**ED's National Reservations.** The Education Department (ED) reserves 0.1 percent of available funds for the Outlying Areas, 1 percent for the Bureau of Indian Education, and may reserve funds to provide technical assistance (if requested by a State), and conduct evaluation and dissemination activities.

**Formula Grants to States.** After reserving funds for the national set asides, ED allocates remaining funds to States by formula. The formula is based on each State’s share of funds under Title I, Part A of ESEA, however a State may not receive less than $150,000; 0.25 percent of the total program appropriation for the fiscal year; or the amount of the State’s fiscal year 2001 allocation, whichever is greatest.

**State Use of Funds.** After receiving its allocation, a State may reserve up to 25 percent (or in the case of a State receiving the minimum award, 50 percent) of its allocation for State-level activities, and then must distribute remaining funds to LEAs. A State awards subgrants to LEAs competitively on the basis of need for a term not to exceed 3 years.

**Local Use of Funds.** LEAs may use subgrant funds for such activities as providing enriched supplemental instruction, transportation, professional development, referrals to health care, and other services to facilitate the enrollment, attendance, and success in school of homeless children, including preschool-aged children, and youth.

**Source:** Education Department Budget Service. Note: SEA = State educational agency | LEA = local educational agency

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**McKinney-Vento Homeless Assistance Act, Title VII, Subpart B as amended by ESSA**

**Key Program Changes:**
- greater inclusion of and supports for homeless children in preschool;
- an increased emphasis on the identification of homeless children and youth and on connecting homeless students to postsecondary opportunities;
- new provisions to ensure that student-centered factors are considered when determining the school that is in a child’s best interest to attend; and strengthened provisions to ensure that LEAs coordinate homeless education and special education services for homeless students with disabilities.