

United States Department of Education
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION

May 19, 2026

Dear Colleague:

This letter provides information about the Alternative Fund Use Authority (AFUA) available to certain rural local educational agencies (LEAs) under the *Elementary and Secondary Education Act of 1965*, as amended (ESEA). AFUA allows eligible LEAs to use certain Federal funds more flexibly to meet local priorities.

This builds on the U.S. Department of Education’s (Department’s) July 29, 2025, [Dear Colleague Letter \(DCL\) highlighting flexibilities and waiver authorities under ESEA](#).

The Department’s goal is to improve academic achievement, reduce unnecessary Federal and bureaucratic burden, and return greater decision-making authority to States and local communities. Expanding awareness of existing statutory flexibilities supports these goals, particularly for rural communities that often face unique challenges in providing high-quality educational opportunities for students.

This guidance is relevant to:

- Small, Rural School Achievement (SRSA)-eligible LEAs¹,
- State educational agencies that partner with the Department to support SRSA administration, and
- Local leaders and program administrators in SRSA-eligible LEAs working with Title II and Title IV funds.

AFUA is authorized under sections 5211 of the ESEA. AFUA allows SRSA-eligible rural LEAs to use certain Federal funds more flexibly.

Specifically, an SRSA-eligible LEA may use all or part of its Title II, Part A funds (Supporting Effective Instruction) and Title IV, Part A funds (Student Support and Academic Enrichment) for activities authorized under several other ESEA programs.

An LEA does not need to transfer funds between programs to exercise AFUA. Instead, it may use the funds for any allowable activity under other programs under SRSA authority. Importantly, an LEA does not need to receive SRSA funds to use AFUA. The LEA must only meet SRSA eligibility requirements.

This flexibility can be particularly helpful for rural districts that have limited staff capacity and resources.

Under AFUA, eligible LEAs may use Title II, Part A or Title IV, Part A funds to support activities authorized under:

- Title I, Part A – Improving Basic Programs Operated by LEAs

¹ Find a list of SRSA-eligible LEAs here: <https://www.ed.gov/grants-and-programs/formula-grants/rural-and-insular-areas/small-rural-school-achievement-program#srса-eligibility>.

- Title II, Part A – Supporting Effective Instruction
- Title III – Language Instruction for English Learners and Immigrant Students
- Title IV, Part A – Student Support and Academic Enrichment
- Title IV, Part B – 21st Century Community Learning Centers

AFUA does **not** transfer funds from one Federal program to another. Instead, AFUA simply expands the range of allowable uses for Title II, Part A and Title IV, Part A funds for eligible rural LEAs. Please note transferability is a separate flexibility we discuss in our companion May 2026 Transferability DCL.

An SRSA-eligible LEA may exercise AFUA without approval from their State educational agency (SEA) or the Department. However, the LEA must notify its SEA each year of its intent to exercise AFUA by the notification date established by the SEA.

There are many ways eligible districts can use AFUA to help meet local priorities. Two examples:

- A rural district that receives Title II, Part A funds could use those funds to support activities typically authorized under Title I, Part A—such as targeted academic interventions— if the district determines that those activities better meet local needs.
- Similarly, an eligible LEA could use Title IV, Part A funds to support after-school or extended learning opportunities, consistent with Title IV, Part B.

The Department encourages SEAs to ensure that SRSA-eligible LEAs are aware of AFUA and to consider how the flexibility provided by AFUA can support implementation and strengthening of local education plans to best meet local needs and improve outcomes for students. If SEAs or LEAs have questions about AFUA, please reach out to REAP@ed.gov.

Sincerely,



Kirsten Baesler
Assistant Secretary
Office of Elementary and Secondary Education