



LINDEL FIELDS  
STATE SUPERINTENDENT *of* PUBLIC INSTRUCTION  
OKLAHOMA STATE DEPARTMENT *of* EDUCATION

**MEMORANDUM**

**TO:** District Superintendent

**FROM:** Tammy Smith, Senior Director *TJS*  
Office of Title Services and Competitive Grants  
Division of Federal Programs

**DATE:** July 2026

**SUBJECT: Policy Memorandum - Period of Performance of Federal Funds**

Federal grant funds have a limited period of availability during which they may be obligated by local educational agencies (LEAs). This memorandum outlines the standards and procedures for the timely obligation and expenditure of federal funds.

Legal Background

LEAs may obligate federal funds during the 27-month period following the appropriation. This period extends from July 1 of the fiscal year for which the funds are appropriated through September 30 of the second succeeding fiscal year. The 27-month period consists of a 15-month initial period of availability followed by a 12-month carryover period.

For example, funds appropriated for Federal Fiscal Year (FY) 2025 became available to LEAs on July 1, 2024, and may be obligated through September 30, 2026. (Section 421(b) of the General Education Provisions Act (GEPA), 20 U.S.C. § 1225(b)).

Any carryover funds not obligated by the end of the period of performance lapse and must be returned to the Federal Government. (34 CFR §§ 76.709(a) and (b)).

Procedural Requirement

The Oklahoma State Department of Education (OSDE) requires LEAs to obligate (or encumber) federal funds by June 30 of each fiscal year. Any current fiscal year funds that remain unobligated or unexpended as of June 30 become LEA first-year carryover funds for the following fiscal year. Likewise, any first-year carryover funds that remain unobligated or unexpended by the following June 30 become LEA second-year carryover funds for the second succeeding fiscal year.

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LEA second-year carryover funds must be obligated (or encumbered) no later than September 30, the final day of the federal period of performance.

The following example illustrates the period of performance for federal funds made available to LEAs on July 1, 2024:

	<b>Availability</b>
LEA Current Fiscal Year Funds are FY2025 Funds allocated in FY2025	7/1/2024 to 6/30/2025 12 months
LEA 1 <sup>st</sup> Year Carryover Funds are FY2025 funds carried over to FY2026	7/1/2025 to 6/30/2026 12 months
LEA 2 <sup>nd</sup> Year Carryover Funds are FY2025 funds carried over to FY2027	7/1/2026 to 9/30/2026 3 months
Total Period of Performance	7/1/2024 to 9/30/2026 27 months

LEAs should carefully review all remaining federal balances, particularly LEA second-year carryover funds, to ensure they are properly obligated by **September 30, 2026**. Funds that are not obligated by this deadline will lapse and must be returned to the Federal Government.

For questions regarding the period of performance of federal funds, please contact the Office of Title Services at (405) 521-6850.

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