



Navigating the Reallocation of Unspent LEA Subgrants: Planning Ahead

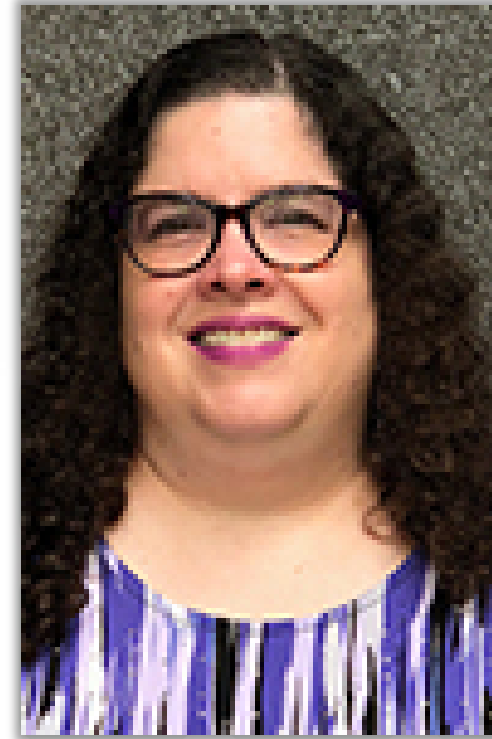
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Presenters



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Session Overview

- Review the reallocation requirements and identify essential components of SEA-written reallocation procedures.
- Consider federal recovery funds implications
- Assess your state's reallocation procedures and how to plan for potential unspent funds

What Do You Know?

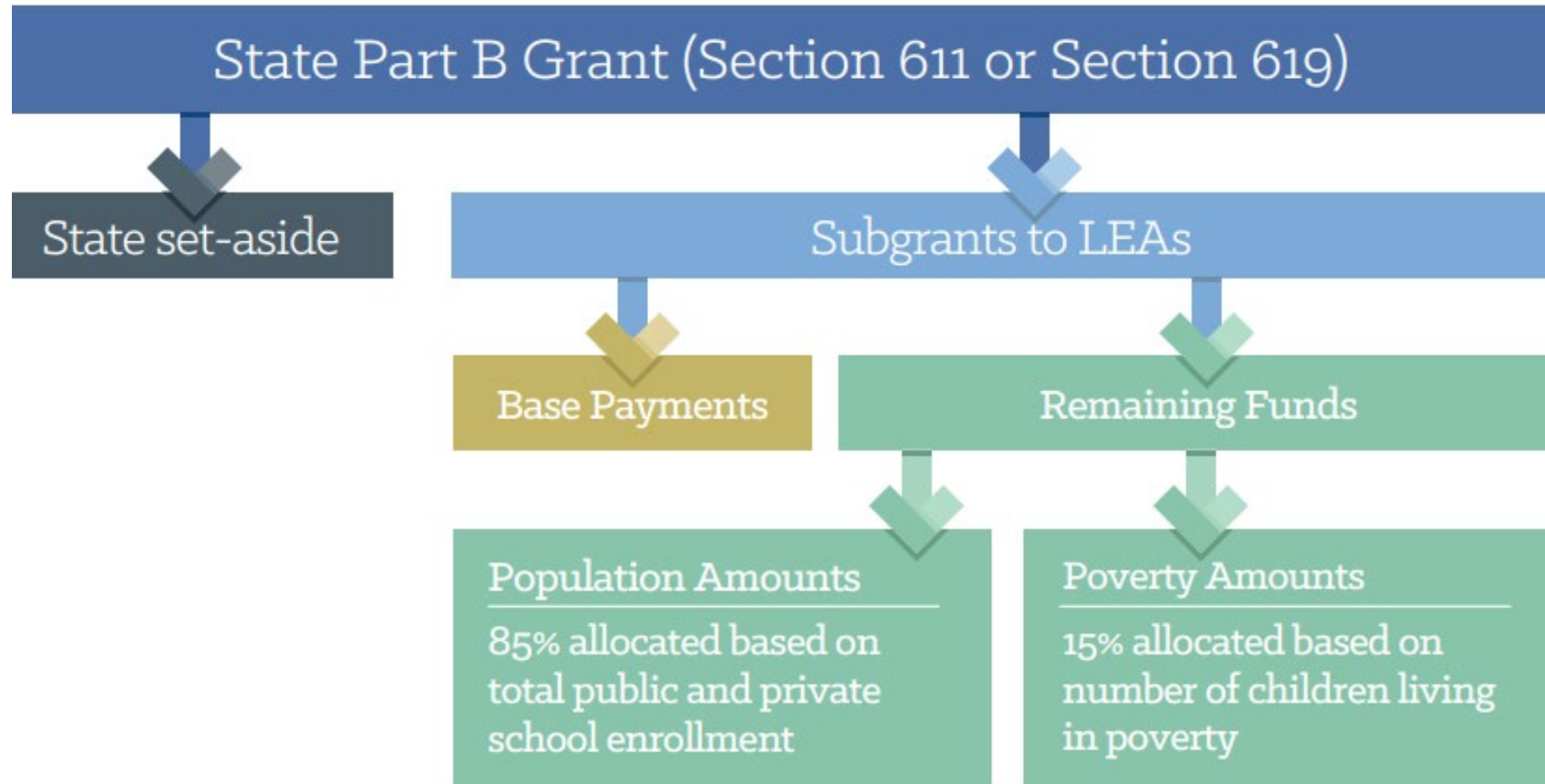
How do you rate your knowledge of IDEA reallocation requirements?

- **Very strong** (I could lead a presentation.)
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Reallocation of IDEA Part B Subgrants

Overview and Requirements

IDEA Part B Subgrants to LEAs



Reallocation Requirements

If an SEA determines that an **LEA is adequately providing FAPE** [free appropriate public education] to all children with disabilities residing in the area served by that agency with State and local funds, the **SEA may reallocate** any portion of the funds under this part that are not needed by that LEA to provide FAPE, **to other LEAs** in the State that are **not adequately providing special education and related services** to all children with disabilities residing in the areas served by those other LEAs....

34 CFR §300.705(c)(1)

Also see 34 CFR §300.817(a) for Part B 619

Reallocation Requirements

After an SEA distributes funds under this part to an **eligible LEA that is not serving any children with disabilities**, as provided in paragraph (a) of this section, the SEA must determine, **within a reasonable period of time prior to the end of the carryover period in 34 CFR 76.709**, whether the LEA has obligated the funds....

34 CFR §300.705(c)(2)

Also see 34 CFR §300.817(b) for Part B 619

Reallocation Requirements

.....The **SEA may also retain those funds for use at the State level** to the extent the State has not reserved the maximum amount of funds it is permitted to reserve for State-level activities pursuant to §300.704.

34 CFR §300.705(c)(1)

Also see 34 CFR §300.817(a), (b) for Part B 619

Let's Break It Down...

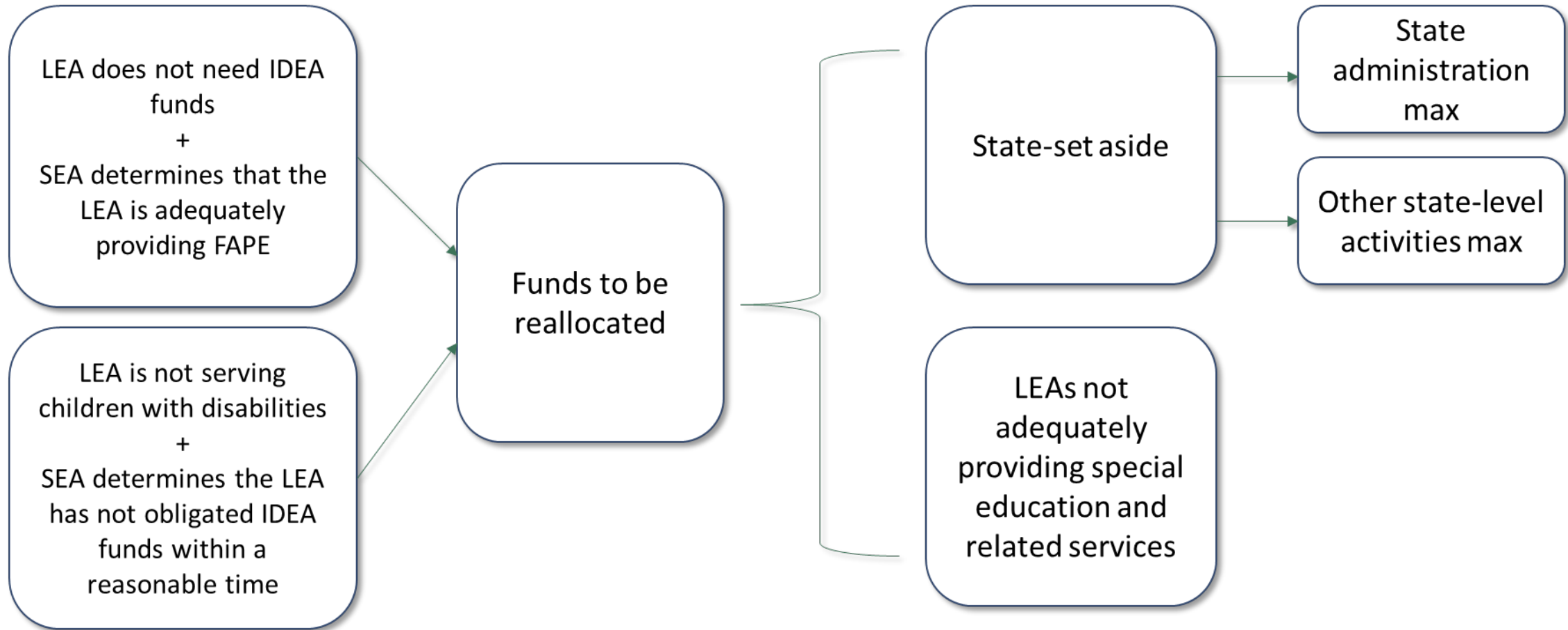
If:

- An SEA determines that an LEA is adequately providing FAPE to all children with disabilities with state and local funds **and** the LEA does not need the funds to provide FAPE, **or**
- An LEA is not serving children with disabilities **and** the SEA has determined the LEA has not obligated the funds (within a reasonable time prior to the end of the carryover period),

Then:

- The SEA may reallocate to other LEAs that are not adequately providing special education and related services, and
- The SEA may retain for use at the state level (if SEA has not reserved maximum amount for state-level activities).

The Big Picture



Ask the Audience: Criteria

What criteria does your state use to determine that an LEA is **adequately providing FAPE**?

Ask the Audience: Criteria

What criteria does your state use to determine that an LEA is **not adequately providing special education and related services** and is eligible to receive reallocated IDEA Part B grants?

State Administration Maximum

For each fiscal year, beginning with fiscal year 2005, the Secretary cumulatively adjusts

- (i) The maximum amount the State was eligible to reserve for State administration under section 611 of the Act for fiscal year 2004; and
- (ii) \$800,000, by the rate of inflation as measured by the percentage increase, if any, from the preceding fiscal year in the Consumer Price Index for All Urban Consumers, published by the Bureau of Labor Statistics of the Department of Labor.

34 CFR §300.704(a)(2)

Also see 34 CFR §300.812 for Part B 619

Other State-Level Activities Maximum

- Described in 34 CFR §300.704(b)(1)
- The maximum amount depends on:
 - Whether the state administration set-aside is equal to, less than, or greater than \$850,000
 - Whether the state operates a high-cost fund under 34 CFR §300.704(c)
 - Inflation

Where to Find?

The maximum amount of funds that can be reserved for administration and other state-level activities can be found in the state allocation spreadsheet and OSEP interactive spreadsheet.

Ask the Audience: State-Level Activities

Does the SEA retain unused funds for state-level activities?

- a. Yes
- b. No
- c. I don't know

If yes, what activities are usually funded with the reallocated funds?

Ask the Audience: Procedures

How closely do you think your current documented reallocation procedures are aligned with IDEA requirements?

- a. Totally aligned with IDEA requirements
- b. Partially aligned with IDEA requirements
- c. Our state does not currently have documented allocation procedures including reallocation

American Recovery Plan Funds and Reallocation

- LEAs received several rounds of federal recovery funds.
- Federal recovery funds, including IDEA American Recovery Plan (ARP) funds, have increased the likelihood of unobligated IDEA funds.
- OSEP Policy Support 21–02 states IDEA ARP funds do not increase the maximum set-aside for Section 611.
- As we move closer to the end of the IDEA ARP period of availability, SEAs might start receiving more requests to return funds.

How Do You Prepare?

SEAs must take a proactive approach to mitigate the risk of LEAs returning unused IDEA funds.

- Effectively monitor unspent IDEA funds.
- Provide technical assistance and guidance.
- Implement effective reallocation procedures.

Ask the Audience: Current Practices

What practices are currently in place in your state to mitigate the risk of LEAs returning unspent funds?

Reallocation Key Takeaways

- LEA returning funds not needed to the SEA **must adequately provide FAPE.**
- LEA receiving reallocated funds are those **not adequately providing special education and related services.**
- The SEA retaining funds for state-level activities **must not have reserved the maximum amount permitted.**

Reallocation Scenarios

Discussion

Discussion Scenario 1: Background

- In school year 2019–20, the SEA determined that the LEA was adequately providing FAPE and would have been eligible to return federal fiscal year (FFY) 2019 funds.
- In school year 2020–21, the SEA determined that the LEA **was not adequately** providing FAPE and was not eligible to return funds.
- During school year 2020–21, the LEA had unspent IDEA FFY 2020 allocation and FFY 2019 carryover funds.
- The LEA wanted to return both FFY 2020 allocation and FFY 2019 carryover funds to the SEA.

Discussion Scenario 1: Question

Is the LEA allowed to return unspent carryover funds from FFY 2019?

Is the LEA allowed to return unspent funds from all the open grant periods including FFY 2019 and FFY 2020?

Discussion Scenario 2: Background

- The SEA determined that the LEA is adequately providing FAPE.
- LEA wants to return unspent IDEA ARP Section 611 funds.
- The SEA has not reserved the maximum set-aside for Section 611 and wants to reabsorb the unspent funds for state set-aside.

Discussion Scenario 2: Question

Is retaining unspent LEA IDEA ARP funds for use at the state level permissible?

Final Thoughts and Reflection

State Considerations

- Who needs to be involved in the reallocation process decisions?
- How do your current set-aside amounts impact your options?
- How well documented are your procedures?
- What is your SEA timing for reallocations?
- What criteria are used for reallocations LEA subgrants?

Reflection for the Audience

What are some key questions or issues that your SEA needs to think about as you work through the reallocation processes?

What is one next step you can think of related to the reallocation of unspent subgrant funds?

What Do You Know Now?

How would you rate your knowledge of IDEA reallocation requirements?

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- **July 13, 2022**
- **October 5, 2022**

Please register on the CIFR website for the link to the live webinar.

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