

ESSA Quick Reference Brief: Transferability

What the Law Says

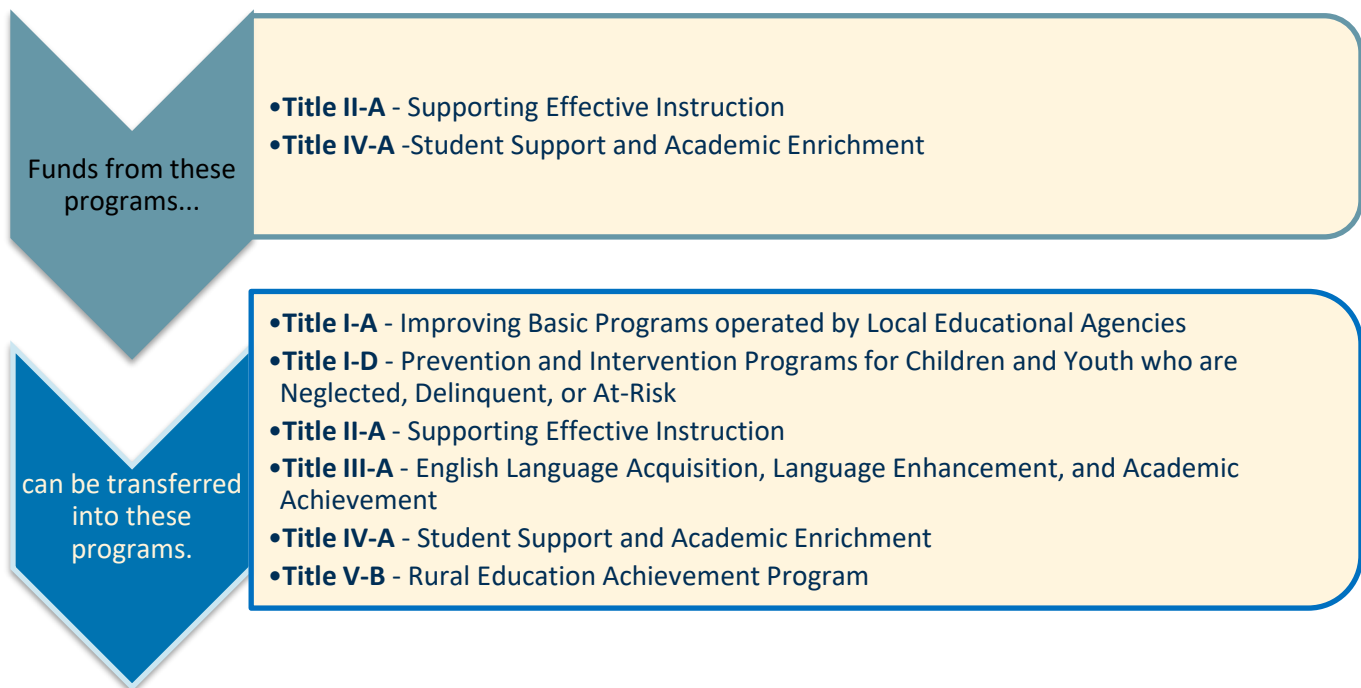
Transferability is a flexibility authority under the Every Student Succeeds Act (ESSA) which allows Local Educational Agencies (LEAs) to transfer up to 100% of the funds they receive under specific title programs to other programs to better address the needs of their unique student populations and to ensure the capacity of delivering a meaningful program.¹

What it Means

The law allows districts to transfer some or all specific federal formula grant funds from one title program to another to best meet identified needs. There are no limits on the amount of funds LEAs may transfer, but **LEAs may only transfer funds into programs for which it is already receiving an allocation.** When funds are transferred, they take on the identity of the title program into which they are transferred and must be spent under rules applicable to that program.

***Example:** District A receives \$50,000 in Title II-A funds and transfers all those funds into Title I-A. As a result, the funds must be spent under the rules of Title I-A. District B chooses to transfer half of its Title II-A funds into Title I-A, so only the transferred funds are subject to I-A requirements. The rest must follow Title II-A rules.*

When transferring funds, an LEA transfers the use of funds but does not actually have to move funds from one account to another. However, the LEA must maintain records demonstrating how a program's total funds, including transferred funds, were spent.



Requirements

Districts must meet the following requirements before the decision to transfer funds is made:

¹ ESEA Section 5103(a); ESEA Section 5103(b)(2)

1. **Review the district needs assessment.** Just because funds can be transferred doesn't mean they should. Decisions regarding the transfer of funds should be made through the lens of the district's comprehensive needs assessment. Keeping district identified needs and goals at the center of the process is the best way to determine whether transferring funds is the right course of action.
2. **Consult with the appropriate partners.** All federal programs require meaningful consultation with partners including, but not limited to, families, community members, and educators that represent building and district level staff. Meaningful consultation provides ample time and genuine opportunity for all parties to express their views and for those views to be seriously considered.
3. **Consult with participating private schools.** The equitable share provided to participating private schools is impacted whenever the district transfers funds. The results of the district's needs assessment must be shared with the private schools during meaningful and timely consultation regarding the services they will and will not be eligible for as the result of the transfer of funds.
4. **Complete the Consolidated Spending Page.** The Consolidated Spending Page within the CIP Budget Narrative is the tool districts must use to notify the Oregon Department of Education (ODE) of their intention to transfer funds.

Recommendations for Practice

- ***Know the requirements for each title program before you transfer funds.***

Every title program has a specific purpose and accompanying guidance. It is critical to understand **how and for the benefit of whom** funds can be used to ensure that the district can implement the strategies it plans to undertake with transferred funds. Particular attention should be paid to allowability and supplanting requirements.

- ***Implement an internal system for tracking the spending of transferred funds.***

Districts notify ODE of their intention to transfer funds through the Consolidated Spending page of their CIP Budget Narrative. However, all funds must be claimed from their original grant award in the Electronic Grants Management System (EGMS), and districts must ensure funds are spent in accordance with the guidance of the program into which they are transferred.

Questions for Reflection

1. Can we clearly articulate the connection between our district needs and the transfer of funds?
2. Who is involved in district decisions regarding the transfer of funds? How familiar are these individuals with the requirements, restrictions, and guidance related to title programs?
3. How do we ensure that participating private schools are included in the discussion regarding the impact transferring funds will have?
4. What is our district's system for tracking the spending of transferred funds?

Frequently Asked Questions

1. **Which program requirements govern the transferred funds?** Transferred funds are subject to all the rules and requirements of the program into which the funds are transferred, including equitable services. Therefore, the transferred funds should be treated as if they were included in the initial allocations of the program into which the LEA transfers funds. Spend transferred funds in accordance with requirements of the receiving program, including statutory set-asides.
2. **How should an LEA track expenditures from transferred funds?** The LEA must maintain records demonstrating how a program's total funds, including transferred funds, were spent. The LEA has discretion in using a method most suitable to

their needs if it maintains adequate documentation to account for the transfer. Regardless of the method used, the LEA must submit claims for reimbursement in EGMS under the original award and maintain documentation to support expenditures allowable under the program.

3. **What happens if an LEA determines that transferring funds no longer meets its needs?** Decisions to transfer federal program funds should be made only after the LEA has engaged in thorough and careful planning. The Consolidated Spending page should reflect any program decisions regarding transfer of funds. When an LEA's needs changes, all program applications must be revised and reviewed by ODE program staff for approval.
4. **What is the impact of transferability on equitable services to private schools?** 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) to which, and from which, the funds are transferred, based on the total amount of funds available to each program after the transfer.
5. **If the LEA transfers funds between programs, how does it claim the funds under the applicable programs?** The funds must be claimed under the program in which they were initially received. For example, an LEA receives \$20,000 in Title IV, Part A funds and chooses to transfer all 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 in EGMS under Title IV, Part A.
6. **Do transfers affect Maintenance of Effort (MOE)?** No. Maintenance of effort levels are calculated based on non-federal funds only. Transferring federal funds among programs will not affect the maintenance of effort calculation.²
7. **What happens if all the transferred funds are not claimed within the initial grant year?** As described earlier, because funds do not move within EGMS all funds must be claimed from the original grant award. Any funds that are not obligated by September 30 of the initial grant period (15 months) will generate a "carry over" application for the program in which the funds were originally awarded. However, the activities in the carry over application must align to the requirements of the program into which the funds were transferred.

Resources

- [Oregon Federal Funds Guide](#)
- [Funding Transferability under ESSA](#)
- [Equitable Services Learning Module 3: Allocations, Transferability & Carryover](#)

² 20 U.S.C. 7901