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New Supplement, Not Supplant Guidance

Under the No Child Left Behind Act of 2001 (NCLB), the supplement, not supplant (SNS) requirement was met by ensuring individual Title I costs did not fall within the presumptions of supplanting test. This process assessed whether a particular Title I cost was supplemental and focused on the use of the Title I funds. Under the presumptions test, a Title I supplanting violation was presumed if Title I, Part A paid for:

1. An activity required by federal, state, or local law;
2. An activity that was paid for with state or local funds in the prior year; or
3. The same services for Title I students that State and local funds support for non-Title I students.

In practice, the three presumptions created confusion about what kinds of costs Title I could support, which sometimes led to fragmented and misaligned services for students in Title I schools.

Under the Every Student Succeeds Act of 2015, a state educational agency or local educational agency shall use Federal funds received under [Title I, Part A] only to supplement the funds that would, in the absence of such Federal funds, be made available from State and local sources for the education of students participating in programs assisted under [Title I, Part A], and not to supplant such funds.

Under this are two special rules:

No local educational agency shall be required to:

1. Identify that an individual cost or service supported under [Title I, Part A] is supplemental; or
2. Provide services under [Title I, Part A] through a particular instructional method or in a particular instructional setting in order to demonstrate such agency's compliance with [the supplement not supplant requirement].

What this means is that a district must be able to provide a basic, high-quality educational program for all students before federal funds are allocated. A district must be able to hire all the required staff, pay for all educational materials and supplies, maintenance, etc., from state and local funds. After this, the district can use the federal funds to add to that program if the federal funds spent align with the goals of the federal program and are outlined in the Continuous School Improvement Plans.

Methodology

An LEA is responsible for documenting that it had a methodology to distribute funding and staffing to schools without taking Title I, Part A funds into account. LEAs will not be submitting their methodology to OPI for approval; however, they should have the methodology available for auditing purposes.

Exemption from Methodology

An LEA is fully exempt from the methodology requirement if the LEA has:

- Only one school
- Only Title I schools
- Only one building per grade span

Example: An LEA with one K-6 building, one K-8 building, one 7-8 building, and one 9-12 building is fully exempt.

An LEA is partially exempt from the methodology requirement if the LEA has a grade span that contains only:

- a single school
- Title I, Part A schools
- non-Title I, Part A schools

Example of Partial Exemption

Grade Span	Title I, Part A Status	Exemption Status
K-2	1 Title, 1 non-Title	Include in methodology
3-6	2 non-Title	Exempt – only non-Title schools
K-6	2 Title	Exempt – only Title schools
7-8	1 Title, 1 non-Title	Include in methodology
9-12	1 non-Title	Exempt – single school

Exclusions from the Methodology

- Any centrally administered resources: employee-related compensation, curriculum purchases, etc.
- Costs that are Title I, Part A allowable only in limited circumstances:
    - Maintenance and utilities
    - Student transportation
- Costs that are never allowed under Title I, Part A, either through ESSA or the Uniform Grants Guidance
    - Debt service, capital expenditures, building repair costs, bus deprecation, food service, and child nutrition
    - Costs already obligated for specific building repairs through locally approved capital levies and bonds

Methodology Documentation

An LEA's documentation should explain how it:

- Distributes state and local staff units and funds to schools for each school year using a methodology that did not consider a school's Title I, Part A status.
- Demonstrates that the methodology doesn't reduce funding for Title buildings.
- Demonstrates that they followed their published methodology.

Allowability

Also keep in mind that Title I costs must still be allowable under the Title I program. This means:

- Costs still must only benefit eligible students (eligible students = all students in a schoolwide program and identified students in a targeted assistance program).
- Costs must be permissible under Title I and ESSA generally (note that ESSA clarified the wide uses of funds that can be permissible under the Title I program).
- Context matters. For example, a school operating a schoolwide program should be able to demonstrate that a Title I cost is consistent with the school's needs assessment and schoolwide plan.
- Costs must still be necessary and reasonable.

If a district can answer "Yes," to the three following questions, most likely the expenditure using federal funds will be allowable:

1. Does the expenditure align with the goals of the federal program?
   Q: Is the district allowed to use Title I funds to pay for a massage therapist to come in for students?
   A: No, this is not an allowable expenditure of funds as this will not affect student academic performance.
2. Is the expenditure allowable under the Uniform Grant Guidance and EDGAR?
   Q: Can the district use Title II funds to purchase alcoholic beverages at an educational conference?
   A: No. Federal funds may not be used to purchase alcoholic beverages.
3. Does the expenditure pass the "laugh" test? (Can a person state the purchase out loud and not smile?)
   Q: Can the district use federal funds to bring in a magician for a PIR day for staff members?
   A: No, this won't pass the "laugh" test.

While the above three rules will assist districts in using federal funds correctly, it is imperative that all stakeholders involved in the use and distribution of federal funds be familiar with the Uniform Grant Guidance, rules under EDGAR, and regulations and other guidance supplied by the United States Department of Education (USED). Districts may also get information on proper expenditures of funds through the Egrants Grant Management System and Federal Program staff at the Montana Office of Public Instruction.