

LEAs Must Develop Title I Plans by June 12 or Request an Extension

Local Education Agencies (LEAs) decide on an annual basis which schools will receive Title I school allotments. The LEA should include input from all stakeholders when deciding which schools to serve (e.g., school administration, staff, parents, etc.). A school is considered a Title I school from July 1st of each fiscal year regardless of when the application for funds is approved by the State.

1. Selecting Schools - An LEA must first rank all of its schools according to its percent of poverty. An LEA must rank each school based on the percentage (not the number) of low-income children in each school.

- **Determining the Percent Poverty** - Percent poverty for each school is typically determined by comparing the number of children attending each school (ADM) with the number of low-income children for the same school (i.e., those eligible for free or reduced lunch). Children included in the counts should be those between 5 and 17 years old.

- **Rank Ordering the Schools** - Schools are then ranked in order from highest percent poverty to lowest percent poverty.

- **Deciding Which Schools to Serve** - All schools at 75 percent or above must be served (i.e., provided with an allotment). Once these schools are served, the district may serve any other schools in rank order down to those at or above 35 percent poverty. Once schools at 75 percent have been served, the LEA has the option to (1) continue serving schools in the district-wide ranking or (2) serve schools in rank order by grade span groupings (e.g., K-5, K-8, etc.). Schools must not be skipped in the rank order within the option the LEA chooses. The LEA can stop in rank order at any point (e.g., serving only the first 10 of 16 schools in the LEA).

- **Expanding the Number of Title I, Part A Schools** - An LEA may allocate Title I, Part A funds available through the American Recovery and Reinvestment Act of 2009 (ARRA) to eligible schools, such as high schools, that are not currently being served, provided the LEA allocates those funds consistent with Elementary and Secondary Education Act (ESEA) regulations. Extrapolating poverty data using feeder patterns is one means of determining poverty status in the absence of available data collected directly from students in the school. More information on within-LEA Title I allocations and using feeder patterns is available on the Web at www.ed.gov/programs/titleiparta/wdag.doc.

2. School Allocations - Once an LEA decides which schools to serve, an allocation is determined for each school. There is no specific amount required, but each school must receive enough Title I funds to effectively operate a Title I program. More information on this formula is available on the Web at www.ed.gov/programs/titleiparta/wdag.doc.

- **Determining the District Reservations** - The LEA must first reserve funds from its total Title I allocation for (1) required "set-asides" as they apply to that district (e.g., LEA Improvement, School Improvement, Parent Involvement, etc.), and (2) any other additional set-asides an LEA may choose (e.g., professional development, district-wide instructional initiatives, etc.)

- **Calculating the Per-Pupil Allotment (PPA)** - The remaining amount of Title I funds is divided by the total number of low-income children in all of the schools that will be served (not the district total) to determine a PPA. (There are several options for differentiating the PPA from one school to another.)

- **Calculating the School Allocation** - The PPA is then multiplied by the total number of low-income children attending each school.

3. Title I Plans - After the LEA has determined a projected amount for each school, the LEA must collaboratively work with each school to develop a Title I plan for using the funds.

- **Operating a Targeted Assistance Program** (Schools with 35 percent poverty rate can open as targeted assistance schools.) - The plan for this model should be based on a needs assessment and aligned to overall school plans. In this model, Title I funds are used only for supplementary educational services for eligible children who are failing or are at risk of failing to meet state standards. The plan describes how students will be selected and the program to be implemented (e.g., reading, math, etc.). For most schools in North Carolina, this can be accomplished as part of the School Improvement Planning process.

- **Operating a Schoolwide Program** (Schools with 40 percent or higher poverty rate or a waiver, if lower.) - This model allows the most flexibility in the use of Title I funds. Title I funds can be used to pay any core subject teachers in a Title I school. Teacher assistants must meet ESEA qualifications in a schoolwide school. Counselors and social workers may be able to be paid from Title I funding. Schoolwide Program Schools use funds from Title I and other federal education program funds and resources to upgrade the entire educational program of the school. The plan should include a description of the comprehensive needs assessment conducted for the school and address each of these components: school reform strategies; instruction by Highly Qualified staff; high-quality and ongoing professional development; strategies to attract Highly Qualified staff; strategies to increase parental involvement; preschool transition strategies; teacher participation in making assessment decisions; timely and additional assistance to students having difficulty mastering standards; and coordination and integration of federal, state and local programs and resources. A district may operate a schoolwide program in the first year of being served if it assures that a year of planning has taken place. For most schools in North Carolina, the School Improvement Planning process may meet this requirement.

4. Title I Applications, available at www.ncpublicschools.org/program-monitoring/titleIA/grants/, are due by June 12 for the 2009-10 school year unless an extension is requested. LEAs must submit a new application with a new budget and project narrative.

If you need assistance in developing your Title I plan or would like to request an extension, contact your regional consultant or Program Monitoring Section Chief Donna Brown at 919.807.3812 or dbrown@dpi.state.nc.us.

SUPPLEMENT/SUPLANT ARRA GUIDANCE

(Paraphrased from “Title I Fiscal Guidance” available on the Web at www.ed.gov/programs/titleiparta/fiscalguid.doc.)

C-9. May Title I, Part A American Recovery and Reinvestment Act (ARRA) funds be used to support activities that were previously supported with non-Federal funds without violating the supplement, not supplant requirement?

It depends. A determination of supplanting necessitates determining what activities an LEA would conduct with non-Federal funds if it had no Title I, Part A funds. Generally, an LEA may not use Title I, Part A funds for activities that it would have conducted in the absence of Title I, Part A funds.

Several situations give rise to a presumption of supplanting (i.e., a presumption that the LEA would conduct the activity with non-Federal funds if it had no Title I, Part A funds available): (1) the activity is required by local, State, or other Federal law; (2) the LEA conducted the activity in the prior year with non-Federal funds; or (3) the LEA uses non-Federal funds to provide the same activity for non-Title I students or in non-Title I schools that it provides with Title I, Part A funds for Title I students in Title I schools.

The LEA may overcome this presumption, however, under the following conditions:

- The LEA can demonstrate that there was a reduction in the amount of non-Federal funds available to the LEA to pay for the activity previously supported by non-Federal funds or the LEA can demonstrate that its educational priorities with respect to its use of non-Federal funds have changed.

- The LEA makes the decision to eliminate the activity without taking into consideration the availability of Title I, Part A funds, as documented by fiscal and programmatic records confirming that, in the absence of Title I, Part A funds, the LEA would have eliminated the activity. These records, for example, might document the reduction in non-Federal funds or explain what priorities changed to warrant a shift of non-Federal funds away from those priorities. Such documentation should happen at the same time as the LEA’s decision-making process (not after the fact) or it is very difficult to rebut a presumption of supplanting.
- The activity is allowable under Title I, Part A and consistent with all Title I fiscal and programmatic requirements. For instance, a teacher formerly paid from non-Federal funds must be: (1) engaged in activities that are allowable under Title I, Part A; (2) meeting the academic needs of Title I students in a schoolwide program or providing supplemental services in a targeted assistance school; and (3) conducting activities consistent with the LEA’s application approved by the SEA.
- The funds must be used for a necessary and reasonable purpose to administrate the program and be authorized and not prohibited under State and local laws or regulations.

If an LEA can successfully rebut the presumption of supplanting, the LEA may use Title I, Part A ARRA funds to support an activity which was previously supported with non-Federal funds.

Title I, Part A District Set-Aside Regulations

Below is a description of some of the set-asides that LEAs must consider before determining funds available for distribution to participating schools. Other set-asides (not described here) are for eligible private school children, the Neglected/Delinquent program, and preschool programs.

Set-Aside	Description
District Administration	Consistent with State law, an LEA may reserve up to 12% of the Title I allotment for administrative activities. Indirect costs are included in this amount.
Parental Involvement	LEAs with an allocation of more than \$500,000 under subpart 2 of Part A must spend at least 1% of their allocation for parental involvement activities. LEAs with an allocation of \$500,000 or less must spend some amount [unstipulated] for parent involvement activities. At least 95% of the reserved amount (1%) must be allocated to Title I schools for parental involvement activities.
Professional Development	LEAs may reserve Title I funds to support ongoing training and professional development. LEAs may reserve up to 5% of their Title I funds to provide incentives and rewards to teachers to work in Title I schools that are in any phase of Title I School Improvement.
LEA Improvement	LEAs identified for Improvement must set aside at least 10% of their Title I, Part A allocation to be used for professional development for all staff in the districts.
School Improvement	LEAs with school(s) in Improvement must set aside an amount equal to 20% of their allocation for school choice-related transportation and Supplemental Educational Services (SES) costs, unless a lesser amount is needed. If a “lesser amount” is needed, the LEA must document such to the SEA according to federal guidance. LEAs must set aside a minimum of 5% for transportation and 5% for SES. An LEA may, but is not required to, count costs for parent outreach and assistance regarding public school choice and SES toward its 20% obligation, subject to a 1% cap.
Homeless	LEAs must set aside funds to provide services for homeless children in non-Title I schools that are comparable to services for homeless children in Title I schools.

USED Will Consider Waivers Related to ARRA Title I Set-Asides

The US Department of Education (USED) will consider waiver requests related to American Recovery and Reinvestment Act (ARRA) Title I funds concerning set-asides on:

- A school in Improvement's responsibility to spend 10 percent of its Title I funds on professional development;
- An LEA in Improvement's responsibility to spend 10 percent of its Title I, Part A, allocation on professional development;
- An LEA's obligation to spend an amount equal to at least 20 percent of its Title I, Part A, Subpart 2 allocation on transportation for public school choice and on SES;
- An LEA's responsibility to calculate the per-pupil amount for SES based on an LEA's FY 2009 Title I, Part A, Subpart 2 allocation;
- The prohibition on an SEA's ability to grant to its LEAs waivers of the carryover limitation more than once every three years (North Carolina already has this provision as an Ed Flex state.);
- The Title I, Part A maintenance of effort (MOE) requirements – If the USED permits a State or LEA to treat State Fiscal Stabilization Funds (SFSF) as State or local funds to meet Title I, Part A MOE requirements, the SFSF funds would then be included in the State's or LEA's expenditures on which MOE is calculated in subsequent years. The USED may waive the MOE requirement if it determines that a one-year waiver would be equitable due to exceptional or uncontrollable circumstances such as an unforeseen decline in the State's financial resources. If an LEA receives a waiver, its Title I, Part

A and other covered program allocations would not be reduced due to its failure to maintain fiscal effort. In deciding whether to grant an LEA an MOE waiver, the USED will consider the extent of the circumstances cited. For example, if financial problems related to the economic downturn are cited, the USED will consider the extent of the decline in available financial resources, in view of the ARRA, as well as changes in demand for services. The USED will be concerned if the local government through which the LEA receives resources reduces the proportion of total revenues spent on education and will take that fact into consideration.

USED WILL NOT WAIVE:

- Comparability of services - Each year, LEAs must show that they are serving all schools with State and local dollars first and that there is not a higher State-paid ratio of teachers, instructional supplies and materials, etc., in one school than another (Title I vs. non-Title I);
- Use of Federal funds to supplement, not supplant non-Federal funds - In certain circumstances, e.g., cases of severe budget shortfalls, an LEA may be able to establish compliance even if it uses Title I, Part A funds to pay for allowable costs that were previously paid for with State or local funds;
- Equitable participation of private school students and teachers;
- Parent participation and involvement;
- Applicable civil rights requirements; etc.

The waiver request process has not been outlined yet by the USED.

USED Makes Title I ARRA Awards for 2009-10

The US Department of Education (USED) awarded each State 50 percent of the ARRA Title I, Part A allocation for the 2009-10 school year on April 1, 2009, on the basis of the State's existing approved ESEA Consolidated State Application. (The April funding award is part of the 2009-10 school year allotment, not the 2008-09 school year, and so no carry over is required.) USED expects to award the remaining Title I, Part A ARRA funds by Sept. 30, 2009, after each State submits, for review and approval by USED, additional information that addresses how the State will meet ARRA accountability and reporting requirements.

The spending period for the 27-month Title I, Part A funds is from July 1, 2009, to Sept. 30, 2011. Funds must be obligated by Sept. 30, 2011, not including the 90-day liquidation period which ends Dec. 30, 2011. A school is considered a Title I school from July 1st of each fiscal year regardless of when the application for funds is approved by the State.

Because of special ARRA reporting requirements, each State and LEA must account for these funds separately and so the grant awards are made separately. Gov. Bev Perdue established the Office of Economic Recovery & Reinvestment, led by Dempsey Benton, to coordinate and track North Carolina's handling of federal stimulus funds as well as state-level economic recovery initiatives. The Federal Government Accountability Office (GAO) has selected North Carolina as one of 16 states that will receive special attention regarding how it uses the Federal stimulus dollars and LEAs may be contacted as part of this process. State initiatives and fund tracking will be available on the Web at <http://ncrecovery.gov/>.

The process and formulas for allocation to receive additional funds under section 1003(a) and 1003(g) have not been outlined by USED at this time.

What funds must be addressed in an LEA's Title I, Part A

application? LEAs must address both the funds received through PRC 050 (regular) and PRC 141 (ARRA) since both comprise a district's total 2009-2010 Title I, Part A allocation.

When will LEAs be informed of School Improvement Fund eligibility?

LEAs will be informed when the State determines the allotment formulas for School Improvement 1003(a) and 1003(g) funds provided through ARRA. Currently, the State is waiting for additional guidance from the US Department of Education. Depending on the new formulas for PRC 142 and PRC 143, past grant amounts may or may not differ significantly from 2009-2010 grant amounts.

Can I use all of my LEA's ARRA funds to fund staff positions? Yes.

Title I funds provided through ARRA, along with the regular Title I allocation, make up the total Title I, Part A allocation for 2009-10. LEAs should develop budgets using the two Title I PRCs in a way that best meets local needs.

	Regular	ARRA
Title I, Part A	PRC* 050	PRC 141
School Improvement 1003(a)	PRC 105	PRC 142
School Improvement 1003(g)	PRC 117	PRC 143

* Program Report Code