

(703) 536-2310  
FAX (703) 536-3225

# Education **TURNKEY** Systems, Inc.

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256 North Washington Street  
Falls Church, Virginia 22046-4549

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To: TechMIS Subscribers

From: Charles Blaschke

Subj: Purchasing Opportunities Using Unspent Title I Funds Likely Created by New Draft  
Final Guidance on Supplemental Education Services

On August 22 USED published draft final Non-Regulatory Guidance (NRG) on Supplemental Education Services which could create purchasing opportunities before September 30 (the end of the Federal fiscal year) in certain types of districts as these districts become aware of the new non-regulatory guidance. The final guidance clearly states that unspent reserves for supplemental education services and transportation can be used to purchase any "other Title I allowable" product or service. In order to qualify specific districts, the following questions should be answered.

1. Did the district Title I office follow USED August 2002 draft guidance by reserving up to 20 percent of the total Title I allocation for potential cost of choice-related transportation and/or supplemental education services? If so, did the Title I office take Title I funds needed for these purposes "off the top" prior to making allocations to the schools? Or, did the Title I office adjust allocations to schools to make available the required amount? Districts with five or more schools "identified for improvement" for having failed to meet AYP two or more consecutive years were more likely to have reserved up to 20 percent for choice-related transportation and supplemental education services than districts with no Title I schools identified for improvement by September 2002.
2. Were the choice-related transportation and/or supplemental education services costs which were incurred less than the total amount held in reserve? If this amount were greater than 15 percent, then a portion of such unspent funds can be used for any other "allowable activities" (page 36). If the Title I district office took the up to 20 percent out of the Title I office reserve "off the top," then the district Title I office can spend such unspent funds. If the district Title I

office put in the reserve a pro-rated proportion of all Title I schools' budgets, then those unspent funds must be sent to the individual schools. In any event, any unspent funds beyond the allowable carryover amount (usually five percent) must be spent by September 30, 2003, or returned to the state for redistribution to other districts receiving Title I funds.

3. Did the district receive a large increase in Title I funding for the school year 2002-2003 and will it be receiving another relatively large increase for school year 2003-2004 (see August Special Reports on Final Title I Allocations)? If so, the need to carryover any unspent Title I funds from this last school year to this year is significantly reduced and difficult to justify to, among others, the SEA.

TechMIS subscribers are urged to get a copy of the August 22 USED NRG and provide appropriate excerpts from Section K "Funding Issues" to regional sales managers and sales staff. According to several TechMIS subscribers, many of these districts' Title I staff and particularly principals continue to believe that such funds earmarked over a year ago for choice-related transportation and supplemental education services which were not incurred cannot be used for other allowable Title I activities, which this guidance clearly clarifies. For a copy go to [www.ed.gov/offices/OESE/asst.html](http://www.ed.gov/offices/OESE/asst.html).