

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 Amendment¹. “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 access these funds by completing a carryover application and have an additional 12 months to spend the remaining funds.

Requirements

When completing the carryover application the district provides:

- an explanation for why funds were not spent as originally intended, and
- 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)

¹ General Education Provisions Act §421(b)(1)

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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 years². Districts request this waiver through the carryover application.
- *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 services³. Private schools must obligate funds in 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.⁴
- *Revising Approved Carryover Narratives* - 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.

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.⁵ 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.

² ESSA Section 1127(b)

³ ESSA Section 1117(a)(1); ESSA Section 8501

⁴ Private schools are allowed to carry over funds from SY 2020-21 that they were unable to expend due to COVID.

⁵ 2 CFR, Sections §200.403; §200.404; §200.405

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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)
- [Oregon Federal Funds Guide](#) (ODE)
- [CIP Budget Narrative User Guide](#) (ODE)