

# ESSA Quick Reference Brief: Carrying Over Federal Funds

## What the Law Says

Federal formula funds are made available on July 1 of the fiscal year and remain available for obligation by districts for a period of 27 months. This 27-month period includes an initial 15-month period of availability and an automatic 12-month extension permitted under the Tydings Amendment<sup>1</sup>. “Carryover” is the term often used to refer to those funds that have not been spent as originally obligated by the district.

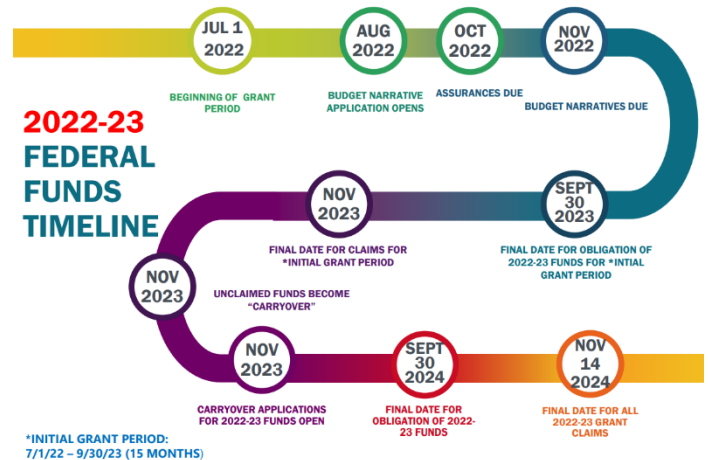
## What It Means

Each year districts submit their plan for spending federal funds. However, plans can change and there are many reasons why a district may not expend all allocated funds within the initial grant year. Consequently, any funds not spent by a district in the first year of the grant are “carried over”. Districts complete a carryover application in CIP Budget Narrative and have an additional 12 months to spend the remaining funds.

## Requirements

When completing the carryover application the district provides:

1. an explanation for why funds were not spent as originally intended;
2. which approved activities did not take place; and
3. a description of the allowable activities that the district would like to undertake in place of those originally planned.



The percentage of funds a district is allowed to carryover depends on the program, as shown in the table below.

**Note:** If the district chose to transfer funds during the initial grant period, carryover funds should be spent according to the programmatic requirements of the grant into which the funds were transferred.

<i>Program</i>	<i>Percentage Carryover Allowed</i>
Title I, Part A	15%
Title I, Part C	100%
Title I, Part D	100%
Title II, Part A	100%
Title III	100%
Title IV, Part A	100%
Title IV, Part B	100% (upon approval from ODE)
Title V, Part B (REAP/RLIS)	100%
McKinney-Vento	100% (upon approval from ODE)

<sup>1</sup> General Education Provisions Act §421(b)(1)

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## *Requirements under Title I-A*

- **Required Set-Asides:** If a district is required to spend a specific amount of its Title I-A allocation in a given year for a specific purpose (e.g. family engagement), the district must meet that obligation. If it does not do so in the year for which funds were allocated, **unspent funds must be carried over and spent for the specific purpose the following year.**
- **Cap on Carryover funds:** Section 1127(a) of ESEA limits the amount of Title I, Part A funds a district may carry over from one fiscal year's allocation to not more than 15 percent of the total allocation for that fiscal year.
- **Funds originally allocated to schools:** Although districts may not use carryover funds to provide services in an ineligible Title I school, they do have considerable discretion in handling carryover funds allocated to Title I schools, always being mindful of the equitable share to private schools. Districts may:
  - Allocate funds to schools with higher concentrations of students navigating poverty, those providing a higher per-pupil amount to those schools.
  - Provide additional funds to any of the activities supported by the reservations outlined in [§200.77](#) of the Title I regulations.

## *Requirements under Title IV-A*

Under ESSA, districts receiving \$30,000 or more in Title IV-A funds are required to allocate at least 20% of funds to activities under Well-Rounded Education, at least 20% to activities under Safe and Health Students, and no more than 15% to support Technology Infrastructure. If a district has not met these spending parameters during the initial grant year, it must do so through its carryover application.

For example, if a district planned to spend 30% of its IV-A allocation to support the hiring of two counselors under Safe and Healthy Students, but was only able to hire one (using just 15% of the total allocation), then the carryover application must include activities under Safe and Healthy Students that reflects at least an additional 5% of the total allocation to meet the 20% requirement described in law.

## Considerations

- ***Title I-A Waiver*** - Although carryover for Title I-A funds is capped at 15% of the total award, there is a provision within ESSA which allows ODE to waive that limitation once every three years.<sup>2</sup> For example, a district that carried over more than 15% of its FY 2022-23 Title I-A funds would next be eligible for the waiver of the carryover limitation for its FY 2025-26 funds. Districts request this waiver through the carryover application in the CIP Budget Narrative.
- ***Transferring Funds*** - Funds may be transferred from Title II-A or Title IV-A into other title programs for which the district receives an allocation. Transfers must occur during the first 15 months of the grant period.
- ***Private Schools*** - Students, teachers, staff and families at eligible private schools must be provided fair access to federally funded education programs and services<sup>3</sup>. Private schools must obligate funds in

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<sup>2</sup> ESSA Section 1127(b)

<sup>3</sup> ESSA Section 1117(a)(1); ESSA Section 8501

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the year they were received, and any funds not obligated by the private school by September 30 of the following year become part of the district's carryover funds.<sup>4</sup>

- *Revising Approved Carryover Narratives* - Needs may change during the year. Carryover narratives should be revised when the district wants to fund a **new activity** not included in the approved carryover narrative, or when there is a **change in the cost of an approved activity that exceeds 10%**.

Once a carryover narrative is approved, it cannot be withdrawn from the system and resubmitted electronically. Districts needing to revise their **approved** carryover application should contact the appropriate program specialist and complete the [Carryover Narrative Revision Form](#).

## Recommendations for Practice

1. **Engage the community.** Districts should engage their community in the development and implementation of their plan, as well as when plans change. This includes parents, educators, district staff, tribal leaders, and others.
2. **Align carryover activities to current needs.** Carryover activities should be aligned to district needs and can augment strategies described in the current school year's narrative.
3. **Maintain program focus.** Requirements in the Uniform Grants Guidance (UGG) still apply.<sup>5</sup> Carryover funds must be used to support the program's goals and objectives. Activities must be allocable (specifically for the benefit of the program), reasonable (not excessive in cost and based on prudent purchasing practices), necessary (essential for carrying out the program), and allowable under the rules of the grant.
4. **Claim funds in a timely way.** The CIP Budget Narrative generates a carryover application for any district that has funds remaining in EGMS after the deadline to claim funds for the initial grant period has passed. Consequently, districts are encouraged to claim carryover funds first.

## Questions for Reflection

1. What systems are in place for tracking the allocation and spending of funds at the district level?
2. How frequently does the district review the status of expenditures and remaining funds?
3. How much funding does our district carryover each year? In what way is this impacting our ability to support students and achieve districts goals?

## Resources

- [Electronic Code of Federal Regulations](#) (U.S. Government Publishing Office)
- [Title I Fiscal Issues](#) (U.S. Department of Education)
- [Oregon Federal Funds Guide](#) (ODE)
- [CIP Budget Narrative User Guide](#) (ODE)
- [Carryover Narrative Revision Request Form](#) (ODE)

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<sup>4</sup> Private schools are allowed to carryover funds they are unable to expend due to circumstances beyond their control.

<sup>5</sup> 2 CFR, Sections §200.403; §200.404; §200.405