Transferability Q&A

1. What is transferability?

Transferability is a flexibility authority under the Every Student Succeeds Act (ESSA) which allows Local Educational Agencies (LEAs) to transfer up to 100 percent of the funds they receive under Title II, Part A and Title IV, Part A to other programs to better address the needs of their unique student populations and to ensure the capacity of delivering a meaningful program.

It is a common misconception that transferability is the same as the Rural Education Achievement Program (REAP). Although both transferability and REAP provide flexibility in the use of federal program funds, they are not interchangeable and are each subject to individual requirements. Refer to the OSPI REAP Webpage for more information on REAP flexibility.

2. Which programs may be transferred FROM/INTO?

LEAs may transfer all or some of the funds received FROM:

- Title II, Part A – Supporting Effective Instruction
- Title IV, Part A – Student Support and Academic Enrichment

LEAs may transfer all or some of the funds from programs listed above INTO:

- Title I, Part A – Improving Basic Programs Operated by LEAs
- Title I, Part C – Education of Migratory Children
- Title I, Part D – Prevention and Intervention Programs for Children And Youth who are Neglected, Delinquent, or At-Risk
- Title II, Part A – Supporting Effective Instruction
- Title III, Part A – State Grants for English Language Acquisition and Language Enhancement
- Title IV, Part A – Student Support and Academic Enrichment
- Title V, Part B, Subpart 2 – Rural and Low-Income Schools

LEAs cannot transfer funds out of Title I, Parts A, C, or D; Title III, Part A; or Title V, Part B.

3. Which requirements govern the transferred funds?

Transferred funds become funds of, and are subject to, all the rules and requirements of the programs the funds are transferred into. Therefore, the transferred funds should be treated as if they were included in the initial allocations of the Title program into which the funds were transferred. Spend transferred funds in accordance with requirements of the receiving program, including statutory set-asides.

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4. Are required set-asides and building allocations impacted by the transfer of funds?

Yes, if there are required set asides for the program(s) the funds are transferred into, the transferred funds need to be applied to the required set-asides calculations for those program(s). Since you are increasing your total allocation, this will also increase your funds for ranking and allocating to buildings under Title I, Part A.

5. What information must an LEA include in its notification to OSPI?

An LEA must notify its SEA of:

- The program(s) from which funds are to be transferred.
- The amount of funds to be transferred.
- The program(s) to which the funds will be transferred.
- The effective date of the transfer, which must be at least 30 days from submission.
- Certification that consultation with private school officials and tribal agencies (if applicable) have occurred.

The information mentioned above is contained within the ESEA Consolidated Grant Pre-Application or Full Application.

6. How are equitable services treated?

Before an LEA may transfer funds from a program subject to equitable services requirements, it must engage in timely and meaningful consultation with appropriate private school officials. With respect to the transferred funds, the LEA must provide private school students and teachers equitable services under the program(s) into which, and from which, the funds are transferred, based on the total amount of funds available to each program after the transfer. For example, if a LEA transfers 100 percent of funds received in Title IV, Part A into Title I, Part A, the LEA would provide equitable services under Title I, Part A, since no funds are remaining under Title IV, Part A.

7. When must an LEA consult with Tribal governments?

If applicable, the LEA must consult with local Tribal governments if 50 percent or more of the LEA students are Native American/Alaska Native or the LEA receives $40,000 or more from a Title VI, Part A, Subpart 1 grant (ESSEA Section 8538).

8. If an LEA transfers funds between programs, will it impact their future program allocations in these programs?

No, transferred funds are not considered by the Department of Education or OSPI when allocating formula funds in future periods.

9. Is there a limit on the number of times an LEA may transfer funds into, or from, an individual program during a fiscal year?

No. There are no statutory limitations on the number of times an LEA may transfer funds into, or from, an individual program during a fiscal year. However, each transfer should be made only after the LEA has engaged in thorough and careful planning. EGMS offers three primary opportunities to transfer funds within the consolidated application; during the pre-application phase, during the completion of the full-application, and when carryover is added to the consolidated application.

10. How does an LEA make a transfer within their own accounting records?

The LEA has discretion in using a method most suitable to their needs. When transferring funds, an LEA may:

- Establish a new, separate account(s) (sub-code) for transferred funds.
- Retain the transferred funds in their original account(s), but maintain documentation that shows how transferred funds in the original account(s) have been reclassified. In other words, in transferring funds, an LEA does not actually have to move funds from one account to another so long as it maintains adequate documentation to account for the transfer.

Regardless of the method the LEA uses to transfer funds, the LEA must maintain records demonstrating how a program's total funds, including transferred funds, were spent. However, the LEA does not have to account separately for the expenditure of the funds that were transferred into a program and the allocation to which the transferred funds were added.

11. How should an LEA record transfers on the Schedule of Expenditures of Federal Awards (SEFA)?

On the SEFA, LEAs should report transferred funds under the program transferred to and include an accompanying note.

The ABFR Chapter XI Schedule of Expenditures of Federal Awards (SEFA) Contents includes the following:

Question: Can a transfer be made from one federal program to another and how is it reported?

Answer: Yes. Title II, Part A and Title IV, Part A awards can be transferred into various programs. LEAs declare their intent to transfer an amount to be utilized on another program. This declaration binds the funds to the recipient program. The LEA must maintain documentation that demonstrates how the transferred funds have been separately reclassified.

EXAMPLE SEFA NOTE—TRANSFERABILITY

As allowed by federal regulations, the *(district)* elected to transfer program funds. The district expended *($ dollar amount)* from its *(name of program from which funds were transferred out, such as Title II, Part A Supporting Effective Instruction State Grants (84.367))* on allowable activities of the *(name of program to which funds were transferred to, such as Title I, Part A Grants to Local Educational Agencies (84.010))*. This amount is reflected in the expenditures of *(name of program from which funds were transferred to, such as Title I, Part A Grants to Local Educational Agencies (84.010)*.

12. When can an LEA start obligating funds that were transferred to support another program?

EDGAR section 76.708 governs the obligation of federal funds for formula and discretionary programs. Programs included under the transferability authority are all formula programs, therefore the following rules apply:
The LEA may not begin to obligate funds until the latter of the following two dates:

(1) The date that the state may begin to obligate funds; or
(2) The date that the applicant submits its application to the state in substantially approvable status (SAS).
    a. In EGMS, this occurs when the ESEA Consolidated Grant Pre-Application is submitted to OSPI. When the Pre-Application is approved, the LEA will receive a notice with the date that the LEA may begin obligating funds.

Reimbursement for obligations is subject to final approval of the application.

SAS TIMELINE

When application is submitted in SAS	Budget Start Date
Prior to July 1	July 1
July 2 until due date of full application	Date of SAS submittal
After the due date of full application	Date of full application submittal

13. If an LEA transferred their Title II, Part A allocation into Title I, Part A last year, how do they determine the amount that will be carried over under each program?

Transferred funds take on the characteristics of the program they are transferred into. This includes statutory set-asides and carryover. Any remaining balance of the total amount after transfers is used to calculate the carryover amounts and limitations.

For example, if Title I, Part A had an original allocation of $100,000 and Title IV, Part A transferred $20,000 of its $40,000 allocation into Title I, Part A, the Title I, Part A carryover limitation of 15 percent will be calculated based on the total of $120,000 (the total allocation after transfers). The Title IV, Part A carryover amount would be based on $20,000. Title I, Part A would have a maximum carryover amount of $18,000 ($120,000 x 15 percent) and Title IV, Part A would have the remaining balance available for carryover (carryover for Title IV, Part A is 100 percent).

EGMS will roll over the carryover amounts under the applicable programs.

14. What happens when an LEA elects to transfer funds and then subsequently changes their mind?

Decisions to transfer federal program funds should be made only after the LEA has engaged in thorough and careful planning. If an LEA has notified OSPI program staff (via ESEA Consolidated Application) of its intent to transfer funds, but then does not do so, it must notify OSPI within 30 days of form package approval.

INFORMATION AND ASSISTANCE

For questions regarding this Q&A, contact Jamey Schoeneberg at Jamey.schoeneberg@k12.wa.us.