

CARRYOVER FUNDS, WAIVERS, EXTENSIONS & AMENDMENTS

CARRYOVER FUNDS

Under section 421 (b) of the General Education Provisions Act (GEPA), LEAs and SEAs must obligate funds during the 27 months extending from July 1 of the fiscal year for which the funds were appropriated through September 30 of the second succeeding fiscal year. This maximum period includes a 15-month period of initial availability plus a 12-month period for carryover. However, section 1127 (a) of the ESEA limits the amount of Title I, Part A funds an LEA may carry over from one fiscal year's allocation to not more than 15 percent of the total Title I, Part A funds allocated to the LEA for that fiscal year. LEAs must obligate 85 percent of its Title I, Part A funds by September 30.

The following example illustrates how the 27-month availability for Title I, Part A funds and the carryover limitation would operate for an LEA.

FY11 Allocation	\$1,500,000
Minimum amount LEA must obligate between July 1, 2010 – September 30, 2011	\$1,275,000 (85% of allocation)
Amount LEA may carryover and obligate during October 1, 2011 – September 30, 2012*	\$ 225,000 (15% maximum carryover)**

***Although the remaining 15% is technically available for obligation through the following September, LEAs must request an extension from the Title I Program Manager to obligate funds beyond December 31 (December 31, 2011 in this example above). There are two reasons for this requirement. First, the state's financial system requires a manual adjustment to extend the end date beyond December 31 and second, LEAs are encouraged to obligate funds in a "first in-first out" basis. Extensions are generally approved in three month increments to encourage LEAs to spend the funds in a timely fashion. LEAs may request longer extensions on an as-needed basis.**

****Any funds that remain unobligated after the grant period revert to the U.S. Treasury.**

Exceptions to Carryover Limitations:

- (1) LEAs receiving less than \$50,000.00 per year are excluded from the 15 percent maximum carryover limitation;
- (2) For LEAs receiving \$50,000.00 or more in a fiscal year, a waiver may be granted no more than once every three years. DDOE has Ed Flex authority to waive this three year limitation only under special circumstances.
- (3) The required 10% professional development set-aside for schools in improvement must be expended within the fiscal year. Any dollars not expended within the fiscal year must be carried over and added into the LEA's professional development budget for the next fiscal year with additional professional development provided for the school(s) in improvement;
- (4) The required 10% professional development set-aside for LEAs in improvement must be expended within the fiscal year. Any dollars not expended within the fiscal year must be carried over and added into the LEA's professional development budget for the next fiscal year;

- (5) The required 1% parental involvement set-aside for LEAs receiving allocations of \$500,000 or more must be expended within the fiscal year. Any dollars not expended within the fiscal year must be carried over and added into the LEA's parental involvement budget for the next fiscal year.
- (6) Any required SES or Choice related transportation set-asides must be expended within the fiscal year. Any dollars not expended within the fiscal year must be carried over and added into the LEA's SES and Choice reservations for the next year. To spend less than the amount needed to meet its 20 percent obligation for SES and Choice related transportation and to use the unexpended amount for other allowable activities in a given school year, an LEA must meet, at a minimum, all of the criteria outlined in L-1 of the [non-regulatory guidance Supplemental Educational Services](#). See additional DDOE guidance on [Reallocating Choice and SES Set-asides](#) for more information.

SPENDING CARRYOVER FUNDS

Subject to the limitations described in the above section on exceptions, LEAs have options when determining how to spend carryover funds. They may:

- (1) Allocate the funds to eligible schools (schools must be kept in rank order based on poverty); or
- (2) Allocate the funds for LEA level activities such as professional development. LEAs using this option must ensure that private schools have equitable participation, where appropriate.

WAIVERS

If an LEA receiving more than \$50,000 is unable to encumber or expend 85% of its Title I, Part A funds prior to September 30, the LEA may apply for an Ed Flex waiver to exceed the 15% carryover limitation. LEAs may be granted waiver no more than once every three years. DDOE has Ed Flex authority to waive this three year limitation only under special circumstances.

REQUESTING A WAIVER

LEAs may submit requests for waivers at any time. **Waiver requests must be submitted in writing** by the district superintendent or charter school director and the business manager. **All waiver requests must be addressed to the Secretary of Education, with a copy to the Director of Career, Technical and Title I Resources.**

An Ed-Flex waiver request must contain the following:

- The name of the district and/or school requesting the waiver
- The reason for requesting the waiver
- The federal regulation to be waived
- The program goals and objectives impacted by the waiver
- The timeframe/duration of the requested waiver
- Evidence of school community involvement in the decision to request the waiver
- Description of how the district will monitor the impact of the waiver on district and/or school goals

Once the request is reviewed, applicants will receive a written decision within 60 days.

Please visit the [Ed Flex website](#) for more information on requesting waivers.

EXTENSIONS

LEAs may request to extend the end date of a grant in order to make new obligations using the remaining 15% of funds after the December 31 grant end date. Requests for extensions should be made on a limited basis and only when necessary.

REQUESTING AN EXTENSION

Immediately upon determining that new obligations are needed after December 31 (three months after the end of the of the initial 15 month period of availability), the LEA program manger and business manager must **send an email no later than December 1 to the Title I Program Manager** requesting approval to extend the end date of the grant. The extension request must thoroughly explain and justify the need for the extension. Extensions, if approved, are granted for three months. When the program manager receives the request, a response will be sent back which should be filed in the grant file for future audit purposes. A copy will be kept at DDOE as well.

AMENDMENTS

To obtain most federal subgrants, LEAs submit formal applications to DDOE for approval. The applications, once approved and signed by both parties, constitute a contractual agreement between DDOE and the LEA. These agreements consist of two elements – program implementation and budgetary activity.

In approving and monitoring subgrants, DDOE is most concerned with program implementation; that the LEA's objectives and activities will effectively and reasonably accomplish federal objectives, are within the guidelines of the overall federal grant, and comply with federal laws and regulations. Accordingly, prior to approving a subgrant, DDOE program managers examine the proposed objectives and activities. Once approved, the subgrant objectives and specified activities must be accomplished and cannot be changed without formal approval from DDOE through the amendment process described below. Amendments are also required in order to add a new significant objective and / or activity.

DDOE is also concerned about budgetary activity; how the LEA plans to spend the federal dollars to accomplish the proposed objectives and activities. Accordingly, subgrant applications must include a budget sheet indicating how the money will be spent by expenditure / reporting category (i.e., salary, contractual services, travel, etc.). DDOE program managers examine the budget sheet and confirm that the proposed expenditures are practicable and align with the proposed objectives and activities. However, DDOE recognizes that a budget is simply an expenditure plan. In order to complete the approved activities and objectives of the subgrant effectively, efficiently, and most economically, it may be smarter and / or necessary to spend the money differently than originally proposed. Thus, **LEAs are not required nor encouraged to submit amendments to DDOE simply to disclose budgetary changes**. Such changes will be adequately disclosed on the annual and final expenditure reports described below.

REQUESTING AN AMENDMENT

Immediately upon determining that a program objective and / or specified activity will not be accomplished or needs to be modified, the LEA program manager must submit a subgrant amendment request to DDOE for preapproval of the change. An approved amendment request is also required in order to add a new significant objective and / or activity. **These requests may be submitted via email**

to the Title I Program Manager. LEAs requesting amendments to make significant changes in the use of funding must include the LEA's business manager on the request. The amendment must be approved before expenditures are made to support a modified or new activity. The amendment must thoroughly explain and justify the change. An example of a significant objective or activity change would be purchasing computers instead of hiring a teacher. When the program manager receives the request, a response will be sent back which should be filed in the grant file for future audit purposes. A copy will be kept at DDOE as well.

ADDITIONAL RESOURCES

[Title I Flow Chart on Carryover Funds, Waivers, Amendments and Extensions
Reallocating Choice and SES Set-asides](#)