Carryover Requirements for Title I, Part A Grants to Local Educational Agencies and Section 1003(g) School Improvement Grants

February 17, 2011
WEBINAR
Student Achievement and School Accountability Programs
Office of Elementary and Secondary Education

Slide 4: AGENDA

Thank you for that introduction, Pat, and to SASA for offering the opportunity to discuss the carryover requirements as they relate to Title I, Part A funds and School Improvement Grant (SIG) funds made available under section 1003(g) of the Elementary and Secondary Education Act of 1965 for fiscal years (FY) 2009 and 2010.

- My colleague, Todd Stephenson, and I will focus on the general requirements concerning the period of availability of Title I, Part A and SIG funds under the General Education Provisions Act (GEPA).

- We will look at the specific carryover requirements as they apply to Title I, Part A and SIG funds, the use of Part A carryover funds, and waivers related to the carryover of Title I, Part A and SIG funds.

- At the end of our presentation, we hope to have 10 to 15 minutes for questions and comments. Judy Becker from the Office of General Counsel is also here to help us respond to your questions.

Slide 5: TITLE I, PART A CARRYOVER REQUIREMENTS

We will first focus on the Title I, Part A carryover requirements.

Slide 6: AVAILABILITY OF TITLE I, PART A FUNDS

For FY 2009, Congress appropriated an unprecedented $25 billion for Title I, Part A. Of this amount:

- Approximately $15 billion was made available through the regular FY 2009 appropriation; and

- $10 billion was made available through the American Recovery and Reinvestment Act of 2009, also known as ARRA.

For FY 2010, Congress appropriated approximately $15 billion for Title I, Part A.

Slide 7: AVAILABILITY OF FUNDS FOR OBLIGATION: GEPA 421(b)

Under section 421(b) of the General Education Provision Act (which is sometimes referred to as GEPA, and this particular provision of GEPA is sometimes referred to as the Tydings Amendment) (20 U.S.C. § 1225(b)), an SEA or LEA that does not obligate all of the Title I, Part A funds allocated to it for a given fiscal year may carry over the unobligated funds and obligate them during the succeeding fiscal year.

- Title I funds made available under the FY 2009 regular appropriation and ARRA had an initial period of availability for obligation through September 30, 2010.

- Under the Tydings Amendment, after the initial period of availability, FY 2009 funds made available under ARRA and the regular FY 2009 appropriation remain available for obligation for an additional 12 months through September 30, 2011.

- Similarly, Title I, Part A funds made available under the FY 2010 appropriation have an initial 15-month period of availability for obligation through September 30, 2011.

- The Tydings Amendment extends the initial obligation period of FY 2010 funds for an additional 12 months until September 30, 2012.

Slide 8: TITLE I, PART A CARRYOVER REQUIREMENTS

Although the Tydings amendment extends the period for obligating funds for an additional 12 months, section 1127 of the Title I statute limits that authority. It provides that an LEA may carry over no more than 15 percent of its Title I allocation from one fiscal year to the next.

- This limitation applies only to Title I, Part A funds received under Subpart 2—i.e., basic grants, concentration grants, targeted grants and EFIG grants. For example, the limitation does not apply to the four percent a State must reserve for school improvement under section 1003(a) of the Elementary and Secondary Education Act (ESEA), funds reserved for State administration under section 1004 of ESEA, or funds reserved for the State Academic Achievement Awards program under section 1117(b) of ESEA.

- The limitation also does not apply to an LEA that receives less than $50,000**.**

Slide 9: CARRYOVER REQUIREMENTS

- The LEA allocation base used to calculate the 15 percent limitation (*i.e.*, to determine the amount of Title I, Part A funds an LEA may carry over into the next fiscal year) does not include funds carried over from the previous year, reallocated funds, school improvement funds (received either under section 1003(a) or section 1003(g) of the ESEA), or funds received under the State Academic Achievement Awards program.

- However, funds transferred into Title I, Part A under the transferability authority in Title VI, Part A, Subpart 2 of the ESEA are included in base.

Slide 10: CARRYOVER REQUIREMENTS

- Carryover funds do not affect the allocation base on which reservations are calculated. For example, the allocation base on which the one percent reserve for parent involvement is calculated should not include funds that an LEA has carried over from the previous year. This is because the funds carried over were included in the prior year's base to determine reservations in that year.

- Funds are available for obligation through September 30, even if the state's fiscal year ends earlier. While an SEA may establish a project year that is the same as its State fiscal year so that it begins on July 1 and ends on June 30 of the following year, an LEA is entitled to access Title I funds for the full 15-month initial period of availability (i.e., until September 30) before the limitation on carryover funds applies. Therefore, an SEA may not apply the limitation on carryover until after September 30, even if the SEA approves projects for a period from July 1 through June 30.

- The SEA should establish controls to ensure that, after September 30 of each year, an LEA is not allowed to use any prior-year funds that exceed the 15 percent carryover limitation (unless it has been granted a waiver, which we'll discuss momentarily). If an LEA's project includes both prior-year and current-year funds, charges should be made against prior-year funds first in order to reduce any amounts that are in excess of the carryover limitation. The SEA or LEA must continue to account for funds by grant year.

- In cases where an LEA has exceeded its carryover limitation in the absence of a waiver, an SEA may reallocate the excess amount to other LEAs in accordance with section 1126(c) of the ESEA.

Slide 11: CARRYOVER WAIVERS

- An SEA may waive the carryover limitation once every 3 years if—

  - The SEA determines that the request of an LEA is reasonable and necessary; or

  - Supplemental appropriations for Title I, Part A become available.

- Because of the unprecedented increase in Title I, Part A funds under ARRA for FY 2009, the Secretary invited SEAs to submit requests for waivers of the "once-in-three-years" limitation to granting carryover waivers to their LEAs.

Slide 12: CARRYOVER WAIVERS

- The waivers that were granted in response to these requests allow SEAs to waive the 15 percent carryover limitation more than once every three years if the second (or third) waivers were necessary because of the influx of ARRA funds.

- The waivers of the "once-in-three-years" limitation applied to:

  - FY 2009 (SY 2009 -10) ARRA and regular Part A funds. This would be the first full school year for which ARRA funds were appropriated and, given the large amount of ARRA funds, an LEA may need a waiver to carry over into FY 2010-2011 more than 15% of its combined FY 2009 Part A and ARRA funds; and

- FY 2010 (SY 2010-11) regular Part A funds. An LEA that needs a waiver of the carryover limitation to carry over into SY 2010-2011 more than 15% of its FY 2009 funds because of the large influx of ARRA funds may likely then have an excess of SY 2010 regular Part A funds at the end of the year. Accordingly, the LEA may also request a waiver to carry over more than 15% of its regular FY 2010 Part A funds into SY 2011-2012.

Slide 13: CARRYOVER WAIVERS

➢ The chart on slide 13 illustrates how the "once-in-three-year" limitation would work going forward if, through the waiver of that limitation, an SEA granted an LEA a waiver of the carryover limitation for SY 2010-11 Title I, Part A funds that the LEA carries over into SY 2011-12.

➢ In this situation, SY 2010–2011 becomes the first of the three years in which an SEA can waive the 15 percent limitation, and the LEA would not be eligible for another waiver from the SEA of the carryover limitation until Federal FY 2013, which would affect the carryover of SY 2013-14 Title I, Part A funds into SY 2014-15.

Slide 14: USE OF CARRYOVER FUNDS

➢ An LEA has considerable discretion in using carryover funds. Some options include:

- Adding carryover funds to the LEA's current-year allocation and distributing them to participating areas and schools in accordance with allocation procedures, ensuring equitable participation of private school children.

- Allocating to schools with the highest concentrations of poverty in the LEA, thus providing a higher per-pupil amount to those schools while ensuring equitable participation of private school children.

- Providing additional funds for specific activities such as school improvement activities.

- Providing additional funds to any of the activities supported by the reservations outlined in § 200.77 of the Title I regulations. (Note that if an LEA adds carryover funds to a reservation to which equitable services apply (*e.g.*, parental involvement), the LEA must also provide equitable services from the carryover funds).

Slide 15: CARRYOVER QUESTIONS

The next several slides address several questions related to carryover.

➢ The first question is what if an LEA does not spend all of the funds it was required to reserve for a specific purpose in a given year?

- In this situation, the LEA must carry over the unspent funds and spend them for the specific purpose in the following year. This would be **in addition** to the amount it would be required reserve for that activity for the following year.

- For example, an LEA has a large enough allocation that it is required under section 1118(a)(3)(A) of the ESEA to reserve at least one percent of its allocation for parent involvement. Because there is no flexibility for the LEA to use a lesser amount, if the LEA spends less than one percent of its allocation for this purpose, the LEA must carry over any unused funds reserved for parent involvement into the following year and use those funds for that purpose, in addition to the one percent that it must reserve for this purpose in the following year.

Slide 16: CARRYOVER QUESTIONS

- A second question is whether unspent funds from required reservations that are carried over, as we just discussed, are included in determining whether an LEA has exceeded the 15 percent carryover limitation?

- The answer is yes. The carryover limitation applies to the entire Title I, Part A allocation, and, therefore, includes any funds reserved but not spent. For example, if the combination of unused funds reserved for parent involvement and other unspent Part A funds exceeds 15 percent of an LEA's total Part A, Subpart 2 allocation, the excess funds must be returned to the SEA for reallocation to other LEAs, unless the SEA grants the LEA a waiver of the 15 percent limitation. As discussed in the prior question, in this example, the LEA must first expend its carry over funds to meet its parent involvement obligations before it can spend those funds on other activities.

- Keep in mind that the LEA must still meet its obligations with respect to the statutory reservations from funds allocated to the LEA for the subsequent school year.

Slide 17: CARRYOVER QUESTIONS

- A third question is how does the carryover provision apply to funds used to provide equitable services.

- The answer is it depends. If, for example, an LEA has provided equitable services for private school students, any carryover funds from the non-private school portion of Title I funds would be additional funds for the LEA’s general Title I program in the following year.

Slide 18: CARRYOVER QUESTIONS

- However, if the LEA does not provide sufficient equitable services in a given year, it must carry over the unobligated funds and spend them to provide equitable services the following year. This would be in addition to the services eligible private school students are entitled to in the following year.

Slide 19: SCHOOL IMPROVEMENT GRANTS (SIG) (ESEA SECTION 1003(g)): PERIOD OF AVAILABILITY AND CARRYOVER

I am going to turn next to Todd who will talk about the period of availability and carryover requirements under the SIG program.

Slide 20: AVAILABILITY OF SIG FUNDS

- For FY 2009, Congress appropriated $3.5 billion for SIG. Of this amount:
  - $546 million was made available through the regular FY 2009 appropriation; and
  - $3 billion was made available through the American Recovery and Reinvestment Act of 2009 (ARRA).
- For FY 2010. Congress appropriated $546 million for SIG.

Slide 21: EXTENSION OF THE PERIOD OF AVAILABILITY OF FY 2009 SIG FUNDS

- ED granted every SEA a waiver to extend the period of availability for FY 2009 SIG funds until September 30, 2013 at the time they applied for FY 2009 SIG funds.
- This waiver enables LEAs to implement their school improvement programs over three school years (2010-2011, 2011-2012, and 2012-2013).

Slide 22: SIG CARRYOVER – MANDATORY 25 PERCENT

- Under the final SIG requirements, an SEA that did not serve all its Tier I schools during SY 2010-2011 was required to carry over 25 percent of its FY 2009 allocation to award with its FY 2010 funds to fully implement SIG programs beginning in SY 2011-2012.
- We note that some SEAs received a waiver of this requirement to enable them to carry over less than 25 percent of their FY 2009 SIG funds because they had sufficient Tier I and Tier II schools ready to implement a school intervention model in SY 2010-2011 and needed more than 75 percent of their FY 2009 SIG funds to fully fund the interventions in those schools.

Slide 23: ADDITIONAL SIG CARRYOVER

- An SEA was also permitted to carry over more than 25 percent of its FY 2009 SIG funds if the SEA was able to fund, for the full period of availability, all Tier I and Tier II schools its LEAs committed to serve, and that the SEA determined its LEAs had capacity to serve, beginning in SY 2010-2011.

Slide 24: EXTENSION THE PERIOD OF AVAILABILITY OF FY 2009 CARRYOVER SIG FUNDS

- The FY 2010 SIG application invites SEAs to request a waiver to extend further the availability of <u>FY 2009</u> <u>carryover</u> funds to September 30, 2014.

- This waiver would affect FY 2009 SIG funds an SEA has carried over for its FY 2010 SIG competition, as we just discussed on the prior two slides.

- Such a waiver would enable a school that starts to fully implement its SIG program in SY 2011-2012 to do so over three school years. (2011-12, 2012-13, and 2013-14).

Slide 25: CARRYOVER OF SIG FUNDS BY LEAS

- In general, an LEA that does not obligate all of the SIG funds awarded to it for a given year may carry over those funds and obligate them during the succeeding fiscal year.

- However, the implications of carryover in SIG are different than in Title I, Part A, given that, for LEAs, SIG is competitive, not a formula grant. In other words, in SIG, an LEA is not necessarily entitled to any particular amount of funds; rather, an LEA that is awarded SIG funds is entitled only to the funds it actually needs to implement its approved SIG plan.

- Therefore, an LEA that has FY 2009 SIG funds remaining for carryover because its actual implementation costs were lower than the amount of funds it received for implementation in 2010–2011 should notify its SEA of the carryover and, if appropriate, amend its SIG budget.

Slide 26: CARRYOVER OF SIG FUNDS BY LEAS

- An LEA's implementation costs may be lower than the amount of SIG funds it received for various reasons. For example:
  - The actual costs of each activity that it carried out as part of its implementation of its SIG plan were lower than anticipated; or
  - The LEA determined that it was unable to implement its SIG plan as originally proposed.

- For an LEA in the second situation, the LEA and SEA should carefully review the SIG FAQ addendum that ED released yesterday. Hopefully you have all received that addendum; it was attached to an email sent by Pat McKee. It will also be posted on ED's website in the coming days.
- In particular, I would refer you to question F-5 in the addendum, which discusses what happens if an LEA determines, after having been awarded a SIG grant, that it is unable to implement the model it originally selected as it had planned in its SIG application. F-5a, which discusses various implications of an LEA's deciding to close a school after having originally been awarded funds to implement one of the other school intervention models, should be reviewed carefully, as well.

Slide 27: CARRYOVER OF SIG FUNDS BY LEAS

- For an LEA that has FY 2009 SIG funds remaining for carryover because its actual implementation costs for each activity were lower than originally anticipated (*i.e.*, the LEA has excess funds remaining even though it carried out all activities as planned in its SIG application), the LEA should notify its SEA of the carryover and amend its SIG budget accordingly.

- An SEA that is notified by an LEA that the LEA has carryover available for this reason should:

- Carefully review the LEA’s amended budget;
- Allocate to the LEA only the amount of funds necessary for implementation in years 2 and 3, taking into account the available carryover; and
- Consider reallocating to other LEAs any excess funds that were initially reserved for the LEA that no longer needs them in light of the available carryover.

Slides 28, 29, and 30: LINKS TO GUIDANCE DOCUMENTS

- This slide shows several links to guidance documents we have released that address Title I, Part A and SIG carryover issues.
- We have several minutes left, and Sandy, Judy Becker, and I will be glad to respond to questions that you typed in the chat function.
- At the end our SASA moderators have a few announcements and an evaluation survey for you.