

A Promise Unfulfilled

► How Title I funding is broken and what could be done about it

For 46 years, the United States Department of Education (USDOE) has used the Title I program as a means of helping school districts increase educational opportunities for low-income students. In the past 10 years alone, the federal government has expended over \$140 billion on Title I, yet many observers feel it has fallen well short of its mark of expanding and improving educational programs for America's neediest children. The time is right for major changes to the way funding for Title I works – specifically the uneven way in which funds are distributed. This issue of *The Progress of Education Reform* examines inequities in how Title I funds are distributed, and proposes changes that address three key factors.

An Attempt to Aid Low-Income Students

In 1965, Congress passed the Elementary and Secondary Education Act (ESEA). The first title (a.k.a., section) of the new legislation was “Better Schooling for Educationally Deprived Children.” Over the years, the education funding component has come to be known as Title I.

The legislatively-stated goal was to “... provide financial assistance ... to local educational agencies serving areas with concentrations of children from low-income families; and to expand and improve their educational programs by various means ...”. Although this new program commonly used the term “educationally deprived children” from the start, the goal was not to target funding to students at risk of low education performance, but to direct funding to students from low-income families. While these two categories of children might have a great deal of overlap, they are not the same.

What's Inside

- How Title I funding works
- What's wrong with the current formula
- What can be done to improve Title I funding

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How Title I Funds Get Distributed

In Fiscal Year 2011 the U.S. Department of Education allocated \$15.6 billion to Title I programs. The bulk of this funding — approximately 93% — goes to four programs under the umbrella commonly referred to as Title I, Part A. These four programs are: Basic Grants, Concentration Grants, Targeted Grants and Education Finance Incentive Grants. While each has been designed to target funds to low-income students, each uses a different formula. (For a description of each formula, see the box to the right.)

Each of the four funding programs under Title I, Part A makes use of student counts based on U.S. Census Bureau data (poverty estimates). The dollar amounts allocated to districts and states are based on several factors, including the cost of education in each state.

Inequity in Funding

Analysis from the Government Accountability Office (GAO) has shown that Title I funding is not distributed on an equitable basis to states or even to districts within states.¹ The mechanism used to distribute funding is fundamentally broken.² ECS reviewed Title I, Part A funding information from FY 2008 (the most recently available data) and found that the average funding per qualified pupil allocated to states ranged from \$1,165 in Utah to \$3,283 in Wyoming — a 182% difference from highest- to lowest-funded states.

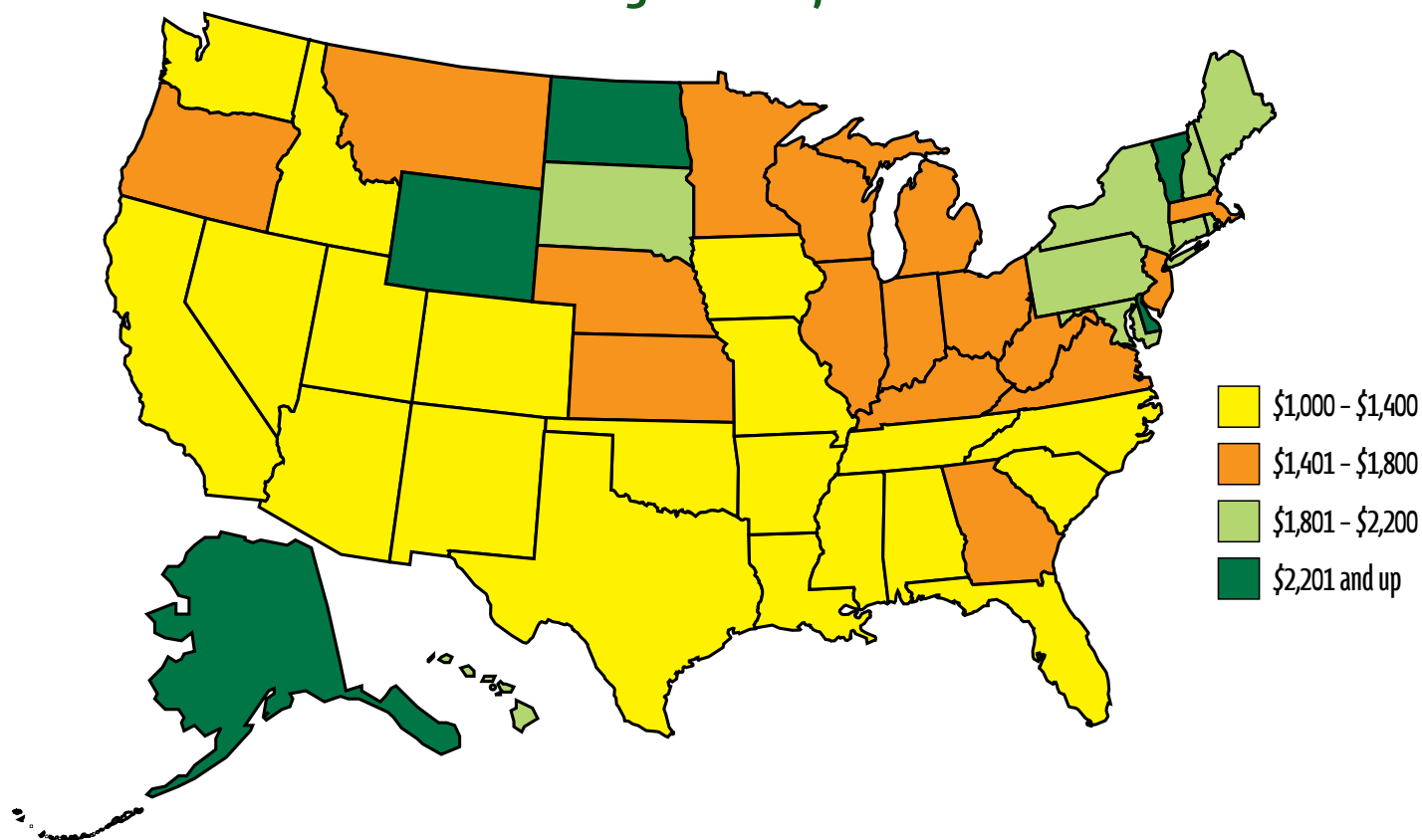
Mapping out Title I Funding

The following map shows the amount of Title I funding per targeted pupil that each state received in the 2008 fiscal year.

How Title I Formulas Work

- ▶ **Basic Grants** go to districts with at least 10 low-income students and where the total number of low-income students exceeds 2% of the district's population.
- ▶ **Concentration Grants** flow to districts where the number of low-income children exceeds 6,500 or 15% of the total school-age population.
- ▶ **Targeted Grants** flow to districts where the number of low-income schoolchildren is at least 10 and represent at least 5% of the district's population. These grants are weighted so that districts with higher numbers or higher percentages of poor children receive more funds.
- ▶ **Education Finance Incentive Grants** distribute funds to states based on factors that measure:
 - A state's effort to provide financial support for education compared to its relative wealth
 - The degree to which education expenditures among districts within the state are equalized.

Title I Funding Per Qualified Student

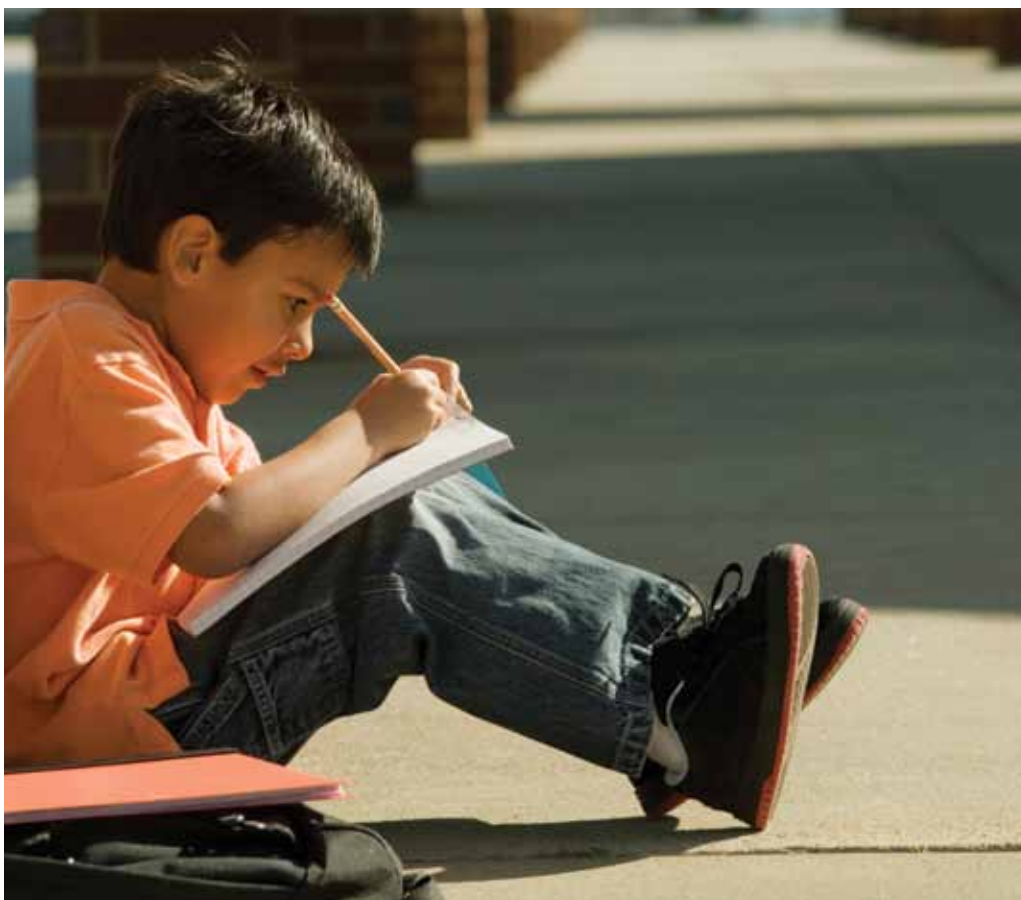


What Causes The Inequity?

Many factors could explain the difference in funding levels, including guaranteed minimum payments to states and hold-harmless provisions. However, one clearly sticks out: The way in which the formula calculates the cost of education in each state. There are various ways that a funding formula could take into account a state's "cost of education". The USDOE uses data on each state's expenditure per elementary and secondary student. This type of calculation assumes that the sole reason for the difference in spending among states has to do with the cost of doing business in those states. In other words, it assumes that those who spend the most money must be facing the highest costs.

There are multiple factors that go into the cost of education, however, and while they can include past spending patterns they also include regional cost differences (living in Alaska is much more expensive than living in Kansas) and the cost of operating hard-to-staff schools. The current Title I formula is not targeting funding to those places that experience the highest cost of educating students. For example:

- ▶ According to information from the United States Department of Labor, Hawaii has the highest cost of living of any of the 50 states, but ranks 11th in the amount of per-pupil Title I funds received.
- ▶ Wyoming ranks first in the amount of Title I funds that it receives, but ranks 24th in cost of living, according to information from the Bureau of Labor Statistics (BLS).
- ▶ Information from the BLS shows that the cost of living in South Dakota is slightly higher than in North Dakota, yet North Dakota receives \$2,853 in Title I funds per qualified student while South Dakota receives \$1,959 — 31% less than its neighboring state. And while both states have a lower cost of living than the national average, both receive a higher amount of Title I funds per pupil than the national average of \$1,494.



Good Reads

"Improving Title I Equity across States, Districts and Schools"

This article from the Iowa Law Review gives a detailed explanation of how the current Title I funding system works and how it can be improved to better serve students.

<http://www.law.uiowa.edu/documents/ilr/Liu.pdf>

"How The Federal Government Can Strengthen Title I to Help High Poverty Schools"

The Center for Reinventing Public Education reviewed Title I expenditure data from five urban school districts. This review prompted them to make several recommendations about how the federal government could improve the Title I formula.

http://www.crpe.org/cs/crpe/download/csr_files/brief_crpe_title1_aug05.pdf

"Title I Funding: Poor Children Benefit Though Funding Per Poor Child Differs"

The General Accounting Office provides a good description of how Title I funding amounts differ from district to district throughout the country.

<http://www.gao.gov/new.items/d02242.pdf>

"Weighted Student Formula Concept Enlivens School Finance Debate"

This 2004 publication from EdSource in California provides an excellent overview of the policy issues that come into play when education funding follows the student.

http://www.edsource.org/pub_weighted_brief5-04.html

What Changes Can Be Made

Multiple sections of the Title I funding formula should be reviewed for potential updates, revisions or elimination. However, ECS specifically recommends changes in the way that the cost of education is calculated in each of the four Title I formulas. While the current calculation only takes into account past expenditure patterns, any new calculation needs to consider multiple factors, including:

1. Past expenditure patterns
2. Regional costs differences
3. The cost of operating hard-to-staff schools.

The first factor would benefit those states that have made past commitments to funding education. This is one way to provide a financial benefit to those states that have in the past provided higher levels of funding to their schools.

The second factor — regional cost differences — would take into account the actual differences in the costs of doing business in each state.

And finally, factoring in the cost of operating hard-to-staff schools would benefit those areas within states (usually large urban or remote rural districts) that have a difficult time recruiting and retaining high quality teachers. While there is room for debate about exactly how any Title I formula would take each of these factors into account, factoring in each of these three conditions would help ensure greater fairness in the way the funds are distributed and increase the likelihood that Title I dollars will make a real difference for the low-income students they are designed to serve.

Endnotes

- 1 General Accounting Office, *Title I Poor Children Benefit Though Funding Per Poor Child Differs*, Washington, D.C. January, 2002. page 5, accessed on the Web, April 21, 2011, <http://www.gao.gov/new.items/d02242.pdf>.
- 2 Liu Goodwin, "Improving Title I Equity across States, Districts, and Schools," *Iowa Law Review*, Iowa City, Iowa, Issue 93, 2008, page 984, accessed on the Web: March 30, 2011, <http://www.law.uiowa.edu/documents/ilr/Liu.pdf>.

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