

## Guidance for Districts and Schools Losing Title I Eligibility

In order for districts and schools to receive Title I funding, they must meet the Title I eligibility requirements. Title I eligibility is determined on an annual basis.

### District Level Eligibility

Eligibility for a Title I grant requires a district to have a minimum Formula Count of TEN. The Formula Count must exceed 2% of the district's population of children ages 5 through 17. The Formula Count is a weighted unit consisting of 15.5% of the census poor count, 15.5% of the foster child count, 46% of the eligible free meal count, and 23% of the eligible reduced meal count.

The census poor count is the count of children ages 5-17 who were reported below poverty on the Federal census. The foster child count is a count of children ages 5-17 living in the foster homes during October of each year. The free meal count is a count of children eligible for free meals. The reduced meal count is a count of children eligible for reduced meal prices. A child must have an approved free or reduced meal application on file at their school district office for the month of October to be counted. The department's Child Nutrition and Food Distribution unit verifies the free and reduced meal counts. If your formula count drops below ten, the district does not meet the eligibility requirement and your subsequent year's Title I grant would be zero.

Since Title I eligibility is determined on an annual basis, it is possible for a district to lose Title I eligibility status. A district that does not have a formula count (i.e. aggregate unit) of ten or higher would not be eligible for Title I funds.

### School Level Eligibility

#### ■ Large District – Targeting Title I Funds

The Title I law requires local educational agencies with total enrollment of 1,000 students or more and having more than one attendance area, to rank schools based on the percentage of poverty and allocate funds to eligible buildings according to the number of low income students in each building. This process is referred to as targeting.

In order to be eligible for a Title I building allocation, a school must be at or above the district poverty percent as determined by the targeting process. Schools below the district percent are not eligible for Title I funding.

In a district that participates in the Title I targeting process, a school that drops below the district's poverty average for two consecutive years is not eligible for Title I funds. However, during the first year when the school has a poverty percent below the district average, it may continue to be served for this one year under a special "grand father" clause in the Title I law. This allows the schools one year to come up with transition plans before all Title I funding is lost. A school could also become ineligible for Title I funds if sufficient funds are not available to serve all eligible buildings when schools are ranked according to poverty using the targeting process.

#### ■ Small District – Does Not Target Title I Funds

In the remaining districts that do not participate in the targeting process, it is a school district decision to determine on an annual basis which buildings to serve with Title I funding. Therefore, a school district can decide to discontinue providing a building with Title I funds at any given time. The district simply indicates on the consolidated application each year the buildings it is intending to serve.

### Ramifications or Considerations for Districts/Schools for Losing Title I Eligibility

When a district or school that has been receiving Title I funds loses eligibility for Title I funding, there are certain ramifications or considerations, to which the district must be aware.

- Title I Cooperative Agreements

One possibility for districts that lose eligibility for a Title I grant is to form a cooperative agreement with a neighboring district. In this scenario, a district that is eligible for Title I funds agrees to form an agreement with an ineligible district and act as the fiscal agent. School districts with a formula count (total weighted units) of five or higher are eligible to participate in a cooperative agreement.

The state Title I office has developed guidance for districts participating in a cooperative agreement which can be accessed at [www.dpi.state.nd.us/title1/resource/coopagree/guidance.pdf](http://www.dpi.state.nd.us/title1/resource/coopagree/guidance.pdf) on the Title I website.

- Title I Carryover

When a school or district loses Title I eligibility, they are allowed to retain any Title I carryover funds for the subsequent school year. If they elect to keep and use the Title I carryover funds, they are considered a Title I school for the entire year even though they don't receive an allocation. All of the Title I regulations would apply to the use of funds and school/district Title I operation.

- Title I Purchased Supplies and Equipment

School

Before the enactment of the ARRA in 2009, if a school building lost eligibility, they would have to relinquish all materials and equipment purchased with Title I funds and the district would be responsible for redistributing them to eligible Title I buildings.

In order to provide additional guidance on the use of Title I ARRA funding, the USDE generated "Use of Funds" guidance. The new guidance provides flexibility by stating that a LEA may continue to use equipment and supplies purchased with Title I, Part A ARRA funds as long as needed in a school, even if the school no longer operates as a Title I school.

In visiting with USDE staff, this guidance also applies to the regular Title I, Part A funds by superseding the previous guidance.

District

If a district loses Title I eligibility, the regulations in Edger are adhered to. The only purchase acquired with Title I funds that would be affected would be equipment. Equipment must be used in the project or program for which it was acquired.

The district would follow the disposition requirements listed in Edger Section 80.32(e) which states the following:

"Equipment with a current per unit fair market value of less than \$5,000 may be retained, sold, or otherwise disposed of, with no further obligation.

Equipment with a current per unit fair market value in excess of \$5,000 may be retained or sold. However, the federal government has a right to an amount calculated by multiplying the current market value or the proceeds from the sale by the federal share of the equipment. The federal share of equipment shall be the same percentage as the federal share of the total cost under the grant."

## Questions

If you have any questions regarding the issues outlined in this memo, please communicate with your Title I contact person or Laurie Matzke at [lmatzke@nd.gov](mailto:lmatzke@nd.gov) or (701) 328-2284.