Part A — Improving Academic Achievement

Funding Transferability for State and Local Educational Agencies

Subpart 1 — Accountability

Subpart 2 — Funding Transferability for State and Local Educational Agencies

Sec. 6121. Short Title. (20 U.S.C. 7305)

This subpart may be cited as the "State and Local Transferability Act".

Sec. 6122. Purpose. (20 U.S.C. 7305a)

The purpose of this subpart is to allow States and local educational agencies the flexibility—

(1) to target Federal funds to Federal programs that most effectively address the unique needs of States and localities; and

(2) to transfer Federal funds allocated to other activities to allocations for certain activities authorized under title I.

The purpose of this part is to allow States and local educational agencies the flexibility to target Federal funds to the programs and activities that most effectively address the unique needs of States and localities.

Sec. 6123. Transferability of Funds. (20 U.S.C. 7305b)

(a) Transfers by States. — (1) In General. In accordance with this subpart, a State may transfer not more than 50 percent of the nonadministrative State funds, all, or any lesser amount, of State funds (including funds transferred under paragraph (2)) allotted to the State for use for State-level activities under the following provisions for a fiscal year to one or more of the State’s allotments for such fiscal year under any other of such provisions:

(A) Section 2113(a)(3).

(B) Section 2412(a)(1).

(C) Subsections (a)(1) (with the agreement of the Governor) and (c)(1) of section 4112 and section 4202(c)(3).

(D) Section 5112(b).

(A) Part A of title II.

(B) Part A of title IV.

(C) Section 4202(c)(3).
(2) ADDITIONAL FUNDS FOR TITLE I.—In accordance with this subpart and subject to the 50 percent limitation described in paragraph (1), a State may transfer any funds allotted to the State under a provision listed in paragraph (1) to its allotment under title I.

(2) ADDITIONAL FUNDS. In accordance with this part, a State may transfer any funds allotted to the State under a provision listed in paragraph (1) for a fiscal year to its allotment under any other of the following provisions:

(A) Part A of title I.

(B) Part C of title I.

(C) Part D of title I.

(D) Part A of title III.

(E) Part B.

(b) TRANSFERS BY LOCAL EDUCATIONAL AGENCIES.—(1) AUTHORITY TO TRANSFER FUNDS.—(A) IN GENERAL. In accordance with this subpart and part, a local educational agency (except a local educational agency identified for improvement under section 1116(c) or subject to corrective action under section 1116(c)(9)) may transfer not more than 50 percent of the funds allocated to it (including funds transferred under subparagraph (C)) may transfer all, or any lesser amount, of the funds allocated to it under each of the provisions listed in paragraph (2) for a fiscal year to one or more of its allocations for such fiscal year under any other provision listed in paragraph (2).

(B) AGENCIES IDENTIFIED FOR IMPROVEMENT.—In accordance with this subpart, a local educational agency identified for improvement under section 1116(c) may transfer not more than 30 percent of the funds allocated to it (including funds transferred under subparagraph (C)) under each of the provisions listed in paragraph (2) for a fiscal year—

(i) to its allocation for school improvement for such fiscal year under section 1003; or

(ii) to any other allocation for such fiscal year if such transferred funds are used only for local educational agency improvement activities consistent with section 1116(c).

(C) ADDITIONAL FUNDS FOR TITLE I.—In accordance with this subpart and subject to the percentage limitation described in subparagraph (A) or (B), as applicable, a local educational agency may transfer funds allocated to such agency under any of the provisions listed in paragraph (2) for a fiscal year to its allocation for part A of title I for that fiscal year.

(B) ADDITIONAL FUNDS. In accordance with this part, a local educational agency may transfer any funds allotted to such agency under a provision listed in paragraph (2) for a fiscal year to its allotment under any other of the following provisions:
(2) APPLICABLE PROVISIONS. A local educational agency may transfer funds under subpar


(g) Transfer of Funds. A local educational agency may transfer funds under subparagraph (A), (B), or (C) subparagraph (A) or (B) of paragraph (1) from allocations made under each of the following provisions:

(A) Section 2121.

(B) Section 2412(a)(2)(A).

(C) Section 4112(b)(1).

(D) Section 5112(a).

(A) Part A of title II.

(B) Part A of title IV.

(c) NO TRANSFER OF TITLE I FUNDS.—A State or a local educational agency may not transfer under this subpart to any other program any funds allotted or allocated to it for part A of title I.

(c) NO TRANSFER OF CERTAIN FUNDING. A State or local educational agency may not transfer under this part to any other program any funds allotted or allocated to it for the following provisions:

(1) Part A of title I.

(2) Part C of title I.

(3) Part D of title I.

(4) Part A of title III.

(5) Part B.

(d) MODIFICATION OF PLANS AND APPLICATIONS; NOTIFICATION.—(1) STATE TRANSFERS. Each State that makes a transfer of funds under this section shall—

(A) modify, to account for such transfer, each State plan, or application submitted by the State, to which such funds relate;
(B) not later than 30 days after the date of such transfer, submit a copy of such modified plan or application to the Secretary; and

(C) not later than 30 days before the effective date of such transfer, notify the Secretary of such transfer.

(2) LOCAL TRANSFERS. Each local educational agency that makes a transfer of funds under this section shall—

(A) modify, to account for such transfer, each local plan, or application submitted by the agency, to which such funds relate;

(B) not later than 30 days after the date of such transfer, submit a copy of such modified plan or application to the State; and

(C) not later than 30 days before the effective date of such transfer, notify the State of such transfer.

(e) APPLICABLE RULES.—(1) IN GENERAL. Except as otherwise provided in this subpart, funds transferred under this section are subject to each of the rules and requirements applicable to the funds under the provision to which the transferred funds are transferred.

(2) CONSULTATION.—Each State educational agency or local educational agency that transfers funds under this section shall conduct consultations in accordance with section 9501, if such transfer transfers funds from a program that provides for the participation of students, teachers, or other educational personnel, from private schools.

Subpart 3—State and Local Flexibility Demonstration

Subpart 4—State Accountability for Adequate Yearly Progress

PART B — RURAL EDUCATION INITIATIVE

SEC. 6201. SHORT TITLE. (20 U.S.C. 7341)
This part may be cited as the "Rural Education Achievement Program".

SEC. 6202. PURPOSE. (20 U.S.C. 7341a)
It is the purpose of this part to address the unique needs of rural school districts that frequently—

(1) lack the personnel and resources needed to compete effectively for Federal competitive grants; and

(2) receive formula grant allocations in amounts too small to be effective in meeting their intended purposes.
Subpart 1 — Small, Rural School Achievement Program

SEC. 6214 USE OF APPLICABLE FUNDING. (20 U.S.C. 7345)

(a) ALTERNATIVE USES.—(1) IN GENERAL.—Notwithstanding any other provision of law, an eligible local educational agency may use the applicable funding that the agency is eligible to receive from the State educational agency for a fiscal year to carry out local activities authorized under any of the following provisions:

(A) Part A of title I.
(B) Part A or D of title II.
(C) Title III.
(D) Part A or B of title IV.
(E) Part A of title V.

(A) Part A of title I.
(B) Part A of title II.

(C) Title III.

(D) Part A or B of title IV.

(2) NOTIFICATION. An eligible local educational agency shall notify the State educational agency of the local educational agency’s intention to use the applicable funding in accordance with paragraph (1), by a date that is established by the State educational agency for the notification.

(b) ELIGIBILITY.—(1) IN GENERAL. A local educational agency shall be eligible to use the applicable funding in accordance with subsection (a) if—

(A)(i)(I) the total number of students in average daily attendance at all of the schools served by the local educational agency is fewer than 600; or

(II) each county in which a school served by the local educational agency is located has a total population density of fewer than 10 persons per square mile; and

(ii) all of the schools served by the local educational agency are designated with a school locale code of 7 or 8, as determined by the Secretary; or

(B) the agency meets the criteria established in subparagraph (A)(i) and the Secretary, in accordance with paragraph (2), grants the local educational agency’s request to waive the criteria described in subparagraph (A)(ii); or
(C) the local educational agency is a member of an educational service agency that does not receive funds under this subpart and the local educational agency meets the requirements of this part.

(2) CERTIFICATION. The Secretary shall determine whether to waive the criteria described in paragraph (1)(A)(ii) based on a demonstration by the local educational agency, and concurrence by the State educational agency, that the local educational agency is located in an area defined as rural by a governmental agency of the State.

(c) APPLICABLE FUNDING DEFINED. In this section, the term "applicable funding" means funds provided under any of the following provisions:

(1) Subpart 2 and section 2412(a)(2)(A) of title II.

(2) Section 4114.

(3) Part A of title V.

(1) Part A of title II.

(2) Part A of title IV.

(d) DISBURSEMENT. Each State educational agency that receives applicable funding for a fiscal year shall disburse the applicable funding to local educational agencies for alternative uses under this section for the fiscal year at the same time as the State educational agency disburses the applicable funding to local educational agencies that do not intend to use the applicable funding for such alternative uses for the fiscal year.

(e) APPLICABLE RULES. Applicable funding under this section shall be available to carry out local activities authorized under subsection (a).

SEC. 6212. GRANT PROGRAM AUTHORIZED. (20 U.S.C. 7345a)

(a) IN GENERAL.—The Secretary is authorized to award grants to eligible local educational agencies to enable the local educational agencies to carry out activities authorized under any of the following provisions:

(1) Part A of title I.

(2) Part A or D of title II.

(3) Title III.

(4) Part A or B of title IV.

(5) Part A of title V.

(1) Part A of title I.

(2) Part A of title II.
(b) ALLOCATION.— (1) ALLOCATION.—(A) IN GENERAL. Except as provided in paragraphs (3) and (4), the Secretary shall award a grant under subsection (a) to a local educational agency eligible under section 6211(b) for a fiscal year in an amount equal to the initial amount determined under paragraph (2) for the fiscal year minus the total amount received by the agency under the provisions of law described in section 6211(c) for the preceding fiscal year.

(B) SPECIAL DETERMINATION. For a local educational agency that is eligible under section 5211(b)(1)(C) and is a member of an educational service agency, the Secretary may determine the award amount by subtracting from the initial amount determined under paragraph (2), an amount that is equal to that local educational agency’s per-pupil share of the total amount received by the educational service agency under the provisions described in section 5211(c), as long as a determination under this subparagraph would not disproportionately affect any State.

(2) DETERMINATION OF INITIAL AMOUNT.—(A) IN GENERAL. The initial amount referred to in paragraph (1) is equal to $100 multiplied by the total number of students in excess of 50 students, in average daily attendance at the schools served by the local educational agency, plus $20,000, except that the initial amount may not exceed $60,000.

(B) SPECIAL RULE. For any fiscal year for which the amount made available to carry out this part is $265,000,000 or more, subparagraph (A) shall be applied—

(i) by substituting "$25,000" for "$20,000"; and

(ii) by substituting "$80,000" for "$60,000".

(3) RATABLE ADJUSTMENT.—(A) IN GENERAL. If the amount made available to carry out this section for any fiscal year is not sufficient to pay in full the amounts that local educational agencies are eligible to receive under paragraph (1) for such year, the Secretary shall ratably reduce such amounts for such year.

(B) ADDITIONAL AMOUNTS. If additional funds become available for making payments under paragraph (1) for such fiscal year, payments that were reduced under subparagraph (A) shall be increased on the same basis as such payments were reduced.

(4) HOLD HARMLESS. For a local educational agency that is not eligible under this subpart due to amendments made by the Every Student Succeeds Act to section 5211(b)(1)(A)(ii) but met the eligibility requirements under section 6211(b) as such section was in effect on the day before the date of enactment of the Every Student Succeeds Act, the agency shall receive—

(A) for fiscal year 2017, 75 percent of the amount such agency received for fiscal year 2015.
Therefore, for fiscal year 2018, 50 percent of the amount such agency received for fiscal year 2015; and

(C) for fiscal year 2019, 25 percent of the amount such agency received for fiscal year 2015.

(c) DISBURSEMENT. The Secretary shall disburse the funds awarded to a local educational agency under this section for a fiscal year not later than July 1 of that fiscal year.

(d) SPECIAL ELIGIBILITY RULE.—A local educational agency that is eligible to receive a grant under this subpart for a fiscal year is not eligible to receive funds for such fiscal year under subpart 2.

SEC. 6213. ACCOUNTABILITY. (20 U.S.C. 7345b)

(a) ACADEMIC ACHIEVEMENT ASSESSMENT.—Each local educational agency that uses or receives funds under this subpart for a fiscal year shall administer an assessment that is consistent with section 1111(b)(3).

(b) DETERMINATION REGARDING CONTINUING PARTICIPATION.—Each State educational agency that receives funding under the provisions of law described in section 6211(c) shall—

(1) after the third year that a local educational agency in the State participates in a program under this subpart and on the basis of the results of the assessments described in subsection (a), determine whether the local educational agency participating in the program made adequate yearly progress, as described in section 1111(b)(2);

(2) permit only those local educational agencies that participated and made adequate yearly progress, as described in section 1111(b)(2), to continue to participate; and

(3) permit those local educational agencies that participated and failed to make adequate yearly progress, as described in section 1111(b)(2), to continue to participate only if such local educational agencies use applicable funding under this subpart to carry out the requirements of section 1116.

Subpart 2 — Rural and Low-Income School Program

SEC. 6221. PROGRAM AUTHORIZED. (20 U.S.C. 7351)

(a) GRANTS TO STATES.—(1) IN GENERAL. From amounts appropriated under section 6234 for this subpart for a fiscal year that are not reserved under subsection (c), the Secretary shall award grants (from allotments made under paragraph (2)) for the fiscal year to State educational agencies that have applications submitted under section 6223 approved to enable the State educational agencies to award grants to eligible local educational agencies for local authorized activities described in section 6222(a).
(2) ALLOTMENT. From amounts described in paragraph (1) for a fiscal year, the Secretary shall allot to each State educational agency for that fiscal year an amount that bears the same ratio to those amounts as the number of students in average daily attendance served by eligible local educational agencies in the State for that fiscal year bears to the number of all such students served by eligible local educational agencies in all States for that fiscal year.

(3) SPECIALLY QUALIFIED AGENCIES.—(A) ELIGIBILITY AND APPLICATION. If a State educational agency elects not to participate in the program under this subpart or does not have an application submitted under section 6223 approved, a specially qualified agency in such State desiring a grant under this subpart may submit an application under such section directly to the Secretary to receive an award under this subpart.

(B) DIRECT AWARDS. The Secretary may award, on a competitive basis or by formula, the amount the State educational agency is eligible to receive under paragraph (2) directly to a specially qualified agency in the State that has submitted an application in accordance with subparagraph (A) and obtained approval of the application.

(C) SPECIALLY QUALIFIED AGENCY DEFINED. In this subpart, the term "specially qualified agency" means an eligible local educational agency served by a State educational agency that does not participate in a program under this subpart in a fiscal year, that may apply directly to the Secretary for a grant in such year under this subsection.

(b) LOCAL AWARDS.—(1) ELIGIBILITY. A local educational agency shall be eligible to receive a grant under this subpart if—

(A) 20 percent or more of the children ages 5 through 17 years served by the local educational agency are from families with incomes below the poverty line; and

(B) all of the schools served by the agency are designated with a school locale code of 6, 7, or 8, as determined by the Secretary.

(B) the agency meets the criteria established in clause (i) of subparagraph (A) and the Secretary, in accordance with paragraph (2), grants the local educational agency’s request to waive the criteria described in clause (ii) of such subparagraph.

(2) CERTIFICATION. The Secretary shall determine whether to waive the criteria described in paragraph (1)(A)(ii) based on a demonstration by the local educational agency, and concurrence by the State educational agency, that the local educational agency is located in an area defined as rural by a governmental agency of the State.

(2) (3) AWARD BASIS. A State educational agency shall award grants to eligible local educational agencies—

(A) on a competitive basis;

(B) according to a formula based on the number of students in average daily attendance served by the eligible local educational agencies or schools in the State; or
(C) according to an alternative formula, if, prior to awarding the grants, the State educational agency demonstrates, to the satisfaction of the Secretary, that the alternative formula enables the State educational agency to allot the grant funds in a manner that serves equal or greater concentrations of children from families with incomes below the poverty line, relative to the concentrations that would be served if the State educational agency used the formula described in subparagraph (B).

(c) RESERVATIONS. From amounts appropriated under section 6234 for this subpart for a fiscal year, the Secretary shall reserve—

(1) one-half of 1 percent to make awards to elementary schools or secondary schools operated or supported by the Bureau of Indian Affairs Education, to carry out the activities authorized under this subpart; and

(2) one-half of 1 percent to make awards to the outlying areas in accordance with their respective needs, to carry out the activities authorized under this subpart.

SEC. 6222 USES OF FUNDS. (20 U.S.C. 7351a)

(a) LOCAL AWARDS. Grant funds awarded to local educational agencies under this subpart shall be used for any of the following:

(1) Teacher recruitment and retention, including the use of signing bonuses and other financial incentives.

(2) Teacher professional development, including programs that train teachers to utilize technology to improve teaching and to train special needs teachers.

(3) Educational technology, including software and hardware, as described in part D of title II.

(4) Parental involvement activities.

(5) Activities authorized under the Safe and Drug-Free Schools program under part A of title IV.

(6) Activities authorized under part A of title I.

(7) Activities authorized under title III.

(1) Activities authorized under part A of title I.

(2) Activities authorized under part A of title II.

(3) Activities authorized under title III.

(4) Activities authorized under part A of title IV.

(5) Parental involvement activities.
(b) **ADMINISTRATIVE COSTS.** A State educational agency receiving a grant under this subpart may not use more than 5 percent of the amount of the grant for State administrative costs and to provide technical assistance to eligible local educational agencies.

**SEC. 6223 5223. APPLICATIONS. (20 U.S.C. 7351b)**

(a) **IN GENERAL.** Each State educational agency or specially qualified agency desiring to receive a grant under this subpart shall submit an application to the Secretary at such time, in such manner, and accompanied by such information at such time and in such manner as the Secretary may require.

(b) **CONTENTS.** At a minimum, each application submitted under subsection (a) shall include information on specific measurable goals and objectives to be achieved through the activities carried out through the grant, which may include specific educational goals and objectives relating to—

1. increased student academic achievement;
2. decreased student dropout rates; or
3. such other factors as the State educational agency or specially qualified agency may choose to measure.

(b) **CONTENTS.** Each application submitted under subsection (a) shall include information on—

1. program objectives and outcomes for activities under this subpart, including how the State educational agency or specially qualified agency will use funds to help all students meet the challenging State academic standards;
2. if the State educational agency will competitively award grants to eligible local educational agencies, as described in section 5221(b)(3)(A), the application under the section shall include—
   (A) the methods and criteria the State educational agency will use to review applications and award funds to local educational agencies on a competitive basis; and
   (B) how the State educational agency will notify eligible local educational agencies of the grant competition; and
3. a description of how the State educational agency will provide technical assistance to eligible local educational agencies to help such agencies implement the activities described in section 5222.

**SEC. 6224 5224. ACCOUNTABILITY REPORT. (20 U.S.C. 7351c)**

(a) **STATE REPORT.**—Each State educational agency or specially qualified agency that receives a grant under this subpart shall prepare and submit an annual report to the Secretary. The report shall describe—
(1) if the report is submitted by a State educational agency, the method the State
educational agency used to award grants to eligible local educational agencies, and to provide
assistance to schools, under this subpart;

(2) how local educational agencies and schools used funds provided under this
subpart; and

(3) the degree to which progress has been made toward meeting the goals and
objectives described in the application submitted under section 6223, including having all
students in the State or the area served by the specially qualified agency, as applicable, meet
the challenging State academic standards.

(b) SPECIALLY QUALIFIED AGENCY REPORT.——Each specially qualified agency that
receives a grant under this subpart shall provide an annual report to the Secretary. Such report
shall describe—

(1) how such agency uses funds provided under this subpart; and

(2) the degree to which progress has been made toward meeting the goals and
objectives described in the application submitted under section 6223.

(c) REPORT TO CONGRESS.——The Secretary shall prepare and submit to the
Committee on Education and the Workforce of the House of Representatives and the
Committee on Health, Education, Labor, and Pensions of the Senate a biennial report. The
report shall describe—

(1) the methods the State educational agencies used to award grants to eligible
local educational agencies, and to provide assistance to schools, under this subpart;

local educational agencies and schools used funds provided under this subpart; and

(3) the degree to which progress has been made toward meeting the goals and
objectives described in the applications submitted under section 6223.

(d) ACADEMIC ACHIEVEMENT ASSESSMENT.——Each local educational agency or
specially qualified agency that receives a grant under this subpart for a fiscal year shall
administer an assessment that is consistent with section 1111(b)(3).

(e) DETERMINATION REGARDING CONTINUING PARTICIPATION.——Each State
educational agency or specially qualified agency that receives a grant under this subpart shall—

(1) after the third year that a local educational agency or specially qualified
agency in the State receives funds under this subpart, and on the basis of the results of the
assessments described in subsection (d)—

(A) in the case of a local educational agency, determine whether the local
educational agency made adequate yearly progress, as described in section 1111(b)(2); and
(B) in the case of a specially qualified agency, submit to the Secretary information that would allow the Secretary to determine whether the specially qualified agency has made adequate yearly progress, as described in section 1111(b)(2);

(2) permit only those local educational agencies or specially qualified agencies that made adequate yearly progress, as described in section 1111(b)(2), to continue to receive grants under this subpart; and

(3) permit those local educational agencies or specially qualified agencies that failed to make adequate yearly progress, as described in section 1111(b)(2), to continue to receive such grants only if the State educational agency disbursed such grants to the local educational agencies or specially qualified agencies to carry out the requirements of section 1116.

SEC. 5225. CHOICE OF PARTICIPATION. (20 U.S.C. 7351d)

(a) IN GENERAL. If a local educational agency is eligible for funding under both this subpart and subpart 1, such local educational agency may receive funds under either this subpart or subpart 1 for a fiscal year, but may not receive funds under both subparts for such fiscal year.

(b) NOTIFICATION. A local educational agency eligible for funding under both this subpart and subpart 1 shall notify the Secretary and the State educational agency under which of such subparts the local educational agency intends to receive funds for a fiscal year by a date that is established by the Secretary for the notification.

Subpart 3 — General Provisions

SEC. 6234. 5231. ANNUAL AVERAGE DAILY ATTENDANCE DETERMINATION. (20 U.S.C. 7355)

(a) CENSUS DETERMINATION. Each local educational agency desiring a grant under section 6212 and each local educational agency or specially qualified agency desiring a grant under subpart 2 shall—

(1) not later than December 1 of each year, conduct a census to determine the number of students in average daily attendance in kindergarten through grade 12 at the schools served by the agency; and

(2) not later than March 1 of each year, submit the number described in paragraph (1) to the Secretary (and to the State educational agency, in the case of a local educational agency seeking a grant under subpart (2)).

(b) PENALTY. If the Secretary determines that a local educational agency or specially qualified agency has knowingly submitted false information under subsection (a) for the purpose of gaining additional funds under section 6212 or subpart 2, then the agency shall be
fined an amount equal to twice the difference between the amount the agency received under this section and the correct amount the agency would have received under section 6212 or subpart 2 if the agency had submitted accurate information under subsection (a).

SEC. 6232. SUPPLEMENT, NOT SUPPLANT. (20 U.S.C. 7355a)

Funds made available under subpart 1 or subpart 2 shall be used to supplement, and not supplant, any other Federal, State, or local education funds.

SEC. 6233. RULE OF CONSTRUCTION. (20 U.S.C. 7355b)

Nothing in this part shall be construed to prohibit a local educational agency that enters into cooperative arrangements with other local educational agencies for the provision of special, compensatory, or other education services, pursuant to State law or a written agreement, from entering into similar arrangements for the use, or the coordination of the use, of the funds made available under this part.

SEC. 6234. AUTHORIZATION OF APPROPRIATIONS. (20 U.S.C. 7355c)

There are authorized to be appropriated to carry out this part $300,000,000 for fiscal year 2002 and such sums as may be necessary for each of the 5 succeeding fiscal years $169,840,000 for each of the fiscal years 2017 through 2020, to be distributed equally between subparts 1 and 2.

PART C — GENERAL PROVISIONS

SEC. 6301. PROHIBITION AGAINST FEDERAL MANDATES, DIRECTION, OR CONTROL. (20 U.S.C. 7371)

Nothing in this title shall be construed to authorize an officer or employee of the Federal Government to mandate, direct, or control a State, local educational agency, or school’s specific instructional content, academic achievement standards and assessments, curriculum, or program of instruction, as a condition of eligibility to receive funds under this Act.

SEC. 6302. RULE OF CONSTRUCTION ON EQUALIZED SPENDING. (20 U.S.C. 7372)

Nothing in this title shall be construed to mandate equalized spending per pupil for a State, local educational agency, or school.