

	AFUA	Transferability
1. Summary	Eligible districts are given flexibility in the use of certain Federal formula funds; funds are not actually transferred from one program to another. While the eligible funding may be used for local activities authorized under other ESEA programs, it is not subject to all of the rules and requirements of those programs.	Districts may transfer all or a portion of the funds they receive by formula under certain programs to other programs to better address local needs. When a district transfers funds, those funds become funds of the program to which they are transferred and are subject to the rules and requirements of the program.
2. Which districts can exercise this authority?	<u>Districts eligible for SRSA.</u> Only districts eligible for the SRSA program may exercise AFUA. This does not mean that the district must receive an SRSA grant award, but only that the district must meet the statutory eligibility criteria for the SRSA program. For example, a district that is eligible for an SRSA award but receives a \$0 allocation may exercise AFUA. For more information about SRSA eligibility, see the SRSA program website: www2.ed.gov/programs/reapsrsa/eligibility.html . However, districts that are eligible for SRSA Hold Harmless awards under section 5212(b)(4) of the ESEA may not exercise AFUA.	<u>All districts.</u> All districts, including both SRSA- and RLIS-eligible districts, as well as districts that are not eligible for REAP, may exercise transferability. However, a district may only transfer eligible funds into a program for which that district receives an allocation in a particular fiscal year. This means that only districts that receive REAP funds—either SRSA or RLIS— may transfer funds into their REAP allocation in a particular fiscal year.
3. Which funds are eligible for this flexibility?	<u>Title II, Part A and Title IV, Part A.</u> Eligible districts may use some or all of their formula Title II-A and IV-A funds for activities authorized under certain other Federal programs (see Question 4). Please note that in order to receive its funds under Titles II-A or IV-A, a district must meet the relevant application and eligibility requirements, regardless of whether it intends to use the funds for alternative uses under AFUA.	<u>Title II, Part A and Title IV, Part A.</u> All districts may choose to transfer their formula Title II-A or IV-A funds into their allocations under certain other Federal programs (see Question 4). Please note that in order to receive its funds under one of these programs, a district must meet the relevant application and eligibility requirements, regardless of whether it intends to transfer those funds to other program allocations.
4. How may districts exercising this flexibility spend the eligible funds?	<p><u>On local activities authorized under eligible ESEA programs.</u> An eligible district may spend some or all of its formula Title II-A or IV-A funds on local activities authorized under one or more of these ESEA programs:</p> <ul style="list-style-type: none"> • Part A of Title I • Part A of Title II • Title III • Parts A or B of Title IV <p>While Title II, Part A or Title IV, Part A funds may be used for local activities authorized under these programs, those funds are not subject to all of the rules and requirements of these programs. For example, these funds would not be subject to</p>	<p><u>Under eligible ESEA programs into which the district has transferred funds.</u> A district may transfer some or all of its formula Title II-A or IV-A funds into its allocation under one or more of these ESEA programs:</p> <ul style="list-style-type: none"> • Parts A, C, or D of Title I • Part A of Title II • Part A of Title III • Part A of Title IV • Part B of Title V <p>When a district transfers funds, those funds become funds of the program to which they are transferred and are subject to all of the rules and requirements of that program. For</p>

	<p>the set-aside requirements of those programs, such as the requirement that a district receiving \$30,000 or more of Title IV-A funds use not less than 20% to support well-rounded education; 20% to support safe and healthy students; and a portion to support the effective use of technology (ESEA section 4106(e)(2)(C)-(E)).</p> <p>Additionally, a district does not have to receive funds under one of these programs in order to spend its Title II-A or IV-A funds on an allowable local activity under this program. For example, a district exercising AFUA that does not receive funds under Part A of Title I may nonetheless use its formula Title II-A or IV-A funds for Title I activities.</p>	<p>example, a district that receives RLIS funds could transfer all of its Title II-A funds into its Title V-B allocation. Those funds would then be considered RLIS funds and would be subject to the rules and requirements of the RLIS program. For more information about RLIS allowable activities, see https://www2.ed.gov/programs/reaprlisp/index.html</p> <p>A district must receive an allocation in a particular fiscal year in order to transfer its Title II-A or IV-A funds for that fiscal year into that program. For example, only districts that receive REAP funds (Title V, Part B) may transfer funds into an SRSA or RLIS allocation.</p>
5. What rules apply to the funds?	<p><u>Eligible funds are not subject to all rules and requirements of the programs that authorize the activities for which funds are spent.</u> If a district exercises AFUA with respect to its Titles II-A or IV-A funds, those funds may be spent on local activities authorized under the programs listed in Question 4, but those funds are not subject to all of the rules and requirements of those programs. See Question 4 for more information and examples. This means, for example, that an eligible district exercising AFUA with respect to its formula Title IV-A funds may use those funds for any allowable activity under Title IV-A; it does not need to meet the requirements under Title IV-A that certain percentages of Title IV-A funds be spent on specific types of activities.</p> <p>When completing financial reports, a district should report its Titles II-A and IV-A funds as expenditures under those programs, even if it exercises AFUA to spend those funds on authorized activities under other programs listed under Question 4.</p>	<p><u>Rules and requirements of programs into which funds are transferred apply.</u> The rules and requirements of the programs into which funds are transferred apply to the transferred funds. See Question 4 for more information and examples.</p> <p>When completing financial reports, a district should report any transferred funds as expenditures under the programs to which funds are transferred.</p>
6. Does a district need to receive funds under a	<p><u>No.</u> An eligible district does not have to receive funds under one of these programs in order to spend its Title II-A or IV-A funds on an allowable local activity under this program. For example, a district exercising AFUA that does not receive funds under Part A of Title I may</p>	<p><u>Yes.</u> A district must receive an allocation in a particular fiscal year in order to transfer its Title II-A or IV-A funds into that program. For example, only districts that receive REAP funds (Title V, Part B) in a particular fiscal year may transfer funds into an SRSA</p>

<p>given program in order to spend eligible funds under that program?</p>	<p>nonetheless use its formula Title II-A or IV-A funds for Title I-A activities.</p>	<p>or RLIS allocation in that fiscal year.</p>
<p>7. What are a district's responsibilities for providing equitable services under this authority?</p>	<p><u>Districts must provide equitable services relative to Titles II-A and IV-A funds.</u> Participation in AFUA does not relieve a district of its responsibility to provide for equitable services for private school students and teachers relative to its Title II-A and IV-A funds. A district participating in AFUA with its Title II-A and/or IV-A funds must reserve for the benefit of private school students and teachers the proportion of its Title II-A and IV-A funds that is equal to the expenditures (including those under AFUA authority) for the public school program, taking into account the number and educational needs of the children to be served.</p> <p>After timely and meaningful consultation with private school officials (<i>see</i> ESEA section 8501(c)), a district exercising AFUA determines how the reserved funds will be expended for the benefit of private school students and teachers. A district may exercise AFUA with the respect to the reserved funds to use those funds on local activities under the ESEA programs listed in Question 4 for the benefit of private school students and teachers.</p> <p>Funds for private school students and teachers need not be expended under the same programs as funds for public school students and teachers and should serve to meet the needs of the private school students and teachers. For example, a district exercising AFUA may use its Titles II-A and IV-A funds for school improvement activities for public schools under Title I-A, but use the Title II-A and IV-A funds reserved for the benefit of private schools for professional development for private school teachers under Title II-A.</p> <p>For more information about equitable services, please see the guidance documents <i>Fiscal Changes and Equitable Services Requirements under the ESEA, as amended by ESSA</i> (issued 2016, section V on Equitable Services) [available at</p>	<p><u>Districts must provide equitable services based on funds remaining after transfer.</u> A district must provide private school students and teachers equitable services under the program(s) to which, and from which, the funds are transferred based on the total amount of funds available to each program after the transfer. A district may not reserve Title II-A or IV-A funds solely to provide equitable services.</p> <p>Please note that a district must engage in timely and meaningful consultation with appropriate private school officials before transferring funds (ESEA section 5103(e)(2)). Per the Title VIII Uniform Provisions (ESEA section 8501) governing the equitable services requirements of Title II-A and Title IV-A, the goal of consultation is agreement and the district must give due consideration to the views of private school representatives. For more information about programs subject to the equitable services requirements, please see <i>Fiscal Changes and Equitable Services Requirements under the ESEA, as amended by ESSA</i> (issued 2016, section V on Equitable Services) [available at https://www2.ed.gov/policy/elsec/leg/essa/essaguidance160477.pdf] and <i>Title IX, Part E Uniform Provisions, Subpart 1 – Private Schools</i> (revised 2009) [available at http://www2.ed.gov/policy/elsec/guid/equitableguidance.doc]</p>

	https://www2.ed.gov/policy/elsec/leg/essa/essaguidance160477.pdf] and <i>Title IX, Part E Uniform Provisions, Subpart I – Private Schools</i> (revised 2009) [available at http://www2.ed.gov/policy/elsec/guid/equitableseguiguidance.doc].	
8. May districts exercise this flexibility with respect to their Title IV-A funds received through a competition?	<p><u>It depends.</u> If an SRSA-eligible district that receives a competitive Title IV-A subgrant exercises AFUA with respect to its Title IV-A funds, it must continue to carry out the scope and objectives, at a minimum, at the level described in the district’s approved application under Title IV-A. When possible, in applying for Title IV-A competitive grant funds, an SRSA-eligible district would indicate in its application that it intends to exercise AFUA with respect to some of its Title IV-A funds. If the SRSA-eligible district is able to carry out the scope and objectives of its approved Title IV-A application, it may be able to exercise AFUA with respect to some of its Title IV-A funds. The Department encourages districts to contact to their States if they have questions about the effect of AFUA with respect to their Title IV-A competitive subgrants.</p> <p>For more information about Title IV-A subgrants received through a competition, please see additional information at https://safesupportivelearning.ed.gov/sites/default/files/Subgranting_FY_2017_Title_IV_A_LEAs_QA.pdf.</p>	<p><u>No.</u> A district that receives a competitive Title IV-A subgrant may not transfer funds into or out of that award. Section 5103(b) of the ESEA applies only to funds received through a formula allocation, not to funds awarded competitively.</p> <p>For more information about Title IV-A subgrants received through a competition, please see additional information at https://safesupportivelearning.ed.gov/sites/default/files/Subgranting_FY_2017_Title_IV_A_LEAs_QA.pdf.</p>
9. What steps does an eligible district need to take to exercise this flexibility?	<p><u>Notify State.</u> An SRSA-eligible district may exercise AFUA without the approval of either its State or the Department. However, before exercising AFUA, an eligible district must annually notify its State of its intent to do so by the notification deadline established by the State.</p>	<p><u>Notify State and modify and submit local applications.</u> Before transferring funds, a district must conduct timely and meaningful consultation with appropriate private school officials (see Question 7), modify each affected local plan or application to reflect the transfer, notify its State of the transfer at least 30 days before the transfer’s effective date, and submit the modified local plan or application to its State within 30 days of the transfer. See ESEA section 5103(d)(2).</p> <p>For more information, please see the guidance document <i>Fiscal Changes and Equitable Services Requirements under the</i></p>

		<i>ESEA, as amended by ESSA</i> (issued 2016, section VI on Transferability) [available at https://www2.ed.gov/policy/elsec/leg/essa/esaguidance160477.pdf].
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