

ing funds transferred under subparagraph (C)) under each of the provisions listed in paragraph (2) for a fiscal year to one or more of its allocations for such fiscal year under any other provision listed in paragraph (2).

(B) Agencies identified for improvement

In accordance with this subpart, a local educational agency identified for improvement under section 6316(c) of this title may transfer not more than 30 percent of the funds allocated to it (including funds transferred under subparagraph (C)) under each of the provisions listed in paragraph (2) for a fiscal year—

(i) to its allocation for school improvement for such fiscal year under section 6303 of this title; or

(ii) to any other allocation for such fiscal year if such transferred funds are used only for local educational agency improvement activities consistent with section 6316(c) of this title.

(C) Additional funds for subchapter I

In accordance with this subpart and subject to the percentage limitation described in subparagraph (A) or (B), as applicable, a local educational agency may transfer funds allocated to such agency under any of the provisions listed in paragraph (2) for a fiscal year to its allocation for part A of subchapter I of this chapter for that fiscal year.

(2) Applicable provisions

A local educational agency may transfer funds under subparagraph (A), (B), or (C) of paragraph (1) from allocations made under each of the following provisions:

- (A) Section 6621 of this title.
- (B) Section 6762(a)(2)(A) of this title.
- (C) Section 7112(b)(1) of this title.
- (D) Section 7211a(a) of this title.

(c) No transfer of subchapter I funds

A State or a local educational agency may not transfer under this subpart to any other program any funds allotted or allocated to it for part A of subchapter I of this chapter.

(d) Modification of plans and applications; notification

(1) State transfers

Each State that makes a transfer of funds under this section shall—

(A) modify, to account for such transfer, each State plan, or application submitted by the State, to which such funds relate;

(B) not later than 30 days after the date of such transfer, submit a copy of such modified plan or application to the Secretary; and

(C) not later than 30 days before the effective date of such transfer, notify the Secretary of such transfer.

(2) Local transfers

Each local educational agency that makes a transfer of funds under this section shall—

(A) modify, to account for such transfer, each local plan, or application submitted by the agency, to which such funds relate;

(B) not later than 30 days after the date of such transfer, submit a copy of such modified plan or application to the State; and

(C) not later than 30 days before the effective date of such transfer, notify the State of such transfer.

(e) Applicable rules

(1) In general

Except as otherwise provided in this subpart, funds transferred under this section are subject to each of the rules and requirements applicable to the funds under the provision to which the transferred funds are transferred.

(2) Consultation

Each State educational agency or local educational agency that transfers funds under this section shall conduct consultations in accordance with section 7881 of this title, if such transfer transfers funds from a program that provides for the participation of students, teachers, or other educational personnel, from private schools.

(Pub. L. 89-10, title VI, § 6123, as added Pub. L. 107-110, title VI, § 601, Jan. 8, 2002, 115 Stat. 1876.)

SUBPART 3—STATE AND LOCAL FLEXIBILITY
DEMONSTRATION

§ 7311. Short title

This subpart may be cited as the “State and Local Flexibility Demonstration Act”.

(Pub. L. 89-10, title VI, § 6131, as added Pub. L. 107-110, title VI, § 601, Jan. 8, 2002, 115 Stat. 1878.)

PRIOR PROVISIONS

A prior section 7311, Pub. L. 89-10, title VI, § 6101, as added Pub. L. 103-382, title I, § 101, Oct. 20, 1994, 108 Stat. 3708, related to allotment to States, prior to the general amendment of this subchapter by Pub. L. 107-110. See section 7211 of this title.

§ 7311a. Purpose

The purpose of this subpart is to create options for selected State educational agencies and local educational agencies—

(1) to improve the academic achievement of all students, and to focus the resources of the Federal Government upon such achievement;

(2) to improve teacher quality and subject matter mastery, especially in mathematics, reading, and science;

(3) to better empower parents, educators, administrators, and schools to effectively address the needs of their children and students;

(4) to give participating State educational agencies and local educational agencies greater flexibility in determining how to increase their students’ academic achievement and implement education reforms in their schools;

(5) to eliminate barriers to implementing effective State and local education reform, while preserving the goals of opportunity for all students and accountability for student progress;

(6) to hold participating State educational agencies and local educational agencies accountable for increasing the academic achievement of all students, especially disadvantaged students; and

(7) to narrow achievement gaps between the lowest and highest achieving groups of students so that no child is left behind.

(Pub. L. 89–10, title VI, §6132, as added Pub. L. 107–110, title VI, §601, Jan. 8, 2002, 115 Stat. 1878.)

§ 7311b. General provision

For purposes of this subpart, any State that is one local educational agency shall be considered a State educational agency and not a local educational agency.

(Pub. L. 89–10, title VI, §6133, as added Pub. L. 107–110, title VI, §601, Jan. 8, 2002, 115 Stat. 1878.)

PRIOR PROVISIONS

A prior section 7312, Pub. L. 89–10, title VI, §6102, as added Pub. L. 103–382, title I, §101, Oct. 20, 1994, 108 Stat. 3708, which related to allocation to local educational agencies, was omitted in the general amendment of this subchapter by Pub. L. 107–110. See section 7211a of this title.

Division A—State Flexibility Authority

§ 7315. State flexibility

(a) Flexibility authority

Except as otherwise provided in this division, the Secretary shall, on a competitive basis, grant flexibility authority to not more than seven eligible State educational agencies, under which the agencies may consolidate and use funds in accordance with section 7315a of this title.

(b) Definitions

In this division:

(1) Eligible State educational agency

The term “eligible State educational agency” means a State educational agency that—

(A) submits an approvable application under subsection (c) of this section; and

(B) proposes performance agreements—

(i) that shall be entered into with not fewer than 4, and not more than 10, local educational agencies;

(ii) not fewer than half of which shall be entered into with high-poverty local educational agencies; and

(iii) that require the local educational agencies described in clause (i) to align their use of consolidated funds under section 7321a of this title with the State educational agency’s use of consolidated funds under section 7315a of this title.

(2) High-poverty local educational agency

The term “high-poverty local educational agency” means a local educational agency for which 20 percent or more of the children who are age 5 through 17, and served by the local educational agency, are from families with incomes below the poverty line.

(c) State applications

(1) Applications

To be eligible to receive flexibility authority under this division, a State educational agency shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may require, including—

(A) information demonstrating, to the satisfaction of the Secretary, that the grant of authority offers substantial promise of—

(i) assisting the State educational agency in making adequate yearly progress, as defined under section 6311(b)(2) of this title; and

(ii) aligning State and local reforms and assisting the local educational agencies that enter into performance agreements with the State educational agency under paragraph (2) in making such adequate yearly progress;

(B) the performance agreements that the State educational agency proposes to enter into with eligible local educational agencies under paragraph (2);

(C) information demonstrating that the State educational agency has consulted with and involved parents, representatives of local educational agencies, and other educators in the development of the terms of the grant of authority;

(D) a provision specifying that the grant of flexibility authority shall be for a term of not more than 5 years;

(E) a list of the programs described in section 7315a(b) of this title that are included in the scope of the grant of authority;

(F) a provision specifying that no requirements of any program described in section 7315a(b) of this title and included by a State educational agency in the scope of the grant of authority shall apply to that agency, except as otherwise provided in this division;

(G) a 5-year plan describing how the State educational agency intends to consolidate and use the funds from programs included in the scope of the grant of authority, for any educational purpose authorized under this chapter, in order to make adequate yearly progress and advance the education priorities of the State and the local educational agencies with which the State educational agency enters into performance agreements;

(H) an assurance that the State educational agency will provide parents, teachers, and representatives of local educational agencies and schools with notice and an opportunity to comment on the proposed terms of the grant of authority;

(I) an assurance that the State educational agency, and the local educational agencies with which the State educational agency enters into performance agreements, will use fiscal control and fund accounting procedures that will ensure proper disbursement of, and accounting for, Federal funds consolidated and used under the grant of authority;

(J) an assurance that the State educational agency, and the local educational agencies with which the State educational agency enters into performance agreements, will meet the requirements of all applicable Federal civil rights laws in carrying out the grant of authority, including consolidating and using funds under the grant of authority;

(K) an assurance that, in consolidating and using funds under the grant of authority—

(i) the State educational agency, and the local educational agencies with which the State educational agency enters into per-