

LOCAL USE OF FUNDS

While State (and Federal) leadership is important, LEA officials play the most immediate and critical role in promoting the effective teaching that is needed to facilitate increased academic achievement of all students. Their schools, after all, are where teaching and learning occur. LEA officials can exercise needed leadership in such key ways as:

1. Ensuring that the LEA conducts an effective assessment of the district's needs for professional development and hiring, through meaningful consultation with teachers of all grades and subject areas, particularly teachers in high-need schools, and others;
2. Ensuring that the results of this needs assessment drive the development of sound multi-year program plans that (a) include teacher mentoring and incentives, as well as provision of professional development in subject-matter content and effective instructional strategies (i.e., those that are likely to have a positive impact on student achievement) that are based on a review of scientifically based research, and (b) focus particular attention on addressing the needs of students who are at highest risk of failing to meet the State's academic standards;
3. Incorporating objective benchmarks for success and clear statements of desired outcomes into the LEA's multiyear plan;
4. Continuously examining standards, assessments, curricula, and teaching practices to ensure that they fit together;
5. Instituting merit pay programs, tenure reform, financial incentives, special mentoring help, and other means to: (a) make teaching in the district attractive to mid-career professionals and others with special knowledge, skills, and enthusiasm, and (b) encourage the district's most effective teachers not only to stay in the district, but to teach in its highest-need schools;
6. Instilling a strong commitment to professionalism among teachers, principals, and other school and district staff and actively promoting the importance of strong school leaders; and
7. Creating a strong community expectation that the students and their schools can succeed, and a strong expectation among all school and district staff that all teachers will have the subject-matter knowledge and teaching skills they need to enable each of their students to succeed.

Allowable Costs

For what activities may an LEA use *Title II, Part A* funds?

Consistent with local planning requirements and its needs assessment, the *Title II, Part A* program offers an LEA the flexibility to design and implement a wide variety of activities that can promote a teaching staff that is highly qualified and able to help all students -- regardless of

individual learning needs -- achieve challenging State content and academic achievement standards. Funds can also be used to provide school principals with the knowledge and skills necessary to lead their schools' efforts in increasing student academic achievement. For example, the statute specifically authorizes the following types of activities:

1. Developing and implementing mechanisms to assist schools to effectively recruit and retain highly qualified teachers, principals, and specialists in core academic areas (and other pupil services personnel in special circumstances, [as noted in question E-6](#) of this document).
2. Developing and implementing strategies and activities to recruit, hire, and retain highly qualified teachers and principals. These strategies may include (a) providing monetary incentives such as scholarships, signing bonuses, or differential pay for teachers in academic subjects or schools in which the LEA has shortages; (b) reducing class size; (c) recruiting teachers to teach special needs children, including students with disabilities, and (d) recruiting qualified paraprofessionals and teachers from populations underrepresented in the teaching profession, and providing those paraprofessionals with alternate routes to obtaining teacher certification.
3. Providing professional development activities that improve the knowledge of teachers and principals and, in appropriate cases, paraprofessionals, in:
 - a. Content knowledge. Providing training in one or more of the core academic subjects that the teachers teach; and
 - b. Classroom practices. Providing training to improve teaching practices and student academic achievement through (a) effective instructional strategies, methods, and skills, and (b) the use of challenging State academic content standards and student academic achievement standards in preparing students for the State assessments.
4. Providing professional development activities that improve the knowledge of teachers and principals and, in appropriate cases, paraprofessionals, regarding effective instructional practices that:
 - a. Involve collaborative groups of teachers and administrators;
 - b. Address the needs of students with different learning styles, particularly students with disabilities, students with special needs (including students who are gifted and talented), and students with limited English proficiency;
 - c. Provide training in improving student behavior in the classroom and identifying early and appropriate interventions to help students with special needs;

- d. Provide training to enable teachers and principals to involve parents in their children's education, especially parents of limited English proficient and immigrant children; and
 - e. Provide training on how to use data and assessments to improve classroom practice and student learning.
5. Developing and implementing initiatives to promote retention of highly qualified teachers and principals, particularly in schools with a high percentage of low-achieving students, including programs that provide teacher mentoring from exemplary teachers and administrators, induction, and support for new teachers and principals during their first three years; and financial incentives to retain teachers and principals with a record of helping students to achieve academic success.
 6. Carrying out programs and activities that are designed to improve the quality of the teaching force, such as innovative professional development programs that focus on technology literacy, tenure reform, testing teachers in the academic subject in which teachers teach, and merit pay programs.
 7. Carrying out professional development programs that are designed to improve the quality of principals and superintendents, including the development and support of academies to help them become outstanding managers and educational leaders.
 8. Hiring highly qualified teachers, including teachers who become highly qualified through State and local alternate routes to certification, and special education teachers, in order to reduce class size, particularly in the early grades.
 9. Carrying out teacher advancement initiatives that promote professional growth and emphasize multiple career paths (such as paths to becoming a mentor teacher, career teacher, or exemplary teacher) and pay differentiation.

What amount of program funds may an LEA reserve for administrative and indirect costs?

The statute is silent on the amount of program funds an LEA may spend for administrative costs. Therefore, the amount of funds that an LEA may spend for this category of expenses is subject to requirements in the cost principles in the Office of Management and Budget (OMB) Circular A-87 -- including the principle that, among other things, all costs must be necessary, reasonable, and allocable to the program. To access the relevant information in OMB Circular A-87, visit http://www.whitehouse.gov/omb/circulars/a087/a87_2004.html.

In addition, because LEA expenditures are subject to "supplement not supplant" provisions, by virtue of Section 76.563 of EDGAR an LEA's indirect costs are limited to its approved "restricted indirect cost rate."¹

May an LEA use *Title II, Part A* funds to: (a) pay the costs of State tests required of new teachers to determine whether they have subject-matter competence, and (b) assist them in meeting State certification requirements?

Yes. An LEA may use *Title II, Part A* funds to develop and administer rigorous State tests required of teachers new to the profession (and available to teachers not new to the profession) to determine whether they have subject-matter competence, and to assist them in meeting State certification requirements, e.g., by paying for the costs of additional required courses.

When can *Title II, Part A* funds be used to pay teacher salaries?

Title II, Part A funds can be used only to pay the salaries of highly qualified teachers hired for the purpose of reducing class size.

Title II, Part A funds can also, as part of an overall strategy to improve teacher quality, be used for teacher incentives (e.g., as stipends for teachers recruited to fill hard-to-fill positions or to retain teachers who have been effective in helping low-achieving students succeed) or to pay the salaries of master teachers who provide or coordinate professional development services for other teachers.

In addition, as reasonable and necessary, *Title II, Part A* funds may be used to pay for substitute teachers if, and only if, (a) those regular classroom teachers they are replacing were hired with *Title II, Part A* funds to reduce class size, or (b) the teachers are participating in *Title II*-funded “programs and activities that are designed to improve the quality of the teacher force, such as...innovative professional development programs...” [Section 2123(a)(5)(A)]. LEAs also must ensure that the hiring of these substitutes supplements, and does not supplant, the use of local and State funds they would otherwise be spending for such substitutes.

May an LEA use *Title II, Part A* funds to pay out-of-area recruitment costs and moving expenses that may be needed in order to recruit and relocate new teachers?

Yes. There are circumstances in which the use of *Title II, Part A* funds to pay out-of-area travel and relocation costs would be reasonable and necessary to recruit individuals that the LEA would want to hire to meet its teacher shortage needs. To the extent that out-of-area recruitment itself is reasonable and necessary, relocation costs may be paid as a stipend or other financial incentive if, as with any cost the program would assume, the incentives are reasonable and necessary.

When may an LEA use *Title II, Part A* funds for programs to recruit and retain pupil services personnel (e.g., guidance counselors)?

An LEA may use *Title II, Part A* funds for these activities, but only if the LEA is making progress toward meeting the annual measurable objectives described in *Title I*, Section 1119(a)(2) of ESEA, and in a manner consistent with mechanisms to assist schools in effectively recruiting and retaining highly qualified teachers and principals.

May an LEA use program funds to provide increased opportunities for minorities,

individuals with disabilities, and other individuals underrepresented in the teaching profession?

Yes. Funds may be used to pay reasonable and necessary expenses to recruit these teachers and paraprofessionals, and can be used to assist them in obtaining certification through alternate route programs.

May an LEA use *Title II, Part A* funds to assist paraprofessionals to become highly qualified and meet the requirements for *Title I* paraprofessionals in Section 1119 of ESEA?

Yes, but only if the training or support given to the paraprofessionals is consistent with the allowable activities under *Title II, Part A*. To the extent that helping paraprofessionals meet the required qualifications is consistent with the professional development goals listed below, then *Title II, Part A* funds may be used for that purpose.

The law allows LEAs to use these funds to provide professional development activities “that improve the knowledge of teachers and principals, and, in appropriate cases, paraprofessionals” concerning:

- One or more core academic subjects that teachers teach [Section 2123(a)(3)(A)(i)];
- Effective instructional strategies, methods, and skills, and use of challenging content and academic achievement standards and State assessments to improve teaching practices and student academic achievement [Section 2123(a)(3)(A)(ii)];
- Training in how to teach and address the needs of students with different learning styles, particularly students with disabilities, students with special learning needs (including students who are gifted and talented), and students with limited English proficiency [Section 2123(a)(3)(B)(ii)];
- Training in methods of improving student behavior in the classroom and identifying early and appropriate interventions to help special-needs children learn [Section 2123(a)(3)(B)(iii)];
- Training in how to understand and use data and assessments to improve classroom practice and student learning [Section 2123(a)(3)(B)(v)].

LEAs also may use their *Title I* funds “to support ongoing training and professional development to assist teachers and paraprofessionals” in order to meet the teacher quality and paraprofessional requirements of Section 1119(h). Provided that an LEA maintains records of the amount of *Title I* and *Title II, Part A* funds used for these professional development activities, and the *Title I* funds are used as permitted in the *Title I* statute and regulations, *Title I* and *Title II, Part A* funds may be used jointly for this purpose.

Funding for training of paraprofessionals is also available under *Title VII, Part A, Subpart I*, Indian Education Formula Grants to LEAs program [Section 7114(b)(5)].

May LEAs use *Title II, Part A* funds to provide training to enhance the involvement of parents in their child’s education?

Yes, LEAs may use program funds to provide training to enhance the involvement of parents in their child's education.

Parental involvement is best encouraged through regular, two-way, and meaningful communications about student learning and other school activities. Effective strategies may include (1) promoting the understanding that parents are true partners in their children's education and communicating the need for parents to help their children succeed in school, and (2) providing parents with specific suggestions, on an ongoing basis, about ways to encourage learning at home and ways to be actively involved in their child's education at school.

May LEAs use *Title II, Part A* funds to purchase supplies or instructional materials that are used as part of professional development activities?

Yes, but only if the expenditures, like any costs paid for by Federal program funds, are reasonable and necessary to carry out these activities. *Title II, Part A* funds may be used to purchase materials and supplies used in professional development activities, including the materials (such as graphing calculators) that a teacher will need in order to apply the professional development in a classroom setting. However, *Title II, Part A* does not permit the use of program funds to purchase materials and supplies (e.g., graphing calculators) that, although they may benefit students, are not directly connected to the teachers' professional development. Other ESEA funds, most notably *Title V, Part A* funds, may be used to purchase instructional materials or technology for students if the purchases are part of an "innovative assistance program" as this term is used in *Title V*.

Are LEAs required to spend a portion of their allocation on math and science activities?

No, but there are widespread shortages of highly qualified mathematics and science teachers, particularly in middle schools and in high-poverty urban and rural areas. Therefore, in preparing their needs assessments, LEAs are strongly encouraged to look closely at their needs for recruiting, training, and retaining high-quality mathematics and science teachers, particularly in light of their students' academic achievement in math and science.

In many rural areas, offering high-quality professional development activities can be challenging because there may not be a critical mass of teachers who need help in the same subject. How can rural districts address this situation?

One possible way that rural districts can provide teachers with professional development activities is by offering distance-learning opportunities. Many State colleges and universities currently offer distance learning. Through distance learning a teacher in a rural area can take professional development courses that meet his/her specific needs. For example, the Department recently awarded a grant to the Western Governors University (WGU) to develop and implement teacher training and certification courses. WGU is currently seeking State approvals for its teacher licensure and certification programs. WGU's website, at <http://www.wgu.edu/index.asp>, explains how teachers from any location can access services.

Maintenance of Effort

Do maintenance of effort requirements apply to the *Title II, Part A* program?

Yes. LEAs are required to maintain fiscal effort in order to receive their full allocation of *Title II, Part A* funds for any fiscal year. An LEA has maintained effort when either the combined fiscal effort per student, or the aggregate expenditures of the LEA and the State with respect to the provision of free public education for the preceding fiscal year, was not less than 90 percent of the combined fiscal effort or aggregate expenditures for the second preceding fiscal year. "Preceding fiscal year" means either the Federal fiscal year or the twelve-month fiscal period most commonly used in a State for official reporting purposes prior to the beginning of the Federal fiscal year in which funds are available.

Both State and local expenditures for free public education within the State must be considered in determining whether a State has maintained effort under *Title II, Part A*. "Aggregate expenditures for free public education" includes expenditures such as those for administration, instruction, attendance, health services, pupil transportation, plant operation and maintenance, fixed charges, and net expenditures to cover deficits for food service and student body activities. States may include in the maintenance of effort calculation expenditures of Federal funds for which no accountability to the Federal government is required. (Note: there are no accountability requirements for some Impact Aid program funds; however, certain Impact Aid funds, such as those received for children with disabilities, do have accountability provisions.)

States must be consistent in the manner in which they calculate maintenance of effort from year to year in order to ensure that the annual comparisons are on the same basis (e.g., calculations must from year to year consistently either include or exclude expenditures of Federal funds for which accountability to the Federal government is not required). Moreover, States that choose to include expenditures of Federal funds for which accountability to the Federal government is not required must do so with the understanding that future years' maintenance of effort calculations may be affected by fluctuating Federal appropriations over which neither the Department, nor a State, has any control.

Finally, expenditures not to be considered in determining maintenance of effort are those for community services, capital outlay, debt service, or any expenditures of Federal funds for which accountability to the Federal government is required.

What happens if the LEA fails to meet the requirements for maintenance of effort?

If the LEA fails to meet the requirements for maintenance of effort, the SEA reduces the LEA's allocation of *Title II, Part A* funds in any fiscal year in the exact proportion by which an LEA fails to meet the 90 percent test mentioned in the preceding answer, using the measure most favorable to the LEA.

Supplement not Supplant

Does *Title II, Part A* have a supplement not supplant requirement?

Yes. Sections 2123(b) (for LEAs) and 2113(f) (for the SEA and SAHE) provide that *Title II, Part A* funds must be used to supplement, and not supplant, any non-Federal funds that would otherwise be used for authorized *Title II, Part A* activities.

May *Title II, Part A* funds be used for State-mandated activities?

The ability of an SEA or LEA to use *Title II, Part A* funds to carry out activities mandated by a State depends upon whether non-Federal funds are available to carry out those activities. Presumably, in the absence of *Title II, Part A* funds, the SEA or LEA would use State or local funds to implement any laws enacted by the State legislature or rules mandated by the State Board of Education or the SEA. If that is the case, using *Title II, Part A* funds for those activities would violate the non-supplanting requirement, because the SEA or LEA would be using Federal funds for activities that it would otherwise support with other funds.

However, in certain instances, an SEA or LEA may be able to overcome the presumption that supplanting will result if *Title II, Part A* funds are used for a State-mandated program or activity. In order to make such a case, the SEA or LEA should have available written documentation (e.g., budget information, planning documents, or other materials) demonstrating that it would not be able to meet State mandates without the use of *Title II, Part A* funds. An agency must be able to reasonably document that the activities funded under *Title II, Part A* are, in fact, supplemental, even though some of them are mandated by the State.

In general, an SEA or LEA must determine what educational activities it would support if no *Title II, Part A* funds were available. If it is clear that no State or local funds remain available to fund certain activities that previously were funded with State or local resources, then the SEA or LEA may be able to use *Title II, Part A* funds for those activities. In no event, however, may an SEA or LEA decrease State or local funds for particular activities simply because *Title II, Part A* funds are available.

Class-Size Reduction

What are some ways in which LEAs may use highly qualified teachers hired with *Title II, Part A* funds to reduce class size?

LEAs may reduce class sizes by creating additional classes in a particular grade or subject and placing highly qualified teachers hired with program funds in those classes. However, because of space constraints and other concerns, this is not always feasible. There are other methods of reducing class size that are effective in assisting students in increasing their level of achievement. For instance, the benefits of smaller class size can be provided by the creation of smaller instructional groups served by highly qualified teachers for sustained blocks of time on a regular basis. Some examples of how LEAs might use this approach to reduce class size include but are not limited to:

1. Having two highly qualified teachers team teach in a single classroom for either part of the school day or the entire day.
2. Hiring an additional highly qualified teacher for a grade level (e.g., providing three teachers for two 3rd grade classes) and dividing the students among the teachers for sustained periods of instruction each day in core academic subjects, such as reading and math.
3. Hiring an additional highly qualified teacher who works with half the students in a class for reading or math instruction, while the other half remains with the regular classroom teacher.

LEAs have the flexibility to explore these and other alternatives for reducing class sizes, provided that highly qualified teachers are used. Generally, the manner in which LEAs reduce class size should result in a meaningful reduction for all of the students in the class on a regular basis. Research shows that “pull-out” programs involving reducing class size by only a handful of students, or sporadic reduction of class size, are less likely than other methods of class-size reduction to result in increased achievement for students.