

Transferability and Carryover Q&A

This guidance document should be used in coordination with the Transferability Bulletin ([B049-18 Federal Transferability Information for School Year 2018–19](#)). The next transferability bulletin will include all FAQs.

BUDGETING, ACCOUNTING, and CLAIMING

1. Why doesn't my iGrants budget reflect the amount I transferred from one program to another?

For state-level draws, accounting structure limitations, and tracking purposes, Local Education Agency (LEA) reimbursement claims must be made against the original award. LEAs must have an internal process for recording and tracking transferred funds and expenditures.

2. How should an LEA (a) track expenditures from transferred funds, and (b) record it on the Schedule of Expenditures of Federal Awards (SEFA)?

(a) The LEA has discretion in using a method most suitable to their needs. When transferring funds, an LEA may use one of the following options¹:

- (1) **Use Sub-Coding**—Establish a new, separate account(s) (sub-code) for transferred funds.
- (2) **Reclassify in Existing Account**—Retain the transferred funds in their original account(s), but maintain documentation that shows how transferred funds in the original account(s) have been reclassified. In other words, in transferring funds, an LEA does not actually have to move funds from one account to another as long as it maintains adequate documentation to account for the transfer.

Regardless of the method used, the LEA must submit claims for reimbursement under the original award, and maintain documentation to support expenditures allowable under the program.

(b) LEAs should report transferred funds under the original award on the SEFA and include an accompanying note.

The [ABFR Chapter XI Schedule of Expenditures of Federal Awards \(SEFA\) Contents](#) includes the following question and answer:

3. Can a transfer be made from one federal program to another and how is it reported?

Yes. Title II, Part A and Title IV, Part A awards can be transferred into various programs. LEAs declare their intent to transfer an amount to be utilized on another program. This declaration binds the funds to the recipient program. Expenditures must be claimed for reimbursement under the original award; however, the LEA must maintain documentation that demonstrates how the transferred funds have been separately reclassified.

¹ Although federal transferability guidance states that LEAs may also move funds as a way to track expenditures, this option is not applicable for Washington state.

Chapter XI also illustrates a SEFA Note reporting example when option (2) is applied by reclassifying funds in an existing account:

EXAMPLE SEFA NOTE—TRANSFERABILITY (using option (2) above)

As allowed by federal regulations, the (*district*) elected to transfer program funds. The district expended (*\$ dollar amount*) from its (*name of program from which funds were transferred out, such as Title II, Part A Supporting Effective Instruction State Grants (84.367)*) on allowable activities of the (*name of program to which funds were transferred to, such as Title I, Part A Grants to Local Educational Agencies (84.010)*). This amount is reflected in the expenditures of (*name of program from which funds were transferred out, such as Title II, Part A Supporting Effective Instruction State Grants (84.367)*).

CARRYOVER AND TRANSFERS

4. If an LEA transferred program funding during 2017–18, what happens to the remaining balance at the end of the year?

Transferred funds take on the character of the program they are transferred into. This includes statutory set-asides and carryover. Any remaining balance of the total amount after transfers is used to calculate the carryover amounts and limitations.

For example, if Title I, Part A had an original allocation of \$100,000 and Title IV, Part A transferred \$20,000 of its \$40,000 allocation into Title I, Part A, the Title I, Part A carryover limitation of 15 percent will be calculated based on the total of \$120,000 (the total allocation after transfers). The Title IV, Part A carryover amount would be based on \$20,000. Title I, Part A would have a maximum carryover amount of \$18,000 ($\$120,000 \times 15$ percent) and Title IV, Part A would have the remaining balance available for carryover (carryover for Title IV, Part A is 100 percent).

5. If an LEA has carryover of 2017–18 Title IV, Part A funds, but chooses not to operate a Title IV, Part A program in 2018–19 and wants to transfer that allocation to Title I, Part A, what should they do with the carryover funds? Do they automatically follow the LEA's 2018–19 transfer?

Carryover balances remain with the program transferred into unless the LEA elects to transfer them. They do not “automatically follow” current year transfer elections. LEAs must complete iGrants Form Package (FP) 881 to transfer carryover balances (Title II, Part A and Title IV, Part A only). The LEA should make their decision based on the needs assessment.

6. What happens when an LEA elects to transfer funds and then subsequently changes their mind?

Decisions to transfer federal program funds should be made only after the LEA has engaged in thorough and careful planning. If an LEA has notified OSPI program staff (via iGrants FP 821 or 881) of its intent to transfer funds, but then does not do so, it must notify OSPI within 30 days of form package approval. If an LEA's transfer plan changes, all program applications will need to be revised and reviewed for approval.

7. Are transferred carryover funds subject to set-aside and Title I building ranking and allocating requirements?

Yes. All funds, including carryover dollars, transferred into another program are subject to all the statutory requirements of the program they are transferred into.

8. If an LEA elected to transfer 100 percent of their allocation in FP 821, what happens to the remainder if there is a difference between preliminary and final?

Typically, at the time FP 821 is launched, only preliminary allocations are known. If an LEA elected to transfer 100 percent of the program allocation and there is a difference between the preliminary and final allocation, OSPI will automatically calculate carryover based on the final allocation.

FORM PACKAGE 881—TRANSFERABILITY REPORT AND CARRYOVER OPTIONS

9. What is the purpose of FP 881?

The purpose of FP 881 is to (a) collect information on LEAs who exercised transferability authority in 2017–18, (b) provide LEAs with an accurate balance of Title II, Part A and Title IV, Part A carryover funds, and (c) provide a place where LEAs can notify OSPI of their intent to transfer carryover funds to another eligible program.

All programs eligible under transferability (with the exception of Title I, Part A) have unlimited carryover; however, it is important for LEAs to have an accurate amount so they can plan their program activities accordingly.

10. Which LEAs are required to complete FP 881?

LEAs that transferred 2017–18 funds and/or LEAs who want to transfer carryover funds from 2017–18 must complete FP 881.

11. Why does FP 881 Table A only include carryover balances for Title II, Part A and Title IV, Part A?

The primary purpose of FP 881 is to reduce confusion around transferred carryover balances and provide a place for LEAs to notify OSPI of their intent to transfer carryover funds in a manner that aligns to their specific needs. Title II, Part A and Title IV, Part A are the only programs eligible for transfers out, therefore it is important for LEAs to transfer out based on accurate balances.

12. Why does FP 881, Table A have two different carryover amounts and why would an LEA be unable to transfer their remaining balance?

FP 881, Table A may include two different amounts. The first amount is noted under column ‘A’ and reflects the amount that an LEAs iGrants budget will include as carryover from either Title II, Part A or Title IV, Part A. This is the carryover amount if transfers are not used as a part of the calculation. If an LEA transferred program funds, column ‘C’ will reflect the carryover amount after calculating the total allocation and total expenditures of the transferred to/from programs. For example, an LEA may see in FP 239 that they have an available Title II, Part A carryover of \$10,000. However, if an LEA transferred their entire 2017–18 Title II, Part A allocation into Title I, Part A, that funding effectively became Title I, Part A program support and is no longer eligible to be transferred out.

Example 1

In 2017–18, Blue District had a Title II, Part A allocation of \$30,000 and a Title IV, Part A allocation of \$15,000. Blue District decided to transfer its entire Title IV, Part A allocation into Title II, Part A for a total of \$45,000 to support Title II activities. After the books closed, Blue had submitted claims of \$28,000 against the Title II budget and \$10,000 against the Title IV budget. When Blue District saw FP 881 Table A, it looked like this.

TABLE A

	A	B	C	D
Program	Carryover in iGrants Budget*	Adjusted by 2017–18 Transfers	Amount of Carryover available to support program**	Balance available to be transferred out?
TITLE II, PART A	\$2,000	Yes	\$7,000	Yes
TITLE IV, PART A	\$5,000	Yes	\$0	No

Title II, Part A iGrants budget (column ‘A’) indicates there is \$2,000 (\$30,000 minus \$28,000) available Title II carryover dollars, however there is actually \$7,000 available to support Title II activities or transfer to another eligible program.

Title IV, Part A iGrants budget indicates there is \$5,000 (\$15,000 minus \$10,000) available Title IV carryover dollars, however the entire allocation was transferred in 2017–18. Therefore, there are no Title IV, Part A carryover funds to support the program.

Example 2

In 2017–18, Yellow District had a Title IV, Part A allocation of \$10,000, a Title II, Part A allocation of \$25,000, and a Title I, Part A allocation of \$100,000. Yellow District decided to transfer its entire Title II, Part A allocation into Title I, Part A for a total of \$125,000 to support Title I activities. After the books closed, Yellow had submitted claims of \$8,000 against the Title IV budget, \$96,000 against the Title I budget and \$10,000 against the Title II budget. When Yellow District saw FP 881 Table A, it looked like this.

TABLE A

	A	B	C	D
Program	Carryover in iGrants Budget*	Adjusted by 2017–18 Transfers	Amount of Carryover available to support program**	Balance available to be transferred out? ***
TITLE II, PART A	\$15,000	Yes	\$0	No
TITLE IV, PART A	\$2,000	No	\$2,000	Yes

Title II, Part A iGrants budget (column 'A') indicates there is \$15,000 (\$25,000 minus \$10,000) available Title II carryover dollars, however the entire allocation was transferred to Title I in 2017–18, therefore it is no longer eligible to be transferred. Although these funds are claimed against Title II, they are effectively Title I dollars.

Title IV, Part A iGrants budget (column 'A') indicates there is \$2,000 (\$10,000 minus \$8,000) available Title IV carryover dollars. This carryover balance is eligible to be transferred out, because it was not transferred out in 2017–18.

Title I carryover limitation is calculated:

$$\$100,000 + \$25,000 = \$125,000$$

$$\$125,000 \times 15\% = \$18,750 \text{ maximum}$$

$$\$125,000 - (\$96,000 + \$8,000) = \$21,000$$

$$\$21,000 - \$18,750 = \$2,250 \text{ returned to OSPI for reallocation if LEA is not eligible for three-year waiver—excess is taken from Title I, Part A budget}$$

INFORMATION AND ASSISTANCE

For questions regarding this FAQ, please contact Jamey Schoeneberg at Jamey.schoeneberg@k12.wa.us.