

IV. STATE AGENCY FOR HIGHER EDUCATION (SAHE) – FUNDED PARTNERSHIPS

A. GENERAL ISSUES

M-1. What is the purpose of the SAHE component of Title II, Part A, *Improving Teacher Quality State Grants* program?

The SAHE administers a portion of Title II, Part A funds to make competitive subgrants to eligible partnerships comprised of at least institutions of higher education (IHEs) and high-need LEAs. (See also question O-1 below.) The partnerships use the funds to conduct professional development activities in core academic subjects in order to ensure that highly qualified teachers, paraprofessionals, and (if appropriate) principals have subject matter knowledge in the academic subjects they teach, or in computer-related technology to enhance instruction. The SAHE must work in conjunction with SEA.

M-2. How much of the State's *Improving Teacher Quality State Grants* allocation does the SAHE receive for both the competitive grants awards and for administration?

The SAHE receives a grant that is 2.5 percent of the State's allocation after one percent of the State's grant is deducted to be shared by the SEA and SAHE for administration and planning. The SAHE also receives a portion of the one percent administrative set-aside that 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. (See also question D-4 of this document.)

M-3. Does the Department make separate grant awards to SAHEs?

Yes, the Department will make separate awards to both the SEA and SAHE after reviewing and approving the State's application in accordance with the requirements of Section 2112 of ESEA. (See also question **Error! Reference source not found.** of this document.)

M-4. Will the Department make separate awards to the SEA and SAHE for administration, or include these amounts in the two agencies' awards?

For the Title II, Part A State allocations, two awards will be sent: one to the SEA and one to the SAHE. The award to the SEA would list the

dollar amount for administration and the dollar amount that includes funds for the State-level activities and funds for the LEAs' subgrants.

The award to the SAHE would list the dollar amount for administration and the dollar amount for the competitive partnership grant program.

M-5. Section 9101(24) states that an “institution of higher education” is defined in Section 101(a) of Higher Education Act (HEA). What is that definition?

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

1. 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;
2. Is legally authorized within such State to provide a program of education beyond secondary education;
3. 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;
4. Is a public or other nonprofit institution; and
5. Is accredited by a nationally recognized accrediting agency or association or, if not so accredited, is an institution that has been granted preaccreditation status by such an agency or association that has been recognized by the Secretary for the granting of preaccreditation 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.

M-6. If a SAHE believes that it was not adequately involved in the development of an ESEA State consolidated application, what options are available to it, should it desire to have the State's application amended?

Section 76.140 of EDGAR requires a State to amend its consolidated application if:

1. There is a significant and relevant change in the information or the assurances in the application, the administration or operation of the application, or the organization, policies, or operations of the State agency that received the grant, and

2. The change materially affects the information or assurances in the plan.

The principal information States were to provide in the consolidated application that concerned SAHE activities was the description of the SAHE's subgrant procedures, which the SEA was to have included in response to instructions for Part 2 of the application. If, for some reason, this information, or any other information in the State's consolidated application that affects SAHE activities, is incorrect, the SAHE should work with the SEA to submit an application amendment. If necessary, the SAHE also may contact the Department's Office of Elementary and Secondary Education to request help in coordinating with the SEA.

M-7. In the definition of a high-need LEA, one criterion is that the LEA must be one for which not less than 20 percent of the children served by the agency are from families with incomes below the poverty line. Where can the relevant poverty information be found?

The most recent data that are available for the total number of children in poverty (as referenced above) can be found on the Census Bureau Web site at: <http://www.census.gov/housing/saipe/sd97/>.

This site reports the number of children in poverty for every school district in the United States. Locate the file for the State's data, and find the LEA in question. The sixth column provides the number of children in poverty.

LEA poverty rates referenced in the definition of high-need LEA can be accessed on the Department's Web site at the following address: www.ed.gov/offices/OESE/reap.html.

See at this address, "Instructions and Tools for Submitting Data," and find "Its Own State Spreadsheet." Column 11 identifies the percentage of an LEA's children from families below the poverty line. These poverty rates are available for LEAs that are included in the National Center for Education Statistics (NCES) Common Core of Data (CCD).

The Department uses these same data to make its own funding allocations, as well as determinations of high-need LEAs for discretionary grant programs that it administers. An LEA not included in the CCD must provide other data, such as the adjusted poverty data that its State used to make its Title I allocations, to demonstrate its eligibility.

M-8. May a high-need charter school that is an LEA qualify as a high-need LEA partner for purposes of the partnership required for SAHE grants?

If, under State law, a public charter school is considered to be an LEA and otherwise meets the definition in Section 2101(3) of a “high-need LEA,” it is eligible to be the high-need LEA in a partnership that may receive SAHE funds. Otherwise, a public charter would need to be an additional member of an otherwise eligible partnership (or be a part of an LEA that is a component of the partnership).

M-9. May a SAHE designate in its Request for Proposals (RFP) who must act as fiscal agent?

Yes.

M-10 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 corresponding cost data in their work plans.

M-11. What kinds of records must the SEA, SAHE, LEAs, and partnerships keep under the *Improving Teacher Quality State Grants Program*?

Grantees and subgrantees must keep records that fully show:

1. The amount of funds under the grant or subgrant;
2. How the grantee or subgrantee uses the funds;
3. The total cost of project activities;
4. The share of the cost provided from other sources; and
5. 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” beginning with preparation of the application, and should include records to support the application. (See Sections 76.730 and 76.731 of EDGAR.)

M-12. What reports are required of the IHEs?

The law does not create any separate IHE reporting requirements. Therefore, an IHE provides reports required by the SAHE under the terms and conditions of the grant.

M-13. May a regional educational service agency, intermediate educational unit, or similar public agency that is established by the State to provide administrative and technical assistance and support to local school districts be considered eligible to participate in a partnership as a high-need LEA?

These agencies may be considered LEAs, as the term is defined in Section 9101(26), since the public authorities are “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.” If such agencies have a high percentage of teachers who either teach out-of-field or hold emergency, provisional, or temporary certification, they may be considered to be high-need LEAs, and thus would qualify as a member of the SAHE partnership.

M-14. May a SAHE issue an RFP soliciting partnership applications that target specific needs, focus on particular grades or subject areas, or implement other State priorities?

Yes. A SAHE may solicit applications through the RFP that respond to defined areas of need. 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 IHEs 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.

M-15. Section 2132(c) (the “special rule”) states that “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....” In general, what does this provision mean?

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

single other partner), may “use” more than 50 percent of the subgrant. The provision does not focus on which partner receives the funds, but 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%** of the Title II, Part A funds for the partnership. The Grants Office gives:

- the College of Education **25%** 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%** 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%** 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 that 50% 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%** of the Title II, Part A funds for the partnership. The Grants Office gives:

- the College of Education **10%** 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%** 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%** 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 **70%** of the funds to pay tuition for the 20 principals to attend the professional development summer courses offered by the faculty from the College of Education and College of Arts and Sciences at Jefferson University.

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

M-16. May two IHE partners (School of Education and School of Liberal 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 “uses” 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).

M-17. 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?

No. Since the tuition assistance is for a teacher’s professional development, the funds 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.

M-18. If IHE faculty are full-time employees of the IHE, but a percentage of their time and services go to an LEA, which partner is deemed to “use” Title II, Part A funds provided as payment of a portion of faculty salaries spent working for the LEA? If IHE faculty members receive “release time” to serve LEAs, are their salaries attributable to the IHE or to the LEA partner?

Because 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.

M-19. If a full-time faculty member is on a 9- or 10-month contract, can a special summer faculty salary be attributed to the LEA partner, if the summer work is for the LEA?

Yes. The situation differs from those discussed in the preceding question because the IHE would not otherwise pay the faculty members a salary for these summer months. Hence, the benefit derived from this payment would not accrue to the IHE.

M-20. Are the salaries of teachers that a subgrantee's project hires to work as mentors to other teachers attributable to the LEA? Or to the IHE, since the IHE pays their 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.

M-21. Some IHEs require consultants hired under a Federal grant to be treated as IHE employees, rather than as contractors. If these consultants perform work at an LEA, which partner should be assigned the costs of the consultant?

The Department has not regulated in this area. Therefore, the subgrantee may attribute these costs to the partners in any manner that is reasonable. While the contractor costs could reasonably be attributable to the IHE, which is procuring the contractor, assuming that the IHE is not benefiting from the use of the contractor we also believe one could reasonably attribute these costs to the LEA

M-22. May reimbursements made to IHE employees for the costs of traveling to LEA sites be considered to be "used" by the LEA partner?

Yes.

M-23. 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 attributable to the partner that “uses” the corresponding funds as direct costs.

M-24. Are in-kind contributions counted as part of a partner’s 50 percent maximum?

No.

M-25. Section 2132(b) requires the SAHE to ensure either that its subgrants are “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.

M-26. May a not-for-profit (NFP) agency be the named applicant and fiscal agent for a subgrant so long as the partnership contains the three statutorily required partners?

Yes, provided SAHE procedures permit this.

B. COMPETITIVE PROCESS

N-1. 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 below).

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.

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]*

N-2. How does the SAHE determine its priorities for soliciting competitive subgrant applications?

Working in conjunction with the SEA, the SAHE identifies its priorities and criteria for funding applicants and then publishes what is commonly referred to as a “request for proposal” (RFP). The SAHE’s priorities are guided by the “State plan” developed under Section 2112 of the ESEA (see questions E-5 and E-6 of this guidance) that identifies Statewide professional development needs and priorities for developing, supporting, and retaining a high-quality teaching force. (See also Section II of this document.)

N-3. Are there any Federal requirements that govern how SAHEs must conduct the competition?

Yes. State law generally determines the procedures for announcing and publicizing the competition and for reviewing and awarding program funds. However, the Education Department General Administrative Regulations (EDGAR) do contain a few basic requirements that the SAHE (and any State agency that administers a Federally funded competitive grant program) must follow. For example, Sections 76.770 and 76.400(c) of EDGAR require the SAHE to have procedures for reviewing and approving subgrant applications that include ensuring that the applicants meet program requirements.

Under these requirements, SAHEs must conduct a competition that (1) provides fair and equal notice to all potential applicants, including all private and public IHEs in the State, (2) describes the kinds of applications that the SAHE is interested in reviewing, (3) identifies the objectives of the program, (4) identifies any assistance the SAHE will provide in the preparation of the application, and (5) states the procedures to be used to select applications for funding. SAHEs must also ensure that persons reviewing the applications are qualified and have no conflict of interest in the funding decisions [Section 2132(a)].

N-4. Aside from providing all applicants with the information they need to prepare their applications, are there any other requirements regarding the statewide distribution of these subgrants?

Yes. The SAHE must ensure either that subgrants are equitably distributed by geographic area within a State or that subgrants serve eligible partnerships in all geographic areas within the State [Section 2132(b)].

N-5. Is there any particular format or content that a SAHE must incorporate into its information for prospective applicants?

No. A SAHE may require applicants to include any information on proposed activities, expenditures, and other matters that are relevant to the selection of award recipients.

N-6. 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 the subgrants, may vary depending on the kind of activity a subgrant award is funding.

The eligible partnerships must obligate funds before the end of the period for which funds are available (27 months after July 1 of the year the SAHE receives its allocation from the Department).

N-7. Does the definition of an “eligible partnership” in Section 2131 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 a lead partner only if--

1. The community college has a division that prepares teachers and principals [Section 2131(1)], and
2. The grant competition that the SAHE's RFP announces permits a community college to serve as the lead partner.

Any community college may be an additional, non-principal partner of any partnership.

N-8. May community colleges access Title II, Part A funds to create alternative certification programs or to provide professional development for teachers?

Creation of alternative certification programs is not a permissible SAHE use of Title II, Part A funds.

A community college may receive SAHE funds to provide professional development provided that it has a division that prepares teachers and principals [Section 2131(1)] and that the notice from the SAHE inviting grant proposals permits a community college to provide professional development as part of the project.

N-9. May a partnership propose to include as one of the three principal partners a 4-year institution that is not located in the SAHE's state?

Yes.

N-10. May teachers or principals in low-performing schools not located in a high-need LEA participate in a SAHE project?

Yes. The statutory requirement that a high-need LEA be a part of every partnership that receives a SAHE award ensures that all projects will focus on the needs of teachers, principals, and highly qualified paraprofessionals in high-need LEAs. Thus, a SAHE may require, through the RFP, that all funded activities focus on low-performing schools of those LEAs.

However, so 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.

N-11. May a SAHE limit funding to proposals with a math and/or science focus, or must the professional development activities that they support include other academic disciplines?

A SAHE determines requirements for the Title II, Part A subgrant competition and awards based on 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. Whether the SAHE, in conjunction with the SEA, decides that funding should focus only on professional development in mathematics and/or science is a State decision.

The focus of any SAHE-funded pre-service or in-service activities should be on the core academic areas: English, reading or language arts, mathematics, science, foreign languages, civics and government, economics, arts, history, and geography [*Title IX, Part A, Section 9101(11)*].

N-12. May a SAHE devote some Title II, Part A funds to pre-service teacher training?

Yes, but only if the project creates:

1. 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 [*Title IX, Section 9101(34)(B)(i)*]; or
2. Programs to enable paraprofessionals to obtain the education necessary for those paraprofessionals to become certified and licensed teachers [*Title IX, Section 9101(34)(B)(ii)*].

Both of these activities are “professional development,” and so may be the focus of SAHE subgrants.

N-13. How else might a SAHE use Title II, Part A subgrants to influence improvement in preservice teacher training programs?

In addition to the permissible uses cited in N-12, a SAHE may exercise leadership in other ways, such as:

1. Conditioning a partnership’s receipt of a subgrant on its submission of specific information from the IHE’s administration to confirm that the school of education (or entity that administers the teacher preparation program) and the school of arts and sciences will imbed the professional development into the curriculum the teacher preparation program offers, or

2. Require 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 – such as ensuring that teaching candidates demonstrate content knowledge of the subject(s) they intend to teach, as well as how such content knowledge supports the State’s academic content standards.

N-14. In some cases, individuals who are enrolled in teacher education programs will “student teach” in K-12 schools that are part of a SAHE-funded partnership. May Title II, Part A funds be used to enable these individuals to participate in professional development activities in the schools where they are teaching?

Yes.

C. SAHE-FUNDED ACTIVITIES

O-1. What activities may a SAHE fund with its share of *Improving Teacher Quality State Grants* funds?

Consistent with the priorities and criteria it has announced for selection of grant recipients, the SAHE must make awards of *Improving Teacher Quality State Grants* funds to support the following types of partnership activities to enhance student achievement in participating high-need LEAs:

1. Professional development activities in core academic subjects to ensure that:
 - a. Teachers and highly qualified paraprofessionals (and, when appropriate, principals) have subject matter knowledge in the academic subjects that the teachers teach (including knowledge of how to use computers and other technology to enhance student learning); and
 - b. Principals have the instructional leadership skills to help them work more effectively with teachers to help students master core academic subjects.
2. 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:

- a. 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;
- b. May include intensive programs designed to prepare individuals to provide instruction related to the professional development described in the preceding paragraph to others in their schools; and
- c. 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. (For the definition of "low performing school," see *Error! Reference source not found.*)

Note: The law requires any partnership receiving both a subgrant from a SAHE and an award under the Partnership Program for Improving Teacher Preparation in Section 203 of Title II of the Higher Education Act (HEA) to coordinate activities conducted under the two awards.

O-2. What kinds of expenditures may a SAHE pay with its administration and planning funds?

The SAHE may use those 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 RFP, paneling those who will review grant applications, and administering, monitoring, and providing technical assistance to, and evaluation of, SAHE-funded projects.

O-3. May a SAHE use funds reserved for administration to contract with public or private agencies for goods and services to help it to administer its program?

Yes, provided that the SAHE retains overall responsibility for the administration of these projects.

O-4. 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 *Improving Teacher Quality State Grants* 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 Section 76.563 of EDGAR) 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, 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.)

O-5. 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 pay for direct services, a SAHE may adopt selection criteria that focus on an IHE's willingness to reduce the indirect costs that it otherwise might claim, or by rule (pursuant to State law) limit the amount of indirect costs or indirect cost rate to a reasonable amount.

O-6. 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 an IHE'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 negotiate budgets with applicants selected for awards to ensure that all administrative costs are reasonable and necessary for the proper implementation of the grant.

O-7. When the SAHE makes multi-year awards, is it responsible to determine annually whether the partnership's progress in carrying out its activities warrants issuance of annual continuation awards?

Yes. The SAHE is responsible for:

1. Ensuring that the recipient is effectively managing the day-to-day operations of subgrant-supported activities;
2. Monitoring subgrantees to ensure compliance with program requirements and that performance goals are being achieved; and
3. Providing fiscal control and fund accountability over all funds that it awards (or obligates itself) to ensure their proper use.

A SAHE that determines that a partnership's Title II, Part A-supported activities are not complying either with the Title II program requirements or the IHE's approved application should take action either to (1) bring the project into compliance, or (2) terminate the project rather than issue a continuation award.

O-8. Do the ESEA Title IX requirements on services to private school teachers apply to activities that IHE-LEA partnerships conduct under competitive awards they receive from the SAHE?

Yes. The IHE-LEA partnerships need to ensure that services are offered on an equitable basis to public and private school teachers since the requirements apply to grants of "financial assistance" provided to an LEA "or another entity" [Section 9501(b)(1)].

O-9. What role should scientifically based research play in SAHE-funded activities?

It is imperative that SAHEs demonstrate leadership in identifying 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.

For example, the Department expects that reading instruction for prospective teachers will be based upon the scientifically based research identified for the Reading First program. (For more information, go to <http://www.ed.gov/offices/OESE/readingfirst/>.)