

# **APPENDIX 21**

**Appendix 21**

**Title VI, Part A, Subpart 2 – Funding Transferability**

**Purpose**

The purpose of the Funding Transferability option in statute is to allow LEAs the flexibility to—

- target federal funds to federal programs that most effectively address the unique needs of LEAs; and
- transfer federal funds allocated to other activities to allocations for certain activities authorized under Title I.

**Eligibility**

An LEA is eligible to participate in Funding Transferability based on the LEA's district-level Title I School Improvement status.

1. If the LEA has not been identified for Title I, Part A School Improvement, then the LEA may transfer the use of up to 50 percent of the non-administrative funds in the applicable funding sources.
2. If the LEA has been identified for Title I, Part A School Improvement, then the LEA may transfer the use of up to 30 percent of the non-administrative funds in the applicable funding sources. However, the transferred funds may only be expended for Title I School Improvement activities or LEA improvement activities consistent with section 1116(c).
3. It has been identified for Corrective Action under Title I, Part A School Improvement; the LEA is not eligible to participate in Funding Transferability.

**Applicable Funding**

The uses of non-administrative, LEA formula funds received under the following fund sources may be expended for the alternate uses of listed below.

- Title II, Part A—Teacher and Principal Training and Recruiting
- Title II, Part D—Enhancing Education Through Technology (No funding is appropriated)
- Title IV, Part A— Safe and Drug-Free Schools and Communities (No funding is appropriated)
- Title V, Part A— Innovative Programs (No funding is appropriated.)

**Alternate Uses of Applicable Funding**

An eligible LEA may expend the allowable percentage of any or all of the applicable fund sources (listed above) to carry out local activities authorized in statute under P.L. 107-110 for the following programs:

- Title I, Part A
- Title II, Part A— Teacher and Principal Training and Recruiting
- Title II, Part D—Enhancing Education Through Technology (It is no longer allowable to transfer funds into Title II, Part D.)
- Title IV, Part A— Safe and Drug-Free Schools and Communities (It is no longer allowable to transfer funds into Title IV, Part A.)
- Title V, Part A—Innovative Programs (It is no longer allowable to transfer funds into Title V, Part A.)

Funds, redirected from applicable fund sources (listed above) and expended for alternative uses, must be operated under the rules, regulations, and guidelines of the program to which they are being redirected.

Note: Funds may be transferred **into** Title I, Part A, but not **from** Title I, Part A.

**Shared Service Arrangements**

Fiscal agents may make the alternative use of applicable funds available to eligible SSA members. The written shared services agreement must address how services for these alternative uses of funds will be provided to participating LEAs.

**Charter School Participation**

Charter Schools are considered LEAs; therefore, any Charter School may participate in the program as described in the Eligibility section above.

**Private School Participation**

Participation in Funding Transferability does not relieve an LEA of its responsibilities to provide equitable services to participating private schools relative to the applicable fund sources received by the LEA

LEAs shall conduct timely and meaningful consultation with private school officials prior to making any decisions regarding the transfer of funds that could affect the ability of private school students and teachers from benefiting from programs for which they are eligible.

The LEA must also provide equitable services to private school students and teachers from the overall funds available for a program, including the transferred funds. An LEA may not transfer funds to a particular program solely to provide services for private school students and teachers. Rather, private school students and teachers will receive equitable services from the LEA under the program to which the funds are transferred.

**Frequently Asked Questions**

**1. Does having a campus in Title I, Part A School Improvement affect an LEA's eligibility to participate in Funding Transferability?**

No. A **campus's** School Improvement status has no effect. It is the **LEA's** district-level School Improvement status that determines the LEA's eligibility to participate.

**2. How does the LEA implement Funding Transferability?**

The LEA notifies the Texas Education Agency of its intention to implement the flexibility offered through Funding Transferability by submitting the appropriate schedule in either the original Consolidated Application for Federal Funding (NCLB-AA) or through an amendment.

Statute requires that the LEA notify the State of its intention to transfer the use of funds through the Funding Transferability at least 30 days before the transfer takes place. Therefore, the **effective date** for the transfer is **30 days after the stamp-in date** of the application or amendment containing this completed schedule.

**3. Are the funds actually transferred from one budget to another?**

No. Funds remain in their original fund source and are reported as expenditures under the original fund source. It is only the **use** of the funds that is redirected.

For example, if an LEA uses Funding Transferability to redirect the use of 50% of its Title IV, Part A funds into its Title II, Part A program, the funds are still budgeted and reported under Title IV, Part A, but the allowable uses of those funds are the same as the allowable uses under Title II, Part A.

**4. Which program rules must the LEA follow for the redirected funds?**

Funds transferred under Funding Transferability are subject to each of the rules and requirements applicable to the funds under the provision to which the funds are redirected.