



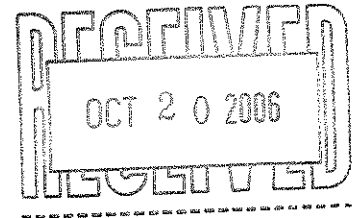
FILE

UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF ELEMENTARY AND SECONDARY EDUCATION

OCT 18 2006

THE ASSISTANT SECRETARY



Leigh M. Manasevit, Esq.
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3105 South Street, NW
Washington, DC 20007

Dear Mr. Manasevit:

I am writing in response to your inquiry regarding how a State educational agency (SEA) would reduce the Title I, Part A administrative funds of a local educational agency (LEA) identified as being in corrective action, should the SEA choose to exercise its authority to do so as set forth in statute. I apologize for my delay in answering you.

If an LEA does not meet adequate yearly progress (AYP) for four consecutive years, the SEA must identify the LEA for corrective action and take significant steps to remedy the managerial, organizational, instructional or other aspects of the LEA that may serve as a barrier to its students reaching academic proficiency. Section 1116(c)(10)(C) of the *Elementary and Secondary Education Act* (ESEA) as amended by the *No Child Left Behind Act of 2001* (NCLB) gives SEAs six options in taking corrective action. One of those options is “deferring programmatic funds or reducing administrative funds.”

As you know, Title I, Part A has no specific statutory limit on the amount an LEA may spend for administration, although an SEA may establish such a limit. If it does not, the amount is governed by the standard established in the Office of Management and Budget (OMB) Circular A-87 of what is reasonable and necessary for the proper and efficient performance and administration of Part A. As a result, if an SEA chooses to reduce an LEA’s Part A administrative funds, it would first have to determine the appropriate level of administrative expenditures for the LEA. One measure of this might be the LEA’s level of spending for administrative costs under Title I, Part A in the prior year. Based on that information, the SEA would then distribute to the LEA its full Part A allocation, but restrict the amount it could use for administrative expenses.

Finally, I remind you that in addition to choosing to take at least one of the corrective actions provided by statute, the SEA must continue to provide technical assistance to the LEA and should document the steps it takes and evaluate the effectiveness of this assistance. I invite you to contact me should you have further questions regarding States’ implementation of NCLB.

Sincerely,

Henry L. Johnson