

Application for a Local Flexibility Demonstration Agreement for Equitable Per-pupil Funding

U.S. Department of Education
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United States Department of Education
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION



Dear Applicant:

Thank you for your interest in the demonstration program authorized in Title I, Part E, Section 1501 of the Elementary and Secondary Education Act of 1965 (ESEA), as amended by the Every Student Succeeds Act (ESSA), entitled “Flexibility for Equitable Per-pupil Funding.”

ESEA section 1501 authorizes the U.S. Secretary of Education to enter into local flexibility demonstration agreements with local educational agencies (LEAs) under which such agencies may consolidate eligible Federal education funds with State and local funds in accordance with certain requirements in order to develop a student-centered funding system based on weighted per-pupil allocations for low-income and otherwise disadvantaged students. Under a local flexibility demonstration agreement, an LEA may use the Federal funds allocated through its system flexibly, provided it meets the purposes of each Federal education program supported by the consolidated Federal funds, including serving students from low-income families, English learners, migratory children, and children who are neglected, delinquent, or at risk, as applicable.

Please note that no funds have been appropriated to support a local flexibility demonstration agreement. Accordingly, the U.S. Department of Education (Department) will not award any funds through this announcement. Rather, it will provide the flexibility to consolidate eligible Federal funds with State and local education funding in order to create a student-centered funding system based on weighted per-pupil allocations, with accompanying flexibility in the use of Federal education funds, as described in your application. The Department may initially award this flexibility for not more than 50 LEAs for a period of three years. The Department expects to first award this flexibility for use during the 2018-2019 school year. An LEA may indicate on its application when it proposes to begin using the flexibility.

If you have any questions about the program after reviewing the application package, please contact my team at WeightedFundingPilot@ed.gov.

Sincerely,

Jason Botel
Principal Deputy Assistant Secretary,
Delegated the Authority to Perform the Functions
and Duties of the Assistant Secretary for
Elementary and Secondary Education

Introduction

Title I, Part E, section 1501 of the Elementary and Secondary Education Act of 1965 (ESEA), as amended by the Every Student Succeeds Act (ESSA), authorizes the U.S. Secretary of Education (Secretary) to enter into local flexibility demonstration agreements with local educational agencies (LEAs) for a term of not more than three years (with the ability to renew the agreement) to consolidate eligible Federal funds with State and local funds in order for such agencies to develop and implement a single student-centered funding system based on weighted per-pupil allocations that meets the requirements of ESEA section 1501(d).

For an LEA that enters into a local flexibility demonstration agreement, the Secretary is authorized to waive those provisions of the ESEA that would otherwise prevent the LEA from using eligible Federal funds as part of such an agreement. Relieving an LEA from certain ESEA requirements in this manner would enable the LEA to use the Federal funds allocated through its student-centered funding system flexibly, provided it meets the purposes of each Federal education program supported by the consolidated Federal funds, including serving students from low-income families, English learners, migratory children, and children who are neglected, delinquent, or at risk, as applicable.

Definitions

- **Eligible Federal Funds:** “Eligible Federal funds” means any funds received by an LEA under the following Federal education programs:
 - Title I, Part A: Improving basic programs operated by LEAs
 - Title I, Part C: Education of migratory children
 - Title I, Part D, Subpart 2: Local prevention and intervention programs for children and youth who are neglected, delinquent, or at risk
 - Title II: Preparing, training, and recruiting high-quality teachers, principals, or other school leaders
 - Title III: Language instruction for English learners and immigrant students
 - Title IV, Part A: Student support and academic enrichment grants
 - Title V, Part B: Rural education initiative
- **High Poverty Schools:** A “high-poverty school” means a school that is in the highest two quartiles of schools served by an LEA, based on the percentage of enrolled students from low-income families.

Requirements of the System

An LEA that enters into a local flexibility demonstration agreement with the Secretary may consolidate eligible Federal funds with State and local funds in order to create a student-centered funding system based on weighted per-pupil allocations. According to ESEA section 1501(d)(2), an LEA’s student-centered funding system based on weighted per-pupil allocations must:

- Allocate State and local education funds and eligible Federal funds to the school level based on the number of students in a school and a formula using per-pupil weighted amounts;
- Allocate to schools a significant percentage of all the LEA’s State and local education funds and eligible Federal funds, which shall be agreed upon during the application process;

- Use weights or allocation amounts that allocate substantially more funding to English learners, students from low-income families, and students with any other characteristics associated with educational disadvantage chosen by the LEA than to other students;
- Ensure that each high-poverty school, in the first year of the local flexibility demonstration agreement, receives from State and local education funds and eligible Federal funds, when compared to the year prior to entering into the local flexibility demonstration agreement:
 - More per-pupil funding for low-income students; and
 - At least as much per-pupil funding for English learners.
- Include all school-level actual personnel expenditures for instructional staff (including staff salary differentials for years of employment) and actual non-personnel expenditures in the calculation of the funds allocated under the system to schools.

Flexibility

Pursuant to ESEA section 1501(b)(2), the Secretary is authorized to waive, for an LEA that enters into a local flexibility demonstration agreement, any provision of the ESEA that would otherwise prevent the LEA from using eligible Federal funds as part of the agreement. Accordingly, except as enumerated below, the Secretary will waive all of the LEA-level Federal requirements of eligible programs whose funds an LEA consolidates with State and local funds in its student-centered funding system, provided the LEA meets the purposes of each such Federal education program including serving students from low-income families, English learners, migratory children, and children who are neglected, delinquent, or at risk, as applicable.

Similar to the requirements for consolidating Federal, State and local funds in a schoolwide program school under ESEA section 1114, an LEA that enters into a local flexibility demonstration agreement may consolidate State, local and eligible Federal funds and then allocate those funds to all its schools, ensuring that its Title I schools receive their fair share of funds through the student-centered funding system as required under ESEA section 1118(b)(2). The LEA would not need to identify individual services as supplementary nor maintain separate fiscal accounting records, by program, that identify the specific activities supported by Federal funds. Instead, the LEA may use its consolidated Federal funds without regard to meeting the specific requirements of each Federal program whose funds are consolidated in the LEA's student-centered funding system, provided the LEA demonstrates the consolidated Federal funds allocated through the system, as a whole, address the purposes of each such Federal program.

If an LEA consolidates funds from a competitive grant awarded under an eligible Federal program in its student-centered funding system, the LEA must continue to carry out the scope and objectives, at a minimum, at the level described in the LEA's approved application under which the funds were awarded. When possible, in applying for a competitive grant, an LEA would indicate in its application that some or all of the funds would be used to support its local flexibility demonstration agreement.

Responsibilities of an LEA Entering Into a Local Flexibility Demonstration Agreement

ESEA section 1501 requires an LEA that enters into a local flexibility demonstration agreement to continue to meet certain requirements. Under section 1501(d)(1)(I), such an LEA must meet

the requirements of ESEA section 1118, which requires an LEA that receives Title I, Part A funds to:

- Maintain fiscal effort;
- Use Title I, Part A funds to supplement not supplant State and local funds consistent with section 1118(b)(2); and
- Ensure that Title I schools receive services comparable to those provided in non-Title I schools.

Because these requirements apply, an LEA must continue to identify participating Title I schools, based on the percentage of low-income students under ESEA section 1113(a)-(b) and the amount of Title I, Part A funds, in the aggregate, the LEA allocates through its student-centered funding. However, the LEA need not comply with the allocation requirements under ESEA section 1113(c)(1)-(2) because Title I, Part A funds would be consolidated in the LEA's student-centered funding system.

ESEA section 1501(d)(1)(I) also requires an LEA that enters into a demonstration flexibility agreement to continue to meet the requirements of ESEA sections 1117 and 8501, which require an LEA to provide equitable services to eligible private school students, their teachers and families. Accordingly, before implementing its student-centered funding system in accordance with its local flexibility demonstration agreement, an LEA must determine the amount of funds from each Federal program whose funds it consolidates in its system that must be reserved in order to provide equitable services under that program. Then, in consultation with appropriate private school officials, the LEA determines what services to provide under each program.

Lastly, ESEA section 1501(d)(1)(J) requires an LEA that enters into a local flexibility demonstration agreement to meet the requirements of all applicable Federal civil rights laws. Those laws include Title VI of the Civil Rights Act of 1964, Title IX of the Education Amendments of 1972, Section 504 of the Rehabilitation Act of 1973, Title II of the Americans with Disabilities Act, and requirements under the Individuals with Disabilities Education Act.

The flexibility afforded by a local flexibility demonstration agreement applies to the Federal funds allocated to schools through an LEA's student-centered funding system. As a result, the flexibility does not apply for eligible Federal funds *not* allocated through the system nor to district-level uses of Federal funds. ESEA State-level requirements also continue to apply.

In addition, there are several requirements that the Secretary has determined an LEA approved under this authority must continue to meet, though the following is not an exhaustive list. An LEA that enters into a local flexibility demonstration agreement must continue to implement the standards and assessment requirements in ESEA section 1111(b) and the accountability requirements in ESEA section 1111(c). Moreover, such an LEA that has schools identified by the State for comprehensive or targeted support and improvement under ESEA section 1111(c) and (d) must ensure that such schools implement appropriate interventions. Similarly, the LEA must address disparities that result in low-income students and minority students in Title I schools being taught at higher rates than other students by inexperienced, ineffective or out-of-field teachers pursuant to ESEA section 1112(b)(2). Also, the LEA must meet the local report card requirements, including reporting actual per-pupil expenditures by school, pursuant to ESEA

section 1111(h)(2) (subject to the timeframe established by the June 28, 2017 Dear Colleague Letter; see: <https://www2.ed.gov/policy/elsec/leg/essa/perpupilreqltr.pdf>).

An LEA with a local flexibility demonstration agreement is expected to include all schools in the LEA when allocating funds through its student-centered funding system. An LEA should follow State and local law regarding whether a public charter school is included as a school within the LEA.

Consultation

Under ESEA section 1501(d)(1)(G), each LEA must assure that it developed and will implement the local flexibility demonstration agreement in consultation with teachers, principals, other school leaders (including charter school leaders in an LEA that has charter schools), administrators of Federal programs impacted by the agreement, parents, community leaders, and other relevant stakeholders. For an LEA that is continuously engaging with stakeholder groups regarding the development or implementation of a student-centered funding system, such engagement constitutes consultation for purposes of providing this assurance. An LEA must ensure that all required stakeholder groups are included in consultation.

Continued Demonstration

ESEA section 1501(e) requires that each LEA with an approved local flexibility demonstration agreement must annually:

- Demonstrate to the Secretary that, as compared to the previous fiscal year, no high-poverty school received from eligible Federal, State and local sources through the LEA's student-centered funding system—
 - Less per-pupil funding for low-income students; or
 - Less per-pupil funding for English learners;
- Report to the Secretary and make public its per-pupil expenditures, including actual personnel expenditures that include staff salary differentials for years of employment and actual non-personnel expenditures, for each school served by the LEA, disaggregated by each quartile of students attending the school based on student level of poverty and by each major racial or ethnic group in the school, for the previous fiscal year; and
- Make public the total number of students enrolled in each school served by the LEA and the number of students enrolled in each school disaggregated by each major racial and ethnic group, students from low-income families, English learners, and children with disabilities.

Completing and Submitting an Application

Each LEA must address all of the requirements identified below in its application for a local flexibility demonstration agreement. An LEA must use the template below, although an LEA may supplement certain responses where indicated with additional information or data in an attachment(s). In spring 2018, the Department announced submission windows for LEAs requesting to implement this flexibility in school year 2018-2019 and school year 2019-2020. For an LEA requesting to implement this flexibility beginning in the 2019-2020 school year, this application is due by **July 15, 2018**. The Department may accept additional applications for this flexibility in the future on dates to be announced. Applicants should send complete applications to WeightedFundingPilot@ed.gov.

Application Review

Each substantive question in the application will be scored as a “strong,” “sufficient” or “insufficient” response. Point values for each question are included in the relevant section. An applicant scoring zero points on a response would be considered incomplete and therefore ineligible for the flexibility without changes to its application, contingent upon the number of complete applications received and/or awards made at the time of resubmission. Items without point values generally require submission of information such that a binary evaluation of its presence or absence will be considered but points will not be assigned for the quality of the response.

Program Evaluation

From the amount reserved for evaluation activities under ESEA section 8601, the Secretary, acting through the Director of the Institute of Education Sciences, will, in consultation with the Office of Elementary and Secondary Education, evaluate the implementation of the local flexibility demonstration agreements and the impact of such agreements on improving the equitable distribution of State and local funding and increasing student achievement. LEAs operating under a local flexibility demonstration agreement pursuant to ESEA section 1501 must cooperate with such offices in service of the evaluation.

Cover Page

Contact Information and Signatures	
LEA Contact (Name and Position):	Telephone:
NCES District ID (Note: Applicants may obtain their NCES District ID at http://nces.ed.gov/ccd/districtsearch):	
Mailing Address:	Email Address:
By signing this document, I assure that all application contents are true and complete to the best of my knowledge, and I affirm each assurance listed at the end of the document.	
Authorized LEA Representative (Printed Name)	Telephone:
Signature of Authorized LEA Representative	Date:

Instructions

Each LEA must provide descriptions and other information that address each requirement listed below for the programs included in its application to enter into a local flexibility demonstration agreement.

Title I, Part E: Application for Local Flexibility Demonstration Agreement

- 1) Please indicate the school year for which the LEA requests to first use the authority to consolidate and use local, State and eligible Federal funds in a student-centered funding system. Note that the Secretary may approve an LEA for a period of not more than three years. The agreement may be renewed by the Secretary for additional three-year terms.

School Year _____

- 2) Identify the weights used to allocate funds within such system, pursuant to ESEA section 1501(d)(1)(A). Please complete Table I below or attach information regarding the weights to be used to allocate funds within your system. (Rows may be added to the table as necessary.)

Table I: School Funding System Weights

Weighted Group	Description of the Weighted Group	Weight
English Learners		
Low-Income Students		

*Other Educationally Disadvantaged Students:*¹

Weighted Group	Description of the Weighted Group	Weight

*Other Weighted Student Groups:*²

Weighted Group	Description of the Weighted Group	Weight

¹ “Other Educationally Disadvantaged Students” are students with any other characteristics associated with educational disadvantage chosen by the LEA pursuant to ESEA section 1501(d)(2)(A)(ii), which may include students with disabilities. If your student-centered funding system includes more than two groups of educationally disadvantaged students, please add additional rows to the table. If fewer than two, please leave row(s) blank.

² “Other Weighted Student Groups” are student groups in addition to those otherwise listed for whom the LEA will provide a weighted allocation, if any. If your student-centered funding system includes more than two Other Weighted Student Groups, please add additional rows to the table. If fewer than two, please leave row(s) blank.

- 3) Describe how the student-centered funding system will use weights or allocation amounts that allocate substantially more funding to English learners, students from low-income families, and students with any other characteristics associated with educational disadvantage chosen by the LEA, than to other students, consistent with ESEA sections 1501(d)(1)(A)(iii) and 1501(d)(2)(A)(ii).

Points: strong = 15 points; sufficient = 8 points; insufficient = 0 points

[Click here to enter text.](#)

- 4) Describe how the student-centered funding system will ensure that each high-poverty school receives, in the first year of the demonstration agreement, more per-pupil funding from Federal, State and local sources for low-income students and at least as much per-pupil funding for English learners as the school received the year immediately preceding the first year of the demonstration agreement, consistent with ESEA sections 1501(d)(1)(A)(iii) and 1501(d)(2)(A)(iii).

Points: strong = 12 points; sufficient = 6 points; insufficient = 0 points

[Click here to enter text.](#)

- 5) Pursuant to ESEA section 1501(d)(1)(B), identify the funding sources, including eligible Federal funds, the LEA will include in the student-centered funding system. Please check all the boxes below that apply. Note that an applicant must include State and local funds, so those funding sources are affirmatively indicated below.

Local

State

Title I, Part A: Improving basic programs operated by LEAs

Title I, Part C: Education of migratory children

Title I, Part D, Subpart 2: Local prevention and intervention programs for children and youth who are neglected, delinquent, or at risk

Title II, Part A: Supporting effective instruction

Title II, Part B, Subpart 1: Teacher and school leader incentive program

Title II, Part B, Subpart 2: Literacy education for all, results for the nation

Title II, Part B, Subpart 3: American history and civics education

Title II, Part B, Subpart 4: Programs of national significance

Title III, Part A, Subparts 1 & 2: Grants and subgrants for English language acquisition and language enhancement and accountability and administration

Title III, Part A, Subpart 3: National professional development project

Title IV, Part A: Student support and academic enrichment grants

Title V, Part B: Rural education initiative

- 6) Describe how the student-centered funding system will be used to allocate to schools a significant percentage, which shall be agreed upon by the LEA and the Department during the application process, of all the LEA’s State and local education funds and eligible Federal funds. To meet this requirement, consistent with ESEA section 1501(d)(1)(C), identify the amount and percentage of total LEA funding, including State and local education funds and eligible Federal funds, that will be allocated through the system by completing Table II. Please include data regarding each eligible Federal program, even if the LEA does not plan to include funds from a particular funding source in the student-centered funding system. In that case, indicate \$0 as the “amount of funds allocated through system” and 0% as the “percentage of funds allocated through system,” as applicable.

An LEA should indicate the portion of each type of funding to be allocated through the student-centered funding system in the first year of implementation. Rows may be added to the table as necessary.

Points: strong = 10 points; sufficient = 5 points; insufficient = 0 points

Table II: Portion of LEA Funding Allocated Through System

Row 1	Column A	Column B	Column C	Column D	Column E
Row 2	Funds	Fiscal Year	Total Funding	Amount of Funds Allocated Through System	Percentage of Funds Allocated Through System
Row 3	State Funds				[Row 3, column D/Row 3, column C]
Row 4	Local Funds				[Row 4, column D/Row 4, column C]
Row 5	Title I, Part A				[Row 5, column D/Row 5, column C]
Row 6	Title I, Part C				[Row 6, column D/Row 6, column C]
Row 7	Title I, Part D, Subpart 2				[Row 7, column D/Row 7, column C]
Row 8	Title II, Part A				[Row 8, column D/Row 8, column C]
Row 9	Title II, Part B, Subpart 1				[Row 9, column D/Row 9, column C]
Row 10	Title II, Part B, Subpart 2				[Row 10, column D/Row 10, column C]
Row 11	Title II, Part B, Subpart 3				[Row 11, column D/Row 11, column C]
Row 12	Title II, Part B, Subpart 4				[Row 12, column D/Row 12, column C]

					C]
Row 13	Title III, Part A, Subparts 1 & 2				[Row 13, column D/Row 13, column C]
Row 14	Title III, Part A, Subpart 3				[Row 14, column D/Row 14, column C]
Row 15	Title IV, Part A				[Row 15, column D/Row 15, column C]
Row 16	Title V, Part B				[Row 16, column D/Row 16, column C]
Row 17	TOTAL FUNDS AVAILABLE TO LEA		<u>[sum of all rows 1-16 above in this column, C]</u>	<u>[sum of all rows 1-16 above in this column, D]</u>	<u>[Row 17, column D/Row 17, column C]</u>

7) If the Department enters into an agreement with an LEA, such LEA will need to annually update the information in Table II. This applicant, if awarded authority for this flexibility, will update Table II by *[insert date]* to reflect funding for year two of implementation and by *[insert date]* to reflect funding for year three of implementation.

8) Describe how the student-centered funding system will, pursuant to ESEA section 1501(d)(2)(B)(i), ensure that the significant percentage of funds allocated through the student-centered funding system is sufficient to carry out the purposes of the demonstration agreement and to meet the requirements of ESEA section 1501(d). *Note: The percentage of funds allocated through the student-centered funding system is the amount calculated in Table II, Row 17, Column E.*

Points: strong = 8 points; sufficient = 4 points; insufficient = 0 points

[Click here to enter text.](#)

9) Describe how the student-centered funding system will, pursuant to ESEA section 1501(d)(2)(B)(ii), ensure that the State and local education funds and eligible Federal funds *not* allocated through the system do not undermine or conflict with the requirements of the demonstration agreement.

Points: strong = 8 points; sufficient = 4 points; insufficient = 0 points

[Click here to enter text.](#)

10) Describe how the student-centered funding system will include all school-level actual personnel expenditures for instructional staff (including staff salary differentials for years of employment) and actual non-personnel expenditures in the calculation of the LEA's State and local education funds and eligible Federal funds when calculating the significant portion of funds to be allocated to the school level consistent with ESEA section 1501(d)(2)(A)(v). *Note: The percentage of funds not allocated through the student-centered funding system is the inverse of the amount calculated in Table II, Row 17, Column E. To determine this amount, subtract 100%-[Table II, Row 17, Column E].*

Points: strong = 10 points; sufficient = 5 points; insufficient = 0 points

[Click here to enter text.](#)

11) Describe how the LEA will, after allocating funds through the system, charge schools for the per-pupil expenditures of State and local education funds and eligible Federal funds, including actual personnel expenditures (including staff salary differentials for years of employment) for instruction staff and actual non-personnel expenditures, consistent with ESEA section 1501(d)(2)(C).

Points: strong = 10 points; sufficient = 5 points; insufficient = 0 points

[Click here to enter text.](#)

12) Describe how the student-centered funding system will support the academic achievement of students, including low-income students, the lowest-achieving students, English learners, and children with disabilities, consistent with ESEA section 1501(d)(1)(A)(iv).

Points: strong = 15 points; sufficient = 8 points; insufficient = 0 points

[Click here to enter text.](#)

13) Consistent with ESEA section 1501(d)(1)(D), identify the per-pupil expenditures of State and local education funds for each school served by the LEA for the fiscal year immediately preceding the year in which the LEA will first use the flexibility. This must include actual personnel expenditures (including staff salary differentials for years of employment) and actual non-personnel expenditures. *For example, if applying to use the flexibility in school year 2020-2021, an LEA should provide these data for school year 2019-2020. If such data are not yet available, please indicate the date by which they will become available.*

[Click here to enter text.](#)

14) Consistent with ESEA section 1501(d)(1)(E), identify the per-pupil amount of eligible Federal funds each school served by the LEA received in the fiscal year preceding the year in which the LEA will first use the flexibility, disaggregated by the programs supported by the eligible Federal funds. This should only include funds that were received by (*i.e.*, allocated to) schools. *For example, if applying to use the flexibility in school year 2020-2021, an LEA should provide these data for school year 2019-2020.*

[Click here to enter text.](#)

When responding to questions 13 and 14 above, please complete Table III or attach the same required information. Note that question 13 above addresses per-pupil **expenditures** of State and local education funds for each school served by the LEA while question 14 asks the LEA to specify funds received by (*i.e.*, **allocated** to) a school, disaggregated by eligible Federal program. Rows may be added to the table as necessary.

Please note this information is only required for those eligible Federal funding sources the LEA will include in the system. If an LEA is *not* including an eligible Federal funding source listed below in its system, it is not required to provide information for that funding source.

15) Consistent with ESEA section 1501(d)(1)(F), describe how the LEA will ensure that it will meet the purposes of each Federal program whose funds are allocated through its system, including serving students from low-income families, English learners, migratory children, and children who are neglected, delinquent, or at risk, as applicable.

Please note this information is only required for those eligible Federal funding sources the LEA will include in the system. If an LEA is *not* including an eligible Federal funding source listed below in its system, it is not required to provide information for that funding source.

Points: strong = 12 points; sufficient = 6 points; insufficient = 0 points

Title I, Part A

[Click here to enter text.](#)

Title I, Part C

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Title I, Part D, Subpart 2

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Title II

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Title III

[Click here to enter text.](#)

Title IV, Part A

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Title V, Part B

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Assurances

Please check each assurance. The LEA assures that:

- It has the legal authority to use the State and local education funds consistent with its proposed system of weighted per-pupil allocations;
- It developed and will implement the local flexibility demonstration agreement in consultation with teachers, principals, other school leaders (including charter school leaders in an LEA that has charter schools), administrators of Federal programs impacted by the agreement, parents, community leaders, and other relevant stakeholders;
- If it consolidates funds from a competitive grant under an eligible Federal program, it will carry out the scope and objectives, at a minimum, at the level described in the application under which the funds were awarded;
- It will meet all continued demonstration requirements pursuant to ESEA section 1501(e);
- It will use fiscal control and sound accounting procedures that ensure proper disbursement of, and accounting for, eligible Federal funds consolidated and used under such system, including by ensuring that costs are reasonable and necessary;
- It will continue to meet the requirements of ESEA sections 1117, 1118 and 8501;
- It will meet the requirements of all applicable Federal civil rights laws in carrying out the agreement and in consolidating and using funds under the agreement;
- It will use, for administrative purposes, not more than the percentage of funds allowed for such purposes under each eligible Federal program; and
- For eligible Federal funds *not* allocated through the student-centered funding system, it will continue to meet all applicable program and fiscal requirements.