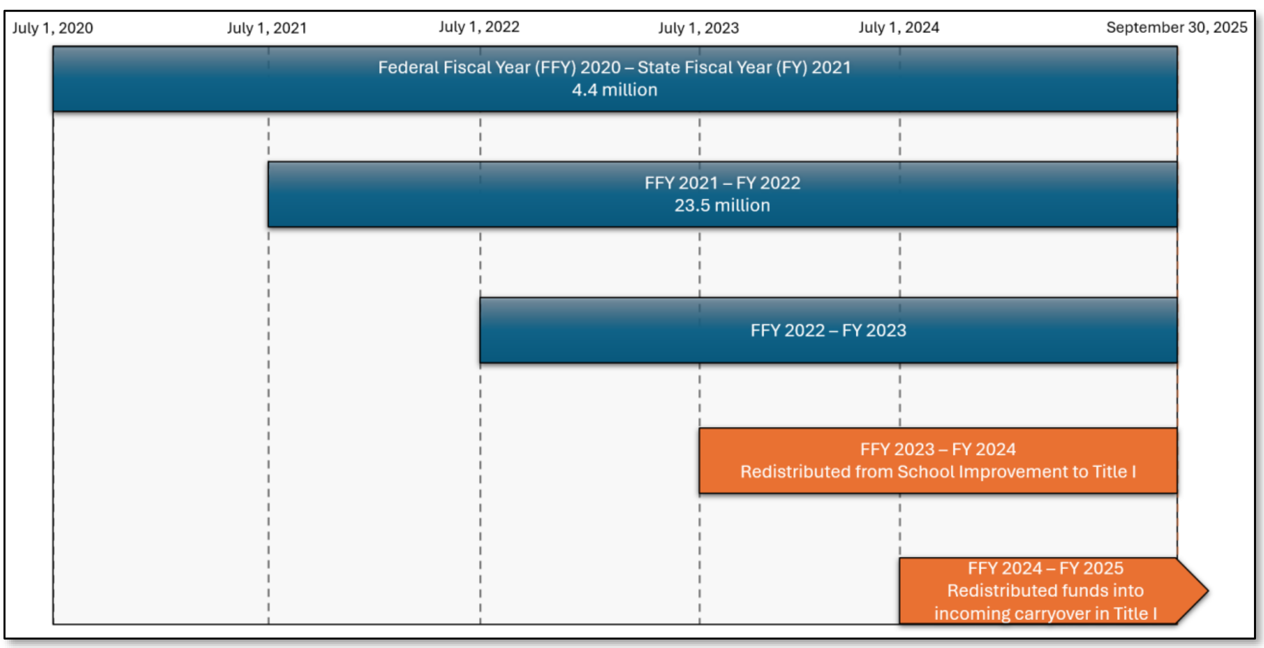
# Reallocation Information and Guidance for Title I, Part A

## Preface

Arizona received a Tydings waiver for the Title I, Part A (Title I) grant for federal fiscal year (FFY) 2020, 2021, and 2022. The waiver allows local education agencies (LEAs) to continue obligating funds for existing effective school improvement activities through section 1003 of the Elementary and Secondary Education Act (ESEA) as amended by the Every Student Succeeds Act (ESSA). This terminology will be shortened to just ESEA unless ESSA is explicitly required. The Arizona Department of Education (ADE) will continue to award school improvement grants to ensure that obligations for these Title I federal funds are completed by September 30, 2025, with an additional 90 days to liquidate funds. Additionally, ADE will reallocate unused[1] funds for school improvement in FFY 2023. These funds will be allocated back to Title I LEA entitlement grants as allowed under Section 1003(g) of the ESEA. This ensures that Arizona does not risk reverting funds until September 30, 2025. The visual below represents the multiple fiscal years of federal funds open within the Title I grant for Arizona.




[1] *"…amount of funds reserved to carry out [school improvement] is greater than the amount needed to provide the assistance described in that subsection, the State educational agency shall allocate the excess amount to local educational agencies…"*

### Fiscal Year and Federal Fiscal Year

For clarity, Arizona's fiscal year begins on July 1 of each year and ends June 30 of the following calendar year, as an example:

- Arizona's FY 2024 begins on July 1, 2023, and ends on June 30, 2024

The federal fiscal year begins on October 1 of each year and ends on September 30 of the following calendar year. For grant awards from the United States Department of Education (USED), the awards are forward-funded for three months, and obligations may begin on July 1 of a given year. As an example:

- FFY 2023 begins on July 1, 2023, and ends on September 30, 2024

Thus, state fiscal years are higher than federal fiscal years.

### School Improvement Reservation within Title I

School improvement grants under Section 1003(a) of the ESEA require Title I LEA allocations to reserve funds for school improvement activities. The funding for school improvement grants is a part of Title I grant. When ADE does initial calculations for Title I grants, there are requirements for how much must be reserved for school improvement required by section 1003(a):

- *[A state] must ratably reduce the allocations of all LEAs calculated, including newly opened and significantly expanded charter school LEAs, to reserve the greater of:*
  - *Seven percent of the [state's FFY] 2017 Title I award*
  - *The sum of the total amount that the [state] reserved for school improvement under section 1003(a) from its [FFY] 2016 Title I award (generally, 4 percent of that award) and the amount of the [state's FFY] 2016 School Improvement Grants (SIG) allocation under section 1003(g)*

However, a special rule was added for FFY 2018 and subsequent years' grants:

> *[A state] must ratably reduce the allocations of all LEAs calculated in the [school improvement reservation] to reserve the greater of the amounts described in the two bullets under FY 2017 and* ***must also*** ["emphasis added"] *follow a special rule.*
>
> *In reserving funds under section 1003(a) from [FFY] 2018 and subsequent years' allocations, [states] may not reduce an LEA's Title I allocation below the prior year's amount. (ESEA section 1003(h).) It is possible that in some years this special rule will prevent [a state] from reserving the "full amount" for school improvement.*

This requirement means that without reallocation adjustments, many LEAs would see minimal to no increases in Title I grants unless the state received a significant increase in Title I for the state.

# Grant Adjustments

Excess funds from school improvement FY 2024 grants will be allocated back to Title I entitlement grants for LEAs. LEAs will receive an apportion of the LEA's funds originally reserved for school improvement moved back into the LEA's Title I grants. This amount is apportioned within approximately 17.4 million dollars unused within school improvement. The department is also redistributing funds from any closed to LEAs that are open and eligible. The reallocation is applied as follows:

LEAs that accept additional Title I grant funds will have it applied as FY 2024 carryover in the LEA's Title I FY 2025 grant and must apply for a 15% carryover waiver if:

The sum of the LEA's FY 2024 Title I carryover is greater than or equal to $50,000, which includes the following sources:

- FY 2024 original
- FY 2024 transferred in
- Additional reallocated funds

Adjustments for affected LEAs will be made in the FY 2025 ESEA Consolidated Applications - Title I grants and earmarked under incoming carryover. LEAs should continue to close out FY 2024 completion reports as usual, and then any sequential adjustments will occur after the completion report is processed. ADE can adjust the incoming carryover in the FY 2025 ESEA Consolidated Title I for LEAs that have completed their completion reports before the end of December. This allows ADE staff to implement adjustments in an organized fashion and not require LEAs to revise any FY 2024 ESEA Consolidated Applications.

# Carryover & Additional Requirements

## 15% Carryover Waiver

The USED guidance outlines that when LEAs apply for a waiver to carry over more than 15% of their Title I grant from an award year, the LEA can only apply for a waiver no sooner than three fiscal years later.[2]

If an LEA takes reallocated funds and receives a carryover waiver, the LEA can only receive another carryover waiver for the next two years if ADE requests another exception from USED. ADE is willing to apply for future 15% carryover waivers to support LEAs needing flexibility in future years. LEAs that have already applied for a waiver to use carryover for Title I from the FY 2024 ESEA Consolidated application do **not** need to apply for another waiver with ADE.

## Set-aside and Proportionate Share Obligations

Additional funds will be earmarked toward the LEA's FY 2024 grant and treated as carryover into Title I within the FY 2025 ESEA Consolidated application. If additional funds are taken by an LEA, set-aside and proportionate share requirements still apply and are calculated against the total amounts that would have existed in the FY 2024 ESEA Consolidated application.

To assist LEAs, the Title I unit will help ensure these requirements are met through a spreadsheet for each LEA to ensure that LEAs can implement the required actions in the FY 2025 ESEA Consolidated application.

# Instructions

[2] https://www.ed.gov/sites/ed/files/2021/08/FAQs-on-Title-I-carryover-waivers-8-2021.pdf

The Title I unit will post the revised allocations for the affected LEAs contributing to school improvement activities for the FFY 2023 (FY 2024) Title I grants. All affected LEAs will receive communications from ADE to their superintendent and business manager requesting a response if the LEA wants to accept additional Title I grant funds. The Title I unit will follow up appropriately with any additional documentation needed. For any LEA that does not currently have an ESEA Consolidated application due to a zero-dollar allocation, the Title I unit will work with those LEAs to establish the application process.

# Timeline

- November 7: ADE post allocations and guidance document
- November 13: ADE will begin outreach to LEAs
- December 13: ADE finishes communications and closes the window for LEAs to respond if the LEA wishes to take additional reallocated funds
- Continuous: LEAs that accept redistributed funds will have their incoming carryover adjusted in grants management after the LEA's FY 2024 completion reports are finalized
    - LEAs will be required to return any necessary worksheets for Titel I carryover
- Continuous: Any LEAs that accepted redistributed funds **and** have a zero-dollar Title I grant in the LEA's FY 2025 ESEA Consolidated application will have their allocation calculated and loaded appropriately
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# Final Notes

After all funds are redistributed, any remaining funds will be used for School Improvement activities until September 30, 2025. ADE will evaluate the fiscal performance of Title I grants and School Improvement activities and consider redistributing additional funds into FY 2025 Title I grants. The final reconciliation for FY 2025 Title I grants will occur in February, after all new and expanding charters, data are available, and completion reports are finished.

This document will be revised appropriately for additional clarifications or adjustments. ADE thanks individuals in the field who helped provide feedback for clarity and patience throughout this process. ADE wants to ensure that no Title I grant funds are at risk of reversion as of September 30, 2025.

# Contact

For questions on your LEAs-specific application, please email your Title I specialist or the ESEA group at esea@azed.gov. The specialist can triage and coordinate to get others in meetings depending upon the domain of the question (e.g., allocations, grant applications).

# Changelog

November 7, 2024

- Initial publishing

November 8, 2024

- Fixed an error with apportioning redistributed funds equally to all LEAs that contributed to school improvement reservations. The amounts have been updated, and the accurate final allocations are under version 1.0a of the spreadsheet.
- Provided more detail so that adjustments can be initiated for LEAs that finish completion reports early for incoming carryover in the FY 2025 ESEA Consolidated Title I and do not have to wait until after December.
- Clarified the reallocation state-level amounts.

November 13, 2024

- Clarified terminology, fiscal years, and added details for definition