

## Guidance for Districts on Title I, Part A Set-Asides

Set-asides are funds that are reserved at the district level. In some cases, districts are required to reserve funds for certain activities under Title I, Part A. In other cases, reservations are discretionary. The purpose of this document is to provide guidance on acceptable uses of district set-asides and, conversely, on situations when the Kentucky Department of Education (KDE) will not allow set-asides and will instead require funds to be allocated to schools.

Several sources were used to guide the creation of this document:

- Applicable statute and regulations at the state and federal levels;
- KDE staff;
- Title I Committee of Practitioners;
- Staff from other state education agencies (SEAs);
- Relevant guidance documents from other states;
- Title I applications in GMAP (Grants Management Application and Planning System); and
- [Senate Bill 1 Guidance for School-based Decision Making](#).

## Need for Guidance on District Set-Asides

KDE is required to provide oversight of Title I, Part A programs. Responsibilities include reviewing and approving applications ([ESSA 1112\(a\)\(3\)\(B\)](#)) and providing technical assistance ([ESSA 1111\(c\)](#)), among other requirements. This guidance is intended to provide technical assistance for schools and districts to use funds effectively and in accordance with the purpose and intent of Title I.

Currently, some Kentucky school districts are reserving large percentages of their Title I allocations at the district level. This practice could have several intended and unintended effects, including:

- Decreasing the amount of funds schools receive;
- Decreasing school opportunity to effectively implement a schoolwide program, including use and control of funds necessary for this work;
- Districtwide activities may not accurately address individual schools' needs assessments; and/or
- If the district set-aside is subsequently redistributed to schools by paying for additional staff or resources, federal rank and serve rules could be violated.

## Required Reservations

Before distributing funds to Title I schools, two set-asides are automatically calculated and deducted from district allocations in GMAP. An automatic set-aside is calculated for services to private school students if the district serves private schools. And, if the district's allocation is greater than \$500,000, an automatic set-aside is calculated and reserved for parent and family engagement activities. Districts also must reserve funds "off the top" of the Title I allocation when serving homeless students and when serving students at locally operated neglected institutions. It is important to note that district set-asides must be used only at Title I schools, except in these instances:

- **Homeless:** Districts must set aside a reasonable and necessary amount to provide services for homeless children. These funds can be used to provide services to students who attend Title I and non-Title I schools.
- **McKinney-Vento:** Districts receiving competitive McKinney-Vento grants are required to reserve an amount from Title I, Part A to supplement services provided to homeless students.
- **Locally Operated Neglected Institutions:** Districts with locally operated neglected institutions must reserve a reasonable and necessary amount to provide supplemental services to children in these institutions.

Appendix A provides a list of categories that appear on the District Set-Asides page in GMAP. Apart from the Homeless and Neglected categories, the set-aside categories in Appendix A are optional for districts. For details about all set-aside categories, visit the "Help for Current Page" tab on the "District Set-Asides" page in GMAP.

## Guidance on Reserving Funds

Districts need to be mindful when taking optional set-asides, whether these funds will be used primarily by the central office, used to fund a districtwide activity or for some other purpose. Although it may be convenient to make purchases and hire personnel for Title I schools from the district level, convenience should not take precedence over other significant concerns. Some important considerations when reserving funds in these categories have to do with: 1) The intent of Title I to be a school-based program; 2) School-based decision-making council requirements; 3) Rank-and-serve requirements; and 4) Whether the district set-aside is reasonable, allocable, necessary and documented.

### *Title I as a School-Based Program*

Title I is designed to be a school-based program, meaning that the program (whether schoolwide or targeted assistance) is administered and implemented at the school level. Educators in Kentucky schools engage in several school improvement activities, including:

- School staff consult with stakeholders to conduct a needs assessment at the school, which involves analyzing data, determining and prioritizing needs;
- School staff use the results of the needs assessment to determine goals and the strategies that will help the school reach the goals;
- School leaders oversee the implementation of the strategies and monitor progress of the implementation; and
- School staff determine whether goals were met and evaluate the success of the strategies.

The school staff are immersed in the daily work at the school and are in the best position to assess needs, determine priorities and goals and fund those strategies that will have the greatest impact on improving student achievement. To implement this school improvement work effectively, schools must receive sufficient funding. Since reserving funds at the district level decreases the amount of funds available to be allocated to schools, districts should be sure optional set-asides are reasonable and necessary.

Districts are required to develop their plans in their Title I applications – including any district set-asides – with timely and meaningful consultation with teachers, principals, other school leaders, paraprofessionals, specialized instructional support personnel, administrators (including administrators of Title I Parts C and D programs), other appropriate school personnel and with parents of children in schools served under Title I, Part A ([ESSA Section 1112 \(a\)\(1\)\(A\)](#)).

### *The Role of the School-Based Decision Making (SBDM) Council*

The placement of the Title I program at the school level aligns well with the role of the SBDM in identifying school and student needs via the needs assessment. School councils were established as part of the Kentucky Education Reform Act in 1990 and their authority was revised by Senate Bill 1 in 2022. School councils promote shared leadership among those who are close to the students. Voting membership of each council includes parents, teachers and an administrator of the school. The council has the responsibility to set school policy that shall be consistent with district board policy and make decisions outlined in statute, which should provide an environment to enhance student achievement and meet goals established by statute, as well as goals for the district established by the board.

Sometimes school districts reserve Title I funds at the district level to hire staff, which can be an allowable set-aside. For example, funds may be set aside to pay the salary of staff to partially oversee parent and family engagement activities in the district or provide services for EL students and families. Title I funds could be used to pay the salary of the Title I coordinator (or part of the FTE) and/or finance clerk or secretary to perform Title I processing. Hiring staff at the district level becomes more complicated when funds are set aside to hire personnel (such as instructional coaches) who provide services to schools. If the district assigns the staff member to a specific Title I school, it becomes unclear whether the consultation process for personnel decisions described in [KRS 160.345\(2\)\(h\)](#) has been followed. To help ensure compliance with state law of all GMAP applications received, KDE will not approve funds set aside at the district level to hire full-time staff for individual Title I schools. Instead, those funds will need to be allocated to the schools following the rank and serve rules as well as [KRS 160.345\(2\)\(h\)](#).

However, there may be cases in which the district could hire staff to work with Title I schools. If the district hires personnel (e.g., instructional coaches) all the positions would have to be itinerant, with their time split between schools. None of the personnel may be assigned to a specific Title I school. Additionally, the district should make sure that the staff will be meeting needs identified on the schools' needs assessments. Also, the use of funds for personnel must not break rank and serve rules.

The local superintendent has the authority to determine which curriculum, textbooks, instructional materials and student support services will be provided in each school after consulting with the local board of education, the school principal, and the school council and after a reasonable review and response period for stakeholders in accordance with the local board of education policy ([KRS 160.345\(2\)\(g\)](#)). Statute does not prohibit a district from reserving funds to pay for items such as textbooks, instructional materials and student support services for schools. However, KDE eliminated the "other" set-aside category where expenses like instructional materials could have been budgeted in GMAP for a few important reasons. First, depending on how these items are distributed to schools, there is a danger that supplement not supplant violations could occur in districts that must meet those requirements for Title I, Part A. Also, rank and serve requirements could be violated. Third, it is more difficult to track the funds if purchases are made at the district level and then distributed to schools. To help ensure compliance with federal law of all GMAP applications received, KDE will require most purchases of instructional resources with Title I funds, including computer software, to be made at the school rather than the district level. Therefore, in general, funds should not be set aside at the district level for instructional resources and software and, instead, should be allocated to the schools.

Subject to available resources, the local board shall allocate an appropriation to each school that is adequate to meet the school's needs related to instructional materials and school-based student support services, as determined by the school principal after consultation with the school council. School councils must consult with the school media librarian about the purchase

of instructional materials, information technology and equipment ([KRS 160.345\(2\)\(g\)](#)). Purchases of technology hardware with Title I, Part A funds will generally need to be made at the school level. KDE may still approve a technology purchase at the district level after considering evidence that:

1. The technology and the amount of funds are reasonable, allowable, necessary and documented;
2. SBDM minutes document that consultation occurred with the school media librarian, a demonstrated need for the technology and the approval of the amount of funds designated for this purpose by the principal after consultation with the school council; and
3. The distribution of the technology hardware to Title I school(s) does not break rank and serve requirements.

#### *Federal Rank and Serve Requirements*

In general, rank and serve rules ensure schools with higher rates of students from poverty are prioritized for Title I funding over schools with lower rates of students from poverty. Districts must serve all schools with 75% or higher low-income in rank order of poverty. The district may then continue serving with either Grade Span Ranking or overall District Ranking with any remaining Title I funds ([ESSA Section 1113](#)).

Rank and serve rules could be broken if districts reserve funds to pay for goods or services and then distribute the goods and services to Title I schools. The addition of the cost of the good or service will increase the total allocation of the recipient school. If the recipient school has a lower poverty rate and the cost of the additional good or service raises its total allocation above that of a Title I school with a higher poverty rate, rank and serve rules are broken.

If KDE staff determine that a particular district set-aside will break rank and serve rules, the district will be required to allocate the set-aside in accordance with [ESSA Section 1113](#).

*Reasonable, Allocable, Necessary, Documented* ([2 C.F.R § 200.403](#), [2 C.F.R. § 200.404](#), [2 C.F.R. § 200.405](#))

Approval of a Title I application signifies the activities and budgeted amounts meet federal and KDE requirements and the district may begin to implement the activities in the approved application. KDE cannot approve funds for activities that are not defined or are vague. This is one reason why narratives are required in GMAP to explain the purpose of the funds and identify the school(s) that will be using the funds. Furthermore, funds may never be reserved in any category as “rainy day funds” to use later as needed. All funds must be budgeted for clear, defined purposes that KDE approves. In addition, like all proposed expenditures, optional district set-asides must be:

- **Reasonable:** The proposed goods and services are not excessive in cost and are based on prudent and sound purchasing practices.
- **Necessary:** The goods and services are essential for carrying out the Title I, Part A program. The need for the goods and services is supported in the needs assessment and CDIP/CSIP.
- **Allocable:** The goods and services are specifically for the benefit of Title I schools and meet the program’s intent to provide children significant opportunity to receive a fair, equitable and high-quality education and to close educational achievement gaps.
- **Documented:** The district must be able to readily document the reasonableness, necessity and allocability of the set-aside through an established allowability procedure, needs assessment, standard purchasing processes or district policy.

## KDE Expectations for District Set-Asides

Below is a summary of the general expectations outlined in this guidance document. This is not an all-inclusive list but addresses some of the main areas to remember:

- Be sure that stakeholders have input on the Title I plan and proposed use of the Title I funds, including the set-aside ([ESSA Section 1112\(a\)\(1\)\(A\)](#)).
- Most of the funds need to be allocated to schools.
- Only Title I schools may be served with the district set-aside, except for homeless students and students in neglected institutions (if there is an institution in the district).
- Most technology hardware purchases should be made at the school rather than the district level. If technology hardware is being purchased at the district level, please be prepared to supply to KDE, upon request, a copy of SBDM minutes from each school showing the hardware purchase and the amount of funds were approved by the principal after consultation with the school council.
- Most purchases of materials and resources, including software, should be made at the school level. If purchased at the district level for distribution to schools, please be prepared to supply to KDE, upon request, a copy of SBDM minutes from each school showing the purchase and the amount of Title I, Part A funds were approved by the principal after consultation with the school council.
- Personnel should be hired at the school level unless staff hired at the district level will be serving more than one Title I school and will not be assigned to a particular school. The district should ensure that district-wide staff meet the needs identified on the schools’ needs assessments.
- Funds may not be reserved in any category for purposes of “rainy day funds” to use later as needed. All funds must be budgeted for clear, defined purposes that KDE approves.

Consider these guiding questions when reserving funds at the district level:

- What is the percentage of the total allocation being reserved at the district level? Is the percentage a reasonable amount?
- Which schools and staff will receive the goods and services or participate in the activity being paid for with the reserved funds?
- Has the district clearly explained why the funds are being reserved at the district level rather than being allocated to the schools? Does the explanation provide sufficient detail? Is the reason legitimate and justified, or could the funds be used for the same purpose if they were allocated to the schools?
- Will reserving funds at the district level interfere with rank and serve requirements? If the answer to this question is yes, the funds must be allocated to the schools rather than set aside at the district level.
- Are the proposed services/materials/staff identified as a need on the needs assessments of the recipient schools?
- Did the district consult with stakeholders about this set-aside as part of the required Title I Part A consultation process? If so, what was the process and who gave feedback? What documentation supports this?

If KDE staff have a question about a district set-aside, they may ask for additional supporting evidence and documentation. This could include:

- A copy of the SBDM minutes from the school(s) showing that the principal approved the purchase (e.g., technology, instructional materials) and the amount being spent after consultation with the school council.
- Evidence of the required stakeholder input on the Title I plan and district set-asides.
- A detailed budget to further break down the set-aside. For example, if the district sets aside a large amount for Professional Development, KDE staff may ask the district to submit the breakdown, including a narrative and MUNIS codes with specific amounts of funds.

Based on answers to the guiding questions and evidence (such as budgets and school needs assessments), KDE will make a determination about the set-aside. If the set-aside is disallowed, KDE will require the district to re-allocate all or part of the funds before the application will be approved.

## Conclusion

In this day and time of increased accountability, agencies and organizations that serve the public are held to high standards. This document provides guidance on Title I district set-asides

that is intended to help districts increase transparency and comply fully with state and federal requirements. Should you have any questions about this guidance, please call the Division of School and Program Improvement at the Kentucky Department of Education by telephone at (9502) 564-3791.

## Appendix A – District Set-Aside Categories in GMAP

- Foster Care
- Homeless
- McKinney-Vento
- Locally Operated Neglected Institutions
- Locally Operated Delinquent Institutions
- Parent and Family Engagement
- Professional Development
- School Extension Program(s)
- Preschool Program(s)
- English Language Learners
- Assessments
- Administrative Costs
- Substitute Salaries
- Sick Pay for Retiring Title I Funded Staff
- Variations in Personnel Costs
- Other District Set-Asides (Available on FY2017 – FY2021 applications)