

## Transferability Q&A

### **1. What is transferability?**

Transferability is a flexibility authority under the Every Student Succeeds Act (ESSA) which allows Local Educational Agencies (LEAs) to transfer up to 100 percent of the funds they receive under Title II, Part A and Title IV, Part A to other programs to better address the needs of their unique student populations and to ensure the capacity of delivering a meaningful program.

### **2. Which programs may be transferred FROM/INTO?**

LEAs may transfer all or some of the funds received FROM:

- Title II, Part A – Supporting Effective Instruction
- Title IV, Part A – Student Support and Academic Enrichment

LEAs may transfer all or some of the funds from programs listed above INTO:

- Title I, Part A – Improving Basic Programs Operated by LEAs
- Title I, Part C – Education of Migratory Children
- Title I, Part D – Prevention and Intervention Programs for Children And Youth who are Neglected, Delinquent, or At-Risk
- Title II, Part A – Supporting Effective Instruction
- Title III, Part A – State Grants for English Language Acquisition and Language Enhancement
- Title IV, Part A – Student Support and Academic Enrichment
- Title V, Part B, Subpart 2 – Rural and Low-Income Schools

LEAs cannot transfer funds out of Title I, Parts A, C, or D; Title III, Part A; or Title V, Part B.

### **3. Which requirements govern the transferred funds?**

Transferred funds become funds of, and are subject to, all the rules and requirements of the programs the funds are transferred into. Therefore, the transferred funds should be treated as if they were included in the initial allocations of the Title program into which the funds were transferred. Spend transferred funds in accordance with requirements of the receiving program, including statutory set-asides.

### **4. Are required set-asides and building allocations impacted by the transfer of funds?**

Yes, if there are required set asides for the program(s) the funds are transferred into, the transferred funds need to be applied to the required set-asides calculations for those program(s). Since you are increasing your total allocation, this will also increase your funds for ranking and allocating to buildings under Title I, Part A.

### **5. What information must an LEA include in its notification to OSPI?**

An LEA must notify its SEA of:

- The program(s) from which funds are to be transferred.
- The amount of funds to be transferred.

- The program(s) to which the funds will be transferred.

All of this information is contained in iGrants in Form Package 821.

### ***6. How are equitable services treated?***

Before an LEA may transfer funds from a program subject to equitable services requirements, it must engage in timely and meaningful consultation with appropriate private school officials. With respect to the transferred funds, the LEA must provide private school students and teachers equitable services under the program(s) into which, and from which, the funds are transferred, based on the total amount of funds available to each program after the transfer. For example, if a LEA transfers 100 percent of funds received in Title IV, Part A into Title I, Part A, the LEA would provide equitable services under Title I, Part A, since no funds are remaining under Title IV, Part A.

### ***7. If I transfer funds between programs, will this impact my future program allocations in these programs?***

No, transferred funds are not considered by OSPI when allocating formula funds in future periods.

### ***8. Is there a limit on the number of times an LEA may transfer funds into, or from, an individual program during a fiscal year?***

No. There are no statutory limitations on the number of times an LEA may transfer funds into, or from, an individual program during a fiscal year. However, each transfer should be made only after the LEA has engaged in thorough and careful planning.

### ***9. How does an LEA make a transfer?***

The LEA has discretion in using a method most suitable to their needs. When transferring funds, an LEA may:

- Establish a new, separate account(s) (sub-code) for transferred funds.
- Retain the transferred funds in their original account(s), but maintain documentation that shows how transferred funds in the original account(s) have been reclassified. In other words, in transferring funds, an LEA does not actually have to move funds from one account to another so long as it maintains adequate documentation to account for the transfer.

For example, if 50 percent of an LEA's Title II, Part A allocation was transferred into Title I, Part A, the LEA should create an account code within the Title II, Part A budget account which differentiates those expenditures. Effectively, those expenditures are supporting the LEA's Title I, Part A program, but are claimed under Title II, Part A. The reason for this is to ensure that expenditures to support a program are captured to document allowability, set-aside requirements, and carryover limitations.

Regardless of the method the LEA uses to transfer funds, the LEA must maintain records demonstrating how a program's total funds, including transferred funds, were spent. However, the LEA does not have to account separately for the expenditure of the funds that were transferred into a program and the allocation to which the transferred funds were added.

***10. If I transfer funds between programs, how do I claim the funds under the applicable programs?***

The funds must be claimed under the program in which they were received. For example, an LEA receives \$20,000 in Title IV, Part A funds and chooses to transfer all of those funds into Title I, Part A. Even though the funds are transferred and follow the requirements of the Title I, Part A program, the funds must be claimed under Title IV, Part A.

***11. If I transfer funds between programs, how do I determine how much to claim under each of those programs?***

Although the LEA may use any reasonable method for charging and claiming expenditures, one option will potentially minimize the burden on LEAs to set up a complex accounting system for calculating and tracking carryover limitations for various programs. The Office of Superintendent of Public Instruction (OSPI) encourages districts who transfer funds to first record expenditures and make all claims against the budget from which funds were transferred out of until that budget amount nets to zero. For example, if the LEA transferred \$10,000 of its Title IV, Part A allocation into Title I, Part A, they would record expenditures and make claims for the first \$10,000 of their Title I, Part A allowable expenditures entirely from the Title IV, Part A budget. Doing so will reduce confusion on behalf of the LEA and SEA when calculating carryover limitations and amounts for both the Title I, Part A and Title IV, Part A programs.

***12. If I transferred my Title II, Part A allocation into Title I, Part A last year, how do I determine the amount I can carry over under each program?***

In order to ensure program carryover amounts are accurate, the LEA must ensure that they are recording and monitoring their program expenditures properly (See Q&A 10 and 11 above). The carryover amount for each program is calculated based on total allocations after any transfers. For example, if Title I, Part A has an original allocation of \$100,000 and Title IV, Part A transfers \$20,000 of its \$40,000 allocation into Title I, Part A, the Title I, Part A carryover limitation of 15 percent will be calculated based on the total of \$120,000 (the total allocation after transfers).