An Overview of SIG Transition Under ESSA

On May 27th 2016, the FY2015/16 School Improvement Grant (SIG) State applications are due to the U.S. Department of Education (ED). This funding includes $506 million from FY15 and $450 million from FY16.

- Funds from FY15 must be obligated by Sept. 30, 2017 and FY16 funds must be obligated by Sept. 30, 2018, with a state option to request an extension to Sept. 30, 2021.
- However, funds must continue to comply with the SIG requirements throughout the entire period funds are made available (including use of one of the seven SIG models).
- In addition, even with an extension (per ED's March 29th 2016 letter to SIG Directors) States "must begin to implement activities" required under the new section 1003(a), as amended by ESSA, beginning with the FY17 funds.
- States have the option to use FY15 and FY16 funds to run a new competition or for continuation awards.
- Eligible schools for these SIG funds include those identified by states under NCLB (Priority/Focus in waiver states per Dec. 18th Dear Colleague Letter) or for non-waiver states, schools that were Tier I, II, or III in the 2015-16 school year.

For FY16 (school year 2016-17) states must also continue to withhold 4% of their Title I funding (Sec. 1003(a) funds) for school improvement, but in doing so may not reduce any LEA's Title I allocation below what it received the year before.

Beginning with FY17 (school year 2017-18), there will no longer be a separately authorized SIG program, meaning that States will no longer be required to submit an application for school improvement funds.

Instead, under ESSA, beginning in FY17, States **must** set-aside an increased amount of their state's share of Title I funds to support school improvement. Specifically, an amount that is the greater of 1) 7% of a state's combined Title I, Part A allocations to its LEAs; or 2) the sum of its FY16 section 1003(a) reservation (a maximum of 4% of its Title I allocation) and it FY16 allocation under the SIG program. For FY17, this reservation **may** reduce an LEA's Title I allocation below what it received the year before, but beginning with FY18, this reservation **may not** result in a lower allocation for any LEA.

The Department's March 29th 2016 letter to SIG Directors noted that, beginning with FY17, a state "may choose, but is not required" to use some portion of the funds that it reserves under this expanded 7% set-aside to support the full implementation of previously awarded SIG grants.

States must use their 7% funds (or the portion remaining after making continuation awards to support prior SIG awards) beginning in FY17 (the 2017-18 school year) to serve "Comprehensive Support and Improvement" or "Targeted Support and Improvement" schools, as identified through statewide accountability system. Note that these awards may be for up to 4 years, which may include a planning year. On May 31, 2016, ED issued a Notice of Proposed Rulemaking that would govern these and other related Title I policies.

If a State does not make multi-year awards to schools that were awarded SIG funds from FY15 and FY16, and the State does not use funds from the new 7% set-aside to continue such awards, federal "SIG requirements" are no longer applicable to those schools. While the Department has not yet issued guidance or regulations in this area, it appears that it may be possible for a state to fund those same schools with their 7% funding while holding those schools to the requirements under ESSA, in lieu of the prior SIG requirements.

Given this transition, it would appear that a state could use funds from their FY15 and FY16 SIG awards to support a cohort of SIG schools through 2021 and that such cohort would be subject to the requirements of the "NCLB SIG guidance." At the same time, beginning with FY17, a state could award a new cohort of grants using funds from the expanded 7% State set-aside, in which case schools would be subject to a different set of federal conditions and requirements pursuant to ESSA. As noted above, ED has issued a Notice of Proposed Rulemaking that would govern these and other related Title I policies.