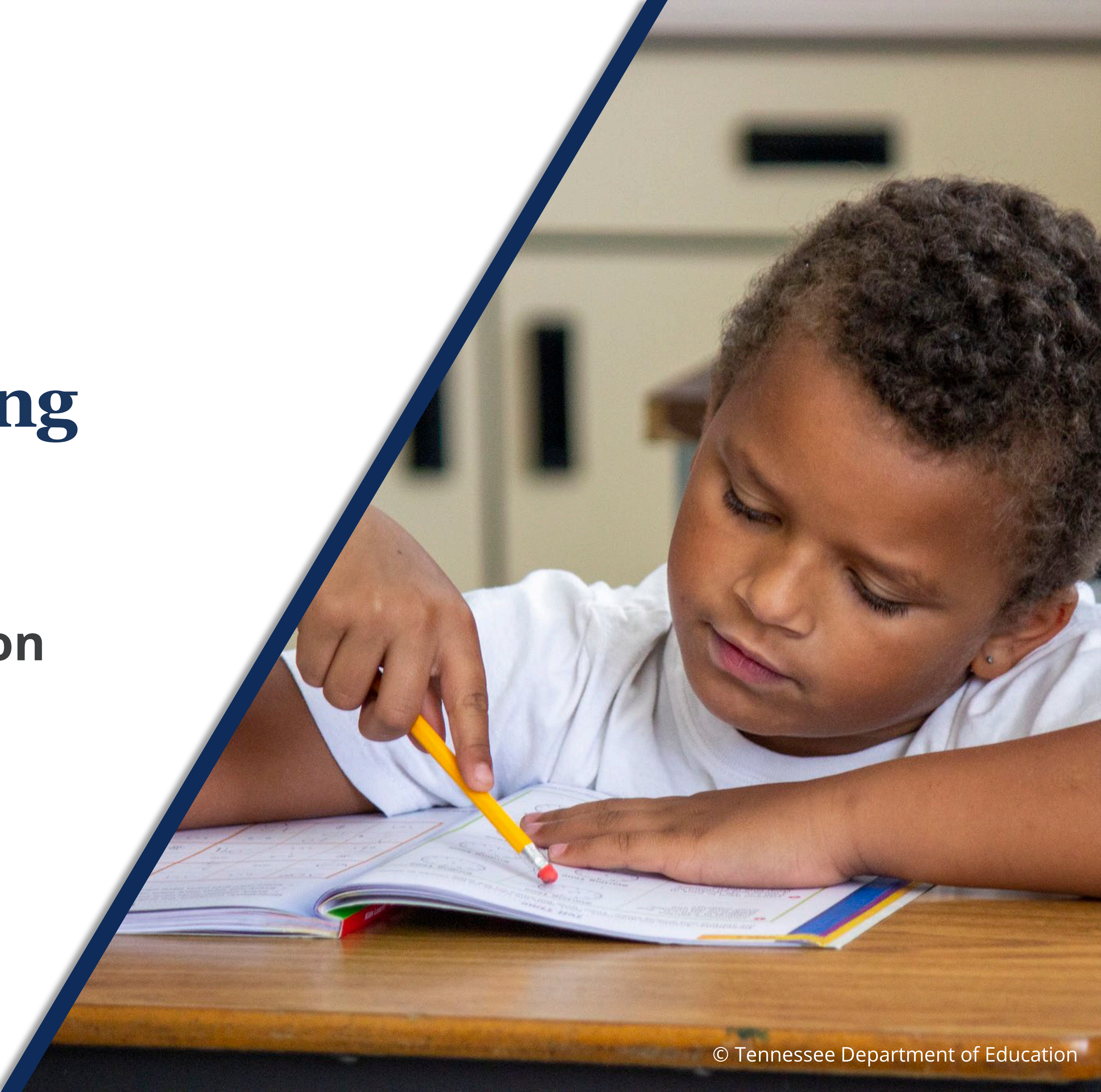

TN Department of Education

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Agenda

- Overview
- Navigating the ePlan Instrument
- Common Questions
- Checks for Understanding
- Resources & Closing

Overview: Reporting and Recording Federal Interest

TN Department of Education

Reporting & Recording Federal Interest

- Federally required
  - Regulations require local educational agencies (LEAs) with Elementary and Secondary School Emergency Relief (ESSER) funded construction projects, regardless of amount, to file an annual status report on each real property in which the U.S. Department of Education (ED) has an interest.
  - Additionally, projects funded by ESSER in the amount of *1 million dollars 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.

Source: [US Dept. of Education-Office of Elementary and Secondary Education]

The Why

- According to ED, these longstanding requirements:
  1) Help ensure that a facility can continue to be used for educational purposes after a grant has ended,
  2) Establish the level of public investment in the facility that may be recouped if the property is subsequently transferred to private ownership, and
  3) Promote nondiscrimination, including accessibility, while the property is used for a grant's educational purpose.

Source: [KY Dept. of Education]

What is federal interest?

- Essentially, federal interest refers to the portion of the property's value that is attributable to federal funding.
  - **Percentage of Federal Participation:** This is the ratio of federal funds used in the total cost of the property or improvement.
  - **Current Fair Market Value:** This is the present value of the property, considering any improvements made.
  - 2CFR § 200.330
- Real Property:
  - land, including land improvements, structures and appurtenances thereto, but excludes moveable machinery and equipment. (2 CFR § 200.1)
    - Moveable equipment could include mobile classrooms, building furniture, and other similar items.

Reporting: What does this mean for your LEA?

- **Did the LEA use ESSER funds, *of any amount,* on a renovation, major remodeling, construction, or real property project?**
  - **Yes!**
    - The LEA 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)]()
  - **No.**
    - Reporting and recording federal interest is not required.

*Examples of completed reporting documents are linked on the Resources page.

Reporting: What does this mean for your LEA?

- **Were these federal funds combined with another funding source?**
  - **Yes!**
    - If federal funds, *regardless of amount*, were used for any part, the reporting requirement still applies.

Recording: What does this mean for your LEA?

- **Did any property(ies) have projects that used a total of $1 million or more in ESSER funds?**
  - **Yes!**
    - The LEA must record the Notice of Federal Interest (NFI) in the official real property records for the jurisdiction in which the improved or purchased property is located.
  - **No.**
    - Recording is likely not required, *unless:*
      - 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),
      - 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
      - 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).

Source: US Dept. of Education-Office of Elementary and Secondary Education

Recording a Notice of Federal Interest

- Most LEAs with projects that required recording an NFI completed this requirement in FY25.
- LEAs *do not* have to record an NFI yearly.
  - However, if your LEA failed to record an NFI in FY25 and has ESSER-funded projects of $1 million or more on a single property, they must record an NFI in FY26.
- [Example NFI]

Recording and Reporting: How To

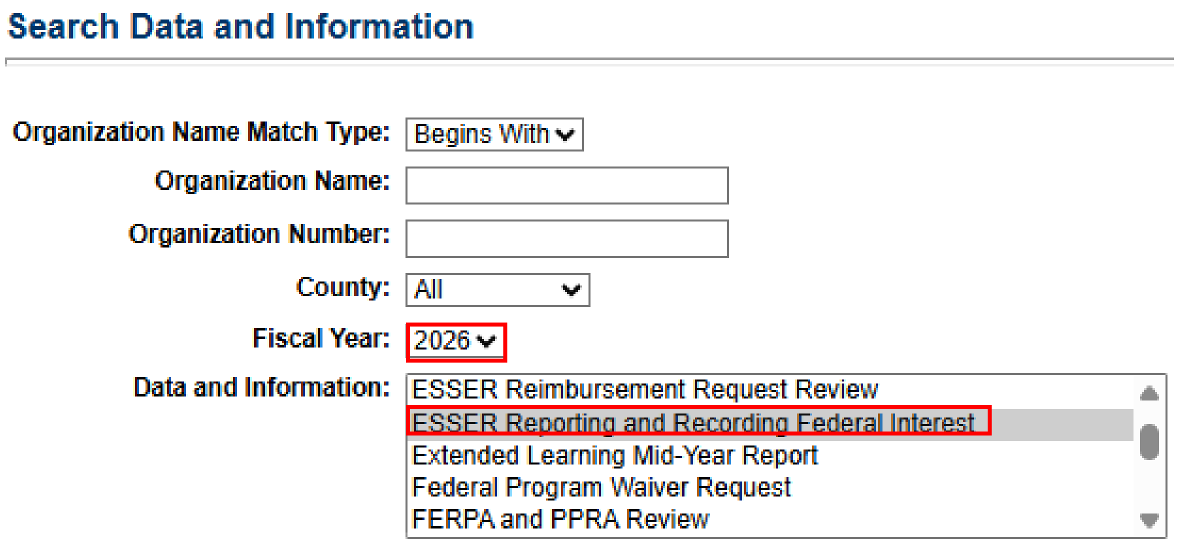
- How to *record* an NFI:
  - There is no specific form provided to record an NFI. Since NFIs must be filed in the jurisdiction in which the facility is located, LEAs should contact their local register of deeds or other applicable government office to determine what must be provided to record property interests. *
- How to *report* federal interest:
  - Two (2) **required** reports:
    1) A Real Property Status Report (Cover Page) (SF-429) **
    2) A Real Property Status Report ATTACHMENT A (General Reporting) (SF-429A) **

*Sample notices of federal interest are linked on the resources page.

** Detailed instructions available when downloading these files.

Recording and Reporting: How To

- **Where:**
  - ePlan > Data & Information > 2026 > **ESSER Recording & Reporting Federal Interest**



Recording and Reporting: How To

- **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.

Recording and Reporting: How To

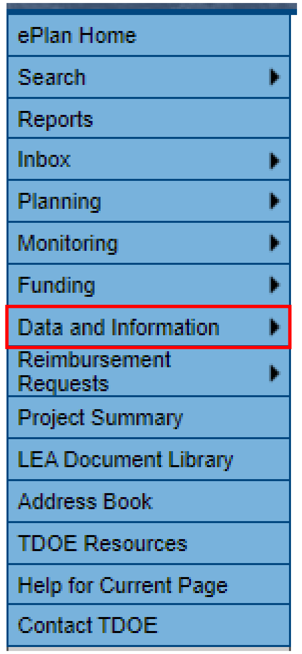
- **When:**
  - Opens **Nov. 12, 2025**
  - Due no later than **Jan. 16, 2026**
- **How often:**
  - LEAs or other subgrantees must annually report on the status of a renovation, major remodeling, construction, or real property project for **at least the first 15 years** after a project is funded and for which a federal interest is retained.

Navigating the ePlan Instrument

Department of Education

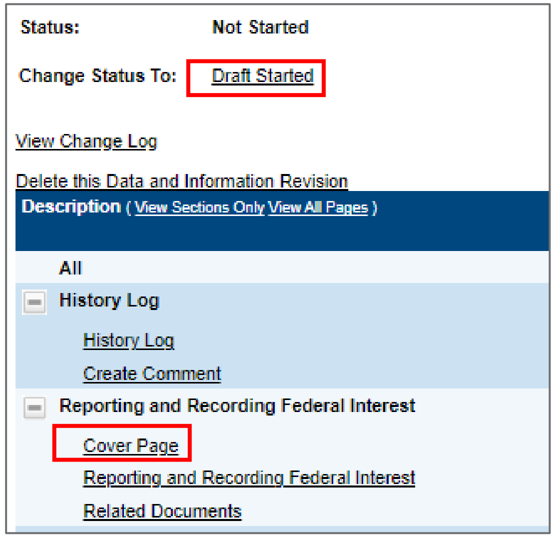
Navigating the ePlan Instrument

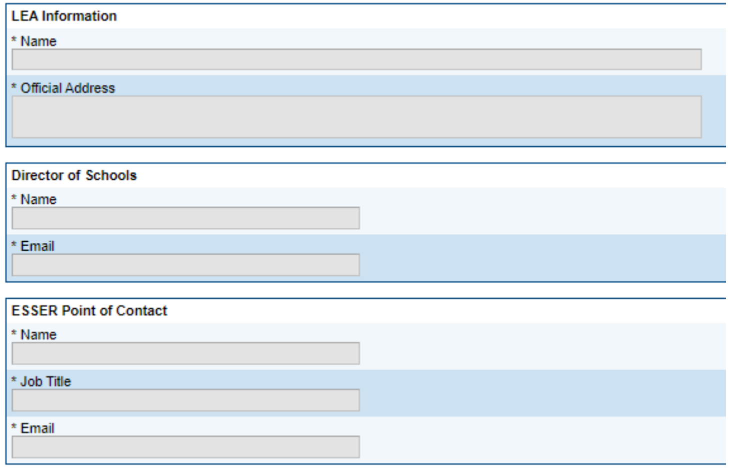
- Beginning on **Nov. 12, 2025**
- Navigate to Data and Information
- Select Fiscal Year 2026
  - ESSER Reporting and Recording Federal Interest



Navigating the ePlan Instrument

- Select **Draft Started** and navigate to the Cover Page.
- Complete all sections of the Cover Page.
  - LEA Information
  - Director of Schools
  - ESSER Point of Contact





Recording and Reporting Federal Interest: ePlan

- Navigate to the Reporting and Recording Federal Interest section.
  - Select Yes or No in response to each question.

Reporting and Recording Federal Interest

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.

*** Did the LEA use 2.0 or ESSER 3.0 funds in part or whole for construction, major remodeling, renovation, or real property.**

- [ ] No, the LEA did not use ESSER 2.0 or ESSER 3.0 funds in part or whole for construction, major remodeling, renovation, or real property.
- [ ] Yes, the LEA used ESSER 2.0 or ESSER 3.0 funds in part or whole for construction, major remodeling, renovation, or real property.

*** Did the LEA have at least one project totaling $1 million or more that was funded by ESSER 2.0 or ESSER 3.0.**

- [ ] No, The LEA did not have at least one project totaling $1 million or more that was funded by ESSER 2.0 or ESSER 3.0 .
- [ ] Yes, the LEA had at least one project totaling $1 million or more that was funded by ESSER 2.0 or ESSER 3.0.

Note: If the LEA selected Yes to the question, "Did the LEA have at least one project totaling $1 million or more that was funded by ESSER 2.0 or ESSER 3.0 *that was not previously recorded in FY25*?", they must attest to the following:

- The LEA assures that any projects totaling $1 million or greater with ESSER 2.0 or ESSER 3.0 funds have been properly recorded with the applicable government office within their jurisdiction.

Required Documentation: ePlan

- Navigate to the Related Documents section.
  - Upload all required documentation.
    - Two (2) reports are **required**:
      1. A Real Property Status Report (Cover Page) (SF-429)
      2. A Real Property Status Report ATTACHMENT A (General Reporting) (SF-429A)
- Please note that most LEAs with ESSER-funded construction projects are only required to *report* in FY26.

Submitting the ePlan Instrument

- Have all sections of the Cover Page been completed?
  - As a reminder, there is a Cover Page within the ePlan instrument that must be completed in addition to the Real Property Status Report (Cover Page) (SF-429).
- Has the LEA responded to each question in the Recording and Reporting section?
  - Has the LEA completed the necessary assurances?
- Has all required documentation been uploaded?
- Have all the necessary LEA personnel reviewed and approved the instrument?
  - The instrument must be submitted as **LEA Authorized Representative Approved** on or before **Jan. 16, 2026**

Common Questions

One Location, Multiple Projects

- ***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 the 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**. It is about the total value credited to the federal government.

Note:* *the recording requirement only applies if your LEA should have filed an NFI in FY25 but did not.

Separate or Combine?

- ***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, to answer the reporting questions most accurately.
- ***Should we separate projects by ESSER fund?***
  - No, projects funded by ESSER 2.0 and 3.0 can be reported on the same document as long as they are on the same property. The LEA will include both grant award numbers (ESSER 2.0- S425D210047; ESSER 3.0- S425U10047).

Post-ESSER Reporting

- ***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.

HVAC: To Report or Not to Report?

- ***Are HVAC units considered "real property," and if so, do they have to be reported?***
  - "Fixtures include systems for the heating, air conditioning, ventilation, sanitation, lighting, and plumbing of a building. These systems will be collectively referred to as fixture systems. **Fixture systems are generally classified as real property.**"
  - HVAC is generally considered real property because it is typically installed as a fixed system within a building, making it a fixture that is permanently attached to the structure and considered part of the real estate; this means it is considered part of the property when buying or selling.
  - Questions to ask when reporting:
    - Is it permanent and/or installed?
    - If you moved to another building, would it come with you?
    - Does it add value?

Source: [Colorado Dept. of Property Taxation]

Checks for Understanding

TN Department of Education

How many reports are required for LEAs?

A. Two (2)
B. Three (3)
C. Four (4)
D. None are required, only recommended

Where and by what date should LEAs upload the required reports to ePlan for Federal interest?

A. LEA Document Library; **Jan. 16, 2026**
B. LEA Document Library; **Dec. 31, 2025**
C. Data and Information; **Jan. 16, 2026**
D. Email to relief funding coordinator; **Jan. 31, 2026**

The reporting and recording requirement must be completed for at least the first:

A. Five years
B. Seven years
C. 10 years
D. 15 years

Your LEA used $1,000 in ESSER funds for flooring replacement. The remainder of the cost was paid for with another funding source. Do you have to report?

- Yes
- No

Resources

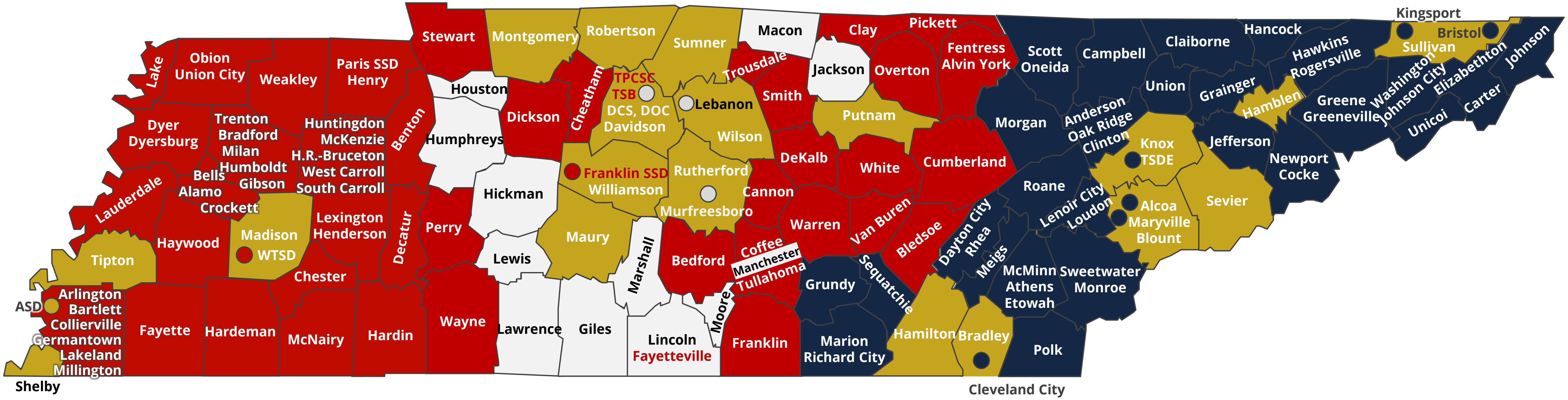
Department of Education

Resources

- ePlan > TDOE Resources > Relief Funding > ARPA Act/ESSER Fund 3.0
- ESSER Recording and Reporting Federal Interest Quickguide
- ESSER Recording and Reporting Federal Interest FAQ
- 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) example
- Real Property Status Report ATTACHMENT A example

FPO Divisional Coordinator Map for ESSER Funds

(effective July 1, 2024)



West	Middle	East	20 Districts with Largest Enrollment
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Thank You!

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https://forms.office.com/r/eVtWEAZ9xZ

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1-800-232-5454

Notifications can also be submitted electronically at:

http://www.comptroller.tn.gov/hotline

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