In any fiscal year that an LEA’s subgrant allocation exceeds the amount that the LEA received in the previous fiscal year, that LEA may reduce the level of local, or state and local, expenditures otherwise required by the LEA MOE requirements by up to 50 percent of the increase in the LEA’s subgrant allocation. If an LEA also elects to use early intervening services, the amount of funds expended will count toward the maximum amount of expenditures that the LEA may reduce from local funds.

IDEA requires a district expend the freed-up state/local funds on activities authorized by the Elementary and Secondary Education Act (ESEA). (34 CFR §300.205) This includes any activities under Title I, Impact Aid, and other ESEA programs.

If an LEA exercises its authority to reduce its effort due to an increase in federal funds from one year to the next, the LEA must do the following:

- Complete Table 1 of the MOE Worksheet. This will result in a decrease in the actual year School Year Expenditures which subsequently reduces the required budget amount for the upcoming year.
- Attach to the submitted MOE Worksheet a list of how the freed-up funds were used. Example: $5,000 School Drop-out Prevention. Note: Detailed ESEA expenditure documentation (invoices, purchase orders, etc.) must be available for an audit period of five years from date of submission.

ESEA activities include:

**Title I Activities**
- Improving Basic Programs Operated by LEAs
- Improving Student Reading Skills
- Education of Migratory Children
- Prevention and Intervention Programs for Neglected, Delinquent or At-Risk
- National Assessment
- Comprehensive School Reform
- Advanced Placement Programs
- School Drop-out Prevention
Other Title I Activities

- Preparing, Training and Recruiting High Quality Teachers and Principals
- Language Instruction for Limited English Proficient and Immigrant Students
- 21st Century Schools
- Promoting Informed Parental Choice and Innovative Programs
- Flexibility and Accountability
- Indian, Native Hawaiian, and Alaskan Native Education
- Impact Aid Program

Impact Aid

School districts may use Impact Aid for a wide variety of expenses, including the salaries of teachers and teacher aides; purchasing textbooks, computers, and other equipment; after-school programs and remedial tutoring; advanced placement classes; and special enrichment programs.