



Memorandum

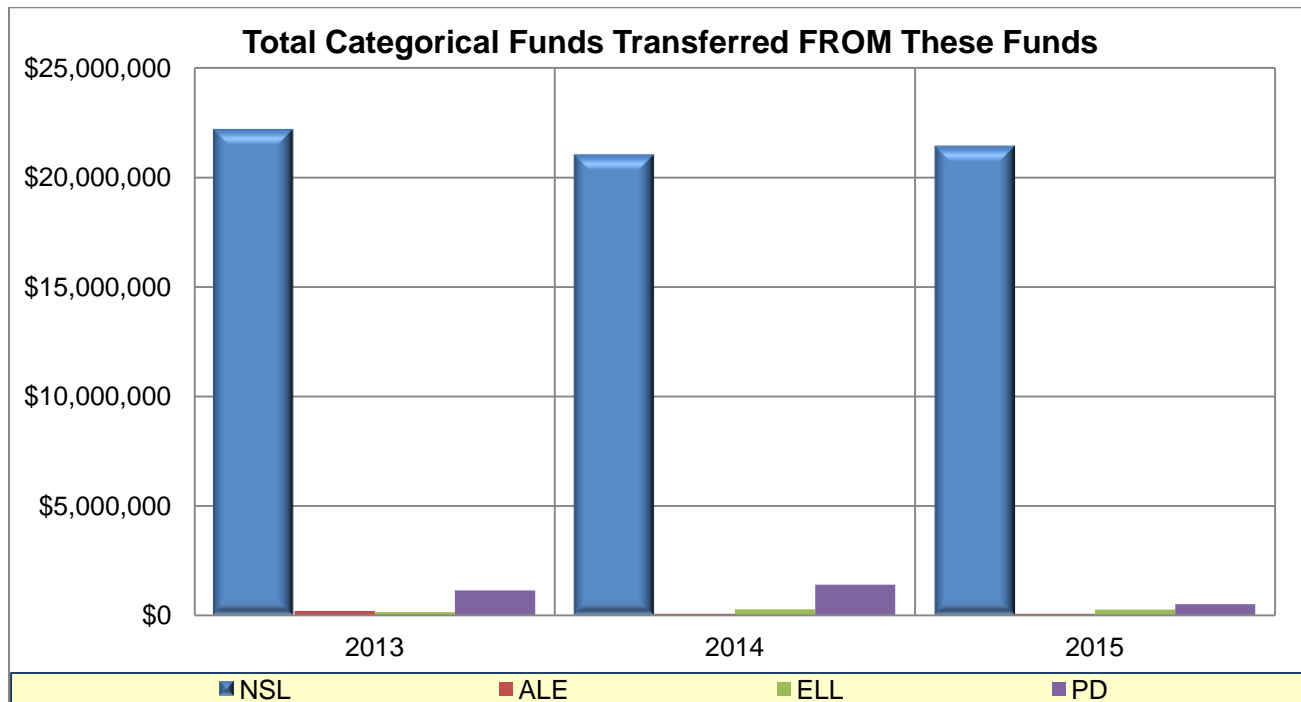
TO : Members of the House and Senate Committees on Education

FROM: Policy Analysis and Research Section, Bureau of Legislative Research

DATE : March 15, 2016

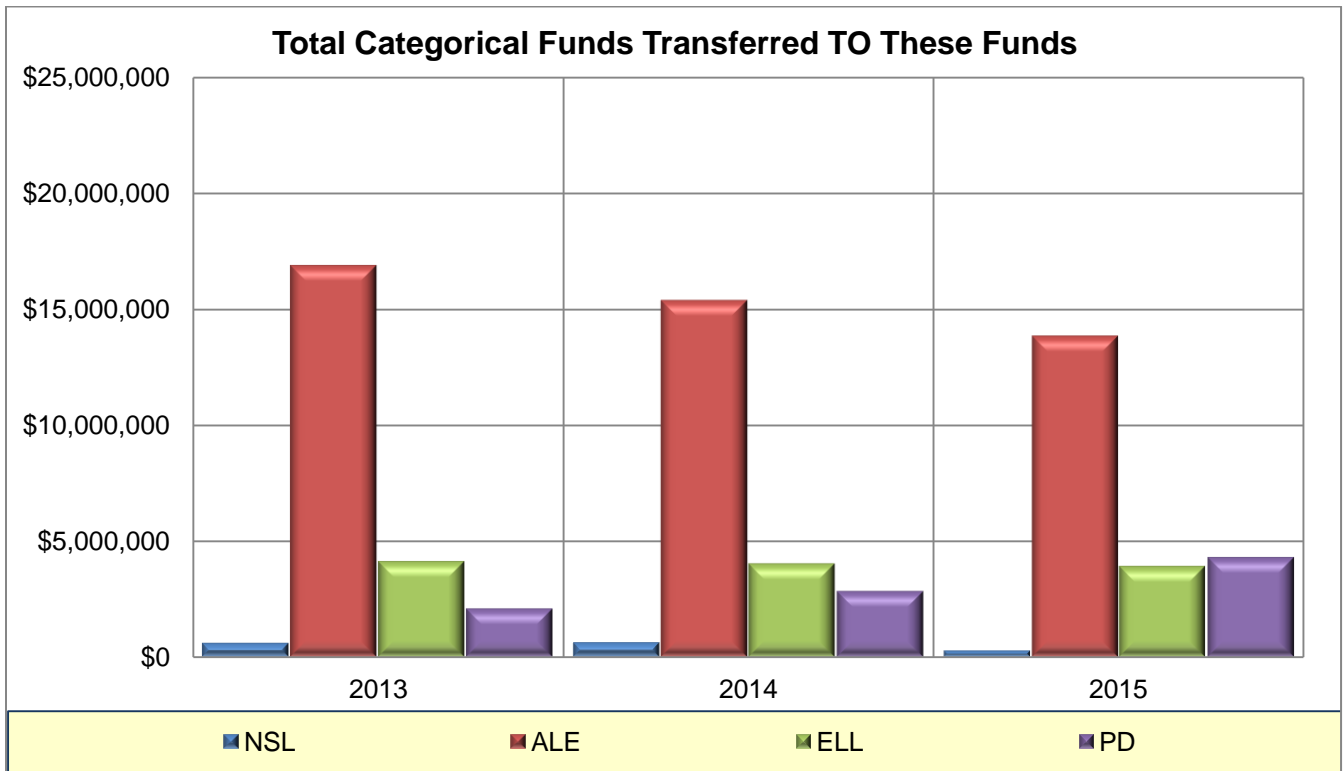
SUBJECT : Categorical Funds Transferred 16-001-28

The four state categorical funds—National School Lunch (NSL), professional development (PD), English language learners (ELL) and alternative learning environment ALE) funding—are considered restricted fund. That means districts and charter schools can use these funds only for specified purposes. However, state law allows districts and charter schools to transfer funding between the categoricals. This allows a district that has more ALE needs, for example, to transfer other categorical funds to that fund to help cover the higher costs. The charts below show that districts are primarily using NSL dollars to offset the costs of ALE programs.



While districts receive more NSL funding than they receive in any other categorical type, they also transfer proportionately more NSL dollars than other types of funds. In 2015, districts collectively transferred about 10.2% of their NSL funds to other categorical funds.

	2015 Annual Funding	% of 2015 Funds Transferred FROM These Funds
NSL	\$209.5 million	10.2%
ALE	\$24.0 million	0.3%
ELL	\$11.9 million	2.2%
PD	\$12.6 million	4.0%



Transfers from other categorical funds increased ALE funding by about 58% in 2014-15. Transfers increased ELL and PD funds by about 33-34%. Transfers to NSL were negligible.

	2015 Annual Funding	% of 2015 Funds Added <u>TO</u> These Funds
NSL	\$209.5 million	0%
ALE	\$24.0 million	58%
ELL	\$11.9 million	33%
PD	\$12.6 million	34%