

Introduction to Spending Handbook: Overview

This document provides general guidance on how local educational agencies (LEAs) may spend funds under the Every Student Succeeds Act (ESSA). ESSA is the most recent version of the Elementary and Secondary Education Act (ESEA) which was signed into law on December 10, 2015. The version of ESEA prior to ESSA was most recently known as the No Child Left Behind Act (NCLB).

ESSA went into effect on July 1, 2017. For more information about ESSA, and the transition from NCLB, please see <http://www2.ed.gov/policy/elsec/leg/essa/index.html>.

This spending guidance addresses the following formula programs:

- Title II, Part A (Supporting Effective Instruction)

It is important to note that this handbook only provides an overview of each of these programs' spending rules and options; it does not discuss the many other compliance requirements that apply to each of these programs.

General Spending Considerations

There are three general issues that affect LEA spending under all of the programs discussed in this handbook.

First, all costs charged to ED grants must be **necessary and reasonable** considering the amount of money being spent and the needs of the program.¹ This requirement comes from a set of federal regulations known as the Uniform Grant Guidance (UGG), which applies to all federal grants including ED grants.²

The UGG affects ED grant spending in a number of ways. It:

- Lists costs that may never be paid for with federal funds.³ For example, federal funds can never pay for alcohol⁴ and typically cannot pay for lobbying.⁵
- Lists general criteria all costs supported with federal funds must satisfy.⁶ For example, federal funds can only pay for costs that are allocable to the relevant grant.⁷
- Sets additional requirements for certain costs supported with federal funds.⁸ For example, LEAs that use federal funds for employee salaries and benefits must keep records documenting how much time the employees spent on grant activities.⁹

¹ 2 CFR 200.403(a).

² The Uniform Grant Guidance (UGG) is contained in Part 200 of Title 2 of the Code of Federal Regulations available at http://www.ecfr.gov/cgi-bin/text-idx?SID=f3948247e9ceb83b01019746db896096&tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl. Federal guidance and other resources about the UGG are available at <http://www2.ed.gov/policy/fund/guid/uniform-guidance/index.html>.

³ See 2 CFR Part 200, Subpart E.

⁴ 2 CFR § 200.423.

⁵ 2 CFR § 200.450.

⁶ See 2 CFR § 200.403.

⁷ 2 CFR § 200.403(a).

⁸ See 2 CFR §§ 200.420-200.475.

⁹ 2 CFR § 200.430.



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- Sets rules for how LEAs procure goods and services with federal funds,¹⁰ how they track items paid for with federal funds,¹¹ and the kinds of records they must keep about their grant spending.¹²

Second, activities supported by ED funds must be **consistent with the LEA's application** for funds approved by the SEA.¹³

Third, as discussed throughout this document, some ESSA programs require LEAs to spend on activities that are supported by evidence, are demonstrated to be effective, or that are consistent with a formal needs assessment. Even where this is not required, ED grant spending has the most impact when LEAs spend federal funds on effective activities designed to meet program goals. To do this, LEAs are encouraged to:

- Carefully consider the needs of students, educators, and other relevant stakeholders,
- Determine which activities are most likely to effectively address those needs, and
- Prioritize those activities when deciding what costs to support with ESSA funds (unless those activities are being paid for by other funding sources).

¹⁰ 2 CFR §§ 200.317-200.326.

¹¹ 2 CFR §§ 200.313-200.314.

¹² See, for example, 2 CFR § 200.318(h)(i) for procurement records or 2 CFR § 200.302(b)(3) for financial records.

¹³ 34 CFR § 76.700.

Spending Title II, Part A Funds to Support Effective Instruction

This section provides information about how local educational agencies (LEAs) can spend Title II, Part A funds.

Title II, Part A is a U.S. Department of Education (ED) grant program that provides supplemental funding to help support effective instruction. ED awards Title II, Part A funds to state educational agencies (SEAs), which then subgrant funds to LEAs.

For convenience this section will refer to the program as “Title II.”

Purpose of the Title II Program

In general, Title II funds can be used to provide supplemental activities that strengthen the quality and effectiveness of teachers, principals, and other school leaders.¹⁴ The purpose of Title II is to:

1. Increase student achievement consistent with state standards,
2. Improve the quality and effectiveness of teachers, principals, and other school leaders,
3. Increase the number of teachers, principals, and other school leaders who are effective in improving student academic achievement in schools, and
4. Provide low-income and minority students greater access to effective teachers, principals, and other school leaders.¹⁵

How Title II Funds May Be Used

I. Overview and General Requirements

A. Overview

LEAs can use Title II funds for a wide range of activities to support the quality and effectiveness of teachers, principals and other school staff. Activities supported with Title II funds must:

- Be consistent with Title II's purpose (see above), and
- Address the learning needs of all students, including children with disabilities, English learners, and gifted and talented students.¹⁶

LEAs must prioritize Title II, Part A funds to schools that:

- Are implementing comprehensive support and improvement activities and targeted support and improvement activities, **and**
- Have the highest percentage of children counted under section 1124(c)¹⁷ (these are primarily low-income children)¹⁸

¹⁴ For federal non-regulatory guidance on the Title II program, please see U.S. Department of Education, *Non-Regulatory Guidance for Title II, Part A: Building Systems of Support for Excellent Teaching and Learning* (September 2016), available at <http://www2.ed.gov/policy/elsec/leg/essa/essatitleiipartguidance.pdf>. This guidance will be referred to as *ED 2016 Title II, Part A Guidance* for the rest of this document.

¹⁵ ESSA, Section 2001.

¹⁶ ESSA, Section 2103(b)(1)-(2).

¹⁷ ESSA, Section 2102(b)(2)(C).

¹⁸ ESSA, Section 1124(c) is located in Title I of ESSA, and describes the children that should be counted.

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ESSA implementation affords LEAs an opportunity to examine current uses of Title II funds and consider modifications to ensure effective and efficient uses of these resources.

B. Changes to the Title II Formula That Might Affect the Amount of Funds an LEA Receives

ESSA made two changes to the Title II formula that might affect how much money an LEA receives.

First, ESSA changed the formula ED uses to distribute Title II money to states.¹⁹ This change will be phased in over time between 2017 and 2023. In some cases this will result in states getting more money, meaning there will be more to pass on to LEAs. In other cases this will result in states getting less money, meaning there will be less to pass on to LEAs.

Second, ESSA changed the formula SEAs use to distribute Title II money to LEAs. Under prior law, LEAs were (with some caveats) guaranteed to receive a minimum amount of money regardless of how their student population changed over time.²⁰ This was known as a hold harmless.

ESSA eliminated the hold harmless, and LEAs will now generate money based only on their number of 5-17 year olds (twenty percent of the allocation), and their number of low-income 5-17 year olds (eighty percent of the allocation).²¹

C. Requirement for Stakeholder Consultation When Deciding How to Use Local Title II Funds

Title II requires LEAs to consult meaningfully with a wide array of stakeholders on the LEA's plan for carrying out Title II activities.²²

LEAs must also conduct ongoing consultation with those stakeholders to update and improve activities supported with Title II funds.²³

In carrying out consultation, ED suggests LEAs consider the following activities:

¹⁹ ESSA, Section 2101(b). As with prior law, there are two parts to the federal-to-state Title II formula: (1) a "hold harmless" allocation that guarantees states at least as much money as they received in 2001 under two (no longer authorized) programs related to Title II, and (2) an allocation based partly on a state's number of 5-17 year olds (population levels) and partly on a state's number of low-income 5-17 year olds (poverty levels). ESSA gradually reduces the "hold harmless" amount between 2017 and 2022 until it is eventually eliminated. ESSA also changes the amounts generated by population versus poverty. Now, states generate thirty-five percent based on population and sixty-five percent based on poverty. The percentages shift between 2018 and 2020 until it is twenty percent based on population and eighty percent based on poverty.

²⁰ NCLB, Section 2121(a)(2).

²¹ ESSA, Section 2102(a).

²² ESSA, Section 2102(b)(3). Stakeholders include teachers, principals, other school leaders, paraprofessionals (including organizations representing such individuals), specialized instructional support personnel, charter school leaders (in a LEA that has charter schools), parents, community partners, and other organizations or partners with relevant and demonstrated expertise in programs and activities designed to meet Title II purposes. ESSA, Section 2102(b)(3)(A).

²³ ESSA, Section 2102(b)(2)(D).

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- Conduct outreach to, and solicit input from relevant stakeholders during the design and development of plans for Title II funds ensuring there is a diverse representation of educators from across LEA, especially those who work in high-need schools and in early education.
- Be flexible when consulting with stakeholders, especially educators, by holding meetings or conferences outside the hours of the school day or by using a variety of communications tools, such as electronic surveys.
- Seek out diverse perspectives within stakeholder groups, when possible, and ensure that consultation is representative of the LEA as much as possible.
- Make stakeholders aware of past and current uses of Title II funds, and research or analysis of the effectiveness of those uses, if available, as well as research or analysis of proposed new uses of funds, in order to consider the best uses for schools and districts to support teacher and school leader development.
- Consider the concerns identified during consultation, and revise uses of Title II funds when appropriate.²⁴

II. Allowable Uses of Local Title II Funds

What follows is an overview of all LEA spending options under the Title II law. LEAs are encouraged to prioritize activities that will have the highest impact on teaching and learning. When determining which of the many allowable Title II strategies and activities will have the highest impact, ED guidance suggests LEAs undertake a five-step framework:

1. Choose interventions aligned with identified local needs,²⁵
2. Consider the evidence base and the local capacity when selecting a strategy,
3. Develop a robust implementation plan,
4. Provide adequate resources so the implementation is well-supported, and
5. Gather information regularly to examine the strategy and to reflect on and inform next steps.²⁶

LEAs must use data and ongoing stakeholder consultation to continually update and improve Title II-supported activities.²⁷

A. Evaluation and Support Systems

LEAs may use Title II funds to develop or improve evaluation and support systems for teachers, principals, or other school leaders that are (1) based in part on student achievement, (2) include multiple measures of performance, and (3) provide clear, timely, and useful feedback.²⁸

²⁴ ED 2016 Title II, Part A Guidance, p. 28.

²⁵ LEAs were required to conduct a formal needs assessment under No Child Left Behind (NCLB). ESSA eliminated that requirement.

²⁶ ED 2016 Title II, Part A Guidance, p. 30. Pages 30-34 of ED's guidance contain more information about these five steps.

²⁷ ESSA, Section 2102(b)(2)(D).

²⁸ ESSA, Section 2103(b)(3)(A).

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B. Recruiting, Hiring, and Retaining Effective Teachers; Implementing Supports for Principals and Other School Leaders

LEAs may use Title II funds to develop and implement initiatives to recruit, hire, and retain effective teachers to improve the equitable distribution of teachers, particularly in low-income schools with high percentages of ineffective teachers and high percentages of students who do not meet state standards.²⁹ LEAs may also use Title II funds to implement supports for principals and other schools leaders.

This can include:

- Expert help in screening candidates and enabling early hiring,³⁰
- Differential and incentive pay for teachers, principals, or other school leaders in high-need academic subject areas and specialty areas, which may include performance-based pay systems,³¹
- Teacher, paraprofessional, principal, or other school leader advancement and professional growth,³² which, according to ED guidance can include creating hybrid roles that allow teachers to provide instructional coaching to colleagues while remaining in the classroom, as well as other responsibilities such as collaborating with administrators to develop and implement distributive leadership models and leading decision-making groups,³³
- New teacher, principal, or other school leader induction and mentoring programs,³⁴
- Development and provision of training for school leaders, coaches, mentors, and evaluators on how accurately to differentiate performance, provide useful feedback, and use evaluation results to inform decision-making about professional development, improvement strategies, and personnel decisions,³⁵ and
- A system for auditing the quality of evaluation and support systems.³⁶

²⁹ ESSA, Section 2103(b)(3)(B).

³⁰ ESSA, Section 2103(b)(3)(B)(i).

³¹ ESSA, Section 2103(b)(3)(B)(ii).

³² ESSA, Section 2103(b)(3)(B)(iii).

³³ *ED 2016 Title II, Part A Guidance*, p. 14.

³⁴ ESSA, Section 2103(b)(3)(B)(iv).

³⁵ ESSA, Section 2103(b)(3)(B)(v).

³⁶ ESSA, Section 2103(b)(3)(B)(vi).

Example: Teacher Residency Program

According to ED guidance,³⁷ LEAs may use Title II funds to establish, improve, or support school-based residency programs for teachers in which prospective teachers, for at least one academic year:

- Teach alongside an effective teacher who is the teacher of record for the classroom, and
- Receive concurrent instruction – from either the LEA or the teacher preparation program – in the teaching of the content area in which the teacher will become certified or licensed, and
- Acquire effective teaching skills, as demonstrated through completion of a residency program, or other measure determined by the state.³⁸

Example: Supporting Educator Diversity

According to ED guidance, LEAs may use Title II funds for:

- Providing financial support to educator recruitment programs within the community to improve hiring and retention of a diverse workforce,
- Offering career advancement opportunities for current staff members, such as paraprofessionals, who have worked in the community for an extended period of time, to support their efforts to gain the requisite credentials to become classroom instructors,
- Partnering with preparation providers including local community colleges, Institutions of Higher Education (IHEs), Minority Serving Institutions, and alternative route providers, to build a pipeline of diverse candidates,
- Providing ongoing professional development aimed at cultural competency and responsiveness and equity coaching, designed to improve conditions for all educators and students, including educators and students from underrepresented minority groups, diverse national origins, English language competencies, and varying genders and sexual orientations,
- Providing time and space for differentiated support for all teachers, including affinity group support,
- Supporting leadership and advancement programs aimed to improve career and retention outcomes for all educators, including educators from underrepresented minority groups, and
- Developing and implementing other innovative strategies and systemic interventions designed to better attract, place, support, and retain culturally competent and culturally responsive effective educators, especially educators from underrepresented minority groups, such as having personnel or staff-time dedicated to recruiting diverse candidates of high-quality who can best teach to the diversity of the student population.³⁹

C. Recruiting from Other Fields

LEAs may use Title II funds to recruit qualified individuals from other fields to become teachers, principals, or other school leaders. Qualified individuals from other fields include mid-career professionals from other

³⁷ ED 2016 Title II, Part A Guidance, p. 8.

³⁸ ESSA, Section 2002(5).

³⁹ ED 2016 Title II, Part A Guidance, p. 19.

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occupations, former military personnel, and recent graduates of institutions of higher education with records of academic distinction who demonstrate the potential to become effective teachers, principals or other school leaders.⁴⁰

D. Class Size Reduction

LEAs may use Title II funds to reduce class size to a level that is evidence-based, to the extent the SEA (in consultation with LEAs) determines such evidence is reasonably available.⁴¹ According to ED guidance, LEAs may consider reducing class size as one strategy to attract and retain effective educators in high-need schools.⁴²

E. Personalized Professional Development

LEAs may use Title II funds to provide high-quality, personalized professional development⁴³ for teachers, instructional leadership teams, principals, or other school leaders.⁴⁴ The professional development must be evidence-based, to the extent the SEA (in consultation with LEAs) determines such evidence is reasonably available. The professional development must also focus on improving teaching and student learning and achievement, including supporting efforts to train teachers, principals, or other school leaders to:

- Effectively integrate technology into curricula and instruction (including education about the harms of copyright piracy),
- Use data to improve student achievement and understand how to ensure individual student privacy is protected,
- Effectively engage parents, families, and community partners, and coordinate services between school and community,
- Help all students develop the skills essential for learning readiness and academic success,
- Develop policy with school, LEA, community, or state leaders, and
- Participate in opportunities for experiential learning through observation.⁴⁵

Personalized Professional Development Examples

According to ED guidance, among other activities, LEAs may use Title II funds for:

⁴⁰ ESSA, Section 2103(b)(3)(C).

⁴¹ ESSA, Section 2013(b)(3)(D).

⁴² *ED 2016 Title II, Part A Guidance*, p. 24.

⁴³ ED's guidance describes ESSA's definition of "professional development" in the following way:

Section 8101(42) defines "professional development," specifically noting that the professional development activities are sustained (not stand-alone, 1-day, or short term workshops), intensive, collaborative, job-embedded, data-driven, and classroom-focused.

ED 2016 Title II, Part A Guidance, p. 11. For the full definition of professional development, please see ESSA, Section 8101(42).

⁴⁴ ESSA, Section 2103(b)(3)(E).

⁴⁵ ESSA, Section 2103(b)(3)(E)(i)-(vi).

- Peer-led, evidence-based professional development in LEAs and schools,⁴⁶
- Community of learning opportunities and other professional development opportunities with diverse stakeholder groups such as parents, civil rights groups, and administrators, to positively impact student outcomes; for example, through a forum to discuss the implications of a policy or practice on a school community, or organizing a community-wide service learning project, where teachers work together afterwards to incorporate lessons learned into their teaching,⁴⁷
- Community of learning opportunities where principals and other school leaders engage with their school teams to fully develop broad curriculum models,⁴⁸
- Opportunities for principals and other school leaders to collaborate, problem-solve, and share best practices,⁴⁹
- “Teacher time banks” to allow effective teachers and school leaders in high-need schools to work together to identify and implement meaningful activities to support teaching and learning (for example, when implementing teacher time banks, Title II funds may be used to pay the costs of additional responsibilities for teacher leaders, use of common planning time, use of teacher-led developmental experiences for other educators based on educators’ assessment of the highest leverage activities, and other professional learning opportunities),⁵⁰ and
- Ongoing cultural proficiency training to support stronger school climate for educators and students.⁵¹

F. Increasing Teacher Effectiveness for Students with Disabilities and English Learners

LEAs may use Title II to develop programs and activities that increase teachers’ ability to effectively teach children with disabilities and English learners, which may include the use of multi-tiered systems of support and positive behavioral intervention and supports.⁵²

G. Supporting Early Education

LEAs may use Title II funds to provide programs and activities to increase the knowledge base of teachers, principals, or other school leaders on instruction in the early grades and on strategies to measure whether young children are progressing.⁵³

LEAs may also use Title II funds to provide programs and activities to increase the ability of principals or other school leaders to support teachers, teacher leaders, early childhood educators, and other professionals to meet the needs of students through age eight, which may include providing joint professional learning and planning

⁴⁶ ED 2016 Title II, Part A Guidance, p. 14.

⁴⁷ ED 2016 Title II, Part A Guidance, p. 14.

⁴⁸ ED 2016 Title II, Part A Guidance, p. 15.

⁴⁹ ED 2016 Title II, Part A Guidance, p. 15.

⁵⁰ ED 2016 Title II, Part A Guidance, p. 24.

⁵¹ ED 2016 Title II, Part A Guidance, p. 24.

⁵² ESSA, Section 2103(b)(3)(F).

⁵³ ESSA, Section 2103(b)(3)(G)(i).

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activities for school staff and educators in preschool programs that address the transition to elementary school.⁵⁴

H. Supporting Effective Use of Assessments

LEAs may use Title II funds to provide training, technical assistance, and capacity-building to assist teachers, principals, or other school leaders with selecting and implementing formative assessments, designing classroom-based assessments, and using data from such assessments to improve instruction and student academic achievement, which may include providing additional time for teachers to review student data and respond, as appropriate.⁵⁵

I. Supporting Awareness and Treatment of Trauma and Mental Illness, and School Conditions for Student Learning

LEAs may use Title II funds to carry out in-service training for school personnel in:

- The techniques and supports needed to help educators understand when and how to refer students affected by trauma, and children with, or at risk of, mental illness,
- The use of referral mechanisms that effectively link such children to appropriate treatment and intervention services in the school and in the community, where appropriate,
- Forming partnerships between school-based mental health programs and public or private mental health organizations, and
- Addressing issues related to school conditions for student learning, such as safety, peer interaction, drug and alcohol abuse, and chronic absenteeism.⁵⁶

J. Supporting Gifted and Talented Students

LEAs may use Title II funds to provide training to support the identification of students who are gifted and talented, including high-ability students who have not been formally identified for gifted education services, and implementing instructional practices that support the education of such students, such as:

- Early entrance to kindergarten,
- Enrichment, acceleration, and curriculum compacting activities (techniques relating to differentiated instruction), and
- Dual or concurrent enrollment programs in secondary school and postsecondary education.⁵⁷

K. School Library Programs

⁵⁴ ESSA, Section 2013(b)(3)(G)(ii).

⁵⁵ ESSA, Section 2103(b)(3)(H).

⁵⁶ ESSA, Section 2103(b)(3)(I).

⁵⁷ ESSA, Section 2103(b)(3)(J).

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LEAs may use Title II funds to support the instructional services provided by effective school library programs.⁵⁸

L. Preventing and Recognizing Child Sexual Abuse

LEAs may use Title II funds to provide training for all school personnel, including teachers, principals, other school leaders, specialized instructional support personnel, and paraprofessionals, regarding how to prevent and recognize child sexual abuse.⁵⁹

M. Supporting Science, Technology, Engineering, and Mathematics (STEM)

LEAs may use Title II funds to develop and provide professional development and other comprehensive systems of support for teachers, principals, or other school leaders to promote high-quality instruction and instructional leadership in science, technology, engineering, and mathematics subjects, including computer science.⁶⁰

N. Feedback Mechanisms to Improve School Working Conditions

LEAs may use Title II funds to develop feedback mechanisms to improve school working conditions. This can include periodically and publicly reporting feedback on educator support and working conditions.⁶¹

O. Supporting Postsecondary and Workforce Readiness

LEAs may spend Title II funds to provide high-quality professional development for teachers, principals, or other school leaders on effective strategies to integrate rigorous academic content, career and technical education, and work-based learning (if appropriate), which may include providing common planning time, to help prepare students for postsecondary education and the workforce.⁶²

P. Other Activities

LEAs may also spend Title II funds on other activities that meet Title II purposes (see “Purpose of the Title II Program” above) and are evidence-based to the extent the SEA (in consultation with LEAs) determines that such evidence is reasonably available.⁶³

III. **Other Spending Rules**

A. LEA-Level Administrative Costs

The Title II statute is silent on how much money LEAs may use for administrative costs. Generally, ED has advised LEAs may use a necessary and reasonable amount.

⁵⁸ ESSA, Section 2103(b)(3)(K).

⁵⁹ ESSA, Section 2103(b)(3)(L).

⁶⁰ ESSA, Section 2103(b)(3)(M).

⁶¹ ESSA, Section 2103(b)(3)(N).

⁶² ESSA, Section 2103(b)(3)(O).

⁶³ ESSA, Section 2103(b)(3)(P).

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B. Maintenance of Effort

LEAs that receive Title II funds must comply with a maintenance of effort requirement.⁶⁴ In short, maintenance of effort requires LEAs to maintain a consistent floor of state and local funding for free public education from year-to-year.

C. Supplement not Supplant

LEAs that receive Title II funds must comply with a supplement not supplant requirement.⁶⁵ In general terms, this means that Title II funds should add to (supplement) and not replace (supplant) state and local funds.

Please note ESSA made a change to the way supplement not supplant is tested in Title I. This change does not affect how supplement not supplant is tested in Title II.

In Title II supplanting is presumed when:

- An LEA uses Title II funds to pay for an activity that is required by federal, state or local law, or
- An LEA uses Title II funds to pay for an activity it supported with state or local funds the prior year.

An LEA may be able to overcome a presumption of supplanting if it has written documentation (for example, state or local legislative action, budget information, or other materials) that it does not have the funds necessary to implement the activity and that the activity would not be carried out in the absence of the Title II, Part A funds.

D. Equitable Services

Title II funds are subject to an equitable services requirement.⁶⁶ In short, this means LEAs must reserve funds to provide Title II services to eligible private school teachers and other educational personnel.

Please note ESSA changes the way LEAs must reserve Title II funds for equitable services for private schools.

Under NCLB, an LEA only had to reserve a share of the Title II, Part A money it spent on professional development. Under ESSA, the reservation is now based on an LEA's entire Title II allocation.⁶⁷

⁶⁴ ESSA, Section 8521.

⁶⁵ ESSA, Section 2301.

⁶⁶ ESSA, Section 8501(b)(1)(B).

⁶⁷ ESSA, Section 8501(b). See also *ED 2016 Fiscal Changes Guidance*, Q&A P-1 & P-2.