

July 31, 2006

VIA FACSIMILE AND FIRST CLASS MAIL

Henry Johnson  
Assistant Secretary  
Office of Elementary and Secondary Education  
400 Maryland Avenue, S.W.  
Washington, D.C. 20202

Dear Assistant Secretary Johnson:

I am writing to obtain clarification on a question concerning corrective actions, specifically regarding the SEA process by which it is authorized to “reduce administrative funds” of an LEA under section 1116(c)(10)(C)(i).

The state educational agency (SEA) is required to take corrective action with respect to any local education agency (LEA) that fails to make AYP by the end of the second full school year after its identification for improvement (*i.e.*, after four years of no AYP). At that point, the SEA must choose at least one from a list of corrective actions. That list includes the authority for the SEA to “reduce administrative funds.” *Id.*

Unlike other programs, Title I, Part A does not contain a specific cap on LEA-level administrative expenses. Rather, LEAs set-aside a “necessary and reasonable” amount to administer programs for public and private school children. 34 CFR § 200.77. Unless a state imposes a specific cap, LEAs have a fair amount of discretion to determine what constitutes a necessary and reasonable set-aside for administration.

In this context we ask the following:

If an SEA decides to “reduce administrative funds” as a corrective action under section 1116(c)(10)(C)(i), should the SEA:

- a. Allocate the same total amount of funding but restrict the amount the LEA can use for administrative expenses, or
- b. Withhold an amount of the LEA’s total Title I, Part A allocation, thus reducing the total allocation?

- i. If the SEA withholds an amount of the LEA's total Title I, Part A allocation, thus reducing the total allocation, then:
  1. How should the SEA determine the amount to reduce? and
  2. What does the SEA do with the withheld funds?

I greatly appreciate your attention to these questions. Thank you in advance for your prompt assistance.

Sincerely,

Leigh M. Manasevit

LMM/trw