

DEPARTMENT OF EDUCATION

CROSS-CUTTING SECTION

INTRODUCTION

This section contains compliance requirements that apply to more than one Department of Education (ED) program either because the program was authorized under the Elementary and Secondary Education Act of 1965 (ESEA), or the program is subject to the General Education Provisions Act (GEPA), or both. The compliance requirements in this ED Cross-Cutting Section reference the applicable programs in Part 4, Agency Compliance Requirements. Similarly, the applicable programs in Part 4 reference this ED Cross-Cutting Section.

CFDA No.	Program Name	Listed as
ESEA Programs		
84.010	Title I Grants to Local Educational Agencies (LEAs)	Title I, Part A
84.011	Migrant Education—State Grant Program	MEP
84.282	Charter Schools	CSP
84.287	Twenty-First Century Community Learning Centers	21st CCLC
84.365	English Language Acquisition Grants	Title III, Part A
84.366	Mathematics and Science Partnerships	MSP
84.367	Supporting Effective Instruction State Grant	Title II, Part A
84.424	Student Support and Academic Enrichment Grants	Title IV, Part A
Other Programs		
84.002	Adult Education—State Grant Program	Adult Education
84.027	Special Education—Grants to States (IDEA, Part B)	IDEA
84.173	Special Education—Preschool Grants (IDEA Preschool)	
84.042	TRIO—Student Support Services	TRIO Cluster
84.044	TRIO—Talent Search	
84.047	TRIO—Upward Bound	
84.066	TRIO—Educational Opportunity Centers	
84.217	TRIO—McNair Post-Baccalaureate Achievement	
84.048	Career and Technical Education – Basic Grants to States (Perkins IV)	CTE

84.126 Rehabilitation Services – Vocational Rehabilitation Grants
to States Vocational Rehabilitation

84.181 Special Education—Grants for Infants and Families with Disabilities IDEA, Part C

Transition from the ESEA, as amended by the No Child Left Behind Act (NCLB), to the ESEA, as amended by the Every Student Succeeds Act (ESSA)

The ESEA was amended December 10, 2015 by the ESSA (Pub. L. No. 114-95). The ESEA was previously amended January 8, 2002 by NCLB (Pub. L. No. 107-110).

The 2016–2017 school year was a transition year to the ESEA, as reauthorized by the ESSA. Generally, all requirements of the amended ESEA first apply in the 2017-2018 school year.

Waivers and Expanded Flexibility

Under Section 8401 of the ESEA, as amended, State educational agencies (SEAs), Indian tribes, local educational agencies (LEAs) through their SEA, and schools through their LEA and SEA may request waivers from ED of many of the statutory and regulatory requirements of programs authorized in the ESEA. In addition, some States may have been granted authority to grant waivers of Federal requirements under the Education Flexibility Partnership Act of 1999.

I. PROGRAM OBJECTIVES

Program objectives for programs covered by this cross-cutting section are set forth in the individual program sections of this Supplement.

II. PROGRAM PROCEDURES

Plans for ESEA Programs

An SEA must either develop and submit separate, program-specific individual State plans to ED for approval as provided in individual program requirements outlined in the ESEA or submit, in accordance with Section 8302 of the ESEA, a consolidated plan to ED for approval. ED is reviewing State plans during the 2017–2018 school year, and SEAs were not required to have approved State plans in order to receive ESEA funds for the 2017–2018 school year. Consolidated plans will provide a general description of the activities to be carried out with ESEA funds. Subgrants to LEAs and other eligible entities and amounts to be used for State activities are often set by law for ESEA programs. However, SEAs have discretion in using funds available for State activities.

LEAs also have the choice in many cases of submitting individual program plans or a consolidated plan to the SEA to receive program funds. SEAs with approved consolidated State plans may require LEAs to submit consolidated plans.

Unique Features of ESEA Programs That May Affect the Conduct of the Audit

Consolidation of administrative funds (In addition to the compliance requirement in III.A.1, “Activities Allowed or Unallowed,” see IV, “Other Information.”)

SEAs and LEAs (with SEA approval) may consolidate Federal funds received for administration under many ESEA programs, thus eliminating the need to account for these funds on a program-by-program basis. The amount from each applicable program set aside for State consolidation may not be more than the percentage, if any, authorized for State administration under that program. The amount set aside under each covered program for local consolidation may not be more than the percentage, if any, authorized for local administration under that program. Expenditures using consolidated administrative funds may be charged to the programs on a first in/first out method, in proportion to the funds provided by each program, or another reasonable manner.

Schoolwide Programs (In addition to the compliance requirement in III.A.2, Activities Allowed or Unallowed,” see IV, “Other Information.”)

Eligible schools are able to use their Title I, Part A funds, in combination with other Federal, State, and local funds, in order to upgrade the entire educational program of the school and to raise academic achievement for all students. Except for some of the specific requirements of the Title I, Part A program, Federal funds that a school consolidates in a schoolwide program are not subject to most of the statutory or regulatory requirements of the programs providing the funds as long as the schoolwide program meets the intent and purpose of those programs. The Title I, Part A requirements that apply to schoolwide programs are identified in the Title I, Part A program-specific section. If a school does not consolidate Federal funds with State and local funds in its schoolwide program, the school has flexibility with respect to its use of Title I, Part A funds, consistent with Section 1114 of ESEA (20 USC 6314), but it must comply with all statutory and regulatory requirements of the other Federal funds it uses in its schoolwide program.

Transferability (In addition to the compliance requirement in III.A.3, “Activities Allowed or Unallowed,” see III.G.3.b, “Matching, Level of Effort, Earmarking – Earmarking,” and IV, “Other Information.”)

SEAs and LEAs (with some limitations) may transfer up to 100% of their allotment from one or more applicable programs (Title II, Part A and Title IV, Part A for SEAs and LEAs; and 21st CCLC for SEAs only) to one or more other applicable programs, Title I, Part A, Title I, Part C; Title I, Part D; Title III, Part A; or Title V, Part B. Transferred funds are subject to all of the requirements, set-asides, and limitations of the programs into which they are transferred.

Small Rural Schools Achievement Alternative Use of Funds (In addition to the compliance requirement in III.A.4, “Activities Allowed or Unallowed,” see IV, “Other Information.”)

Eligible LEAs may, after notifying the SEA, spend all or part of the funds they receive under two applicable programs for local activities authorized under one or more of five applicable programs.

General and Program-Specific Cross-Cutting Requirements

The requirements in this cross-cutting section can be classified as either general or program-specific. General cross-cutting requirements are those that are the same for all applicable programs but are implemented on an entity-level. These requirements need only be tested once to cover all applicable major programs. The general cross-cutting requirements that the auditor only need test once to cover all applicable major programs are: III.G.2.1, “Level of Effort-Maintenance of Effort;” III.L.3, “Special Reporting;” and, III.N, “Special Tests and Provisions.” Program-specific cross-cutting requirements are the same for all applicable programs, but are implemented at the individual program level. These types of requirements need to be tested separately for each applicable major program. The compliance requirement in III.N.1, “Participation of Private School Children,” may be tested on a general or program-specific basis.

In recent years, the Office of Inspector General in ED has investigated a number of significant criminal cases related to the risk of misuse of Federal funds and the lack of accountability of Federal funds in public charter schools. Auditors should be aware that, unless an applicable program statute provides otherwise, public charter schools and charter school LEAs are subject to the requirements in this cross-cutting section to the same extent as other public schools and LEAs. Auditors also should note that, depending upon State law, a public charter school may be its own LEA or a school that is part of a traditional LEA.

Program procedures for non-ESEA programs covered by this cross-cutting section and additional information on program procedures for the ESEA programs are set forth in the individual program sections of this Supplement.

Availability of Other Program Information

The ESEA, as reauthorized by the ESSA, is available with a hypertext index at <http://legcounsel.house.gov/Comps/Elementary%20And%20Secondary%20Education%20Act%20Of%201965.pdf>.

An ED *Federal Register* notice, dated July 2, 2004 (69 FR 40360-40365), indicating which Federal programs may be consolidated in a schoolwide program is available at <http://www.gpo.gov/fdsys/pkg/FR-2004-07-02/pdf/04-15121.pdf>.

A number of documents contain guidance applicable to the cross-cutting requirements in this section. With the exception of the first two documents, which were issued after enactment of the ESSA, the documents listed are applicable to the extent they are not inconsistent with any changes made by ESSA. They include:

- a. Transitioning to the Every Student Succeeds Act (ESSA)
Frequently Asked Questions (Jan. 18, 2017)
<https://www2.ed.gov/policy/elsec/leg/essa/essatransitionfaqs11817.pdf>

- b. ESSA Fiscal Changes & Equitable Services (which includes guidance on Transferability Authority) (November 2016) (<https://www2.ed.gov/policy/elsec/leg/essa/essaguidance160477.pdf>)
- c. ESSA Schoolwide Guidance (September 2016) (<https://www2.ed.gov/policy/elsec/leg/essa/essaswpguidance9192016.pdf>)
- d. Guidance on the Rural Education Achievement Program (REAP) (June 2003) (<http://www.ed.gov/policy/elsec/guid/reap03guidance.doc>)
- e. State Educational Agency Procedures for Adjusting Basic, Concentration, Targeted, and Education Finance Incentive Grant Allocations Determined by the U.S. Department of Education (May 23, 2003) (<http://www.ed.gov/programs/titleiparta/seaguidanceforadjustingallocations.doc>)
- f. How Does a State or Local Educational Agency Allocate Funds to Charter Schools that Are Opening for the First Time or Significantly Expanding Their Enrollment? (December 2000) (<http://www.ed.gov/policy/elsec/guid/cschools/cguidedec2000.doc>)
- g. Title I Services to Eligible Private School Children (October 17, 2003) (<http://www.ed.gov/programs/titleiparta/psguidance.doc>)
- h. Title IX, Part E Uniform Provisions Subpart 1—Private Schools: Equitable Services to Eligible Private School Students, Teachers, and Other Educational Personnel (March 2009) (<http://www.ed.gov/policy/elsec/guid/equitableserguidance.doc>)
- i. Serving Preschool Children Through Title I, Part A of the Elementary and Secondary Education Act of 1965, as Amended (April 16, 2012) (<http://www2.ed.gov/policy/elsec/guid/preschoolguidance2012.pdf>)
- j. Title I Fiscal Issues: Maintenance of Effort; Comparability; Supplement, not Supplant; Carryover; Consolidating Funds in Schoolwide Programs; and Grantback Requirements (February 2008) (<http://www.ed.gov/programs/titleiparta/fiscalguid.doc>)
- k. Letter to Chief State School Officers on Granting Administrative Flexibility for Better Measures of Success (September 7, 2012) (<http://www2.ed.gov/policy/fund/guid/gposbul/time-and-effort-reporting.html?exp=3>)
- l. Letter and Enclosure on Flexibility in Schoolwide Programs (September 13, 2013) (<http://www2.ed.gov/programs/titleiparta/flexswp091313.pdf>)
- m. ESSA Transition FAQs (June 29, 2016) (<http://www2.ed.gov/policy/elsec/leg/essa/essafaqstransition62916.pdf>)

- n. ESSA Dear Colleague Letter (January 28, 2016)
(<http://www2.ed.gov/policy/elsec/leg/essa/transitionsy1617-dcl.pdf>)

III. COMPLIANCE REQUIREMENTS

If there has been a transfer of funds to a consolidated administrative cost objective from a major program, in developing audit procedures to test compliance with “Activities Allowed or Unallowed” and “Allowable Costs/Cost Principles,” the auditor should include the consolidated administrative cost objective in the universe to be tested.

A. Activities Allowed or Unallowed

1. *Consolidation of Administrative Funds* (SEAs/LEAs)

ESEA programs in this Supplement to which this section applies are: Title I, Part A (84.010); MEP (84.011); CSP (84.282); 21st CCLC (84.287); Title III, Part A (84.365); MSP (84.366) (at the LEA level only); Title II, Part A (84.367); and Title IV, Part A (84.424).

An SEA may consolidate the amounts specifically made available to it for State administration under one or more ESEA programs (and such other programs as the ED Secretary may designate) if the SEA can demonstrate that the majority of its resources are derived from non-Federal sources. An SEA must use consolidated administrative funds for authorized administrative activities of one or more of the consolidated programs. It may also use such funds for administrative activities designed to enhance the effective and coordinated use of funds under one or more of the programs included in the consolidation, such as coordination of ESEA programs with other Federal and non-Federal programs; the establishment and operation of peer review mechanisms; the dissemination of information regarding model programs and practices; and technical assistance (Section 8201 of ESEA (20 USC 7821)).

An LEA may, with the approval of its SEA, consolidate and use for the administration of one or more ESEA programs not more than the percentage, established in each program, of the total available under those programs. An LEA may use consolidated funds for the administration of the consolidated programs and for uses at the school district and school levels comparable to those authorized for the SEA. An LEA that consolidates administrative funds may not use any other funds under the programs included in the consolidation for administration (Section 8203 of ESEA (20 USC 7823)).

An SEA or LEA that consolidates administrative funds is not required to keep separate records of administrative costs for each individual program. Expenditures of consolidated administrative funds are allowable if they are for administrative costs that are allowable under any of the contributing programs (Sections 8201(c) and 8203(e) of ESEA (20 USC 7821(c) and 7823(e))).

See IV, “Other Information,” for guidance on the treatment of consolidated administrative funds for purposes of Type A program determination and presentation in the Schedule of Expenditures of Federal Awards (SEFA).

2. ***Schoolwide Programs*** (LEAs)

ESEA programs in this Supplement to which this section applies are: Title I, Part A (84.010); MEP (84.011); 21st CCLC (84.287); Title III, Part A (84.365); MSP (84.366); Title II, Part A (84.367); and Title IV, Part A.

This section also applies to IDEA (84.027 and 84.173) and CTE (84.048).

An eligible school participating under Title I, Part A may, in consultation with its LEA, use its Title I, Part A funds, along with funds provided from the above-identified programs, to upgrade the school’s entire educational program in a schoolwide program.

See IV, “Other Information,” for guidance on the treatment of consolidated schoolwide funds for purposes of Type A program determination and presentation in the SEFA.

3. ***Transferability*** (SEAs and LEAs)

ESEA programs in this Supplement to which this section applies are: Title IV, Part A, (84.424), 21st CCLC (84.287) (for SEAs only), and Title II, Part A (84.367).

SEAs may transfer up to 100 percent of the non-administrative funds allocated for State-level activities from one or more of the programs above to one or more of the other listed applicable programs, or to Title I, Part A (CFDA 84.010). Title I, Part C (CFDA 84.011); Title I, Part D (CFDA 84.013); Title III, Part A (CFDA 84.365A); or Title V, Part B (84.358). Except for 21st CCLC (CFDA 84.287), LEAs may transfer up to 100 percent of their allotments from one or more of the listed applicable programs above to one or more of the other listed applicable programs, or to Title I, Part A (CFDA 84.010); Title I, Part C (CFDA 84.011); Title I, Part D (CFDA 84.013); Title III, Part A (CFDA 84.365A); or Title V, Part B (84.358).

See III.G.3.b, “Matching, Level of Effort, Earmarking – Earmarking,” in this cross-cutting section, for additional testing related to transferability.

See IV, “Other Information,” for guidance on the treatment of funds transferred under this provision for purposes of Type A program determination and presentation in the SEFA.

4. ***Small Rural Schools Achievement (SRSA) Alternative Uses of Funds Program***

ESEA program in this Supplement to which this section applies is Title II, Part A (84.367).

LEAs that (a) have a total average daily attendance of fewer than 600 students, or serve only schools that are located in counties with a population density of fewer than 10 persons per square mile; and (b) serve only schools that are coded by the National Center for Education Statistics (NCES) as rural (NCES code of 7 or 8), or (with the concurrence of the SEA) are located in an area defined as rural by a governmental agency of the State may, after notifying the SEA, spend all or part of the funds received under the above program (as well as under Title IV, Part A Student Support and Academic Enrichment Grants (84.424)) for local activities authorized under one or more of the following five programs:

CFDA 84.010 Title I Grants to Local Educational Agencies (LEAs) (Title I, Part A of the ESEA)

CFDA 84.287 Twenty-First Century Community Learning Centers (21st CCLC)

CFDA 84.365 English Language Acquisition Grants (Title III, Part A)

CFDA 84.367 Supporting Effective Instruction State Grant (Title II, Part A)

CFDA 84.424 Student Support and Academic Enrichment Grants (Title IV, Part A)

(Section 5211(a)-(c) of ESEA (20 USC 7345(a)-(c))).

See IV, “Other Information,” for guidance on the treatment of funds transferred under this provision for purposes of Type A program determination and presentation in the SEFA.

B. Allowable Costs/Cost Principles

1. ***Alternative Fiscal and Administrative Requirements*** (SEAs/LEAs)

This section applies to all ESEA programs in this Supplement: Title I, Part A (84.010); MEP (84.011); CSP (84.282); 21st CCLC (84.287); Title III, Part A (84.365); MSP (84.366); Title II, Part A (84.367); Title IV, Part A (84.424)

A State may adopt its own written fiscal and administrative requirements, which are consistent with the provisions of 2 CFR part 200, subpart E, for expending and accounting for all funds received by SEAs and LEAs under ESEA programs. The written fiscal and administrative requirements must (a) be sufficiently specific to ensure that funds are used in compliance with all applicable statutory and regulatory provisions, including ensuring that costs are allocable to a particular cost objective; (b) ensure that funds received are spent only for reasonable and

necessary costs of the program; and (c) ensure that funds are not used for general expenses required to carry out other responsibilities of State or local governments (34 CFR section 299.2(b)).

2. ***Documentation of Employee Time and Effort (Consolidated Administrative Funds and Schoolwide Programs)***

ESEA programs in this Supplement to which this section applies are: Title I, Part A (84.010); MEP (84.011); CSP (84.282); 21st CCLC (84.287); Title III, Part A (84.365); MSP (84.366) (with respect to schoolwide programs and consolidation of administrative funds at the LEA level); Title II, Part A (84.367); Title IV, Part A (84.424).

This section also applies to IDEA (84.027 and 84.173) (schoolwide programs only) and CTE (84.048) (schoolwide programs only).

- a. ***Consolidated Administrative Funds:*** An SEA or LEA that consolidates Federal administrative funds under Sections 8201 or 8203 of ESEA (20 USC 7821 or 7823) is not required to keep separate records by individual program. The SEA or LEA may treat the consolidated administrative funds as a consolidated administrative cost objective.

Time-and-effort requirements with respect to consolidated administrative funds vary under different circumstances.

- (1) For an employee who works solely on the consolidated administrative cost objective, an SEA or LEA is not required to maintain records reflecting the distribution of the employee's salary and wages among the programs included in the consolidation.
- (2) For an employee who works in part on the consolidated administrative cost objective and in part on a Federal program whose administrative funds have not been consolidated or on activities funded from other revenue sources, an SEA or LEA must maintain time and effort distribution records in accordance with 2 CFR section 200.430(i)(1)(vii) that support the portion of time and effort dedicated to:
 - (a) The consolidated cost objective, and
 - (b) Each program or other cost objective supported by non-consolidated Federal funds or other revenue sources.

- b. ***Schoolwide Programs*** – A schoolwide program school is permitted to consolidate Federal funds with State and local funds to upgrade the entire educational program of the school. A school that consolidates Federal funds with State and local funds in a consolidated schoolwide pool is not

required to maintain separate records by program (Section 1114(a)(3)(C) of ESEA (20 USC 6314(a)(3)(C)); 34 CFR section 200.29(d)). If a schoolwide program school does not consolidate Federal funds in a consolidated schoolwide pool, the school must keep separate records by program. (Guidance is contained in the publication entitled *Title I Fiscal Issues: Maintenance of Effort; Comparability; Supplement, not Supplant; Carryover; Consolidating Funds in Schoolwide Programs; and Grantback Requirements* (February 2008). This guidance is available at <http://www.ed.gov/programs/titleiparta/fiscalguid.doc.>)

Time-and-effort requirements in schoolwide program schools vary under different circumstances.

- (1) If a school operating a schoolwide program consolidates Federal, State, and local funds in a consolidated schoolwide pool, there is no distinction between staff paid with Federal funds and staff paid with State or local funds. Under these circumstances, payment from the single consolidated schoolwide pool is sufficient to demonstrate that an employee works only on activities of the schoolwide program, and no other documentation is required.
- (2) If a school operating a schoolwide program does not consolidate Federal funds with State and local funds in a consolidated schoolwide pool, an employee who works, in whole or in part, on a Federal program or cost objective must document time and effort as follows:
 - (a) For an employee who works solely on a single cost objective (e.g., a single Federal program whose funds have not been consolidated or Federal programs whose funds have been consolidated but not with State and local funds), an LEA is not required to maintain records reflecting the distribution of the employee's salary and wages, including among the Federal programs included in the consolidation, if applicable.
 - (b) For an employee who works on multiple activities or cost objectives (e.g., in part on a Federal program whose funds have not been consolidated in a consolidated schoolwide pool and in part on Federal programs supported with funds consolidated in a schoolwide pool or on activities that are not part of the same cost objective), an LEA must maintain time and effort distribution records in accordance with 2 CFR section 200.430(i)(1)(vii) that support the portion of time and effort dedicated to:
 - (i) The Federal program or cost objective; and

- (ii) Each other program or cost objective supported by consolidated Federal funds or other revenue sources.
- c. In a September 7, 2012 letter to Chief State School Officers, ED authorized SEAs to approve LEAs' use of a substitute system for time-and-effort reporting for employees whose salaries are supported by multiple cost objectives, but who work on a predetermined schedule. ED also provided guidance to clarify the meaning of a "single cost objective." For more detail, see *Letter to Chief State School Officers on Granting Administrative Flexibility for Better Measures of Success* (Sept. 7, 2012) (<http://www2.ed.gov/policy/fund/guid/gposbul/time-and-effort-reporting.html?exp=3>).
3. **Indirect Costs** (All grantees/all subgrantees)

ESEA programs in this Supplement to which this section applies are: Title I, Part A (84.010); MEP (84.011); CSP (84.282); 21st CCLC (84.287); Title III, Part A (84.365); MSP (84.366); Title II, Part A (84.367); and Title IV, Part A (84.424) .

This section also applies to Adult Education (84.002); IDEA (84.027 and 84.173); CTE (84.048); and IDEA, Part C (84.181).

A "restricted" indirect cost rate (RICR) must be used for programs administered by State and local governments and their governmental subgrantees that have a statutory requirement prohibiting the use of Federal funds to supplant non-federal funds. Non-governmental grantees or subgrantees administering such programs have the option of using the RICR, or an indirect cost rate of 8 percent, unless ED determines that the RICR would be lower.

The formula for a restricted indirect cost rate is:

$$\text{RICR} = (\text{General management costs} + \text{Fixed costs}) / (\text{Other expenditures})$$

General management costs are costs of activities that are for the direction and control of the grantee's (or subgrantee's) affairs that are organization wide, such as central accounting services, payroll preparation and personnel management. For State and local governments, the general management indirect costs consist of (1) allocated Statewide Central Service Costs approved by the Department of Health and Human Services in a formal Statewide Cost Allocation Plan (SWCAP) as "Section I" costs and (2) departmental indirect costs. The term "general management" as it applies to departmental indirect costs does not include expenditures limited to one component or operation of the grantee. Specifically excluded from general management costs are the following costs that are reclassified and included in the "other expenditures" denominator:

- (a) Divisional administration that is limited to one component of the grantee;

- (b) The governing body of the grantee;
- (c) Compensation of the chief executive officer of the grantee;
- (d) Compensation of the chief executive officer of any component of the grantee; and
- (e) Operation of the immediate offices of these officers.

Also excluded from the SWCAP Section I indirect costs are any occupancy and maintenance type costs as described in 34 CFR section 76.568. However, because these costs are allocated and not incurred at the departmental level, they do not require reclassification to the “other expenditure” denominator.

Fixed costs are contributions to fringe benefits and similar costs associated with salaries and wages that are charged as indirect costs, including retirement, social security, pension, unemployment compensation and insurance costs.

Other expenditures are the grantee’s total expenditures for its federally and non-federally funded activities, including directly charged occupancy and space maintenance costs (as defined in 34 CFR section 76.568), and the costs related to the chief executive officer of the grantee or any component of the grantee and its offices. Excluded are general management costs, fixed costs, subgrants, capital outlays, debt service, fines and penalties, contingencies, and election expenses (except for elections required by Federal statute).

Occupancy and space maintenance costs associated with functions that are not organization-wide must be included with other expenditures in the indirect cost formula. These costs may be charged directly to affected programs only to the extent that statutory supplanting prohibitions are not violated. This reimbursement must be approved in advance by ED. Specific occupancy and space maintenance costs may be charged directly only to programs affected by the restricted rate calculation if charging for such costs is approved in advance by ED (34 CFR section 76.568(c)).

Indirect costs charged to a grant are determined by applying the RICR to total direct costs of the grant minus capital outlays, subgrants, and other distorting or unallowable items as specified in the grantee’s indirect cost rate agreement.

The other ED programs (those not having a statutory non-supplant requirement) that allow indirect costs do not require a restricted rate and should follow the cost principles in 2 CFR part 200, subpart E (34 CFR sections 76.560 and 76.563-76.569).

4. ***Unallowable Direct Costs to Programs***

Officials from ED have noted that some entities have charged costs in the following areas which were determined to be unallowable as specified in the

indicated references. Auditors should be alert that if any such costs are charged, charges must be consistent with provisions of 2 CFR part 200, subpart E or, as applicable.

- a. Separation leave costs (2 CFR section 200.431(b)).
- b. Severance costs (2 CFR section 200.431(i)).
- c. Post-retirement health benefit (PRHB) costs (2 CFR section 200.431(h)).

5. ***Unallowable Costs to Programs (Direct or Indirect)***

Officials from ED have noted that, in cases where grantees rent or lease buildings or equipment from an affiliate organization, the costs associated with the lease or rental agreement can be excessive. The auditor should be alert to the fact that the measure of allowability in such “less-than-arms-length-relationships” is not fair market value, but rather the “costs of ownership” standard as referenced in 2 CFR section 200.465(c).

C. Cash Management

ESEA programs in this Supplement to which this section applies are: Title I, Part A (84.010); MEP (84.011); CSP (84.282); 21st CCLC (84.287); Title III, Part A (84.365); MSP (84.366); Title II, Part A (84.367); and Title IV, Part A (84.424).

This section also applies to Adult Education (84.002); IDEA (84.027 and 84.173); TRIO Cluster (84.042, 84.044, 84.047, 84.066 and 84.217); CTE (84.048); Vocational Rehabilitation (84.126); IDEA, Part C (84.181);

Note: This section applies only to Federal programs in which the entity being audited is a grantee, i.e. the entity receives grant funds directly from ED. Auditors should refer to Part 3, Section C, “Cash Management,” for any Federal program in which the entity is being audited is a subrecipient, i.e., Federal funds are received through a pass-through grant from a grantee.

Grantees draw funds via the G5 System. Grantees request funds by (1) creating a payment request using the G5 System through the Internet; (2) calling the Payee Hotline; or (3) if the grantee is placed on the reimbursement or cash monitoring payment method, submitting a Form 270, *Request for Title IV Reimbursement or Heightened Cash Monitoring 2 (HCM2)*, (OMB No. 1845-0089), to an ED program or regional office. When creating a payment request in G5, the grantee enters the drawdown amounts, by award, directly into G5. Grantees can redistribute drawn amounts between grant awards by making adjustments in G5 to reflect actual disbursements for each award, as long as the net amount of the adjustments is zero. When requesting funds using the other two methods, grantees provide drawdown information to the hotline operator or on the Form 270, as applicable.

To assist grantees in reconciling their internal accounting records with the G5 System, using their DUNS (Data Universal Numbering System) number, grantees can obtain a G-5 External Award Activity Report (<https://www.g5.gov/>) showing cumulative and detail information for each award. The External Award Activity Report can be created with date parameters (Start and End Dates) and viewed on-line. To view each draw per award, the G5 user may click on the award number to view a display of individual draws for that award.

G. Matching, Level of Effort, Earmarking

1. Matching

See individual program supplements for any matching requirements.

2.1 Level of Effort – Maintenance of Effort (SEAs/LEAs)

ESEA programs in this Supplement to which this section applies are: Title I, Part A (84.010); 21st CCLC (84.287); Title III, Part A (84.365); and Title II, Part A (84.367); and Title IV, Part A (84.424).

As described in II, “Program Procedures – General and Program-Specific Cross-Cutting Requirements,” this requirement is a general cross-cutting requirement that need only be tested once to cover all major programs to which it applies.

An LEA may receive funds under an applicable program only if the SEA finds that the combined fiscal effort per student or the aggregate expenditures of the LEA from State and local funds for free public education for the preceding year was not less than 90 percent of the combined fiscal effort or aggregate expenditures for the second preceding year, unless specifically waived by ED.

An LEA’s expenditures from State and local funds for free public education include expenditures for administration, instruction, attendance and health services, pupil transportation services, operation and maintenance of plant, fixed charges, and net expenditures to cover deficits for food services and student body activities. They do not include the following expenditures: (a) any expenditures for community services, capital outlay, debt service and supplementary expenses as a result of a Presidentially declared disaster and (b) any expenditures made from funds provided by the Federal Government.

If an LEA fails to maintain fiscal effort, an SEA must reduce an LEA’s allocation under a covered program if the LEA also failed to maintain effort in one or more of the five immediately preceding fiscal years in the exact proportion by which the LEA fails to maintain effort by falling below 90 percent of both the combined fiscal effort per student and aggregate expenditures (using the measure most favorable to the LEA) (Section 8521 of ESEA (20 USC 7901); 34 CFR section 299.5).

In some States, the SEA prepares the calculation from information provided by the LEA. In other States, the LEAs prepare their own calculation. The suggested audit procedures for compliance contained in Part 3G for “Level of Effort – Maintenance of Effort” should be adapted to fit the circumstances. For example, if auditing the LEA and the LEA does the calculations, the auditor should perform steps a., b., and c. If auditing the LEA and the SEA does the calculation, the auditor should perform step c for the amounts reported to the SEA. If auditing the SEA and the SEA performs the calculation, the auditor should perform steps a. and b. and amend step c to trace amounts to the LEA reports. If auditing the SEA and the LEA performs the calculation, the auditor should perform step a. and, if the requirement was not met, determine if the funding was reduced appropriately.

2.2 Level of Effort – Supplement Not Supplant (SEAs/LEAs)

ESEA programs in this Supplement to which this section applies are: Title I, Part A (84.010); MEP (84.011); 21st CCLC (84.287); Title III, Part A (84.365); MSP (84.366); Title II, Part A (84.367); and Title IV, Part A (84.424).

General – An SEA and LEA may use program funds only to supplement and, to the extent practical, increase the level of funds that would, in the absence of the Federal funds, be made available from non-Federal sources for the education of participating students. In no case may an LEA use Federal program funds to supplant funds from non-Federal sources (Title I, Part A, Section 1120A(b) or 1118 of ESEA (20 USC 6321(b)); MEP, Section 1304(c)(2) of ESEA (20 USC 6394(c)(2)); 21st CLCC, Section 4204(b)(2)(G) of ESEA (20 USC 7174(b)(2)(G)); Title V, Part A, Section 5144 of ESEA (20 USC 7217c); Ed Tech, Section 2413(b)(6) of ESEA (20 USC 6763(b)(6)); Title III, Part A, Section 3115(g) (20 USC 6825(g)) (see additional information below; MSP, Section 2202(a)(4) of ESEA (20 USC 6662(a)(4)); Title II, Part A, Section and 2301 of ESEA 6691)); and Title IV, Part A (20 USC 7120).

Except as noted below, in the following instances, it is presumed that supplanting has occurred:

- a. The SEA or LEA used Federal funds to provide services that the SEA or LEA was required to make available under other Federal, State or local laws.
- b. The SEA or LEA used Federal funds to provide services that the SEA or LEA provided with non-Federal funds (or for Title III, Part A, other Federal funds, as noted below) in the prior year.
- c. The SEA or LEA used Title I, Part A or MEP funds to provide services for participating children that the SEA or LEA provided with non-Federal funds for nonparticipating children.

These presumptions are rebuttable if the SEA or LEA can demonstrate that it would not have provided the services in question with non-Federal funds had the Federal funds not been available.

Schoolwide Programs – In a Title I schoolwide program, a school is not required to use Title I, Part A funds to provide supplemental services to identified children. In other words, a Title I school operating a schoolwide program does not have to (1) show that Title I, Part A funds used within the school are paying for additional services that would not otherwise be provided; or (2) demonstrate that Title I, Part A funds are used only for specific target populations (Title I, Part A, Section 1114(a)(2)(A) of ESEA (20 USC 6314(a)(2)(A)); 34 CFR section 200.25(c)). Similarly, if a school operating a schoolwide program consolidates other Federal funds with State and local funds, the school is exempt from meeting most statutory or regulatory provisions of each consolidated program and from maintaining separate fiscal accounting records that identify specific activities supported by each program if the school meets the intent and purposes of each program. Under these circumstances, the school may meet the supplement not supplant requirement in Section 1114(a)(2)(B) of the ESEA for a school operating a schoolwide program (Title I, Part A, Section 1114(a)(3) (20 USC 6314(a)(3)); 34 CFR section 200.29).

The supplement not supplant requirement in Section 1114(a)(2)(B) of the ESEA (20 USC 6314(a)(2)(B)) applies to a Title I school operating a schoolwide program. In order for the school to spend Title I, Part A funds and other Federal funds that it consolidates with State and local funds, the LEA must provide the school all of the non-Federal funds it would otherwise have received from the LEA if it were not operating a schoolwide program, including those funds necessary to provide the basic education program for all students and services required by law for children with disabilities and English learners (Title I, Part A, Section 1114(a)(2)(B) of ESEA (20 USC 6314(a)(2)(B)); 34 CFR section 200.25(d)). Accordingly, the presumptions that supplanting has occurred listed above do not apply with respect to Title I, Part A funds or other Federal funds that are consolidated with State and local funds in a Title I school operating a schoolwide program.

Compliance under Title I, Part A as amended by the ESSA – The ESSA amended the Title I, Part A supplement not supplant requirement (Title I, Part A, Section 1118(b)(2) (20 USC 6321(b)(2))). To demonstrate compliance, an LEA must have a methodology to allocate State and local funds to each Title I school that ensures that the school receives all of the State and local funds it would otherwise receive if it were not receiving Title I funds. This requirement applies to both schoolwide program schools and targeted assistance schools. Thus, a Title I targeted assistance school is not required to use Title I, Part A funds to provide supplemental services to identified children. In other words, a Title I school operating a targeted assistance program does not have to show that Title I, Part A funds used within the school are paying for additional services that would not otherwise be provided. The LEA must provide the targeted

assistance school all of the State and local funds it would otherwise have received from the LEA if it were not a Title I school. Because an LEA does not have to have a methodology in place to demonstrate compliance with the Title I, Part A supplement not supplant requirement until the beginning of the 2018-2019 school year, an LEA may comply for the 2017-2018 school year under either section 1120A(b) or section 1118(b)(2) of the ESEA.

Title I, Part A and MEP – An SEA and LEA may exclude from determinations of compliance with the supplement not supplant requirement supplemental State or local funds spent in any school attendance area or school for programs that meet the intent and purposes of Title I, Part A or the MEP, respectively, as identified in Title I of ESEA (Sections 1118(d) and 1304(c)(2) of ESEA (20 USC 6321(d) and 6394(c)(2)); 34 CFR sections 200.79 and 200.88).

Title III, Part A – An SEA or LEA may only use funds under Title III, Part A to supplement the level of Federal, State and local public funds that, in the absence of the Title III funds, would have been provided for programs for English learners and immigrant children and youth (Section 3115(g) of ESEA (20 USC 6825(g))).

3. Earmarking

a. *Administration* (SEAs)

ESEA programs in this Supplement to which this section applies are: Title I, Part A (84.010) and MEP (84.011).

An SEA may reserve for the administration of Title I programs up to one percent from each of the amounts allocated to the State under Title I, Parts A, C (MEP), and D (Subpart 1) or \$400,000, whichever is greater. However, if the sum of the amounts appropriated for Parts A, C, and D is equal to or greater than \$14 billion, as is the case for FY 2017, the amount an SEA may reserve for administration may not exceed one percent of the amount the State would receive if the Title I allocation were \$14,000,000,000 (20 USC 6304(b)). ED has provided a table to the State showing the amount that it could reserve for administration of Title I programs from FY 2017 funds if \$14 billion were appropriated for FY 2017. An SEA may reserve less than one percent from each of Parts A, C, and D. Moreover, an SEA does not need to reserve the same percentage from each part, although the SEA may not reserve more from Parts C and D than it would have reserved if it had reserved proportionate amounts from Parts A, C, and D. An SEA reserving \$400,000 must reserve proportionate amounts from each of the amounts allocated to the State under Part A, but is not required to reserve funds proportionately from each of Parts A, C, and D and may, for example, take the reservation entirely out of Part A funds. However, in reserving \$400,000, an SEA may not reserve more funds for State administration from Part C or Part D

than it would have if it had reserved proportionate funds from Parts A, C, and D.

(Section 1004 of ESEA (20 USC 6304); see also 34 CFR section 200.100(b)). For more detail, see page 33 of the guidance entitled *State Educational Agency Procedures for Adjusting Basic, Concentration, Targeted, and Education Finance Incentive Grant Allocations Determined by the U.S. Department of Education* (May 23, 2003) (<http://www.ed.gov/programs/titleiparta/seaguidanceforadjustingallocations.doc>) and page 9 of the ESSA Fiscal Changes & Equitable Services guidance (November 2016)

(<https://www2.ed.gov/policy/elsec/leg/essa/essaguidance160477.pdf>)

As explained in III.A.1, “Activities Allowed or Unallowed – Consolidation of Administrative Funds,” the amounts reserved above may be consolidated with State administrative funds available under other applicable programs (Section 8201(a) of ESEA (20 USC 7821(a)).

b. ***Transferability*** (SEAs/LEAs)

ESEA programs in this Supplement to which this section applies are: Title IV, Part A (84.424), 21st CCLC (84.287) (for SEAs only) and Title II, Part A (84.367).

SEAs may transfer up to 100 percent of the non-administrative funds allocated for State-level activities from one or more of the programs listed above to one or more of those programs, or to Title I, Part A (84.010); Title I, Part C (84.011); Title I, Part D (84.013); Title III, Part A (84.365A); or Title V, Part B (84.358). Except for 21st CCLC (84.287), LEAs may transfer up to 100 percent of their allotments from one or more of the programs listed above to one or more of those programs, or to Title I, Part A (84.010); Title I, Part C (84.011); Title I, Part D (84.013); Title III, Part A (84.365A); or Title V, Part B (84.358).

The allocation base for a program for a fiscal year equals that fiscal year’s original funding plus funds transferred into the program for that fiscal year. Funds may be transferred during a fiscal year’s carryover period. Funds must be transferred to the receiving program’s allocation for the same fiscal year that the funds were allocated to the transferring program (Sections 5103(a) and (b) of ESEA (20 USC 7305b(a) and (b))).

H. Period of Performance (All grantees)

ESEA programs in this Supplement to which this section applies are: Title I, Part A (84.010); MEP (84.011); CSP (84.282); Title III, Part A (84.365); MSP (84.366); Title II, Part A (84.367); and Title IV, Part A (84.424) and SIG.

This section also applies to Adult Education (84.002); IDEA (84.027 and 84.173); CTE (84.048); and IDEA, Part C (84.181).

All ESEA and other programs listed above except CSP and subrecipients under CTE – LEAs and SEAs 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 following fiscal year. This maximum period includes a 15-month period of initial availability plus a 12-month period for carryover. For example, funds from the fiscal year 2014 appropriation initially became available on July 1, 2014 and may be obligated by the grantee and subgrantee through September 30, 2016 (Section 421(b) of GEPA (20 USC 1225(b)); 34 CFR sections 76.703 through 76.710).

Title I, Part A – An LEA that receives \$50,000 or more in Title I, Part A funds may not carry over beyond the initial 15 months of availability more than 15 percent of its Title I, Part A funds. An SEA may grant a waiver of the percentage limitation for an LEA once every 3 years if the LEA’s request is reasonable and necessary or if supplemental appropriations for Title I, Part A become available for obligation (Section 1127 of ESEA (20 USC 6339)).

CSP program – The recipient must obligate funds from a grant during the period for which the funds are available for obligation as set forth in the grant award document. Recipients must maintain documentation to demonstrate that the obligation occurred during the period of availability and was charged to an appropriate year’s grant funds. If obligations occur outside of the period of availability, the funds are not timely obligated and must be returned. However, under the “expanded authorities” provisions, grantees are permitted to:

- a. Extend grants automatically at the end of a project period for up to one year without prior approval (with some exceptions);
- b. Carry funds over from one budget period to the next;
- c. Obligate funds up to 90 days before the effective date of a budget period without prior approval; and
- d. Transfer funds among budget categories without prior approval, except for a limited number of specific cases.

CTE program – In any academic year that a subrecipient does not obligate all of the amounts it is allocated under the Secondary and Postsecondary CTE programs for that year, it must return the unobligated amounts to the State to be reallocated under the Secondary and Postsecondary CTE Programs, as applicable (Section 133(b) of the Carl D. Perkins Career and Technical Education Act of 2006 (Perkins IV) (Pub. L. No. 109-270) (20 USC 2353(b))).

Consolidated Administrative Funds – Consolidated administrative funds must be obligated within the period of availability of the program that the funds came from. Because expenditures in a consolidated administrative fund are not accounted for by

specific Federal programs, an SEA or LEA may use a first-in, first-out method for determining when funds were obligated, may attribute costs in proportion to the dollars provided, or may use another reasonable method.

Definition of Obligation – An obligation is not necessarily a liability in accordance with generally accepted accounting principles. When an obligation occurs (is made) depends on the type of property or services that the obligation is for (34 CFR section 76.707):

IF AN OBLIGATION IS FOR --	THE OBLIGATION IS MADE --
(a) Acquisition of real or personal property.	On the date on which the State or subgrantee makes a binding written commitment to acquire the property.
(b) Personal services by an employee of the State or subgrantee.	When the services are performed.
(c) Personal services by a contractor who is not an employee of the State or subgrantee.	On the date on which the State or subgrantee makes a binding written commitment to obtain the services.
(d) Performance of work other than personal services.	On the date on which the State or subgrantee makes a binding written commitment to obtain the work.
(e) Public utility services.	When the State or subgrantee receives the services.
(f) Travel.	When the travel is taken.
(g) Rental of real or personal property.	When the State or subgrantee uses the property.
(h) A pre-award cost that was properly approved by the State under the cost principles.	On the first day of the subgrant period.

The act of an SEA or other grantee awarding Federal funds to an LEA or other eligible entity within a State does not constitute an obligation for the purposes of this compliance requirement. An SEA or other grantee may not reallocate grant funds from one subrecipient to another after the period of availability ends.

If a grantee or subgrantee uses a different accounting system or accounting principles from one year to the next, it shall demonstrate that the system or principle was not improperly changed to avoid returning funds that were not timely obligated. A grantee or subgrantee may not make accounting adjustments after the period of availability ends in an attempt to offset audit disallowances. The disallowed costs must be refunded.

L. Reporting

1. Financial Reporting

ESEA programs in this Supplement to which this section applies are: Title I, Part A (84.010); MEP (84.011); CSP (84.282); 21st CCLC (84.287); Title III, Part A (84.365); MSP (84.366); Title II, Part A (84.367); and Title IV (84.424) .

This section also applies to IDEA (84.027 and 84.173); IDEA, Part C (84.181):

- a. SF-270, *Request for Advance or Reimbursement* – Applicable (using the G5 System)
- b. SF-271, *Outlay Report and Request for Reimbursement for Construction Programs* – Not Applicable
- c. SF-425, *Federal Financial Report* – Not Applicable
- d. Form 270, *Request for Title IV Reimbursement or Heightened Cash Monitoring 2 (HCM2) (OMB No. 1845-0089)* – Applicable only to institutions placed on reimbursement payment method or Heightened Cash Monitoring 2 by ED

2. Performance Reporting – Not Applicable

3. Special Reporting

State Per Pupil Expenditure (SPPE) Data (OMB No. 1850-0067) (SEAs/LEAs)

ESEA programs in this Supplement to which this section applies are: Title I, Part A (84.010) and MEP (84.011).

As described in II, “Program Procedures – General and Program-Specific Cross-Cutting Requirements,” this requirement is a general cross-cutting requirement that need only be tested once to cover all major programs to which it applies.

Each year, an SEA must submit its average State per pupil expenditure (SPPE) data to the National Center for Education Statistics. These SPPE data are used by ED to make allocations under several ESEA programs, including Title I, Part A and MEP. SPPE data are reported on the National Public Education Finance Survey. SPPE data comprise the State’s annual current expenditures for free public education, less certain designated exclusions, divided by the State’s average daily attendance.

LEAs must submit data to the SEA for the SEA’s report. The SEA determines the format of the data submissions.

Current expenditures to be included are those for free public education, including administration, instruction, attendance and health services, pupil transportation services, operation and maintenance of plant, fixed charges, and net expenditures to cover deficits for food services and student body activities. Current expenditures to be excluded are those for community services, capital outlay, debt service, and expenditures from funds received under Title I of the ESEA. To determine its expenditures under Titles I of the ESEA in a schoolwide program, an LEA could calculate the percentage of funds that Title I contributed to the schoolwide program and then apply that percentage to the total expenditures in the schoolwide program. Other reasonable methods may also be used (Section 8101(12) of ESEA (20 USC 7801(12))).

Except when provided otherwise by State law, average daily attendance generally means the aggregate number of days of attendance of all students during a school year divided by the number of days that school is in session during such school year. For purposes of ESEA, average daily membership (or similar data) can be used in place of average daily attendance in States that provide State aid to LEAs on the basis of average daily membership or such other data. When an LEA in which a child resides makes a tuition or other payment for the free public education of the child in a school of another LEA, the child is considered to be in attendance at the school of the LEA making the payment, and not at the school of the LEA receiving the payment. Similarly, when an LEA makes a tuition payment to a private school or to a public school of another LEA for a child with disabilities, the child is considered to be in attendance at the school of the LEA making the payment (Section 8101(1) of ESEA (20 USC 7801(1))).

N. Special Tests and Provisions

1. Participation of Private School Children (SEAs/LEAs)

ESEA programs in this Supplement to which this section applies are: Title I, Part A (84.010); MEP (84.011); 21st CCLC (84.287); Title III, Part A (84.365); MSP (84.366); Title II, Part A (84.367) and Title IV, Part A (84.424).

Depending on how the SEA/LEA implements requirements for the provision of equitable participation of private school children, this requirement may be tested on a general or program-specific basis (as described in II, “Program Procedures – General and Program-Specific Cross-Cutting Requirements”).

Compliance Requirements – For programs funded under Title I, Part A (CFDA 84.010), an LEA, after timely and meaningful consultation with private school officials, must provide equitable services to eligible private school children, their teachers, and their families. Eligible private school children are those who reside in a participating public school attendance area and have educational needs under Section 1115(b) of the ESEA (20 USC 6315(b)). The amount of funds an LEA makes available for equitable services under Title I, Part A must be equal to the proportion of funds allocated to participating public school attendance areas based on the number of children from low-income

families who reside in those attendance areas and attend private schools. An LEA must determine the share prior to any expenditures or transfers of funds within the program, such as reservations for administration, parental involvement, and district-wide activities. (20 USC 6320(a)(4)(A)). LEAs determine the proportionate share by multiplying the proportion of children from low-income families who attend private schools and live in participating Title I attendance areas by the LEA's total Title I allocation (including any funds transferred into Title I). For more information, see pages 29-30 in the ESSA Fiscal Changes & Equitable Services guidance (November 2016) (<https://www2.ed.gov/policy/elsec/leg/essa/essaguidance160477.pdf>).

For all other programs, an SEA, LEA, or other eligible entity (or consortium of such entities) receiving financial assistance under an applicable program must provide eligible private school children and their teachers or other educational personnel with equitable services or other benefits under the program. Before an agency or consortium makes any decision that affects the opportunity of eligible private school children, teachers, and other educational personnel to participate, the agency or consortium must engage in timely and meaningful consultation with private school officials. Expenditures for services and benefits to eligible private school children and their teachers and other educational personnel must be equal on a per-pupil basis to the expenditures for participating public school children and their teachers and other educational personnel, taking into account the number and educational needs of the children, teachers and other educational personnel to be served (Sections 8501 of ESEA (20 USC 7881); 34 CFR sections 299.6 through 299.9).

The control of funds used to provide equitable services to eligible private school students, teachers and other educational personnel, and families, and title to materials, equipment, and property purchased with those funds must be in a public agency and the public agency must administer the funds, materials, equipment, and property. The provision of equitable services must be by employees of a public agency or through a contract by the public agency with an individual, association, agency, or organization that is independent of any private school or religious organization. The contract must be under the control of the public agency (Sections 1117(d), and 8501(d) of ESEA (20 USC 6320(d), and 7881(d); 34 CFR sections 200.67 and 299.9).

These compliance requirements also apply to Transferability (see III.A.3, "Activities Allowed or Unallowed – Transferability") for transfers made by *21st CCLC (84.287) and Title II, Part A (84.367)* (Section 5103(e)(2) of ESEA (20 USC 7305b(e)(2))).

Audit Objectives – Determine whether (1) the LEA, SEA, or other agency receiving ESEA funds has conducted timely consultation with private school officials to determine the kind of educational services to provide to eligible private school children, (2) the planned services were provided, and (3) the required amount was used for private school children.

Suggested Audit Procedures (LEA/SEA)

- a. Verify, by reviewing minutes of meetings and other appropriate documents, that the SEA or LEA conducted timely consultation with private school officials in making its determinations and set aside the required amount for private school children.
- b. Review program expenditure and other records to verify that educational services that were planned were provided.
- c. For Title I, Part A, verify that the amount of funds available for equitable services in and LEA was determined by multiplying the proportion of private school children from low-income families residing in a participating public school attendance area by the LEA's total Title I, Part A allocation.
- d. If the LEA provides services to eligible private school students under an arrangement with a third-party provider, verify that the LEA retains proper administration and control by having a written contract that:
 - (1) Describes the services to be provided; and
 - (2) Provides that the LEA retains ownership of materials, equipment, and property purchased with Federal I funds.
- e. For programs other than Title I, Part A, verify that expenditures are equal on a per-pupil basis for public and private school students, teachers and other educational personnel, taking into consideration their numbers and needs as required by 34 CFR section 299.7.

2. Access to Federal Funds for New or Significantly Expanded Charter Schools (SEAs/LEAs)

ESEA programs in this Supplement to which this section applies are: Title I, Part A (84.010); 21st CCLC (84.287); Title III, Part A (84.365); Title II, Part A (84.367); and Title IV, Part A (84.424).

This section also applies to Adult Education (84.002); IDEA (84.027 and 84.173); and CTE (84.048).

As described in II, "Program Procedures – General and Program-Specific Cross-Cutting Requirements," this requirement is a program-specific cross-cutting eligibility requirement that needs to be tested separately for each covered program in the Supplement.

Note: This requirement only applies with respect to funds allocated to new, or significantly expanded, charter schools under a covered program in a State that has charter schools. A covered program means an elementary or secondary education program administered by ED under which the Secretary allocates funds to States on a formula basis, except that the term does not include a program or portion of a program

under which an SEA awards subgrants on a discretionary, noncompetitive basis. *Charter school* has the same meaning as provided in Title IV, Part C, of the ESEA (Section 4310(2) of ESEA (20 USC 7221h(2))). With respect to an existing charter school LEA that has not significantly expanded its enrollment, an SEA must determine the school's eligibility and allocate Federal funds to the school in a manner consistent with applicable Federal statutes and regulations under each covered program.

If a State considers a charter school to be an LEA under a covered program, this requirement applies to the SEA or other State agency responsible for allocating funds under that program—either by formula or through a competition—to LEAs. If a State considers a charter school to be a public school within an LEA under a covered program, this requirement applies to the LEA. The requirements in this Supplement address an SEA's responsibilities with respect to eligible charter school LEAs. An LEA that is responsible for providing funds under a covered program to eligible charter schools must comply with these requirements on the same basis as an SEA.

Compliance Requirements – An SEA must ensure that a charter school LEA that opens for the first time or significantly expands its enrollment receives the funds under each covered program for which it is eligible. Significant expansion of enrollment means a substantial increase in the number of students attending a charter school due to a significant event that is unlikely to occur on a regular basis, such as the addition of one or more grades or educational programs in major curriculum areas. The term also includes any other expansion of enrollment that an SEA determines to be significant.

Except as noted below, if a charter school LEA opens or expands by November 1, the SEA must allocate to the school the funds for which it is eligible no later than 5 months after the school first opens or significantly expands its enrollment; if a charter school LEA opens or significantly expands after November 1 but before February 1, an SEA must allocate to the school a *pro rata* portion of the funds for which the school is eligible on or before the date the SEA makes allocations to other LEAs under that program for the succeeding academic year; if a charter school LEA opens or expands after February 1, the SEA may, but is not required to, allocate to the school a *pro rata* portion of the funds for which the school is eligible.

An SEA must determine a new or expanding charter school LEA's eligibility based on actual enrollment or other eligibility data available on or after the date the charter school LEA opens or significantly expands. An SEA may not deny funding to a new or expanding charter school LEA due to the lack of prior-year data, even if eligibility and allocation amounts for other LEAs are based on prior-year data. An SEA may allocate funds to, or reserve funds for, an eligible charter school LEA based on reasonable estimates of projected enrollment at the charter school LEA. If an SEA allocates more or fewer funds to a charter school LEA than the amount for which the charter school LEA is eligible, based on actual enrollment or eligibility data, the SEA must make appropriate adjustments to the amount of funds allocated to the charter school LEA as well as to other LEAs under a covered program on or before the date the SEA allocates funds to LEAs for the succeeding academic year.

For purposes of implementing the hold harmless protections in sections 1122(c) and 1125A(g)(3) of Title, Part A of ESEA for a new or expanding charter school LEA, an SEA must calculate a hold-harmless based for the prior year that, as applicable, reflects the new or expanding enrollment of the charter school LEA (Section 4306(c) of ESEA (20 UCS 7221e(c))). For more detail, see pages 4-7 of the ESSA Fiscal Changes & Equitable Services guidance (November 2016) (<https://www2.ed.gov/policy/elsec/leg/essa/essaguidance160477.pdf>).

At least 120 days before the date a charter school LEA is scheduled to open or significantly expand its enrollment, the charter school LEA or its authorized public chartering agency must provide the SEA with written notice of that date. Upon receiving such notice, an SEA must provide the charter school LEA with timely and meaningful information about each covered program in which the charter school LEA may be eligible to participate, including notice of any upcoming competitions under the program. An SEA is not required to make allocations within 5 months of the date a charter school LEA opens for the first time or significantly expands if the charter school LEA, or its charter authorizer, fails to provide to the SEA proper written notice of the school's opening or expansion.

For a covered program in which an SEA awards subgrants on a competitive basis, the SEA must provide an eligible charter school LEA that is scheduled to open on or before the closing date of any competition a full and fair opportunity to apply to participate in the program. However, the SEA is not required to delay the competitive process in order to allow a charter school LEA that has not yet opened or expanded to compete (Section 4306 of ESEA (20 USC 7221e); 34 CFR sections 76.785 through 76.799).

Audit Objective (SEA/LEA, depending on which entity is responsible for funding charter schools) – Determine whether new or significantly expanding charter schools received the amount of Federal formula funds for which they were eligible in a timely manner.

Suggested Audit Procedures (SEA/LEA, depending on which entity is responsible for funding charter schools)

- a. Determine if the entity was responsible for providing Federal formula funds under the applicable covered program to any charter school LEAs/charter schools that opened for the first time or significantly expanded enrollment on or before November 1 of the academic year.
- b. Determine if the entity was responsible for providing Federal formula funds under the applicable covered program to any charter school LEAs/charter schools that opened for the first time or significantly expanded enrollment between November 1 and February 1 of the academic year.
- c. Review the entity's procedures for allocating Federal formula funds under the applicable covered program to determine whether eligibility to participate in the program was based on enrollment or eligibility data from a prior year. If prior-year data were used for allocations, determine whether the entity properly based

the new or expanding charter school LEA's/charter school's eligibility and allocation amount on actual eligibility or enrollment data for the year in which the school opened or expanded.

- d. Review documentation to identify the opening or expansion date for each eligible charter school LEA/charter school that opened or significantly expanded its enrollment on or before November 1 of the academic year. Determine whether the charter school LEA/charter school was given access to all of the funds for which it was eligible, in the proper amount, within 5 months of the opening or expansion date (provided that SEA or LEA notification, data submission, and application requirements were met).
- e. Review documentation to identify the opening or expansion date for each eligible charter school LEA/charter school that opened or significantly expanded its enrollment between November 1 and February 1 of the academic year. Determine whether the charter school LEA/charter school was given access to the *pro rata* portion of the funds for which the school was eligible, in the proper amount, on or before the date the SEA or LEA made allocations to other LEAs/public schools under the program for the succeeding academic year (provided that SEA or LEA notification, data submission, and application requirements were met).
- f. Review documentation to determine whether the SEA or LEA made necessary adjustments to account for over- or under-allocations once actual eligibility and enrollment data became available.
- g. For Title I, Part A, review documentation to determine whether the SEA applied section 4306(c) of the ESEA, as amended by ESSA, to calculate a hold-harmless base for the prior year that reflects the new or significantly expanded enrollment of the charter school LEA.

IV. OTHER INFORMATION

Consolidation of Administrative Funds (SEAs and LEAs)

ESEA programs in this Supplement to which this section applies are: Title I, Part A (84.010); MEP (84.011); CSP (84.282); 21st CCLC (84.287); Title III, Part A (84.365); MSP (84.366) (at the LEA level only); Title II, Part A (84.367); and Title IV, Part A (84.424).

State and local administrative funds that are consolidated (as described in III.A.1, “Activities Allowed or Unallowed – Consolidation of Administrative Funds (SEAs and LEAs)”) should be included in the audit universe and the total expenditures of the programs from which they originated for purposes of (1) determining Type A programs, and (2) completing the Schedule of Expenditures of Federal Awards (SEFA). A footnote showing, by program, amounts of administrative funds consolidated is encouraged.

Schoolwide Programs (LEAs)

ESEA programs in this Supplement to which this section applies are: Title I, Part A (84.010); MEP (84.011); 21st CCLC (84.287); Title III, Part A (84.365); MSP (84.366); Title II, Part A (84.367); and Title IV, Part A (84.424).

This section also applies to IDEA (84.027 and 84.173) and CTE (84.048).

Since schoolwide programs are not separate Federal programs, as defined in 2 CFR section 200.42, expenditures of Federal funds consolidated in schoolwide programs should be included in the audit universe and the total expenditures of the programs from which they originated for purposes of (1) determining Type A programs and (2) completing the SEFA. A footnote showing, by program, amounts consolidated in schoolwide programs is encouraged.

Transferability (SEAs and LEAs)

ESEA programs in this Supplement to which this section applies are: Title IV, Part A (84.424); 21st CCLC (84.287) (SEAs only); and Title II, Part A (84.367).

Expenditures of funds transferred from one program to another (as described in III.A.3, “Activities Allowed or Unallowed – Transferability (SEAs and LEAs)”) should be included in the audit universe and total expenditures of the receiving program for purposes of (1) determining Type A programs, and (2) completing the SEFA. A footnote showing amounts transferred between programs is encouraged.

Prima Facie Case Requirement for Audit Findings

Section 452(a)(2) of the General Education Provisions Act (20 USC 1234a(a)(2)) requires that ED officials establish a *prima facie* case when they seek recoveries of unallowable costs charged to ED programs. When the preliminary ED decision to seek recovery is based on an audit under 2 CFR part 200, subpart F, upon request, auditors will need to provide ED program officials audit documentation. For this purpose, audit documentation (part of which is the auditor’s working papers) includes information the auditor is required to report and document that is not already included in the reporting package.

The requirement to establish a *prima facie* case for the recovery of funds applies to all programs administered by ED, with the exception of Impact Aid (CFDA 84.041) and programs under the Higher Education Act, i.e., the Family Federal Education Loan Program (CFDA 84.032) and the other ED programs covered in the Student Financial Assistance Cluster in Part 5 of the Supplement.

DEPARTMENT OF EDUCATION

CFDA 84.010 TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES (Title I, Part A of the ESEA)

I. PROGRAM OBJECTIVES

The objective of this program is to improve the teaching and learning of children who are at risk of not meeting challenging academic standards and who reside in areas with high concentrations of children from low-income families.

II. PROGRAM PROCEDURES

The Department of Education (ED) provides Title I, Part A funds through each State educational agency (SEA) to local educational agencies (LEAs) through a statutory formula based primarily on the number of children ages 5 through 17 from low-income families. This number is augmented by annually-collected counts of children ages 5 through 17 in foster homes, locally operated institutions for neglected or delinquent children, and families above poverty that receive assistance under Temporary Assistance for Needy Families (TANF) (CFDA 93.558), adjusted to account for the cost of education in each State. To receive funds, an SEA must submit to ED for approval either (1) an individual State plan as provided in Section 1111 of the Elementary and Secondary Education Act (ESEA) (20 USC 6311), or (2) a consolidated plan that includes Part A, in accordance with Section 8302 of the ESEA (20 USC 7842). The individual or consolidated plan, after approval by ED, remains in effect for the duration of the State's participation in Title I, Part A under the current ESEA authorization. The plan must be updated to reflect substantive changes. ED is reviewing State plans during the 2017–2018 school year, and SEAs were not required to have approved State plans in order to receive ESEA funds for the 2017–2018 school year.

In general, to receive Title I, Part A funds, LEAs must have on file with the SEA an approved plan that includes the descriptions required under Section 1112(b) of the ESEA (20 USC 6312(b)). In lieu of an individual program plan, however, an LEA may include Part A as part of a consolidated application submitted to the SEA under Section 8305 of the ESEA (20 USC 7845). Because most SEAs would not have an approved consolidated State plan by the beginning of the 2017-2018 school year, ED permitted an SEA to choose not to collect LEA plans prior to awarding FY 2017 funds for the 2017-2018 school year so long as the SEA collected the assurances included in section 8306 of the ESEA for each LEA. For more detail, see *Transitioning to the Every Student Succeeds Act (ESSA) Frequently Asked Questions A-10 and A-11* (Jan. 18, 2017) (<https://www2.ed.gov/policy/elsec/leg/essa/essaguidance160477.pdf>).

LEAs allocate Title I, Part A funds to eligible school attendance areas based on the number of children from low-income families residing within the attendance area. A school at or above 40 percent poverty or a school that receives a waiver from the SEA may use its Part A funds, along with other Federal, State, and local funds, to operate a schoolwide program to upgrade the instructional program in the whole school (20 USC 6314(a)). Otherwise, a school operates a targeted assistance program in which the school identifies students who are failing, or most at risk of failing, to meet the State's challenging student academic achievement standards and who

have the greatest need for assistance. The school then designs, in consultation with parents, staff, and the LEA, an instructional program to meet the needs of those students (20 USC 6315).

Source of Governing Requirements

This program is authorized by Title I, Part A of the ESEA, as amended by the ESSA (Pub. L. No. 114-95 (20 USC 6301 through 6339 and 6571 through 6576)). Program regulations are found at 34 CFR part 200. The ED requirements of 34 CFR part 299 (General Provisions) apply to this program.

Availability of Other Program Information

A number of documents posted on ED's website contain information pertinent to the Title I, Part A requirements in this Compliance Supplement. They are:

- a. Transitioning to the Every Student Succeeds Act (ESSA) Frequently Asked Questions (Jan. 18, 2017) (<https://www2.ed.gov/policy/elsec/leg/essa/essatransitionfaqs11817.pdf>)
- b. ESSA Fiscal Changes & Equitable Services (November 2016) (<https://www2.ed.gov/policy/elsec/leg/essa/essaguidance160477.pdf>)
- c. ESSA Schoolwide Guidance (September 2016) (<https://www2.ed.gov/policy/elsec/leg/essa/essaswpguidance9192016.pdf>)
- d. Letter from the Secretary on Test Security (June 2011) (<http://www2.ed.gov/policy/elsec/guid/secletter/110624.html>)
- e. Local Educational Agency Identification and Selection of School Attendance Areas and Schools and Allocation of Title I Funds to Those Areas and Schools (August 2003) (<http://www.ed.gov/programs/titleiparta/wdag.doc>)
- f. Title I Services to Eligible Private School Children (October 17, 2003) (<http://www.ed.gov/programs/titleiparta/psguidance.doc>)
- g. The American Recovery and Reinvestment Act of 2009 (ARRA): Using Title I, Part A ARRA Funds for Grants to Local Educational Agencies to Strengthen Education, Drive Reform, and Improve Results for Students (September 2, 2009) (<http://www.ed.gov/policy/gen/leg/recovery/guidance/titlei-reform.doc>)
Note: Although the period of availability for Title I ARRA funds has expired, this guidance remains generally applicable to the use of Title I, Part A funds provided through a regular appropriation.
- h. Implementing Response to Intervention (RTI) using Title I, Title III, and CEIS (Coordinated Early Intervening Services) Funds (August 2009) (<http://www.ed.gov/programs/titleiparta/rti.html>)

- i. Serving Preschool Children Through Title I, Part A of the Elementary and Secondary Education Act of 1965, as Amended (April 16, 2012)
(<http://www2.ed.gov/policy/elsec/guid/preschoolguidance2012.pdf>)
- j. The Community Eligibility Provision and Selected Requirements Under Title I, Part A of the Elementary and Secondary Education Act of 1965, as Amended (Revised March 2015)
(<http://www2.ed.gov/programs/titleiparta/15-0011.doc>)
- k. Letter to State Title I and Homeless Education Coordinators on use of Title I funds to support homeless children and youth (August 2015)
(<http://www2.ed.gov/programs/homeless/homelesscoord0815.pdf>)

Additional information is provided in the “Availability of Other Program Information” part of the ED Cross-Cutting Section.

III. COMPLIANCE REQUIREMENTS

In developing the audit procedures to test compliance with the requirements for this Federal program, the auditor must determine, from the following summary (also included in Part 2, “Matrix of Compliance Requirements”), which of the 12 types of compliance requirements apply, and then determine which of the applicable requirements is likely to have a direct and material effect on the Federal program at the auditee. For each such requirement, the auditor must use Part 3 (which includes generic details about each compliance requirement other than Special Tests and Provisions) and this program supplement (which includes any program-specific requirements) to perform the audit.

Compliance Requirements											
A	B	C	E	F	G	H	I	J	L	M	N
Activities Allowed or Unallowed	Allowable Costs/Cost Principles	Cash Management	Eligibility	Equipment/Real Property Management	Matching, Level of Effort, Earmarking	Period of Performance	Procurement/Suspension and Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
Y	Y	Y	Y	Y	Y	Y	Y	N	Y	Y	Y

Certain compliance requirements that apply to multiple programs are discussed once in the ED Cross-Cutting Section of this Supplement (page 4-84.000-1) rather than being repeated in each

individual program. Where applicable, this section references the ED Cross-Cutting Section for these requirements. Also, as discussed in the ED Cross-Cutting Section, SEAs and LEAs may have been granted waivers from certain compliance requirements.

Auditors should ascertain from the audited SEAs and LEAs whether the SEA or the LEA or its schools are operating under any approved waivers.

A. Activities Allowed or Unallowed

See also ED Cross-Cutting Section.

SEAs

SEAs must use regular FY 2017 funds to provide subgrants to LEAs through their FY 2017 LEA allocation process. SEAs may use funds for State administration and Direct Student Services and must reserve funds for school improvement activities in accordance with the statutory requirements (Title I, Sections 1003, 1003A (if applicable), and 1004. of ESEA (20 USC 6303,6303b (if applicable), and 6304). (See also III.G.3.a, “Matching, Level of Effort, Earmarking – Earmarking,” below, and ED Cross-Cutting Section, 84.000, III.G.3.a.)

B. Allowable Costs/Cost Principles

See ED Cross-Cutting Section.

C. Cash Management

See ED Cross-Cutting Section.

E. Eligibility

1. Eligibility for Individuals - Not Applicable

2. Eligibility for Group of Individuals or Area of Service Delivery

- a. *School Attendance Areas or Schools* (LEAs with either schoolwide programs or targeted assistance programs)

An LEA must determine which school attendance areas are eligible to participate in Part A. A school attendance area is generally eligible to participate if the percentage of children from low-income families is at least as high as the percentage of children from low-income families in the LEA as a whole or at least 35 percent. An LEA may also designate and serve a school in an ineligible attendance area if the percentage of children from low-income families enrolled in that school is equal to or greater than the percentage of such children in a participating school attendance area. When determining eligibility, an LEA must select a poverty measure from among the following data sources: (1) the number of children ages 5–17 in poverty counted in the most recent census; (2) the number of

children eligible for free and reduced price lunches; (3) the number of children in families receiving TANF; (4) the number of children eligible to receive Medicaid assistance; or (5) a composite of these data sources. The LEA must use that measure consistently across the district to rank all its school attendance areas according to their percentage of poverty.

An LEA must serve eligible schools or attendance areas in rank order according to their percentage of poverty. An LEA must serve those areas or schools above 75 percent poverty, including any middle or high schools, before it serves any with a poverty-percentage at or below 75 percent. After an LEA has served all areas and schools with a poverty rate above 75 percent or, at its discretion, high schools at or above 50 percent, the LEA may serve lower-poverty areas and schools either by continuing with the district-wide ranking or by ranking its schools at or below 75 percent poverty according to grade-span grouping (e.g., K-6, 7-9, 10-12). If an LEA ranks by grade span, the LEA may use the district-wide poverty average or the poverty average for the respective grade-span grouping. An LEA may serve, for one additional year, an attendance area that is not currently eligible but that was eligible and served in the preceding year.

An LEA may elect not to serve an eligible area or school that has a higher percentage of children from low-income families only if (1) the school meets the Title I, Part A comparability requirements; (2) the school is receiving supplemental State or local funds that are spent according to the requirements in Sections 1114 or 1115 of Title I; and (3) the supplemental State and local funds expended in the area or school equal or exceed the amount that would be provided under Part A. An LEA with an enrollment of fewer than 1,000 students or with only one school per grade span is not required to rank its school attendance areas (Title I, Section 1113(a)-(b) of ESEA (20 USC 6313(a)-(b)); 34 CFR section 200.78(a)).

- b. *Allocating funds to eligible school attendance areas and schools* (LEAs with either schoolwide programs or targeted assistance programs)

From its total Part A allocation and before reserving any funds for allowable activities or allocating Part A funds to participating public school attendance areas or schools, an LEA must reserve, to provide equitable services to eligible private school students, the proportionate share generated by students from low-income families who reside in participating public school attendance areas and who attend private schools. For the purpose of determining the proportionate share (see ED Cross-Cutting Section), the LEA must use the same poverty data, if available, as the LEA uses to count public school children. If the same data are not available, the LEA may use comparable data from a survey of families of private school students. If an LEA uses a survey of families of private school children, the LEA may extrapolate from the survey, based on a representative sample of private school children, the number of

children from low-income families who attend private schools. An LEA may also correlate sources of data, or apply the low-income percentage of each participating public school attendance area to the number of private school children who reside in that school attendance area. If an LEA selects a public school to participate on the basis of enrollment, rather than because it serves an eligible school attendance area, the LEA must, in consultation with private school officials, determine an equitable way to count private school children from low-income families in order to calculate the proportionate share of Title I, Part A funds available to serve private school children. An LEA may count private school children from low-income families every year or every 2 years.

After reserving Part A funds to provide equitable services to eligible private school students, homeless children, children in local institutions for neglected children, and any other allowable reservations, an LEA must allocate Part A funds to each participating school attendance area or school, in rank order, on the basis of the number of children from low-income families residing in the area or attending the school.

If an LEA serves any attendance area with less than a 35 percent poverty rate, the LEA must allocate to all its participating areas an amount per child from a low-income family that equals at least 125 percent of the LEA's Part A allocation per child from a low-income family. (An LEA's allocation per child from a low-income family is the total LEA allocation under subpart 2 of Part A divided by the number of children from low-income families in the LEA according to the poverty measure selected by the LEA to identify eligible school attendance areas. The LEA then multiplies this per-child amount by 125 percent.) If an LEA serves only areas with a poverty rate greater than 35 percent, the LEA must allocate funds, in rank order, on the basis of the total number of children from low-income families in each area or school, but is not required to allocate a per-pupil amount of at least 125 percent. If an LEA serves areas or schools below 75 percent poverty by grade-span groupings, the LEA may allocate different amounts per child from a low-income family for different grade-span groupings as long as those amounts do not exceed the amount per child from a low-income family allocated to any area or school above 75 percent poverty. Amounts per child from a low-income family within grade spans may also vary as long as the LEA allocates higher amounts per child from a low-income family to higher-poverty areas or schools within the grade span than it allocates to lower-poverty areas or schools.

(Title I, Section 1113(c) of the ESEA (20 USC 6313(c)), and Title I, Section 1117(a)(4) of ESEA (20 USC 6320(a)(4)); 34 CFR sections 200.77 and 200.78).

- c. *Serving homeless children in participating and non-participating schools and children in local institutions for neglected or delinquent children*
- (1) Before allocating Title I, Part A funds to school attendance areas and schools and based on its total allocation, an LEA must reserve funds to provide services comparable to those provided to children in participating school attendance areas and schools to serve:
 - (a) Children in local institutions for neglected children; and
 - (b) Homeless children, including providing educationally related support services to children in shelters and other locations where homeless children may live and services nor ordinarily provided to other children served by Title I, Part A.
 - (2) An LEA may reserve funds to provide services comparable to those provided to children in participating school attendance areas and schools to serve:
 - (a) Children in local institutions for delinquent children; and
 - (b) Neglected and delinquent children in community day school programs.

(Title I, Section 1113(c) of ESEA (20 USC 6313(c)); 34 CFR section 200.77).

3. Eligibility for Subrecipients (SEAs)

ED allocates funds by formula for basic grants, concentration grants, targeted grants, and education finance incentive grants, through SEAs, to each eligible LEA for which the Bureau of the Census has provided data on the number of children from low-income families residing in the school attendance areas of the LEA (the "Census list"). If there is an LEA in a State that is not on the Census list (see III.G.3.a, "Matching, Level of Effort, Earmarking - Earmarking," below), the SEA must determine that the LEA is eligible under each formula as follows:

- a. Basic grants – an eligible LEA must have at least 10 formula children (i.e., the Census estimate of low-income children, children in neglected facilities and in publicly supported foster homes, and children from families that receive an annual payment from the Temporary Assistance for Needy Families program (CFDA 93.558) that exceeds the Federal poverty level) and the number of formula children must exceed two percent of the LEA's total population of children ages 5 through 17.

- b. Concentration grants – an eligible LEA must be eligible for basic grants and the number of formula children must exceed 6,500 children or 15 percent of the ages 5 through 17 population.
- c. Targeted grants – an eligible LEA must have at least 10 formula children and the number of those children must equal or exceed five percent of the LEA’s total population of children ages 5 through 17.
- d. Education finance incentive grants – an eligible LEA must have at least 10 formula children and the number of those children must equal or exceed five percent of the LEA’s total population of children ages 5 through 17.

(Title I, Sections 1124-1125A of ESEA (20 USC 6333-6337; 34 CFR section 200.71)

G. Matching, Level of Effort, Earmarking

1. Matching – Not Applicable

2.1 Level of Effort – *Maintenance of Effort*

See ED Cross-Cutting Section.

2.2 Level of Effort – *Supplement Not Supplant*

See ED Cross-Cutting Section.

3. Earmarking

See ED Cross-Cutting Section and the following:

a. Allocation of Funds to LEAs (SEAs)

ED provides LEA allocation tables to SEAs for basic grants, concentration grants, targeted grants, and education finance incentive grants based on LEA-level data from the Bureau of Census (Census list).

- (1) If there is an LEA in a State that is not on the Census list (e.g., charter school LEAs), the SEA must adjust the initial allocations provided by ED for any eligible LEA that is not on the Census list (see III.E.3, “Eligibility - Eligibility for Subrecipients,” above) (34 CFR section 200.72).
- (2) In making the adjustments, the SEA must ensure that no eligible LEA is reduced below its hold harmless level. An LEA’s hold harmless level is 85, 90, or 95 percent of the amount it was allocated in the preceding year depending on its percentage of formula children (34 CFR section 200.73).

(3) In making the adjustments, the SEA must apply section 4306(c) of the ESEA, as amended by the ESSA, which requires the SEA, for purposes of implementing the hold-harmless protections in section 1122(c) and 1125A(f)(3) of the ESEA for a newly opened or significantly expanded charter school LEA, to calculate a hold-harmless base for the prior year that reflects the new or significantly expanded enrollment of the charter school LEA (20 USC 7221e(c)). For more information see pages 4-7 in the ESSA Fiscal Changes & Equitable Services guidance (November 2016) (<https://www2.ed.gov/policy/elsec/leg/essa/essaguidance160477.pdf>).

b. *Targeting School Improvement Funds (SEAs)*

Each SEA must ratably reduce the allocations of all LEAs to reserve for school improvement activities the greater of:

- Seven percent of the SEA's FY 2017 Title I award; or
- The sum of the total amount that the SEA reserved for school improvement under section 1003(a) from its FY 2016 Title I award (generally, 4 percent of that award) and the amount of the SEA's FY 2016 School Improvement Grants (SIG) allocation under section 1003(g).

Of the amount reserved, the SEA must allocate not less than 95 percent directly to LEAs on a formula or competitive basis to support school improvement activities in identified low performing schools. However, the SEA may, with the approval of its LEAs, provide directly for these activities or arrange for them to be provided by other entities such as school support teams or educational service agencies.

If, after consulting with LEAs, the SEA determines that the amount of funds reserved is greater than needed, the SEA must allocate the excess amount to LEAs (1) in proportion to their allocations under subpart 2 of Part A, or (2) in accordance with the SEA's reallocation procedures under Section 1126(c) of the ESEA (Title I, Section 1003(a)-(e) of ESEA (20 USC 6303(a)-(e)); 34 CFR section 200.100(a)).

c. *Funds Reserved for State Administration (SEAs)*

From the amount received by the SEA for Title I, Part A, to administer Title I, an SEA may reserve no more than the greater of one percent of what the SEA would have received for Title I, Part A, if the appropriation for Parts A, C, D of Title I were \$14 billion (as indicated on a State administrative allocation table that ED provides to SEAs) or \$400,000 (\$50,000 for outlying areas). (Title I, Section 1004 (20 USC 6304); 34 CFR section 200.100(b)).

d. *Funds Reserved for Direct Student Services (SEAs: optional)*

After meaningful consultation with geographically diverse LEAs, an SEA may, but is not required to, reserve a maximum of three percent of its Title I allocation for direct student services by ratably reducing the allocations of all LEAs. (Title I, Section 1003A (20 USC 6303b).

H. Period of Performance

See ED Cross-Cutting Section.

L. Reporting

1. Financial Reporting

See ED Cross-Cutting Section.

2. Performance Reporting - Not Applicable

3. Special Reporting

See ED Cross-Cutting Section.

N. Special Tests and Provisions

1. Participation of Private School Children

See ED Cross-Cutting Section.

2. Access to Federal Funds for New or Significantly Expanded Charter Schools

See ED Cross-Cutting Section.

**3. Annual Report Card, High School Graduation Rate - (OMB No. 1810-0581)
(SEAs/LEAs)**

Compliance Requirements – An SEA and its LEAs must report graduation rate data for all public high schools at the school, LEA, and State levels using the 4-year adjusted cohort rate. For reporting during the 2017-2018 school year, graduation rates would reflect data from the 2016-2017 school year. Accordingly, the requirements for calculating and reporting graduation rates under the ESEA, as amended by the No Child Left Behind Act of 2001 (NCLB), would continue to apply. Under these requirements, graduation rate data must be reported both in the aggregate and disaggregated by each subgroup described in 34 CFR section 200.13(b)(7)(ii) using a 4-year adjusted cohort graduation rate. Only students who earn a regular high school diploma may be counted as a graduate for purposes of calculating the 4-year adjusted cohort graduation rate. The term “regular high school diploma” means the standard high school diploma that is awarded to students in the State and that is fully aligned with the State’s academic content standards or a higher diploma and does not include a General Educational

Development (GED) credential, certificate of attendance, or an alternative award. To remove a student from the cohort, a school or LEA must confirm, in writing, that the student transferred out, emigrated to another country, or is deceased. To confirm that a student transferred out, the school or LEA must have official written documentation that the student enrolled in another school or in an educational program that culminates in the award of a regular high school diploma. A student who is retained in grade, enrolls in a GED program, or leaves school for any other reason may not be counted as having transferred out for the purpose of calculating graduation rate and must remain in the adjusted cohort (Title I, Sections 1111(b)(2) and (h) of the ESEA, as amended by NCLB (20 USC 6311(b)(2) and (h)); 34 CFR section 200.19(b)).

Audit Objective: Determine whether SEAs and LEAs have implemented appropriate policies and procedures for documenting the removal of a student from the regulatory adjusted cohort.

Suggested Audit Procedures

SEAs

Review SEA policies and procedures that ensure that LEAs are maintaining appropriate documentation to confirm when students have been removed from the regulatory adjusted cohort.

LEAs

Verify that the LEA maintains appropriate written documentation to support the removal of a student from the regulatory adjusted cohort.

4. Assessment System Security - (SEAs/LEAs)

Compliance Requirements – States, in consultation with LEAs, are required to establish and maintain an assessment system that is valid, reliable, and consistent with relevant professional and technical standards. Within their assessment system, SEAs must have policies and procedures to maintain test security and ensure that LEAs implement those policies and procedures (Section 1111(b)(2)(B)(iii) of the ESEA (20 USC 6311(b)(2)(B)(iii))).

Audit Objective: Determine whether SEAs and LEAs have implemented policies and procedures regarding test security for the assessments.

Suggested Audit Procedures

SEAs

- a. Review SEA policies and procedures for ensuring that the SEA and LEAs implement test security measures.
- b. Verify that the SEA has implemented the relevant policies and procedures.

LEAs

- a. Ascertain that the LEA has policies and procedures for ensuring that the LEA and its schools implement test security measures.
- b. Verify that the LEA and its schools implemented test security measures, for example, by reviewing documentation and interviewing LEA officials and school administrators and teachers.

DEPARTMENT OF EDUCATION

CFDA 84.011 MIGRANT EDUCATION - STATE GRANT PROGRAM (Title I, Part C of ESEA)

I. PROGRAM OBJECTIVES

The objectives of the Migrant Education - State Grant Program (Migrant Education Program or MEP) are to (1) assist States in support high-quality and comprehensive educational programs and services during the school year and, as applicable, during summer or intersession periods, that address the unique educational needs of migratory children; (2) ensure that migratory children who move among the States are not penalized in any manner by disparities among the States in curriculum, graduation requirements, and challenging State academic standards; (3) ensure that migratory children receive full and appropriate opportunities to meet the same challenging State academic standards that all children are expected to meet; (4) to help migratory children overcome educational disruption, cultural and language barriers, social isolation, various health-related problems, and other factors that inhibit the ability of such children to succeed in school, ; and (5) help migratory children benefit from State and local systemic reforms.

II. PROGRAM PROCEDURES

MEP funds are allocated to a State educational agency (SEA), under either an approved consolidated application or an approved individual program application, in order for the SEA to provide MEP services and activities either directly, or through local operating agencies. The amount of funding an SEA receives annually depends, in part, on the number of eligible migratory children that the SEA determined reside within the State. Local operating agencies (LOAs) can be (1) a local educational agency (LEA) to which a SEA makes a subgrant, (2) a public or private agency with which a SEA or the Secretary makes an arrangement, or (3) a SEA if the State educational agency operates the State's migrant education program or projects directly.. Because an SEA may choose to provide MEP services directly or through a local operating agency, some of the suggested audit procedures will apply for an SEA or local operating agency, depending on which agency provides the services and where the records are maintained.

Source of Governing Requirements

This program is authorized by Title I, Part C of the Elementary and Secondary Education Act of 1965, as amended (ESEA) (20 USC 6391 through 6399). Requirements in 34 CFR part 200, subparts C (34 CFR sections 200.81 through 200.89) and E (34 CFR sections 200.100 through 200.103), 34 CFR part 76, and 34 CFR part 299 also apply.

III. COMPLIANCE REQUIREMENTS

In developing the audit procedures to test compliance with the requirements for this Federal program, the auditor must determine, from the following summary (also included in Part 2, "Matrix of Compliance Requirements"), which of the 12 types of compliance requirements apply, and then determine which of the applicable requirements is likely to

have a direct and material effect on the Federal program at the auditee. For each such requirement, the auditor must use Part 3 (which includes generic details about each compliance requirement other than Special Tests and Provisions) and this program supplement (which includes any program-specific requirements) to perform the audit.

Compliance Requirements											
A	B	C	E	F	G	H	I	J	L	M	N
Activities Allowed or Unallowed	Allowable Costs/Cost Principles	Cash Management	Eligibility	Equipment/Real Property Management	Matching, Level of Effort, Earmarking	Period of Performance	Procurement/Suspension and Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
Y	Y	Y	Y	N	Y	Y	N	N	Y	Y	Y

Certain compliance requirements that apply to multiple ESEA programs are discussed once in the ED Cross-Cutting Section of this Supplement (page 4-84.000-1) rather than being repeated in each individual program. Where applicable, this section references to the ED Cross-Cutting Section for these requirements. Also, as discussed in the ED Cross-Cutting Section, SEAs and LEAs may have been granted waivers from certain compliance requirements.

A. Activities Allowed or Unallowed

See also ED Cross-Cutting Section.

1. *SEAs* – SEAs may use funds to operate the program directly or through contracts or subgrants to LEAs or other local operating agencies, and pay for State administration. In general, funds available under the MEP may be used only to (a) identify eligible migratory children and their needs; and (b) provide educational and support services (including, but not limited to, preschool services, professional development, advocacy and outreach, parental involvement activities and the acquisition of equipment) that address the identified needs of the eligible children.

An SEA may also use MEP funds to carry out administrative activities that are unique to the program. These activities include, but are not limited to, Statewide identification and recruitment of migratory children, interstate and intrastate program coordination, transfer of student records, collecting and using information to make subgrants, and direct supervision of instructional or support

staff (Title I, Part C, Sections 1301, 1304(c) and 1306(b) of ESEA (20 USC 6392, 6391(c), and 6396(b)); 34 CFR section 200.82).

2. *LEAs or Other Local Operating Agencies* – LEAs or other local operating agencies use funds in accordance with the agreement with the SEA to (a) identify eligible migratory children and their needs; and (b) provide educational and support services that address the identified needs of the eligible children.

B. Allowable Costs/Cost Principles

See ED Cross-Cutting Section.

C. Cash Management

See ED Cross-Cutting Section.

E. Eligibility

1. Eligibility for Individuals

In general, only eligible migratory children may receive MEP services. A “migratory child” means a child or youth who made a qualifying move—in the preceding 36 months as a migratory agricultural worker or migratory fisher; or with, or to join, a parent or spouse who is a migratory agricultural worker, or a migratory fisher. A qualifying move is a move due to economic necessity (a) from one residence to another residence; and (b) from one school district to another, except in the case of a State that is comprised of a single school district, wherein a qualifying move is from one administrative area to another within such district, or in the case of a school district of more than 15,000 square miles, wherein a qualifying move is a distance of 20 miles or more to a temporary residence. (Title I, Part C, Section 1309(2)(5)(20 USC 6399(2)(5)). 34 CFR section 200.81 further defines the following key terms: “agricultural work,” “fishing work,” “temporary employment,” “seasonal employment,” “personal subsistence,” and “qualifying work.” An SEA and its local operating agencies are required to use the National Certificate of Eligibility (COE) form (*OMB Control No. 1810-0662*) to document the SEA’s determination of a child’s eligibility for the program. ED has identified Required Data Elements and Required Data Sections and provided Instructions and Questions & Answers for the National COE at <https://www2.ed.gov/programs/mep/coe2017.docx> (Title I, Part C, Sections 1302 and 1304(b)(1) of ESEA (20 USC 6392 and 6394(b)(1)); 34 CFR sections 200.81 and 200.89(c)).

SEAs have the discretionary authority to implement the “continuation of services” provision of ESEA, which lists three specific ways in which a child who is no longer eligible for the MEP may continue to receive MEP services: (a) a child who ceases to be a migratory child during a school term shall be eligible for services until the end of such term; (b) a child who is no longer a migratory child may continue to receive services for 1 additional school year, but only if

comparable services are not available through other programs; and (c) secondary school students who were eligible for services in secondary school may continue to be served through credit accrual programs until graduation (Title I, Part C, Section 1304(e) of ESEA (20 USC 6394(e)).

See III.N.6, “Special Tests and Provisions – Child Counts – Quality Control Process,” for testing controls related to compliance with eligibility requirements.

2. **Eligibility of Group of Individuals or Area of Service Delivery** – Not Applicable
3. **Eligibility for Subrecipients** – Not Applicable

G. Matching, Level of Effort, Earmarking

1. **Matching** – Not Applicable
- 2.1 **Level of Effort** – *Maintenance of Effort* – Not Applicable
- 2.2 **Level of Effort** – *Supplement Not Supplant*

See ED Cross-Cutting Section.

3. **Earmarking (SEAs)**

See ED Cross-Cutting Section.

H. Period of Performance

See ED Cross-Cutting Section.

L. Reporting

1. **Financial Reporting**
See ED Cross-Cutting Section.
2. **Performance Reporting** – Not Applicable

3. Special Reporting

- a. *State Per Pupil Expenditure (SPPE) Data (OMB No 1850-0067)*
(SEAs/LEAs)

See ED Cross-Cutting Section.

- b. *Consolidated State Performance Report, Part II, Migrant Child Counts*
(OMB No. 1810-0614)

- (1) Counts of Migratory Children Eligible for Funding Purposes
(SEAs)

The SEA is required—for allocation purposes—to assist ED in determining the number of eligible migratory children who reside in the State, using such procedures as ED requires. Each SEA annually provides unduplicated Statewide counts (and the procedures used to develop these counts) of eligible migratory children in each of two categories: (a) children ages 3 through 21 who resided in the State for one or more days during the preceding September 1-August 31; and (b) such children who were served one or more days in a MEP-funded project conducted either during the summer term or an intersession period (i.e., when a year-round school is not in session). The SEA's report of State child counts is based on data submitted to it by the LEAs or other local operating agencies in the State, and is prepared based on data for the school year prior to the year that is subject to audit. For example, for the audit covering school year 2013-2014, the migrant child count data to be audited is in Section 2.3.1 of the Consolidated State Performance Report, Part II on school year 2012-2013 submitted to ED in February 2014.

SEAs provide an assurance that they will assist ED in determining the number of migratory children in the State so that ED may determine the correct size of the State's annual MEP allocation. The statute and MEP regulations define who is a migrant (or migratory) child (Title I, Part C, Section 1309(2)(5) (20 USC 6399(2)(5)); 34 CFR section 200.81). ED's regulations also specify minimum requirements for quality control systems relative to the determination of a child's program eligibility (see also III.N.6, "Special Tests and Provisions – Child Counts – Quality Control Process") (34 CFR section 200.89(d)).

- (2) Reporting the number of eligible migratory children to the SEA (LEAs or other local operating agencies, and SEAs providing direct services)

LEAs or other local operating agencies, and SEAs providing direct services, must implement procedures, based on the eligibility documentation they are required to collect and maintain under 34 CFR section 200.89(c), to count and report eligible children in the two categories specified in III.L.3.b.(1) Reporting - Special Reporting (Title I, Part C, Section 1304(c)(8) of ESEA (20 USC 6394(c)(8)); 34 CFR sections 76.730 and 76.731).

- (3) An SEA must annually report population and program performance data that includes the unduplicated number of migratory children who were identified within the State as eligible to be served by the MEP, and who were identified within the State as having priority for services as defined in Title I, Part C, Section 1304(d) of ESEA (20 USC 6394(d)). The reported data are for the school year prior to the year that is subject to audit. For example, for the audit covering school year 2015-2016, the Consolidated State Performance Report, Part II to be audited would be in Section 2.3 of the report on school year 2014-2015 submitted to ED in February 2016.

Key Line Items – The following line item contains critical information:

Part II, Section 2.3 , Education of Migratory Children (Title I, Part C), Table 2.3.1.1, Eligible Migrant Children, the line titled “Total,” and Table 2.3.2.1, Priority for Service, the line titled “Total.” (Information by age/grade level does not need to be tested.)

N. Special Tests and Provisions

1. Participation of Private School Children (SEAs/LEAs)

See ED Cross-Cutting Section.

2. Priority for Services

Compliance Requirement – SEAs and LEAs or other local operating agencies must give priority for MEP services to migratory children who made a qualifying move within the previous 1-year period; and are failing, or most at risk of failing, to meet the challenging State’s academic standards, or have dropped out of school (Title I, Part C, Section 1304(d) of ESEA (20 USC 6394(d)).

Audit Objective – (*SEAs providing services directly and LEAs or other local operating agencies*) – Determine whether the SEA or LEA or other local operating agency is defining, and properly identifying and counting, “priority for services” migratory children

so that priority in the provision of MEP services is given to those migratory children who made a qualifying move within the previous 1-year period; and are failing, or most at risk of failing, to meet the challenging State's academic standards, or have dropped out of school (priority children).

Suggested Audit Procedures – (SEAs providing services directly and LEAs or other local operating agencies)

- a. Review the SEA's or LEA's or other local operating agency's definition of what constitutes a qualifying move within the previous 1-year period; failing, or most at risk of failing, to meet the challenging State academic standards, and dropped out of school.
- b. Review the SEA's or LEA's or other local operating agency's procedures to identify those individual migratory children who meet the applicable definition of priority for services.
- c. Review the SEA's or LEA's or other local operating agency's procedures to accurately count and report the unduplicated number of migratory children with "priority for services" who were identified and served. See the *Consolidated State Performance Report: Part II, Section 2.3, Education of Migratory Children (Title I, Part C), Table 2.3.2.1.*
- d. Review the SEA or LEA's or other local operating agency's process for selecting children to receive MEP services.
- e. Select a sample of migratory children who were identified as priority children. Review program records to determine if these children were provided MEP services. (In rare instances, a local project may not have any "priority for services" children in its service area, in which case the suggested audit procedures would not apply.)

3. Subgrant Process (SEAs)

Compliance Requirement – SEAs may provide MEP services either directly, or through LEAs or other local operating agencies. Where the SEA awards subgrants, in order to target program funds appropriately, the SEA is required determine the amount of the subgrants by taking into account (1) the numbers of migratory children, (2) the needs of migratory children, (3) the "priority for services" requirement in section 1304(d) of ESEA (20 USC 6394(d)), and (4) the availability of funds from other Federal, State, and local programs. How the SEA takes into consideration the availability of funds is left to SEA discretion (Title I, Part C, Sections 1301 and 1304(b)(5) of the ESEA (20 USC 6391 and 6394(b)(5))).

Audit Objective – Determine whether the SEA's process to determine the amount of MEP subgrants takes into account current information on numbers of migratory children, needs of migratory children, need to serve priority children, and the availability of funds from other Federal, State, and local programs.

Suggested Audit Procedures

Review the SEA's process for awarding MEP funds to subgrantees to ascertain if the process:

- a. Uses current information.
- b. Takes into account the following: (1) numbers of migratory children; (2) needs of migratory children; (3) "priority for services" requirement in Section 1304(d) of ESEA; and (4) availability of funds from other Federal, State, and local programs.

4. Child Counts – Quality Control Process

Compliance Requirement – In Section 2.3.1.3.4 of the Consolidated State Performance Report, Part II (See III.L.3.b., "Reporting – Special Reporting - Consolidated State Performance Report, Part II, Migrant Child Counts"), SEAs are required to describe their quality control process for ensuring that the SEA properly determines and documents the eligibility of each child in the reported count of eligible children. In preparing Section 2.3.1, SEAs may require LEAs and other local operating agencies to submit information to the SEA and comply with specified procedures concerning the child count. The quality control process is described in Section 2.3.1.3.4 of the Consolidated State Performance Report, Part II. This process includes requirements for prospective re-interviewing to validate current-year child eligibility determinations through the re-interview of a randomly selected sample of children previously identified as migratory (34 CFR section 200.89(b)(2)) and other required components, including training recruiters on eligibility requirements; supervision and annual review and evaluation of identification and recruitment practices; resolving eligibility questions raised by recruiters and communicating this information to all local operating agencies; examining each COE by qualified personnel to verify eligibility; validating that eligibility determinations were made properly; and implementing corrective action if the SEA, internal auditors, or other auditors for the Secretary identify COEs that do not sufficiently document a child's eligibility. (20 USC 6394(c)(7); 34 CFR sections 200.89(c) and (d); ED has identified Required Data Elements and Required Data Sections and provided Instructions and Questions & Answers for the National COE at <https://www2.ed.gov/programs/mep/coe2017.docx>.

Audit Objectives – Determine whether the SEA and LEAs and other local operating agencies (1) established, (2) implemented, and (3) accurately reported in the Consolidated State Performance Report, Part II a quality control process that ensures an accurate eligible child count and meets the requirements of ED regulations.

Suggested Audit Procedures

SEAs

- a. Verify that the SEA established a quality control process that ensures an accurate count of eligible children.

- b. Verify that the SEA's quality control process meets the requirements of ED regulations, including processes for prospective re-interviewing of a sample of children.
- c. Ascertain whether the quality control process was actually conducted in the manner described.
- d. Verify that the SEA accurately reported the quality control process over the count of eligible children in Section 2.3.1.3.4 of the Consolidated State Performance Report, Part II.

LEAs and Other Local Operating Agencies

- a. Determine if the LEAs and other local operating agencies were required to submit information to the SEA relating to Section 2.3.1.3.4 of the Consolidated State Performance Report, Part II, and if so, what information was required, the processes for obtaining it, and how quality was ensured.
- b. Ascertain whether the LEAs and other local operating agencies complied with the SEA's requirements relating to obtaining, processing, and submitting accurate data required for Section 2.3.1.3.4 of the Consolidated State Performance Report, Part II.

DEPARTMENT OF EDUCATION

CFDA 84.282 CHARTER SCHOOLS

I. PROGRAM OBJECTIVES

The objectives of the Expanding Opportunity Through Quality Charter Schools Program (CSP), authorized under Title IV, Part C of the Elementary and Secondary Education Act of 1965 (ESEA), as amended by the Every Student Succeeds Act (ESSA), are to expand opportunities for all students, particularly traditionally underserved students, to attend charter schools and meet challenging State academic standards; provide financial assistance for the planning, program design, and initial implementation of public charter schools; increase the number of high-quality charter schools available to students across the United States; evaluate the impact of charter schools on student achievement, families, and communities; share best practices between charter schools and other public schools; encourage States to provide facilities support to charter schools; and support efforts to strengthen the charter school authorizing process.

II. PROGRAM PROCEDURES

The ESEA was reauthorized by the ESSA (Pub. L. No 114-95) on December 10, 2015. In accordance with Section 4(a)(1)(B) of the ESSA and section 4302(c) of the ESEA, as amended by the ESSA, CSP grants awarded in Fiscal Year (FY) 2016 and earlier years operate in accordance with the requirements of the ESEA, as amended by NCLB. New CSP grants awarded in FY 2017 and later years are subject to the provisions of the ESEA, as amended by the ESSA. Prior to FY 2017, CSP funds generally were awarded on a competitive basis to State educational agencies (SEAs). Beginning with new awards in FY2017, eligible entities under the CSP are State entities (SEs) (i.e., SEAs, State charter school boards, Governors, and charter school support organizations) in States with statutes specifically authorizing charter schools. For CSP grants awarded in FY2016 and earlier, SEAs were authorized to use their CSP funds to award subgrants to eligible applicants for planning, program design, and initial implementation of charter schools; and to support the dissemination of information about, and successful practices in, charter schools. For CSP grant awards in FY2017 and later years, SEs are authorized to use CSP funds to award subgrants to eligible applicants to open and prepare for the operation of new charter schools; open and prepare for the operation of replicated high-quality charter schools; or expand high-quality charters schools. If an eligible SEA or SE elects not to participate in this program, or its application is not approved, eligible applicants, including charter schools that operate in the State may apply directly to the Secretary.

Under the requirements of the ESEA, as amended by NCLB, a charter school is limited to receiving not more than one grant or subgrant for planning and initial implementation activities and not more than one grant or subgrant for dissemination activities, unless the charter school is granted a waiver. A charter school may apply to the SEA for funds to carry out dissemination activities if the charter school has been in operation for at least 3 consecutive years and has demonstrated overall success, including substantial progress in improving student achievement; high levels of parent satisfaction; and the management and leadership necessary to overcome initial start-up problems and establish a thriving, financially viable charter school. A charter

school may receive a dissemination grant or subgrant, whether or not the charter school has applied for or received funds under the CSP for planning or implementation.

CSP planning and initial implementation grants and subgrants are awarded for a period not to exceed 3 years, of which not more than 18 months may be used for planning and program design, and not more than 2 years may be used for initial implementation. Grants or subgrants to charter schools for dissemination activities are made for a period not to exceed 2 years.

Under the ESEA, as amended by the ESSA, an SE awards subgrants for a period of not more than five years, of which an eligible applicant may use not more than 18 months for planning and program design. An eligible applicant may not receive more than one subgrant for each individual charter school for a five-year period, unless the eligible applicant demonstrates that such individual charter school has at least three years of improved educational results for students enrolled in such charter school, with respect to the elements described in section 4310(8)(A) and (D) of the ESEA, as amended by the ESSA.

The Consolidated Appropriations Act, 2010 (Pub. L. No. 111-117, 123 Stat. 3264, December 16, 2009) authorized the Secretary of Education to make awards to non-profit charter management organizations (CMOs) and other not-for-profit entities for the replication and expansion of successful charter school models. This authority was extended in subsequent appropriations acts through FY 2016. Similar authority is now codified in statute under the ESEA, as amended by the ESSA. Under the new law, the Secretary is authorized to award competitive grants to non-profit CMOs to enable them to open and prepare for the operation of one or more replicated high-quality charter schools or to expand one or more high-quality charter schools.

Source of Governing Requirements

This program was authorized by Title V, Part B, Subpart 1 of the ESEA, as amended by NCLB (20 USC 7221-7221j), for awards made in FY 2016 and earlier years. Replication and Expansion grants were authorized under the Consolidated Appropriations Act, 2016 (Pub. L. No. 114-113). Beginning with FY 2017 grant awards, this program is authorized by Title IV, Part C of the ESEA, as amended by the ESSA (20 USC 7221-7221j). There are no program-specific regulations. However, 34 CFR sections part 76, subpart H prescribes administrative requirements that States and local educational agencies must follow when allocating funds to new or expanding charter schools under ED's formula grant programs.

The transition provisions under the ESEA, as amended by the ESSA, as clarified by the Consolidated Appropriations Act, 2016 (Pub. L. No. 114-113), also apply.

Availability of Other Program Information

Information on this program can be found in the following documents posted on ED's website:

- a. Charter Schools Program, Nonregulatory Guidance (January 2014)
(<http://www2.ed.gov/programs/charter/fy14cspnonregguidance.doc>)
- b. Guidance on the Use of Funds to Support Preschool Education (December 2014)
(<http://www2.ed.gov/programs/charter/csppreschoolfaqs.doc>) and

- c. Dear Colleague Letter on Flexibility for Recipients of Charter Schools Program Grants in FY 2016 and Earlier (<https://innovation.ed.gov/files/2017/12/CSP-DCL.pdf>).

III. COMPLIANCE REQUIREMENTS

In developing the audit procedures to test compliance with the requirements for this Federal program, the auditor must determine, from the following summary (also included in Part 2, “Matrix of Compliance Requirements”), which of the 12 types of compliance requirements apply, and then determine which of the applicable requirements is likely to have a direct and material effect on the Federal program at the auditee. For each such requirement, the auditor must use Part 3 (which includes generic details about each compliance requirement other than Special Tests and Provisions) and this program supplement (which includes any program-specific requirements) to perform the audit.

Compliance Requirements											
A	B	C	E	F	G	H	I	J	L	M	N
Activities Allowed or Unallowed	Allowable Costs/Cost Principles	Cash Management	Eligibility	Equipment/Real Property Management	Matching, Level of Effort, Earmarking	Period of Performance	Procurement/Suspension and Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
Y	Y	Y	Y	Y	Y	Y	Y	N	Y	Y	N

Certain compliance requirements that apply to multiple ESEA programs are discussed once in the ED Cross-Cutting Section of this Supplement (page 4-84.000-1) rather than being repeated in each individual program. Where applicable, this section references the ED Cross-Cutting Section for these requirements. Also, as discussed in the ED Cross-Cutting Section, SEAs and LEAs, including charter school LEAs, may have been granted waivers from certain compliance requirements.

A. Activities Allowed or Unallowed

See also ED Cross-Cutting Section.

1. *Use of Funds by SEAs*

Funds must be used to award subgrants to eligible applicants. For grants awarded under the ESEA, as amended by NCLB, funds may also be used to establish a revolving loan fund for eligible applicants that have received implementation

subgrants, for State dissemination activities, and for administrative costs of the program. For grants awarded under the ESEA, as amended by the ESSA, funds may be used for administration, which may include providing technical assistance to subgrantees and authorized public chartering agencies. See III.G.3, “Matching, Level of Effort, Earmarking – Earmarking,” for limitations on amounts that can be used for these activities (20 USC 7221c(f)(1), (4), and (5)).

2. *Use of Funds by Eligible Applicants*

a. *ESEA, as amended by NCLB*

- i. Each eligible applicant may use these funds in accordance with its approved application to plan and implement a charter school, or to disseminate information about the charter school and successful practices in charter schools (20 USC 7221c(f)(2)).
- ii. An eligible applicant receiving a CSP grant or subgrant may use funds for:
 - (1) post-award planning and design of the educational program, which may include:
 - (a) refinement of the desired educational results and of the methods for measuring progress toward achieving those results; and
 - (b) professional development of teachers and other staff who will work in the charter school; and
 - (2) initial implementation of the charter school, which may include:
 - (a) informing the community about the school;
 - (b) acquiring necessary equipment and educational materials and supplies;
 - (c) acquiring or developing curriculum materials; and
 - (d) other initial operational costs that cannot be met from State or local sources (20 USC 7221c(f)(3)).
- iii. A charter school receiving funds for dissemination activities may use funds to assist other schools in adapting the charter school’s program (or certain aspects of the charter school’s program), or to disseminate information about the charter school, through such activities as:
 - (1) assisting other individuals with the planning and start-up of one or more new public schools, including charter schools, that are independent of the assisting charter school and the assisting charter school’s developers, and that agree to be held to at least as high a level of accountability as the assisting charter school;
 - (2) developing partnerships with other public schools, including charter schools, designed to improve student

- performance in each of the schools participating in the partnership;
- (3) developing curriculum materials, assessments, and other materials that promote increased student achievement and are based on successful practices within the assisting charter school; and
 - (4) conducting evaluations and developing materials that document the successful practices of the assisting charter school and that are designed to improve student performance in other schools (20 USC 7221c(f)(6)(B)).
- b. ESEA, as amended by the ESSA
- i. Each eligible applicant may use the funds in accordance with its approved application to open and prepare for the operation of a new charter school, open and prepare for the operation of a replicated high-quality charter school, or expand a high-quality charter school.
 - ii. In addition, an eligible applicant receiving a CSP grant or subgrant must use the funds for one or more of the following activities:
 - (1) Preparing teachers, school leaders, and specialized instructional support personnel, including through paying the costs associated with:
 - (a) providing professional development; and
 - (b) hiring and compensating, during the eligible applicant's planning period specified in the application for subgrant funds that is required under this section, one or more of the following:
 - (i) Teachers.
 - (ii) School leaders.
 - (iii) Specialized instructional support personnel.
 - (2) Acquiring supplies, training, equipment (including technology), and educational materials (including developing and acquiring instructional materials).
 - (3) Carrying out necessary renovations to ensure that a new school building complies with applicable statutes and regulations, and minor facilities repairs (excluding construction).
 - (4) Providing one-time, startup costs associated with providing transportation to students to and from the charter school.
 - (5) Carrying out community engagement activities, which may include paying the cost of student and staff recruitment.
 - (6) Providing for other appropriate, non-sustained costs related to the activities described in subsection (b)(1) when such costs cannot be met from other sources.

3. *Grants for the Replication and Expansion of High-Quality Charter Schools*
 - a. Grant funds may be used to replicate or expand a high-quality charter school. Specifically, for grants awarded under the ESEA, as amended by NCLB, funds may be used for (i) post-award planning and design of the educational program; and (ii) initial implementation of the charter school (see paragraph 2.b, above). For grants awarded under the ESEA, as amended by the ESSA, funds may be used to open and prepare for the operation of new charter schools and replicated high-quality charter schools, and expand high-quality charter schools.
 - b. For grants awarded under the ESEA, as amended by NCLB, grant funds also may be used for initial operational costs associated with the expansion or improvement of the entity's oversight or management of its schools (see III.G.3.c, "Matching, Level of Effort, Earmarking – Earmarking"), provided that the specific schools being created or expanded under the grant are beneficiaries of such expansion or improvement.
 - c. A charter school that has received replication and expansion of high-quality charter schools funds is not eligible to receive funds for the same purpose under section 5202(c)(2) of the ESEA (i.e., other funding under this program), including for planning and program design or the initial implementation of a charter school (20 USC 7221c(f)(3); Program Announcements issued in the *Federal Register* May 24, 2010 (75 FR 28789-28795); July 12, 2011 (76 FR 40890-40898); March 6, 2012 (77 FR 13304-13311); June 20, 2014 (79 FR 35323-35333); June 12, 2015 (80 FR 33499-33510); and May 10, 2016 (81 FR 28837-28847)).

B. Allowable Costs/Cost Principles

See ED Cross-Cutting Section.

C. Cash Management

See ED Cross-Cutting Section.

E. Eligibility

1. Eligibility for Individuals – Not Applicable

2. Eligibility for Group of Individuals or Area of Service Delivery – Not Applicable

3. Eligibility for Subrecipients

- a. An eligible applicant (i.e., non-SEA eligible applicant) is a charter school developer that has applied to an authorized public chartering authority to

operate a charter school, and has provided that authority with adequate and timely notice of its application for funding under the CSP.

- b. A “charter school” is a public school that:
- (1) in accordance with a specific State statute authorizing the granting of charters to schools, is exempt from significant State or local rules that inhibit the flexible operation and management of public schools;
 - (2) is created by a developer as a public school, or is adapted by a developer from an existing public school, and is operated under public supervision and direction;
 - (3) operates in pursuit of a specific set of educational objectives determined by the authorized public chartering agency;
 - (4) provides a program of elementary or secondary education, or both;
 - (5) is nonsectarian in its programs, admissions policies, employment practices, and all other operations, and is not affiliated with a sectarian school or religious institution;
 - (6) does not charge tuition;
 - (7) complies with Federal civil rights laws;
 - (8) is a school to which parents choose to send their children and admits students on the basis of a lottery, if more students apply than can be accommodated;
 - (9) agrees to comply with the same Federal and State audit requirements as do other elementary and secondary schools in the State, unless such requirements are specifically waived for the purpose of this program;
 - (10) meets all applicable Federal, State, and local health and safety requirements;
 - (11) operates in accordance with State law;
 - (12) has a written performance contract with the authorized public chartering agency in the State that includes a description of how student performance will be measured in charter schools pursuant to State assessments that are required of other schools and pursuant to any other assessments mutually agreeable to the authorized public chartering agency and the charter school; and
 - (13) may serve children in early childhood education programs or postsecondary students. Under the ESEA, as amended by the ESSA, a charter school may automatically enroll students who are in the immediate prior grade of an affiliated charter school, as long as the charter school complies with the lottery requirement when admitting other students.
- (c) The term “developer” means an individual or group of individuals (including a public or private nonprofit organization), which may include teachers, administrators, and other school staff, parents, or other members of the local community in which a charter school project will be carried

out. A for-profit entity does not qualify as an eligible applicant for purposes of the CSP. However, a CSP grant recipient may enter into a contract with a for-profit entity for the day-to-day management of the charter school (20 USC 7221i).

- d. A high-quality charter school is a charter school that:
- (1) shows evidence of strong academic results, which may include strong student academic growth, as determined by the State;
 - (2) has no significant issues in the areas of student safety, financial and operational management, or statutory or regulatory compliance;
 - (3) has demonstrated success in significantly increasing student academic achievement, including graduation rates where applicable, for all students served by the charter school; and
 - (4) has demonstrated success in increasing student academic achievement, including graduation rates where applicable, for each of the subgroups of students, as defined in section 1111(c)(2) of the ESEA, as amended by the ESSA.

G. Matching, Level of Effort, Earmarking

1. Matching – Not Applicable

2. Level of Effort – Not Applicable

3. Earmarking

- a. Under the ESEA, as amended by NCLB, each SEA receiving a grant may reserve not more than 5 percent of these funds for administrative expenses associated with the charter school grant program (20 USC 7221c(f)(4)). For grants awarded under the ESEA, as amended by the ESSA, SEs may reserve up to 3 percent of grant funds for administrative costs (20 USC 7221b(c)(1)(C)).
- b. For grants awarded under the ESEA, as amended by NCLB, the SEA must provide at least 95 percent of the grant funds to eligible applicants in the State for planning and initial implementation activities or for dissemination activities. Not more than 10 percent of the grant amount may be used to establish a revolving loan fund for eligible applicants that have received a CSP grant and not more than 10 percent of the grant amount may be reserved for dissemination activities (20 USC 7221c(f)(1) and (5)). Under the ESEA, as amended by the ESSA, SEs must use at least 90 percent of the grant funds to award subgrants to eligible applicants to enable them to open and prepare for the operation of new charter schools and replicated high-quality charter schools, and to expand high-quality charter schools. SE's must reserve not less than 7 percent of grant

funds to provide technical assistance to eligible applicants and authorized public chartering agencies in carrying out such activities, and work with authorized public chartering agencies in the State to improve authorizing quality, including developing capacity for, and conducting, fiscal oversight and auditing of charter schools.

- c. Grantees that received FY 2010 awards for replication and expansion of high-quality charter schools may not expend more than 15 percent of grant funds for initial operational costs associated with the expansion or improvement of the eligible entity's oversight or management of its schools (see III.A.3.b, "Activities Allowed or Unallowed") (Program Announcement issued in the *Federal Register* May 24, 2010 (75 FR 28789-28795)). This initial operational costs limitation was increased to 20 percent for replication and expansion grants awarded in FY 2011 through FY 2016 (Program Announcements issued in the *Federal Register* July 12, 2011 (76 FR 40890-40898); March 6, 2012 (77 FR 13304-13311); June 20, 2014 (79 FR 35323-35333); June 12, 2015 (80 FR 33499-33510); and May 10, 2016 (81 FR 28837-28847)).

H. Period of Performance

See ED Cross-Cutting Section.

L. Reporting

1. Financial Reporting

See ED Cross-Cutting Section.

2. Performance Reporting – Not Applicable

3. Special Reporting – Not Applicable

DEPARTMENT OF EDUCATION

CFDA 84.365 ENGLISH LANGUAGE ACQUISITION STATE GRANTS

I. PROGRAM OBJECTIVES

The objective of Title III, Part A of the Elementary and Secondary Education Act (ESEA) is to improve the education of English learners (ELs) by helping them attain English proficiency and meet challenging state academic standards. The program also provides enhanced instructional opportunities for immigrant children and youths.

II. PROGRAM PROCEDURES

The Department of Education (ED) provides Title III, Part A funds to each State Educational Agency (SEA) on the basis of a statutory formula that takes into account the number of ELs and immigrant children and youth in each State. To receive funds, an SEA must submit to ED for approval either (1) an individual State plan as provided under Section 3113 of the ESEA (20 USC 6823), or (2) a consolidated plan that includes Part A of Title III in accordance with Section 9302 of the ESEA (20 USC 7842). The plan must be updated to reflect substantive changes.

SEAs use Title III, Part A funds for administration, to carry out State activities, and to make two types of subgrants to LEAs. The two types of subgrants are (1) for school districts that have experienced a significant increase in the number of immigrant children and youth in their schools, and (2) for school district to use to serve EL children. In order to receive one of these subgrants, an LEA must submit to the SEA a plan under either Section 3116 of the ESEA (20 USC 6826) or an approved consolidated plan under Section 8302 of the ESEA (20 USC 7842) (20 USC 6821).

LEAs that receive immigrant subgrants use those funds to pay for enhanced instructional opportunities for immigrant children. LEAs receiving EL subgrants must support activities that increase the English proficiency and academic achievement of ELs by providing effective language instruction educational programs, supplemental activities, and professional development for teachers and school leaders relating to ELs. (20 USC 6825). In addition, LEAs receiving subgrants under Part A of Title III are required to assess the English language proficiency of the ELs they serve (20 USC 6823). SEAs are required to develop statewide entrance and exit procedures for ELs, and assist subgrantees in meeting the state's long-term goals for progress towards English language proficiency.

Source of Governing Requirements

This program is authorized by Title III, Part A of the ESEA (20 USC 6821 through 6849, 7011 through 7014). The requirements in 34 CFR part 299 also apply.

Availability of Other Program Information

Additional program information is available at <http://www2.ed.gov/programs/sfgp/index.html>.

III. COMPLIANCE REQUIREMENTS

In developing the audit procedures to test compliance with the requirements for this Federal program, the auditor must determine, from the following summary (also included in Part 2, “Matrix of Compliance Requirements”), which of the 12 types of compliance requirements apply, and then determine which of the applicable requirements is likely to have a direct and material effect on the Federal program at the auditee. For each such requirement, the auditor must use Part 3 (which includes generic details about each compliance requirement other than Special Tests and Provisions) and this program supplement (which includes any program-specific requirements) to perform the audit.

Compliance Requirements											
A	B	C	E	F	G	H	I	J	L	M	N
Activities Allowed or Unallowed	Allowable Costs/Cost Principles	Cash Management	Eligibility	Equipment/Real Property Management	Matching, Level of Effort, Earmarking	Period of Performance	Procurement/Suspension and Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
Y	Y	Y	N	Y	Y	Y	Y	N	Y	Y	Y

Certain compliance requirements which apply to multiple ESEA programs are discussed once in the ED Cross-Cutting Section of this Supplement (page 4-84.000-1) rather than being repeated in each individual program. Where applicable, this section references the ED Cross-Cutting Section for these requirements. Also, as discussed in the ED Cross-Cutting Section, SEAs and LEAs may have been granted waivers from certain compliance requirements.

A. Activities Allowed or Unallowed

See also ED Cross-Cutting Section.

1. SEA

- a. *Subgrants to LEAs* (20 USC 6821(b)(1)) , 6824).
- b. *State administration* (20 USC 6821(b)(3)).

- c. *State activities* – Funds may be used carry out one or more of the following State activities for this program (20 USC 6821(b)(2)):
- (1) Establishing and implementing Statewide entrance and exit procedures for ELs.
 - (2) Professional development and other activities, which may include assisting personnel in meeting State and local certification and licensing requirements for teaching ELs.
 - (3) Planning, evaluation, administration, and interagency coordination related to LEA subgrants.
 - (4) Providing technical assistance and other forms of assistance to LEA subgrantees.
 - (5) Providing recognition, which may include providing financial awards, to subgrantees that have significantly improved EL achievement and progress in meeting the State ELP goal and academic standards.
2. **LEA** – There are two types of subgrants to LEAs:
- a. *Immigrant Subgrants* – Subgrants to LEAs that have experienced significant increases in immigrant children and youth. LEAs receiving subgrants under Section 3114(d) (20 USC 6824(d)) shall use the funds awarded to pay for activities that provide enhanced instructional opportunities for immigrant children and youth. These activities include (20 USC 6825(e)):
- (1) Family literacy, parent and family outreach, and training activities designed to assist parents and families to become active participants in the education of their children.
 - (2) Support for personnel, including teacher aides who have been specifically trained, or are being trained, to provide services to immigrant children and youth.
 - (3) Provision of tutorials, mentoring, and academic or career counseling for immigrant children and youth.
 - (4) Identification and acquisition of curricular materials, educational software, and technologies to be used in the program carried out with funds.
 - (5) Basic instruction services that are directly attributable to the presence in the school district of immigrant children and youth, including the payment of costs of providing additional classroom

supplies, costs of transportation, or such other costs as are directly attributable to such additional basic instruction services.

- (6) Other instruction services that are designed to assist immigrant children and youth to achieve in elementary schools and secondary schools in the United States, such as programs of introduction to the educational system and civics education.
- (7) Activities, coordinated with community-based organizations, institutions of higher education, private sector entities, or other entities with expertise in working with immigrants, to assist parents and families of immigrant children and youth by offering comprehensive community services.

b. *EL Subgrants* (20 USC 6824(a), 6825)

- (1) *Administrative Costs* (20 USC 6825(b)).
- (2) *Required Activities* – An LEA is required to use EL subgrant funds to (20 USC 6825(c)):
 - (a) Increase the English proficiency of ELs by providing effective language instruction educational programs that meet the needs of ELs and demonstrate success in increasing English proficiency and student academic achievement (20 USC 6825(c)(1)).
 - (b) Provide effective professional development to classroom teachers (including teachers in classroom settings that are not the settings of language instruction educational programs), principals, administrators, and other school or community-based organizational personnel (20 USC 6825(c)(2)).
 - (c) Provide and implement other effective activities that supplement language instruction educational programs, which must include parent, family, and community engagement activities, and may include coordination with related programs. (20 USC 6825(c)(3)).
- (3) *Authorized Activities* – An LEA receiving an EL subgrant may, but is not required to, use those funds for the following activities (20 USC 6825(d)):
 - (a) Upgrading program objectives and effective instruction strategies.

- (b) Improving the instruction program for ELs by identifying, acquiring, and upgrading curricula, instruction materials, educational software, and assessment procedures.
- (c) Providing tutorials and academic or vocational education for ELs and intensified instruction.
- (d) Developing and implementing effective preschool, elementary school or secondary school language instruction educational programs that are coordinated with other relevant programs and services.
- (e) Improving the English proficiency and academic achievement of ELs.
- (f) Providing community participation programs, family literacy services, and parent and family outreach and training activities to ELs and their families to improve the English language skills of ELs and to assist parents and families in helping their children to improve their academic achievement and becoming active participants in the education of their children.
- (g) Improving the instruction of ELs, which may include ELs with disabilities, by providing for (i) the acquisition or development of educational technology or instructional materials; (ii) access to, and participation in, electronic networks for materials, training, and communication; and (iii) incorporation of these resources into curricula and programs.
- (h) Offering early college, high school, or dual or concurrent enrollment courses designed to help ELs achieve success in postsecondary education.

B. Allowable Costs/Cost Principles

See ED Cross-Cutting Section.

C. Cash Management

See ED Cross-Cutting Section.

G. Matching, Level of Effort, Earmarking

1. Matching – Not Applicable

2.1 Level of Effort – *Maintenance of Effort*

See ED Cross-Cutting Section.

2.2 Level of Effort – *Supplement Not Supplant*

See ED Cross-Cutting Section.

3. Earmarking (SEAs)

a. *SEA Reserved Funds* – SEAs can reserve up to 5 percent of their entire grant to carry out State activities and for administration. (Please note, however, discussion under SEA administration below, which indicates that there are circumstances under which an SEA can have a reservation for administration that exceeds 5 percent) (20 USC 6821(b)(2)):

(1) *State Activities* – SEA reserved funds not used for administration can be used to carry out one or more of the State activities (see III.A.1.c, “Activities Allowed or Unallowed”) (20 USC 6821(b)(2)).

(2) *SEA Administration* – SEA’s are authorized to reserve up to 2.5 percent of their grant, or \$175,000, whichever is greater, for planning and direct administrative cost. Because SEAs can use up to \$175,000 of their grant for administration, they may, because of that option, reserve more than 5 percent of their grant for administration (20 USC 6821(b)(3)).

b. *Subgrants to LEAs* – A SEA must expend at least 95 percent for subgrants to LEAs that submit approvable plans under either Section 3116 of the ESEA, (20 USC 6826) or an approvable consolidated plan under Section 8305 of the ESEA (20 USC 7845) as follows (20 USC 6821, 6824(a)):

(1) *Immigrant Subgrants* – SEAs are required to reserve not more than 15 percent of their grants for subgrants to LEAs that have experienced a significant increase, as compared to the average of the 2 preceding fiscal years, in the percentage or numbers of immigrant children and youth, who have enrolled, during the fiscal year for which the grant is made, in public and nonpublic elementary and secondary schools in the geographic areas served by the LEA. In awarding these subgrants, SEAs must equally consider LEAs that have limited or no experience in serving immigrant children and youth and the quality of the local plans that the LEAs submit under Section 3116 of the ESEA (20 USC 6826). SEAs have discretion to award these subgrants on a competitive, formula, or some other basis (20 USC 6824(d)).

(2) *EL Subgrants* – SEAs are required to use funds not used for State activities, SEA administration, and immigrant subgrants as described above, to award subgrants to LEAs to serve ELs. SEAs

shall allocate EL subgrants to their LEAs on a formula basis. The formula is based on the number of ELs in schools served by a particular LEA as a percentage of the number of such ELs in the entire State. The SEA, however, shall not award a subgrant if the amount of the subgrant, under the statutory formula for EL subgrants, would be less than \$10,000 (20 USC 6824).

- c. *LEA Administrative Costs* – An LEA receiving an EL subgrant may use no more than 2 percent of that subgrant for direct administrative costs (20 USC 6825(b)).

H. Period of Performance

See ED Cross-Cutting Section.

L. Reporting

1. Financial Reporting

See ED Cross-Cutting Section.

2. Performance Reporting – Not Applicable

3. Special Reporting – Not Applicable

N. Special Tests and Provisions

1. Participation of Private School Children

See ED Cross-Cutting Section.

2. Access to Federal Funds for New or Significantly Expanded Charter Schools

See ED Cross-Cutting Section.

DEPARTMENT OF EDUCATION

CFDA 84.367 SUPPORTING EFFECTIVE INSTRUCTION STATE GRANTS (formerly Improving Teacher Quality State Grants)

I. PROGRAM OBJECTIVES

The objective of the Supporting Effective Instruction State Grant program (formerly Improving Teacher Quality State Grants program) in Title II, Part A of the Elementary and Secondary Education Act (ESEA) of 1965, as amended by the Every Student Succeeds Act (ESSA) (Pub. L. No. 114-95), is to provide funds to State educational agencies (SEAs), and local educational agencies (LEAs), to: (1) increase student achievement consistent with the challenging State academic standards, (2) improve the quality and effectiveness of teachers, principals, and other school leaders, (3) increase the number of teachers, principals, and other school leaders who are effective in improving student academic achievement in schools, and (4) provide low-income and minority students greater access to effective teachers, principals, and other school leaders.

II. PROGRAM PROCEDURES

Funds are obtained by a State on the basis of the Department of Education's (ED) approval of either (1) an individual State plan as provided in Section 2101 of the ESEA (20 USC 6611) or (2) a consolidated application that includes the program, in accordance with Section 8302 of the ESEA (20 USC 7842). Separate grants are provided to SEAs and SAHEs. (Note: Under the ESEA, as amended by the ESSA, the SAHE program is no longer funded, but grantees may obligate the prior year's funds until September 30, 2018).

Equitable Service

After timely and meaningful consultation with appropriate private school officials, LEAs must provide services to teachers and other appropriate staff in private schools that are equitable to the level of services provided to teachers and appropriate staff in the public schools the LEA administers. For more information about what constitutes equitable services for private school staff, and when their participation is equitable, see *Non-Regulatory Guidance: Fiscal Changes and Equitable Services Requirements Under the Elementary and Secondary Education Act of 1965 (ESEA), as amended by the Every Student Succeeds Act (ESSA)* available at <https://www2.ed.gov/policy/elsec/leg/essa/essaguidance160477.pdf>; see also Section G of *Non-Regulatory Guidance: Improving Teacher Quality State Grants ESEA Title II, Part A*, which is available at <http://www2.ed.gov/programs/teacherqual/guidance.pdf>.

Source of Governing Requirements

This program is authorized by Title II, Part A, of the ESEA, as amended by the ESSA (Pub. L. No. 114-95) (20 USC 6611-6614). The program purpose and definitions in Title II, Part A of the ESEA, Sections 2101 and 2102 (20 USC 6601 and 6602) also apply to this program.

While there are no program regulations, general ESEA requirements in 34 CFR part 299 apply. Rules governing the amount of funds available to both the SEA and to the SAHE for the costs of

administration and planning were announced in a notice published in the *Federal Register* on May 22, 2002 (67 FR 35967, 35977).

Availability of Other Program Information

- a. Building Systems of Support for Excellent Teaching and Leading – Non-Regulatory Guidance (September 27, 2016) (<https://www2.ed.gov/policy/elsec/leg/essa/essatitleiipartaguidance.pdf>)
- b. Improving Teacher Quality State Grants – Non-Regulatory Guidance (October 5, 2006) (<http://www.ed.gov/programs/teacherqual/guidance.doc>)
- c. Non-Regulatory Guidance: Fiscal Changes and Equitable Services Requirements Under the Elementary and Secondary Education Act of 1965 (ESEA), as Amended by the Every Student Succeeds Act (ESSA) (November 21, 2016) <https://www2.ed.gov/policy/elsec/leg/essa/essaguidance160477.pdf>

III. COMPLIANCE REQUIREMENTS

In developing the audit procedures to test compliance with the requirements for this Federal program, the auditor must determine, from the following summary (also included in Part 2, “Matrix of Compliance Requirements”), which of the 12 types of compliance requirements apply, and then determine which of the applicable requirements is likely to have a direct and material effect on the Federal program at the auditee. For each such requirement, the auditor must use Part 3 (which includes generic details about each compliance requirement other than Special Tests and Provisions) and this program supplement (which includes any program-specific requirements) to perform the audit.

Compliance Requirements											
A	B	C	E	F	G	H	I	J	L	M	N
Activities Allowed or Unallowed	Allowable Costs/Cost Principles	Cash Management	Eligibility	Equipment/Real Property Management	Matching Level of Effort, Earmarking	Period of Performance	Procurement/Suspension and Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
Y	Y	Y	Y	N	Y	Y	N	N	Y	Y	Y

Certain compliance requirements that apply to multiple ESEA programs are discussed once in the Department of Education (ED) Cross-Cutting Section of this Supplement (page 4-84.000-1) rather than being repeated in each individual program. Where applicable, this section references the Cross-Cutting Section for these requirements. Also, as discussed in the Cross-Cutting Section, SEAs and LEAs may have been granted waivers from certain compliance requirements.

A. Activities Allowed or Unallowed

See also ED Cross-Cutting Section.

1. *State Use of Funds*

- a. Subgrants to LEAs (Section 2101(c) of the ESEA (20 USC 6613(c)(1))).
 - (i) SEAs must reserve not less than 95 percent of their Title II allocation for subgrants to LEAs (Section 2101(c)(1) of the ESEA).
 - (ii) Additionally, SEAs may reserve not more than 3 percent of the amount reserved for subgrants to LEAs under Section 2101(c)(1) for one or more of the activities for principals or other school leaders described in Section 2101(c)(4). For more information, about this additional SEA reservation of funds, please see Part 3 of the *Non-Regulatory Guidance for Title II, Part A: Building Systems of Support for Excellent Teaching and Leading*, available at <https://www2.ed.gov/policy/elsec/leg/essa/essatitleiipartagu idance.pdf> (Section 2101(c)(3) of the ESEA).
- b. State Administration (Section 2101(c)(2)) of the ESEA (20 USC 6613(c)(2))). SEAs may use not more than 1 percent of their Title II allocation for state administration.
- c. *State Activities* – Allowable State-level activities are identified in Section 2101(c)(4) of the ESEA. Examples of allowable activities include (1) carrying out programs that establish, expand, or improve alternative routes for State certification of teachers, principals, or other school leaders; (2) carrying out activities that focus on ensuring teachers have the necessary subject-matter knowledge and teaching skills, as demonstrated through measures determined by the State, and principals or other school leaders have the instructional leadership skills to help teachers teach and to help students meet such challenging State academic standards ; (3) reforming and teacher, principal, or other school leader certification, recertification, licensing, or tenure systems or preparation program

standards and approval processes to ensure that they are aligned with such challenging State standards; (4) developing, or assisting local educational agencies in, developing career opportunities and advancement initiatives that promote professional growth and emphasize multiple career paths; and; (5) developing, or assisting local educational agencies in developing, strategies that provide differential pay, or other incentives, to recruit and retain teachers in high-need academic subjects and teachers, principals, or other school leaders, in low-income schools and school districts; (Section 2103(c)(4) of the ESEA (20 USC 6611(c)(4))).

2. *LEA Use of Funds*

After conducting meaningful consultation, as required by Section 2102(b)(3) of the ESEA, LEAs may use funds for a broad span of activities designed to improve teacher quality that are identified in Section 2103(b) of the ESEA. Examples of allowable activities include (1) providing “professional development” (as the term is defined in Section 8101(42) of the ESEA (20 USC 7801(42))) to teachers, instructional leadership teams, principals, or other school leaders that is focused on improving teaching and student learning and achievement; (2) developing and implementing initiatives to recruit, hire, and retain teachers, principals, and other school leaders;; (3) providing training, technical assistance, and capacity-building in local educational agencies to assist teachers, principals, or other school leaders with selecting and implementing formative assessments, designing classroom-based assessments, and using data from such assessments to improve instruction and student academic achievement ; and (5) carrying out initiatives that provide teacher, paraprofessional, principal, or other school leader advancement and professional growth, and an emphasis on leadership opportunities, multiple career paths, and pay differentiation. LEAs also may use funds to hire teachers to reduce class size (Sections 2103(b) (20 USC 6613)).

3. *Subrecipients of SAHEs – Eligible Partnerships Use of Funds*

(Note: Under the ESEA, as amended by the ESSA, the SAHE program is no longer funded, but grantees may still finish spending the prior year’s funds until September 30, 2018)

Eligible Partnerships must use the funds for the following activities:

- a. Professional development activities (as the term is defined in Section 9101(34) of the ESEA (20 USC 6602(34)) in core academic subjects to ensure that teachers and “highly qualified paraprofessionals” (as the term is defined in Section 2102(4) of the ESEA (20 USC 6602(4))), and, if appropriate, principals have subject matter knowledge in the academic subjects the teachers teach, and principals have instructional leadership skills that will help them work effectively with teachers (Sections 2101 and 2134(a)(1) of the ESEA (20 USC 6601 and 6634(a)(1))).
- b. Developing and providing assistance to LEAs and to their teachers, highly qualified paraprofessionals, or principals for sustained, high-quality

professional development activities that (Sections 2101 and 2134(a)(2) of the ESEA (20 USC 6601 and 6634(a)(2)):

- (1) Ensure the use of challenging State academic content standards, student achievement standards, and State assessments to improve instruction.
- (2) May include intensive programs designed to prepare these individuals to return to school to provide instruction related to their professional development to others in the school.
- (3) May include activities of partnerships between one or more LEAs, schools or IHEs in order to improve teaching and learning in low-performing schools, as the term is used in Section 1116 of the ESEA.

B. Allowable Costs/Cost Principles (All grantees)

See ED Cross-Cutting Section.

C. Cash Management

See ED Cross-Cutting Section.

E. Eligibility

1. Eligibility for Individuals – Not Applicable

2. Eligibility for Group of Individuals or Area of Service Delivery – Not Applicable

3. Eligibility for Subrecipients

- a. LEAs apply to the SEAs for program funds. The amount of each LEA's allocation that an SEA provides is based solely on the following formula:

- (1) 20 percent of the funds must be distributed to LEAs based on the relative numbers of individuals ages 5 through 17 who reside in the area the LEA serves (based on the most recent Census data, as determined by the Secretary); and
- (2) 80 percent of the funds must be distributed to LEAs based on the relative numbers of individuals ages 5 through 17 who reside in the area the LEA serves and who are from families with incomes below the poverty line (based on the most recent Census data, as determined by the Secretary). (Section 2102(a) of the ESEA).

- a. For the SAHE program that is no longer funded, but for which grantees may still finish spending the prior year's funds until

September 30, 2018, a subgrant to an “Eligible Partnership” must be made on a competitive basis and the Eligible Partnership must include all of the following (Sections 2131(1)(A) and 2132(a) of the ESEA (20 USC 6631(1)(A) and 6632(a))):

- (1) A private or State IHE and the division of the institution that prepares teachers and principals.
 - (2) A school of arts and sciences.
 - (3) A “high-need LEA” (as the term is defined in Section 2102(3) of the ESEA (20 USC 6602(3))).
- b. An Eligible Partnership may include other entities, such as an LEA that is not a high-need LEA, a public charter school, an elementary school or secondary school, an educational service agency, a non-profit educational organization, another IHE, a non-profit cultural organization, a teacher or principal organization, or a business (Section 2131(1)(B) of the ESEA (20 USC 6631(1)(B))).

G. Matching, Level of Effort, Earmarking

1. Matching (LEAs) – Not Applicable

2.1 Level of Effort – *Maintenance of Effort* (SEAs/LEAs)

See also ED Cross-Cutting Section.

In calculating the amount of Title II, Part A funds that an LEA must reserve for equitable services (see II, “Program Procedures”) to teachers and other staff in private schools, an LEA must consider the relative numbers and needs of public and private school students. In doing so, an LEA may calculate the amount of Title II, Part A funds to be made available for equitable services on a per-pupil basis, considering only the relative enrollment of public and private school students, on the assumption that these numbers also accurately reflect the relative needs of students and teachers in public and private schools. An LEA also may use other factors relating to need and not base equal expenditures only on relative enrollments, although it may not use relative poverty of the students alone as a factor. For more information on this calculation see *Non-Regulatory Guidance: Fiscal Changes and Equitable Services Requirements, Under the Elementary and Secondary Education Act of 1965 (ESEA), as amended by the Every Student Succeeds Act (ESSA)*, available at <https://www2.ed.gov/policy/elsec/leg/essa/essaguidance160477.pdf>.

2.2 Level of Effort – *Supplement Not Supplant* (SEAs/LEAs)

See ED Cross-Cutting Section. Supplement Not Supplant is not applicable to the SAHEs and their subgrants to Eligible Partnerships (Section 2134 of the ESEA, as

amended by NCLB (20 USC 6634)). (Note: Under the ESEA, as amended by the ESSA, the SAHE program is no longer funded, but grantees may still finish spending the prior years' funds until September 30, 2018).

3. Earmarking

See ED Cross-Cutting Section.

H. Period of Performance (All grantees)

See ED Cross-Cutting Section.

L. Reporting

1. Financial Reporting

See ED Cross-Cutting Section.

2. Performance Reporting – Not Applicable

3. Special Reporting – Not Applicable

N. Special Tests and Provisions

1. Participation of Private School Children (SEAs/LEAs)

See also ED Cross-Cutting Section.

An SEA may transfer up to 100 percent of its non-administrative Title II, Part A funds to other specified programs or to Title I, Part A. Likewise, an LEA may transfer up to 100 percent of its Title II, Part A funds to certain other programs. Before an SEA or LEA may transfer funds from a program subject to equitable services requirements, it must engage in timely and meaningful consultation with appropriate private school officials (Section 5103(e)(2) of ESEA (20 USC 7305b(e)). With respect to the transferred funds, the SEA or LEA must provide private school students and teachers equitable services under the program(s) to which, and from which, the funds are transferred, based on the total amount of funds available to each program after the transfer. See *Non-Regulatory Guidance: Fiscal Changes and Equitable Services Requirements, Under the Elementary and Secondary Education Act of 1965 (ESEA), as amended by the Every Student Succeeds Act (ESSA)*, available at <https://www2.ed.gov/policy/elsec/leg/essa/essaguidance160477.pdf>.

2. Access to Federal Funds for New or Significantly Expanded Charter Schools

See ED Cross-Cutting Section.

IV. OTHER INFORMATION

Funds under the Small, Rural School Achievement (SRSA) Program (CFDA 84.358A) may be used for activities allowed under other programs, including this program (CFDA 84.367). Expenditures for allowable activities under CFDA 84.367 from funds awarded for the SRSA Funds Program should be included in the audit universe and total expenditures of CFDA 84.358A (i.e., from the program from which they originated) for purposes of (1) determining Type A programs, and (2) completing the Schedule of Expenditures of Federal Awards (SEFA).

DEPARTMENT OF EDUCATION**CFDA 84.424 STUDENT SUPPORT AND ACADEMIC ENRICHMENT PROGRAM****I. PROGRAM OBJECTIVES**

The objective of the Student Support and Academic Enrichment Grant program in Title IV, Part A of the Elementary and Secondary Education Act (ESEA) of 1965, as amended by the Every Student Succeeds Act (ESSA) (Pub. L. No. 114-95), is to provide funds to State educational agencies (SEAs) and local educational agencies (LEAs) to improve students' academic achievement by increasing the capacity of States, LEAs, schools, and local communities to: 1) provide all students with access to a well-rounded education; 2) improve school conditions for student learning; and 3) improve the use of technology in order to improve the academic achievement and digital literacy of all students.

II. PROGRAM PROCEDURES

Funds are obtained by a State on the basis of the Department of Education's (ED) approval of either (1) an individual State plan as provided in Section 4103 of the ESEA (20 USC 7113) or a consolidated application that includes the program, in accordance with Section 8302 of the ESEA (20 USC 7842).

Equitable Services

After timely and meaningful consultation with appropriate private school officials, LEAs must provide services to teachers and other appropriate staff in private schools that are equitable to the level of services provided to teachers and appropriate staff in the public schools the LEA administers. For more information about what constitutes equitable services for private school staff, and when their participation is equitable, see *Non-Regulatory Guidance: Fiscal Changes and Equitable Services Requirements Under the Elementary and Secondary Education Act of 1965 (ESEA), as amended by the Every Student Succeeds Act (ESSA)* available at <https://www2.ed.gov/policy/elsec/leg/essa/essaguidance160477.pdf>

Source of Governing Requirements

This program is authorized by Title IV, Part A of the ESEA, as amended by the ESSA (Pub. L. No. 114-95) (20 USC 7101-7122). The program purpose and definitions in Title IV, Part A of the ESEA, Sections 4101 and 4102 (20 USC 7111 and 7112) also apply to this program. While there are no program regulations, general ESEA requirements in 34 CFR part 299 apply.

Availability of Other Program Information

- a. Student Support and Academic Enrichment Grants Non-Regulatory Guidance (October, 2016) <https://www2.ed.gov/policy/elsec/leg/essa/essassaegrantguid10212016.pdf>
- b. Provisions in the Consolidated Appropriations Act of 2017 That Relate to the Title IV, Part A Student Support and Academic Enrichment Grant Program <https://safesupportivelearning.ed.gov/sites/default/files/ProvisionsConsolidatedAppropriationsAct2017.pdf>

[ationsAct2017_Title%20IVASSAE.pdf](#)

- c. Non-Regulatory Guidance: Fiscal Changes and Equitable Services Requirements Under the Elementary and Secondary Education Act of 1965 (ESEA), as Amended by the Every Student Succeeds Act (ESSA) (November 21, 2016)
<https://www2.ed.gov/policy/elsec/leg/essa/essaguidance160477.pdf>

III. COMPLIANCE REQUIREMENTS

In developing the audit procedures to test compliance with the requirements for this Federal program, the auditor must determine, from the following summary (also included in Part 2, “Matrix of Compliance Requirements”), which of the 12 types of compliance requirements apply, and then determine which of the applicable requirements is likely to have a direct and material effect on the Federal program at the auditee. For each such requirement, the auditor must use Part 3 (which includes generic details about each compliance requirement other than Special Tests and Provisions) and this program supplement (which includes any program-specific requirements) to perform the audit.

Compliance Requirements											
A	B	C	E	F	G	H	I	J	L	M	N
Activities Allowed or Unallowed	Allowable Costs/Cost Principles	Cash Management	Eligibility	Equipment/Real Property Management	Matching, Level of Effort, Earmarking	Period of Performance	Procurement/Suspension and Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
Y	Y	Y	Y	N	Y	Y	N	N	Y	Y	Y

Certain compliance requirements that apply to multiple ESEA programs are discussed once in the Department of Education (ED) Cross-Cutting Section of this Supplement (page 4-84.000-1) rather than being repeated in each individual program. Where applicable, this section references the Cross-Cutting Section for these requirements. Also, as discussed in the Cross-Cutting Section, SEAs and LEAs may have been granted waivers from certain compliance requirements.

A. Activities Allowed or Unallowed

See also ED Cross-Cutting Section.

1. *State Use of Funds*

- a. *Subgrants to LEAs* (Section 4104(a)(1) of the ESEA (20 USC 7114(a)(1))) – SEAs must reserve not less than 95 percent of their Title IV, Part A allocation for subgrants to LEAs.
- b. *State Administration* (Section 4104(a)(2) of the ESEA (20 USC 7114(a)(2))) – SEAs may reserve up to 1 percent of their Title IV, Part A allocation for administrative costs.
- c. *State Activities* (Section 4104(a)(3) of the ESEA (20 USC 7114(a)(3))) – States may reserve the remainder of funds not reserved for subgrants or administrative costs for State activities. Examples of allowable State-level activities are identified in Section 4104(b) of the ESEA and may include monitoring and providing technical assistance and capacity building to LEAs; identifying and eliminating State barriers to the coordination and integration of programs, initiatives, and funding streams that meet the purposes of the program; and otherwise supporting LEAs in carrying out activities in the three Title IV, Part A program content areas: well-rounded education, safe and healthy students, and effective use of technology.

2. *LEA Use of Funds*

LEAs may use funds for a broad span of activities designed to improve student academic achievement by improving conditions for learning in three areas: well-rounded education (examples of allowable activities in section 4107 of the ESEA), safe and healthy students (examples of allowable activities in section 4108 of the ESEA), and effective use of technology (examples of allowable activities in section 4109 of the ESEA).

Under Section 4106(e)(2)(C)(E) of the ESEA, an LEA or consortium of LEAs that receives \$30,000 or more in Title IV, Part A funds, must use:

- 1) Not less than 20 percent of funds to support one or more of the activities authorized under section 4107 pertaining to well-rounded educational opportunities;
- 2) Not less than 20 percent of funds to support one or more activities authorized under section 4108 pertaining to safe and healthy students; and
- 3) A portion of funds to support one or more activities authorized under section

4109(a t3r) pertaining to the effective use of technology, including an assurance that it will not use more than 15 percent of the remaining portion for purchasing technology infrastructure as described in section 4109(b).

LEAs or consortia of LEAs that receive less than \$30,000 must use Title IV, Part A funds in at least one of the three content areas: well-rounded educational opportunities (section 4107 of the ESEA), safe and healthy students (section 4108 of the ESEA), or effective use of technology (section 4109 of the ESEA).

In addition, for the 2018-2019 school year, SEAs may choose to award subgrants on a competitive rather than formula basis (see E.3. Eligibility below). LEAs receiving a competitive subgrant may use not more than 25 percent of the subgrant funds for purchasing technology infrastructure as described in section 4109(b) of the ESEA (2017 Consolidated Appropriations Act, Pub. L. 115-31 https://safesupportivelearning.ed.gov/sites/default/files/ProvisionsConsolidatedAppropriationsAct2017_Title%20IVASSAE.pdf)

B. Allowable Costs/Cost Principles (All grantees)

See ED Cross-Cutting Section.

C. Cash Management

See ED Cross-Cutting Section.

E. Eligibility

1. Eligibility for Individuals – Not Applicable

2. Eligibility for Group of Individuals or Area of Service Delivery – Not Applicable

3. Eligibility for Subrecipients

- a. LEAs or consortia of LEAs are the eligible subrecipients (section 4106(a)-(b) of the ESEA).
- b. LEAs apply to the SEAs for program funds. The amount of each LEA's allocation that an SEA provides is determined by formula in the same proportion as to the LEA's prior year's Title I, Part A allocation (Section 4105(a)(1) of the ESEA)

- c. However for the 2018-2019 school year, SEAs have the option of awarding subgrants on a competitive basis pursuant to authority provided in the 2017 Consolidated Appropriations Act, Pub. L. 115-31 available here:
https://safesupportivelearning.ed.gov/sites/default/files/ProvisionsConsolidatedAppropriationsAct2017_Title%20IVASSAE.pdf.
 Such competitive subgrants must be not less than \$10,000.

G. Matching, Level of Effort, Earmarking

1. **Matching** (LEAs) – Not Applicable
- 2.1 **Level of Effort** – *Maintenance of Effort* (SEAs/LEAs)
 Not Applicable
- 2.2 **Level of Effort** – *Supplement Not Supplant* (SEAs/LEAs)
 See ED Cross-Cutting Section.
- 3 **Earmarking**
 See ED Cross-Cutting Section.

H. Period of Performance (All grantees)

See ED Cross-Cutting Section.

L. Reporting

1. **Financial Reporting**
 See ED Cross-Cutting Section.
2. **Performance Reporting** – Not Applicable
3. **Special Reporting** – Not Applicable

N. Special Tests and Provisions

1. **Participation of Private School Children** (SEAs/LEAs)

See also ED Cross-Cutting Section.

An SEA may transfer up to 100 percent of its non-administrative Title IV, Part A funds to other certain authorized programs including Title I, Part A. Likewise, an LEA may transfer up to 100 percent of its Title IV, Part A funds to certain authorized programs (See Earmarking section in crosscutting section of the compliance supplement). Before an SEA or

LEA may transfer funds from a program subject to equitable services requirements, it must engage in timely and meaningful consultation with appropriate private school officials (Section 5103(e)(2) of the ESEA (20 USC 7305b(e)). With respect to the transferred funds, the SEA or LEA must provide private school students and teachers equitable services under the program(s) to which, and from which, the funds are transferred, as applicable, based on the total amount of funds available to each program after the transfer. See *Non-Regulatory Guidance: Fiscal Changes and Equitable Services Requirements, Under the Elementary and Secondary Education Act of 1965 (ESEA), as amended by the Every Student Succeeds Act (ESSA)*, available at <https://www2.ed.gov/policy/elsec/leg/essa/essaguidance160477.pdf>.

2. Access to Federal Funds for New or Significantly Expanded Charter Schools

See ED Cross-Cutting Section.

IV. OTHER INFORMATION

Funds under the Small Rural Schools Achievement (SRSA) Alternative Uses of Funds Program (CFDA 84.358A) may be used for activities allowed under other programs, including this program. Expenditures under CFDA 84.424 from funds awarded for the SRSA Alternative Uses of Funds Program should be included in the audit universe and total expenditures of CFDA 84.424 (i.e., from the program from which they originated) for purposes of (1) determining Type A programs, and (2) completing the Schedule of Expenditures of Federal Awards (SEFA).