



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION

April 16, 2019

The Honorable Eleuterio Alamo
Interim Secretary of Education
Puerto Rico Department of Education
P.O. Box 190759
San Juan, PR 00919-0759

Dear Interim Secretary Alamo:

I am writing to you regarding the Puerto Rico Department of Education's (PRDE's) Student-Centered Funding (SCF) local flexibility demonstration agreement under section 1501 of the Elementary and Secondary Education Act of 1965 (ESEA), as amended by the Every Student Succeeds Act (ESSA). Through the SCF pilot, the U.S. Department of Education (Department) approved PRDE in June 2018 to consolidate eligible Federal funds with State funds to create a single school funding system based on weighted per-pupil allocations for students from low-income families, Spanish learners and otherwise disadvantaged students for three years starting with school year (SY) 2018-2019.

On October 30, 2018, PRDE submitted a request to amend its approved SCF funding system. Specifically, for SY 2018-2019, PRDE requested to reduce the amount of State funds that would flow through its system from 49 percent to 24 percent, to not include Title II, Part A funds at all, to reduce the amount of Title III, Part A funds that would flow through its system from 92 percent to 78 percent, and to adjust the Title I, Part A funds that would flow through the system from 53 to 54 percent. Given that the SY was well underway by late October, the Department had concerns about the basis on which PRDE was allocating its funds with its amendments pending. Moreover, the Department had significant concerns as to whether 24 percent of State funds flowing through its system constituted a "significant percentage" of its State funds, as required by ESEA section 1501(d)(2)(A)(iv) and which must be agreed to between PRDE and the Department during the application or amendment process. As a result, on December 4, 2018, the Department informed PRDE on a conference call that SY 2018-2019 would be designated as a planning year for SCF and implementation would formally begin in SY 2019-2020. Meanwhile, the Department agreed to provide technical assistance to PRDE through the Department's contractor, the State Support Network, on possible ways to amend its SCF funding system to better meet PRDE's needs. On January 3, 2019, the Department sent PRDE a letter formally designating SY 2018-2019 as a planning year and SY 2019-2020 as the first year of implementation for the SCF system and extending the local demonstration agreement such that it would run through SY 2021-2022. Unbeknownst to the Department at the time, PRDE had proceeded with allocations to schools for SY 2018-2019 consistent with its unapproved

400 MARYLAND AVE., SW, WASHINGTON, DC 20202
www.ed.gov

The Department of Education's mission is to promote student achievement and preparation for global competitiveness by fostering educational excellence and ensuring equal access.

amendments. Thus, PRDE allocated Title I, Part A and State funds in a manner that was inconsistent with its approved SCF agreement.

As a result of PRDE's noncompliance with its approved SCF agreement, I am providing notice pursuant to ESEA section 1501(h) that the Department will terminate PRDE's SCF agreement for SYs 2019-2020 and 2020-2021. Consequently, starting in SY 2019-2020, PRDE must comply with all applicable ESEA requirements, including the requirements for allocating Title I, Part A funds to schools under ESEA section 1113 and the comparability requirements in ESEA section 1118(c).

Consistent with section 1501(h) of the ESEA, PRDE may request a hearing regarding this matter. Consistent with section 1501(i) of the ESEA, PRDE may provide evidence if it believes this determination is in error for statistical or other substantive reasons. If you wish to request a hearing or provide additional evidence, you must do so within 10 business days of receipt of this letter.

Please note that this decision does not preclude PRDE from applying to the Department to enter into a new SCF agreement that could begin in SY 2020-2021 or later. The Department is willing to provide technical assistance to PRDE to support its proper implementation of ESEA allocation requirements or to support your work on a future SCF application. If you would like such assistance or have any questions, please contact my staff at: PuertoRico.OESE@ed.gov. We look forward to continuing to work with you to support students in Puerto Rico.

Sincerely,

/s/

Frank T. Brogan
Assistant Secretary for
Elementary and Secondary Education

cc: Yanín Dieppa Perea, Director of Federal Affairs, PRDE