# CARRYOVER and obligation

## Carryover

Under section 421(b) of the General Education Provisions Act (GEPA), LEAs and SEAs must obligate funds during the 27 months extending from July 1 of the fiscal year for which the funds were appropriated through September 30 of the second succeeding fiscal year. This maximum period includes a 15-month period of initial availability plus a 12-month period for carryover.

## Overview of Performance Periods (as listed in the GRA)

|  |  |  |  |
| --- | --- | --- | --- |
| **Funding Year** | **Initial Period Ending – 15 months** | **Tydings Amendment Ending – 12 months** | **Extension Ending – 12 months** |
| 2018-2019 | 7/1/-2018 - 9/30/2019 | 10/1/2019 – 9/30/2020 | 10/1/2020 – 12/15/2021  Extended by U.S. ED |
| 2019-2020 | 7/1/-2019 - 9/30/2020 | 10/1/2020 – 12/30/2021 | Extension requested by SDE |
| 2020-2021 | 7/1/-2020 - 9/30/2021 | 10/1/2021 – 12/30/2022 |  |
| 2021-2022\* | 7/1/-2021 - 9/30/2022 | 10/1/2022 – 12/30/2023 |  |

\*available July 1, 2021

However, section 1127(a) of Title I of the ESEA limits the amount of Title I, Part A funds an LEA may carry over from one fiscal year’s allocation to not more than 15 percent of the total Title I, Part A funds allocated to the LEA for that fiscal year.

The following illustrates how the 27-month availability for Title I, Part A funds and the carryover limitation would operate for an LEA that receives an allocation under the FY 2021 (2021-2022 school year) appropriation.

**Example:** Title I, Part A Funds allocated to the LEA from funds made available on July 1, 2021. Total $1,500,000.

| **Total allocation** | **$1,500,000** |
| --- | --- |
| Minimum amount LEA must obligate between July 1, 2021 – September 30, 2022, to avoid excess carryover (85 percent of total appropriation) | $1,275,000 |
| Amount LEA may carryover and obligate during October 1, 2022– September 30, 2023 (carryover period provided under section 421(b) of GEPA) | $225,000 |

During the first 15 months that an LEA’s Title I, Part A funds are available, the LEA must, by September 30, 2022, obligate at least $1,275,000 (85 percent) of the total allocated to it. The LEA may carry over a maximum of $225,000 (15 percent) into the next fiscal year and must obligate those funds by September 30, 2023. Any funds that remain unobligated after that date revert to the U.S. Treasury.

**Carryover Limitation Per Program**

| **Program** | **Maximum percent of the total allocation** |
| --- | --- |
| Title I-A Basic Program | 15% \* |
| Title I-C Migrant Program | 15%, reasonable and necessary |
| Title II-A Improving Teacher Quality | 25%, reasonable and necessary |
| Title III-A English Language Acquisition | 25%, reasonable and necessary |
| Title IV-A Student Support and Academic Enrichment | 25%, reasonable and necessary |
| Title V-B Rural and Low Income | 25%, reasonable and necessary |
| Title I School Improvement (Section 1003) | 15% |

\*ESSA Sec. 1127 (c) EXCLUSION.—The percentage limitation under subsection (a) shall not apply to any local educational agency that receives less than $50,000 under this subpart for any fiscal year.

**Excess Carryover for ESSA Grants**

Should an LEA exceed the carryover limitation and be ineligible for a waiver, the amount that has been exceeded reverts back to the State.

**Waiver**

The LEA may waive the carryover limitation if the State Department of Education determines that the request of an LEA is reasonable and necessary.

| **Program** | **How often can a waiver be requested?** |
| --- | --- |
| Title I-A Basic Program | Once every three years |
| Title I-C Migrant Program | Waived with exception per occurrence |
| Title II-A Improving Teacher Quality | Waived with exception per occurrence |
| Title III-A English Language Acquisition | Waived with exception per occurrence |
| Title IV-A Student Support and Academic Enrichment | Waived with exception per occurrence |
| Title V-B Rural and Low Income | Waived with exception per occurrence |
| Title I School Improvement (Section 1003) | Once every three years |

**Waivers as a Result of COVID-19**

As a result of COVID-19, the U.S. Department of Education waived the three-year limitation period of requesting waivers. In other words, LEAs were eligible to request a waiver for a second time, even if they had already received a waiver within the previous three years. LEAs that had requested a waiver during the 2020-2021 year for 2019-2021 excessive carryover will not be able to receive another waiver.

**Title I-A Waiver Timeline Example as Result of the Waiver Extended due to COVID-19 – Example 1**

| **Carryover for Year** | **Occurrence** | **Waiver Eligibility** |
| --- | --- | --- |
| Year 1 - 2018-2019 | Excessive Carryover Requested | Yes – Excessive Carryover Waiver used |
| Year 2 - 2019-2020 - COVID | Excessive Carryover Requested | Yes – three-year limitation waived by US ED |
| Year 3 - 2020-2021 | Excessive Carryover Requested/ Excessive Carryover Removed | No – unless US ED waiver of three-year limitation has been extended |

**Title I-A Waiver Timeline Example as Result of the Waiver Extended due to COVID-19 – Example 2**

| **Carryover for Year** | **Occurrence** | **Waiver Eligibility** |
| --- | --- | --- |
| Year 1 - 2018-2019 | No Excessive Carryover | No waiver request needed |
| Year 2 - 2019-2020 - COVID | Excessive Carryover Requested | Yes – three-year limitation waived by US ED |
| Year 3 - 2020-2021 | Excessive Carryover Requested | No – unless US ED waiver of three-year limitation has been extended |

**Title I-A Waiver Timeline Example as Result of the Waiver Extended due to COVID-19 – Example 3**

| **Carryover for Year** | **Occurrence** | **Waiver Eligibility** |
| --- | --- | --- |
| Year 1 - 2018-2019 | No Excessive Carryover | N/A |
| Year 2 - 2019-2020 - COVID | No Excessive Carryover | N/A (US ED waiver of three-year limitation was available, but not used) |
| Year 3 - 2020-2021 | Excessive Carryover requested | Yes |

## Obligation Examples

It is important to understand that “obligated” does not necessarily mean “spent”. Obligation occurs when the agency or an LEA has entered into a binding commitment to pay out money, such as entering into a contract to pay for supplies or services. Reference: 34 C.F.R. § 75.707; 34 C.F.R. § 76.707.

| **If the obligation is for:** | **The obligation is made:** |
| --- | --- |
| Acquisition of property | On the date which the LEA makes a binding written commitment to acquire the property |
| Personal services by an employee of the LEA | When the services are performed |
| Personal services by a contractor who is not an employee of the LEA | On the date which the LEA makes a binding written commitment to obtain the services |
| Public utility services | When the LEA receives the services |
| Travel | When the travel is taken |
| Rental of property | When the LEA uses the property |
| A pre-agreement cost that was properly approved by the Secretary under the cost principles in 2 CFR part 200, Subpart E- Cost Principles. | On the first day of the project period |