



Illinois State Board of Education

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BULLETIN NO. 01-09

TO: School District Superintendents
School District Title I, Part A Directors

FROM: Gina Hopper, Division Administrator, Grants and Programs

RE: Supplement vs. Supplant provisions

This e-bulletin serves as a brief reminder of the supplement not supplant provision that requires that federal funds be used to augment the regular educational program. No Child Left Behind (NCLB) requires that state and local educational agencies (SEA's and LEA's) use federal funds received under Title I only to supplement the amount of funds available from non-federal sources for the education of students participating in Title I services.

The SEA and LEA cannot use these federal funds to supplant funds that would, in the absence of Title I funds, have been spent on Title I students (Title I, Part A, Section 1120A(b)). Specifically, Title I funds may be used only to supplement and, to the extent practicable, increase the level of funds that would, in the absence of Title I funds, be made available from non-federal sources.

Because of the importance of the supplement/supplant requirement, it is very important that school districts maintain good fiscal records and other documentation that will permit an auditor or program monitor to conclude that they have overcome a presumption that supplanting has occurred. The supplement, not supplant regulation is included in the monitoring of school districts. If it is determined that districts are supplanting state and local funds with Title I funds – or any federal funds - those funds may be recovered and/or returned to the U.S. Department of Education. Future funding of those districts found to be supplanting may be impacted.

Please carefully review the fiscal records within your district and cease any activities that may be construed as supplanting.

The Supplement, Not Supplant Tests

When determining whether a fiscal expenditure supplements and not supplants, school districts must run these three tests.

Test I: Required – Is the program or activity that the district wants to fund required under state, local, or another federal law? If it is, then it is supplanting.

Test II: Equivalency – Were state or local funds used in the past to pay for this program or activity? If they were, it is supplanting.

Test III: Non-Title I Programs – Are the same programs or activities being implemented in other schools that do not receive Title I funds AND are these programs and activities being paid for with state or local funds? If yes, then this is supplanting.

If an expenditure does not pass any of the above tests, then it is presumed that Title I funds are supplanting state or local funds. **Expenditures must pass all three tests to truly be supplemental.**

It is possible for a school district to have a particular expense that *may look like* supplanting, but in actuality, it is not. Districts in this scenario must be sure to provide adequate documentation. This documentation would need to prove how the three tests outlined above have been passed, including:

- Demonstrate that the program or activity would not have been provided if Title I funds were not available.
- Demonstrate that the state or local funds that had been paying for this program or activity in years past are no longer available.
- Documentation that the “Title I look-a-like program” is funded by supplemental local funds, specifically set-aside for this purpose.

The supplement versus supplant issue is not inherent to Title I. OMB Circular A-133 offers general guidance on the application of supplement not supplant provisions. Generally, a supplanting violation is presumed when an institution uses federal funds to provide services that it is required to make available under other federal, state, or local laws. See the 2008 Circular A-133 Compliance Supplement which, in accordance with 73 Fed. Reg. 32059 (June 5, 2008), is available at the following Internet address:

http://www.whitehouse.gov/omb/circulars/a133_compliance/08/ed.doc

Please also refer to the “State and Federal Grant Administration Policy and Fiscal Requirements and Procedures” handbook for continued guidance on supplemental costs,

http://www.isbe.net/funding/pdf/fiscal_procedure_handbk.pdf Local districts are required to maintain, in each eligible attendance area, a level of expenditure which is at least equal to the level of expenditure that would be maintained if federal/state funds were not being expended in that area.

This e-bulletin contains basic information on NCLB provisions. It is meant to provide a ready reference for school administrators, teachers, and the public on NCLB implementation within Illinois. It is not intended as a comprehensive source of information on the rules and regulations which govern NCLB Title I.