This e-bulletin describes several compliance issues that arose during a recent monitoring visit conducted by the U.S. Department of Education (ED) of the Illinois State Board of Education (ISBE) including:

- Unspent funds that were previously “set-aside”—amounts statutorily designated for specific purposes—under Title I, Part A of No Child Left Behind (NCLB).

- Important information about allocating funds when there are Title I schools within the district identified for corrective action, restructuring planning or restructuring.

- Reminders about providing equitable services to private school children.

- The importance of using all available federal funds during the current year.

Compliance with each provision of a federal program is a requirement of receiving the funds. Districts must be able to demonstrate through its records and within the NCLB Application, that it has met all requirements.

**Title I, Part A, Set-Asides** (§1118(a)(3)(A) and §1116(c)(7)(A)(iii))

Before allocating Title I, Part A funds to individual schools, the district designates or “sets aside” a portion of this entitlement “off-the-top” for certain required and optional purposes. This is conducted via the NCLB Consolidated Application. The district must be able to demonstrate, through its records and within the NCLB Application, that it has met all set-aside requirements. In particular, the district must ensure that funds set-aside...
for a particular purpose, which are not spent during the current fiscal year, are set-aside for the same purpose the following year.

For example, districts with allocations of more than $500,000 must set-aside 1% for parent involvement. If the district’s set-aside was $5,000, and the district only spent $2,500 during the current fiscal year, then $2,500 must be set aside, in addition to the 1% already required, for the following fiscal year. Thus, the district would need to set-aside $7,500 total for parent involvement activities in the subsequent year.

Additionally, districts that are in improvement status are required to set-aside 10% for professional development. For example if the district’s allocation is $100,000 the required set-aside is $10,000, and the district only spends $9,000 during the current fiscal year, then $1,000 must be set-aside, in addition to the 10% already required, for the following fiscal year. Thus, the district would need to set-aside $11,000 total for professional development activities in the subsequent year.

Allocating funds to schools in Corrective Action, Restructuring Planning, or Restructuring Statutes (§1116 (b)(10)(D))

Schools in the above improvement status must receive at least 85 percent of their previous year’s Title I allocation. ISBE is planning to modify its application to require districts to assure that 85% of the previous year’s allocation has been awarded to these schools. This will be checked during the application review process.

For example, if last year a school in corrective action received an $85,000 Title I allocation, the district must ensure the school receives at least $77,775 for the current school year allocation.

Equitable Services to Private School Students (§1120(a) and §200.65 of the Title I Regulations (December 2, 2002)).

Districts must provide Title I, Part A services for eligible children attending private schools, their teachers, and their families that are comparable to those provided to eligible public school children, their teachers, and their families. The Title I, Part A services for private school students must be developed through timely and meaningful consultation with officials of the private schools. The public school district may provide these services directly or through contracts with public and private agencies, organizations, and institutions. The administration and control of Title I, Part A funds, and title to materials, equipment, and property purchased with these funds, is the responsibility of the school district. The cost of administering the private school program services is separate and is not to be included to satisfy the equitable expenditures calculation.

It is important to remember that funds set-aside for a particular purpose, for example professional development, cannot be co-mingled with other funds. The district is required to provide an equitable share of professional development or parent involvement.
to students and teachers participating in Title I, Part A. Those funding streams must be maintained for their purpose and cannot be combined with instructional funds.

For example, a district must spend $3,500 to provide instructional equitable services to students attending private school and in addition, must spend $250 on parent involvement and $500 on professional development. The district cannot move those professional development or parent involvement dollars into the instructional line; they cannot add the $250 from parent involvement or the $500 from professional development into the $3,500 for instruction. Those funds must be used for their designated purpose.

**Carryover Funds (§1126(c))**

Each district must budget all of its Title I, Part A allocation each year. The law requires the State, if it determines that the amount of a grant a district would receive under sections 1124, 1124A, 1125, and 1125A of the ESEA is more than the district will use, to make the excess amount available to other districts in the State that need additional funds in accordance with criteria established by the State. In previous years, ISBE has allowed districts to put “unbudgeted funds” within their application if the district determined it did not need to spend its entire allocation within the current project year. The U.S. Department of Education views this action as an indication that the district does not need the money and therefore the funds should be reallocated to another district. Moving forward, districts will note there is no place in the application for district to designate unbudgeted funds. Instead, the district should budget for their entire allocation. The allotment remaining box on the budget detail page must be zero.

For example, a district receives $900,000 in FY11. They put $400,000 into the “unbudgeted cell” and only budget for the remaining $500,000. They receive an excess carryover waiver and bring that $400,000 into FY12. They receive their FY12 allocation of $800,000. Combined with the carryover, the district now must budget for $1,200,000 for FY12. They cannot plan for carrying over any of these funds. The entire amount must be budgeted. Also, it is important to note that since a waiver was granted for FY11 funds to carry over into FY12, another waiver cannot be granted to allow more than 85% of their $800,000 to carry over into FY13.