

**ESEA 2001 excerpt – State and Local Transferability Act**

of the most recent satisfactory data) bears to the total number of such students in all States.

“(B) Any amounts remaining after the Secretary awards funds under subparagraph (A) shall be allocated to each State that did not receive a grant under such subparagraph, in an amount that bears the same relationship to the total funds available under this subparagraph as the number of students ages 5 through 17 in the State (as determined by the Secretary on the basis of the most recent satisfactory data) bears to the total number of such students in all States.

“(c) STATE DEFINED.—In this section, the term ‘State’ means each of the 50 States, the District of Columbia, and the Commonwealth of Puerto Rico.

## **“Subpart 2—Funding Transferability for State and Local Educational Agencies**

### **“SEC. 6121. SHORT TITLE.**

“This subpart may be cited as the ‘State and Local Transferability Act’.

### **“SEC. 6122. PURPOSE.**

“The purpose of this subpart is to allow States and local educational agencies the flexibility—

“(1) to target Federal funds to Federal programs that most effectively address the unique needs of States and localities; and

“(2) to transfer Federal funds allocated to other activities to allocations for certain activities authorized under title I.

### **“SEC. 6123. TRANSFERABILITY OF FUNDS.**

“(a) TRANSFERS BY STATES.—

“(1) IN GENERAL.—In accordance with this subpart, a State may transfer not more than 50 percent of the nonadministrative State funds (including funds transferred under paragraph (2)) allotted to the State for use for State-level activities under the following provisions for a fiscal year to one or more of the State’s allotments for such fiscal year under any other of such provisions:

“(A) Section 2113(a)(3).

“(B) Section 2412(a)(1).

“(C) Subsections (a)(1) (with the agreement of the Governor) and (c)(1) of section 4112 and section 4202(c)(3).

“(D) Section 5112(b).

“(2) ADDITIONAL FUNDS FOR TITLE I.—In accordance with this subpart and subject to the 50 percent limitation described in paragraph (1), a State may transfer any funds allotted to the State under a provision listed in paragraph (1) to its allotment under title I.

“(b) TRANSFERS BY LOCAL EDUCATIONAL AGENCIES.—

“(1) AUTHORITY TO TRANSFER FUNDS.—

“(A) IN GENERAL.—In accordance with this subpart, a local educational agency (except a local educational agency identified for improvement under section 1116(c) or subject to corrective action under section 1116(c)(9))

may transfer not more than 50 percent of the funds allocated to it (including funds transferred under subparagraph (C)) under each of the provisions listed in paragraph (2) for a fiscal year to one or more of its allocations for such fiscal year under any other provision listed in paragraph (2).

“(B) AGENCIES IDENTIFIED FOR IMPROVEMENT.—In accordance with this subpart, a local educational agency identified for improvement under section 1116(c) may transfer not more than 30 percent of the funds allocated to it (including funds transferred under subparagraph (C)) under each of the provisions listed in paragraph (2) for a fiscal year—

“(i) to its allocation for school improvement for such fiscal year under section 1003; or

“(ii) to any other allocation for such fiscal year if such transferred funds are used only for local educational agency improvement activities consistent with section 1116(c).

“(C) ADDITIONAL FUNDS FOR TITLE I.—In accordance with this subpart and subject to the percentage limitation described in subparagraph (A) or (B), as applicable, a local educational agency may transfer funds allocated to such agency under any of the provisions listed in paragraph (2) for a fiscal year to its allocation for part A of title I for that fiscal year.

“(2) APPLICABLE PROVISIONS.—A local educational agency may transfer funds under subparagraph (A), (B), or (C) of paragraph (1) from allocations made under each of the following provisions:

“(A) Section 2121.

“(B) Section 2412(a)(2)(A).

“(C) Section 4112(b)(1).

“(D) Section 5112(a).

“(c) NO TRANSFER OF TITLE I FUNDS.—A State or a local educational agency may not transfer under this subpart to any other program any funds allotted or allocated to it for part A of title I.

“(d) MODIFICATION OF PLANS AND APPLICATIONS; NOTIFICATION.—

“(1) STATE TRANSFERS.—Each State that makes a transfer of funds under this section shall—

“(A) modify, to account for such transfer, each State plan, or application submitted by the State, to which such funds relate;

“(B) not later than 30 days after the date of such transfer, submit a copy of such modified plan or application to the Secretary; and

“(C) not later than 30 days before the effective date of such transfer, notify the Secretary of such transfer.

“(2) LOCAL TRANSFERS.—Each local educational agency that makes a transfer of funds under this section shall—

“(A) modify, to account for such transfer, each local plan, or application submitted by the agency, to which such funds relate;

“(B) not later than 30 days after the date of such transfer, submit a copy of such modified plan or application to the State; and

“(C) not later than 30 days before the effective date of such transfer, notify the State of such transfer.

“(e) APPLICABLE RULES.—

“(1) IN GENERAL.—Except as otherwise provided in this subpart, funds transferred under this section are subject to each of the rules and requirements applicable to the funds under the provision to which the transferred funds are transferred.

“(2) CONSULTATION.—Each State educational agency or local educational agency that transfers funds under this section shall conduct consultations in accordance with section 9501, if such transfer transfers funds from a program that provides for the participation of students, teachers, or other educational personnel, from private schools.

### **“Subpart 3—State and Local Flexibility Demonstration**

#### **“SEC. 6131. SHORT TITLE.**

“This subpart may be cited as the ‘State and Local Flexibility Demonstration Act’.

#### **“SEC. 6132. PURPOSE.**

“The purpose of this subpart is to create options for selected State educational agencies and local educational agencies—

“(1) to improve the academic achievement of all students, and to focus the resources of the Federal Government upon such achievement;

“(2) to improve teacher quality and subject matter mastery, especially in mathematics, reading, and science;

“(3) to better empower parents, educators, administrators, and schools to effectively address the needs of their children and students;

“(4) to give participating State educational agencies and local educational agencies greater flexibility in determining how to increase their students’ academic achievement and implement education reforms in their schools;

“(5) to eliminate barriers to implementing effective State and local education reform, while preserving the goals of opportunity for all students and accountability for student progress;

“(6) to hold participating State educational agencies and local educational agencies accountable for increasing the academic achievement of all students, especially disadvantaged students; and

“(7) to narrow achievement gaps between the lowest and highest achieving groups of students so that no child is left behind.

#### **“SEC. 6133. GENERAL PROVISION.**

“For purposes of this subpart, any State that is one local educational agency shall be considered a State educational agency and not a local educational agency.