



# SUPPLEMENT, NOT SUPPLANT HANDBOOK

*A GUIDE FOR GRANTS ADMINISTERED BY THE  
TEXAS EDUCATION AGENCY*

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Department of Grant Compliance and Administration

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Version 4.0 (9/2019)

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## **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 issued non-regulatory guidance concerning the SNS requirement for Title I, Part A of ESSA. This handbook has been revised to reflect this new guidance.

## **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, LEAs must be cognizant of how the provision is applied in each specific program.

## **Purpose of the Provision**

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 LEA 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 Provision**

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 LEAs 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 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. The 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 new ESSA statute, the way in which LEAs are to demonstrate compliance with the SNS requirements has changed significantly for Title I, Part A. These changes will be addressed in Section B—Title I, Part A Supplement, Not Supplant Requirements.

To ensure compliance with SNS, it is imperative that LEAs 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 LEAs 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
<p><b>ESEA, as amended by ESSA, Title I, Part A,</b> Improving Basic Programs Operated by LEAs [Section 1118(b)]</p>	<p>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 <b>Section B</b> of this document.</p>
<p><b>ESEA, as amended by ESSA, Title I, Part A—School Improvement</b> [Section 1003(e)(2)]</p>	<p>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, <b>Section B</b> of this SNS Handbook would apply.</p>
<p><b>ESEA, as amended by ESSA, Title I, Part C—</b> Education of Migratory Children [Sections 1304(c) and 1306(b)]</p>	<p>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 Migrant funds is made to the State, rather than at the LEA level, the "specific requirements pertaining to the methodology...do not apply.” Refer to <b>Section A</b> of the SNS Handbook for the traditional SNS requirements.</p>
<p><b>ESEA, as amended by ESSA, Title I, Part D, Subpart 1—</b>State Agency Programs [Section 1415(b)]</p>	<p>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.” Refer to <b>Section A</b> of the SNS Handbook for the traditional SNS requirements.</p>
<p><b>ESEA, as amended by ESSA, Title II, Part A—</b>Supporting Effective Instruction [Section 2301]</p>	<p>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.</p> <p>Refer to <b>Section A</b> of this document for information about compliance.</p>
<p><b>ESEA, as amended by ESSA, Title III, Part A—</b>English Language Acquisition, Language Enhancement, and Academic Achievement [Section 3115(g)]</p>	<p>Federal funds made available under this subpart shall be used so as 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 limited English proficient children and immigrant children and youth and in no case to supplant such Federal, State, and local public funds.</p> <p>Refer to <b>Section A</b> of this document for information about compliance.</p>

Citation	Supplement, Not Supplant Provision
<p><b>ESEA, as amended by ESSA, Title IV, Part A—21st Century Schools, Student Support and Academic Enrichment Grants</b> [Section 4110]</p>	<p>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.</p> <p>Refer to <b>Section A</b> of this document for information about compliance.</p>
<p><b>ESEA, as amended by ESSA, Title IV, Part B—21st Century Community Learning Centers</b> [Section 4204(b)(2)(G)]</p>	<p>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.</p> <p>Refer to <b>Section A</b> of this document for information about compliance.</p>
<p><b>ESEA, as amended by ESSA, Title V, Part B, Subpart 2—Rural and Low-Income Schools Program,</b> [Section 5232]</p>	<p>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.</p> <p>Refer to <b>Section A</b> of this document for information on compliance.</p>
<p><b>Individuals with Disabilities Education Act (IDEA)</b> [34 CFR 300.162(c)]</p>	<p>Funds paid to a state under Part B of the Act must be used to supplement the level of Federal, State, and local funds (including funds that are not under the direct control of the SEA or LEAs) expended for special education and related services provided to children with disabilities under Part B of the Act, and in no case to supplant those Federal, State, and local funds.</p> <p>Refer to <b>Section A</b> of this document for information about compliance.</p>
<p><b>Carl D. Perkins Career and Technical Education Act of 2006,</b> as amended by P.L. 115-224, Title II, Part A, Section 211(a)</p>	<p>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.</p> <p>Refer to <b>Section A</b> of this document for information about compliance.</p>
<p><b>McKinney-Vento--Education for Homeless Children and Youths</b> [42 United States Code, Section 11433(a)(2)(A)(iii)]</p>	<p>“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.”</p> <p>Refer to <b>Section A</b> of this document for information about compliance.</p>

### **Penalty for Violating the Provision**

Penalties for supplanting are often severe. All federal funds involved in a supplant normally must be returned to the federal government. Since audits are usually conducted after the grant period has ended, 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 local educational agency (LEA) 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 US Department of Education (USDE) will presume that a supplant (i.e., a case in which federal dollars have been diverted) has occurred. In all these three cases, once the presumption of supplanting has been made, it is the LEA's responsibility to rebut the presumption. While this is technically possible, it can be extremely difficult for LEAs to meet the burden of proof. Preferably, the LEA would budget and expend federal dollars so as to avoid any of the following three presumptions entirely.

#### **1. Providing Services Required Under State or Local Law**

Any services that an LEA 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 LEA 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 USDE reviews how all state and local funds within the LEA 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. LEAs are not permitted to use federal funds to replace state or local funds. Even in cases where a budget shortfall is anticipated, the LEA *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, an LEA paid for a reading specialist at a campus in the previous year from state and local resources but decides to use Title III, Part A funds to pay for that teaching position in the current year. This would be considered supplanting because the LEA is replacing state and local resources with Title III, Part A resources to pay for the same position. The LEA 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 LEA 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 LEA 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**

LEAs 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 LEA uses IDEA-B funds to provide services that the LEA is required to make available under other federal, state, or local laws or policy. Supplanting may also occur if the LEA uses IDEA-B funds to provide services for students with disabilities that the LEA also provides for non-disabled students. For example, if an LEA uses IDEA-B funds for a student's 504 Plan and/or the LEA's dyslexia program, this would be a violation of the IDEA-B SNS provisions.

### **IDEA-B and Title I, Part A Funds**

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

IDEA-B requires that an LEA 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 LEA is required to provide to each child to meet the requirements of IDEA. An LEA 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 LEA 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 LEA 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—Supporting Effective Instruction**

Using Title II, Part A funds to meet any state mandate or local board policy would be considered a supplant. For example, if an LEA 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—English Language Acquisition, Language Enhancement, and Academic Achievement**

As a part of the basic allotment to public schools, Texas provides state funding to LEAs that serve limited English proficient (LEP) students. According to state statute, these funds must be used to provide services to LEP students 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 LEP students. Additionally, Title III, Part A funds are supplemental to all other funds, including local, state and **other federal funds**. The LEA 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—Student Support and Academic Enrichment Grant**

There have been many questions recently about the use of Title IV, Part A funds for security. The purchase of security equipment (such as cameras, etc.) and security training are potentially allowable uses of funds; however, the LEA must examine the three traditional presumptions of supplant to ensure that Title IV, Part A funds are being used in a supplemental manner. If the LEA has previously purchased these items with State or local funds in the past, the LEA must maintain documentation to rebut the presumption of supplant. [Also, please note that the purchase of firearms and ammunition, as well as training in the use of such items, are **not** allowable.]

### **Title IV, Part B—21<sup>st</sup> Century Community Learning Centers**

Academic remediation is often funded with Title I, Part A funds and is also an allowable use of 21<sup>st</sup> Century Community Learning Centers (CCLC) funds. When a 21<sup>st</sup> CCLC grant is awarded, grantees may want to divert their Title I, Part A funds to other uses and use 21<sup>st</sup> CCLC funds for academic remediation in place of the Title I, Part A funds. This would be a supplant 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 21<sup>st</sup> CCLC funds to increase the number of students served or the scope of services offered through academic remediation would be allowable.

### **Carl D. Perkins Career and Technical Education Act**

An LEA decided to provide wireless networking for all classrooms in the district, using state and local funds. However, the LEA soon realized that it did not have resources to completely network all classrooms. The LEA knew that Perkins funds can be used to expand technology, so the LEA 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 LEA provided with state or local funds to children not eligible for services (i.e., students not enrolled in CTE courses).

## **Exceptions**

### **IDEA-B**

Before 1992, IDEA-B included a “particular cost test” for determining whether supplanting occurred. If an LEA expended IDEA-B funds to pay a salary that in the prior year had been paid with state or local funds, the LEA would fail the particular cost test, resulting in a supplant. Since the removal of the particular cost test from statute, no requirement exists related to supplanting particular costs. If an LEA maintains local— or state and local—effort (maintenance of effort requirement), it will not violate the IDEA-B SNS provision.

## How to Document Compliance for an Auditor

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 auditors may request from an LEA to demonstrate that the expenditure is supplemental to other federal and/or non-federal programs 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
- 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 upcoming year
- Specific policies and procedures related to SNS requirements

## 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 new SNS methodology requirement for Title I, Part A represents a shift in mindset. For Title I, Part A, LEAs no longer look at whether an individual cost meets the traditional SNS requirement. Instead, the LEA’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 LEA 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 LEA 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 by 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 LEA must ensure that it is using State and local funds that are retained at the LEA level in a Title I neutral manner. Then any Title I, Part A funds that are reserved at the LEA 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 LEA must also ensure that the expenditures meet all EDGAR requirements and that all LEA policies and procedures are followed.

Beginning with the 2018-2019 school year, each LEA 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 LEAs that qualify for a Statement of Exemption under the new guidance.

An LEA qualifies for a Statement of Exemption in the following situations:

- The LEA only has a single campus (only one school in the district); or
- All of the campuses in the LEA are Title I, Part A campuses; or
- The LEA 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 of the campuses in the category are Title I, Part A campuses, or because all of 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 LEA.
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 of the campuses in the LEA are Title I-served campuses. (If any of the campuses were a non-Title I, Part A campus, the LEA would need a methodology.)
4	Elementary Campus PK - 3, Title I Intermediate Campus 4 - 5, Title I Junior High Campus 6 - 8, Title I High School Campus 9 - 12, Not Served	Exempt	The two campuses in the Elementary category (PK-3 and 4-5) are both Title I, Part A 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 LEA must have an SNS methodology to describe the allocation of State and local funds to the three campuses in the Elementary category. The LEA 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

LEAs 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 an LEA must have a formal Statement of Exemption.

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

- Statement of statute;
- Reference to the exemption claimed (i.e., single campus in LEA; 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 LEA (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 LEAs 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 LEA must also ensure that the expenditures meet all EDGAR requirements and that all LEA policies and procedures are followed.

## Components of the SNS Methodology

All LEAs 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 LEA 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 LEA level will be used in a Title I neutral manner. This means that the LEA must designate the use of these funds without regard to the Title I status of its campuses.
    - **Title I, Part A funds** that are reserved at the LEA level will be used only for Title I, Part A purposes, as indicated in the LEA's approved ESSA Consolidated Federal Grant Application.
2. Criteria used in methodology: The LEA'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 LEA should provide the math formula showing how the calculations were made to determine the allocation of State and local funds for each campus. Otherwise, the auditor will determine his/her own calculation of the LEA's methodology.

## Flexibility Allowed

Districtwide or by Campus Category: Some flexibility in the SNS methodology is allowed, in that an LEA may demonstrate compliance for its Title I, Part A campuses on either a districtwide basis or by campus category. If the LEA 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, an LEA can exempt a campus category. If an LEA 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 LEA'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 LEA policy requires that they be included.

An LEA normally retains a portion of its State and local funding at the LEA level. The LEA determines the amount of State and local funds it retains at the LEA 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 considered a supplant. In a case where the LEA 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 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:** Given the recent changes made by the Texas Legislature as part of House Bill 3, TEA staff advise **including** the allocation of SCE funds to campuses as a separate component of the SNS Methodology for the 2019-2020 school year, unless the LEA can clearly document the provisions above to exclude the SCE funds from the calculation. Additional guidance concerning the inclusion/exclusion of SCE funds will be provided after the state rule-making process for SCE has been completed.

## Methodology Options

The SNS methodology must ensure that each Title I campus receives all of the state and local resources it would otherwise receive if it were not a Title I school. LEAs have several options for demonstrating a fair and consistent methodology to allocate State and local resources to its 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 LEAs 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 LEAs, as well as larger LEAs with greater numbers of students with differing characteristics. Generally speaking, the greater the number of student characteristics the LEA 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 LEA.

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

Note about staffing patterns: If the LEA is allocating state-funded personnel, such as campus administrators and teachers, based on a staffing pattern, the LEA is allocating the positions. The resources to cover longevity, insurance costs, etc., go with the positions, but the allocation the LEA is considering for SNS methodology purposes is the position, not the dollar amount. As part of the staffing pattern, the LEA may choose to take enrollment size at its campuses into account. For example, an LEA may assign 1 counselor for every X number of students. The LEA 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.

## LEA Responsibility

The LEA 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 LEA 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 LEA 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 LEA-wide activities]

An LEA 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 LEA 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 LEA using a single per-pupil amount to distribute the balance of its State and local funds to all of 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 LEA 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 LEA-wide activities]

An LEA 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 LEA 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 LEA has one per-pupil amount for each campus category that it has applied consistently to allocate State and local funds to all of the campuses within each campus category:

State Special Education: The LEA receives \$1,500,000 for State Special Education. The LEA 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.

	<b>Number of Special Education Students</b>	<b>Per-pupil amount</b>	<b>State Special Education Allocation</b>
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

	<b>Enrollment</b>	<b>Per-pupil amount</b>	<b>State and local allocation</b>	<b>Title I Status</b>
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 LEA 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 LEA-wide activities]

An LEA 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 LEA 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 LEA 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 LEA.]

	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 = <b>350</b>	375 students x 1.0 = <b>375</b>	325 students x 1 = <b>325</b>	450 students x 1 = <b>450</b>	500 students x 1 = <b>500</b>	975 students x 1 = <b>975</b>
Economically disadvantaged students [Multiply weight by number of EcoDis students]	0.2	175 students x 0.2 = <b>35</b>	150 students x 0.2 = <b>30</b>	195 students x 0.2 = <b>39</b>	207 students x 0.2 = <b>41.4</b>	175 students x 0.2 = <b>35</b>	390 students x 0.2 = <b>78</b>
ELL students [Multiply weight by number of ELL students]	0.4	62 students x 0.4 = <b>24.8</b>	45 students x 0.4 = <b>18</b>	75 students x 0.4 = <b>30</b>	30 students x 0.4 = <b>12</b>	25 students x 0.4 = <b>10</b>	40 students x 0.4 = <b>16</b>
Students with disabilities [Multiply weight by number of students with disabilities]	0.6	28 students x 0.6 = <b>16.8</b>	41 students x 0.6 = <b>24.6</b>	30 students x 0.6 = <b>18</b>	21 students x 0.6 = <b>12.6</b>	29 students x 0.6 = <b>17.4</b>	32 students x 0.6 = <b>19.2</b>
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 = <b>2.8</b>	18 students x 0.2 = <b>3.6</b>	12 students x 0.2 = <b>2.4</b>	8 students x 0.2 = <b>1.6</b>	7 students x 0.2 = <b>1.4</b>	15 students x 0.2 = <b>3.0</b>
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.

**SNS Methodology using a staffing pattern to distribute state/local-funded personnel to campuses, and a separate methodology component to distribute state/local funds to campuses for non-personnel costs:**

Example 4 [Used for Fund Codes 103-199, minus State and local funds reserved for LEA-wide activities]

An LEA 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 LEA has chosen to demonstrate compliance with the SNS requirement by using a staffing pattern that allocates state/local-funded personnel to each campus, and a separate methodology component to distribute state/local funds to campuses for non-personnel resources. In this example, the LEA uses a student-teacher ratio of 22 to 1 for its elementary schools and 27 to 1 for its secondary schools; the number of administrators and other personnel are based on the size of the campus.

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 LEA 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 LEA.]

This LEA 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 component for 61xx based on staffing pattern:

	Elem A	Elem B	Elem C	Middle A	Middle B	High
Teachers [22 to 1 for EI; 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	3 principals				
Etc...						

If the LEA is using a staffing pattern as a component of its SNS methodology, the LEA would describe the staffing patterns for all personnel assigned to campus budgets. The LEA would not include personnel who are coded to the LEA level.

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

**Example 4—continued**

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

	<b>Elem A</b>	<b>Elem B</b>	<b>Elem C</b>	<b>Middle A</b>	<b>Middle B</b>	<b>High</b>
Technology cost per student El: \$300 M/HS:\$500	350 x 300 = <b>\$105,000</b>	375 x 300 = <b>\$112,500</b>	325 x 300 = <b>\$97,500</b>	450 x 500 = <b>\$225,000</b>	500 x 500 = <b>\$250,000</b>	975 x 500 = <b>\$487,500</b>
Instructional supply cost per student El: \$500 M/HS:\$300	350 x 500 = <b>\$175,000</b>	375 x 500 = <b>\$187,500</b>	325 x 500 = <b>\$162,500</b>	450 x 300 = <b>\$135,000</b>	500 x 300 = <b>\$150,000</b>	975 x 300 = <b>\$292,500</b>
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**

The LEA is required to maintain its SNS Methodology or Statement of Exemption on file. The SNS Methodology, or the Statement of Exemption must be provided to the LEA's independent auditor or to TEA staff on request.

### Random Validation:

The Federal Program Compliance Division at TEA will annually select a random sample of LEAs from each education service center region and request that each of these LEAs submit a copy of its SNS Methodology or Statement of Exemption for review. LEAs 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 LEAs that are selected for the random validation process. LEAs that are not selected for validation may view the monitoring instruments posted on the TEA web site at

[https://tea.texas.gov/Finance\\_and\\_Grants/Grants/Title I, Part A — Improving Basic Programs/](https://tea.texas.gov/Finance_and_Grants/Grants/Title_I,_Part_A_-_Improving_Basic_Programs/)

LEAs 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, LEAs should make every effort to ensure the accuracy of their methodologies and verify that all of their Title I campuses are receiving all of the State and local resources that they would receive in the absence of Title I funds.

LEAs 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.

### Desk Review:

During the 2019-2020 school year, the Federal Program Compliance Division will also conduct a desk review to ensure that all LEAs indicating a Statement of Exemption on PR1000, Question 14, actually qualify for an exemption. LEAs claiming a Statement of Exemption that is not supported by the campus configuration indicated on the SC5000 will be contacted by their regional ESC for follow-up to ensure compliance.

### Monitoring Review:

Beginning with the 2019-2020 school year, the monitoring review process conducted by the Federal Fiscal Monitoring Division will include a formal check of the LEA's compliance with the SNS requirement by requesting the LEA's SNS Methodology or Statement of Exemption, along with supporting documentation as applicable. Instructions and timeframe for this review will be shared with the LEAs that are selected.

## Section E—Frequently Asked Questions

**Question 1:** If an LEA has only one campus, is the LEA required to have an SNS Methodology?

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

**Question 2:** If the LEA 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. LEAs 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 LEA should reference one of the specific exemptions listed on the template included in this Handbook, rather than making general reference to an exemption from the Comparability of Services requirement.

**Question 3:** If an LEA is using a simple per-pupil allocation, is it necessary for the amounts to be identical for each campus?

**Response:** If the LEA 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 LEA 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 LEA have to submit its SNS Methodology or Statement of Exemption to TEA?

**Response:** The LEA 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 LEA has the flexibility to determine what cost and/or student categories to use in its methodology.

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

**Response:** The LEA has this flexibility.

**Question 7:** How can the LEA 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 LEA 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 LEA is allocating by position, not by the dollar amount for payroll. In other words, the LEA 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 LEA's allocation of funds coded to 62xx-66xx.

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

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

**Question 9:** If the LEA has a campus that does not fit the methodology plan, is the LEA able to offer an explanation of the variance, or is that an option?

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

- a. Whether to use a single districtwide methodology or a variable methodology/multiple methodologies based on campus category;
- b. How the methodology may vary or scale based on student enrollment size; or
- c. 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 the LEA determines require additional support.

**Question 10:** Must an LEA use the same methodology for charter and non-charter schools within the LEA?

**Response:** No. An LEA may, at its choosing, allocate State and local funds to charter schools within the LEA 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 LEAs 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 LEA's discretion, could be reason for a different methodology for the allocation of State and local resources to charter schools. Should an LEA choose to use more than one methodology, each must be neutral with respect to Title I schools.

**Question 11:** If the LEA does a planning methodology and then the actuals are different, how is that viewed and what are the ramifications? For example, the LEA 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 LEA allocates funds to its campuses. It is allowable to do a planning amount, but then when the LEA allocates the actual funds, the LEA 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 an LEA'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 an LEA adjust its allocation of State and local resources to account for changes during the school year that might result in the LEA's 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, an LEA 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 an LEA'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 an LEA'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, an LEA 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. Were an LEA to not allocate a resource because a school is a Title I school, the LEA would be out of compliance with ESEA section 1118(b)(2).

**Question 15:** What happens if the actual expenditures do not equal out to 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 LEAs 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 student, 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 LEA. The LEA 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 LEA may also consider campus size and/or specialized programming as factors to be addressed within the methodology.

**Question 17:** If the LEA 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 LEA 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 LEA makes the decision which campus category is most appropriate and documents why.

**Question 18:** How does the SNS methodology apply to Title I, Part C—Migrant?

**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 English proficient as required under Title VI of the Civil Rights Act of 1964. [<https://www2.ed.gov/about/offices/list/ocr/ell/lau.html>]

**Question 20:** If an LEA 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 LEA would be required have an SNS methodology for the Elementary campus category. However, the LEA 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 LEA has only one Middle School and one High School, the LEA's SNS methodology would not need to include those campus categories.

**Question 21:** Does the LEA'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 LEA can determine a single methodology for all of Fund Codes 103-199 that is distributed to campuses. The LEA 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 LEA could describe how it allocates its State-level Special Education funds, based on the category of Special Education students at each campus. The LEA 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 LEA uses, as long as the LEA documents the criteria for each allocation.

**Question 22:** If the LEA has an SNS methodology that allocates its State and local funds so that all of 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 LEA has an SNS methodology that has all of the required components included and ensures all of 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 LEA 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 LEA must ensure that the expenditures meet all EDGAR requirements and that all district policies and procedures are followed.**

**Question 23:** If an LEA is using its RLIS/SRSA funds from Title V in alignment with Title I, Part A, which Section (A or B) should the LEA 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 an LEA implements Funding Transferability or REAP-Flex and transfers the uses 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 LEA make an exception about how it allocates funds to its magnet schools?

**Response:** The LEA 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 LEA is using a districtwide methodology). The LEA may also consider size of enrollment and/or specialized programs as factors. The LEA 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 LEA level. The LEA 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 LEA 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 <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 LEA 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 LEA allocates State and local funds to campuses. The LEA demonstrates compliance with the requirement by having a methodology that describes how it allocates State and local funds to all of 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 an LEA 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, an LEA 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:** Must all State Compensatory Education funds can 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](mailto:ESSAsupport@tea.texas.gov) for further assistance.

**Question 28:** What if the LEA receives additional State and local funds at a later date? Does the LEA have to apply its methodology again?

**Response:** The LEA 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 there may be attached to the additional funding, the LEA may have the option to retain some or all of the additional funds at the LEA level.
- If the LEA choose to make additional allocations at the campus level, the LEA must document that the method used to determine those is Title I neutral. It may be the same methodology as used before, or the LEA 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.

- An LEA could, at its choosing, allocate *more* State and local funds to a campus because it is a Title I school. An LEA'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 LEA 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:** It is important that the LEA remain aware of the potential impact of giving additional State and local funds on the Comparability of Services tests. The LEA must still be able to demonstrate Comparability of Services.]
- An LEA 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 LEA is implementing a compliant SNS methodology. Title I, Part A has a more flexible definition of SNS. As long as the LEA 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.

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

The LEA 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:

LEA Name:

### Every Student Succeeds Act (ESSA)

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

Under ESSA Title I, Part A, the LEA 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 LEA 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, LEAs that meet one of the situations described in the Statement of Exemption section, below, will not be required to demonstrate a methodology for allocating its State and local funds to its 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 LEA 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 LEA level must be used only for Title I, Part A purposes, as indicated in the LEA's approved ESSA Consolidated Federal Grant Application.

#### Statement of Exemption

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

- The LEA has only one campus.
- All of the campuses in the LEA are Title I campuses.
- The LEA 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 LEA must maintain this completed Statement of Exemption on file, subject to request by an auditor or by TEA staff.

County-District #:

LEA 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 of the State and local funds that it would receive in the absence of Title I funds.

### Assurance:

The LEA assures that—

- any State and local funds that are retained at the LEA level will be used in a Title I neutral manner; and
- any Title I, Part A funds that are reserved at the LEA level will be used only for Title I, Part A purposes, as indicated in the LEA's approved ESSA Consolidated Federal Grant Application.

It is understood that the LEA 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 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 LEA's 6-digit county-district number.

**LEA Name:** Enter the name of the LEA.

**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 LEA's acceptance of the assurance related to funds reserved at the LEA level.

### Description of Methodology:

- Check the appropriate box to indicate whether the LEA 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 LEA is using. If "Other" is checked, please use the space provided to specify.
- Insert description of LEA's criteria. Examples from this document follow:

From Example 1: The LEA used a simple per-pupil amount of \$4000 for all campuses in the LEA.

From Example 2: The LEA allocated State/local funds for Special Education based on an amount of \$2763 per Special Education student. The LEA 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 LEA 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 school).

From Example 4: The LEA allocated State and local resources for payroll (6100) to each campus based on the LEA'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 LEA's per-pupil expenditure for non-personnel resources). In this example, the LEA 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 LEA applied this formula consistently to allocate State and local funds to all of its campuses.

**Mathematical calculation formula:** The LEA should attach a spreadsheet showing the calculations for each campus included in the methodology. Note: the LEA 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 LEA should provide a description of the staffing pattern, as well as the number of positions allocated to each campus based on the staffing pattern. The payroll ledger should reflect that number of positions at the campuses.

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