



ESEA Information Update

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Topic: Flexible Use of ESEA Program Funds Across Titles (Transferability)

The recently reauthorized federal Elementary and Secondary Education Act (ESEA), also known as the No Child Left Behind (NCLB) Act of 2001, includes under Title VI expanded flexibility to use available funding across identified programs. This bulletin addresses the provision of transferability, available to all local education agencies (LEAs), and the Rural Education Initiative, available to rural school districts.

Transferability Authority

Transferability is a new provision that allows local education agencies (except an LEA identified for improvement) to transfer up to 50 percent of the formula allocations between programs. The applicable funding includes:

- Title II, Part A — Teacher and Principal Training and Recruitment
- Title II, Part D, Subpart 1 — Enhancing Education through Technology
- Title IV, Part A, Subpart 1 — Safe and Drug-Free Schools and Communities
- Title V, Part A — Innovative Programs

In addition, LEAs may transfer up to 50 percent of any program funds listed above into Title I, Part A. An LEA may not transfer funds allocated under Title I, Part A, into any other program. Transferred funds are subject to the requirements of the program from which they are transferred.

LEAs identified for improvement under Title I, section 1116(c), may transfer no more than 30 percent of funds allocated under the title mentioned above and may transfer only for school improvement activities. LEAs that are in corrective action status are prohibited from transferring funds under transferability authority.

The U. S. Department of Education's (USDE) final guidance on transferability can be accessed at <http://www.ed.gov/policy/elec/guid/edpicks.jhtml?src=fp>.

Transfer Process

Before transferring funds under Transferability Authority, an LEA must:

- engage in timely and meaningful consultation with private school officials to provide for the equitable participation of private school students and staff (see bulletin on equitable participation by private schools at http://www.dpi.state.wi.us/dpi/esea/bul_0208.html).

- determine which funds are to be transferred (subject to the applicable percentage limitations) and the programs to which the funds will be transferred.
- modify each affected LEA plan or application to account for the transfer.
- notify DPI of the transfer at least 30 days before the effective date of the transfer.
- keep the transferred funds in their original account(s) but maintain documentation that shows how the transferred funds in the original account(s) have been reclassified. In other words, in transferring funds, an LEA does not actually have to move funds from one account to another as long as it maintains adequate documentation to account for the transfer.

Districts wishing to revise their consolidated applications to take advantage of the flexibility provisions can do so right on the budget pages of the [NCLB Consolidated Application](#).

Claiming Process

The LEA must maintain records demonstrating how a program's overall funds (including transferred funds) are spent. However, the LEA does not have to account separately for the expenditure of the funds that were transferred into a program. A simple spreadsheet may be sufficient to document transferred cost in most cases.

If an LEA wishes to keep transactions separate, the Wisconsin Uniform Financial Accounting Requirements has built-in flexibility to do so. A separate project code, location code, or possibly function code can be assigned to track each respective transfer. The main goal is to be able to document and account for transferred funds expended at the local level if the LEA chooses to utilize the flexibility provisions of the law.

All ESEA expenditure reimbursements must be claimed on the standard report form (PI-1086) used to account for all DPI-administered grant programs. Because DPI must make "cash draws" from the USDE on the basis of how funds were allocated to the State of Wisconsin, LEAs must report back to DPI on the same basis as funds were generated by each program. The term "transferability" should be associated with the flexibility on the use of funds, not actual allocation transfer between programs.

Rural Education Initiative

The Rural Education Initiative contains a provision called the "Alternative Use of Funds Authority." This provision gives an LEA broader authority in spending applicable funds. It provides flexibility to eligible LEAs to use specific Federal formula funds to support local activities under an array of Federal programs in order to assist them in addressing local academic needs more effectively.

An LEA is eligible for this provision if they have an average daily attendance of less than 600 and locale code of 7 or 8.

Under the provision, Federal formula funds received under these programs are applicable funds:

- (1) Subpart 2 of Part A of Title II (Improving Teacher Quality State Grants);
- (2) Part D of Title II (Educational Technology State Grants);
- (3) Part A of Title IV (Safe and Drug-Free Schools and Communities); and
- (4) Part A of Title V (State Grants for Innovative Programs).

An LEA with REAP-Flex authority may use all or part of its “applicable funding” for local activities authorized under one or more of the following ESEA programs:

- (1) Part A of Title I (Improving the Academic Achievement of the Disadvantaged);
- (2) Part A of Title II (Improving Teacher Quality State Grants);
- (3) Part D of Title II (Educational Technology State Grants);
- (4) Title III (Language Instruction for Limited English Proficient and Immigrant Students);
- (5) Part A of Title IV (Safe and Drug-Free Schools and Communities);
- (6) Part B of Title IV (21st Century Community Learning Centers); and
- (7) Part A of Title V (State Grants for Innovative Programs).

When an eligible LEA has participated in this program for three years, the state must determine that the LEA is making adequate yearly progress. Only LEAs that have made adequate yearly progress may continue to participate, unless they are using the provision to carry out Title I school improvement provisions under section 1116 of the No Child Left Behind Act.

Information on Wisconsin’s Title VI, Part B: Rural Education Initiative can be found at:

<http://dpi.wi.gov/fscp/rehmpage.html>

and Federal guidance can be found at:

<http://www.ed.gov/policy/elsec/guid/reap03guidance.doc>

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