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CHAPTER VI
LEA ADMINISTRATIVE FUNCTIONS

6.1.0 General Statement

In 1965, Congress enacted the Elementary and Secondary Education Act commonly known as ESEA. The largest funded component of this act was Title I, designed to provide financial assistance in order to meet the special educational needs of children who were educationally deprived and who resided in areas having high concentrations of children from low-income families. While Title I ESEA has since been amended, the basic "declaration of policy" remains the same, as most recently stated in the Education Amendments of 1978 Public Law 95-561):

In recognition of the special educational needs of children of low-income families and the impact that concentrations of low-income families have on the ability of local educational agencies to support adequate educational programs, the Congress hereby declares it to be the policy of the United States to provide financial assistance (as set forth in the following parts of this title) to local educational agencies serving areas with concentrations of children from low-income families to expand and improve their educational programs by various means (including preschool programs) which contribute particularly to meeting the special educational needs of educationally deprived children....(Sec. 101, Public Law 95-561).

Each of the key words or phrases in the declaration of policy expresses the intent of Congress.

- Support of Adequate Educational Programs to Meet Special Educational Needs: Most financing of local education agencies (LEAs) comes from local or state revenues. However, LEAs with high concentrations of low-income families may not be able to support adequate educational programs. Hence, financial assistance is provided by the Department of Education to states on the basis of incidence of low-income families and, in turn, to counties, and to LEAs. Applications from LEAs have to be approved by the State Educational Agencies (SEAs). LEAs, however, may not use such title I funds for "general aid." Rather, these funds must provide for adequate educational programs which meet the particular educational needs of educationally deprived children from areas
with concentrations of low-income families. The words "special educational needs" in Title I ESEA should not be confused with the phrase "special education" as it is commonly used to describe the instructional programs available to handicapped students.

- **Expand and Improve**: Title I funds must be used by LEAs to expand and improve educational programs and services for students eligible to be served under Title I ESEA. While LEAs must provide all children with their basic educational program, title I funds can only be used to provide extra or supplemental services to meet the particular educational needs of educationally deprived children who are otherwise eligible. Title I ESEA funds must also be used to improve the quality of educational programs for educationally deprived children through proper planning and program design.

### 6.2.0 Basic Concepts for LEA Administration

A number of basic concepts related directly to LEA administrative functions are included in this chapter. These concepts are briefly highlighted below as they relate to the preceding General Statement and to the general requirements discussed later in this chapter.

- **Title I Application**: Each LEA may submit a three year application which must be updated each year and approved by the SEA. Changes in the program require an amendment to the application, which the SEA must also approve. If a three year application, with annual updates, is not submitted, an LEA must submit a complete title I application each year.

- **Accountability**: LEAs must maintain certain records and make them available to certain groups or individuals. The LEA must also submit an annual report to the SEA according to criteria established by the SEA.

- **Evaluation**: Title I program evaluation must be conducted at least once every three years and reported to the SEA as specified by the SEA. Specific evaluation models have been developed by the Department of Education, and the LEA must select one of these models for implementation or obtain approval for another as required by regulation (116.130). These models are presented in more detail in the Evaluation Policy Manual.

- **Information Dissemination**: Each LEA must develop procedures for acquiring and disseminating information developed through the title I program. Such procedures must be described in the title I application.

- **Use of Title I Funds**: Title I regulations set forth the general conditions under which the grant funds can be spent by the LEA. While funds must be used to supplement the educational services available within the LEA, a number of separate allowable categories of expenditures are identified.
throughout the regulations. These include instructional staff, materials, equipment, facilities, the planning of the program, the training of aides, volunteers, and advisory council members, health, nutrition/social services which are coordinated with other local agencies, and the evaluation of the title I program. Education Division General Administrative Regulations (EDGAR) also include other areas where title I funds may be spent, including support services, teacher training, construction, and teacher bonuses. Specific requirements also set forth provisions for the control of property and equipment purchased with title I funds. EDGAR was developed from existing regulations, program regulations, other policy documents, and in some cases, new legislation. The parts of EDGAR which are relevant to Title I were taken from sources including: a) regulations in Title 45 of the CFR (as they existed in August 31, 1978); b) the General Education Provisions Act (GEPA); and c) the Grants Administration Manual (GAM) or the Office of Education Grant and Procurement Management Manual.

6.3.0 General Requirements for LEA Administrative Functions

Title I, ESEA, Sec. 121, 127

CFR 116.100-282

H. Rept. 93-1137, pp. 19-32

The federal government provides the funds for the Title I ESEA program and state educational agencies (SEAs) oversee operations of the program in their states, but it is the participating local educational agencies (LEAs) that are primarily responsible for the planning, operation, and evaluation of the title I program in their districts.

The first five chapters of this manual dealt with some of the LEA's responsibilities under title I, including:

1. Identify eligible attendance areas on the basis of low-income criteria and choose, from among the eligible areas, title I project areas. (See Chapter 1.4.0, Determining Eligible Attendance Areas.)

2. Identify educationally deprived children in the eligible attendance area and determine their special educational needs. (See Chapter 2.4.2, Identifying Eligible Children and Children To Be Served.)
3. Design and implement project to meet the educational needs of eligible children. (See Chapter 3, Program Design.)

4. Involve parents in the planning, operation, and evaluation of the title I program. (See Chapter 4, Parent Involvement.)

5. Maintain fiscal effort with respect to total current expenditures in project areas, being sure they are comparable to nonproject areas. (See Chapter 5, Funds Allocation.)

In addition to these overall program responsibilities, there are a number of administrative responsibilities given to the LEA as part of Title I ESEA. These administrative responsibilities include submitting a title I application, maintaining accountability for title I funds and program decisions, evaluating the title I program, disseminating information about the title I program, and maintaining fiscal records of title I expenditures. The remaining sections of this chapter focus on these administrative functions of an LEA. Most of the LEA administrative function relates to procedures or requirements also followed at the SEA or federal level, which is the focus of Chapter 7.4.0.

6.4.0 Specific Requirements for LEA Administrative Functions

6.4.1 Title I Application

Sec. 121
EDGAR, April 3, 1980, Subpart D, Sec. 100b.300-305
GEPA Sec. 430, Sec. 436, 437
CFR 116.110

An LEA may receive a grant and expend resources under Title I ESEA for any fiscal year if it has on file a current application approved by the SEA. The application must not exceed the amount allocated to the LEA in accordance with the SEA's plan for distributing funds. (See Chapter 7.4.1.) The LEA must submit its application describing its total title I program for a period not to exceed three fiscal years; the fiscal year for which the grant is first made is

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included in this time period (116a.41(a)). During the three year period the LEA must update the application on an annual basis and, in certain situations, amend sections as program changes occur (116.113(a)). Even though the title I program may not change substantially throughout the three year period, the LEA must submit a completely new application for the fourth fiscal year.

The LEA can expect to receive a minimum of three types of information from the SEA prior to submitting its application. (See Chapter 7.4.2.) These include:

1. The amount of the subgrant it will receive from the state.
2. The period for which the LEA may obligate the funds.
3. The federal requirements that apply to the SEA if it operates a Title I ESEA program.

Additional information may also be provided to the LEA from the SEA, including: a copy of state guidelines for the Title I ESEA programs, an application form developed by the SEA, and summaries of the SEA monitoring and technical assistance activities from the previous program period.

Certain local situations in medium to small sized LEAs may make it more practical for several neighboring districts to submit a joint application. (See Chapter 3.4.1.) All requirements must be met as when a single LEA submits an application. In addition, each joint applicant must utilize a funds accounting system that will allow identification of all costs paid under the subgrant. Amendments to a joint application require the LEA making the change to utilize the same procedures as were used in submitting the original application (EDGAR, Subpart D, Sec. 100b.303, Sec. 100b.305 and 116.113).

The application must describe LEA policies and procedures related to the design and implementation of the title I program. The LEA must include sufficient detail in response to SEA instructions for completing the application in order for the SEA to ensure that title I funds will be used in compliance with the title I statute, title I regulations, provisions of the General Education Provisions Act and EDGAR (116.110(a)).

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Annual Updates

Each LEA must submit an annual update to the application which contains specific information to further assist the SEA in making its required determinations (116a.41(c) and 116.113). These annual updates should include the following:

- Data showing that the required fiscal effort has been maintained, i.e., maintenance of effort. (See Chapter 5.4.1.)
- Amount of any carry-over funds and the amount requested in the current allocation.
- A budget displaying how funds will be spent.

Amendments

An LEA must amend its application if there have been substantial changes or additions to the program. An amendment to the application would be immediately forwarded to the SEA for approval if any of the following changes occur (116.1131(b)):

- Changes in program services, new construction, or new equipment purchases.
- Change in selection criteria for children who will receive services.
- Change in the number of public and private school children who will participate in the title I program by subject area and by grade level.
- Change in the number and type of staff to be employed.
- Change in amounts of title I funds which will be spent for the participation of both public and private school children.
- Change in the LEA's listing of school attendance areas or schools designated to receive title I services.
- Change in the grade level of children who will receive a previously approved service.
Legislative changes in the Education Amendments of 1978 reflected an intent to reduce the amount of paperwork in the title I application process. H. Rept. 95-1137 contains numerous statements about the title I application and assurance requirements creating unnecessary paperwork and that the information collected each year relating to program changes actually changed very little. Congress felt that the application process took LEA staff away from important administrative duties and amended this part of the law to allow a three year application which would reduce administrative burden by eliminating redundant annual descriptions of programs and projects (Sec. 121). Changes which are planned must be reflected as amendments to the application when they occur. The LEA must always have an up-to-date application on file with the SEA.

Other changes in the law provide for consolidation into one section the provisions for recordkeeping and reporting which, in the past, were spread throughout title I rules and regulations. In this same area, now called "accountability", LEAs need not account for funds in as much detail as in the past but must still be able to track all monies spent. Any subsequent violation of title I legal requirements, however, would still allow the federal government to recover its proportionate share of any misspent funds (Sec. 127).

6.4.2 Accountability (Sec. 127)

P. L. 95-561 consolidates recordkeeping, reporting, and access to information under one major category entitled accountability. Every LEA must maintain records and provide access to information according to SEA established standards. Records to be made available include: total costs of program and projects, portion of program costs provided by other sources, and additional records which will facilitate any necessary audit process (116.140(b)).

Recordkeeping

The LEA must maintain all pertinent program data, records, and reports for a period of five years after the completion of a particular Title I program
year or until any pending federal audit has been completed and the questions arising out of it have been answered (116.140(d)). (See Chapter 7.8.2.) An exception to this requirement exists when the LEA conducts a single compensatory education program out of both title I funds and state and local funds. In this case, the SEA does not have to require separate accounting for these combined funds, although it may elect to do so (116a.140(e)). Any subsequent audit determinations relative to compliance with excess costs and comparability requirements would be prorated on a percentage basis in proportion to the amount of federal funds utilized in the title I program, for the purpose of recoupment of misspent funds. (See Chapter 7.8.3.)

The regulations (116.250) provide details of the audit process as required under Section 185(a) of the Law. The Assistant Secretary must give the LEA written notice of the final federal audit determination and notify the agency of its right to be heard by the Education Appeal Board. The LEA must respond with its application for review within 30 days. The burden is placed upon the LEA to prove the allowability of expenditures disallowed in the final audit determination. The Appeal Board must complete its review and provide a written decision about the audit determination.

LEAs are not liable for any monies if the expenditures were made more than five years before the audit determination notice is given. The audit appeal and resolution process is described in detail in Chapter 7.8.2.

Reporting

The LEA must complete an annual report and any other reports which the SEA may require (116.161). The reports must conform to the SEA's prescribed format and contain information in accord with specific performance criteria related to program objectives and the educational achievement of the students participating in the program. (See Chapter 3.4.1, Sufficient Scope, and Chapter 7.9.2, SEA Reporting.)
Access to Information

An LEA receiving Title I ESEA funds must make its application and all related pertinent documents available to parents, teachers, and other interested parties (116.141). This includes evaluation of past projects, comparability reports, annual updates and amendments to the title I application, and any additional reports developed by the LEA. It is intended that information related to the LEA's comprehensive planning, implementation, and evaluation be readily available to the local community. Information relating to specific and identifiable children, however, cannot be made available.

Title I regulations spell out the exact meaning of "access." In providing access to information, an LEA may follow one of the following options (116.141(c)):

1. Inspection of documents at a reasonable time and place.
2. Reproduction, on request, of the documents free of charge or at reasonable cost.
3. Provision of the documents for reproduction by the person requesting them.

6.4.3 Evaluation (Sec. 124(g))

The LEA must determine the overall effectiveness of its Title I ESEA program through evaluation in order to maintain its eligibility to receive title I funds (116.130). This evaluation must be completed at least once during the three year period covered by the application. It must include all program components and their relative success in meeting the specific educational outcomes established as part of the program design.

The LEA must comply with the evaluation provisions in 116.130 and the evaluation requirements in 116a.171-177 of the title I regulations. These include an explanation in the application describing the technical standards of
the evaluation, including representativeness of findings, reliability and validity of instruments, how evaluation procedures minimize error, and the relative validity of the evaluation procedures. The requirements also provide that the LEA use one of the specified evaluation models or an alternative model which has been approved by both the SEA and the Secretary of Education prior to adoption. The required evaluation models provide for estimating expected performance in the following ways (116a.173):

- **Norm-Referenced Model:** Requires the administration of a pre-post test with the expected performance estimate based upon a norm sample developed either locally, by the SEA or by a test publisher.

- **Comparison Group Model:** Requires the identification of a comparison group of educationally disadvantaged children and the administration of a pre-post test to both the title I participants and the comparison group with the expected performance estimate based upon the comparison of the test scores of these two groups.

- **Regression Model:** Requires the administration of a pretest to group of children in title I eligible schools, establishment of a cut-off score, and providing service only to those children scoring below the cutoff. A post-test is administered to both the group scoring above the cutoff (comparison group) and below the cutoff with the expected performance estimate for title I participants based upon the comparison of pre-post test scores for the comparison group.

- **Alternative Models:** Provides a method for estimating expected performance different from the above three models in evaluation of reading, language arts, or mathematics. Prior approval must be obtained from both the SEA and the Secretary.

Details of the required evaluation procedures and the specific Department of Education models to be considered are described in full detail in the Policy Manual, Subpart F-Evaluation (draft), 20 October 1979 and in Chapter 7.9.0.

Evaluation results must be reported to the SEA in a manner usually prescribed by the SEA according to a schedule established by the Secretary (116a.175). Results are usually reported according to the common reporting scale established by the Secretary or another form of reporting approved by the
SEA; if another form is used, the SEA will convert the results to the common scale. This common scale is presently referred to as the "normal curve equivalent" or "NCE," as described in the Evaluation Policy Manual and User's Guide. The LEA must keep all records on title I program evaluations for five years from the date of each report or until any pending federal audit has been resolved (116a.176(a)(3)). These records include test scores, identification of the test used, and identifying codes so that pre-post test scores can be matched.

Additional details and information about evaluation procedures for local Title I ESEA programs are contained in the following reference.

USER'S GUIDE, ESEA TITLE I, EVALUATION AND REPORTING SYSTEM Revised Jan. 1978, Plus Appendix A, INSTRUCTIONS FOR ESEA TITLE I REPORTING.

6.4.4 Information Dissemination (GEPA Sec. 436b(8))

The LEA must implement specific plans for disseminating information and pertinent documents about title I and the district's past and present programs to parents and the general public. As explained in Chapter 6.4.2, Accountability/Access to Information, it is necessary that these plans include a provision for reproducing requested documents at reasonable cost or allow the persons making requests to reproduce the documents themselves (116.141(c)). The title I application evaluation reports, annual reports, amendments, and updates would be considered pertinent documents. There is one major restriction to this requirement: the LEA must not make available information related to the performance of identifiable students and teachers (GEPA, Sec. 438).

An LEA also must disseminate significant information on educational practices to teachers and administrators within the district (116.172). Such information may include the results of educational research, studies of demonstration projects in other school districts, evaluations of related educational programs, and evaluations of title I projects. The purpose of this
provision is to encourage those planning and operating title I projects to incorporate promising educational practices into the title I program. (See Chapter 3.4.1 on use of evaluation information and research.)

6.4.5 Use of Title I Funds (Sec. 124, EDGAR April 3, 1980; Appendix C)

The regulations provide direction for the use of title I funds (116.71). EDGAR provides additional guidance in Appendix C (Part I, C) and requires LEAs who receive funds to use them only for allowable purposes. Specifically, EDGAR requires that program costs meet the following criteria:

1. Be necessary and reasonable for proper and efficient administration of the program and not be attributable to carrying out the responsibilities of state or local government.

2. Be authorized under state or local laws or regulations.

3. Conform to limitations in regard to types or amounts of cost items as set forth in federal laws or other governing limitations.

4. Be consistent with policies, procedures, and regulations that apply to federally assisted activities of the government unit of which the LEA is a part.

5. Be accorded consistent treatment through application of generally accepted accounting principles as appropriate.

6. Not be included or presented as an identical cost in any other federally-funded program.

There are a number of allowable expenditures under title I which are directly related to services and functions. Each type of allowable expenditure is discussed in the following sections.

Support Services

An LEA may use title I funds for support services such as health, social, or nutritional services for children participating in the title I program if they are necessary for full participation and provided that the LEA has requested assistance from the SEA in identifying and utilizing other federal
and state programs to provide such services (116.74) and (116.41). See Chapter 3.4.1, Sufficient Scope, for a discussion of support services.

Training

Title I funds may be used for payment of pre-service and in-service training of specifically identified eligible persons. These include program staff, parent council members, program volunteers, non-title I staff who must work with the program participants, regular classroom teachers who work with program participants, and the principal of a project school. (116.75). See Chapter 3.4.1, Sufficient Quality, for a discussion of staffing/training requirements.

Testing

An LEA may use title I funds to gather objective data needed to choose, from among those children identified as educationally deprived in title I project areas, the children who will actually receive title I services (116.78 and 1161.103). Chapter 2.4.3, Identifying Children with the Greatest Need, outlined the procedures LEAs may use to select title I participants. Title I funds may not be used to identify educationally deprived children in all project areas, but only to gather additional data, or analyze existing data, to help in the selection of children to receive title I services. Thus, title I funds may not be used for regular, district-wide testing procedures.

Evaluation

Title I funds may be used for limited evaluation and diagnostic activities as described in Chapter 3 and in the earlier sections of this chapter (116.77). This includes costs involved in the title I evaluation required at least once during the three years covered by an LEA's title I application.
Construction

Title I funds may be used for construction of school facilities only under the following conditions (116.80):

1. The intended construction is essential to the success of the program.
2. The LEA has sought funding from sources other than title I.
3. The project is consistent with state plans for construction of school facilities and the requirements of Sec. 433 of GEPA and 100b.600 of EDGAR are complied with.
4. Plans for facility are in compliance with accessibility requirements of handicapped persons.
5. Plans provide for excellence in architectural design and include works of art.

Equipment

Title I funds may be used to acquire equipment if it is demonstrated as essential to the success of the program (116.81). Administrative control of such equipment must remain with the LEA and not be used to benefit any private school. However, equipment purchased with title I funds may be placed in a private school if the LEA still maintains administrative control. In addition, the LEA must ensure that equipment or supplies placed in a private school are used only for title I program activities and can be removed from the private school without remodeling expenditures. The LEA must remove equipment or supplies from private schools if they are no longer needed to support the program or removal is necessary to prevent use for other purposes.

EDGAR contains a number of subsections in Subpart O, Property, which deal with the use of equipment and supplies, required recordkeeping procedures, transfer of title, and disposition. In the disposition of equipment, for example, there are several alternatives. The equipment must no longer be needed for the title I program and be of no value to any other federal program. Equipment which has a unit cost of less than $1,000, or has no more use value,
may be kept, sold, or otherwise disposed of with no obligation to the federal government. All other equipment may be retained or sold, but the federal government has a right to a prorata share of its original cost based upon the current market value and the proportion of federal funds used to make the original purchase. Up to $100 may be retained by the LEA for selling and handling expenses.

Additional guidance in the disposition of equipment and the determination of "fair market value" is provided in USOE correspondence.

...We would recommend that LEAs in the state and in nearby areas in other states be notified and be given an opportunity to submit bids. To the extent practicable, other public agencies and private parties should be included in invitations to submit bids....An auction may be the basis for a sale if the response by interested parties is likely to be as good or better than under the procedure described above.

For determinations of "fair market value" we would recommend the use of disinterested professional appraisers. At least two appraisals should be secured for a major property or group of property items and should be directed to the total facility to be appraised. The amount of the federal reimbursement should then be based on the percentage of federal participation...and the highest of the appraisals. (USOE letter, Dec. 19, 1979).

Supplies are disposed of in a similar manner. If their total market value is in excess of $1,000 at the end of the grant period, and the federal government has no need for them, the grant shall be credited by an amount computed by multiplying the current market value times the federal share of the supplies. If the supplies are sold, the grant is credited with the proceeds, less 10 percent for handling which the LEA may deduct and retain.

**Bonus Pay**

Title I funds may be used for payment of bonuses to teachers in a limited number of project area schools (116.76). See Chapter 3.4.1, Sufficient Quality/Staffing and Training for a discussion of Bonus Pay.
Planning

Title I funds may be used for planning if it relates directly to the program and results in a particular program or project and if the LEA lacks necessary resources to adequately plan for title I programs and projects (116.72). During a fiscal year the amount of title I funds used for planning may not exceed $2,000 or one percent of the LEA's title I grant, whichever is larger (See Chapter 3.4.3.)

Advisory Councils

An LEA may use title I funds for expenses related to advisory councils, both at the district and project or school levels (116.79). Such expenses, as discussed in Chapter 4.10.0, Which Advisory Council Activities Will Be Paid for By Title I, such expenses include training costs, costs related to council elections, and personal expenses directly related to the performance of council duties (116a.162). Title I funds may not be used to pay salaries of council members, payment for time lost at work, per diem rates, or individual memberships in any organization.

6.5.0 Summary of Requirements for LEA Administrative Functions

In administering a Title I ESEA program, an LEA is responsible for the planning, implementation, continuing operation, and evaluation of the program. The extent of these responsibilities covers most of the activities discussed in this manual. This chapter concentrated on the administrative responsibilities of the LEA, as opposed to the program design and decision-making responsibilities.

The administrative responsibilities of an LEA begin with the filing of a title I application and involve the maintenance of fiscal program, and evaluation records, as well as the dissemination of information about the title I program to all interested parties, especially parents and teachers.