Title I, Part A Carryover Information

The purpose of this document is to inform districts of the Title I, Part A period of performance and carryover limitation as well as provide recommendations on creating a process for monitoring the timely expenditure of funds and avoiding excess carryover.

Meaning of Obligation

The term "obligation" is used frequently in this document and understanding its meaning is essential for monitoring the expenditure of funds. Obligation refers to the point at which a party (such as a school district) has entered a binding commitment to pay out money. Different services have different points at which obligation occurs. For example, an obligation for personal services by an employee of the district occurs when the services are performed and an obligation for travel expenses occurs when the travel is taken. The table provided in 34 CFR 76.707 outlines when obligations occur for various services.

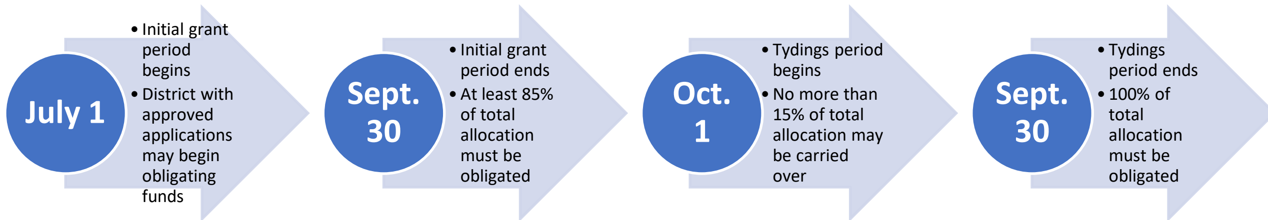
Title I, Part A Period of Performance

Funds are made available on July 1 of the federal fiscal year and remain available for obligation by districts for a period of 27 months. The 27-month grant life (also known as the "period of performance") is comprised of two parts: A 15-month period of availability known as the "initial grant period" and an automatic 12-month extension permitted under the Tydings Amendment of section 421(b)(1) of the General Education Provisions Act (GEPA) and 34 CFR 76.709 of the Education Department General Administrative Regulations (EDGAR). The 12-month extension is commonly referred to as the "Tydings period." Please note that although the period of performance begins on July 1, districts cannot draw down funds until the consolidated application has been approved by the Kentucky Department of Education (KDE) in the Grant Management Application and Planning System (GMAP).

According to Section 1127(a) of the Every Student Succeeds Act (ESSA), not more than 15% of the Title I, Part A funds allocated to a district for any fiscal year may remain available for obligation by such agency for one additional fiscal year. **This means that a district may not carryover more than 15% of its funds beyond Sept. 30. Districts must ensure that at least 85% of Title I, Part A funds are obligated for activities that occur no later than Sept. 30 of the following fiscal year.** This is commonly referred to as the "carryover limitation." Federal funds appropriated by Congress (such as Title I, Part A funds) are meant to be spent to address current identified needs as opposed to the funds being saved for future expenditures. Limiting the amount of funds that can be carried over to the subsequent year helps ensure that funds are being spent timely.

The carryover limitation applies to the total Title I allocation as well as any funds transferred into Title I, Part A from other programs as funds transferred in are subject to Title I rules.

Please note, ESSA 1127(c) states that the 15% carryover limitation does not apply to districts that receive less than $50,000 in Title I, Part A funds for any fiscal year.



In the following example, consider a district with a total allocation of $1,000,000 for the 2022 – 2023 school year (SY).

- **Allocation:** $1,000,000
- **Initial grant period (15 months):** July 1, 2022 – Sept. 30, 2023
    - The allocation becomes available and the district may obligate funds. The district must obligate at least $850,000 (85% of the total allocation) of funds during this period.
- **Tydings period (12 additional months):** Oct. 1, 2023 – Sept. 30, 2024
    - All remaining funds become "carryover funds." The district may carryover and obligate no more than $150,000 (15% of the total allocation) of funds during this period. Funds which remain unobligated at the end of the Tydings period revert to the U.S. Treasury.

Spending Carryover Funds

The district has some discretion in how funds carried over into the subsequent fiscal year may be spent. The district may follow standard allocation procedures and redistribute the funds to participating schools in rank order or the funds could be used for a district-level initiative. This flexibility does not apply to reservations required by law. Funds which are required to be reserved and spent on a specific purpose retain their character and must be spent on their original designated purpose when carried over to the subsequent fiscal year. This requirement impacts parent and family engagement, homeless and McKinney-Vento, and equitable services funds.

Parent and Family Engagement

ESSA 1116(a)(3) requires districts receiving over $500,000 in Title I, Part A funds reserve at least 1% of the total allocation for parent and family engagement. If any of the required 1%

reservation is carried over to the subsequent fiscal year, it must be used for parent and family engagement.

Homeless and McKinney-Vento

Districts must set aside a reasonable and necessary amount to provide services for homeless children as required by ESSA 1113(c)(3)(A). The law does not specify an amount or percentage that must be reserved for this purpose, however methods for determining an appropriate reservation are outlined in ESSA 1113(c)(3)(C). Once the district has determined an appropriate amount to reserve and the application has received KDE approval, that amount cannot be decreased. Districts receiving the competitive McKinney-Vento grant are required to provide additional Title I, Part A funds for homeless children as stipulated in the grant Request for Application (RFA). Similarly, the amount reserved in the McKinney-Vento set-aside cannot be lowered as the amount was agreed to by the district in the RFA.

Equitable Services for Participating Private Schools

ESSA 1117(a)(4)(B) states that funds allocated "for educational services and other benefits to eligible private school children shall be obligated in the fiscal year for which the funds are received." The district is responsible for monitoring the expenditure of funds for equitable services to ensure little to no funds are carried over. Question B-27 of the [Providing Equitable Services to Eligible Private School Children, Teachers and Families Non-Regulatory Guidance] outlines scenarios which could result in a carryover of equitable services funds as well as how the district should use the carryover.

Carryover Waiver Request

Section 1127(b) of ESSA states that the state may, once every three years, waive the percentage limitation if –

(1) The agency determines that the district's request is reasonable and necessary; or
(2) Supplemental appropriations for Title I, Part A become available.

Steps for Waiver Request and Approval

The Kentucky Department of Education sends a reminder notification to districts each year alerting them when the window to request waivers is open. The reminder is sent in the Commissioner's Monday Message as well as emailed directly to district Title I coordinators. The notification provides further instructions to districts that wish to request a waiver.

1. The district Title I coordinator must request a waiver in writing via email to the Division of School and Program Improvement (DSPI) using the email address provided in the reminder notification. The email must be submitted no later than Sept. 30 and:
   a. State that the district requests a waiver of the 15% carryover limitation for the appropriate fiscal year;
   b. Contain the reason for the excess carryover; and
   c. Describe a plan for effectively using carryover funds.
2. The DSPI staff verifies that the district has not had a waiver of the limitation within the past three years.
3. If appropriate, the DSPI staff approves the waiver in writing via email stating the reason for the carryover, that it appears reasonable, and that it is approved. The approval should be copied to the district's KDE Title I consultant and the Division of Budget and Financial Management.
4. An ongoing list of waiver approvals is maintained by KDE.

Districts Ineligible for a Waiver

As previously stated, districts may only receive a carryover waiver once every three years. KDE does not have the authority to grant a district an additional carryover waiver during that window. As provided by ESSA 1126(c), any district with more than 15% carryover at the established deadline that does not receive a carryover waiver will have their allocation reduced by the exact amount exceeding the 15% limitation and the funds will be made available to other local educational agencies. Please refer to the following example:

	Amount	**Percent of Total Allocation**
1. Total SY 2021-2022 allocation (funds become available on July 1, 2021)	$1,000,000	
2. Minimum obligation for initial grant period (July 1, 2021 – Sept. 30, 2022)	$850,000	85%
3. Maximum amount the district may carry over into the next fiscal year (Oct. 1, 2022 – Sept. 30, 2023)	$150,000	15%
4. Actual amount the district obligated for the initial grant period (July 1, 2021 – Sept. 30, 2022)	$700,000	70%
5. Amount unobligated as of Sept. 30, 2022	$300,000	30%
6. Amount by which the district is over the 15% carryover limitation (Line 5 – Line 3) *This amount would be available for KDE to reallocate to other districts as provided under ESSA 1126(c)	$150,000	

As the example chart outlines, the district in this scenario had $300,000 of unobligated funds by the Sept. 30 deadline; $150,000 more than they were allowed to carryover according to the law. By law, KDE would have to reduce the district's allocation for the next year by $150,000.

Waivers to the Carryover Limitation due to COVID-19

Due to impacts resulting from the COVID-19 pandemic, the U.S. Department of Education (USED) granted a waiver of the 15% carryover limitation requirement of ESSA 1127(b) to all states for the 2019-20 school year. KDE requested and was granted waivers for three additional school years:

- 2019-2020 (Project 310F)
- 2020-2021 (Project 310G)
- 2021-2022 (Project 310I)
- 2022-2023 (Project 310J)

This approval allowed KDE to grant a district's carryover request more than once in a three-year period. The approval does not mean that all districts received an automatic carryover waiver; districts were still required to complete the waiver request process described in this section. With the approval of each waiver, KDE has advised districts that subsequent waivers may not be available, and the districts should strive to meet the 15% carryover limitation on current year's funds. In the absence of an additional waiver, the once in a three-year period limitation will resume. The following chart outlines the most recent state fiscal year (FY) and school year (SY) a carryover waiver was received and the corresponding FY and SY the district will be eligible to request another waiver.

Most Recent Carryover Waiver Received	Project Number	Eligible for Another Carryover Waiver
FY 2021 (SY 2020-21) Received in Sept. 2021	310G	FY 2024 (SY 2023-24) Eligible to request Sept. 2024
FY 2022 (SY 2021-22) Received in Sept. 2022	310I	FY 2025 (SY 2024-25) Eligible to request Sept. 2025
FY 2023 (SY 2022-23) Received in Sept. 2023	310J	FY 2026 (SY 2025-26) Eligible to request Sept. 2026

Written Process for Monitoring Carryover and Expenditure of Funds

Section 2 CFR 200 of the Uniform Grant Guidance (UGG) covers regulations for cost principles and audit requirements for federal awards. [2 CFR 200.303] states that non-federal entities (including school districts) must establish and maintain effective internal control over the federal award that provides reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations and the terms and conditions of the federal award.

The creation and implementation of written processes is an example of an internal control. Many districts have a policy in place stating that they will comply with all carryover requirements, but a blanket policy does not detail the steps the district will take to ensure requirements are being met. A process provides a high-level view of the various functions necessary to accomplish a specific task. The procedures within a process represent an established way of doing something which outlines the order of specific steps required to achieve an end result. A written process to monitor the expenditure of funds is one of several processes KDE staff review when monitoring the district's Title I, Part A program.

A strong process to monitor the expenditure of funds implemented with fidelity will help the district ensure all carryover requirements are being met. Detailed processes and procedures also help a district maintain operations in the event of staff turnover. A process for monitoring the expenditure of funds could be incorporated into existing financial processes such as time and effort, allowability of costs and safeguarding of assets purchased with program funds.

Guiding Questions

Consider the following questions when developing your process and procedures:

1. Who is responsible for monitoring the expenditure of program funds?
2. How often will the remaining balances be checked?
3. How will the district keep track of the period of performance for each grant and ensure the "oldest" funds are used first?
4. How will updates on the amount of funds left to be spent be communicated to the program coordinator, building principals and participating non-public school staff as applicable?
5. Will the district set an internal deadline for each school to spend a set percentage of their allocation? If so, how will excess carryover at the school level be handled?
6. How will spending plans be reviewed and revised as needed throughout the year?
7. How will you ensure that unspent set-asides for parent and family engagement, students experiencing homelessness and equitable services for participating non-public schools maintain their character?
8. How often will the process be reviewed?

9. How will you ensure all appropriate staff are familiar with the process?
10. How will you verify the process is being implemented with fidelity?
11. Where will the process be housed to allow for easy access?

Resources

The following resources were consulted in developing this document. Links to documents created by other states are provided as informational resources only and may contain state-specific information which does not apply to Kentucky. Their inclusion on this list does not constitute endorsement by KDE.

- Manasevit, Leigh, et al. *ESSA: Moving Toward a Well-Rounded Title I*. Palm Beach Gardens, FL, LRP Publications, 2016.
- Massachusetts Department of Education's Guidance Regarding Title I Carryover from Year 1 to Year 2
- Minnesota Department of Education's Title I, Part A Carryover Guidance
- Oregon Department of Education's ESSA Quick Reference Brief: Carrying Over Federal Funds
- USED's Title I Fiscal Issues Non-Regulatory Guidance (Feb. 2008)
- Washington Office of Superintendent of Public Instruction's Guidance for Unspent Title I, Part A funds that Carry Forward