

**Division:** Federal Programs

**Program/Procedure:** Reallocation of Funds (Title I, Part A) (December 2015)

The state educational agency (SEA) has the responsibility to reallocate Title I, Part A funds based on the provision in Section 1126(c) of Title I, Part A of the Elementary and Secondary Education Act of 1965 (ESEA). Section 1126(c) requires the SEA to make excess funds available to other local educational agencies (LEAs) in the state that need additional funds in accordance with the criteria established by the SEA. The SEA has great flexibility in determining the criteria for reallocating Title I, Part A.

There are three main sources of funds that may be available for reallocation of Title I, Part A funds:

- Excess carryover funds
  - Excess carryover funds can result from LEAs who fail to spend the required 85-percent of their current fiscal year allocations within 15 months and are no longer eligible to apply for a waiver of the 85-percent expenditure requirement. (See waiver process)
- Funds from not meeting the maintenance of effort requirement
  - The SEA shall reduce the amount of the allocation of funds to an LEA by the exact proportion by which an LEA fails to meet the requirement that either the combined fiscal effort per student or the aggregate expenditures of the LEA for the preceding fiscal year were not less than 90-percent of the combined fiscal effort or aggregate expenditures for the second preceding year.
- Funds from LEA audit reports
  - The SEAs or the LEAs audit report has found that if an LEA has misspent its Title I funds, it is required to restore appropriate funds to Title I.

#### Timeline

ADE reallocates funds during mid-year allocations or as needed.

LEAs must expend grant funds within the grant period, July 1–September 30, in which funds are reallocated and all applicable requirements for expenditure of funds must be met.