

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

## Education **TURNKEY** Systems, Inc.

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256 North Washington Street  
Falls Church, Virginia 22046-4549

Date: September 22, 2003

To: TechMIS Subscribers

From: Charles Blaschke

Subj: End of Fiscal Year Purchasing Using Unspent Title I Funds

In our last two e-mails regarding the use of unspent funds earmarked for parent choice transportation and supplemental education services, we noted the key points in the August Non-Regulatory Guidance published by USED: (a) that up to 20 percent of a district's Title I allocation previously earmarked for parent choice transportation and supplemental education services, if unspent because such costs were not incurred, could be allocated for any Title I allowable use, including purchases of products and services; and (b) that USED clearly stated that such unspent Title I funds would be counted under the 15 percent limit in carryover funds unless the SEA provided a waiver allowing a district to carryover 15 percent or more funds.

Shortly after the issuance of the August NRG, USED sent a letter to all chief state school officers which basically changed the earlier ruling by telling chief state school officers to allow districts to carryover more than the 15 percent limitation from last year to this year. As the letter stated, "Some LEAs may be finding it difficult, however, to reserve the required level of funding and still abide by the 15 percent cap on carryover. In reviewing this issue the Department has decided to use the transition authority in the statute to give LEAs, for this year only, the authority to exceed the 15 percent carryover limitation if (and only if) they need to do so in order to spend the equivalent of 20 percent of their FY 2002 allocations on choice-related transportation and supplemental education services." The most likely interpretation of this somewhat confusing statement is that districts are allowed to carryover more than 15 percent of FY 2002 funds to FY 2003. However, in some states such as Indiana, state law prohibits such carryovers. In many other states the SEA Title I office is not carrying this message to Title I programs throughout the state. For example, in recent meetings of all Florida Title I district coordinators, this carryover allowance was not addressed.

In those states where districts have been notified of this ruling, some districts may decide not to spend funds by September 30 and carryover the full amount if they feel that transportation and supplemental education service costs for SY 03-04 will be 20 percent or higher; otherwise they will spend much of the FY 02 unspent funds by September 30. In many large districts which received the largest funding increases last year and once again this school year, it is not likely that they will indeed carryover such funds and will expend such unspent Title I funds for products and services. If you have any questions contact me directly.