TECHNICAL ASSISTANCE PAPER

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CARRYOVER PROVISIONS FOR TITLE I, PART A, PROGRAMS

Introduction

A number of federal education grant programs operate under the "Tydings Amendment," which makes certain federal funds available for 27 months. As articulated in section 421(b) of the General Education Provisions Act (GEPA), grant recipients (state education agencies - SEAs) and subrecipients (local education agencies - LEAs) must obligate funds during the 27 months extending from July 1 of the fiscal year for which the funds were appropriated through September 30 of the second succeeding fiscal year. This maximum period includes a 15-month period of initial availability plus a 12-month period for carryover. However, section 1127(a) of Title I of the Elementary and Secondary Education Act (ESEA) limits the amount of Title I, Part A, funds an LEA may carry over from one fiscal year's allocation to not more than 15 percent of the total Title I, Part A, funds allocated to the LEA for that fiscal year.

Florida implements the "Tydings Amendment" for all entitlement programs such as Title I, Part A, by making awards for an initial 12 to 14-month period and then allowing LEAs to roll forward unexpended funds to the following project period either by estimating the amount to be rolled forward as part of the project application for the subsequent period or by amending the amount of the roll forward into the subsequent project after the amount has been certified by the Comptroller's Office. To ensure that LEAs receive the maximum 15 months for expenditure of funds during the initial availability period, the amount of Title I, Part A, funds eligible for roll forward is not calculated until after September 30 of each year, including both expenditures from the initial project period as well as any reported expenditures from the beginning of second period through September 30.

The following example illustrates how the 27-month availability for Title I, Part A funds and the carryover limitation operate for an LEA that received an allocation under the FY 2005 (2005-06) appropriation.

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EXAMPLE:

Federal FY 2005 Appropriation
(Title I, Part A, Funds Allocated to the LEA from Funds Made Available on July 1, 2005 - Total $1,500,000)

Total allocation	$1,500,000
Minimum amount LEA must obligate between July 1, 2005 – September 30, 2006 to avoid excess carryover (85 percent of total appropriation)	1,275,000
Amount LEA may carryover and obligate during October 1, 2006 – September 30, 2007 (carryover period provided under section 421(b) of GEPA)	225,000

During the first 15 months that the Title I, Part A, funds are available, the LEA must, by September 30, 2006, obligate at least $1,275,000 (85 percent) of the total allocated to it. The LEA may carry over a maximum of $225,000 (15 percent) into the next fiscal year and must obligate those funds by September 30, 2007. Any funds that remain unobligated after that date revert to the U.S. Treasury.

Questions and Answers on Carryover

1. What actions must the Department of Education (DOE) take with respect to an LEA that exceeds the 15 percent carryover limitation?

Unless it grants the LEA a waiver of the carryover limitation, the DOE must reduce that LEA's allocation by the exact amount it exceeds its 15 percent carryover limitation. The following chart illustrates how much an LEA's allocation would be reduced because it exceeded its carryover limitation.

EXAMPLE:

		Amount	Percent of Total Allocation
1	Total FY 2005 allocation (funds become available on July 1, 2004)	$1,500,000	
2	Minimum obligation for period July 1, 2005 – September 30, 2006	1,275,000	85%
3	Maximum amount an LEA may carry over into next fiscal year (October 1, 2006 – September 30, 2007)	225,000	15%
4	Actual amount LEA obligated for period July 1, 2005 – September 30, 2006	1,200,000	80%
5	Amount unobligated as of September 30, 2006	300,000	20%
6	Amount by which the LEA is over the 15% carryover limitation and would be reduced (Line 5- Line 3) *	75,000	

* This amount would be available for DOE to reallocate to other LEAs as provided under section 1126(c) of Title I.

2. On what amount is the 15 percent limitation on carryover based?

The percentage limitation is applied to the amount allocated to the LEA under Title I, Part A, for the current year, plus any funds transferred into Title I, Part A, under the authority in Title VI, Part A, Subpart 2. It does not include carryover funds from the preceding year, excess funds that the SEA reallocated to the LEA under section 1126(c) of Title I, or school improvement funds received under section 1003.

3. Does an LEA include funds carried over from the previous fiscal year in the current year's allocation base to determine statutory reservations?

No. Title I requires an LEA to reserve certain percentages of its Title I allocation for specific purposes. For example, under section 1118(a)(3), an LEA must generally reserve at least one percent of its allocation for parent involvement activities. The base for calculating any of the reserves required under Title I is only the current year amount allocated to the LEA for Title I, Part A, plus any funds transferred into Title I, Part A, under the authority in Title VI, Part A, Subpart 2. The LEA would not include carryover funds from the preceding year (or the other types of funds mentioned in Q2) when determining current-year reservations.

4. Do funds an LEA transfers into its Title I, Part A, program from other ESEA programs under the transferability authority in Title VI, Part A, Subpart 2 of the ESEA affect the base on which the 15 percent carryover limitation is calculated?

Yes. Because transferred funds are subject to the rules and requirements of the programs to which they are transferred, the amount an LEA transfers into Title I, Part A, from other ESEA programs increases the Part A resources available to the LEA. Thus, the DOE must base the calculation of an LEA's 15 percent carryover limitation on the Title I, Part A, funds allocated to the LEA plus any funds the LEA transferred into Part A from other ESEA programs. The following chart illustrates how this would work:

EXAMPLE:

		Amount	Percent of Total Available for Title I
1	Total FY 2005 Title I, Part A allocation *	$1,500,000	
2	Other ESEA Funds transferred into Title I, Part A under Title VI, Part A, Subpart 2 for SY 2005-06 *	50,000	
3	Total (Lines 1 and 2)	1,550,000	
4	Minimum obligation for period July 1, 2005 – September 30, 2006 (85% of Line 3)	1,317,500	85%
5	Maximum amount an LEA may carry over into the next fiscal year (October 1, 2006 – September 30, 2007)	232,500	15%

* These funds became available on July 1, 2005.

5. May DOE waive the 15 percent limitation on carryover funds?

Yes. Section 1127(b) of Title I provides that an SEA may, once every three years, waive the 15 percent carryover limitation if—

- The SEA determines that the request of an LEA is reasonable and necessary; or
- Supplemental appropriations for Title I, Part A, become available. *[Section 1127(b)]*

6. What happens to excess funds carried over by an LEA?

If an LEA does not have a waiver of the carryover limitation, the DOE will reallocate the excess funds to other LEAs in accordance with the criteria established under section 1126(c) of Title I.

7. Does the carryover limitation apply to school improvement funds an LEA may receive from the four percent DOE reserves under section 1003 of Title I?

No. The carryover limitation applies only to funds an LEA is allocated under Title I, Part A, plus any funds transferred into Title I, Part A, under the authority in Title VI, Part A, Subpart 2.

8. How does an LEA handle Title I, Part A, funds that are carried over when allocating funds to school attendance areas?

Although an LEA may not use carryover funds to provide services to an ineligible Title I school, an LEA has considerable discretion in handling carryover funds. Some of these 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 that ensure 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, ensuring equitable participation of private school children.
- 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 calculate and provide equitable services from the carryover funds.)

9. If an LEA is required in a given year to reserve a specific amount of funds for a particular purpose but does not spend all of those funds in that year, may the LEA carry over those unspent funds and spend them in accordance with the flexibility noted in the answer to Question 8?

No. If an LEA is required to spend a specific amount of its Title I, Part A, allocation in a given year for a particular purpose, the LEA must meet that obligation. If it does not do so in the year for which the funds were allocated, it must carry over the unspent funds and spend them for the specific purpose in the following year. For example, under section 1116(c)(7)(A)(iii) of Title I, an LEA that has been identified for school improvement must reserve and use ten percent of its Title I, Part A, allocation for professional development activities. The LEA does not have any flexibility to spend less. Thus, an LEA that has been identified for improvement in the 2005-06 school year must spend at least ten percent of its 2005-06 allocation, which first became available on July 1, 2005, within 27 months. Any funds that the LEA reserved for professional development in 2005-06, but did not use that year, must be carried over into the 2006-07 school year and used for professional development activities. These carryover funds may not be used for other Title I purposes. In addition to the 2005-06 funds carried over for professional development activities, the LEA, if it is still identified for improvement in the 2006-07 school year, must also reserve ten percent from its 2006-07 Title I, Part A, allocation for professional development activities.

14. If an LEA reserves 20 percent of its Title I, Part A, allocation for supplemental educational services (SES) and choice-related transportation, but spends less than that amount, is the LEA required to carry over the unspent funds for SES and choice-related transportation costs in the following year?

It depends. There are several situations in which an LEA would need to carry over unspent Title I, Part A, funds in this context. For example, if an LEA has documented demand (e.g., parent applications) to absorb the full 20 percent on choice-related transportation and SES but, for whatever reason, spends less than 20 percent, an LEA would be out of compliance and subject to enforcement sanctions unless it reopens enrollment for SES and/or public school choice. If reopening enrollment is impossible, the LEA must carry over to the following school year the unexpended balance of the set-aside and use that balance for choice-related transportation and SES in that year—in addition to spending an amount equal to 20 percent of that year’s Title I, Part A, allocation. An LEA may find itself in this position if there is a lower than expected enrollment rate among eligible students that applied for SES, or if the student attendance levels in SES tutoring sessions are lower than anticipated, but there is unmet demand for choice or SES among other eligible students.

Another scenario in which an LEA would need to carry over unspent funds for choice and SES is if the LEA initially prioritizes the students to whom it offers SES—e.g., its lowest-achieving, low-income students—and demand from those students does not absorb the full 20 percent. In this instance, the LEA would need to reopen enrollment to all eligible students or carry over to the following year the unexpended balance of the set-aside and use that balance for choice-related transportation and SES in that year—again, in addition to spending an amount equal to 20 percent of that year’s Title I, Part A, allocation, too.

On the other hand, if an LEA offers all eligible students the opportunity to transfer to other schools and to receive SES and demand for those services does not absorb an amount equal to 20 percent of the LEA’s allocation, the LEA may use those funds for other allowable activities during the year in which the reservation was made (pending DOE authorization to reallocate the funds) or carry over the unexpended balance and use those funds for any purposes for which carryover funds may be used. If these funds are carried over, the equitable participation requirements for private school children in Title I would apply. *[Section 1120; 34 CFR 200.64]*

15. Are unspent funds from required reservations included in the carryover limitation?

Yes. The 15 percent carryover limitation applies to the LEA's entire Part A, Subpart 2, allocation and, therefore, includes any funds reserved but not spent. For example, if the combination of unused funds reserved for professional development and other unspent Part A funds exceeds 15 percent of an LEA's total Part A, allocation, the excess funds must be returned to the SEA for reallocation to other LEAs, unless the SEA grants the LEA a waiver. However, the LEA must still meet its obligations with respect to the statutory reservations from funds available for the subsequent school year.

16. Do funds carried over from reserves affect the amount of money an LEA must reserve in the following year?

No. For example, an LEA identified for improvement reserves funds for professional development in 2004-05 and carries over some of those funds into 2005-06. That LEA would still be required to reserve ten percent from its 2005-06 Title I allocation for professional development if it were still in program improvement status. The ten percent reserve taken from 2005-06 funds would be in addition to the funds the LEA carried over from the previous year for this purpose.

17. How does the carryover provision apply to equitable services to private school children?

In general, if an LEA provided equitable services for private school students in the first year, any carryover funds would be considered additional funds for the entire Title I program in the subsequent year and would be part of the LEA's Title I resource base in the next year. Those funds would be used, along with any other carryover funds, for serving both public and private school students on an equitable basis. This situation might occur, for example, if private school students did not fully participate in the federal program in the first year, even though an equitable program was planned and offered for those students.

However, there may be a circumstance in which equitable services were not provided. For example, there was a delay by an LEA in implementing an equitable program for private school children because of consultation and notification issues between private school officials and the LEA. As a result, the LEA could not spend all the funds it had available for providing equitable services to private school children and needed to carry over those funds and use them to provide services to private school children in the following year. These carryover funds would be in addition to funds that the LEA would otherwise be required to use to provide equitable services for private school students out of the LEA’s current-year allocation.

Under either situation, the LEA retains control of the federal funds carried over into the following year. No funds are provided directly to private schools.