

Supplement, Not Supplant Handbook

*A Guide for Grants Administered by the
Texas Education Agency*

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Table of Contents

Change History.....	iii
Introduction.....	1
Definition of Supplement, Not Supplant	1
Purpose	1
Background	1
Penalties for Violations	4
Section A: Traditional SNS Compliance Requirements	4
Enhancing, Expanding, or Extending Required Activities	4
Presumptions of Supplanting	4
Examples	5
IDEA-B.....	5
IDEA-B and Title I, Part A.....	5
Title II, Part A	6
Title III, Part A	6
Title IV, Part A	6
21 st CCLC.....	6
Perkins.....	6
How to Document for Audit or Monitoring Purposes.....	7
Section B—Title I, Part A Supplement, Not Supplant Requirements.....	7
SNS Methodology and Required Documentation	7
Who Qualifies for a Statement of Exemption?	8
Statement of Exemption	9
Components of the SNS Methodology	10
Flexibility Allowed	10
Methodology Options	11
School System Responsibility	12

Section C—Examples of SNS Methodologies	13
Section D—Monitoring Process	19
Section E—Frequently Asked Questions.....	20
Section F—Templates	27
Statement of Exemption	28
Supplement, Not Supplant (SNS) Methodology	29

Change History

Version	Release Date	Summary of Changes	Affected Page Number(s)
7.0	7/2026	Clarified that Title I, Part D, Subpart 1 is not subject to the SNS methodology documentation requirements; rather, the program demonstrates compliance with SNS requirements by supplementing the number of hours of instruction students receive from state and local sources	2
		Updated the statutory reference for IDEA-B and clarified that IDEA-B meets SNS requirements by meeting its MOE requirement, per the 2025 Compliance Supplement – 2 CFR Part 200 Appendix XI (November 2025)	3
		Removed references to ESSER funds	3
		Replaced “local education agency” and “LEA” with “school system,” except in instances where the terms are part of federal statute that is quoted	Throughout document
6.0	5/2023	Replaced references to “limited English proficient students” or “LEP students” with “students who are English learners”	3, 7, 28
		Replaced “migrant” with “migratory”	27
		Clarified that the SNS provision in Section 2315 applies to both Title II, Part A, and Title II, Part B	2
5.0	3/2022	Added ESSER programs to the table of citations	3
		Updated the monitoring information	23

Introduction

Supplement, not supplant (SNS) is an integral provision of most federal statutes that authorize education grant programs. This handbook discusses SNS in general and as it applies to the Elementary and Secondary Education Act of 1965 (ESEA), as reauthorized by the Every Student Succeeds Act of 2015 (ESSA).

In June 2019, the U.S. Department of Education (USDE) issued non-regulatory guidance concerning the SNS requirement for Title I, Part A of ESSA. Specific SNS requirements pertaining to Title I, Part A are located in Section B of this document.

Definition of Supplement, Not Supplant

The term “supplement, not supplant” is a provision common to many federal statutes authorizing education grant programs. There is no single SNS provision. Rather, the wording of the provision varies depending on the various statutes. In order to be in compliance with each program’s version of the SNS requirements, school systems must be cognizant of how the provision is applied in each specific program.

Purpose

The purpose of an SNS provision is to help ensure that federal grant funds are expended to benefit the intended population defined in the authorizing statute, rather than being diverted to cover expenses that the school system would have paid out of other funds in the event the federal funds were not available. In this way, the federal government can ensure that the level of state and local support for a program remains at least constant and is not replaced by federal funds.

Background

Of the major federal education programs, ESEA is the oldest. Passed in 1965 as part of President Lyndon B. Johnson’s War on Poverty, ESEA was primarily aimed at increasing the educational services provided to disadvantaged school children. After ESEA was initially passed into law, reports showed that school systems were spending Title I dollars on general expenses that they would normally have covered with other funds, rather than using those federal funds to provide support and services to the intended beneficiaries of the program. As a result, SNS provisions were added to ESEA. Following ESEA, both the Individuals with Disabilities Education Act (IDEA) and Perkins were developed with SNS provisions as integral parts of the statutes.

For many programs, the basic purpose of the provision still holds true. Section A of this document will address the general application of the Presumptions of Supplanting, which should be considered the default guidance for those programs that have generic SNS language in their governing statutes. However, beginning with the ESSA statute, the way in which school systems demonstrate compliance with the SNS requirements changed significantly for Title I, Part A. These changes are addressed in Section B—Title I, Part A Supplement, Not Supplant Requirements.

To ensure compliance with SNS, school systems must be aware of which requirements are applicable to which programs. The following table lists the text of the major SNS provisions found in ESEA, IDEA, and Perkins, and will help direct school systems to the appropriate section of this document. Note that the provisions vary. Perkins, for instance, specifies that funds shall supplement and not supplant funds from non-federal sources, while many of the ESSA provisions specify that funds shall supplement and not supplant funds from federal, state, and local sources.

Citation	Supplement, Not Supplant Provision
ESEA, as amended by ESSA, Title I, Part A, Improving Basic Programs Operated by LEAs [Section 1118(b)] (Title I, Part A)	A State educational agency or local educational agency shall use Federal funds received under this part only to supplement the funds that would, in the absence of such Federal funds, be made available from non-Federal sources for the education of pupils participating in programs assisted under this part, and not to supplant such funds. Information related to SNS requirements specific to Title I, Part A is available in Section B of this document.
ESEA, as amended by ESSA, Title I, Part A—School Improvement [Section 1003(e)(2)] (Title I School Improvement)	The non-regulatory guidance issued by the USDE states that “assuming an LEA allocates state and local funds through its methodology first, any school ... that receives Section 1003 funds would already have received, through the LEA’s methodology, all the state and local funds it would have received absent the 1003 funds. Thus, the LEA would be complying with both ESEA sections 1118(b)(2) and 1003(e)(2).” Therefore, Section B of this SNS Handbook would apply.
ESEA, as amended by ESSA, Title I, Part C—Education of Migratory Children [Sections 1304(c) and 1306(b)] (Title I, Part C)	Such programs and projects will be carried out in a manner consistent with the objectives of ... subsections (b) and (c) of section 1118. This means that Title I, Part C is subject to SNS requirements. However, the USDE’s non-regulatory guidance is clear that because the initial allocation of Title I, Part C funds is made to the State, rather than at the LEA level, the “specific requirements pertaining to the methodology...do not apply.” Refer to Section A of the SNS Handbook for the traditional SNS requirements.
ESEA, as amended by ESSA, Title I, Part D, Subpart 1—State Agency Programs [Section 1415(b)] (Title I, Part D, Subpart I)	A program under this subpart that supplements the number of hours of instruction students receive from state and local sources shall be considered to comply with the SNS requirement of section 1118 (as applied to this Part) without regard to the subject area in which the instruction is given during those hours. This means that Title I, Part D, Subpart 1 is subject to SNS requirements, but the USDE’s non-regulatory guidance is clear that because the initial allocation of Part D funds is made to the State, rather than at the LEA level, the “specific requirements pertaining to the methodology...do not apply.”
ESEA, as amended by ESSA, Title II, Part A—Supporting Effective Instruction and Title II, Part B—National Activities [Section 2301] (Title II, Part A)	Funds made available under this title shall be used to supplement, and not supplant, non-Federal funds that would otherwise be used for activities authorized under this title. Refer to Section A of this document for information about compliance.

ESEA, as amended by ESSA, Title III, Part A—English Language Acquisition, Language Enhancement, and Academic Achievement [Section 3115(g)] (Title III, Part A)	Federal funds made available under this subpart shall be used to supplement the level of Federal, State, and local public funds that, in the absence of such availability, would have been expended for programs for children who are English learners, immigrant children, and youth, and in no case to supplant such Federal, State, and local public funds. Refer to Section A of this document for information about compliance.
ESEA, as amended by ESSA, Title IV, Part A—21st Century Schools, Student Support and Academic Enrichment Grants [Section 4110] (Title IV, Part A)	Funds made available under this subpart shall be used to supplement, and not supplant, non-Federal funds that would otherwise be used for activities authorized under this subpart. Refer to Section A of this document for information about compliance.
ESEA, as amended by ESSA, Title IV, Part B—Nita M. Lowey 21st Century Community Learning Centers [Section 4204(b)(2)(G)] (21st CCLC)	Subgrantees are required to assure “that subgrant funds under this part will be used to increase the level of State, local, and other non-Federal funds that would, in the absence of funds under this part, be made available for programs and activities authorized under this part, and in no case supplant Federal, State, local, or non-Federal funds. Refer to Section A of this document for information about compliance.
ESEA, as amended by ESSA, Title V, Part B, Subpart 2—Rural and Low-Income Schools Program, [Section 5232] (Title V, Part B)	Funds made available under subpart 1 or subpart 2 shall be used to supplement, and not supplant, any other Federal, State, or local education funds. Refer to Section A of this document for information on compliance.
Individuals with Disabilities Education Act (IDEA) [20 U.S.C. §1413 (a)(2)(A)(ii)] (IDEA-B)	Under IDEA, section 1413(a)(2)(A)(ii) and 34 CFR §300.202(a)(3), Part B funds must be used to supplement state, local, and other federal funds and not to supplant those funds. Per the OMB Audit Supplement, if the LEA maintains (or exceeds) its level of local—or state and local—expenditures for special education and related services from year to year, either in total or per capita, then the Part B funds are, in fact, supplementing those local—or state and local—expenditures, and the LEA has met its MOE and supplement, not supplant requirements. If MOE is noncompliant, the statutory supplemental requirement still remains. Refer to Section A of this document for information on compliance when MOE is noncompliant.

Carl D. Perkins Career and Technical Education Act of 2006, as amended by P.L. 115-224, Title II, Part A, Section 211(a) (Perkins)	Funds made available under this Act for career and technical education activities shall supplement, and shall not supplant, non-Federal funds expended to carry out career and technical education activities. Refer to Section A of this document for information about compliance.
McKinney-Vento--Education for Homeless Children and Youths [42 United States Code, Section 11433(a)(2)(A)(iii)] (McKinney-Vento)	McKinney-Vento funds may be used to provide services that remove barriers to enrollment, attendance, and academic success for students experiencing homelessness. These services may include transportation, school supplies, tutoring, counseling, and access to basic needs. While these services must expand or improve the regular academic program, they are often unique in nature and not typically provided to housed students. “Services...shall be designed to expand or improve services provided as part of a school's regular academic program, but not to replace such services provided under such program.” Refer to Section A of this document for information about compliance.

Penalties for Violations

Penalties for supplanting are often severe. Since audits are usually conducted after the grant period has ended, all federal funds involved in supplanting normally must be returned to the federal government. There is often no other alternative corrective action available other than returning the funds.

Section A: Traditional SNS Compliance Requirements

Enhancing, Expanding, or Extending Required Activities

Generally speaking, for programs that have a generic SNS statement in statute, if federal funds are used to enhance or expand a state mandate, State Board of Education (SBOE) rule, or local board policy, then the federal supplementary activities must be separately identified and clearly distinguishable from those activities identified as necessary for implementing the state mandate, SBOE rule, or local board policy as outlined in the implementation plan.

Although separate plans are not necessary, the school system must be able to document a clear plan for meeting the mandated requirement and another plan for providing supplementary activities from federal funds in addition to the mandated requirement.

Presumptions of Supplanting

In cases where the general language of the SNS requirements is applicable, there are three scenarios in which the USDE will presume that a supplant (i.e., a case in which federal dollars have been diverted) has occurred. In all three cases, once the presumption of supplanting has been made, it is the school system's responsibility to rebut the presumption. While this is technically possible, it can be extremely difficult for school systems to meet the burden of proof especially if proper documentation is not maintained. Preferably, the school system would budget and expend federal dollars to avoid any of the following three presumptions entirely.

1. Providing Services Required Under State or Local Law

Any services that a school system is required to provide under state law, SBOE rule, commissioner's rule, or local policy must be provided using *state or local funds*. If federal funds are used to provide those services, the USDE will presume that a supplant has occurred. Even if the school system has maintained documentation demonstrating that it would not have been able to meet the state mandates without the use of federal funds, it is extremely difficult to rebut this presumption of supplanting because the USDE reviews how all state and local funds within the school system are expended. [Note: Some programs also require that program funds also supplement other Federal funds.]

2. Providing Same Services as Those Provided in Prior School Year with State or Local Funds

If state or local funds were used in the prior school year to provide services, and those services are provided again in the current school year, the USDE will presume a supplant has occurred if the state or local funds are replaced by federal funds. School systems are not permitted to use federal funds to replace state or local funds. Even in cases where a budget shortfall is anticipated, the school system *may not plan to use federal funds* to cover a shortage of state or local funds.

It is possible to document that services from the prior year would not have been continued as a result of a lack of state or local funds. The documentation must demonstrate that the original source of funding is no longer available and, as a result, that the services would not be provided in the coming year. This situation must be documented at the time the decision is made to discontinue services; it cannot be documented after the fact.

For example, a school system paid for a reading specialist at a campus in the previous year from state and local resources, but decided to use Title III, Part A funds to pay for that teaching position in the current year. This would be considered supplanting because the school system is replacing state and local resources with Title III, Part A resources to pay for the same position. The school system may be able to rebut the assumption of supplanting if it can document that the position was eliminated because of state budget cuts, and then the decision was made to fund it using federal funds. The school system would need records to confirm the following:

- There was, in fact, a reduced amount or lack of state funds available to pay for the position.
- The school system made the decision to eliminate the position without taking into consideration the availability of federal funding.
- The reasons for the decision to eliminate the position.

3. Providing the Same Services in Federal and Non-Federal Programs

School systems may not provide the same services to students participating in a program funded by federal dollars that they provide to non-participating students using state or local funds. Note that some programs, such as Title III, Part A, must also be supplemental to other Federal funds.

Examples

IDEA-B

IDEA-B funds must be used to expand or increase the level of services for students with disabilities and not to take the place of funds from non-IDEA sources. Supplanting may occur if the school system uses IDEA-B funds to provide services that the school system is required to make available under other federal, state, or local laws or policy. Supplanting may also occur if the school system uses IDEA-B funds to provide services for students with disabilities that the school system also provides for non-disabled students. For example, if a school system uses IDEA-B funds for a student's 504 Plan, this would be a violation of the IDEA-B SNS provisions.

IDEA-B and Title I, Part A

Supplanting is presumed for IDEA-B if a school system uses Title I, Part A funds to provide services required under a student's individualized education program (IEP).

IDEA-B requires that a school system serving children with disabilities develop an IEP to ensure that a child with a disability receives a free appropriate public education. The IEP functions as a framework for the services the school system is required to provide to each child to meet the requirements of IDEA. A school system may not use Title I, Part A funds to provide services that must be provided under each child's IEP because, in the absence of the Title I, Part A funds, it is presumed that the school system would use other funds, or it would be in violation of IDEA.

34 CFR 300.226(e) states that if coordinated early intervening services (CEIS) funds are used to carry out activities funded by ESEA, the CEIS funds must supplement the current ESEA program. If the school system is expending IDEA-B funds for CEIS for intervention services to students on Title I, Part A-served campuses, and the students are eligible for services under Title I, Part A, then it would be supplanting to provide the intervention services with IDEA-B CEIS funds. The student is to receive all eligible services from Title I, Part A before receiving the CEIS services funded with IDEA-B.

Title II, Part A

Using Title II, Part A funds to meet any state mandate or local board policy would be considered a supplant. For example, if a school system decides to use Title II, Part A funds to hire additional teachers to reduce class size in grade 2, the state mandate of 22:1 must be met with state and/or local funds before additional teachers may be hired with Title II, Part A funds.

Title III, Part A

As a part of the basic allotment to public schools, Texas provides state funding to school systems that serve students who are English learners. According to state statute, these funds must be used to provide services to students who are English learners through bilingual education and/or English as a Second Language (ESL) programs. Title III, Part A funds cannot be used to meet the state requirements for serving students who are English learners. Additionally, Title III, Part A funds are supplemental to all other funds, including local, state, and **other federal funds**. The school system must ensure that any services provided with Title III, Part A funds are supplemental and could not be provided with any other funds, including Title I, Part A funds.

Title IV, Part A

School systems may use Title IV, Part A, funds for certain security-related expenses—such as purchasing security equipment (e.g., cameras) and providing security training—if these activities are supplemental and aligned with program goals.

To ensure compliance, school systems must carefully evaluate the three presumptions of supplanting. If the school system has previously used State or local funds to purchase similar items, it must maintain documentation that clearly demonstrates how Title IV, Part A, funds are being used to supplement, not replace, those existing efforts.

Title IV, Part A, funds cannot be used to purchase firearms or ammunition, nor can they be used for training in the use of such items.

21st CCLC

Academic remediation is often funded with Title I, Part A funds and is also an allowable use of Nita M. Lowey 21st Century Community Learning Centers (21st CCLC) funds. When a 21st CCLC grant is awarded, grantees may want to divert their Title I, Part A funds to other uses and use 21st CCLC funds for academic remediation in place of the Title I, Part A funds. This would be supplanting because the Title IV, Part B statute requires that the Title IV, Part B funds be supplemental to other Federal funds, as well as state and local funds. Using 21st CCLC funds to increase the number of students served or the scope of services offered through academic remediation would be allowable.

Perkins

A school system decided to provide wireless networking for all classrooms in the district, using state and local funds. However, the school system soon realized that it did not have the resources to completely network all classrooms. The school system knew that Perkins funds could be used to expand technology, so the school system proposed using Perkins funds to provide wireless networking for all career and technical education classrooms. If it followed through on this proposal, the district would be supplanting, because it would be using federal funds to provide the same service for eligible children (i.e., CTE students) that the school system provided with state or local funds to children not eligible for services (i.e., students not enrolled in CTE courses).

How to Document for Audit or Monitoring Purposes

Any determination about supplanting is specific to the individual situation, and general guidelines cannot be provided to meet the particular details of any situation. Examples of the types of documentation that auditors or monitors may request from a school system to demonstrate that the expenditure is supplemental to other federal and/or non-federal programs may include the following:

- Fiscal or programmatic documentation to confirm that, in the absence of federal funds, the grantee would have eliminated staff or other services in question
- Board minutes/agendas with discussion of elimination of staff due to lack of state funds
- State or local legislative actions
- Itemized budget histories from one year to the next and supporting information
- Planning documents
- Actual reduction in state or local funds
- Specific policies and procedures related to SNS requirements
- Decision to eliminate position or services was made without regard to the availability of federal funds, including the reason the decision was made
- Class-size data from previous years and the upcoming year

Section B—Title I, Part A Supplement, Not Supplant Requirements

Title I, Part A of ESSA provides for a more streamlined approach for documenting compliance with the SNS requirement. The SNS Methodology described below meets the SNS requirement for the following programs:

- Title I, Part A
- Title I School Improvement programs [Section 1003(e)(2)]

SNS Methodology and Required Documentation

The term “supplement, not supplant” has traditionally meant that federal funds cannot be used to perform a service that would normally be paid for with state or local funds. The SNS methodology requirement for Title I, Part A, represents a shift in mindset. For Title I, Part A, school systems no longer look at whether an individual cost meets the traditional SNS requirement. Instead, the school system’s allocation of state and local funds to campuses is examined as a whole to ensure that Title I, Part A funds are supplemental. The school system demonstrates through its SNS Methodology that its distribution of state and local funds to campuses has been accomplished in a Title I-neutral manner. In other words, the school system allocates state and local funds to its campuses without regard to their Title I status. Each campus receives all of the state and local funds it would otherwise receive if it were not receiving assistance under Title I. Once that is accomplished, either through a Title I-neutral SNS Methodology or through a Statement of Exemption, the supplemental requirement for Title I, Part A funds at the campus level has been met.

For district-level funds, the school system must ensure that it is using state and local funds that are retained at the school system level in a Title I neutral manner. Then any Title I, Part A funds that are reserved at the school system level are also considered to be supplemental in nature.

NOTE: This **does NOT mean that Title I, Part A funds have no restrictions on their use**. Title I, Part A funds must still be used for allowable activities. All Title I, Part A expenditures must still be for activities that:

- support a need that is identified in the Comprehensive Needs Assessment;
- are included in the Campus Improvement Plan;
- are reasonable in cost;
- are necessary to carry out the intent and purpose of the Title I, Part A program;
- are allocable under the grant; and
- are allowable under Title I, Part A.

The school system must also ensure that the expenditures meet all EDGAR requirements and that all school system policies and procedures are followed.

Beginning with the 2018-2019 school year, each school system that receives Title I, Part A funds must have documentation that confirms either:

- A Statement of Exemption, described below; **or**
- All three components of the SNS Methodology, described below.

Who Qualifies for a Statement of Exemption?

The recent guidance from the USDE provides more flexibility than was offered previously. There are likely to be many more school systems that qualify for a Statement of Exemption under the new guidance.

A school system qualifies for a Statement of Exemption in the following situations:

- The school system only has a single campus (only one school in the district); or
- All the campuses in the school system are Title I, Part A campuses; or
- The school system has only one campus per campus category (Elementary, Middle School, High School); or
- Each campus category is exempt (either because there is only one campus in the category, or because all the campuses in the category are Title I, Part A campuses, or because all the campuses in the category are non-Title I, Part A campuses).

Examples		Exempt or Not Exempt	Reason
1	Single Campus K-12	Exempt	There is only one campus in the school system.
2	Elementary Campus PK-5 Middle School Campus 6-8 High School Campus 9-12	Exempt	There is only one campus in each of the three campus categories (Elementary, Middle, High School).
3	6 Elementary Schools PK-5, all Title I 4 Middle Schools 6-8, all Title I 2 High Schools, all Title I	Exempt	All the campuses in the school system are Title I-served campuses. (If any of the campuses were a non-Title I, Part A campus, the school system would need a methodology.)
4	Elementary Campus PK - 3, Title I Intermediate Campus 4 - 5, Title I	Exempt	The two campuses in the Elementary category (PK-3 and 4-5) are both Title I, Part A

Examples		Exempt or Not Exempt	Reason
	Junior High Campus 6 - 8, Title I High School Campus 9 - 12, Not Served		campuses, so the category is exempt. The middle school and high school categories are exempt because they have only one campus each.
5	Elementary Campus PK-3, Title I Elementary Campus PK-3, Title I Intermediate Campus 4-5, Not Served Junior High Campus 6 - 8, Title I High School Campus 9 - 12, Not Served	Not Exempt	There are both Title I, Part A and non-Title I, Part A campuses in the Elementary category. The school system must have an SNS methodology to describe the allocation of state and local funds to the three campuses in the Elementary category. The school system does not need to include the Junior High and High School campuses in the methodology because there is only one campus in each of those categories.

Statement of Exemption

School systems that are exempt from having a formal SNS Methodology must document why they are exempt. Instead of a methodology to distribute state and local funds, such a school system must have a formal Statement of Exemption.

The school system's Statement of Exemption must include the following elements:

- Statement of statute;
- Reference to the exemption claimed (i.e., single campus in school system; single campus per campus category; all Title I, Part A campuses; or all campus categories are exempt); and
- Statement of exemption, including a list of the campuses in the school system (with campus number and grade span; if applicable, indicate the Title I status of the campus).

A template for a Statement of Exemption is provided in **Section F** of this Handbook.

Please note that, even for school systems that qualify for a Statement of Exemption from the SNS Methodology requirement, Title I, Part A funds must still be used for allowable activities. All Title I, Part A expenditures must still be for activities that—

- support a need that is identified in the Comprehensive Needs Assessment;
- are included in the Campus Improvement Plan;
- are reasonable in cost;
- are necessary to carry out the intent and purpose of the Title I, Part A program;
- are allocable under the grant; and
- are allowable under Title I, Part A.

The school system must also ensure that the expenditures meet all EDGAR requirements and that all school system policies and procedures are followed.

Components of the SNS Methodology

All school systems that do not qualify for a Statement of Exemption must have a formal, written SNS methodology that is used to allocate state and local funds to campuses. The methodology must contain the following elements:

1. **Statement of the methodology:** In its description of the methodology, the school system must:
 - a. State whether the allocation of state and local funds was determined on a districtwide basis or by campus category;
 - b. State the type of methodology used (per-pupil, weighted per-pupil, or personnel and non-personnel costs); and
 - c. Include a statement of the statute/purpose of the SNS requirement: [i.e., The SNS methodology described is used for the fair and equitable distribution of state and local funds to ensure that each Title I, Part A campus receives all of the state and local funds that it would receive in the absence of Title I, Part A funds.]
 - d. Include an assurance that:
 - **State and local funds** that are retained at the school system level will be used in a Title I neutral manner, designating the use of these funds without regard to the Title I status of its campuses; and
 - **Title I, Part A funds** that are reserved at the school system level will be used only for Title I, Part A purposes, as indicated in the school system's approved ESSA Consolidated Federal Grant Application.
2. **Criteria used in methodology:** The school system's description of its SNS methodology must include the criteria used to distribute state and local funds to campuses:
 - a. District per-pupil amount for state and local funds;
 - b. Weights assigned, if any;
 - c. Classes of personnel, if applicable;
 - d. Staffing pattern, if applicable; and/or
 - e. Other (specify).
3. **Mathematical calculation formula:** The school system should provide the mathematical formula showing how the calculations were made to determine the allocation of state and local funds for each campus. Otherwise, the auditor or monitor will determine their own calculation of the school system's methodology.

Flexibility Allowed

Districtwide or by Campus Category: Some flexibility in the SNS methodology is allowed, in that a school system may demonstrate compliance for its Title I, Part A campuses on either a districtwide basis or by campus category. If the school system is using campus categories in its determination, it may use only three: elementary, middle school, and high school.

Non-regulatory guidance has also clarified that, in certain situations, a school system can exempt a campus category. If a school system has a campus category that contains only one campus, or only Title I, Part A campuses, or only non-Title I, Part A campuses, that campus category does not need to be included in the SNS Methodology. In such a case, in addition to describing the methodology used for the campus category that is not exempt, the school system's SNS Methodology would include a brief statement explaining why a particular campus category is exempt.

What Funds to Include/Exclude: The USDE non-regulatory guidance has clarified that only public state and local funds are subject to the SNS Methodology. Other non-Federal funds, such as private contributions, fundraising, and parent fees, need not be part of determining compliance with the Title I, Part A SNS requirement, unless school system policy requires that they be included.

A school system normally retains a portion of its state and local funding at the school system level. The school system determines the amount of state and local funds it retains at the school system level and the amount it allocates to campuses. The amount of state and local funds that is allocated to campuses is what must be allocated in a manner that is Title I neutral.

Supplemental State Funds: Title 34 of the Code of Federal Regulations, Part 200, Section 79 (34 CFR 200.79) does provide for an exception under which expending state or local funds would not be supplanting. In a case where the school system is using supplemental state or local funds to provide a program that meets the intent and purpose of Title I, Part A (with “intent and purpose” defined in 34 CFR 200.79), those state or local funds expended for a “Title I-like program” may be excluded for the purpose of determining compliance with the SNS requirements.

For example, if a State Compensatory Education (SCE) program—

- provides additional services only for students who are most at risk of failing to meet State academic standards;
- provides supplementary services designed to meet the educational needs of the participating students to support their achievement toward meeting State academic achievement standards; **and**
- uses the State’s assessment system to review the effectiveness of the program;

then those SCE funds could be excluded from the SNS calculations.

CAUTION: Although the statutory requirement to allocate 55% of Comp Ed funds for direct instructional services has been repealed by HB 3 during the 89th Texas Legislature, school systems are still expected to manage Comp Ed funds responsibly. Importantly, districts should still prioritize using Comp Ed funding to support students at risk of dropping out and students who are economically disadvantaged (EcoDis). TEA recommends that school systems include Comp Ed fund allocations as a separate component of their Supplement, Not Supplant (SNS) methodology for the 2025–2026 school year, unless clear documentation is provided to justify exclusion. Additional guidance will be issued after the completion of the state rule-making process. Please ensure that campus and district planning reflect these priorities.

Methodology Options

The SNS methodology must ensure that each Title I campus receives all the state and local resources it would otherwise receive if it were not a Title I school. School systems have several options for demonstrating a fair and consistent methodology to allocate State and local resources to their campuses and meet the SNS requirement. Possibilities include the following:

- Distribution by Student (per-pupil amount): A simple districtwide per-pupil formula distributing state and local funds based on the number of students in each school, so that the per-pupil amount for each Title I school is at least as much as the average per-pupil amount in non-Title I schools within the district.

This methodology is especially applicable for smaller and rural school systems with fewer, different fund sources or fewer campuses.

- Distribution by Student Characteristics (weighted student formula): A districtwide formula weighted based on the characteristics of students in each school, such that:
 - 1) Student characteristics, such as living in poverty, English language learners, students with disabilities, and other such subgroups, may generate additional funding for their school; and
 - 2) Each Title I school receives for its use all of the state and local funds to which it is entitled under the formula.

This type of methodology may be applicable for smaller and rural school systems, as well as larger school systems with greater numbers of students with differing characteristics. Generally speaking, the greater the number of student characteristics the school system uses in its formula, the more complex the methodology may become.

- Distribution by Personnel and Non-personnel Expenditures: A districtwide personnel and non-personnel resource formula such that each Title I school receives its share of personnel, based on a Title I-neutral staffing pattern, and its share of non-personnel resources, based on the methodology described by the school system.

This methodology would be most applicable for larger school systems with greater numbers of students with differing characteristics and larger numbers of campuses.

Note about staffing patterns: If the school system is allocating state-funded personnel, such as campus administrators and teachers, based on a staffing pattern, the school system is allocating the positions. The resources to cover longevity, insurance costs, etc., go with the positions, but the allocation the school system is considering for SNS methodology purposes is the position, not the dollar amount. As part of the staffing pattern, the school system may choose to take enrollment size at its campuses into account. For example, a school system may assign 1 counselor for every X number of students. The school system may also define “small” and “large” campuses and assign a number of principals accordingly. Many options are possible. The only requirements are that the staffing pattern be applied consistently and that it be Title I-neutral.

School System Responsibility

The school system is responsible for reviewing its exemption status on at least an annual basis to ensure that any change to its campus configuration is reflected accurately.

Likewise, the school system should revisit its methodology at least annually, before campus allocations are made for each school year, to determine that the description in the methodology is accurate and that the resulting allocation of resources is Title I-neutral.

Resources Not Allocated to Schools: USDE guidance concerning state and local resources not allocated to campuses is as follows:

“An LEA does not normally allocate all its state and local funds to schools through its methodology. Rather, an LEA by both necessity and choice retains some state and local funds at the district level for use on personnel and non-personnel services that benefit multiple schools or all schools. The activities supported by state and local funds that an LEA does not allocate to schools through its methodology are called “districtwide activities” for purposes of this discussion.

“A districtwide activity may provide benefits to all schools within an LEA, either directly or indirectly. For example, such activities may include districtwide academic programs, such as summer school or after-school programs, and specialized personnel providing districtwide services, such as instructional coaches and speech therapists. Similarly, a districtwide activity may include activities that benefit a set of schools, rather than a single school. For example, personnel, such as substitute teachers or social workers, may serve multiple schools, often on an as-needed basis. Given the difficulty or inability to accurately forecast or apportion such activities to the school level, an LEA may choose not to allocate to schools the state and local funds supporting these activities.

“As previously noted, ESEA section 1118(b)(2) requires an LEA to demonstrate compliance with the supplement not supplant requirement by having a methodology that ensures that its allocation of state and local funds to schools is Title I neutral so that Title I, Part A funds used in Title I schools are supplemental. There is no similar compliance test for state and local funds reserved for districtwide activities. However, because the general supplement, not supplant requirement in ESEA section 1118(b)(1) applies to all state and local funds, an LEA must conduct districtwide activities supported by such funds in a manner that does not take into account a

school's Title I status (e.g., by implementing a policy of conducting districtwide activities in a Title I-neutral manner).

"For example, an LEA may choose not to allocate to schools the state and local funds to support a social worker. Instead, the LEA reserves the state and local funds for a social worker at the district level. The LEA deploys the social worker to different schools throughout the school year on an as-needed basis that does not take into account a school's Title I status. Although the state and local funding for such a social worker is not allocated to a school, and therefore is not subject to the compliance test, access to or assignment of the social worker must be Title I neutral in order to comply with the general supplement not supplant requirement in ESEA section 1118(b)(1), which applies to all state and local funds.

"As long as a school's Title I status is not taken into account when an LEA makes its determinations about use of, access to, or assignment of such districtwide resources, the LEA would be in compliance with ESEA section 1118(b)(1).

"In addition, to the extent that an LEA retains state and local funds to implement activities that are required by Federal, State, or local law, the LEA must use those funds in a manner that does not take into account a school's Title I status."

[USDE, Non-Regulatory Informational Document, June 2019]

Section C—Examples of SNS Methodologies

The examples provided here represent possible methods for allocating state and local funds to campuses. They are not intended as an exhaustive list of options. Any of these examples can be modified to include districtwide options or campus category options, or to include more or different categories of students, personnel costs, and non-personnel costs. The point is that a formal methodology must be applied consistently to ensure that campuses receiving Federal funds under Title I, Part A also receive their fair share of state and local resources. Please note that, in keeping with the EDGAR requirement that the most restrictive rule applies, if a State or local fund source has a required method of distribution (such as a per-pupil amount or a campus-specific allocation that is prescribed by the grant), the school system must follow that method for that fund source. The SNS methodology should address the balance of state and local funds that do not have a distribution method that is prescribed by the State.

SNS Methodology using simple per-pupil amount:

Example 1 [Used for Fund Codes 103-199, minus state and local funds reserved for school system-wide activities]

A school system with 6 campuses (3 elementary, 2 middle, 1 high) serves 2 of its elementary schools as Title I schoolwide (SW) programs and one of its middle schools as a targeted assistance (TA) program. The school system may choose to demonstrate compliance with the SNS requirement by having a single, districtwide methodology for distributing its state and local funds. This example shows the school system using a single per-pupil amount to distribute the balance of its state and local funds to all its campuses:

Per-pupil amount: \$4000

	Enrollment	Per-Pupil Amount	State and Local Allocation	Title I Status
Elementary A	350	\$4000	\$1,400,000	Title I SW
Elementary B	375	\$4000	\$1,500,000	Title I SW
Elementary C	325	\$4000	\$1,300,000	Not Served
Middle A	450	\$4000	\$1,800,000	Title I TA
Middle B	500	\$4000	\$2,000,000	Not Served
High	975	\$4000	\$3,900,000	Not Served

Total state and local funds allocated by methodology: \$11,900,000

This school system could have excluded its high school from the methodology because it is the only campus in the High School category. It is not wrong to include it, but it is not required in order to be in compliance.

Example 2 [Used for Fund Codes 103-199, minus state and local funds reserved for school system-wide activities]

A school system with 6 campuses (3 elementary, 2 middle, 1 high) serves 2 of its elementary schools as Title I schoolwide programs and one of its middle schools as a targeted assistance program. The school system may choose to demonstrate compliance with the SNS requirement by describing the method used for the special allotment mentioned, and by having a methodology by campus category for the balance of the state and local funds. This example describes the allocations of the State Special Education funds separately. For the remaining balance of the state and local funds, the school system has one per-pupil amount for each campus category that it has applied consistently to allocate state and local funds to all the campuses within each campus category:

State Special Education: The school system receives \$1,500,000 for State Special Education. The school system retains approximately 60% of these funds at the district level for Special Education personnel not paid from campus budgets. The remaining funds are distributed to campuses on a per-pupil basis at a rate of \$2763 per Special Education student.

	Number of Special Education Students	Per-pupil Amount	State Special Education Allocation
Elementary A	25	\$2763	\$69,075
Elementary B	32	\$2763	\$88,416
Elementary C	29	\$2763	\$80,127
Middle A	35	\$2763	\$96,705
Middle B	48	\$2763	\$132,624
High	45	\$2763	\$124,335

Total state and local funds allocated by this component of the methodology: \$591,282

Per-pupil amount for balance of state and local funds: Varies by campus category

	Enrollment	Per-Pupil Amount	State and Local Allocation	Title I Status
Elementary A	350	\$4500	\$1,575,000	SW
Elementary B	375	\$4500	\$1,687,500	SW
Elementary C	325	\$4500	\$1,462,500	Not Served
Middle A	450	\$4000	\$1,800,000	TA
Middle B	500	\$4000	\$2,000,000	Not Served
High	975	\$3000	\$2,925,000	Not Served

Total state and local funds allocated by this component of the methodology: \$11,450,000.

This school system could have excluded its high school from the methodology because it is the only campus in the High School category. It is not wrong to include it, but it is not required in order to be in compliance.

SNS Methodology using weighted student formula:

Example 3 [Used for Fund Codes 103-199, minus state and local funds reserved for school system-wide activities]

A school system with 6 campuses (3 elementary, 2 middle, 1 high) serves 2 of its elementary schools as Title I schoolwide programs and one of its middle schools as a targeted assistance program. In this example, the school system has chosen to demonstrate compliance with the SNS requirement by using a weighted student formula. It applies the weighted formula consistently to each campus in order to allocate state and local funds to its campuses. This school system could have excluded its high school from the methodology because it is the only campus in the High School category. It is not wrong to include it, but it is not required in order to be in compliance.

Weights for student categories [Example only; student categories and weights are determined by the school system.]

	Weight	Elem A	Elem B	Elem C	Middle A	Middle B	High
Base weight [Multiply weight by campus enrollment]	1.0	350 students x 1.0 = 350	375 students x 1.0 = 375	325 students x 1 = 325	450 students x 1 = 450	500 students x 1 = 500	975 students x 1 = 975
Economically disadvantaged students [Multiply weight by number of EcoDis students]	0.2	175 students x 0.2 = 35	150 students x 0.2 = 30	195 students x 0.2 = 39	207 students x 0.2 = 41.4	175 students x 0.2 = 35	390 students x 0.2 = 78
ELL students [Multiply weight by number of ELL students]	0.4	62 students x 0.4 = 24.8	45 students x 0.4 = 18	75 students x 0.4 = 30	30 students x 0.4 = 12	25 students x 0.4 = 10	40 students x 0.4 = 16
Students with disabilities [Multiply weight by number of students with disabilities]	0.6	28 students x 0.6 = 16.8	41 students x 0.6 = 24.6	30 students x 0.6 = 18	21 students x 0.6 = 12.6	29 students x 0.6 = 17.4	32 students x 0.6 = 19.2
Students one or more grade levels behind [Multiply weight by number of students who are one or more grade levels behind]	0.2	14 students x 0.2 = 2.8	18 students x 0.2 = 3.6	12 students x 0.2 = 2.4	8 students x 0.2 = 1.6	7 students x 0.2 = 1.4	15 students x 0.2 = 3.0
Total weight for each campus		429.4	451.2	414.4	517.6	563.8	1091.2
Per-pupil amounts [This example is done by campus category.]		\$4000	\$4000	\$4000	\$3000	\$3000	\$2500
Total state and local allocation [Total weight x per-pupil amt]		\$1,717,600	\$1,804,800	\$1,657,600	\$1,552,800	\$1,691,400	\$2,728,000

Total state and local funds allocated by this methodology: \$11,152,200.

Example 4 [Used for Fund Codes 103-199, minus state and local funds reserved for school system-wide activities]

A second component of the methodology distributes funds for non-personnel costs as follows: \$300 (for elementary) or \$500 (for secondary) per student for technology costs; and \$500 (for elementary) or \$300 (for secondary) per student for instructional supplies. The school system applies this formula consistently to allocate state and local resources to all of its campuses. [Numbers and categories are for example only; categories and amounts are determined by the school system.]

SNS Methodology component for 61xx based on staffing pattern:

	Elem A	Elem B	Elem C	Middle A	Middle B	High
Teachers [22 to 1 for El; 27 to 1 for secondary]	350 students ÷ 22 = 16 teachers	375 students ÷ 22 = 17 teachers	325 students ÷ 22 = 15 teachers	450 students ÷ 27 = 17 teachers	500 students ÷ 27 = 19 teachers	975 students ÷ 27 = 37 teachers
Principals 2 per Elem (1 per 175 students); 2 per MS (1 per 225 to 250 students) 3 per HS (1 per 325 students)	2 principals	2 principals	2 principals	2 principals	2 principals	3 principals
Etc.						

During an audit, compliance monitoring, or validation process, TEA staff would check to see that the level of staffing determined by the staffing pattern for each campus is consistent with the number of positions listed in the campus payroll.

Example 4—continued

SNS Methodology component for 62xx-66xx for non-personnel costs

	Elem A	Elem B	Elem C	Middle A	Middle B	High
Technology cost per student El: \$300 M/HS:\$500	350 x 300 = \$105,000	375 x 300 = \$112,500	325 x 300 = \$97,500	450 x 500 = \$225,000	500 x 500 = \$250,000	975 x 500 = \$487,500
Instructional supply cost per student El: \$500 M/HS:\$300	350 x 500 = \$175,000	375 x 500 = \$187,500	325 x 500 = \$162,500	450 x 300 = \$135,000	500 x 300 = \$150,000	975 x 300 = \$292,500
State and local allocation	\$280,000	\$300,000	\$259,500	\$360,000	\$400,000	\$780,000

Resources allocated by this methodology component: \$2,379,000.

Section D—Monitoring Process

Title I, Part A

The school system is required to maintain its Title I, Part A SNS Methodology or Statement of Exemption on file. The SNS Methodology or the Statement of Exemption must be provided to the auditors or TEA staff on request.

Program Monitoring Validation:

Annually, the Federal Program Compliance Division at TEA will select approximately 1/6 of the school systems from around the state to participate in the Program Monitoring Validation process. Approximately 10% of the school systems selected will be asked to submit a copy of their SNS Methodology or Statement of Exemption for review. School systems that are selected may also be asked to submit summary pages from their general ledger to document that campus allocations were made according to the methodology description. Instructions and timeframe for this submission will be shared with the school systems that are selected and will also be posted on the [Program Monitoring Validations section of the TEA website](#). School systems that are not selected for validation may view the [monitoring instruments posted on the TEA website](#).

School systems that are found to be out of compliance will be required to receive technical assistance and make appropriate adjustments to their SNS Methodology so that they will begin the following school year with a valid methodology or Statement of Exemption in place. Given the hardship that adjustments to allocations can create when they occur mid-year, school systems should make every effort to ensure the accuracy of their methodologies and verify that all their Title I campuses are receiving all the state and local resources that they would receive in the absence of Title I funds.

School systems that are unable to come into compliance during the validation process with the SNS requirement risk corrective actions and potentially having to return Title I funds.

Fiscal Monitoring Review:

The Federal Fiscal Monitoring Division will include a formal check of the school system's compliance with the SNS requirement by requesting the school system's SNS Methodology or Statement of Exemption, along with supporting documentation as applicable. Instructions and timeframe for this review will be shared with the school systems that are selected.

Section E—Frequently Asked Questions

Question 1: If a school system has only one campus, is the school system required to have an SNS Methodology?

Response: The school system is not required to have a methodology, but the school system must have a formal Statement of Exemption on file.

Question 2: If the school system is exempt from the Comparability of Services requirement, is it also exempt from the SNS requirement?

Response: Comparability of Services is a different requirement, with different rules. Exemption from Comparability of Services does not necessarily equate to exemption from the SNS Methodology requirement. School systems that are exempt from having an SNS Methodology do still need to have a formal Statement of Exemption on file.

When writing its Statement of Exemption, the school system should reference one of the specific exemptions listed on the template included in this Handbook, rather than making a general reference to an exemption from the Comparability of Services requirement.

Question 3: Must a school system using a simple per-pupil allocation apply the same per-pupil amount to each campus?

Response: If the school system is using a simple per-pupil amount for its campus allocations, the amount per pupil must be the same for all its campuses. The actual allocation to each campus would be determined by multiplying that per-pupil amount by the number of students at the campus.

If the school system is using a weighted per-pupil amount, the weights for each category of student must be applied consistently to each campus.

Question 4: Does the school system have to submit its SNS Methodology or Statement of Exemption to TEA?

Response: The school system must maintain its SNS Methodology or Statement of Exemption on file locally, to be submitted to TEA or made available to the auditor on request.

Question 5: Are there required categories that need to be included in the methodology, such as salaries, technology, maintenance, etc.?

Response: The school system has the flexibility to determine what costs and/or student categories to use in its methodology.

Question 6: Can the school system have different types of methodology categories, such as by FTE for staffing and per student for operational supplies, technology allocations, etc.?

Response: The school system has this flexibility.

Question 7: How can the school system allocate payroll costs equitably when teachers with more experience have higher salaries, and when some staff have different insurance costs because they have more or fewer dependents?

Response: Based on recent guidance from the USDE, the school system may use staffing patterns to allocate positions to campuses, without converting the positions to dollar amounts for methodology purposes. Differentials for longevity and insurance would follow the position, but it is the position that is being allocated. It is understood that the payroll costs associated with one teacher may be different from another, but the school system is allocating by position, not by the dollar amount for payroll. In other words, the school system allocates personnel based on a staffing pattern, described in its methodology, to cover budget items coded to 61xx. A separate component of the methodology would then describe the school system's allocation of funds coded to 62xx-66xx.

Question 8: If the school system offers an alternative program or setting, such as an autism classroom or a stand-alone CTE program, but it is located on only one campus, how does the school system include that in its methodology?

Response: The school system has the option to establish a weight that could be applied to the number of students in those categories. Or the school system could fund these as a districtwide program without allocating those funds at the campus level.

Question 9: If the school system has a campus that does not fit the methodology plan, does the school system have the option to explain or justify the variance?

Response: The school system should be able to create a methodology that can be applied consistently across the school system or each applicable campus category. When developing a methodology (or methodologies), a school system does have significant flexibility in its design, as long as the methodology is neutral regarding a school's Title I status. In developing a methodology, school systems may (but are not required to) consider:

- Whether to use a single districtwide methodology or a variable methodology/multiple methodologies based on campus category;
- How the methodology may vary or scale based on student enrollment size; or
- How the methodology may account for schools in need of additional funds to serve high concentrations of children with disabilities, English learners, or other such groups of students that the school system determines require additional support.

Question 10: Must a school system use the same methodology for charter and non-charter schools within the school system?

Response: No. A school system may, at its choosing, allocate state and local funds to charter schools within the school system using a separate methodology from that through which it allocates state and local funds to non-charter schools, consistent with any/all applicable state charter school laws. For example, some school systems allocate state and local funds to charter schools to cover facility costs, but do not allocate such funds to traditional public schools, which, at the discretion, could be a reason for a different methodology for the allocation of state and local resources to charter schools. Should a school system choose to use more than one methodology, each must be neutral with respect to Title I schools.

Question 11: If the school system does a planning methodology and then the actuals are different, how is that viewed, and what are the ramifications? For example, the school system anticipates enrollment at a certain level based on prior-year data and trends, but then the actual enrollment varies from the plan and sometimes in fairly large amounts.

Response: At some point, the school system allocates funds to its campuses. It is allowable to do a planning amount, but then, when the school system allocates the actual funds, the school system should document the numbers used as of that date. It may be necessary to adjust the methodology. That is allowable, as long as the methodology that is actually used to allocate funds is applied consistently and is Title I-neutral.

Question 12: What does it mean for a school system's allocation methodology to be "Title I neutral"?

Response: An allocation is considered "Title I neutral" if it allocates state and local funds to schools without regard for a school's Title I status. A Title I neutral methodology ensures that state and local funds to a Title I school are not reduced based on the school receiving Title I, Part A funds, because the methodology for allocating state and local funds to schools does not consider Title I status.

Question 13: Must a school system adjust its allocation of state and local resources to account for changes during the school year that might result in non-compliance?

Response: No. ESEA section 1118(b)(2) contemplates an annual allocation of state and local funds to demonstrate compliance with the SNS requirement in section 1118(b)(1). Accordingly, a school system makes this demonstration at only one point during the year and is not required to continuously demonstrate compliance throughout the school year.

Question 14: Will last-minute changes before the start of school affect compliance of a school system's methodology with the supplement not supplant requirement?

Response: No. As long as the methodology for allocating state and local funds is neutral with respect to Title I status of the campuses, last-minute changes in resource allocation that often occur prior to the beginning of the school year should not affect the school system's compliance with the supplement, not supplant requirement. For example, were an employee to transfer or resign prior to the beginning of the school year, a school system may replace that employee without risking non-compliance, as long as the school's Title I status is not a factor in the determination regarding the allocation of resources. If a school system did not allocate a resource because a school is a Title I school, the school system would be out of compliance with ESEA section 1118(b)(2).

Question 15: What happens if the actual expenditures do not equal the exact planning amount? What amount of variance from the planned SNS methodology allocation to the actual expenditures will be allowed?

Response: The SNS methodology is looking only at allocations, not expenditures. There is no provision in statute or guidance for a variance, but school systems do have the flexibility to determine weights and to consider other factors (such as campus size) to help account for costs associated with certain categories of students, as well as differences for the three campus categories.

Question 16: Does the SNS methodology have to be applied to alternative campuses?

Response: Yes, the SNS methodology must be applied to all campuses in a specific campus category or in the school system. The school system may include a factor to account for the additional costs associated with operating an alternative facility. A weight may be assigned for that category of student and applied consistently throughout the district. The school system may also consider campus size and/or specialized programming as factors to be addressed within the methodology.

Question 17: If the school system designs its methodology based on three campus categories, but it also has a campus that crosses the traditional campus categories (i.e., K-8), how can it apply its methodology consistently?

Response: One option would be to create a composite allocation for that campus. For example, the school system would apply its Elementary school methodology to the K-5 portion of the campus and its Middle School methodology to the 6-8 portion of the campus. The allocation for the K-8 campus would be the sum of the two. Otherwise, the school system makes the decision about which campus category is most appropriate and documents why.

Question 18: How does the SNS methodology apply to Title I, Part C—Education of Migratory Children?

Response: The USDE guidance has clarified that the SNS methodology only applies to Title I, Part A. Although the Title I, Part C statute concerning its SNS requirement does refer directly to Section 1118(2), guidance makes clear that because the Title I, Part C funds are allocated at the state level, the flexibility of the SNS methodology is not extended to the Title I, Part C funds. Title I, Part C must follow the traditional presumptions of supplant referenced in Section A of this Handbook.

Question 19: Must a Title I, Part A school receive the state and local funds necessary to provide services required by law for children with disabilities and English learners?

Response: Yes. ESEA sections 1118(b)(1)-(2) and 1114(a)(2)(B) require that a Title I, Part A campus receive the state and local funds necessary to provide services required by law for children with

disabilities and English learners. Examples of services required by law for children with disabilities and English learners include services in an individualized education program (IEP) necessary for a child with disabilities to receive a free appropriate public education (FAPE); services for English learners required by *Lau v. Nichols* 414 U.S. 563 (1974) and the administration of a screener to determine whether a student is an English learner as required under Title VI of the Civil Rights Act of 1964.

[\[https://www2.ed.gov/about/offices/list/ocr/ell/lau.html\]](https://www2.ed.gov/about/offices/list/ocr/ell/lau.html)

Question 20: If a school system has no campuses with repeating grade levels, but has 4 campuses including an Elementary campus (grades PK-2), an Intermediate campus (grades 3-5), a Middle School campus (grades 6-8), and a High School campus (grades 9-12), would they be exempt?

Response: No. For purposes of the SNS Methodology, the campus with grades PK-2 and the campus with grades 3-5 are both considered part of the Elementary campus category. The school system would be required to have an SNS methodology for the Elementary campus category. However, the school system does have the flexibility to consider campus size, or to assign weights to various categories of students (i.e., PK students) or staff to account for higher costs that may be incurred by a particular category of students. Such weights must be applied consistently within the campus category. Because this particular school system has only one Middle School and one High School, the school system's SNS methodology would not need to include those campus categories.

Question 21: Does the school system's methodology have to include its state-level Special Education funds?

Response: All public state and local funds that are allocated to campuses must be accounted for in the methodology in order to ensure that every campus is receiving all of the state and local funds that it is entitled to receive in the absence of Title I, Part A funds.

The school system can determine a single methodology for all of the Fund Codes 103-199 that are distributed to campuses. The school system also has the option to do its SNS methodology in sections, to account for particular state and local fund sources (such as State Special Education, State Bilingual, or State Compensatory Education funds) as separate components of the methodology. For example, in its SNS methodology, the school system could describe how it allocates its State-level Special Education funds, based on the category of Special Education students at each campus. The school system could then describe how it allocates its General Education funds using other criteria that are also applied consistently, either districtwide or by campus category. This would be acceptable for any State or local fund source that the school system uses, as long as the school system documents the criteria for each allocation.

Question 22: If the school system has an SNS methodology that allocates its state and local funds so that all its campuses receive the state and local funds they would receive in the absence of Title I, Part A funding, are the campuses then allowed to spend Title I funds on things that may violate the "traditional" presumptions of supplant?

Response: Yes. The Title I, Part A statutory SNS Methodology replaces the "traditional" presumptions of supplant as a way of demonstrating compliance with the SNS requirement. Therefore, if the school system has an SNS methodology that has all the required components included and ensures all its campuses receive the state and local funds they would receive in the absence of Title I, Part A funding, then the campuses have met the SNS requirement. No further SNS demonstration is required for those campus-level funds.

The school system should keep in mind that all Title I expenditures must still be for activities that—

- support a need that is identified in the Comprehensive Needs Assessment;
- are included in the Campus Improvement Plan;
- are reasonable in cost;

- are necessary to carry out the intent and purpose of the Title I, Part A program;
- are allocable under the grant; and
- are allowable under Title I, Part A.

The school system must ensure that the expenditures meet all EDGAR requirements and that all district policies and procedures are followed.

Question 23: If a school system is using its RLIS/SRSA funds from Title V in alignment with Title I, Part A, which Section (A or B) should the school system refer to for information on compliance with the SNS requirement?

Response: Section A of this document applies to RLIS /SRSA. Aligning the RLIS/SRSA funds to Title I, Part A-type activities is one of the allowable activities under that statute. Those funds are not “transferred” to Title I.

However, if a school system implements Funding Transferability or REAP-Flex and transfers the use of funds to Title I, Part A, then those transferred funds would follow Section B guidance for Title I, Part A.

Question 24: What about magnet schools? Can the school system make an exception about how it allocates funds to its magnet schools?

Response: The school system must apply its SNS methodology consistently within each campus category. It may be possible to weight a category of student or staff so that a magnet school would benefit, but any such weight must also be applied consistently to other campuses in the same campus category (or the district, if the school system is using a districtwide methodology). The school system may also consider the size of enrollment and/or specialized programs as factors. The school system may not simply exclude the magnet school(s) from the methodology.

Question 25: What is the difference between the different fiscal requirements (Maintenance of Effort, Supplement, Not Supplant, and Comparability of Services) under Title I, Part A?

Response: The three basic fiscal requirements for Title I, Part A, are as follows:

Maintenance of Effort	The maintenance of effort provision focuses on spending at the school system level. The school system must maintain 90% of state and local funds for education from one year to the next.
Comparability of Services	The Title I – Comparability of Services requirement focuses on spending at the campus level. The school system must compare Title I to Title I or Title I to non-Title I campuses on specific tests.
Supplement, Not Supplant	The SNS requirement focuses on the <i>allocation</i> of state and local funds before campuses receive Title I funds. This test determines whether Title I campuses received their fair and equitable share of state and local funds.

The Comparability of Services requirement and the Supplement, Not Supplant requirement are both intended to ensure that Title I, Part A schools are getting their fair share of state and local resources, but they are each approaching it differently.

To demonstrate compliance with the Comparability of Services requirement, the school system must pass one of three specific tests:

- Test 1: Comparison of State and Local Expenditures per Pupil

- Test 2: Comparison of Per-Pupil Expenditures for State and Local Base Salaries
- Test 3: Ratio of Pupils to Non-Federally Funded Instructional Staff FTEs

The SNS methodology requirement for Title I assesses how the school system allocates state and local funds to campuses. The school system demonstrates compliance with the requirement by having a methodology that describes how it allocates state and local funds to all its campuses on an equitable basis, either districtwide or by campus category.

The exemption rules for each requirement are different as well. Each requirement has been specifically addressed in non-regulatory guidance, and each describes different circumstances under which a school system may be exempt or under which a campus or grade span can be excluded.

Question 26: For the purposes of determining compliance with the SNS requirement in section 1118(b) and the Comparability of Services requirement in section 1118(c) of ESSA, a school system may exclude supplemental state or local funds expended in any school attendance area or school for programs that meet the intent and purpose of Title I, Part A. What is considered to meet “the intent and purpose of Title I, Part A”?

Response: A supplemental state or local program will be considered to meet the requirements of a **schoolwide program** if the program:

- is implemented in a school that meets the schoolwide poverty threshold (40%) for eligibility;
- is designed to promote schoolwide reform and upgrade the entire educational operation of the school to support students in their achievement toward meeting the state’s challenging student academic performance standards;
- is designed to meet the educational needs of all children in the school, particularly the needs of children who are failing, or most at risk of failing, to meet the State’s challenging student academic performance standards; and
- uses the State’s system of assessment to review the effectiveness of the program.

A supplemental state or local program will be considered to meet the requirements of a **targeted assistance** program if the program:

- serves only children who are failing, or most at risk of failing, to meet the State’s challenging student academic performance standards;
- provides supplementary services designed to meet the special educational needs of the children who are participating to support their achievement toward meeting the State’s student academic performance standards that all children are expected to meet; and
- uses the State’s system of assessment to review the effectiveness of the program.

Question 27: Can all State Compensatory Education funds be excluded from the SNS methodology requirement?

Response: In order for supplemental state/local funds, such as SCE, to be excluded from the Title I, Part A SNS Methodology, the funds must be used for activities that meet the intent and purposes of Title I, Part A by statute. Because of the changes included in HB3, TEA staff advise including the allocation of SCE funds to campuses as a separate component of the SNS Methodology. Contact the Federal Program Compliance Division at ESSAsupport@tea.texas.gov for further assistance.

Question 28: What if the school system receives additional state and local funds at a later date? Does the school system have to apply its methodology again?

Response: The school system has several options in dealing with additional state and local funds that are received after the initial allocations are made:

- Depending on what specific allocation requirements may be attached to the additional funding, the school system may have the option to retain some or all of the additional funds at the school system level.
- If the school system chooses to make additional allocations at the campus level, the school system must document that the method used to determine those is Title I-neutral. It may be the same methodology as used before, or the school system may document another Title I neutral methodology for the additional funds.

Question 29: May a school's Title I status ever be taken into account in the methodology to allocate state and local funds to schools?

Response: Yes, there are two instances in which a school's Title I status may be considered in the methodology to allocate state and local funds to schools.

A school system could, at its choosing, allocate *more* state and local funds to a campus because it is a Title I school. A school system's methodology for allocating state and local funds must ensure a Title I school is allocated "all of the state and local funds it would otherwise receive were it not receiving [Title I, Part A funds.]" This scenario presumes the school system allocates to a Title I school all the state and local funds it would otherwise receive were it not a Title I school (based on its Title I neutral allocation methodology) and then allocates *more* state and local funds based on the school's Title I status.

Because there is no reduction in state and local funding based on its Title I status, this is consistent with the SNS requirement. **[Caution:** The school system must remain aware of the potential impact of giving additional state and local funds on the Comparability of Services tests. The school system must still be able to demonstrate Comparability of Services.]

A school system may exclude the supplemental state and local funds for programs that meet the intent and purposes of Title I, Part A, as described in Question 26, above.

Question 30: Can Title I, Part A, or other ESSA funds continue to be expended for PK classes on Title I campuses with the new requirement for full-day PK in House Bill 3?

Response: If Title I, Part A has previously supported PK classes, it may continue to do so as long as the school system is implementing a compliant SNS methodology. Title I, Part A has a more flexible definition of SNS. As long as the school system has an appropriate SNS Methodology implemented, then it would not be a supplant for Title I, Part A funds to assist with full-day PK classes.

Other federal funds, however, have a traditional definition of supplant. Using those federal grant funds to meet state statute is an automatic presumption of supplanting.

Section F—Templates

This section contains templates for the Statement of Exemption and an SNS Methodology.

A school system is not required to use these templates, but the information and elements contained in the template must be present in the school system's documentation.

The school system must maintain a completed Statement of Exemption or a valid SNS Methodology on file, subject to request by an auditor or by TEA staff.

Statement of Exemption

School Year:

School System Name:

Every Student Succeeds Act (ESSA)

Title I, Part A Supplement, Not Supplant (SNS) Compliance Requirement

Under ESSA Title I, Part A, the school system must either demonstrate a valid SNS Methodology that is used to allocate state and Local funds to campuses or have a Statement of Exemption.

Title I Part Statute:

Section 1118(b)(1)

All LEAs shall use Federal funds received under this part 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 this part, and not to supplant such funds.

Guidance on Exemptions

Based on guidance from the US Department of Education, school systems that meet one of the situations described in the Statement of Exemption section, below, will not be required to demonstrate a methodology for allocating their state and local funds to their campuses in order to comply with the SNS Methodology requirement for Title I, Part A. The situations described below result in Title I neutral situations with regard to campus allocations. Therefore, the SNS requirement at the campus level is met for Title I, Part A purposes, as long as the school system provides enough state and local resources to its campus(es) to provide a free, public education in the absence of Title I, Part A funds. Title I, Part A funds that are reserved at the school system level must be used only for Title I, Part A purposes, as indicated in the school system's approved ESSA Consolidated Federal Grant Application.

Statement of Exemption

The school system, named above, will not be required to demonstrate a methodology for allocating its state and local funds for the reason indicated below:

- ☐ The school system has only one campus.
- ☐ All campuses in the school system are Title I campuses.
- ☐ The school system has only one campus in each campus category [Elementary, Middle, High School]
- ☐ All campus categories are exempt, either because all campuses in the category are Title I campuses, all are non-Title I, or the category has only one campus.

Campus Name	Campus #	Grades	Title I Served [Y/N]

[Attach list of campuses if more space is required.]

Printed Name of Authorized Official

Title

Signature of Authorized Official

Date

The school system must maintain this completed Statement of Exemption on file, subject to request by an auditor or by TEA staff.

County-District #:

School System Name:

School Year:

Supplement, Not Supplant (SNS) Methodology

Purpose:

The Supplement, Not Supplant (SNS) Methodology described in this document is used to ensure that state and local funds are distributed in such a way that each Title I campus receives all the state and local funds that it would receive in the absence of Title I funds.

Assurance:

☐ The school system assures that—

- Any state and local funds that are retained at the school system level will be used in a Title I neutral manner; and
- Any Title I, Part A funds that are reserved at the school system level will be used only for Title I, Part A purposes, as indicated in the school system's approved ESSA Consolidated Federal Grant Application. It is understood that the school system must provide sufficient state and local funds to campuses in order to provide a free, public education in the absence of Title I, Part A funds.

Description of methodology:

The basis on which state and local funds are allocated: [Check one.]

☐ DISTRICTWIDE or

☐ CAMPUS CATEGORY

The type of methodology used: [Check one or more, as applicable.]

☐ PER-PUPIL

☐ WEIGHTED PER-PUPIL

☐ PERSONNEL-NONPERSONNEL COSTS

☐ OTHER (Specify): .

Description of criteria used: (See sample descriptions on the following page for examples used earlier in the Handbook.)

Attachments:

- Spreadsheet showing calculations for the allocations to each campus
Staffing pattern, if applicable

Instructions for SNS Methodology Template

County-District Number: Enter the school system's 6-digit county-district number.

School System Name: Enter the name of the school system.

School Year: Enter the school year. This is to help ensure that the SNS Methodology is reviewed annually.

Assurance: Check the box to indicate the school system's acceptance of the assurance related to funds reserved at the school system level.

Description of Methodology:

- Check the appropriate box to indicate whether the school system is allocating its state and local funds on a districtwide basis or by campus category (grade span).
- Check the appropriate box(es) to indicate what type of methodology the school system is using. If "Other" is checked, please use the space provided to specify.
- Insert a description of the school system's criteria. Examples from this document follow:
 - From Example 1: The school system used a simple per-pupil amount of \$4000 for all campuses in the school system.
 - From Example 2: The school system allocated State/local funds for Special Education based on an amount of \$2763 per Special Education student. The school system then used a simple per-pupil amount for each campus category to allocate the remaining funds: \$4500 per pupil for elementary campuses; \$4000 per pupil for middle school campuses; and \$3000 per pupil for the high school.
 - From Example 3: The school system used a weighted per-pupil amount for each campus category to allocate funds. The weights assigned were as follows:
 - Base weight: 1.0
 - Economically disadvantaged: 0.2
 - ELL: 0.4
 - Students with disabilities: 0.6
 - Students one or more grade levels behind: 0.2

Each weight was multiplied by each campus's enrollment. The total weighted enrollment for each campus was then multiplied by the per-pupil amount designated for the appropriate campus category (\$4000 for elementary schools, \$3000 for middle schools, \$2500 for high schools).

From Example 4: The school system allocated state and local resources for payroll (6100) to each campus based on the school system's staffing pattern. [An explanation of the staffing pattern would be attached to support this component of the methodology.] Non-payroll resources were allocated on a per-pupil basis (campus enrollment multiplied by the school system's per-pupil expenditure for non-personnel resources). In this example, the school system used \$300 (for elementary) or \$500 (for secondary) per student for technology costs, and \$500 (for elementary) or \$300 (for secondary) per student for instructional supplies. The school system applied this formula consistently to allocate state and local funds to all its campuses.

Mathematical calculation formula: The school system should attach a spreadsheet showing the calculations for each campus included in the methodology. The school system will also be asked to share copies of relevant summary reports from its general ledger showing the amounts allocated to campuses. If a staffing pattern was used as a component of the methodology, the school system should describe the staffing pattern, as well as the number of positions allocated to each campus based on the staffing pattern. The payroll ledger should reflect the number of positions at the campuses.