

4000-01-U

DEPARTMENT OF EDUCATION

State Flexibility Demonstration Program and Local
Flexibility Demonstration Program

AGENCY: Office of Elementary and Secondary Education,
Department of Education

ACTION: Notice Inviting Applications

PURPOSES OF THE PROGRAMS: To give selected State
educational agencies (SEAs) and local educational agencies
(LEAs) greater flexibility in the use of Federal funds to
(1) improve and be accountable for the academic achievement
of all students, especially disadvantaged students; (2)
improve teacher quality and subject-matter mastery,
especially in mathematics, reading, and science; (3) better
empower parents, educators, administrators, and schools to
address effectively the needs of their children and
students; and (4) narrow achievement gaps between the
lowest- and highest- achieving groups of students so that
no child is left behind.

ELIGIBLE APPLICANTS: SEAs (for the State Flexibility
Demonstration program (State-Flex)) and LEAs (for the Local
Flexibility Demonstration program (Local-Flex)), subject to
the following conditions:

(1) If an LEA has entered into a Local-Flex agreement with the Secretary, its SEA may subsequently seek State-Flex authority only if the LEA's Local-Flex agreement is incorporated as one of the proposed performance agreements in the SEA's State-Flex proposal. At this time, the Seattle School District is the only LEA that has entered into a Local-Flex agreement.

(2) If an SEA has received State-Flex authority from the Secretary, its LEAs may not apply to the Department for Local-Flex. Rather, in these States, four to ten LEAs (at least half of which must be high-poverty LEAs) enter into a local performance agreements directly with their SEA.

(3) SEAs in Hawaii, Puerto Rico, and the Outlying Areas (as defined in Section 9101(30) of the Elementary and Secondary Education Act of 1965, as amended (ESEA) (20 U.S.C. 7801(30)) are not eligible to apply for State-Flex because they do not have the minimum number of LEAs required for State-Flex authority. By statute, the District of Columbia, Hawaii, Puerto Rico, and the Outlying Areas are also not eligible to apply as LEAs for Local-Flex.

NUMBER OF STATE-FLEX AND LOCAL-FLEX APPLICATIONS THAT THE DEPARTMENT MAY APPROVE: The Secretary may grant State-Flex

authority to up to seven SEAs. Seven grants of authority remain available.

The Secretary may enter into Local-Flex agreements with up to eighty LEAs, but no more than three LEAs in a given State.

The Department is conducting the State-Flex and Local-Flex competitions simultaneously to enable both SEAs and LEAs to take advantage of these flexibility programs at the earliest possible date. Before applying for Local-Flex, an LEA should contact its SEA to determine whether the State will seek State-Flex authority. If the SEA intends to apply for State-Flex, the SEA and LEA should consider including the proposed local performance agreement as part of the State-Flex application. Similarly, an SEA should notify all of its LEAs if it intends to apply for State-Flex so that it may coordinate with those LEAs that are interested in seeking additional flexibility.

APPLICATIONS AVAILABLE: March 18, 2004.

DEADLINE FOR TRANSMITTAL OF APPLICATIONS: There is no specific application deadline. Applications will be reviewed on a rolling basis as they are received until the maximum number of State-Flex and Local-Flex proposals authorized by the statute have been approved. We anticipate that we will complete the review of an

application within 60 days of its receipt by the Department.

SUPPLEMENTARY INFORMATION: Sections 6141 through 6144 of the ESEA (20 U.S.C. 7315-7315c) allow the Secretary to grant State-Flex authority, on a competitive basis, to up to seven SEAs. The Secretary will select the State-Flex States on the basis of the selection criteria in the State-Flex application package.

Under State-Flex, an SEA receives the authority to consolidate certain Federal education funds that are provided for State-level activities and State administration and use those funds for any educational purpose authorized under the ESEA in order to meet its State's definition of adequate yearly progress (AYP) and advance the education priorities of the State and its LEAs. A State-Flex State may also specify how its LEAs will use funds received under Part A of Title V (State Grants for Innovative Programs) of the ESEA. In addition, an SEA with State-Flex authority enters into local performance agreements with four to ten of its LEAs (at least half of which must be high-poverty LEAs), giving those LEAs the flexibility to consolidate certain Federal education funds for any educational purpose permitted under the ESEA in order to meet the State's definition of AYP and specific,

measurable goals for improving student achievement and narrowing achievement gaps.

Sections 6151 through 6156 of the ESEA (20 U.S.C. 7321-7321e) authorize the Secretary to enter into Local-Flex agreements with up to eighty LEAs. These agreements, like the local performance agreements under State-Flex, give the LEAs the authority to consolidate certain Federal education funds and to use those funds for any purpose under the ESEA in order to assist the LEAs in meeting the State's definition of AYP and specific, measurable goals for improving student achievement and narrowing achievement gaps. The Secretary will select the remaining Local-Flex LEAs on the basis of the selection criteria in the Local-Flex application package.

COMPETITIVE PREFERENCE IN FUTURE GRANT COMPETITIONS:

Because State-Flex and Local-Flex participants have undergone comprehensive planning to improve teacher quality and the academic achievement of all students, especially disadvantaged students, and are held to a higher degree of accountability, the Secretary intends to give them a competitive preference in future grant competitions for Federal education funding in which SEAs and LEAs are eligible applicants, to the extent that the competitive preference would further the intent and purposes of the

respective grant programs. Where appropriate, the Secretary plans to establish the competitive preferences in the individual program notices announcing future competitions.

FOR FURTHER INFORMATION CONTACT: Ms. Jill Staton, US Department of Education, Office of Elementary and Secondary Education, 400 Maryland Ave., SW, Rm. 3E213, Washington, D.C. 20202-6400. Telephone: (202) 401-0039 or via Internet:

LocalFlex@ed.gov

StateFlex@ed.gov

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APPLICATIONS: You may obtain a copy of the application package on the Department's web site at:

<http://www.ed.gov/news/fedregister/announce/index.html>

<http://www.ed.gov/fund/grant/apply/grantapps/index.html>

You may also obtain a copy of the application from the contact person identified under FOR FURTHER INFORMATION

CONTACT. Instructions for submitting applications are included in the application package.

Electronic Access to this Document: You may view this document, as well as other Department of Education documents published in the Federal Register, in text or Adobe Portable Document Format (PDF) on the Internet at the following site:

www.ed.gov/news/fedregister

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Note: The official version of this document is the document published in the Federal Register. Free Internet access to the official version of the Federal Register and the Code of Federal Regulations is available on GPO access at:

www.gpoaccess.gov/nara/index.html

PROGRAM AUTHORITY: 20 U.S.C. 7315-7315c for State-Flex, and 20 U.S.C. 7321-7321e for Local-Flex.

Dated:

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Raymond Simon,

Assistant Secretary for

Elementary and Secondary

Education.