



How State Education Agencies Can Unlock the Potential of Federal Dollars

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Education First



Introduction

State Education Agencies (SEAs) are being called to lead. The Trump Administration is focused on returning “authority to the states,” and dramatic gains, such as Mississippi’s progress in reading scores, have highlighted the power of state-driven initiatives to transform educational outcomes.

At the same time, SEA leaders are navigating a period of heightened volatility—facing uncertain changes to federal appropriations, increased local demand for guidance and political scrutiny over spending. In this environment, managing federal education dollars is no longer a back-office compliance task. It is a strategic leadership opportunity.

This paper is for SEA leaders—chiefs, deputy commissioners, federal program directors, budget officers and policy staff—who want to better align federal resources with state priorities; and for partners, from advocates to philanthropy, who can help them do so.¹ It is for leaders who have inherited legacy systems, siloed teams and a compliance-heavy approach that may have served them well in the past, but now hinder their ability to operate a coherent system of services for students and schools.

Although federal funding accounts for only about ten percent of total K12 education dollars nationwide, they offer state leaders outsized opportunities to drive strategic, evidence-based priorities; especially for the students who need the most support. Too often, however, federal programs are managed separately from the state’s core strategies. The structure for state-administered federal formula funds—its pass-through nature, the rules limiting uses and the process demands of grants management—contributes to a perception that there is little state influence over federal funds or flexibility in how they can be used. Neither is true.

SEAs have always played a defining role in federal grant administration. From start to finish, the SEA is the primary point of contact for LEAs throughout the federal grants management cycle. As the U.S. Department of Education (USED) steps back from its role in K12 education, SEAs have a strategic opportunity to play an even more prominent role in steering federal dollars to improve student outcomes.

¹ We strive to provide the most useful, accurate and actionable information possible to support education policymakers and practitioners, but the information provided in this brief is not legal advice and education leaders should consult their own counsel. Nonetheless, we hope this information is helpful.

To help SEA leaders begin, we highlight four high-leverage opportunities within the Elementary and Secondary Education Act (ESEA)² to modernize federal program management and strengthen strategic coherence across funding streams. Leaders can take these actions now, without waivers from ESEA or changes to the law.³

1. Using SEA funds to promote alignment with key initiatives
2. Designing school improvement grants to support system-wide priorities
3. Embedding strategic direction into applications and guidance
4. Creating an internal structure that enables cross-functional leadership and support

We hope this paper spurs practical conversations inside agencies—between chiefs and their teams, across departments and with LEAs. We want readers to act: to assess current practices, revisit how they’ve structured their teams, rethink application design and use state-level flexibilities to make federal dollars work harder for students. It is possible to realign federal funding with what matters most: student outcomes. And it’s worth it.

What Leaders Should Know

The first step in transforming how a state manages its federal grants is to assess how the programs are currently positioned and managed within the agency.

Throughout this document, green “What Leaders Should Know” boxes provide questions leaders can ask their teams. These questions surface essential, baseline information leaders need to aid them in making timely and effective decisions. They can jump start discussions about strategic alignment between federal grants management and SEA priorities. They are not comprehensive, but a starting place for building shared understanding. State chiefs should tailor these to their state context.

The Council of State Chief School Officers’ recent publication [Understanding the Role That U.S. Department of Education Funds Play in State Education Agency Operations and Local Spending](#) also provides leaders with helpful guidance on assessing how their agency manages federal grants and how to build alignment with state priorities.

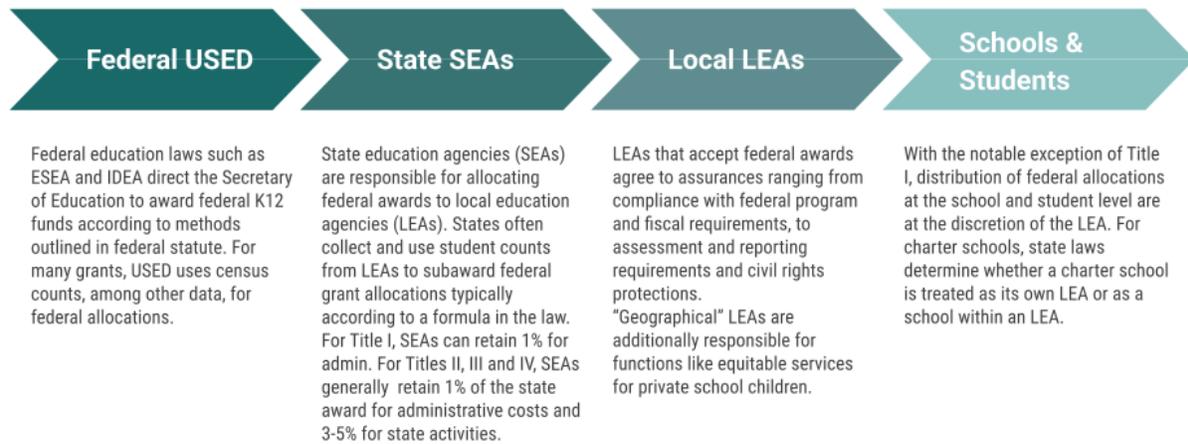
² The current authorization of ESEA is referred to as the Every Student Succeeds Act (ESSA). We refer to the law as ESEA throughout to signal that many, but not all, of the cited statutes existed in previous authorizations of the law.

³ ESEA, §8401, specifically names sections of the law that the “Secretary shall not waive,” including “the allocation or distribution of funds to States, local educational agencies, or other recipients of funds.” Despite this prohibition, at the time of publication USED was reviewing waivers requested by Iowa and Oklahoma in relation to the management of federal grants. For more information on ESEA Waivers, see our publication with All4Ed, [ESEA Waivers 101](#).

Strategy 1: Using SEA funds to promote alignment with key initiatives

USED distributes the vast majority of federal K12 education funding to states through formula grants, such as Title I. These funds are allocated to serve specific purposes, with federal law outlining allowable expenditures. States cannot deviate from these formulas and, by law, federal dollars must supplement, not supplant, state and local funds. Most of this funding is passed from states to LEAs, which can spend them centrally or allocate them to schools at their discretion. Title I is an exception and specifically requires LEAs to allocate funds to eligible schools. To receive federal funding from states, LEAs submit applications to the SEA for the grant funds and report how expenditures are aligned with federally allowable grant activities.

Federal Funding Flow for State-Administered Formula Programs



While most of the state's federal award is earmarked as flow-through funding for LEAs, the ESEA provides SEAs with the option to set aside a portion of funding for administration and state activities. These state set-asides, coupled with flexibility to transfer funds, offer strategic opportunities for SEAs to both fund the implementation of evidence-based, state priorities and influence LEA spending in line with a statewide vision for high-quality instruction accessible to all students.⁴

⁴ See the Appendix for background information on SEAs' levers of influence over federal funding, spending flexibilities allowed in the law, and the set-aside percentages allowed for administrative and state activity funds by ESEA Title.

The state portion of funding usually includes reservations for:

- Administrative funds: Typically one percent of the total state award to cover the costs of managing compliance requirements, including staffing.
- State activity funds: Some ESEA grants, like Title II, set-aside three to four percent for states to operate state-level activities related to the federal program.

Administrative funds

ESEA §8201(a) gives states the option to consolidate the amounts available for state administration so long as the SEA derives the majority of the agency's resources from non-federal sources. Utilizing consolidated administration can help SEAs break down federal program silos and facilitate the coordinated use of ESEA funds.

SEAs that consolidate administrative funds do not have to maintain separate records by each program included in the consolidation.⁵ Not only does this reduce recordkeeping and reporting, it also permits federal programs staff to work fluidly across ESEA programs without having to compartmentalize and track effort for each federal program separately.

SEAs may also use consolidated administrative funds for additional "administrative activities designed to enhance the effective and coordinated use of funds." This allows SEAs to fund processes and structures focused on aligning the spending of federal funds with state priorities, such as:

- coordination with other federal and non-federal programs;
- dissemination of information regarding model programs and practices;
- technical assistance for any ESEA program;
- state-level activities designed to support ESEA's general provisions, including a consolidated LEA application;
- fiscal supports teams that provide technical assistance that includes evaluating fiscal, administrative, staffing and operational functions.

State activity funds

State activity funds enable SEAs to fund initiatives aligned with evidence-based, state priorities, such as providing technical assistance, like training, to LEA partners. While federal law prohibits SEAs from dictating how LEAs spend their flow-through allocations, provided that the expenses are allowable, SEAs can be prescriptive about additional funds they provide with the state's share of federal grant awards.

SEAs can also take an innovative approach by offering incentives or cost-sharing when LEAs designate their federal dollars for state-aligned priorities. In Louisiana, the Department of Education (LDOE) leveraged its state activity dollars to complement LEA investments in

⁵ ESEA §8201(c)

statewide priorities such as high-quality instructional materials, curriculum-based professional learning (CBPL) and mentor teachers.

To increase the pool of funds available for incentive grants, SEAs can concentrate funds on key state priorities via ESEA's transferability provision.⁶ For example, SEAs can increase funds to support statewide teacher training by transferring state activity funds for Title IV Part A and Part B to Title II. ESEA §2101(c)(3) also provides states with the option to set aside an additional three percent of their Title II state award for allowable activities that specifically support principals and other school leaders, such as training on teacher evaluation.

What Leaders Should Know

- How much funding does the SEA reserve for administration and state-level activities for each ESEA grant (e.g. Titles I-IV)? What are the expenditures that these funds cover, including staff positions and contracts?
- Does the SEA consolidate its administrative funds?
- Does the SEA use any transferability flexibilities to consolidate state activity funds? Does the SEA opt to reserve an additional three percent of Title II to support principals and other school leaders?
- What state-level activities does the SEA support with ESEA funds? Are these activities aligned with the state's priorities?

⁶ ESEA §5301. See also USED guidance: "[ESSA Flexibilities](#)" (2018) and "[Non-regulatory Guidance: Fiscal changes and equitable services requirements under the Elementary and Secondary Education Act of 1965 \(ESEA\), as amended by the Every Student Succeeds Act \(ESSA\)](#)" (2016).

Strategy 2: Designing school improvement grants to support system-wide priorities

Some USED grants require or permit SEAs to distribute funds competitively, which allows SEAs more flexibility to align funding to state priorities. One grant with the most potential for doing so is the Title I set-aside for school improvement activities—which ESEA requires every state to implement. SEAs can strategically design how they allocate this grant so that it centers the state's vision for what evidence-based strategies can transform teaching and learning.

ESEA requires states to identify schools in need of “comprehensive and targeted support and improvement” (CSI and TSI). ESEA §1003 then reserves seven percent of the state's Title I, Part A award to fund the implementation of these schools' improvement strategies.⁷ States have significant flexibility in how they allocate these funds, allowing them to make choices about which LEAs receive the funding and the amount allocated to each.

SEAs can determine:

- Whether school improvement funds are awarded by formula or on a competitive basis;
- The length of the award period, up to four years;
- The amount of school improvement awards; and
- Application requirements in addition to the minimum requirements in federal statute.

This flexibility allows SEAs to design an allocation approach that integrates school improvement into broader, evidence-based statewide initiatives. Through the requirements SEAs place on these funds, states can focus LEAs' use of school improvement funds on specific, evidence-based strategies that are aligned with state priorities.

For example, Massachusetts [allocates](#) school improvement funds using both a formula and a competitive process: the Targeted Assistance Grant and the Intensive Assistance Grant. For both grants, LEAs must identify how funds will be tied to a district-identified instructional priority, such as implementing the use of high-quality instructional materials (HQIM). These instructional priorities are, in turn, aligned to core state agency priorities as spelled out in the department's [Educational Vision](#) and [Coherence Guidebook](#). This approach helps ensure spending addresses the most pressing local needs while still aligning with broader statewide goals around high-quality instruction.

Building coherence between school improvement strategies and SEA priorities also allows improvement efforts to be supported by initiatives and expertise from across the agency, such as instructional experts providing technical assistance in selecting HQIM or tapping into existing teacher training on implementing HQIM. Doing this requires SEAs to deepen capacity,

⁷ Of this amount, SEAs must send ninety-five percent of school improvement funds to LEAs to support CSI and TSI schools. The SEA may reserve the remaining five percent for state activities supporting school improvement.

such as investing in the processes and expert personnel necessary to effectively evaluate grant applications for quality and alignment with state strategies.

SEAs could build even deeper coherence between school improvement and state initiatives by coordinating funding from different federal and state programs. For example, ESEA encourages using funds from some other federal funding streams to support schools identified for improvement—such as Title IV, Part A Student Support and Academic Enrichment (SSAE) Grants, Title IV, Part B 21st Century Community Learning Center Grants and funds for Promise Neighborhoods and High-Quality Charter Schools.

What Leaders Should Know

- What percentage of schools does the SEA identify for school improvement?
- What criteria does the SEA use to select the schools it awards school improvement grants, and what is the amount of funding awarded?
- Does the state use a formula or operate a competitive grant?
- Does the process create alignment with statewide priorities? If so, how?
- Does the SEA take the option to provide 1003A Direct Student Services?

Additional Option for Supporting School Improvement Aligned with State Priorities

On March 31, 2025, USED issued a [Dear Colleague letter](#) reminding states of ESEA’s Direct Student Services (DSS) provision, ESEA §1003A, which allows SEAs to reserve up to three percent of their Title I, Part A award to support direct student services such as:

- Coursework not otherwise available at a student’s school, including advanced courses and career and technical education courses;
- Credit recovery courses;
- Activities associated with Advanced Placement or International Baccalaureate, including examination fees;
- Personalized learning, including high-dosage tutoring;
- Transportation costs for a student at a school identified for comprehensive support and improvement to transfer to a school not identified for improvement.

SEAs must prioritize awards for §1003A funds to LEAs serving high percentages of schools identified for school improvement. SEAs can use their application process to further align DSS awards to statewide priorities. Unlike §1003 School Improvement funds, which cannot reduce Title I allocations to LEAs, SEAs can reduce Title I allocations to fund DSS. For this reason, some states may choose only to use the DSS option if their Title I award increases.

Strategy 3: Embedding strategic direction into applications and guidance

While most ESEA funds are passed on from the state to LEAs, federal law provides significant latitude for SEAs to implement the management of these funds in ways that support LEAs in making strategic, evidence-based decisions aligned with state priorities. Within parameters set by federal law, SEAs play a critical role in assessing what is allowable, and they have considerable influence over how districts use funds through the technical assistance, applications and guidance they issue. In fact, state leaders often hold more sway over how federal dollars are spent than they do over state formula funds.

While ensuring compliance is the base objective, grant applications and guidance are key points of influence states have on how LEAs approach federal grants. States are responsible for two important administrative functions in the federal grants management cycle that can be used to help LEAs make strategic choices to better serve their students:

1. Creating, collecting and approving LEA applications for ESEA grants
2. Providing technical assistance to LEAs about federal grant requirements

When the SEA develops its ESEA application, it is signaling its priorities to LEAs and creating a graphic organizer for LEA spending. If the application focuses exclusively on compliance, that will be the approach the LEA will follow when implementing its plan. If, however, the ESEA application leads with setting strategic priorities, it can reorient how an LEA deploys its grant funds to serve those priorities. Similarly, priority-focused guidance can provide instruction for how an LEA can braid funds to achieve a coherent set of goals.

Federal law provides SEAs wide discretion to determine the contents of LEA applications. If the SEA submitted a consolidated state ESEA plan, the SEA must offer a consolidated application process to its LEAs.⁸ Along with this, ESEA stipulates that SEAs “shall require only descriptions, information, assurances, and other material that are *absolutely necessary*” for the consideration of the LEA’s plan or application.⁹

Often, SEAs will organize their applications by each federal grant. While this is necessary in some cases because of provisions that are unique to certain grants, there are many opportunities for SEAs to streamline application questions. Instead of centering the application on compliance requirements, the SEA can align the application questions with its statewide priorities. For example, an application could ask LEAs how they will support curriculum-based professional learning (CBPL) for teachers. States cannot require LEAs to spend their federal allocations on specific activities, but states can ask such questions to prompt LEAs to take a holistic approach to spending.

⁸ ESEA §8305(b).

⁹ ESEA §8305(d.)

Likewise, guidance documents produced by the SEA can encourage strategic, evidence-based spending centered on priorities. In addition to providing comprehensive lists of how LEAs can spend each grant, SEAs can provide spending guidance for key initiatives. For example, guidance for CBPL might include how LEAs can braid Title I, Title II, and IDEA funding to support literacy training for new teachers, including teachers who support students with disabilities. Similarly, in [Beyond Recovery](#), Accelerate provides guidance on how Title I, Title II, and IDEA funds can be braided to support high-impact tutoring “for the long term.”

What Leaders Should Know

- What questions are included in the state’s ESEA application?
- What guidance documents on federal funds does the state provide?
- What guidance does the SEA provide LEAs on statewide priorities and how LEAs can use federal funds to support those priorities?
- Does the SEA have Ed-Flex authority? If yes, when does the authority expire, how has the SEA communicated this flexibility to its LEAs and what kinds of waivers has it issued under Ed-Flex?

Additional Option for SEAs to Support LEAs in Strategically Using Federal Funds

Education Flexibility (Ed-Flex)¹⁰ authority permits SEAs to waive certain federal requirements for districts and schools that might impede local efforts. It allows SEAs to alleviate administrative burden and to adjust federal requirements to local context. For example, Title IV, Part A Student Support and Enrichment Grants require LEAs that receive an award of \$30,000 or greater to distribute their funds across three spending categories. An LEA might want to concentrate its spending in one category because they have separate funding available for the other categories. So long as this does not undermine the purpose of Title IV, Part A, the SEA can grant the LEA a waiver for this requirement.

SEAs with Ed-Flex are able to grant LEA waivers without first submitting those waivers to the U.S. Department of Education for approval. SEAs must apply to the U.S. Department of Education for Ed-Flex authority, which is available for five years upon approval of the application. Currently, a dozen states are approved for Ed-Flex.

¹⁰ See [this USED page](#) more information on Ed-Flex, including participating states and their dates of authority.

Strategy 4: Creating an internal structure that enables cross-functional leadership and support

Many SEAs are already constrained by lean state budgets and staffing shortages. Uncertainty at the federal level amplifies these challenges. As SEAs grapple with how to do more with less, state education leaders must weigh whether their agency's organizational structure optimizes federal resources and supports a coherent grants management strategy.

For example, if each federal grant is assigned to different divisions within the SEA, how does the SEA coordinate efforts in service of a shared set of priorities? If federal grants are managed centrally by a federal programs team, how does the SEA ensure compliance while also centering on student outcomes?

To achieve strategic coherence across its federal grants, SEAs must have a coherent grants management structure in place. Key management shifts can help SEAs align federal resources with state priorities and mitigate risks of possible federal funding reductions. Because of the hybrid nature of federal programs, some states operate federal grants as a finance function, while other states maintain a separate federal programs team or disperse responsibility for each grant to various teams at the agency (e.g., the teacher workforce team manages Title II).

Having a different team manage each federal grant can lead to incoherence and duplication of effort. This increases the risk SEAs lose sight of the full suite of resources available to support priorities. SEAs should consider an integrated, organization-wide approach to federal grants management in lieu of separate teams. This can include cross-functional collaboration and input on the SEA's ESEA application and guidance.

In addition to unifying federal grants management, state chiefs should assess the proximity of federal programs' decisionmaking to the senior leadership team. To maximize the strategic impact of federal funding, state education leaders need to organizationally situate federal programs to integrate with and reinforce statewide initiatives. Senior leaders should assess the extent to which federal grants management is elevated to the same level of decision-making as statewide priorities. In other words, when leaders set those priorities, are they leveraging the federal flexibilities to achieve those goals?

At the Georgia Department of Education (GaDOE), the state superintendent's chief of staff was charged with ensuring federal programs were not only operationally efficient but also strategically positioned. To meet this charge, the federal programs team underwent a complete transformation, moving from siloed, program-specific staffing to a coordinated, cross-trained model that spans all Title programs. This shift enabled GaDOE to streamline compliance requirements, reduce duplication of efforts, and reorient staff time toward district support and strategic initiatives. The agency prioritized hiring federal programs directors from small and

rural districts—professionals who often wear multiple hats, giving them experience navigating multiple program requirements and blending funds. As a result, Georgia was able to improve its technical assistance, issue more consistent and aligned guidance and strengthen its ability to strategically deploy federal dollars in support of state priorities like literacy, educator pipelines and technology integration. This new structure also enhanced internal flexibility, positioning the agency to adapt quickly to future shifts in federal funding and program design. One result of this internal coherence was improved coordination with districts, which benefited from streamlined guidance and GaDOE’s clear, prioritized use of funds.

While organizational structure will vary from state to state, SEA leaders should endeavor to tie federal grants management to the SEA’s strategic decisionmaking processes. In some cases, this might mean revisiting the chain of command; in others, the SEA might create cross-cutting structures to reinforce collaboration. Proactively streamlining and paying attention to organizational coherence can help states prioritize resources should further federal funding cuts occur.

What Leaders Should Know

- For each of the ESEA grants, such as Titles I-IV, who at the SEA manages each grant? Who is the primary decisionmaker for how the SEA spends the state portion of the award?
- Where is the management of each ESEA grant located within the SEA? How is each grant positioned in relation to the statewide priorities it supports?
- How does the SEA ensure cross-functional collaboration across grants?

How to Get Started

Senior state leaders can make transformative change with a few key decisions about federal program management. The first step is for SEAs to assess how federal programs are currently positioned within the agency. This includes:

- Collecting Grant Award Notifications (GANs), federal award balances and budgets.
- Cataloging all agency collateral related to federal grants, including agency applications, guidance, monitoring tools and reports.
- Mapping the management structure of federal grants against the agency's organizational chart. Who has decisionmaking authority over each federal grant and where are they positioned relative to the academic strategy and leadership team?

An initial review of this collection will likely reveal obvious opportunities for states to streamline efforts. The good news is that federal programs are already operational in your state. This means that state leaders can identify and focus on prioritized areas for improvement.

We are here to help. For support in exploring or implementing the strategies laid out in this publication, please reach out to the authors. Our contact information can be found at the end.

Conclusion

At a time of shifting federal expectations and rising demands from the field, senior SEA leaders must improve the visibility, coherence and intentionality of federal fund management. This starts by understanding what flexibilities already exist and ensuring internal structures are set up to support cross-program collaboration and leadership.

Yes, there are challenges. Federal requirements can be complex and fragmented across multiple programs. Capacity is limited, and many SEAs are navigating budget shortfalls and competing demands. But this complexity also creates opportunity. Strategic shifts in mindset and management structure—like organizing teams around priorities rather than federal programs or embedding strategic prompts into LEA applications—can unlock powerful alignment between federal resources and state goals.

If you're a state chief or deputy, you don't need to know every regulation. But you do need to ask the right questions, position the right people and expect your federal programs team to operate with strategic clarity. The four strategies outlined in this report—using state activity funds to focus spending, aligning discretionary grants with state goals, embedding strategy into applications and restructuring internal management—are all within your reach.

Federal dollars can do more than fund programs. They can power the priorities that matter most.

Citations

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Additional Resources

All4Ed has a [great series](#) of resources on Title I funds. For anyone who needs a refresher on how Title I works, this is the place to start.

The **Council of State Chief School Officers** provides [excellent resources](#) on federal funding.

- In addition to the publication we [cite](#) above, another useful starting place is the 2016 tool, [Maximizing ESSA Formula Funds for Students: State Readiness Self-Assessment](#). This self-assessment tool can help SEAs analyze their state spending policies, their SEA-to-LEA application and opportunities to reduce paperwork.

Federal Education Group, PLLC provides expert counsel on federal grants management with legal and technical nuance. Their [publications page](#) has a wealth of resources, including more detail on how to consolidate state administrative funds.

The **Louisiana Department of Education** has been a pioneer in implementing many of the strategies outlined in this paper.

- The department uses its state activity and discretionary grant funding for school improvement to fund high-quality professional learning (HQPL) at identified schools. LEAs review pre-priced “[HQPL packages](#)” vetted by the department and [request funding within their annual consolidated application](#). See [Louisiana’s School System Planning Resources](#) for more details.

Results for America provides resources focused on supporting government agencies in utilizing evidence and data to drive improvements.

- The strategic state priorities SEAs support or encourage with federal funding should be evidence-based. Results for America’s [Education Evidence-Based Spending Guide](#) provides strategies for how to support evidence-based grantmaking with federal funds.
- Federal grants can also be used to fund data infrastructure improvements and evidence-building activities. This [resource](#) explains more about how SEAs can do so, following clarifications created in 2024 updates to the Uniform Grants Guidance.

Appendix

This Appendix provides a primer on foundational knowledge state education leaders should have on federal funding to support decisionmaking. It can be serve as a reference for understanding key concepts and terms related to levers of influence SEAS have over federal funding, spending flexibilities allowed in federal law, the set-aside percentages in each ESEA Title that drive the amount of funding under direct state authority and the SEA's key responsibilities for managing federal funds.

Levers for Aligning Federal Resources with State Priorities

States retain direct control over a portion of the administrative and state activity funds in state-administered programs; along with having control over a variety of smaller, competitive grants. States can also design their approach to administering federal grants to help LEAs make strategic, evidence-based choices aligned with both state priorities and local student needs. In the table below, we provide a brief overview of these levers of influence states have for aligning federal resources with state priorities.

Direct State Authority Over Funds	
Formula Grant Set-asides	SEAs may set aside a limited portion of funding from formula grants for administration and state activities. These state set-asides offer strategic opportunities for the SEAs to reinforce state priorities.
Discretionary Grantmaking	SEAs may award certain federal grants on a discretionary (or competitive) basis using criteria set by the state, to the extent allowable by law. Discretionary grants allow SEAs to elevate and steer federal resources toward strategies and methods prioritized by the state.
Strategic Design of Grants Management	
LEA Applications for ESEA Grants	SEAs can design LEA applications for federal grants that align priorities and prompt LEAs to take a holistic approach to spending. Additionally, SEAs can create coherence across funding sources and streamline compliance by consolidating applications for federal grants. SEAs can also integrate state and other federal grants like IDEA and Perkins into a single application on a coordinated grants management timeline. ¹¹
Guidance and Technical Assistance to LEAs	Through guidance and technical assistance, SEAs can encourage LEAs to make initiative-specific investments aligned with state priorities. For example, SEAs can issue guidance to LEAs on how to braid various federal funding sources to support high-dosage tutoring.

¹¹ ESEA §8305 requires SEAs to permit their LEAs to use a “consolidated application” for certain (but not all) ESEA programs. SEAs have considerable discretion to decide what the consolidated ESEA application looks like. This discretion does not include ESEA §1003 funds (school improvement), IDEA, and Perkins, which must conform to specific federal requirements. While SEAs can include IDEA and Perkins applications in the same electronic platform as the ESEA consolidated application, technically they are separate applications that must be assessed and approved independently.

Mechanisms Supporting Flexibility in Managing Federal Funding

Federal law provides mechanisms for how both SEAs and LEAs can more flexibly use federal funds, such as consolidation, transferability and braiding funds. States can use these tools to strategically deploy funds they have control over; and can provide guidance and technical assistance to support LEAs in doing the same. In the table below, we provide some definitions of these mechanisms.

This flexibility in federal law acknowledges that some federal requirements might not make sense in certain contexts and that different choices might be necessary to meet the intent of the law. Likewise, leveraging these flexibilities might not make sense for some states or in certain contexts. As with any decision, leaders must consider the benefits and drawbacks. Whether or not an SEA decides to utilize the full suite of flexibilities federal law provides, leaders should be aware of the options at their disposal.

Flexibility	Description	Benefit
Consolidated Administration	Permits SEAS to combine ESEA administrative funds into one pot of funding.	Consolidated administration reduces burden and helps SEAs streamline administrative functions and effort across ESEA programs.
Transferability	Ability to transfer certain specified ESEA funds, in whole or in part, to other specified grants.	Transferability allows states and districts to transfer certain funds and increase the amount of funding available for grants that target specific student populations, like Title III for English Learners.
Braiding	A funding technique that allows multiple funding sources to share costs of a common goal. When braiding funds, each funding source maintains its identity and must be tracked and reported separately.	Braiding encourages coherence by weaving together funds to serve a shared set of goals. Braiding can also reduce duplicative spending and maximizes the collective purchasing power of grant funds.

Overview of Federal Programs

The percentage of funds SEAs can set aside for administrative or state activity purposes varies by federal program. The table below provides an overview of these percentages for the Title programs, along with illustrative examples of how the funds can be used at the SEA and LEA levels. A “*” denotes state activity funds that may be transferred by the SEA to Title I-A, Title I-C, Title I-D, Title II, Title III, Title IV-A, or Title IV-B.¹² Funds specifically made available for state administration under any ESEA program may be consolidated.¹³

Fund	Examples of Allowable Spending by LEAs	Administrative	State Activity
ESEA 1003 School Improvement	Activities that will help a school identified for comprehensive or targeted support and improvement	Up to 5%	
ESEA Title I, Part A High-Poverty Schools	High-quality instructional materials (HQIM) Additional academic supports and programming for students in Title I schools	Greater of: ■ 1% or ■ \$400,000	
ESEA Title II, Part A Preparing, Training, & Recruiting High-Quality Teachers, Principals, & Other School Leaders	PD to improve content knowledge or classroom practice of teachers and school leaders New teacher / principal induction and mentoring programs	Up to 5%.* of this: ■ Up to 1% for admin Additional reservation option: 3% for allowable state activities to support principals or other school leaders	
ESEA Title III, Part A English Learners	Tutorials and academic and career and technical education Intensified instruction, including materials in a language the student can understand		Up to 5%. Of this: ■ Up to 50% or \$175,000 (whichever is greater) can be used for direct administrative costs
ESEA Title IV, Part A Well-Rounded Education Health & Safety Education Technology	Reimbursing low-income students for the cost of AP exams School-based mental health services Access to high-quality digital learning experiences	Up to 5%.* Of this: ■ Up to 1% for administrative costs	
ESEA Title IV, Part B 21st Century Community Learning Centers	Academic enrichment, including tutoring services, as well as additional services, programs, and activities such as service learning, arts, wellness programs provided during non-school hours	■ Up to 2%	■ Up to 5%*
ESEA Title V REAP Rural Education	Additional funds for activities authorized by Titles I-IV	Up to 5% for admin and TA to LEAs	

¹² ESEA §5301. Also see: [“Non-regulatory Guidance: Fiscal changes and equitable services requirements under the Elementary and Secondary Education Act of 1965 \(ESEA\), as amended by the Every Student Succeeds Act \(ESSA\)”](#) (2016).

¹³ ESEA §8201(a).

Key SEA Federal Grants Management Responsibilities

Familiarity with the primary responsibilities state education agencies have for managing federal grants can support senior leaders in decisionmaking as well as ensuring the state is meeting its obligations. In the table below, we outline these responsibilities as well as best practices for implementing them.

Key Responsibilities	Best Practices by High-Performing SEAs
Issuing accurate allocations in accordance with federal formulas	To provide LEAs with adequate time to budget and plan for the upcoming school year, SEAs can choose to issue preliminary allocations based on prior year award amounts.
Administering and approving timely ESEA applications	Most SEAs should have a consolidated ESEA application for LEAs that includes covered ESEA grants. SEAs could choose to further streamline all federal formula grant applications (ESEA, IDEA, and Perkins). In some cases, SEAs have integrated state and federal grants into a single application on a coordinated grants management timeline.
Providing technical assistance to assist LEAs with meeting federal requirements for each grant	In addition to providing LEAs with foundational information about allowable expenditures for each grant, the SEA can provide initiative-specific guidance that encourages braided funding strategies. For example, issuing guidance about how an LEA can use various federal funding sources to support high-dosage tutoring.
Monitoring, evaluation, and oversight	USED recommends SEAs develop a comprehensive risk-based monitoring strategy, which prioritizes and ranks grantees selected for monitoring activities. ¹⁴ This focuses more intensive monitoring efforts on higher risk LEAs.
Data Collection and Reporting	To reduce the administrative lift on LEAs, SEAs build systems with the end in mind. For example, SEAs might implement grant codes to link expenditures with reportable grant activities. Strategic SEAs streamline data requirements and create systems to disseminate information to eliminate duplicative requests and effort.

¹⁴ USED [“States’ Risk Management Practices, Tools and Resources”](#)

About Education First

Education First is a national, mission-driven strategy and policy organization with unique and deep expertise in education improvement. Our mission is to deliver exceptional ideas, experience-based solutions and results so all students—particularly Black, Indigenous and other students of color and students living in low-income communities—are prepared for success in college, career and life. We envision a world in which every student is prepared to succeed—a world in which income and race no longer determine the quality of education. Our mission is lived through our solutions and strategies by working with funders, states, policymakers, nonprofits, local education agencies and more. Visit www.education-first.com to learn more.

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We are here to help.

For support in exploring or implementing the strategies laid out in this publication, please reach out to the authors using the email addresses provided above.