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UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION

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April 11, 1996

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Dear Colleague:

I am pleased to provide you with a printed copy of *Policy Guidance for Title I, Part A Improving Basic Programs Operated by Local Educational Agencies*.

This guidance is to assist State and local educational agencies use Part A funds to support strong coordination of Part A with other Elementary and Secondary Education Act (ESEA) programs and other related Federal programs in ongoing State and local reform efforts for the improvement of teaching and learning. This document replaces all prior nonregulatory guidance (the Chapter 1 Policy Manual) for Part A programs. As new examples and information become available, they will be added to the guidance.

A significant amount of review and input from the field helped us to develop this guidance. The guidance is one of many resources State and local educational agencies use to determine how to best meet the needs of our at-risk students. It is intended to be used in conjunction with the authorizing statute, applicable regulations, associated application/plan instructions, and guidance for other Department programs. This guidance is nonbinding but compliance with the guidance will be deemed by the Department, including the Inspector General, as compliance with the applicable Federal statutes and regulations.

We hope that you will use the opportunities provided under the ESEA to leverage available resources to help at-risk children achieve the challenging standards that States are establishing for all children. We hope you find this document helpful in your efforts to adopt new ideas and effective practices that enable at-risk students to be effective learners and acquire the knowledge and skills needed in the 21st Century.

Mary Jean LeTendre
Mary Jean LeTendre
Director
Compensatory Education Programs

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**TITLE I, PART A
POLICY GUIDANCE**

**IMPROVING BASIC PROGRAMS OPERATED BY
LOCAL EDUCATIONAL AGENCIES**



**U.S. DEPARTMENT OF EDUCATION
Office of Elementary and Secondary Education
Compensatory Education Programs**

April 1996

INTRODUCTION



INTRODUCTION

The Improving America's Schools Act of 1994 (P.L. 103-382) reauthorized the Elementary and Secondary Education Act of 1965 (ESEA). The purpose of the reauthorized ESEA is to improve teaching and learning for all children to enable them to meet challenging academic content and student performance standards. The reauthorized ESEA complements the Goals 2000: Educate America Act and the School-to-Work Opportunities Act by supporting state and local education reform efforts and promoting coordination of resources to improve education for all students.

Title I of the ESEA is designed to help disadvantaged children meet challenging content and student performance standards. Part A of Title I provides financial assistance through State educational agencies (SEAs) to local educational agencies (LEAs) to meet the educational needs of children who are failing or most at risk of failing to meet a State's challenging content and student performance standards in school attendance areas and schools with high concentrations of children from low-income families and in local institutions for neglected or delinquent (N or D) children.

Title I, Part A supports all of the National Education Goals:

1. All children in America will start school ready to learn.
2. The high school graduation rate will increase to at least 90 percent.
3. All students will leave grades 4, 8, and 12 having demonstrated competency over challenging subject matter including English, mathematics, science, foreign languages, civics and government, economics, arts, history, and geography, and every school in America will ensure that all students learn to use their minds well, so they may be prepared for responsible citizenship, further learning, and productive employment in our nation's modern economy.
4. U.S. students will be first in the world in mathematics and science achievement.
5. Every adult American will be literate and will possess the knowledge and skills necessary to compete in a global economy and exercise the rights and responsibilities of citizenship.
6. Every school in the United States will be free of drugs, violence, and the unauthorized presence of firearms and alcohol, and will offer a disciplined environment conducive to learning.
7. The nation's teaching force will have access to resources for the continuing improvement of their professional skills and the opportunity to acquire the

knowledge and skills needed to instruct and prepare all American students for the next century.

8. Every school will promote partnerships that will increase parental involvement and participation in promoting the social, emotional, and academic growth of children.

STATUTORY PURPOSE OF THE PROGRAM

The purpose of Title I, Part A is to enable schools to provide opportunities for children served to acquire the knowledge and skills contained in the State's challenging content and student performance standards that all children are expected to meet.

Part A embraces fundamental strategies to address the needs of the children served:

- ▶ A schoolwide focus on improving teaching and learning.
- ▶ Flexibility at the local level in tandem with clear accountability for results.
- ▶ More focused targeting of resources on the neediest schools.
- ▶ Stronger partnerships between schools and communities to support the achievement of children served.

The new Part A supports new roles for schools, LEAs, and States. Schools are provided much more flexibility--and responsibility--for determining how to spend their Part A resources, and many more schools are now able to combine most of their resources to support comprehensive reform through schoolwide programs. LEAs play a critical role through providing technical assistance, coordination of services, and high-quality professional development. States anchor the program by developing challenging academic standards and aligned assessments, linking Title I, Part A with their overall education reform efforts, and still ensuring proper and efficient administration and use of Title I, Part A funds.

PURPOSE OF THIS GUIDANCE

The guidance in this document applies to programs under Part A of Title I (basic program operated by LEAs). It does not impose requirements beyond those in the ESEA and other applicable federal statutes and regulations. While SEAs may wish to consider the guidance in this document in developing their own guidelines and standards, they are free to develop alternative approaches that are consistent with applicable federal statutes and regulations. In other words, this document contains acceptable but not exclusive guidance concerning Title I. Compliance with the guidance in this document will be deemed by department officials,

including the Inspector General, as compliance with the applicable federal statutes and regulations. This guidance replaces all prior nonregulatory guidance for Title I, Part A programs.

CONTENT OF GUIDANCE

The guidance includes several chapters, each with its own contents cover sheet. Each chapter has a footer on the right bottom corner with the chapter name. Where noted, some chapters have attachments such as a Federal Register notice or a Department-issued memorandum. Furthermore, as appendices to this guidance, we have included the Title I statute, the Title XIV statute (General Provisions), and the Title I regulations. This guidance has been developed to accommodate additional examples as the new law is implemented and new practices are documented. The chapters included in this guidance are as follows:

- **State Educational Agency Allocation of Title I Funds to Local Educational Agencies for School Year 1996-97; Local Educational Agency Identification and Selection of School Attendance Areas and Allocation of Title I Funds to those Areas or Schools**
- **Schoolwide Programs**
- **Targeted Assistance Schools**
- **Serving Preschool Children**
- **Parental Involvement**
- **Professional Development**
- **Providing Services to Eligible Private School Children**
- **Uses of Funds**
- **Fiscal Requirements**

This guidance uses a variety of strategies to clarify statutory or regulatory requirements, including the incorporation of many examples. *The examples provided in this document should not be viewed as the "only" or even the "best" way to address particular statutory or regulatory requirements.* They are provided to help practitioners consider the range of options available, and to stimulate thinking about teaching and learning in the context of local needs and resources. The Department recognizes that effective practices, whether similar to

or different from examples provided in the text, are currently being implemented in many locations across the nation. The Department applauds all sites that are using innovative programming to help at-risk children achieve to high academic standards.

ACRONYMS USED IN THIS DOCUMENT

AFDC	Aid to Families with Dependent Children
CAI	Computer Assisted Instruction
EDGAR	Education Department General Administrative Guidelines
ESL	English as a Second Language
FTE	Full Time Equivalent
FY	Fiscal Year
GED	General Education Diploma
IDEA	Individuals with Disabilities Education Act
LEA	Local Educational Agency
LEP	Limited English Proficient
N or D	Neglected or Delinquent
PPA	Per Pupil Allocation
PTO	Parent-Teacher Organization
SEA	State Educational Agency
SWP	Schoolwide Program
TAS	Targeted Assistance School

**BASIC PROGRAMS IN LOCAL
EDUCATIONAL AGENCIES**

**State Educational Agency Allocation of Title I Funds to Local
Educational Agencies for School Year 1996-97**

**Local Educational Agency Identification and Selection of School
Attendance Areas and Allocation of Title I Funds to those
Areas and Schools**



BASIC PROGRAMS IN LOCAL EDUCATIONAL AGENCIES

State Educational Agency Allocation of Title I Funds to Local Educational Agencies for School Year 1996-97

Local Educational Agency Identification and Selection of School Attendance Areas and Allocation of Title I Funds to those Areas or Schools

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INTRODUCTION

This guidance updates earlier preliminary guidance issued by the Department on May 26, 1995 and is based on the final regulations published in the Federal Register on July 3, 1995. The revisions in this document address how local educational agencies (LEAs) allocate funds to school attendance areas within the school district, including the allocation of resources for services to private school children. The guidance concerning how State educational agencies (SEAs) allocate Title I, Part A funds to LEAs within the State is not being revised at this time. The Department is in the process of revising guidance on within-State allocation procedures for school year 1996-97. That part of the guidance will be completed soon after final action on the fiscal year (FY) 1996 appropriation has taken place. The FY 1996 appropriation, especially if less than last year, will affect how the Department and States allocate Title I funds for the 1996-97 school year because of the 100 percent hold-harmless provision contained in the statute.

This document outlines specific steps in the allocation process and provides examples illustrating how certain procedures may be carried out. The examples provided should not be regarded as exhaustive or limiting. SEAs and LEAs are free to develop alternative approaches that are consistent with the Title I statute and regulations, but may be more in keeping with their particular needs and circumstances. Therefore, this document contains illustrative but not necessarily exclusive guidance concerning Title I allocation requirements.

SEA ALLOCATION OF TITLE I FUNDS TO LEAS FOR SCHOOL YEAR 1995-96

**STATE ADMINISTRATION
§200.60(a) of Regulations**

1. Compute the maximum amount an SEA may reserve from Title I funds for State Administration by multiplying the total State allocation for Part A LEA Grants under Section 1002(a) of Title I, Part C Migrant Education program under Section 1002(c), and Part D, Subpart 1 State agency Neglected or Delinquent (N or D) program under Section 1002(d) by 1 percent. Note that no funds may be reserved from Capital Expenses under Section 1002(e) and School Improvement funds under Section 1002(f). The maximum amount that may be reserved is the greater of 1 percent of the allocations or \$400,000. Following are examples of how to compute the maximums:

Example I - 1 Percent

Program	State Allocation	Maximum Reserve 1 Percent
Part A LEA Grants		
Basic Grants	\$88,588,632	
Concentration Grants	7,285,841	
Part C Migrant Program	472,992	
Part D, Subpart 1 State Agency N or D Program	761,985	
TOTAL	\$97,109,450	\$971,095

Example II - \$400,000

Program	State Allocation	1 Percent	Maximum Reserve
Part A LEA Grants			
Basic Grants	\$11,350,333		
Concentration Grants	544,595		
Part C Migrant Program	5,743,305		
Part D, Subpart 1 State Agency N or D Program	170,859		
TOTAL	\$17,809,092	\$178,091¹	\$400,000

One percent is less than \$400,000, so SEA may reserve no more than \$400,000.

2. After determining the maximum total a State may reserve for State Administration in Step 1, compute the maximum amount the SEA may reserve for State Administration from each of the State allocations and the amount up to the maximum that the State will reserve from each of Parts A, C, and D allocations. Following are examples of how to compute the amount from each allocation to be reserved:

Reservation based on 1 percent maximum: The 1 percent maximum applies to each of the four State allocations as well as to the total of the allocations. If the SEA reserves less than 1 percent, the SEA is not required to reserve proportionate amounts from the State's Parts A, C, and D allocations. However, the amounts reserved from Basic and Concentration Grants must be proportionate (see Example I).

Example I - Maximum of 1 Percent May Be Reserved

Program	State Allocation	Maximum ¹		Amount Reserved by SEA	
		Percent	Amount	Percent ²	Amount
Part A LEA Grants					
Basic Grants	\$88,588,632	1.00 %	\$885,886	1.00 %	\$885,886
Concentration Grants	7,285,841	1.00	72,858	1.00	72,858
Part C Migrant Program	472,992	1.00	4,730	0.95	4,493
Part D, Subpart 1 State Agency N or D Program	761,985	1.00	7,620	0.50	3,810
TOTAL	\$97,109,450	1.00	\$971,094		\$967,047

¹ Maximum amount that SEA may reserve from each State allocation is 1 percent.

² Amount reserved may be less but not more than the maximum percentage. An SEA is not required to reserve proportionate amounts from the State allocations under Parts A, C, and D but the amounts from Basic Grants and Concentration Grants must be proportionate.

Reservation based on \$400,000 maximum: In this case the SEA must reserve proportionate amounts from each of the State allocations. To compute the maximum amount that the SEA may reserve from each allocation, divide \$400,000 by the total of all four State allocations. The resulting percentage is applied to each of the State allocations to determine the maximum amount that may be reserved from each allocation (see Example II).

Example II - Maximum of \$400,000 May Be Reserved

Program	State Allocation	Maximum ¹		Amount Reserved by SEA	
		Percent	Amount	Percent ²	Amount
Part A LEA Grants					
Basic Grants	\$11,350,333	2.25 %	\$254,933	1.97 %	\$223,067
Concentration Grants	544,595	2.25	12,232	1.97	10,703
Part C Migrant Program	5,743,305	2.25	128,997	1.97	112,872
Part D, Subpart 1 State Agency N or D Program	170,859	2.25	3,838	1.97	3,358
TOTAL	\$17,809,092	2.25	\$400,000	1.97	\$350,000

¹ In this example, \$400,000 was divided by \$17,809,092, which equals 2.25 percent.

² In this example, the SEA reserves less than the maximum amount; \$350,000 is divided by \$17,809,092 to equal 1.97 percent.

SCHOOL IMPROVEMENT
§200.60(b) of Regulations

If funds are appropriated under Section 1002(f) of Title I, each SEA will receive an allocation under for School Improvement. In addition, an SEA may, and in some cases is required to, reserve funds from its State allocations for Title I, Part A LEA Grants under Section 1002(a), Part C Migrant Education program under Section 1002(c), and Part D, Subpart 1 State agency N or D program under Section 1002(d). An SEA must make available from funds received under Section 1002(f) or reserved from its State allocations no less that \$200,000 to carry out school improvement activities.

1. Compute the maximum amount an SEA may reserve from Title I funds for School Improvement by multiplying the total of the State allocations for the above three programs by 0.5 percent. However, if this amount plus the amount received under Section 1002(f) is less than \$200,000, the SEA must reserve a higher amount in order to bring total State School Improvement funds up to \$200,000.

Note that no funds may be reserved from Capital Expenses under Section 1002(e) of Title I or from School Improvement funds under Section 1002(f).

In States where the Section 1002(f) funds are at least \$200,000, the SEA may reserve additional funds up to the 0.5 percent maximum (see Example I). If the Section 1002(f) funds are less than \$200,000, the SEA must reserve additional funds to bring the total of the reserved funds plus the Section 1002(f) funds to at least \$200,000; the SEA may reserve funds above the amount needed to reach \$200,000 up to 0.5 percent (see Example II). If the total of the Section 1002(f) funds plus the 0.5 percent maximum reserve is not sufficient to equal the \$200,000 minimum, the SEA must reserve additional funds to bring the total up to \$200,000 (see Example III).

**Example I - Section 1002(f) Allocation Is \$200,000 or More
(Reservation from State allocations is optional)**

Program	State Allocation	Maximum Reserve
Part A LEA Grants		
Basic Grants	\$88,588,632	
Concentration Grants	7,285,841	
Part C Migrant Program	472,992	
Part D, Subpart 1 State Agency N or D Program	761,985	
TOTAL	\$97,109,450	
Maximum Reserve (total allocations x .005)		\$485,547
Amount available for School Improvement:		
Section 1002(f) allocation		335,000 ¹
Optional reservation from State allocations		<u>485,547</u>
Maximum amount available for School Improvement		820,547

No funds must be reserved for School Improvement

**Example II - Section 1002(f) Allocation Is Less than \$200,000 but 0.5 Percent
Reserve Is Sufficient to Make \$200,000 or More Available for School Improvement**

Program	State Allocation	Maximum Reserve
Part A LEA Grants		
Basic Grants	\$15,000,000	
Concentration Grants	5,000,000	
Part C Migrant Program	600,000	
Part D, Subpart 1 State Agency N or D Program	300,000	
TOTAL	\$20,900,000	
Maximum Reserve (total allocations x .005)		\$104,500
Amount available for School Improvement:		
Section 1002(f) allocation		195,000
Reserve from State allocations		<u>104,500</u>
Total		299,500

The SEA must reserve \$5,000 (\$200,000 - \$195,000).

Example III - Section 1002(f) Allocation Is Less than \$200,000 and 0.5 Percent Reserve Is Not Sufficient to Make \$200,000 Available for School Improvement

Program	State Allocation	Maximum Reserve
Part A LEA Grants		
Basic Grants	\$11,350,333	
Concentration Grants	544,595	
Part C Migrant Program	5,743,305	
Part D, Subpart 1 State Agency N or D Program	170,859	
TOTAL	\$17,809,092	
Maximum Reserve (total allocations x .005)		\$89,045
Amount available for School Improvement:		
Section 1002(f) allocation		61,186
0.5 % reserve from State allocations		<u>89,045</u> ¹
Total		150,231
Additional amount SEA must reserve for School Improvement		<u>49,769</u> ¹
Maximum amount available for School Improvement (reserved funds plus Section 1002(f) allocation)		\$200,000

The 0.5 percent reserve is not sufficient, when added to the Section 1002(f) allocation, to make \$200,000 available for School Improvement. Thus, the SEA must reserve more than 0.5 percent, that is, \$138,814 (\$89,045 plus \$49,769).

2. Determine the actual amount that the SEA will reserve from each State allocation for School Improvement. The SEA must reserve proportionate amounts from Basic and Concentration Grants but is not required to reserve proportionate amounts from its Parts A, C, and D allocations (see Example I below).

In States where the Section 1002(f) funds are at least \$200,000 but the State is opting to reserve additional funds, the SEA may not reserve more than 0.5 percent from any allocation (see Example I on page 5). In States where the Section 1002(f) allocation plus the 0.5 percent reserve is sufficient to meet the \$200,000 minimum, the SEA also may not reserve more than 0.5 percent from any allocation (see Example II on page 5). In States where the Section 1002(f) allocation plus the 0.5 percent reserve is not sufficient to meet the \$200,000 minimum, the SEA must reserve at least 0.5 percent from each allocation and will need to reserve a higher percentage from at least some of the allocations in order to meet the \$200,000 minimum (see Example III on page 6).

Example I - Section 1002(f) Allocation is \$200,000 or More
(\$200.60(b)(1) and (2)(i) of Regulations)

Program	State Allocation	Maximum ¹		Amount Reserved by the SEA	
		Percent	Amount	Percent ²	Amount
Part A LEA Grants					
Basic Grants	\$88,588,632	0.5 %	\$442,943	0.5 %	\$442,943
Concentration Grants	7,285,841	0.5	36,429	0.5	36,429
Part C Migrant Program	472,992	0.5	2,365	---	---
Part D, Subpart 1 State Agency N or D Program	761,985	0.5	3,810	---	---
TOTAL	\$97,109,450				

¹ Maximum amount that SEA may reserve from each State allocation is 0.5 percent.

² In this example, the SEA reserved less than the maximum allowed for the State. It is not required that proportionate amounts be reserved from each of the State allocations under Parts A, C, and D, as long as no more than 0.5 percent is taken from any allocation and the amounts reserved from Basic Grants and Concentration Grants are proportionate.

Example II - Section 1002(f) Allocation Is Less Than \$200,000 but 0.5 Percent Reserve
Is Sufficient To Make \$200,000 or More Available for School Improvement
(§200.60(b)(2)(ii)(A) of Regulations)

Program	State Allocation	Maximum ¹		Minimum ²		Amount Reserved by SEA ³	
		Percent	Amount	Percent ²	Amount	Percent	Amount
Part A LEA Grants							
Basic Grants	\$15,000,000	0.5 %	\$75,000	0.02 %	\$3,588	0.48 %	\$72,000
Concentration Grants	5,000,000	0.5	25,000	0.02	1,196	0.48	24,000
Part C Migrant Program	600,000	0.5	3,000	0.02	144	0.02	144
Part D, Subpart 1 State Agency N or D Program	300,000	0.5	1,500	0.02	72	0.02	72
TOTAL	\$20,900,000		\$104,500		\$5,000		\$96,216
Available for School Improvement:							
Section 1002(f) allocation			195,000		195,000		195,000
Reserve from State allocations			<u>104,500</u>		<u>5,000</u>		<u>96,216</u>
Total			\$299,500		\$ 200,000		\$291,216

¹ Maximum for each allocation is 0.5 percent because this reserved amount, when added to the State's Section 1002(f) allocation, is over \$200,000.

² The minimum amount an SEA must reserve is \$5,000 (Section 1002(f) allocation of \$195,000 subtracted from \$200,000). Proportionate amounts do not have to be reserved from each allocation under Parts A, C, and D to make up the minimum as long as proportionate amounts are reserved from Basic Grants and Concentration Grants.

³ In this example, less than 0.5 percent, but more than the \$5,000 minimum, was reserved. Proportionate amounts do not have to be reserved from each allocation under Parts A, C, and D, but proportionate amounts from Basic Grants and Concentration Grants must be reserved.

Example III - Section 1002(f) Allocation Is Less Than \$200,000 and 0.5 Percent Reserve Is Not
Sufficient to Make \$200,000 Available for School Improvement
(\$200.60(b)(2)(ii)(B) of Regulations)

Program	State Allocation (1)	Reserve 0.5 % of Each Allocation ¹		Additional Funds Required ²		Amount that Must Be Reserved	
		Percent (2)	Amount (3)	Percent ³ (4)	Amount ³ (5)	Percent (6)	Amount ⁴ (7)
Part A LEA Grants							
Basic Grants	\$11,350,333	0.5 %	\$56,752	0.4 %	\$47,447	0.9 %	\$104,199
Concentration Grants	544,595	0.5	2,723	0.4	2,277	0.9	5,000
Part C Migrant Program	5,743,305	0.5	28,716	---	---	0.5	28,716
Part D, Subpart 1 State Agency N or D Program	179,859	0.5	899	---	---	0.5	899
TOTAL	\$17,818,092	0.5	\$89,090		\$49,724		\$138,814
Available for School Improvement:							
Section 1002(f) allocation			61,186				61,186
Reserve from State allocations			<u>89,090</u>		<u>49,724</u>		<u>138,814</u>
Total			<u>\$150,276</u>		<u>\$49,724</u>		<u>\$200,000</u>

¹ SEA must reserve maximum of 0.5 percent from each State allocation.

² SEA must reserve additional funds because \$200,000, including Section 1002(f) funds, is not available for School Improvement. The SEA may, but is not required, to reserve proportionate amounts from each allocation under Parts A, C, and D to make up these additional funds, except the amounts reserved from Basic Grants and Concentration Grants must be proportionate.

³ In this example, the additional funds (\$49,724) required to make \$200,000 available were reserved from Basic and Concentration Grants only. To determine proportionate amounts for Basic and Concentration Grants, the additional amount required (\$49,724) was divided by the sum of the total allocations for Basic and Concentration Grants (\$11,844,928). The percentage was applied to the Basic Grant and Concentration Grant allocations.

⁴ Column 7 is the sum of columns 3 and 5.

BASIC GRANTS

In most cases the SEA will distribute Basic Grants to eligible LEAs by suballocating each county's allocation (after adjusting for funds reserved for State Administration and School Improvement) to eligible LEAs within that county (see Section II). However, in States in which a large number of LEAs overlap county boundaries, the SEA may apply for permission to allocate the total State allocation (after adjusting for State Administration and School Improvement) to LEAs without regard to the county allocations (see Section I). In States where counties and LEAs are coterminous, the SEA simply adjusts the county allocation to subtract SEA reserves for State Administration and School Improvement (see Section III).

I. Distribution of State Basic Grant Allocation Among Eligible LEAs Within the State Without Regard to County Allocations

An SEA in a State in which a large number of LEAs overlap county boundaries may apply to the U.S. Secretary of Education (Secretary) for authority to make Basic Grant allocations directly to LEAs without regard to counties (Section 1124(a)(2)). If an SEA has requested and received approval from the Secretary, the following steps should be followed to determine LEA allocations. This authority does not apply to Concentration Grant allocations.

1. Determine amounts and percentages to be reserved by the SEA for State Administration and School Improvement. (See guidance on reserving funds for State Administration and School Improvement.)
2. Adjust the allocation shown at the end of the county allocation printout for Part D, Subpart 2 funds to reserve funds for State Administration and School Improvement.

Example

Part D, Subpart 2 Allocation on Printout	\$918,747
Deductions:	
State Administration (1 percent)	9,187 ¹
School Improvement (0.5 percent)	<u>4,594</u> ²
Subtotal	13,781
Amount available for Part D, Subpart 2 Grants	\$904,966

¹ Percentage must agree with the percentage reserved by the SEA from Basic Grants for State Administration.

² Percentage must agree with the percentage reserved by the SEA from Basic Grants for School Improvement.

3. From the total State allocation for Basic Grants, subtract the following amounts to determine the amount that remains available to distribute directly to LEAs:

- ▶ Amount reserved for State Administration;
- ▶ Amount reserved for School Improvement; and
- ▶ Part D, Subpart 2 funds as adjusted in Step 2.

Example

Total State allocation	\$99,708,370
Deductions:	
State Administration (1 percent)	(997,084)
School Improvement (0.5 percent)	(498,542)
Part D, Subpart 2	<u>(904,965)</u> ¹
Subtotal	1,400,591
Total funds available for LEAs	\$97,307,779

¹ Amount shown on county printout (\$918,747) adjusted to reserve funds for State Administration and School Improvement.

4. Identify eligible LEAs. To be eligible, an LEA must have at least 10 formula children ¹ (not including children in local institutions for delinquent children). If an LEA contains two or more counties in their entirety, the SEA must allocate funds to each county as if each county were a separate LEA.
5. Add the count of formula children for each eligible LEA in the State (including children from low-income families and children in local institutions for neglected children).

Reminder: Do not include counts for ineligible LEAs and do not include children in local institutions for delinquent children.
6. Divide adjusted State allocation (the amount determined under Step 3) by State total formula children in Step 5 to arrive at an amount per formula child.
7. Multiply the amount per formula child times the number of formula children in each eligible LEA to determine each LEA's Basic Grant allocation.
8. Compute the hold-harmless allocation for each LEA by subtracting the amount generated by

¹ "Formula children" refers to the count of children ages 5 through 17 years of age from low-income families and the number of children residing in local institutions for neglected children that the SEA uses to allocate Basic and Concentration Grant funds to LEAs.

delinquent children in school year 1994-95 from each LEA's 1994-95 Basic Grant allocation and multiplying the balance by 85 percent. Each eligible LEA is guaranteed an allocation that is not less than 85 percent of its 1994-95 Basic Grant allocation, without regard to the amount generated in 1994-95 by children in local institutions for delinquent children.

Example

School Year 1994-95	Allocation
LEA:	
Total Basic Grant allocation	\$15,000,000
Amount for delinquent children	<u>- 1,500,000</u>
Subtotal	13,500,000
	<u> X .85</u>
School year 1995-96 hold-harmless allocation	\$11,475,000

- If an LEA's allocation in Step 7 is less than the hold-harmless allocation in Step 8, increase the LEA's allocation to the hold-harmless amount and ratably reduce the allocation for all other LEAs in the State that are above 85 percent. Repeat this step, if necessary, until all LEAs receive allocations that are equal to 85 percent or more of their 1994-95 Basic Grant allocations (without regard to the amount generated by children in local institutions for delinquent children).

II. Distribution of County Basic Grant Allocations Among Eligible LEAs

Adjust County Allocations

1. Determine the total amount to be reserved by the SEA for State Administration and School Improvement (see guidance on State Administration and School Improvement). Add these amounts and subtract from the State's total Basic Grant allocation.
2. From the State's total Basic Grant allocation, subtract county allocations for all 85 percent counties. These are the counties as shown on the county allocation printout for 1995-96 that are held harmless at 85 percent (last column on county allocation printout) of their 1994 Basic Grant allocations, without regard to funds generated on behalf of children in institutions for delinquent children.
3. Ratably reduce the allocation on the printout for all counties above 85 percent to the amount of the State allocation remaining after funds are withheld under Steps 1 and 2. For this purpose, treat the Part D, Subpart 2 allocation shown at the end of the county allocation printout as a county.
4. Check to make sure that the ratable reduction did not cause additional counties to fall below the 85 percent hold-harmless. Each county, other than Part D, Subpart 2 funds, must receive no less than 85 percent of its 1994-95 Basic Grant allocation, without regard to the amount for delinquent children. Compute the county hold-harmless by multiplying the 1994 county allocation shown on the printout by 85 percent. (Note, the 1994-95 county amounts shown in the county printout factor out children in local institutions for delinquent children.) If a county's allocation in Step 3 is less than the hold-harmless amount in Step 4, increase the county's allocation to the hold-harmless amount and ratably reduce the other counties that are above 85 percent.
5. Repeat Step 4 until all counties receive allocations equal to 85 percent or more.

Distribute County Basic Grant Allocations to LEAs Within the County

6. Identify eligible LEAs. To be eligible, an LEA must have at least 10 formula children (not including children in local institutions for delinquent children).
7. Add the formula children count (including children from low-income families and in institutions for neglected children) for all eligible LEAs in the county. If an eligible LEA overlaps a county boundary, the SEA must make, on a proportionate basis, a separate allocation to the LEA from the county allocation for each county in which the LEA is located.

Reminder: Do not include counts for ineligible LEAs and do not include children in local institutions for delinquent children.