

**Non-Regulatory Guidance  
for the  
Improving Teacher Quality State Grants  
Title II, Part A**

As related to subgrants to the institutions of higher education.

**I. FEDERAL AWARDS TO THE STATE AGENCY FOR HIGHER EDUCATION**

The State agencies for higher education (SAHEs) develop criteria for awarding subgrants to eligible partnerships comprised of at least (1) one institution of higher education (IHE), including its division that prepares teachers and principals, (2) one school of arts and sciences, and (3) one high-need LEA. The partnerships use the funds to conduct professional development activities in core academic subjects to ensure that highly qualified teachers, paraprofessionals, and (if appropriate) principals have subject-matter knowledge in the academic subjects they teach, including computer-related technology to enhance instruction. SAHEs should demonstrate leadership in identifying for grantees and prospective applicants scientifically based professional development that is effective in increasing student academic achievement. The thrust of SAHE partnerships should be the implementation of strategies based upon this body of research.

A SAHE may also exercise leadership by:

- Conditioning a partnership's receipt of a subgrant on its submission of specific information to confirm that the school of education (or entity that administers the IHE's teacher preparation program) and the school of arts and sciences will embed the professional development into the curriculum the teacher preparation program offers.
- Requiring partnerships applying for subgrants to offer a work plan and commitment of IHE funds (or provide a competitive preference to those that do) for improving specific aspects of the teacher preparation program. For example, subgrantees could ensure that teaching candidates demonstrate content knowledge of the subject(s) they intend to teach, as well as show how such content knowledge supports the State's academic content standards.

**I-1. Does the Department make separate grant awards to SAHEs?**

Yes. ED issues two awards for the *Title II, Part A* State allocations, one to the SEA and one to the SAHE. The SEA award includes funds for State activities and administration and LEA subgrants; the SAHE award includes funds for eligible partnerships and SAHE administration.

**I-2. How is the amount of funds a SAHE receives for competitive grant awards to partnerships and for administration of the program determined?**

After one percent of the State's allocation is set aside for SEA and SAHE administration and planning, the SAHE receives an award for competitive grants that is 2.5 percent of

the State's remaining allocation. The SAHE's portion of the one percent administrative set-aside is, absent an agreement with the SEA to the contrary, the greater of (1) the amount of FY 2001 funds it received for administration under the former Eisenhower programs, or (2) five percent of the funds available each year for competitive subgrants.

### ***Competitive Process***

#### **I-3. How does the SAHE administer the competitive portion of the *Title II, Part A* program?**

The SAHE administers its portion of *Title II, Part A* funds by working in conjunction with the SEA to identify priorities and criteria for funding competitive applications, publishing an application package that describes the rules and requirements of the competition, managing the competition and peer review process used to select grantees, disbursing funds to grantees, and monitoring and providing technical assistance to help ensure the success of the partnership grants. The SAHE's priorities are guided by the "State plan," developed under Section 2112 of the ESEA, which identifies Statewide professional development needs and priorities for developing, supporting, and retaining a high-quality teaching force ([also see I-8](#)).

#### **I-4. Who is eligible to receive a competitive award from the SAHE?**

Eligibility is limited to partnerships comprised at a minimum of: (1) a private or State IHE and the division of the institution that prepares teachers and principals; (2) a school of arts and sciences; and (3) a high-need LEA ([see I-5 below](#)). [Note: for purposes of this Guidance, the statutorily required partners will be referred to as "principal partners."] An eligible partnership also may include another LEA, a public charter school, an elementary school or secondary school, an educational service agency, a nonprofit educational organization, another IHE, a school of arts and sciences within that IHE, the division of that IHE that prepares teachers and principals, a nonprofit cultural organization, an entity carrying out a pre-kindergarten program, a teacher organization, a principal organization, or a business.

#### **I-5. What is a high-need LEA?**

A high-need LEA is defined as an LEA:

- (A) (i) that serves not fewer than 10,000 children from families with incomes below the poverty line; **or**  
(ii) for which not less than 20 percent of the children served by the agency are from families with incomes below the poverty line; **and**
- (B) (i) for which there is a high percentage of teachers not teaching in the academic subjects or grade levels that the teachers were trained to teach; **or**  
(ii) for which there is a high percentage of teachers with emergency, provisional, or temporary certification or licensing [Section 2102(3)].

**I-6. Where can the relevant poverty information be found for the criterion of a high-need LEA regarding children served by the agency that are from families with incomes below the poverty line?**

As of November 2003, the most current poverty information required for identification of a high-need LEA is found on the Census Bureau website at:

<http://www.census.gov/hhes/www/saipe/school/sd99ftpdoc.html>. This site reports the most recent data (collected in 1999 but periodically adjusted to reflect more current Census data) on the number of children in poverty for nearly every school district in the United States. (Note: the Census Bureau data does not include poverty data for newly created districts, including new charter schools.)

**I-7. If a SAHE finds that the use of Census Bureau data to determine the numbers or percentages of children from families with incomes below the poverty line generates only a very small number of LEAs that meet the definition of high-need, may other methods be used to determine which districts qualify as a high-need LEA?**

No. Census Bureau data reflect the only available information that is consistent with the statutory requirement that districts eligible as high-need LEAs include a determination of whether they have the requisite percentages or numbers of children from families with incomes below the poverty line. However, a SAHE-funded partnership that includes the required IHE and high-need LEA may also include other LEAs, whether or not they are high-need LEAs under the statutory definition.

**I-8. How does the SAHE determine its priorities for soliciting subgrant applications?**

A SAHE determines priorities for the *Title II, Part A* subgrant competition and awards based on a review of the State plan developed under ESEA Section 2112, as well as discussions with the SEA [Section 2132(a)]. These discussions presumably will center on how the SAHE can support projects that will have the greatest impact on helping LEAs - and particularly high-need LEAs - ensure that all teachers are highly qualified and have the knowledge and teaching skills they need to help all students achieve to high standards.

A SAHE may solicit applications that respond to defined areas of need, such as professional development for mathematics or science. In designing its competitive subgrant procedures, consistent with State law the SAHE also can propose to give additional weight to those applications that address the stated funding priorities, or reject any applications that do not address particular areas of focus. Provided that all information is available to each potential applicant, the SAHE may want to provide technical assistance to prospective applicants in developing applications that address these needs. This assistance might take the form of workshops, review of pre-proposal submissions, information on effective models, and clarification of assessment and anticipated outcomes for projects.

**I-9. Does the SAHE competition for IHE-LEA partnerships need to ensure that services are offered on an equitable basis to public and private school teachers?**

Yes, as required by Section 9501, which describes the applicable requirements for equitable services for private school students and teachers under *Title II, Part A*.

**I-10. Are there any Federal requirements that govern how SAHEs must conduct the competition?**

The statute requires the State to award subgrants that are equitably distributed by geographic area within a State, and to ensure that eligible partnerships in all geographic areas within the State are served through the subgrants [Section 2132(a)]. Otherwise, State law generally determines the procedures for announcing and publicizing the competition and for reviewing and awarding program funds [Sections 76.770 and 76.400(c) of EDGAR].

***Eligible Partnerships***

**I-11. Section 2132(b) requires the SAHE to ensure that its subgrants are either “equitably distributed by geographic area within a State” or that “eligible partnerships in all geographic areas within the State are served through the subgrants.” What do these phrases mean?**

The meaning of these phrases is left to reasonable SAHE interpretation.

**I-12. Does the definition of an “eligible partnership” permit a community college to be part of a partnership that is eligible to receive a *Title II, Part A* subgrant?**

Yes, but it may be considered as one of the statutorily required principal partners only if the community college has a division that prepares teachers and principals [Section 2131(1)]. The community college may be the subgrantee (i.e., fiscal agent) if allowed by the rules and procedures of the subgrant competition. In any case, a community college may be an additional, non-principal member of any partnership.

**I-13. May a regional educational service agency, intermediate educational unit, or similar public agency participate in a partnership as a high-need LEA?**

In general, no. These agencies may be considered LEAs, as the term is defined in Section 9101(26), because they are public authorities “legally constituted within a State for either administrative control, or direction of, or to perform a service for, public [schools] in a city, county, township, school district, or other political subdivision of a state, or for a combination of school districts or counties that is recognized in a State as an administrative agency for its public schools.” However, these agencies will rarely be “high-need” LEAs within the meaning of Section 2102(3) as they are unlikely to have a high percentage of out-of-field teachers or those who hold emergency, provisional, or temporary certification.

**I-14. May teachers or principals in low-performing schools that are not located in a high-need LEA participate in a SAHE project?**

Yes. As long as a high-need LEA is a principal partner, low-performing schools in districts that do not meet the definition of “high need” may be additional partners [Section 2131(1)(B)], and their teachers and principals may participate in the project.

**I-15. Does the law require partnerships that receive subgrants from *Title II, Part A* and another program to coordinate activities conducted under the two awards?**

The law requires any partnership receiving both a subgrant from a SAHE and an award under the Partnership Program for improving teacher preparation authorized in Section 203 of *Title II* of the Higher Education Act (HEA) to coordinate activities under the two awards.

**Activities**

**I-16. What activities may a SAHE fund with its share of *Title II, Part A* funds?**

Consistent with the priorities and criteria it has announced for selection of grant recipients, a SAHE makes awards of *Title II, Part A* funds to support one or more of the following types of activities to enhance student achievement in LEAs and schools participating in the partnerships:

- Professional development activities in core academic subjects to ensure that:
  - teachers, highly qualified paraprofessionals (as defined in Section 1119), and, if appropriate, principals have subject matter knowledge in the academic subjects that the teachers teach (including knowledge of computer-related technology to enhance student learning); and
  - principals have the instructional leadership skills to help them work most effectively with teachers to help students master core academic subjects.
  
- Development and provision of assistance to LEAs and to their teachers, highly qualified paraprofessionals, or school principals, in providing sustained, high-quality professional development activities that:
  - ensure that those individuals can use challenging State academic content standards, student academic achievement standards, and State assessments to improve instructional practices and student academic achievement;
  - may include intensive programs designed to prepare individuals who will return to a school to provide instruction related to the professional development described in the preceding paragraph to others in their schools; and
  - may include activities of partnerships between one or more LEAs, one or more of the LEAs’ schools, and one or more IHEs for the purpose of improving teaching and learning at low-performing schools.

**I-17. What is an “institution of higher education” for the purposes of the SAHE program?**

The Higher Education Act [HEA, Section 101(a)] defines an “institution of higher education” as an educational institution in any State that:

- Admits as regular students only persons having a certificate of graduation from a school providing secondary education, or the recognized equivalent of such a certificate;
- Is legally authorized within such State to provide a program of education beyond secondary education;
- Provides an educational program for which the institution awards a bachelor’s degree or provides not less than a 2-year program that is acceptable for full credit toward such a degree;
- Is a public or other nonprofit institution; and
- Is accredited by a nationally recognized accrediting agency or association or, if not so accredited, is an institution that has been granted pre-accreditation status by such an agency or association that has been recognized by the Secretary for the granting of pre-accreditation status, and the Secretary has determined that there is a satisfactory assurance that the institution will meet the accreditation standards of such an agency or association within a reasonable time.

*Title IX*, Section 9101(24) adopts this definition for ESEA programs, including the SAHE program in *Title II, Part A*.

**I-18. May a SAHE devote some *Title II, Part A* funds to pre-service teacher training?**

Yes, but only if the project creates:

- School-based teacher training programs that provide prospective teachers and beginning teachers with an opportunity to work under the guidance of experienced teachers and college faculty [Section 9101(34)(B)(i)]; or
- Programs to enable paraprofessionals who work with teachers in LEAs that receive *Title I, Part A* funds to obtain the education necessary for those paraprofessionals to become certified and licensed teachers [*Title IX*, Section 9101(34)(B)(ii)].

The ESEA considers both of these activities to be “professional development,” and hence either can be the focus of SAHE subgrants.

***Administration***

**I-19. What kinds of costs may a SAHE pay with its administration and planning funds?**

The SAHE may use funds to pay the costs it incurs related to such activities as helping to conduct an assessment of State needs for the overall State plan, designing the application package, paneling those who will review grant applications, and administering, monitoring, and providing technical assistance to, and evaluation of, SAHE-funded

projects. As appropriate, these services may be provided through contracts with public or private agencies, provided that the SAHE retains overall responsibility for the administration of these projects.

**I-20. If a portion of the SAHE’s administrative funds is not needed, can the SAHE fund additional partnership grants or must the funds be returned to the SEA?**

The funds a SAHE has available for administration are part of the one percent available to the State to pay for the administration of both the SEA and SAHE components of the *Title II, Part A* program. If the SAHE does not need its entire administrative portion, the remaining funds must be provided to the SEA if the SEA uses these funds for its costs of administration and planning. This transfer would not affect the 2.5 percent of the State’s allocation (after one percent of the allocation is reserved for SEA and SAHE administration) the SAHE receives to fund partnership grants.

**I-21. Must members of the partnership receiving a SAHE subgrant use a “restricted indirect cost rate” in calculating the maximum amount of indirect costs that may be charged to their awards?**

No. The *Title II, Part A* program does not require these partnerships to use program funds only to supplement and not supplant non-Federal funds that otherwise would be used for funded activities. Because the restricted indirect cost rate (see EDGAR Section 76.563) applies only where a “supplement not supplant” requirement is in effect, partnership members may apply a larger, unrestricted indirect cost rate. (On the other hand, the SAHE itself, as well as the SEA, must use the restricted indirect cost rate because Section 2113(f) of the ESEA provides that a supplement, not supplant requirement applies to funds that they receive.)

**I-22. In establishing application selection criteria or funding priorities, may the SAHE preclude members of the partnership from charging any indirect costs to the subgrant?**

No. EDGAR and applicable Office of Management and Budget (OMB) cost principles permit grant recipients to charge indirect costs to their grants. However, should it desire to limit the amount of funds that members of a partnership may charge to indirect costs in order to have more project funds to pay for direct services, a SAHE may (1) adopt selection criteria that focus on an IHE's willingness (or that of any other partner) to reduce the indirect costs that it otherwise might claim, or (2) by rule (pursuant to State law), limit the amount of its indirect costs or the indirect cost rate to a reasonable amount.

**I-23. May the SAHE establish, as a selection criterion to be used in reviewing subgrant applications, the willingness of the partnership members to limit the amount of their administrative costs?**

Yes. As with the case of limiting charges for a partner’s indirect costs, the SAHE may establish selection criteria that give preference to applicants that agree to charge lower

levels of administrative costs. Moreover, as with every other aspect of the IHE's proposed use of funds, the SAHE should, when it negotiates budgets with prospective subgrantees, ensure that administrative costs are reasonable and necessary for the proper implementation of the grant.

**I-24. Is there a maximum project period for SAHE grants?**

No, although the project period cannot be longer than the period for which the ESEA is currently authorized. Moreover, project periods, which are established by the SAHE when it awards subgrants, may vary depending on the kind of activity a subgrant award is funding. Eligible partnerships must obligate funds before the end of the Federal fiscal year following the fiscal year in which the SAHE receives its allocation from the Department. For instance, FY 2003 funds became available to the SAHE on July 1, 2003, and must be obligated by the subgrantees no later than September 30, 2005.

**I-25. May a high-need charter school that is an LEA qualify as the high-need LEA principal partner required for a SAHE grant?**

Yes. If, under State law, a public charter school is considered to be an LEA and otherwise meets the definition in Section 2102(3) of a “high-need LEA,” it is eligible to be the high-need LEA principal partner. Otherwise, a public charter school could still be a non-principal partner in an eligible partnership (or be a part of an LEA that is a component of the partnership).

**I-26. May a SAHE use *Title II, Part A* funds reserved for partnership subgrants to support a separate evaluation of subgrantee projects?**

No. Evaluation activities of this type may be supported by the *Title II, Part A* program only with funds retained for program administration. However, a SAHE could require partnerships applying for subgrants to include provisions for program assessment or evaluations and then budget for such evaluations in their applications.

***Recordkeeping and Reports***

**I-27. What kinds of records must partnership members keep under the *Title II, Part A* program?**

Grantees and subgrantees must keep records that fully show:

- The amount of funds under the grant or subgrant;
- How the grantee or subgrantee uses the funds;
- The total cost of project activities;
- The share of the cost provided from other sources; and
- Other records to facilitate an effective audit.

In addition, all grantees and subgrantees are required to keep records to show their compliance with program requirements. Record keeping should permit an “audit trail”

that clearly documents that all funds were used for activities that were reasonable, allowable, and allocable to the program [EDGAR Sections 76.730 and 76.731].

**I-28. What are the SAHEs’ reporting responsibilities?**

The law does not create separate SAHE reporting requirements. However, the Department may, following appropriate procedures for establishing information collections, establish evaluation or data reporting requirements as necessary to monitor the program effectively.

***Special Rule***

**I-29. What is the meaning of Section 2132(c) (the “special rule”) that states “no single participant in an eligible partnership may use more than 50 percent of the *Title II, Part A* funds made available to the partnership”?**

Section 2132(c) of the law requires that no single participant in an eligible partnership, (i.e., no single high-need LEA, no single IHE and its division that prepares teachers and principals, no single school of arts and sciences, and no other single partner), may “use” more than 50 percent of the subgrant. The provision focuses not on which partner receives the funds, but on which partner directly benefits from them.

**Example: Correct Use of Funds**

Jefferson University, its College of Education, and its College of Arts and Sciences partner with the Lincoln high-need school district to provide professional development in instructional leadership for 20 principals. Jefferson University’s grants office receives **100 percent** of the *Title II, Part A* funds for the partnership. The Grants Office gives:

- the College of Education **25 percent** of the funds to use to pay its faculty to deliver professional development in instructional leadership methodologies for 20 principals at Lincoln school district;
- the College of Arts and Sciences **25 percent** of the funds to use to pay its faculty to deliver professional development content knowledge in instructional leadership for 20 principals at Lincoln School District;
- Lincoln School District **50 percent** of the funds to use to pay stipends for its principals to participate in the professional development offered by faculty from the College of Education and College of Arts and Sciences at Jefferson University.

In this example no partner uses more than 50 percent of the funds for its own benefit.

**Example: Incorrect Use of Funds**

Jefferson University, its College of Education, and its College of Arts and Sciences partner with the Lincoln high-need school district to provide professional development in instructional leadership for 20 principals. Jefferson University's Grants Office receives **100 percent** of the *Title II, Part A* funds for the partnership. The Grants Office gives:

- the College of Education **20 percent** of the funds to use to pay its faculty to deliver a professional development summer course in instructional leadership methodologies for 20 principals at Lincoln school district;
- the College of Arts and Sciences **10 percent** of the funds to use to pay its faculty to deliver a professional development summer course in instructional leadership content knowledge for 20 principals at Lincoln school district;
- a mentor principal **10 percent** of the funds to work with the 20 Lincoln school district principals, in their buildings, applying what they learned in the professional development summer courses;
- Lincoln school district **60 percent** of the funds to pay stipends to the 20 principals attending the professional development summer courses.

In this example one partner uses more than 50 percent of the funds for its own benefit.

**I-30. May two principal partners (e.g., a school of education and a department of arts and sciences) each receive 50 percent of the subgrant funds?**

Yes. However, under Section 2132(c), the issue is not the amount of funds that each partner "receives" but the amount of funds that each partner "uses." Hence, so long as each of the two divisions of the IHE "use" 50 percent of the subgrant funds for activities over which it has responsibility (and so directly benefits from the subgrant funds) an IHE fiscal office would not actually need to disburse grant funds to each IHE division (unless, of course, this were the IHE's normal fiscal procedures).

**I-31. If an IHE receives program funds that teachers would otherwise pay for IHE-sponsored professional development, would those funds figure in as part of the funds "used" by the IHE partner?**

Not necessarily. Since the tuition assistance is for a teacher's professional development, the funds also may reasonably be attributable to use by the LEA partner that employs the teacher. Costs associated with developing professional development materials, IHE faculty time, and other expenses that the IHE incurs to conduct the professional development may be treated as funds used by the division of the IHE that bears these costs.

- I-32. If IHE faculty are full-time employees of the IHE, but a percentage of their time and services go to the LEA, which partner is deemed to “use” *Title II, Part A* funds? Similarly, if IHE faculty members receive “release time” to serve LEAs, are their salaries attributable to the IHE or to the LEA partner?**

Since the Department has not issued regulations in this area, the subgrantee may attribute these salary costs to the partners in any manner that is reasonable. However, if the subgrant is paying for salary costs that otherwise would be paid by the IHE, it would seem to make sense to view the subgrant used to pay this salary as used by the division of the IHE in which the individuals are employed. Moreover, while faculty release time (i.e., a reduced IHE teaching load) may permit faculty members to provide services to the LEA and its teachers, program funds are still paying for a portion of faculty members’ salaries. Therefore, here too, it seems reasonable that these *Title II, Part A* funds are best attributable to the division of the IHE that employs the faculty.

- I-33. Are the salaries of teachers hired under a SAHE subgrant to work as mentors to other teachers attributable to the LEA or to the IHE, if the IHE pays these salaries?**

While the IHE (should it be the partnership’s fiscal agent) may pay the salaries of these mentor teachers, these individuals presumably are working at, and for, the LEA. Therefore, the *Title II, Part, A* funds used to pay these salaries may reasonably be considered to have been “used” by the LEA.

- I-34. Are indirect costs of the partnership’s fiscal agent treated as part of the maximum allowable 50 percent of *Title II, Part A* funds that the partner may use?**

In general, indirect costs reflect general administration and overhead that cannot easily be charged as direct program costs of the programs or activities they benefit, and that are borne by a party as a result of activities it charges as direct costs. While a portion of one partner’s direct costs (e.g., salaries of mentor teachers paid by the IHE fiscal agent) may be considered as used by another partner (in this case, the LEA), the IHE and not the LEA is benefiting from being able to charge the indirect costs. Hence, subgrant funds used to pay indirect costs are best attributable to the partner that “uses” the corresponding funds as direct costs.