

Transferability

The purpose of the Title I Part A of the Elementary and Secondary Education Act (ESEA), as amended, is to allow local education agencies (LEAs) the flexibility to target Federal funds to the programs and activities that most effectively address the unique needs of their locality. Per section 5103(b) an LEA may transfer its formula funds from allocations made under each of the following programs:

- (A) Title II Part A
- (B) Title IV Part A

to one or more of the following programs in a fiscal year:

- (i) Title I Parts A, C, or D
- (ii) Title II Part A
- (iii) Title III Part A
- (iv) Title IV Part A
- (v) Title V Part B

When an LEA transfers Title II Part A or Title IV Part A formula funds, the transferred funds become funds of the program to which they are transferred and thus are subject to all the rules and requirements of that program. An LEA must treat transferred funds as all other funds allocated under the eligible ESEA program(s) into which the LEA has transferred funds.

An LEA must receive an allocation in the fiscal year for the program that it is transferring funds to. For example, only an LEA that receives a Title III Part A allocation in a given fiscal year can transfer its Title II Part A or Title IV Part A formula funds into a Title III Part A allocation.

Before transferring funds, an LEA must conduct timely and meaningful consultation with appropriate private school officials. To use transferability, an LEA must notify NMPED not later than 30 days before the effective date of the transfer and submit not later than 30 days after the date of the transfer, the application amendments to NMPED. An LEA that chooses to exercise this flexibility can indicate this in the Transferability/AFUA Submodule of the Unified Application – additional separate notice is not needed.

Please note the following:

1. Per section 5103(c) an LEA may *not* transfer to any other program any funds that are allocated to it for the following programs:
 - (i) Title I Parts A, C, or D
 - (ii) Title III Part A
 - (iii) Title V Part B
2. An LEA must provide equitable services based on the amount of funds the LEA is allocated for each program, after the funds are transferred.

Alternative Fund Use Authority

According to section 5211 of the Elementary and Secondary Education Act (ESEA), as amended, a local education agency (LEA) eligible for Title V Part B Subpart 1— Small, Rural School Achievement (SRSA) program not only benefits from SRSA grant program funds, but also may exercise a key flexibility provision in the ESEA. Section 5211(a) of the ESEA, known as Alternative Fund Use Authority (AFUA), gives an eligible LEA broad authority to spend funds the LEA receives under selected ESEA programs on activities authorized under several additional ESEA programs. The authority is specifically designed to give small, rural LEAs greater latitude to spend their Federal funds in ways that best address its particular needs.

Section 5211(c) of ESEA allows an eligible LEA to use some or all of its formula funds it receives under

- (A) Title II Part A
- (B) Title IV Part A

to carry out activities authorized under one or more of the following programs listed under section 5211(a):

- (i) Title I Part A
- (ii) Title II Part A
- (iii) Title III Part A
- (iv) Title IV Part A
- (v) Title IV Part B

AFUA does not authorize transfer of funds from one program to another program but provides additional flexibility to use some or all of its formula Title II Part A and Title IV Part A funds to carry out activities under one or more of the five programs listed in section 5211(a); please see above. However, an LEA that meets the SRSA program eligibility must notify the NMPED annually of its intent to exercise AFUA by the Unified Application due date.

The above guidance on Transferability and AFUA is adapted from the U.S. Department of Education's [Informational Document on the Rural Education Achievement Program \(REAP\)](#). Please also see [the Elementary and Secondary Education Act, as amended, Title V Part A and Title V Part B Subpart 1](#).