

July 2011

# DISADVANTAGED STUDENTS

## School Districts Have Used Title I Funds Primarily to Support Instruction

U.S. Government Accountability Office

GAO 90

YEARS

1921-2011

ACCOUNTABILITY ★ INTEGRITY ★ RELIABILITY



Highlights of [GAO-11-595](#), a report to congressional committees

## Why GAO Did This Study

Title I of the Elementary and Secondary Education Act (ESEA), as amended, is the largest federal education funding source for kindergarten through grade 12. In fiscal year 2010, Congress appropriated \$14.5 billion for Title I grants to school districts to improve educational programs in schools with high concentrations of students from low-income families. ESEA includes accountability requirements for schools and districts that focus primarily on measuring academic outcomes rather than prescribing exactly how Title I funds are to be spent. ESEA, as amended, includes a mandate that requires GAO determine how selected districts expend Title I funds. In response, GAO addressed (1) how selected school districts spent their Title I funds and (2) what federal mechanisms are in place to oversee how Title I funds are used and what is known about the extent of noncompliance with relevant requirements. To do this, GAO visited a nongeneralizable sample of 12 school districts in 4 states and analyzed their Title I expenditures for the 2008–2009 school year. GAO also reviewed federal and local audit findings for a wider range of states and districts. Districts were selected based on criteria in the mandate including variation in size, student demographics, location, and economic conditions.

GAO is not making recommendations. Education provided technical comment on a draft of this report, which we incorporated as appropriate.

View [GAO-11-595](#) or key components. For more information, contact George Scott at (202) 512-7215 or [ScottG@gao.gov](mailto:ScottG@gao.gov).

July 2011

## DISADVANTAGED STUDENTS

### School Districts Have Used Title I Funds Primarily to Support Instruction

## What GAO Found

GAO found that 12 selected districts in Louisiana, Ohio, Rhode Island, and Washington used Title I funds primarily for instructional purposes, consistent with findings from other research. Most selected districts focused Title I activities at the elementary level, where they expected the greatest improvement in academic achievement. Title I funds supported district initiatives to improve academic outcomes, such as reducing class sizes, extending class time, and coaching Title I teachers. The selected districts generally spent the majority of Title I funds on salaries and benefits, largely for instructional personnel. Districts with schools that failed to meet state adequate yearly progress goals for two or more consecutive years were required by law to reserve funds for various initiatives, such as transportation for public school choice, supplemental educational services, and professional development. In some districts such set-asides, which do not flow directly to schools, accounted for sizable portions of funds, amounting in two districts to 28 percent of Title I revenue. Predictably, such districts spent more than other districts on purchased services, such as tutoring for students eligible for supplemental educational services.

Title I recipients are subject to various oversight mechanisms, which provide some information on noncompliance with relevant spending requirements, but are not designed to provide estimates of the prevalence of noncompliance. The Department of Education (Education) has conducted state-level monitoring to assess states' Title I program implementation. It has identified common issues, such as failure to ensure that districts properly calculate or reserve funds for specific purposes. To guard against fraud and abuse, Education's Office of Inspector General (OIG) uses risk-based criteria, such as past audit findings, to select districts for financial audit. In such districts, OIG has found instances of unallowable expenditures of Title I funds. Also, all states and districts that spend more than \$500,000 in federal awards must file an annual audit that focuses on financial management and compliance with provisions of selected federal programs. Roughly 18 percent of districts that filed a fiscal year 2009 audit in which Title I compliance was reviewed had findings related to Title I, which most commonly dealt with unallowable costs and cost principles. However, only a subset of districts are audited for Title I compliance in any given year. When any type of oversight identifies noncompliance, school districts and states must identify and take corrective actions. Education also uses results of oversight and monitoring to target future monitoring efforts and to develop technical assistance and training to assist states and school districts in using their resources and flexibility appropriately.

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### Abbreviations

Education	U. S. Department of Education
ESEA	Elementary and Secondary Education Act of 1965
FTE	full-time equivalent
OIG	Office of Inspector General
OMB	Office of Management and Budget

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**G A O**

Accountability \* Integrity \* Reliability

**United States Government Accountability Office**  
Washington, DC 20548

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July 15, 2011

The Honorable Tom Harkin  
Chairman  
The Honorable Michael B. Enzi  
Ranking Member  
Committee on Health, Education,  
Labor, and Pensions  
United States Senate

The Honorable John P. Kline  
Chairman  
The Honorable George Miller  
Ranking Member  
Committee on Education and the Workforce  
House of Representatives

Title I of the Elementary and Secondary Education Act of 1965 (ESEA), as amended, provides flexible funding to state and local educational agencies to expand and improve educational programs in schools with high concentrations of students from low-income families.<sup>1</sup> Title I funds may be used to provide additional instructional staff, professional development for instructional staff and administrators, after-school programs, and other strategies for raising student achievement. Congress appropriated \$14.5 billion in fiscal year 2010 for Title I grants to school districts, making Title I the largest federal funding source for kindergarten through grade 12 education, and. Under the American Recovery and Reinvestment Act of 2009, an additional \$10 billion was provided to school districts for Title I programs for use through fiscal year 2010.<sup>2</sup> ESEA, as amended in 2001, included a mandate that requires us to

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<sup>1</sup>Throughout this report, we refer to Title I, Part A of ESEA, as amended as “Title I.” Part A of Title I is directed at improving basic programs operated by local educational agencies, which we refer to as “school districts” in this report.

<sup>2</sup>Pub. L. No. 111-5, 123 Stat. 115, 181. Districts were required to obligate 85 percent of the funds by September 30, 2010, unless granted a waiver, and must obligate all of their funds by September 30, 2011. We have reported separately on the use of these additional funds, which were first made available in April 2009. See, for example, GAO, *Recovery Act: States’ and Localities’ Current and Planned Uses of Funds While Facing Fiscal Stresses*, [GAO-09-829](#) (Washington, D.C.: July 8, 2009).

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identify how school districts expend Title I funds, including the extent to which funds were expended on academic instruction.<sup>3</sup> In 2003, we reported on this issue pursuant to the mandate.<sup>4</sup> At that time, we found that selected districts spent at least 84 percent of their Title I funds on activities related to instruction. As Congress plans for the reauthorization of ESEA, interest remains in better understanding how these funds are spent and how much federal education funding reaches the classroom. To respond to this mandate and the continued interest in Title I expenditures, we determined (1) how selected school districts spent their Title I funds, and (2) what federal mechanisms are in place to oversee how Title I funds are used, and what is known about the extent of noncompliance with relevant requirements.

To determine how selected districts used Title I funds, we selected and visited three school districts in each of four states—Louisiana, Ohio, Rhode Island, and Washington. Combined, these 12 districts comprise 463 schools serving more than 230,000 students. We selected these states and districts based on the characteristics described in the mandate, including variation in size, student demographics, economic conditions, and geographic locations. We reviewed Title I plans, audits, and budget and expenditure reports that detailed district uses of Title I funds, and conducted semi-structured interviews with state and district officials to better understand these uses. Districts tended to use a consistent set of categories to describe expenditures on items, such as salaries, benefits, supplies, and services. We were generally able to ascertain what proportions of staff (almost always the largest category of expenditures funded by Title I) were in administrative, instructional, and instructional support positions; however, districts did not consistently classify all types of expenditures in a way that always allowed us to ascertain their purpose—for example, instructional versus noninstructional. Although we were not able to directly compare all instructional versus noninstructional expenditures for all districts, our comparison of the proportion of staff funded by Title I in each category accounted for a substantial portion of districts' expenditures and allowed

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<sup>3</sup>Pub. L. No. 107-110, sec. 101, § 1904, 115 Stat. 1425, 1619 (codified at 20 U.S.C. § 6574). The No Child Left Behind Act of 2001 reauthorized and amended ESEA.

<sup>4</sup>GAO, *Title I: Although Definitions of Administrative Expenditures Vary, Almost All School Districts Studied Spent Less Than 10 Percent on Administration*, [GAO-03-386](#) (Washington, D.C.: Apr. 7, 2003).

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us to draw conclusions for the selected districts. We assessed the reliability of the expenditure data provided to us by the districts by (1) reviewing data for obvious inconsistencies, errors, and completeness; (2) comparing it with other available expenditure data to determine data consistency and reasonableness; (3) interviewing district Title I and financial officials about expenditure data quality control procedures; and (4) selecting transactions in varied expenditure categories and reviewing documentation for those transactions to determine whether the amount and expenditure category were accurate. We determined that the expenditure amounts and object categories were sufficiently reliable for our purposes of describing the nature of district Title I expenditures and making broad comparisons of districts' expenditures. Due to the limited number of districts selected, our findings cannot be generalized to school districts nationwide. However, we conducted a literature review to determine what researchers have found regarding how Title I funds are spent nationwide. In addition to studies identified in our 2003 report, we identified one additional study that met our criteria. We also analyzed relevant federal laws, regulations, and guidance related to Title I spending.

To determine what is known about the extent of noncompliance with requirements related to Title I spending, we reviewed the findings from various oversight mechanisms that have examined Title I spending, namely those described in 2009 Department of Education (Education) monitoring reports, audit reports issued by Education's Office of the Inspector General (OIG), and fiscal year 2009 single audit reports for school districts. To describe the results of single audits, we analyzed selected data that were reported to the Federal Audit Clearinghouse by school districts.<sup>5</sup> We assessed the reliability of the Federal Audit Clearinghouse data on single audits by (1) performing electronic testing of required data elements, (2) reviewing existing information about the data and systems that produced them, and (3) interviewing U.S. Census Bureau officials knowledgeable about the database. We determined that these data were sufficiently reliable for the purpose of presenting descriptive analysis of single audits of school districts. However, because not all districts are required to submit reports and some that are required

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<sup>5</sup>The Office of Management and Budget has designated the U.S. Census Bureau to operate the Federal Audit Clearinghouse, which serves as the central collection point, repository, and distribution center for single audit reports and maintains a database of single audit results.

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to do so may not, our findings describe those districts that have submitted reports and are not generalizable to districts nationwide. For more information on our scope and methodology, see appendix I.

We conducted this performance audit from May 2010 through June 2011 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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## Background

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### Educational Expenditures

School districts receive funding from a variety of sources, including local, state, and federal governments. Title I funds, received by more than 90 percent of the nation's school districts and more than 55 percent of all public schools, make up a small portion of most districts' overall funding.<sup>6</sup> Specifically, in fiscal year 2008, the most recent year for which data were available, about 8 percent of districts' funding came from federal programs and about 2 percent of districts' funding came from Title I, which is generally the largest of the federal funding sources for kindergarten through grade 12. In individual districts, the share of funding from Title I ranged from zero to 36 percent in 2008. Generally, Title I allocations to districts are based on the district's size and percentage of students from low-income families, as well as the population of the district's state and how much that state spends per pupil on education.<sup>7</sup>

The National Center for Education Statistics reports information about school district expenditures based on data collected by the U.S. Census Bureau.<sup>8</sup> These data include information on how much districts spend for

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<sup>6</sup>U.S. Department of Education, Institute of Education Sciences, National Center for Education Evaluation and Regional Assistance, *Final Report on the National Assessment of Title I: Summary of Key Findings* (Washington, D.C., 2007).

<sup>7</sup>20 U.S.C. § 6333.

<sup>8</sup>This annual survey of local governments is conducted by the U.S. Census Bureau under the authority provided in 13 U.S.C. § 182 and includes school system revenue and spending on instruction and support services, including administration.



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particular activities, such as instruction, administration, and instructional support. They also include information on the types of goods and services purchased, such as salaries, benefits, and equipment. However, they do not indicate which funding sources (such as Title I) these expenditures are made from. According to data reported by the National Center for Education Statistics for 2007–2008, 61 percent of total school district expenditures (from all revenue sources) were for instruction.<sup>9</sup>

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## Requirements

Title I funds are awarded to states, which distribute the vast majority of them for use by school districts, and Title I does not describe allowable uses of funds for specific goods or services. To provide for local flexibility in determining how to use funds, ESEA requires districts to measure academic outcomes and achieve benchmarks, but does not generally dictate how funds are to be spent.<sup>10</sup> Title I funds are intended for instruction and other supportive services for disadvantaged children so that they can master challenging curricula and meet state standards in core academic subjects. Title I does not include a definition of costs related to instruction, or costs unrelated to instruction that school districts must use. While Education has issued guidance on Title I, it has not prescribed specific uses of Title I funds. According to Education officials, the agency is reluctant to endorse spending on any particular good or service, as Education wants to allow schools to spend the money to meet their unique needs and to be free to spend the money creatively.

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<sup>9</sup>L. Zhou, *Revenues and Expenditures for Public Elementary and Secondary Education: School Year 2007–08 (Fiscal Year 2008)*, U.S. Department of Education, National Center for Education Statistics, 2010-326 (Washington, D.C., 2010).

<sup>10</sup>ESEA, as amended, requires all districts and schools receiving Title I funds to meet state adequate yearly progress (AYP) goals for their total student populations and for specified demographic subgroups, with the goal of all students reaching the proficient level on reading/language arts and mathematics tests by the 2013–2014 school year. If a school receiving federal Title I funding fails to meet its AYP target for two or more consecutive years, the school is designated in need of improvement. If the school fails to meet the AYP target for two years after being designated in need of improvement, it is identified for corrective action, which requires the district to take specific additional actions. After one full year of corrective action, a school that fails to meet its AYP goal is identified for restructuring. If a district does not make AYP in all grade spans within the district—elementary, middle school, and high school—for two consecutive years in either the language arts/literacy or mathematics content area, it is designated as a district in need of improvement. 20 U.S.C. § 6316.

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Schools may run two types of Title I programs—targeted and schoolwide. Schools where more than 40 percent of students are from low-income families may operate schoolwide programs, enabling them to serve all children at the school with Title I funds. In targeted-assistance schools, Title I funds may only be used to benefit children who are determined to be eligible by being identified as failing, or most at risk of failing, to meet the state’s student academic achievement standards. Schoolwide programs offer schools more flexibility than targeted programs in using Title I funds because they may use these funds to support all students, regardless of students’ Title I eligibility, and to fund a comprehensive school plan to upgrade all the instruction in a school.<sup>11</sup> Schoolwide programs also offer additional fiscal flexibility when schools combine separate program resources into a single accounting fund. The schoolwide model has become the dominant model as schools have opted to take advantage of the flexibility to serve all students. However, schools and districts are still responsible for maintaining appropriate internal controls over all federal education funds.

While Title I is a flexible funding source, ESEA contains some provisions requiring a minimum percentage or limiting the maximum percentage of funds that can be used for specific purposes. For example, the law requires that, generally, a state spend no more than 1 percent on administration.<sup>12</sup> States are required to reserve 4 percent of Title I funds to provide school districts with funds for school improvement activities, unless this amount would reduce school districts’ Title I grant below the amount received in the prior year.<sup>13</sup> States may also reserve up to 5 percent of Title I funds in excess of the state’s previous year allocation for academic achievement awards to schools.<sup>14</sup> Similarly, the law requires that school districts in need of improvement reserve at least 10 percent of Title I funds for teacher professional development.<sup>15</sup> School districts with

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<sup>11</sup>Schoolwide programs are required to include a comprehensive needs assessment of the school and schoolwide reform strategies, among other requirements.

<sup>12</sup>To carry out administrative duties, a state may reserve 1 percent of amounts it receives under parts A, C, and D of Title I or \$400,000, whichever is greater. 20 U.S.C. § 6304.

<sup>13</sup>20 U.S.C. §§ 6303(a) and 6303(e).

<sup>14</sup>20 U.S.C. §§ 6317(b)(1) and 6317(c)(2)(A). Only one of the 4 states visited (WA) reserved Title I funds for awards to high performing schools.

<sup>15</sup>20 U.S.C. § 6316(c)(7).

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schools in need of improvement must also spend specific percentages of Title I funds to provide student transportation to support public school choice and supplemental educational services to students in those schools.<sup>16</sup>

Among other provisions, the law also contains several fiscal requirements, including a maintenance of effort requirement that districts' state and local funding levels not decrease by more than 10 percent in any year; a stipulation that Title I funds be used to supplement, not supplant, state and local funds; and a requirement that state and local funds be used to provide comparable services to schools receiving funds and those not receiving funds.<sup>17</sup>

While ESEA limits the percentage of Title I funds that states may use for administrative purposes, it does not limit the amount that school districts may use. We noted in our 2003 report that there is no specific definition of administrative activities for Title I and that Education's general administrative regulations and guidance address the issue of how grantees should identify administrative costs. Education's general administrative regulations state that "administrative requirements mean those matters common to grants in general, such as financial management, kinds and frequency of reports, and retention of records."<sup>18</sup> In 1998, Education issued a report entitled *The Use of Federal Education Funds for Administrative Costs*, which discussed various definitions of administrative costs and activities in common use. Guidance issued by Education on what constitutes administrative costs states that "[t]he costs of administration are those portions of reasonable, necessary and allowable costs associated with the overall project management and

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<sup>16</sup>20 U.S.C. § 6316(b)(10). The public school choice provision requires school districts to permit students to transfer from the failing public school to another public school in the district that is not identified for improvement and requires the school district to pay for transportation. The supplemental educational services provision requires school districts to offer each eligible child additional educational services—typically tutoring—from state-approved and parent-selected providers. These services are in addition to the instruction provided during the school day. Under the law a wide range of organizations may apply to be providers, including nonprofit entities, for-profit entities, and school districts. See GAO, *No Child Left Behind Act: Education Actions Needed to Improve Local Implementation and State Evaluation of Supplemental Educational Services*, [GAO-06-758](#) (Washington, D.C.: Aug. 4, 2006).

<sup>17</sup>20 U.S.C. §§ 6321(a), 6321(b), and 6321(c).

<sup>18</sup>34 C.F.R. § 80.3.

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administration. These costs can be both personnel and nonpersonnel costs and both direct and indirect.”<sup>19</sup> The guidance provides a list of examples of direct administrative costs such as the salaries, benefits, and other expenses of staff that perform overall program management, program coordination, and office management functions.

Indirect costs represent the expenses that are not readily identified with a particular grant function or activity, but are necessary for the general operation of the district and the conduct of activities it performs. An indirect cost rate is a mechanism for determining what proportions of a district’s overall administration costs each program should bear and is expressed as a percentage of some or all of the direct cost items in the district’s budget.<sup>20</sup> For example, the costs involved with providing office space, financial services, or general payroll services to officials who administer Title I grants cannot be directly allocated to the grant because these services are provided to a large number of people. The indirect cost rate, which is approved by the state, accounts for these types of expenses.

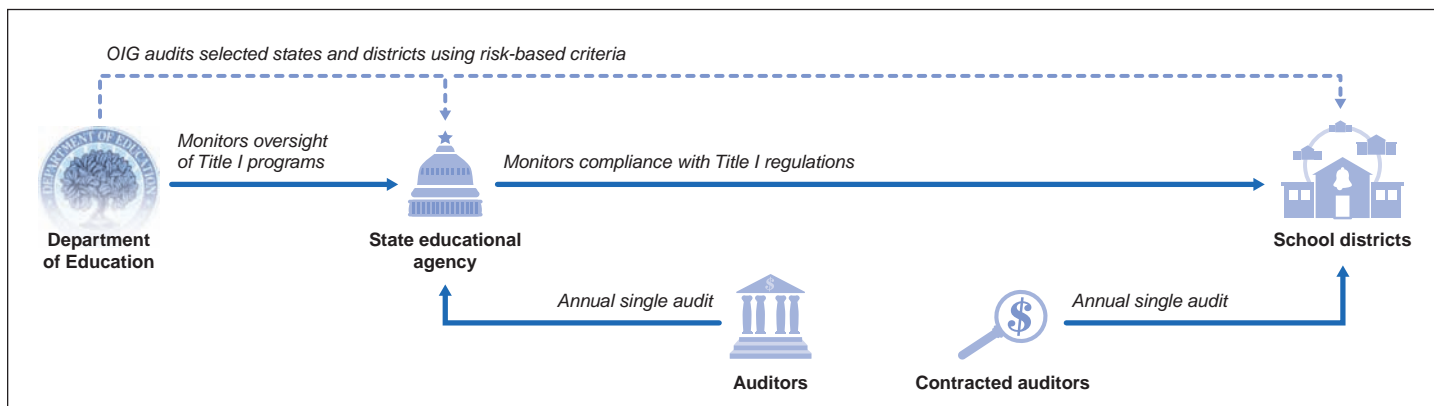
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<sup>19</sup>U.S. Department of Education, *Cost Allocation Guide for State and Local Governments* (Washington, D.C.: September 2009). Direct expenditures are those that can be specifically identified with a program, such as the salaries and benefits of program administrators. Indirect expenditures are for resources that cannot be specifically identified with a program, such as the portion of expenditures for data processing or accounting that support the program.

<sup>20</sup>Title I has a statutory requirement prohibiting the use of federal funds to supplant nonfederal funds, which requires the use of a restricted indirect cost rate, computed in accordance with 34 C.F.R. §§ 76.564-76.569. See 34 C.F.R. § 76.563. Education is responsible for approving indirect cost rates for state educational agencies. For school districts, the state educational agency is responsible for approving indirect cost rates on the basis of a plan approved by Education. 34 C.F.R. § 76.561.

# Oversight

**Figure 1: Title I Oversight Mechanisms**



Source: GAO analysis of Title I oversight structure.

School districts have flexibility in how they use Title I funds, and there are a variety of federal oversight mechanisms in place to help ensure that the funds are used in a manner that is consistent with the relevant requirements of Title I, as shown in figure 1. Education monitors how state educational agencies (states), which receive Title I grants from Education and distribute funds to school districts, implement and administer the Title I program within the state. During these reviews, Education evaluates state Title I monitoring procedures to determine whether states ensure that school districts comply with program requirements. Such requirements include reserving funds for required set-asides, ensuring that Title I funds do not supplant state and local funds, and distributing Title I funds to school attendance areas and schools in rank order, based on the number of low-income students residing in the attendance area or attending the school.<sup>21</sup> States are responsible for monitoring school districts to help to ensure their compliance with Title I program requirements. Education's OIG also carries out an important Title I oversight function. It audits and investigates selected states and school districts; identifies cases of fraud, waste, and abuse; and recommends the return of Title I funds in some cases.

<sup>21</sup>20 U.S.C. § 6313(c) and 34 C.F.R. § 200.78.

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Further oversight of Title I grantees and subgrantees is carried out through audits of states, local governments, and nonprofit entities that expend at least \$500,000 per year in federal awards, including grants and other assistance, as required by the Single Audit Act. These audits are commonly called “single audits.”<sup>22</sup> Single audits are carried out by independent nonfederal auditors who are generally contracted for this purpose by the auditee. These audits cover both the entity’s financial statements and spending of federal grant awards for each program that the auditor has designated as a major program. Auditors determine whether the audited entity met the compliance requirements listed in the Office of Management and Budget’s (OMB) Circular No. A-133 Compliance Supplement for each major program. There are 14 types of compliance requirements which include allowable costs/cost principles, eligibility, and cash management. The auditor considers the applicability of the requirements to each major program and performs tests and other audit procedures where appropriate. Auditors also report on the entity’s internal control over compliance for each major program<sup>23</sup> and report any deficiencies or related findings of noncompliance in the single audit report. Auditors designate deficiencies in internal control as material weaknesses if they are serious enough to indicate a reasonable likelihood that material noncompliance may not be prevented, detected, or corrected in a timely manner. It is the auditees’ responsibility to follow-up and take corrective actions on the audit findings. Auditors also must follow-up on findings from past years’ audits, as reported to them by the auditee.

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<sup>22</sup>Congress passed the Single Audit Act of 1984 to promote, among other things, sound financial management, including effective internal controls, with respect to federal awards administered by nonfederal entities. The Single Audit Act, as amended, requires states, local governments, and nonprofit organizations expending \$500,000 or more in federal awards in a year to obtain an audit in accordance with the requirements set forth in the act. A single audit consists of (1) an audit and opinions on the fair presentation of the financial statements and the Schedule of Expenditures of Federal Awards; (2) gaining an understanding of and testing internal control over financial reporting and the entity’s compliance with laws, regulations, and contract or grant provisions that have a direct and material effect on certain federal programs (that is, the program requirements); and (3) an audit and an opinion on compliance with applicable program requirements for certain federal programs. In some cases, the Single Audit Act allows entities to elect to obtain a program-specific audit instead of a single audit. Throughout this report we use “Single Audit Act” to refer to the act as amended. See 31 U.S.C. §§ 7501-7507.

<sup>23</sup>Auditees are required to establish and maintain internal control that can reasonably be expected to help ensure compliance with federal laws, regulations, and program requirements.

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**Selected School Districts Used Funds to Support a Variety of Initiatives, Primarily Related to Instruction, to Improve Student Outcomes**

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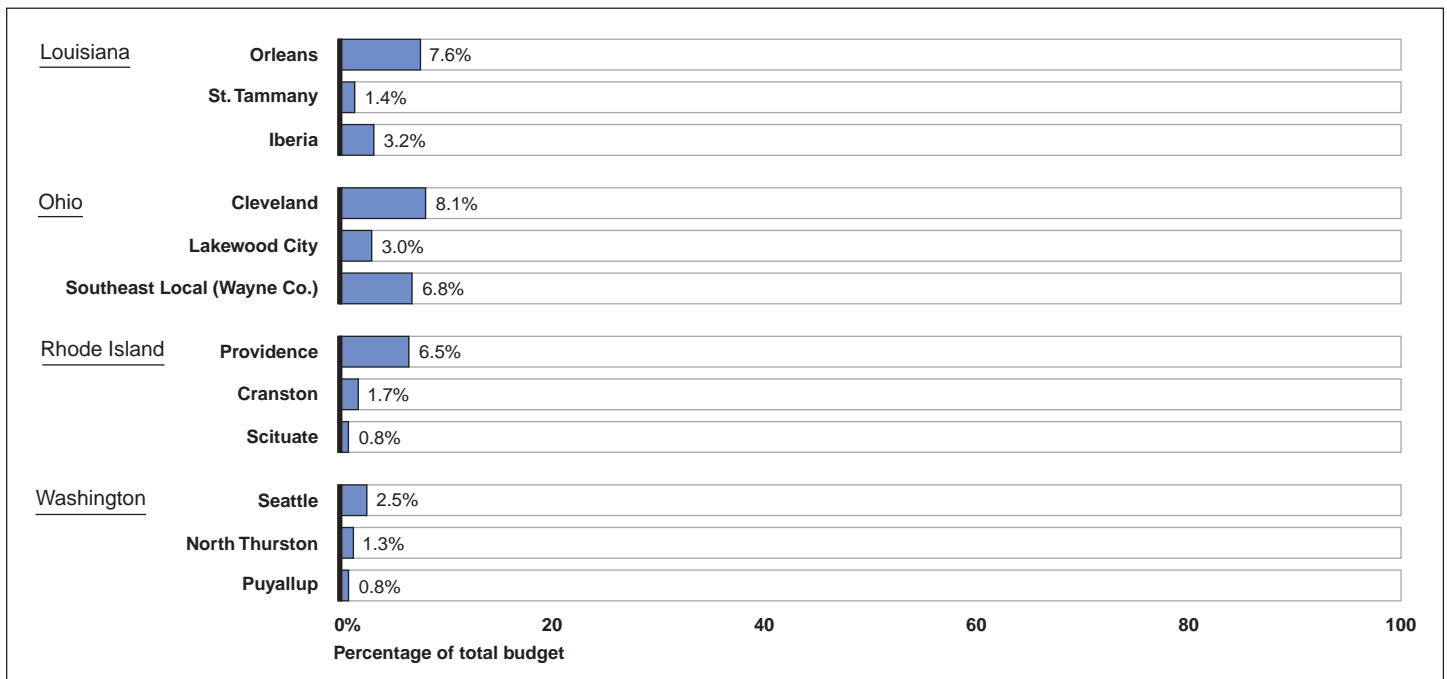
**District Title I Initiatives Were Generally Targeted at the Elementary Level and Included Reducing Class Sizes and Extending Instructional Time**

The 12 selected school districts we visited used Title I funds for activities intended to improve academic outcomes for low-income students, primarily in elementary school, through a variety of initiatives, such as reducing class sizes and expanding instructional hours. As seen in figure 2, these funds represented a relatively small proportion of total revenues in our selected districts, from less than 1 to more than 8 percent. However, Title I funds may be used in conjunction with local, state, or other federal funding sources to support larger initiatives than Title I funds alone could support. For example, Title I funds could be used along with ESEA Title II (Improving Teacher Quality State Grants) funds to support a literacy program or to support a supplemental component, such as small group instruction, of a larger state-funded or locally funded literacy initiative.<sup>24</sup> In this case, the Title II funds might be used to provide professional development to teachers in the literacy program, and Title I might be used to hire teachers for small group instruction.

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<sup>24</sup>States may use Title II funds to increase the number of highly qualified teachers in classrooms. This may be accomplished by recruiting and hiring highly qualified teachers as well as by providing professional development to help teachers become highly qualified.

**Figure 2: Title I Funds as a Proportion of Total Revenue for Selected Districts, 2008–2009 School Year**



Sources: GAO analysis of selected districts' data.

Given the relatively small proportion of funding they received from Title I, 8 of the 12 districts we visited chose to target Title I funds at the elementary grade levels, where officials said they believed the funds would provide the greatest improvements in academic achievement.<sup>25</sup> This strategy is consistent with the findings of a study of a nationally representative sample of 300 school districts nationwide on targeting and uses of federal education funds, which found that elementary schools received 76 percent of Title I funds allocated to schools, considerably more than their share of the nation's low-income students (57 percent).<sup>26</sup>

<sup>25</sup>Districts may target specific grade spans only after serving all schools in which the concentration of children from low-income families exceeds 75 percent. 20 U.S.C. §§ 6313(a)(3) and 6313(a)(4). Of the eight school districts that said they targeted funds at elementary levels, three also served a few high poverty middle schools.

<sup>26</sup>U.S. Department of Education, Office of Planning, Evaluation and Policy Development, Policy and Program Studies Service, *State and Local Implementation of the No Child Left Behind Act Volume VI—Targeting and Uses of Federal Education Funds* (Washington, D.C., January 2009).



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While most Title I funds are directed to elementary schools, two urban districts that we visited provided funds to all schools in the district. In one district, officials said that they began using Title I funds for high schools only after state funding for high poverty schools became unavailable.<sup>27</sup>

Nearly all of the schools in the 12 districts we visited used Title I funds for schoolwide programs, rather than for targeted assistance programs. Schoolwide programs offer flexibility by allowing schools to fund a comprehensive schoolwide plan to upgrade all instruction in a high poverty school without distinguishing between eligible and ineligible children and also make it easier for schools to coordinate the use of Title I and other funds. While schoolwide programs offer additional fiscal flexibility when schools combine separate program resources into a single accounting fund, the school districts we selected for review continued to track the Title I dollars to individual eligible activities, even as they took advantage of the flexibility to serve all children. In our selected districts, the remaining 6 percent of schools with targeted assistance programs tended to have lower poverty levels below or only slightly above the 40 percent threshold required for a schoolwide program.

The districts we visited used Title I funds in support of a variety of initiatives. Funds were used to reduce teacher/student ratios and extend instructional time. Our reviews of Title I grant applications and interviews with district officials indicated that 10 districts used funds to pay for additional teachers and teachers' aides or assistants (paraprofessionals) during the regular school day as a way to reduce class sizes in Title I schoolwide programs, provide supplemental instruction to small groups of Title I eligible students in targeted assistance schools, or provide additional attention to students within a classroom, among other things. Furthermore, eight districts used Title I funds to extend the time that students spend in the classroom through after school and summer school programs. Title I funds supported these initiatives in a variety of ways, including paying for teachers' time, instructional materials, and student transportation to and from the program.

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<sup>27</sup>In certain cases, using Title I funds in place of funds previously provided by the state or local government is not considered supplanting. The law authorizes an exception to the supplement not supplant rule, which allows state educational agencies or school districts to exclude from the supplanting analysis, supplemental state or local funds expended for programs that meet the intent and purposes of Title I. 20 U.S.C. § 6321(d).

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Of the 12 districts we visited, 10 used at least some portion of their Title I funds to provide for the professional development of their teachers, including districts that were required to spend not less than 10 percent of Title I funds for this purpose as a result of being designated a district in need of improvement.<sup>28</sup> Professional development included traditional classroom or workshop training as well as the use of math and literacy coaches to help teachers implement training they received in the classroom. Such coaches develop lesson plans and model the use of the lesson plan. They observe teachers in the classroom and provide feedback and coaching. Title I funds were used to purchase training services, hire substitutes for teachers' time spent in training, pay for attendance at workshops or conferences, and pay the salaries and benefits of math and literacy coaches.

Several selected districts used funds to purchase technology for the classroom to assess student progress, to provide differentiated learning experiences to students at various levels of achievement, or improve the learning experience. Software purchases included both assessment software as well as math and literacy software. For example, districts purchased software that could produce reading materials that contained similar content at different reading levels. Others purchased software that assessed student reading levels and provided lessons that could be adjusted based on reading levels. Several districts used Title I funds to purchase hardware for classrooms including computers, printers, and large screen displays. Districts also purchased tools such as interactive whiteboards that allow teachers and students to project computer images and interface with the technology at the board, voting devices that allow a teacher to gauge student comprehension instantaneously, and document cameras that allow teachers to project a photo of a scientific specimen or share a document for a lesson.

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<sup>28</sup>20 U.S.C. § 6316(c)(7).

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**Districts Generally Spent Most Title I Funds on Personnel, but Some Spent More on Purchased Services than Others Due to Title I Requirements**

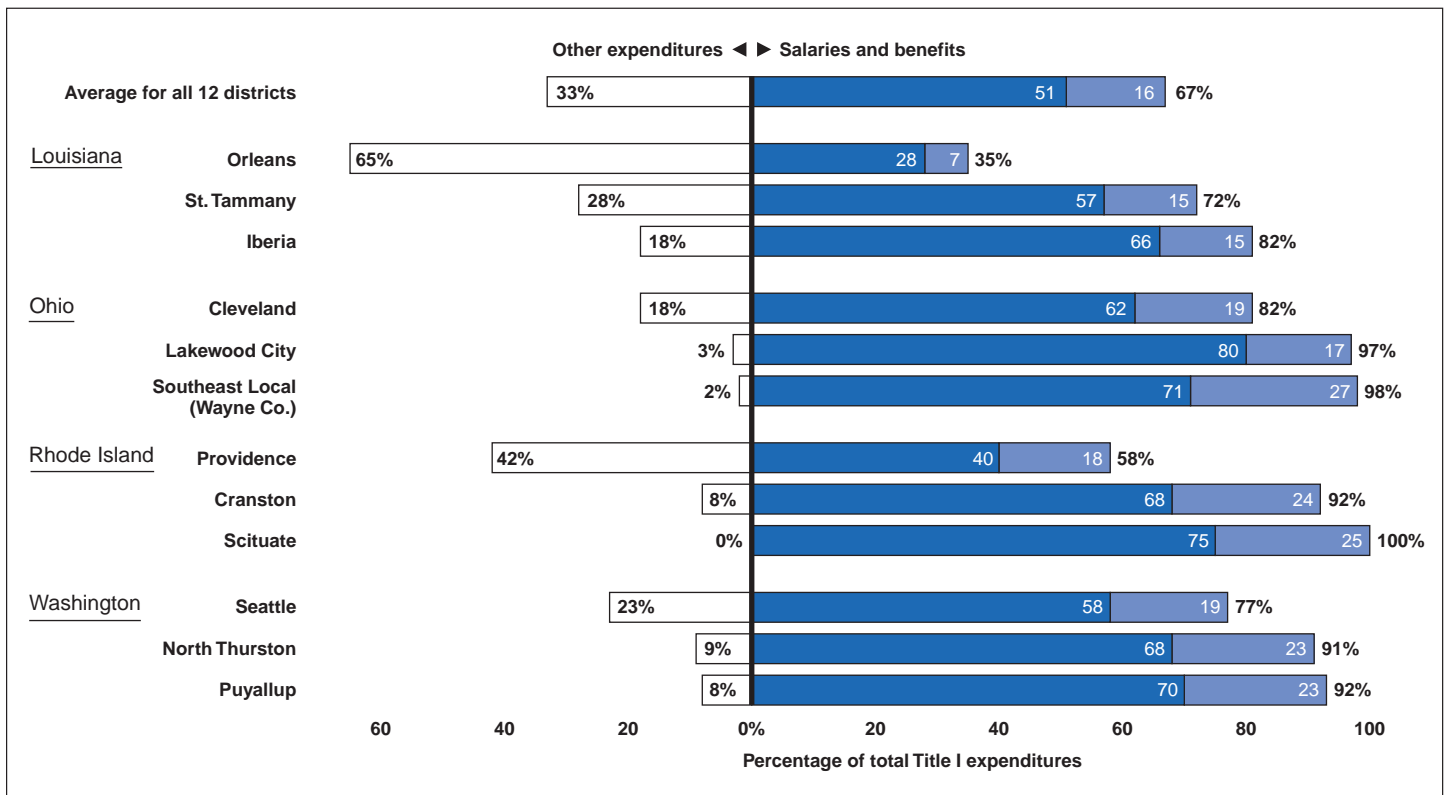
In the 12 districts we visited, which generally pursued personnel-intensive strategies to improve academic outcomes, we found that salaries and benefits, when combined, were the largest category of Title I expenditures. In all but two districts, Providence and Orleans Parish,<sup>29</sup> salaries and benefits made up at least 70 percent of Title I expenditures, (see fig. 3.) This finding is generally consistent with findings of the Educational Research Service, which found that districts spend about 80 percent of all funds on salaries and benefits.<sup>30</sup> For more detailed profiles of Title I spending in the districts we visited, see appendix II.

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<sup>29</sup>According to its Title I application, about one-third of the low-income students in Orleans Parish attend private schools. Orleans Parish contracts with a vendor to provide services to these students, and these expenditures appear as services rather than as salaries and benefits. In addition, according to Orleans Parish officials, after Hurricane Katrina, Orleans Parish's student population fell drastically, while its Title I funding remained the same. As a result, Orleans Parish was unable to spend its Title I funds and received waivers allowing it to carry over large amounts of Title I funds. The district used these funds to make some long-term investments in schools' curricula and technology.

<sup>30</sup>Educational Research Service, *How do the Salaries in your District Compare with Districts Nationwide?* E-bulletin Volume 37, Issue 1 (Arlington, VA, Sept. 3, 2009).

**Figure 3: Salaries and Benefits as a Percentage of Title I Expenditures in Selected Districts, 2008–2009 School Year**



Salaries  
 Benefits  
 Other Title I expenditures

Sources: GAO analysis of selected districts' data.

Note: Some numbers may not add to 100 percent due to rounding.

In the 12 selected districts, we found that from 65 to 100 percent of full-time equivalents (FTE) whose salaries were paid for with Title I funds were instructional staff, including teachers and paraprofessionals such as teachers' aides.<sup>31</sup> Of the more than 1,300 FTEs whose salaries and

<sup>31</sup>Due to wide variations in the ways in which districts coded staff functions, we were unable to determine what proportion of salaries and benefits was paid to teachers or paraprofessionals.

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benefits were paid for with Title I funds in the 12 districts we visited, 82 percent were instructional personnel (see fig. 4). Education's 2009 study on targeting and uses of Title I and other federal funds found that, at the individual school level, about 88 percent of personnel expenditures were used to pay for teachers and paraprofessionals.<sup>32</sup> The study also found that the highest poverty schools spent a lower percentage of Title I funds on instructional staff and a higher percentage on instructional support staff, such as instructional coaches, librarians, or social workers, than the lowest poverty schools did.

While a large portion of Title I FTEs were instructional personnel, the types of instructional personnel varied by district, with some districts paying only or primarily teachers and others paying primarily paraprofessionals or teachers' aides. On average, the 12 selected districts used Title I funds to pay about 2.3 teachers for every teacher's aide. Education's recent study found that Title I funds were increasingly used to pay for teachers rather than paraprofessionals, such as teachers' aides.<sup>33</sup> From the 1997–1998 school year to the 2004–2005 school year, measured in FTEs, the total number of Title I staff increased by 49 percent whereas the number of Title I teachers' aides declined by 10 percent. The proportion of teachers' aides among Title I school staff declined from 47 to 35 percent, whereas the share of teachers rose from 45 to 55 percent during the same period.

In seven of the school districts we visited, Title I funds were also used to pay for various instructional support personnel. Instructional support personnel accounted for 10 percent of FTEs paid with Title I funds in the 12 districts we visited. These personnel included instructional coaches, who coached teachers of Title I students; librarians to provide additional literacy support for students in schoolwide programs that were not meeting standards in reading; and counselors to support students who were not meeting standards and their families by providing academic support and information about academic requirements. Similarly, Education's study found that about 7 percent of Title I funds spent on personnel at the school level were spent on instructional support staff.

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<sup>32</sup>The targeting and uses study found that 59 percent of all Title I funds were used for instructional staff.

<sup>33</sup>The ESEA, as amended most recently in 2001, strengthened requirements for teachers' aides. 20 U.S.C. §§ 6319(c) and 6319(d).

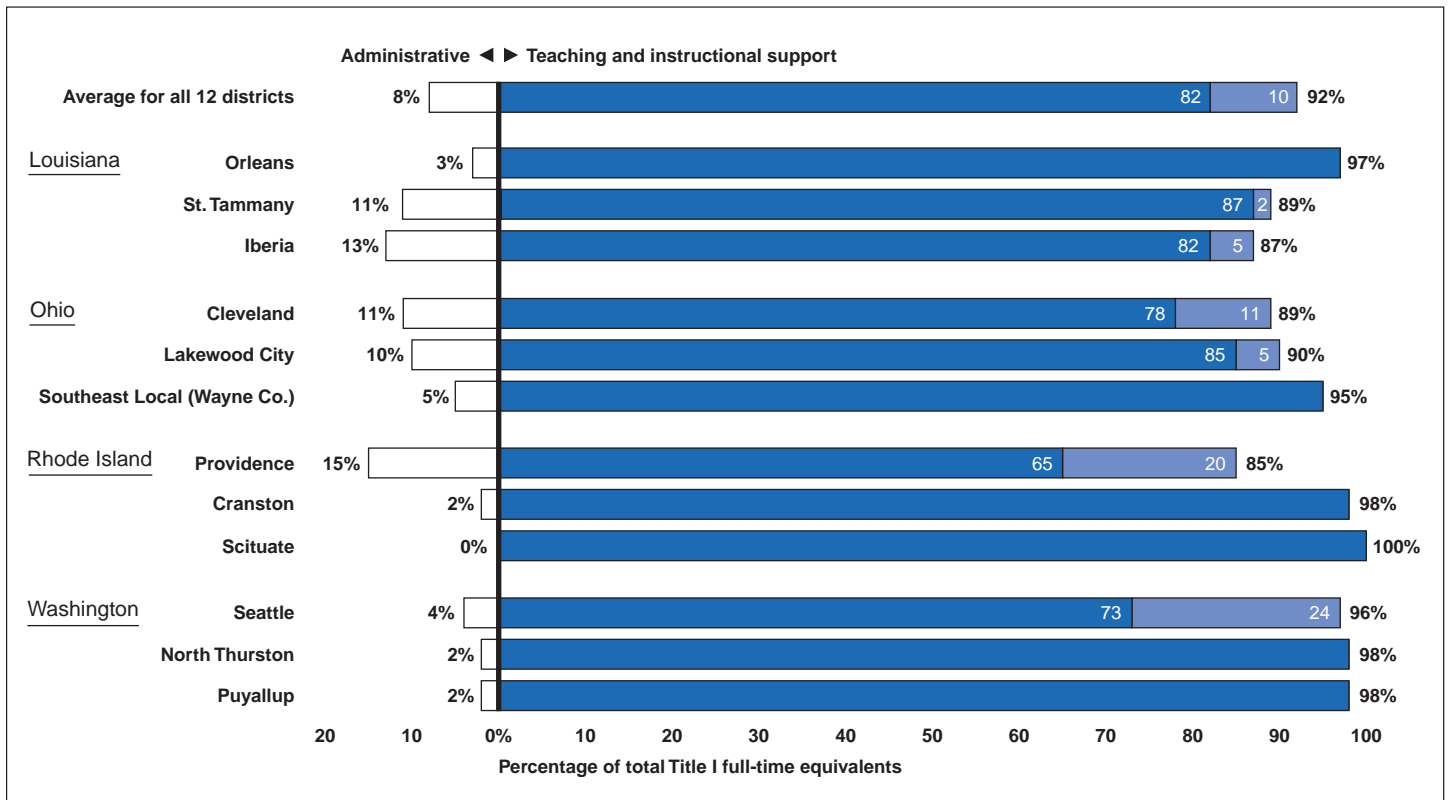
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Some personnel costs paid for with Title I funds were administrative personnel, such as Title I directors or coordinators and administrative assistants.<sup>34</sup> The percentage of FTEs charged to Title I that were administrative varied from 0 to 15 percent and accounted for 8 percent of all Title I personnel in the school districts we visited. In a few school districts we visited, administrative personnel also included personnel who supported parental involvement activities. On the other hand, one district opted not to charge Title I for any of its administrative costs. Larger districts with greater levels of Title I funds and more schools in need of improvement had more personnel dedicated to overseeing the use of Title I funds. Education's study found that 5 percent of Title I funds spent on personnel at the school level were spent on administrative personnel.

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<sup>34</sup>A Title I coordinator may be responsible for coordinating a district-wide or multi-school Title I program, including such duties as development of budgets, preparation of the Title I consolidated application, training Title I staff, and submitting Title I reports.

**Figure 4: Percentage of Title I Staff by Category in Selected Districts, 2008–2009 School Year**



Teaching  
 Instructional support  
 Administrative

Sources: GAO analysis of selected districts' data.

Note: Some numbers may not add to 100 percent due to rounding.

Prior studies have also found that more than 80 percent of Title I funds are spent or budgeted for instruction-related (versus administrative) purposes. Although we were not able to compare the percentage of all expenditures selected districts made in the instructional, instructional support, and administration categories, Education's study of Title I budget and expenditures found that, on average, districts expended 10 percent of

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Title I funds for administrative costs.<sup>35</sup> It also found that more than 70 percent of Title I funds were spent on instruction, primarily for salaries and benefits for instructors, but also including some instructional materials and equipment. The same study found that less than 20 percent of funds were used for instructional support, which includes professional development, student support, in addition to instructional support personnel. In our 2003 report on Title I spending by school districts, which focused on selected districts using a common financial system, we reported that the 6 selected districts we reviewed spent 0 to 13 percent of Title I funds on administration and that each district spent at least 84 percent of Title I funds on activities related to instruction.<sup>36</sup> In addition, we identified several studies that had focused on the use of Title I funds for administrative purposes and had generally found that districts spent 4 to 10 percent of Title I funds on administrative activities, but definitions of administrative expenditures varied.<sup>37</sup>

Title I requirements appeared to drive increased spending on purchased services by larger districts. The larger, more urban school districts we visited, which also had larger percentages of schools in need of improvement, spent substantially more of their Title I funds on purchased or contracted services than other districts, due to requirements that they provide supplemental educational services and transportation for school

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<sup>35</sup>To examine how local school districts used federal education program funds, Education's team developed a dataset based primarily on district-level year-end revenue and expenditure reports for the 2004–2005 school year. In some cases it was necessary to use budget information from the districts' 2004–2005 applications for federal program funding to estimate how federal program funds were used. Because accounting codes and expenditure classifications differ across states (and sometimes across districts within a state), the study team developed a set of common accounting codes to standardize the revenue and expenditure data. The resulting dataset was used to produce national estimates of district expenditures of federal funds in major functional categories, such as administration, instruction, and instructional support. However, accounting categories and definitions used by individual states and districts did not always clearly align with the functional spending categories examined in Education's study.

<sup>36</sup>[GAO-03-386](#). The districts compared in this report were selected in part based on their use of a common financial system, which allowed for a direct comparison of administrative expenditures.

<sup>37</sup>Our 2003 report reviewed five studies. Two of the studies used a representative sample and developed a national estimate. The other three studies sampled fewer districts, and their findings were not generalizable. Two studies based findings on budget estimates, while the other three used expenditure data.



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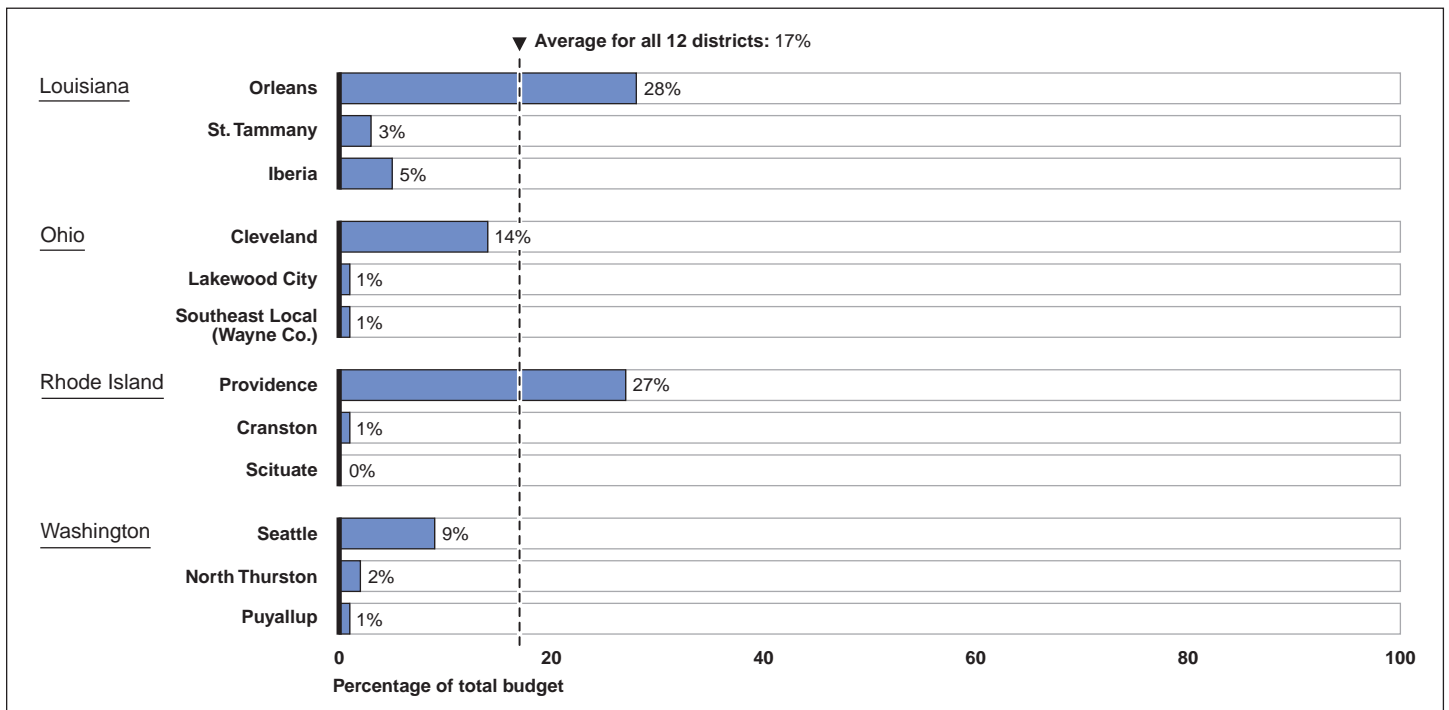
choice and spend a certain percentage on professional development.<sup>38</sup> As shown in figure 5, 8 of the 12 districts spent less than 5 percent on services, while the other 4 urban districts spent 9 to 28 percent on services.<sup>39</sup> Purchased services accounted for 17 percent of all Title I expenditures in the districts we visited. Three of the four districts that spent 9 to 28 percent on services had 23 to 72 percent of their schools in need of improvement. The eight remaining districts spent 0 to 5 percent of their Title I funds on services, and had 0 to 11 percent of their schools designated as in need of improvement. Service expenditures for the larger, urban districts included payments to vendors chosen by parents to provide supplemental educational services and consultants to assist schools with activities such as curriculum development and redesign or to provide professional development for teachers. The smaller districts with few or no schools in need of improvement had service expenditures for other types of services, such as license agreements for software.

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<sup>38</sup>Because supplemental educational services are generally selected by parents from a group of state approved vendors, these types of district expenditures were generally reflected in the “purchased services” category.

<sup>39</sup>Although Orleans Parish is also an urban school district, it had a smaller percentage of schools in need of improvement than other selected urban districts. It had two schools (11 percent) in need of improvement because schools performing below the district average became part of the Recovery School District after Hurricane Katrina. Other factors help to explain its relatively high service expenditures. According to its Title I application, approximately one-third of low-income students in Orleans Parish attend private school. Orleans Parish, like other districts, is required to provide services to Title I eligible students in private schools, and many of the services it provides are provided through vendors.

**Figure 5: Purchased Services as a Percentage of Total Title I Expenditures in Selected Districts, 2008–2009 School Year**

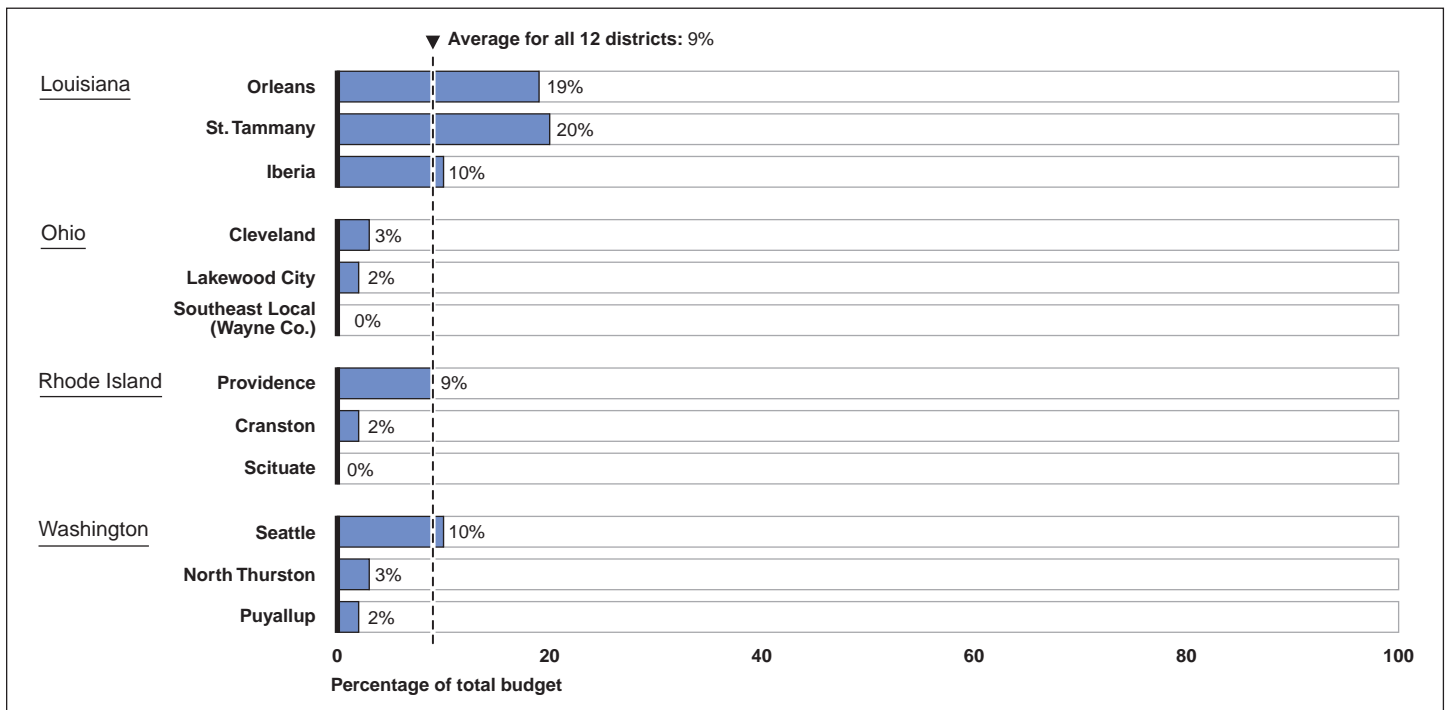


Sources: GAO analysis of selected districts' data.

Materials and supplies, including instructional materials, made up 0 to 20 percent of Title I expenditures in the school districts we visited and averaged 9 percent for all districts we visited (see fig. 6). Material and supply expenditures included supplementary reading kits; supplementary work books; office supplies; and food and publicity for parent involvement activities.<sup>40</sup>

<sup>40</sup>OMB Circular A-87 states that costs of meetings and conferences, the primary purpose of which is the dissemination of technical information, are allowable, including costs of meals.

**Figure 6: Materials and Supplies as a Percentage of Total Title I Expenditures in Selected Districts, 2008–2009 School Year**



Sources: GAO analysis of selected districts' data.

Seven of the districts we visited spent Title I funds on equipment. The most spent in any district on this category of expenditures was just less than 6 percent (\$1.8 million) of their Title I funds. On average, this category of expenditures accounted for 2 percent of all Title I expenditures in the 12 school districts we visited. In those districts that had expenditures in this category, the expenditures were generally for computer and other electronic equipment. Some school districts classified all electronic equipment as equipment, property, or capital purchases, while other districts distinguished between types of equipment based on dollar value or susceptibility to theft. For example, a laptop computer costing \$800 might be considered a supply, but a mobile docking module costing \$6,600 that allows a teacher to transport all necessary computer

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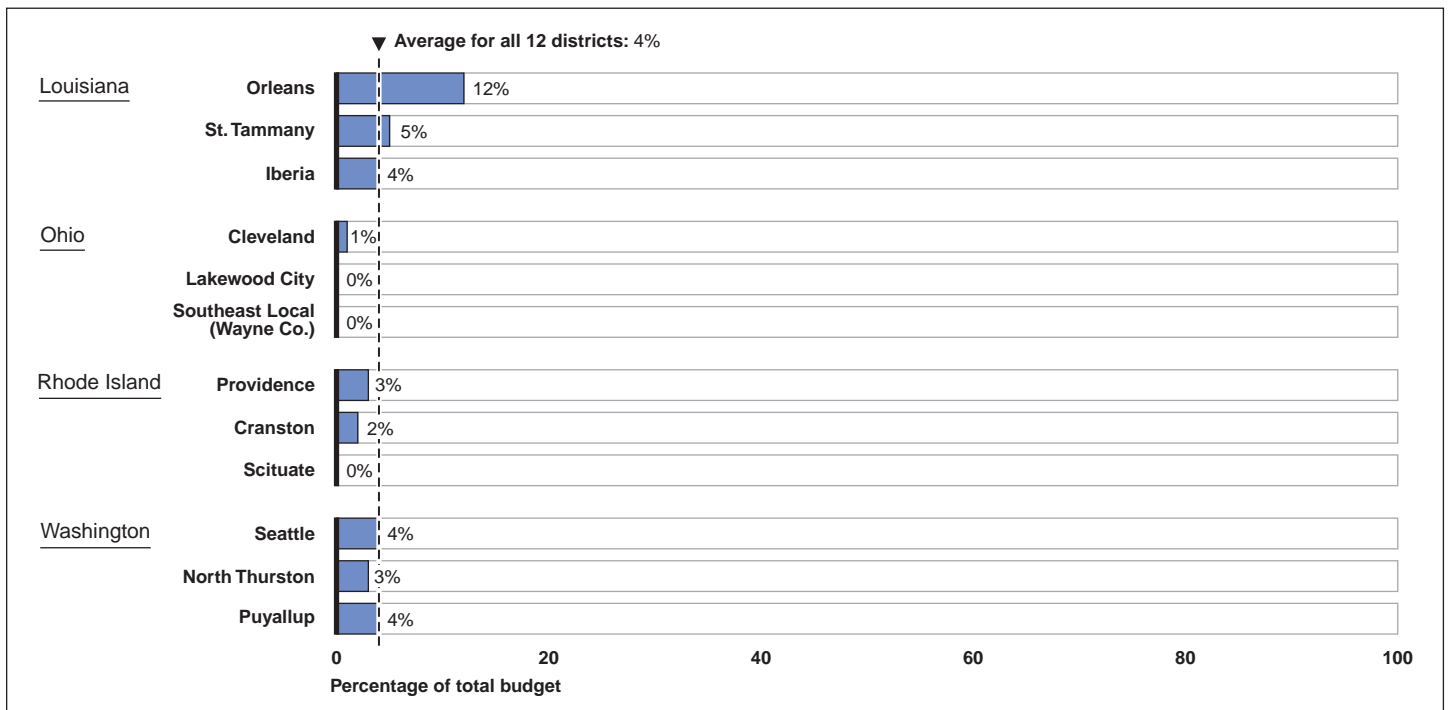
equipment from room to room could be considered equipment or property.<sup>41</sup>

In addition to the expenditures directly attributable to the Title I program, the 12 selected districts charged 0 to 12 percent of their Title I grant to indirect administrative costs (see fig. 7). On average, about 4 percent of Title I expenditures in the districts we visited were for indirect administrative costs. Several small districts with small grants chose not to charge an indirect cost rate to their Title I grants.

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<sup>41</sup>School districts had a variety of terms for this category of expenditures, including equipment, capital outlay, and property. While requirements regarding school accounting differ from state to state, the National Center for Education Statistics publishes a financial accounting manual for state and local school systems, which represents a national set of standards and guidance for school system accounting. This handbook proposes using various criteria to distinguish between supplies and equipment, including how long an item is expected to last and whether its character changes with use. Another criterion is based on the dollar value of the item. The dollar value may vary based on the school district's capitalization threshold. School districts may take a variety of factors into consideration when determining what items to classify as supplies or equipment, including district rules about inventorying items. Education's regulations define equipment as having an acquisition cost of \$5,000 or more per unit, while acknowledging that the recipients' policies may establish more restrictive limits. 34 C.F.R. § 80.3.

**Figure 7: Indirect Administrative Costs as a Percentage of Title I Expenditures in Selected Districts, 2008–2009 School Year**



Sources: GAO analysis of selected districts' data.

As part of the budgeting process, school districts submitted detailed budgets to state educational agencies that included amounts set aside or reserved from the Title I grant for specific uses by the district, including district-managed services, such as professional development. Some of these reservations are mandatory, and others are optional. Each state had different categories of optional reservations or set-asides. Optional set-asides included funds for administration or summer school.

The five selected districts we visited that reserved funds for supplemental educational services and transportation set aside 4 to 18 percent of their Title I funds for those purposes. While the districts we visited with schools in need of improvement typically set aside larger amounts for supplementary educational services, transportation to support school choice was typically not a large budget item. In two cases, this was because the district provided choice and transportation to all students regardless of their schools' performance, and paid for this with local funds. In one district, the number of students opting to transfer to a different school was relatively small.

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Total mandatory and optional amounts set aside, including amounts for district-managed services such as administration, professional development, or supplemental educational services, accounted for 0.1 to 68 percent of Title I funds in the districts we visited.<sup>42</sup> In a few of the larger districts we visited, the total mandatory and optional amounts set aside exceeded 50 percent of the Title I grant. Mandatory set-asides alone amounted to as much as 28 percent in two districts. This is consistent with the findings of Education's study, which reported that from the 1997–1998 school year to the 2004–2005 school year, the share of Title I funds allocated to individual schools declined from 83 to 74 percent, while the share used for district-managed services rose from 9 to 21 percent.

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## Various Title I Oversight Mechanisms Exist, But Are Not Designed to Yield Estimates of the Full Scope of Spending Noncompliance

Title I recipients are subject to various oversight mechanisms, which provide some information on noncompliance with relevant spending requirements, but are not designed to provide estimates of the prevalence of noncompliance with requirements regarding use of funds. Table 1 summarizes the strengths and limitations of these oversight mechanisms for this purpose, along with further information.

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<sup>42</sup>We did not include Orleans Parish in this analysis because it had a large carryover amount that year.

**Table 1: Strengths and Limitations of Using Title I Oversight Mechanisms to Assess Extent or Severity of Misuse of Funds**

			For purposes of assessing extent or severity of misuse of funds:	
Mechanism	Purpose	Coverage of school districts	Strengths	Limitations
Education monitoring	Monitor state implementation of Title I and extent to which states ensure district and school compliance with program requirements.	Two to three selected school districts per state, primarily for the purpose of assessing states' monitoring of their subgrantees.	Covers a broad array of specific compliance issues at the state level and assesses state oversight of district and school compliance.	Not designed to capture all noncompliance with spending requirements. Many of the requirements are related to nonfiscal programmatic issues. Monitoring does not include detailed reviews of Title I expenditures.
Audits by Education's OIG	Audit use of funds and fiscal controls over federal funds to assess misuse.	Selected school districts using risk-based criteria, including tips, past audit findings, and other known weaknesses. Audits of 49 school districts conducted from 2002 to 2009.	Provides in-depth financial reviews and comprehensive review of districts' controls over Title I funds.	Conducted in a limited number of districts not selected to represent Title I recipients at large.
Single Audit	Audit financial statements and compliance with federal program requirements for certain programs among recipients of federal funds.	Entities, such as school districts, spending at least \$500,000 in federal funds are required to obtain a single audit and submit the audit to the Federal Audit Clearinghouse annually.	In fiscal year 2009, single audit reports were submitted to the Federal Audit Clearinghouse for nearly 9,000 school districts that spent \$11.8 billion in Title I funds.	Coverage excludes districts receiving smaller amounts of federal funds and, in some years, districts that do not file annually. Title I was determined to be a major program, and auditors tested for compliance with the requirements applicable to Title I grants in about 4,000 covered districts that filed single audits in fiscal year 2009.

Source: GAO analysis of oversight mechanisms.

### Education Monitoring of State Title I Program Implementation

Education monitors how well states ensure school district compliance with Title I requirements; however, this monitoring is not designed to capture all district noncompliance with spending requirements. Education generally monitors state implementation of the Title I program and evaluates the extent to which states ensure district and school

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compliance with a broad array of Title I requirements.<sup>43</sup> As a part of its assessment of state oversight of districts and schools, Education reviews Title I compliance in two to three school districts in each state being reviewed. Some Title I requirements reviewed by Education relate to how Title I funds are spent. However, many other requirements deal with nonfiscal programmatic issues. While ensuring compliance with Title I spending requirements plays a part in Education's monitoring strategy, officials we spoke with cautioned that monitoring is not designed to capture all instances of noncompliance. For instance, Education officials do not conduct detailed reviews of districts' Title I expenditures to identify unallowable expenses, but rely primarily on other sources of oversight, such as OIG audits, for this purpose. Education uses the results of its monitoring efforts and others' oversight efforts to design technical assistance and training initiatives to assist states and school districts in using their resources and flexibility appropriately. They also use results to target future monitoring efforts based on risk. In some cases, Education may place conditions on the further receipt of grant funds.

We reviewed Education's 2009–2010 monitoring reports and other relevant documents for findings related to how Title I funds were spent in the 16 states and the District of Columbia that Education monitored that year. Among findings Education identified as common, some dealt with program compliance issues that were unrelated to how Title I funds were spent, such as failing to ensure that districts notified parents about supplemental educational services or school choice in a timely manner or failing to post information about school choice on their Web sites. Other findings were related to how Title I funds were spent, such as failure to ensure that school districts allocated funds according to Title I requirements, met various fiscal requirements, or used Title I funds to support only paraprofessionals who had the required qualifications.<sup>44</sup> For

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<sup>43</sup>Education focused its monitoring efforts on the School Improvement Grants program for the 2010–2011 school year because the program, which received \$546 million in fiscal year 2010, received an additional \$3 billion in funding under the American Recovery and Reinvestment Act of 2009, and also underwent a significant change in its regulations. The School Improvement Grants program provides grants to states, which administer competitive subgrants to districts that demonstrate the greatest need for funds and the strongest commitment to using those funds to improve educational outcomes for students in their lowest-performing schools. 20 U.S.C. § 6303(g).

<sup>44</sup>Title I requires that teachers and paraprofessionals who work in programs supported by Title I meet specific qualification requirements. 20 U.S.C. § 6319 and 20 U.S.C. § 7801(23).



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instance, sampled districts in several states did not distribute at least 95 percent of parental involvement funds to schools, as required.<sup>45</sup> In other cases, states failed to ensure that districts accurately calculated the amount of Title I funds to reserve for services to participating private school students.<sup>46</sup> There were also cases in which states did not prevent districts from using Title I funds to supplant state and local funds, which is prohibited under Title I.<sup>47</sup> For example, one Arkansas district required its Title I schools to use Title I funds to pay for electricity and cleaning supplies, while other schools used nonfederal general funds for these items. Education required Arkansas to notify the district that this practice was not allowable and submit evidence that the district subsequently provided general funds to its Title I schools for these purposes. In addition, Education identified instances where districts paid paraprofessionals at Title I schools who did not meet Title I qualification requirements, indicating that Title I funds may have been used to support ineligible staff. For instance, 82 paraprofessionals in one Illinois school district did not have the required qualifications. The state was required to submit an action plan demonstrating how it would ensure that all paraprofessionals would meet qualification requirements prior to the beginning of the next school year.

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## OIG Audits

Education's OIG also conducts audits of selected districts, using risk-based criteria including tips, past audit findings, and other known weaknesses according to officials. OIG has conducted a number of audits examining fiscal controls over funds from the Title I program and other federal Education grants, and Education and OIG officials we spoke with concurred that these audits tend to involve more in-depth financial reviews than Education's monitoring activities. OIG audits likely provide a more comprehensive look at specific districts' controls over Title I funds than other oversight mechanisms; however, since OIG selects districts due to known risk factors, the weaknesses it identifies are not necessarily representative of those of Title I recipients at large.

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<sup>45</sup>20 U.S.C. § 6318 (a)(3)(C).

<sup>46</sup>Participating local educational agencies are required to provide eligible children attending private elementary and secondary schools, their teachers, and their families with Title I services or other benefits that are equitable to those provided to eligible public school children, their teachers, and their families. 20 U.S.C. § 6320.

<sup>47</sup>20 U.S.C. § 6321 (b).

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Education's OIG has identified some instances in which selected districts spent Title I funds for unallowable purposes, did not adequately document Title I expenditures, or used Title I funds to supplant state and local funds. OIG has also found that inadequate policies and procedures, including inadequate state monitoring of districts, are a common cause of such violations. An OIG final management information report released in 2009 described the results of 41 final audit reports with findings related to district fiscal controls over formula grant programs, most frequently Title I.<sup>48</sup> OIG identified unallowable personnel costs in 8 out of 16 audits where such costs were reviewed. OIG also identified unallowable nonpersonnel costs in 9 out of 20 audits where such costs were reviewed because they were unnecessary, unreasonable, or not in keeping with program purposes. As an example, OIG found in 2009 that the Dallas Independent School District spent about \$142,000 in Title I funds for salaries and benefits of non-Title I employees and \$17,000 for books distributed to non-Title I schools. OIG recommended that the district return these funds to Education. Completion of corrective action to address this audit finding was pending as of May 2011.<sup>49</sup> To address the systemic issues that OIG identified, Education responded that it would use the information provided in the management information report in the development of its technical assistance plan and training curricula to provide enhanced guidance to states and school districts.

In other cases, OIG found that districts had inadequate documentation supporting Title I expenditures. For example, the school district of the City of Detroit was cited in 2008 for failure to maintain required time and effort certifications or personal activity reports for staff funded wholly or partially

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<sup>48</sup>OIG released 49 final audit reports between October 2002 and April 14, 2009 that addressed district financial controls over grants from the following programs: ESEA Title I, Title II, and Title V, and the Individuals with Disabilities Education Act. The OIG focused on the findings of the 41 audit reports with finding types that were common to 5 or more of these audits.

<sup>49</sup>After OIG makes its recommendations, Education issues a Program Determination Letter, which is an official written notice from an authorized Education management official to an audited grantee that sets forth Education's decision on findings in an audit report, including all necessary actions and repayment of funds for which the grantee is responsible. As of May 2011, Education had not yet issued the Program Determination Letter for this audit.

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through Title I funds totaling about \$48 million.<sup>50</sup> These activity reports help ensure that the amount of Title I funds budgeted and claimed for Title I personnel is accurate. OIG recommended that Education instruct the state to require the district to return personnel expenditures that could not be adequately documented, but the majority of this finding was disputed by the state and district because, among other reasons, they claimed that they provided credible after-the-fact documentation. Completion of corrective action to address this audit finding was pending as of May 2011. OIG identified other districts that used Title I funds to supplant regular nonfederal funds. For instance, OIG found that a school district in New York inappropriately reclassified about \$68,000 in textbook costs from general funds to Title I expenditures. The state and district agreed with OIG's recommendation to return these funds to Education with interest.

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## Single Audits

Single audits, which were completed on nearly 9,000 school districts that spent \$11.8 billion in Title I funds in fiscal year 2009, are another important Title I oversight mechanism, but the single audit requirement does not cover school districts with less than \$500,000 per year in federal expenditures.<sup>51</sup> Because of the large number of school districts that had single audits, analyzing data on the audits can provide useful information about the audited school districts' compliance with requirements related to Title I expenditures. However, available summary data do not provide in-depth information about the nature and severity of identified weaknesses.

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<sup>50</sup>OMB Circular No. A-87 requires employees who are expected to work solely on a single federal award or cost objective to periodically certify that the employees worked solely on that program for the period covered by the time and effort certification. Employees who work on multiple activities or cost objectives are required to file personal activity reports at least monthly that account for the total activity for which the employee is compensated and reflect a distribution of the employees' actual activity.

<sup>51</sup>The total amount of Title I funds expended by local school districts in fiscal year 2009 is not available. However, according to Education, Congress provided roughly \$13.9 billion for Title I grants to local school districts in its fiscal year 2008 appropriation. Title I limits to 15 percent the amount of the funds allocated to a local educational agency for any fiscal year that may be carried over (that is, remain available for obligation for one additional fiscal year). 20 U.S.C. § 6339. As a result, approximately 85 percent of the \$13.9 billion reported by Education was required to be obligated in fiscal year 2009.

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Of the 8,720 school districts with Title I expenditures that submitted a fiscal year 2009 single audit report to the Federal Audit Clearinghouse, 4,005 (46 percent) of the single audits reported that the Title I program was a major program and were therefore tested by the auditors for compliance with the requirements that could have a direct and material effect on Title I. The auditor did not report any findings for 82 percent of those audits. We analyzed data on the remaining 737 audits to determine the type of compliance finding most commonly reported in the audit reports.<sup>52</sup> The allowable costs/cost principles category of compliance requirement was cited most frequently. This finding occurred in about 301 (8 percent) of the 4,005 audits that examined Title I spending, or in about 40 percent of the 737 single audits that resulted in one or more findings related to Title I. Costs charged to a project must generally be allowable under the terms of the grant, actually associated with the project to which they are charged, and reasonable. Therefore, the single audit findings related to allowable costs/cost principles indicate that the audited district did not comply with one or more of these criteria.<sup>53</sup>

Of the 737 single audits with findings, the nature and severity of the findings varied. For instance, in one single audit we reviewed, one finding indicated the district failed to maintain time and effort documentation that certified that the employee worked solely on Title I activities for an employee that was paid out of Title I funds. Not maintaining appropriate records could lead to Title I funds being used for costs not related to the program or allowable under the terms of the grant. In other cases, auditors reported that some school districts had used Title I funds in a manner inconsistent with Title I requirements. For instance, auditors reported that one district did not meet the requirement that 100 percent of teachers of core academic subjects be highly qualified. The auditor found that 5 of the 33 full-time instructional employees were not highly qualified,

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<sup>52</sup>These compliance categories are established in OMB's Circular No. A-133 *Compliance Supplement*, and include topics such as allowable costs, cash management, and equipment and property management.

<sup>53</sup>OMB Circular No. A-87 states that, among other criteria, to be allowable under federal awards, costs must be necessary and reasonable for proper and efficient performance and administration of federal awards; be allocable to federal awards under the provisions of the circular; be authorized or not prohibited under state or local laws or regulations; conform to any limitations or exclusions set forth in these principles, federal laws, terms, and conditions of the federal award, or other governing regulations as to types or amounts of cost items; and be consistent with policies, regulations, and procedures that apply uniformly to both federal awards and other activities of the governmental unit.

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and, therefore, the district was not in compliance with the requirement. In such cases, states are responsible for issuing a written evaluation of the audit finding that specifies the necessity for corrective action.

Auditors also test and report on internal controls over compliance for major programs when performing single audits.<sup>54</sup> We reviewed selected single audits that reported material weaknesses in internal controls over compliance related to Title I grants.<sup>55</sup> For example, the auditor reported that one school district failed to allocate Title I funds to each participating school attendance area or school in rank order, based on the number of low-income children residing in the area or attending the school, as required by Title I. As a result of this material weakness, this district may have funded lower-poverty schools at the expense of higher-poverty schools. Of the 8,720 single audits, about 550 (6 percent) identified a material weakness in internal control over compliance in at least one federal program examined.<sup>56</sup> However, because we relied on summary data in our analysis, we could not determine the proportion of these material weaknesses specifically related to Title I, as opposed to other federal programs included in the audits.

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## Agency Comments

We provided a draft copy of this report to the Secretary of Education for review and comment. We received technical comments and incorporated them where appropriate.

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We are sending copies of this report to relevant congressional committees, the Secretary of Education, and other interested parties. In

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<sup>54</sup>When examining internal controls over compliance, auditors evaluate the design of controls relevant to the compliance audit.

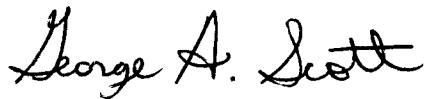
<sup>55</sup>A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a requirement will not be prevented or detected and corrected on a timely basis.

<sup>56</sup>Districts may also have material weaknesses in internal controls over financial statements. Twenty percent of fiscal year 2009 single audits for districts with Title I expenditures included such weaknesses. While these material weaknesses do not indicate that districts used Title I funds incorrectly, they may indicate a risk that funds could be misused without this being identified due to inaccuracies in financial data.

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addition, this report will be available at no charge on GAO's Web site at <http://www.gao.gov>.

If you or your staffs have any questions about this report, please contact me at (202) 512-7215 or [scottg@gao.gov](mailto:scottg@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff that made key contributions to this report are listed in appendix III.



George A. Scott  
Director, Education, Workforce,  
and Income Security Issues

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# Appendix I: Objectives, Scope, and Methodology

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To perform this work, we visited 12 school districts, 3 in each of 4 states—Louisiana, Ohio, Rhode Island, and Washington. We selected states and school districts based on the characteristics described in the mandate, including variation in size, student demographics, economic conditions, and geographic locations. For instance, we first selected states in different regions of the country. Then, we selected districts that were urban, rural, and suburban, and had a mixture of poverty levels and demographic diversity.

We reviewed Title I plans, audits, and budget and expenditure reports that detailed the use of Title I funds by selected school districts. Districts tended to use a consistent set of categories to describe what was purchased, such as expenditures for salaries, benefits, supplies, and services. However, selected districts did not consistently classify expenditures in a way that allowed us to ascertain their purpose (for example, instructional versus noninstructional). Therefore, while we were able to ascertain what proportions of staff funded by Title I were in administrative, instructional, and instructional support positions, we were not able to directly compare all instructional versus noninstructional expenditures.

We also assessed the reliability of the expenditure data provided to us by the districts by (1) reviewing data for completeness and obvious inconsistencies, (2) comparing them with other available expenditure data to determine data consistency and reasonableness, (3) interviewing district Title I and financial officials about expenditure data quality control procedures, and (4) selecting transactions in varied expenditure categories and reviewing documentation for those transactions to determine whether the amount and expenditure category were accurately recorded. We selected a nongeneralizable sample of transactions from major categories, such as salaries, benefits, or services, to include expenditures that appeared typical as well as expenditures that did not appear to fit the category they were in. We determined that the amounts and object categorization of expenditures were sufficiently reliable for the purpose of describing the nature of district Title I expenditures and making broad comparisons of districts' expenditures. However, we did not determine whether all costs were allowable or met all documentation requirements. Due to the limited number of districts selected, our findings from these districts cannot be generalized to school districts nationwide.

We conducted semi-structured interviews with state and local education officials to better understand and discuss their states' or districts' use of Title I funds. State and local education officials described their procedures

for ensuring funds were spent appropriately, but we did not test these procedures.

We analyzed relevant federal laws, regulations, and guidance related to spending of Title I and other Department of Education (Education) funds, as well as accounting methods and protocols issued by the states. Additionally, we conducted a literature search to determine what researchers have found regarding how Title I funds have been spent. We searched online databases, including ERIC, Dialog Databases, NTIS, PolicyFile, ProQuest, and Statistical Insight using keyword “Title I” alone and along with “spending,” “expenditures,” and “administrative” to identify references, including studies, journal articles, and other material, that focused on expenditure of Title I funds. We also searched for studies that cited studies we had identified in our 2003 report. Overall, we identified 99 references in material published from 2001 to 2010. To further winnow down the list of publications, we refined our search to studies that examined Title I expenditures for multiple districts. We were left with only one study that met our criteria.<sup>1</sup> We also interviewed researchers of the identified study and Education officials to determine if there were other relevant studies. They did not identify any that described Title I expenditures.

We reviewed findings from Education’s fiscal year 2009 monitoring efforts, audits conducted by Education’s Office of the Inspector General from fiscal years 2003 to 2009 that included a review of fiscal controls over Title I funds, and data on school district single audits for fiscal year 2009 to determine whether Title I funds were used in accordance with relevant requirements. Findings from each of these oversight tools provide useful information about types of noncompliance seen among local school districts, but it is important to note that they are not designed to provide estimates of the extent or severity of such noncompliance.

School districts expending at least \$500,000 in federal funds are required to obtain a single audit and file audit results with the Federal Audit Clearinghouse, which has been designated as the central collection point, repository, and distribution center for single audit reports and maintains a

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<sup>1</sup>U.S. Department of Education, Policy and Program Studies Service, *State and Local Implementation of the No Child Left Behind Act, Volume VI—Targeting and Uses of Federal Education Funds*, (Washington, D.C., January 2009).



database of single audit results.<sup>2</sup> To describe the results of single audits, we analyzed selected data that were reported to the Federal Audit Clearinghouse by school districts. We assessed the reliability of the Federal Audit Clearinghouse data on single audits by (1) performing electronic testing of required data elements, (2) reviewing existing information about the data and system that produced them, and (3) interviewing U.S. Census Bureau officials knowledgeable about the database. While the Federal Audit Clearinghouse conducts testing to help ensure that submitted data are internally consistent, and that all required data fields are completed, and requires that both the submitter and the independent auditor certify the report, it does not verify the accuracy of reported data or that all entities required to report data do so. It is, therefore, important to note that many school districts are not required to obtain single audits, and are therefore not represented in this database. Additionally, some entities required to report may not do so, and others may report inaccurate data. Despite these limitations, we determined that these data were sufficiently reliable for the purpose of describing Title I-related findings in submitted audits of school districts.

In order to isolate and analyze single audit data for school districts, we used codes indicating the type of entity being audited as assigned by U.S. Census Bureau staff reviewing single audit submissions. We included all entries coded as pertaining to school districts with Title I expenditures in our universe. Due to complexities in how school districts are organized, as well as potential inconsistencies in how entities are coded by U.S. Census Bureau staff, we manually reviewed entries with Title I expenditures that were either missing an entity code or had an entity code that did not clearly indicate that the audited entity was a school district. We kept all entries in categories where we were able to determine that the large majority of records corresponded with school districts, and removed all entries in categories where this was not the case.

We conducted this performance audit from May 2010 through June 2011 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that

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<sup>2</sup>The Office of Management and Budget has designated the U.S. Census Bureau to operate the Federal Audit Clearinghouse.

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the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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# Appendix II: School District Profiles

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The following district profiles provide a snapshot of Title I expenditures in the 12 school districts we reviewed for the 2008–2009 school year. We obtained data from a variety of sources, including the districts themselves, the states, and the National Center for Education Statistics.<sup>1</sup> We attempted to provide data that are comparable, but each state, and in some cases, each district, had its own accounting system and its own accountability systems. Districts did not account for the same types of expenditures in the same ways. Similarly, each state has its own tests for 8th grade reading and mathematics. While it may be appropriate to compare achievement results within a state, it would not be appropriate to compare achievement results across states. In addition, we provide some background and demographic information on each district, but each district has unique needs and characteristics that may not be reflected in the background information provided in this appendix.

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<sup>1</sup>Geographic categories for school districts are based on the National Center for Education Statistics' locale codes, which are based on an address's proximity to an urbanized area (a densely settled core with densely settled surrounding areas). These locale codes classify territory into four major types: city, suburban, town, and rural. Each type has three subcategories. For city and suburb, these are gradations of size—large, midsize, and small. Towns and rural areas are further distinguished by their distance from an urbanized area. They can be characterized as fringe, distant, or remote, reflecting progressively greater distance from the nearest urban area.

# Iberia Parish School System

## Rural Louisiana



### District characteristics

Geographic category: town (fringe)

Total schools in district: 36

Number of schools receiving Title I funds: 22 (61%)

Schoolwide programs: 21 (95%)

Targeted assistance programs: 1 (5%)

Number of Title I schools in need of improvement, corrective action, or restructuring: 1 (3%)

Total number of students: 13,797

Percentage of students on free or reduced lunch: 66%

### Student demographics

White: 49.9%

African American: 44.5%

Asian/Pacific Islander: 3.5%

Latino: 1.9%

Native American: 0.2%

### District report card

Graduation rate: 76.3%

Reading (8th grade achievement)

District: 65% State: 61%

Mathematics (8th grade achievement)

District: 69% State: 58%

Source: GAO analysis of state and district data; National Center for Education Statistics Common Core of Data (geographic category, total number of students, percentage of students on free or reduced lunch, and student demographic data).

### Examples of initiatives funded by Title I

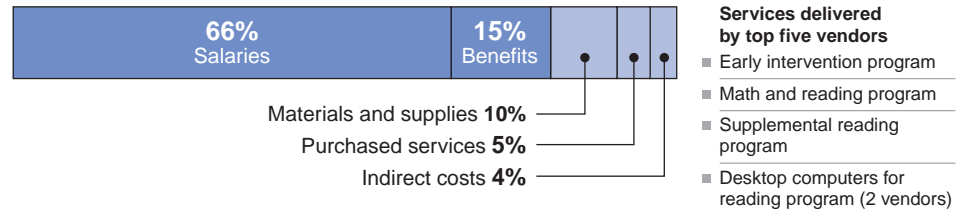
- Data driven decision making/assessments
- Extended day
- Reading interventionists

### 2009 Title I overview

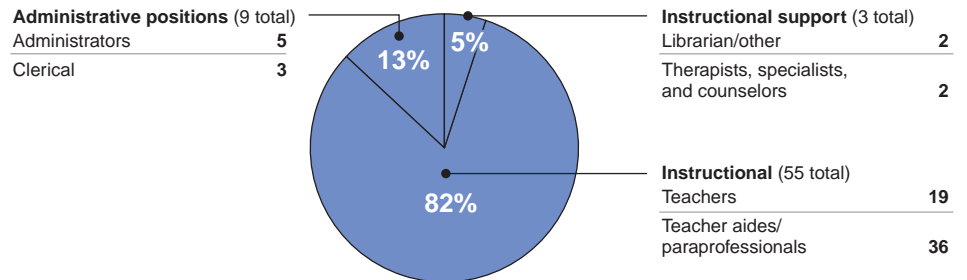
#### District revenue



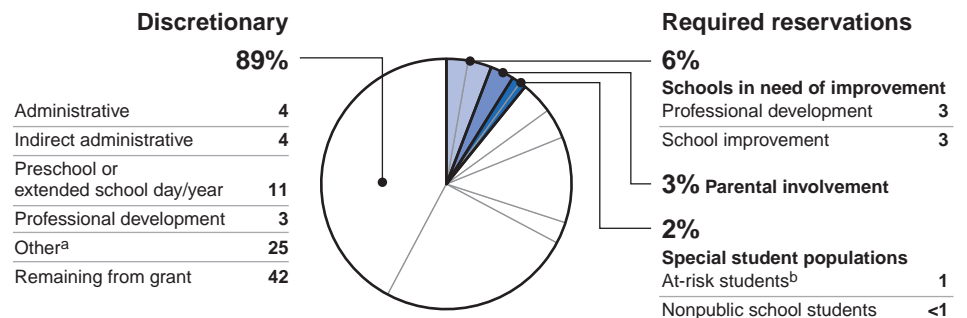
#### Overall Title I expenditures



#### Title I staff (full-time equivalents)



#### Overall Title I budget (Showing discretionary and required reservations)



Source: GAO analysis of district information.

Note: Numbers may not add to 100 percent due to rounding.

<sup>a</sup>Districtwide instructional program.

<sup>b</sup>Includes homeless, migrant, and limited English proficient students.

# St. Tammany Parish Public Schools

Suburban New Orleans, Louisiana



## District characteristics

Geographic category: suburb (small)

Total schools in district: 54

Number of schools receiving Title I funds: 21 (39%)

Schoolwide programs: 21 (100%)

Targeted assistance programs: none

Number of Title I schools in need of improvement, corrective action, or restructuring: none

Total number of students: 35,490

Percentage of students on free or reduced lunch: 43%

## Student demographics

White: 75.8%

African American: 19.1%

Latino: 3.1%

Asian/Pacific Islander: 1.6%

Native American: 0.4%

## District report card

Graduation rate: 77.2%

Reading (8th grade achievement)

District: 76% State: 61%

Mathematics (8th grade achievement)

District: 74% State: 58%

Source: GAO analysis of state and district data; National Center for Education Statistics Common Core of Data (geographic category, total number of students, percentage of students on free or reduced lunch, and student demographic data).

## Examples of initiatives funded by Title I

- Job embedded professional development, including instructional coaching
- Data driven decision making
- Student engagement

## 2009 Title I overview

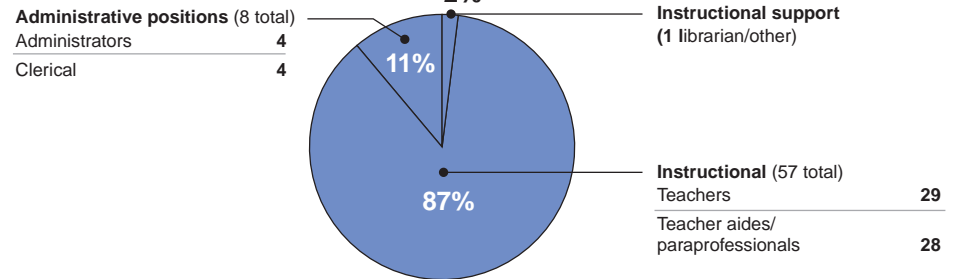
### District revenue



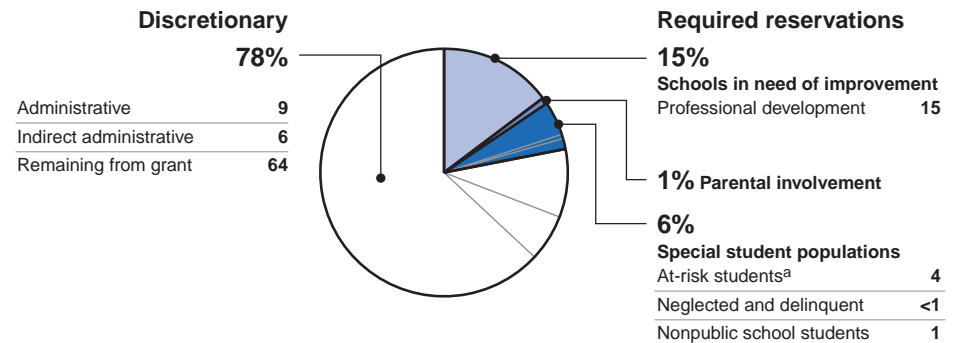
### Overall Title I expenditures



### Title I staff (full-time equivalents)



### Overall Title I budget (Showing discretionary and required reservations)



Source: GAO analysis of district information.

Note: Numbers may not add to 100 percent due to rounding.

<sup>a</sup>Includes homeless, migrant, and limited English proficient students.

# Orleans Parish School Board

New Orleans, Louisiana



## District characteristics

Geographic category: city (midsize)

Total schools in district: 19

Number of schools receiving Title I funds: 19 (100%)

Schoolwide programs: 19 (100%)

Targeted assistance programs: none

Number of Title I schools in need of improvement, corrective action, or restructuring: 2 (11%)

Total number of students: 10,109

Percentage of students on free or reduced lunch: 69%

## Student demographics

African American: 76.5%

White: 15.1%

Asian/Pacific Islander: 5.7%

Latino: 2.6%

Native American: 0.1%

## District report card

Graduation rate: 91.1%

Reading (8th grade achievement)

District: 78% State: 61%

Mathematics (8th grade achievement)

District: 78% State: 58%

Source: GAO analysis of state and district data; National Center for Education Statistics Common Core of Data (geographic category, total number of students, percentage of students on free or reduced lunch, and student demographic data).

## Examples of initiatives funded by Title I

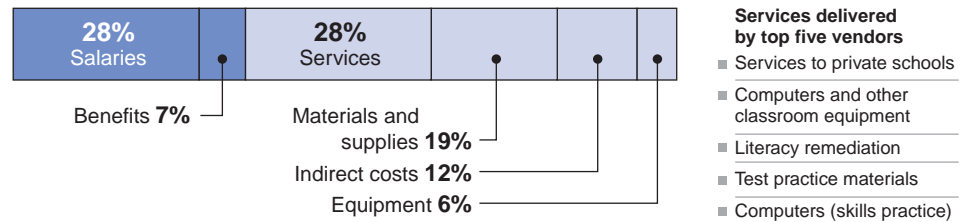
- Data driven decision making/assessments
- Classroom technology
- Extended day or year

## 2009 Title I overview

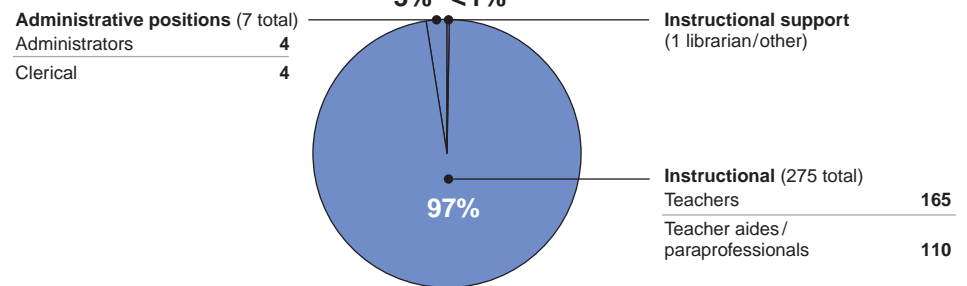
### District revenue



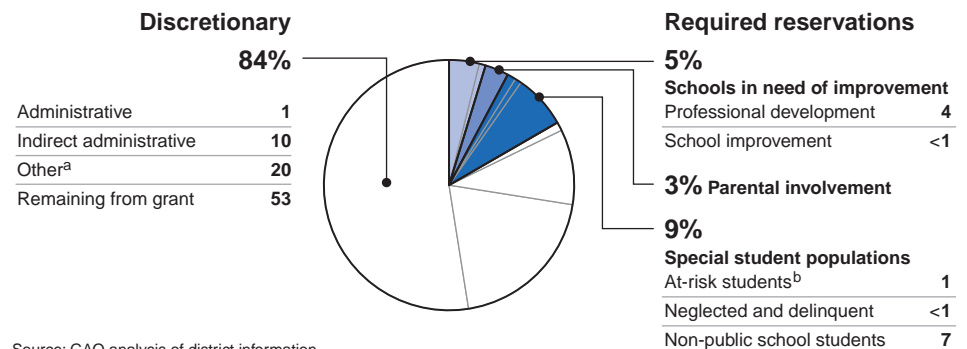
### Overall Title I expenditures



### Title I staff (full-time equivalents)



### Overall Title I budget (showing discretionary and required reservations)



Source: GAO analysis of district information.

Note: Numbers may not add to 100 percent due to rounding. Orleans Parish 2008-2009 Title I budget includes carryover amount that is larger than the allocation for the year.

<sup>a</sup>Districtwide instructional program.

<sup>b</sup>Includes homeless, migrant, and limited English proficient students.



**Appendix II**

**Southeast Local School District (Wayne Co.)**

Rural Ohio

**District characteristics**

Geographic category: rural (distant)

Total schools in district: 6

Number of schools receiving Title I funds: 4 (67%)

Schoolwide programs: 4 (100%)

Targeted assistance programs: none

Number of Title I schools in need of improvement, corrective action, or restructuring: none

Total number of students: 1,675

Percentage of students on free or reduced lunch: 35%

**Student demographics**

White: 97.4%

Latino: 1.1%

Asian/Pacific Islander: 0.7%

African American: 0.5%

Native American: 0.1%

**District report card**

Graduation rate: 97.2%

Reading (8th grade achievement)

District: 84.3% State: 72%

Mathematics (8th grade achievement)

District: 90.4% State: 71%

Source: GAO analysis of state and district data; National Center for Education Statistics Common Core of Data (geographic category, total number of students, percentage of students on free or reduced lunch, and student demographic data).

**Examples of initiatives funded by Title I**

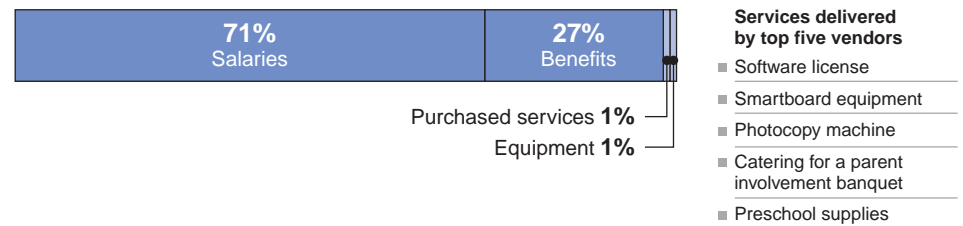
- Smaller classes
- Pull-out classes
- Preschool

**2009 Title I overview**

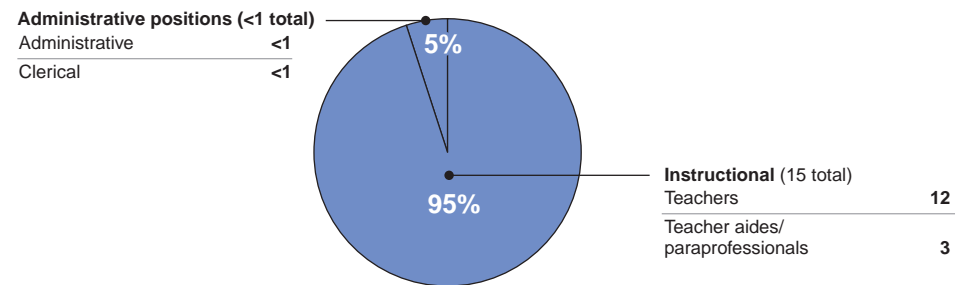
**District revenue**



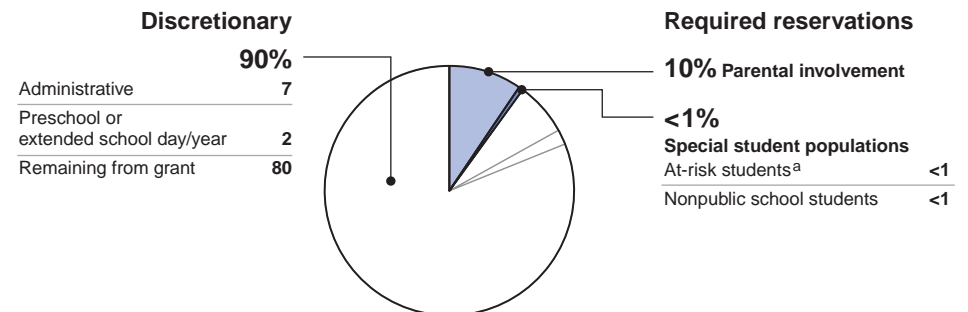
**Overall Title I expenditures**



**Title I staff (full-time equivalents)**



**Overall Title I budget (showing discretionary and required reservations)**



Source: GAO analysis of district information.

Note: Numbers may not add to 100 percent due to rounding.

<sup>a</sup>Includes homeless, migrant, and limited English proficient students.

# Lakewood City School District

Suburban Cleveland, Ohio



## District characteristics

Geographic category: suburb (large)

Total schools in district: 10

Number of schools receiving Title I funds: 6 (60%)

Schoolwide programs: 5 (83%)

Targeted assistance programs: 1 (10%)

Number of Title I schools in need of improvement, corrective action, or restructuring: 1 (10%)

Total number of students: 5,867

Percentage of students on free or reduced lunch: 45%

## Student demographics

White: 77.7%

African American: 9.5%

Asian/Pacific Islander: 3.5%

Latino: 3.7%

Native American: 0.4%

## District report card

Graduation rate: 88.7%

Reading (8th grade achievement)

District: 82.3% State: 72%

Mathematics (8th grade achievement)

District: 76.5% State: 71%

Source: GAO analysis of state and district data; National Center for Education Statistics Common Core of Data (Geographic category, total number of students, percentage of students on free or reduced lunch, and student demographic data).

## Examples of initiatives funded by Title I

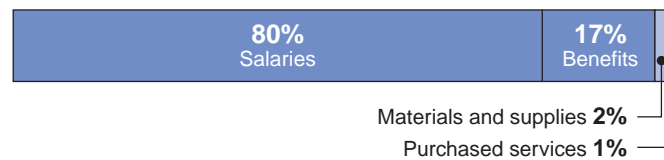
- Pull out classes
- Instructional coaches
- Professional development

## 2009 Title I overview

### District revenue

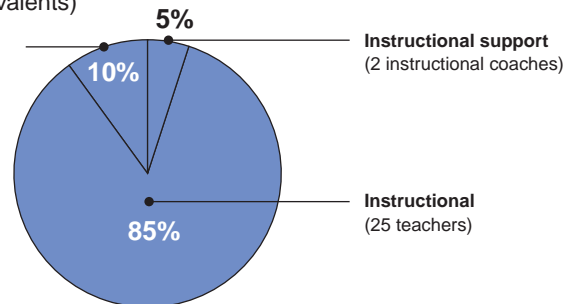


### Overall Title I expenditures

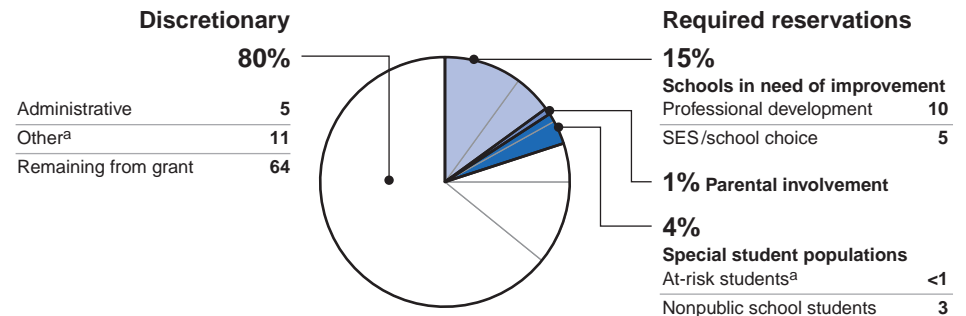


### Title I staff (full-time equivalents)

Administrative positions (3 total)	
Administrators	<1
Family engagement	3



### Overall Title I budget (Showing discretionary and required reservations)



Source: GAO analysis of district information.

Note: Numbers may not add to 100 percent due to rounding.

<sup>a</sup>Salary differential and teacher facilitator.

<sup>b</sup>Includes homeless, migrant, and limited English proficient students.





**Appendix II**

**Cleveland Metropolitan School District**

Cleveland, Ohio

**District characteristics**

Geographic category: city (large)

Total schools in district: 112

Number of schools receiving Title I funds: 108 (98%)

Schoolwide programs: 106 (95%)

Targeted assistance programs: none

Number of Title I schools in need of improvement, corrective action, or restructuring: 81 (72%)

Total number of students: 52,358

Percentage of students on free or reduced lunch: 81%

**Student demographics**

African American: 65.3%

White: 14.2%

Latino: 11.0%

Asian/Pacific Islander: 0.6%

Native American: 0.3%

**District report card**

Graduation rate: 54.3%

Reading (8th grade achievement)

District: 44.3% State: 72%

Mathematics (8th grade achievement)

District: 34.8% State: 71%

Source: GAO analysis of state and district data; National Center for Education Statistics Common Core of Data (geographic category and student demographic data).

**Examples of initiatives funded by Title I**

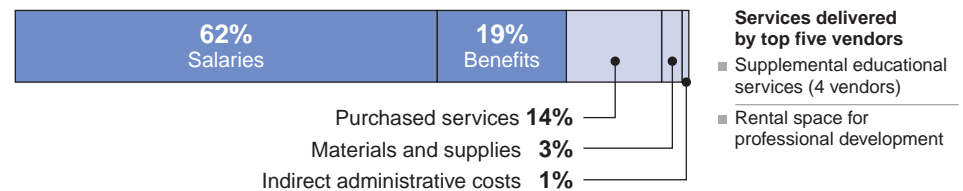
- Certified teachers for class size reduction
- Instructional coaches
- Professional development

**2009 Title I overview**

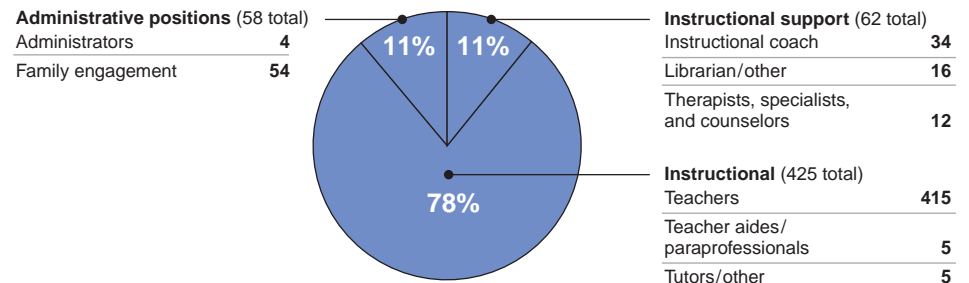
**District revenue**



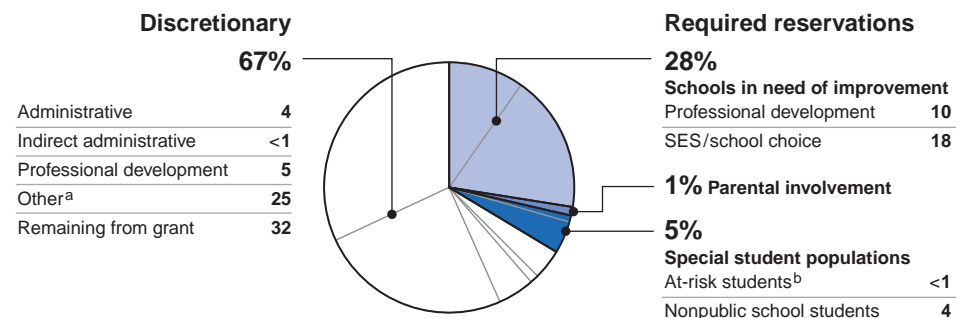
**Overall Title I expenditures**



**Title I staff (full-time equivalents)**



**Overall Title I budget (showing discretionary and required reservations)**



Source: GAO analysis of district information.

Note: Numbers may not add to 100 percent due to rounding.

<sup>a</sup>Salary differential.

<sup>b</sup>Includes homeless, migrant, and limited English proficient students.

# Scituate School Department

Scituate, Rhode Island



## District characteristics

Geographic category: rural (fringe)

Total schools in district: 5

Number of schools receiving Title I funds: 1 (20%)

Schoolwide programs: none

Targeted assistance programs: 1 (100%)

Number of Title I schools in need of improvement, corrective action, or restructuring: none

Total number of students: 1,713

Percentage of students on free or reduced lunch: 10%

## Student demographics

White: 97.6%

Asian/Pacific Islander: 1.0%

Latino: 0.8%

African American: 0.4%

Native American: 0.3%

## District report card

Graduation rate: 85%

Reading (8th grade achievement)

District: 87% State: 62%

Mathematics (8th grade achievement)

District: 75% State: 53%

Source: GAO analysis of state and district data; National Center for Education Statistics Common Core of Data (geographic category, total number of students, percentage of students on free or reduced lunch, and student demographic data).

## Examples of initiatives funded by Title I

- Pull out classes
- Reading intervention

## 2009 Title I overview

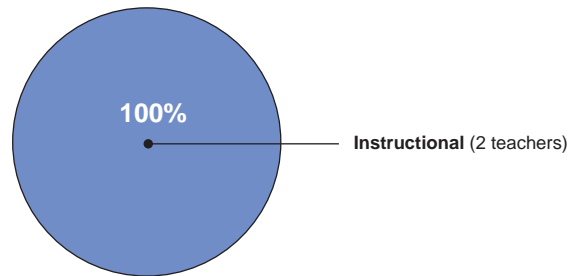
### District revenue



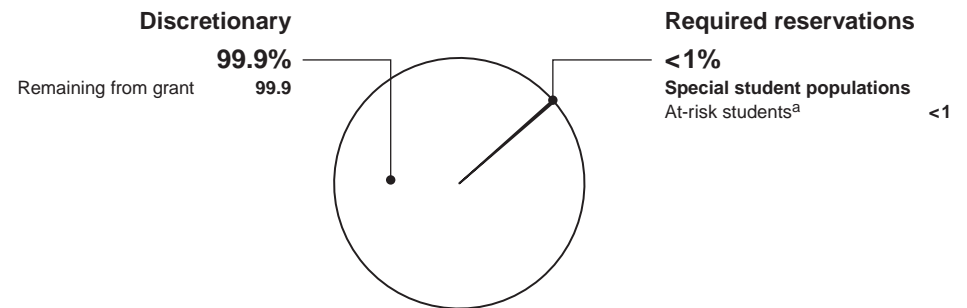
### Overall Title I expenditures



### Title I staff (full-time equivalents)



### Overall Title I budget (Showing discretionary and required reservations)



Source: GAO analysis of district information.

Note: Numbers may not add to 100 percent due to rounding.

<sup>a</sup>Includes homeless, migrant, and limited English proficient students.



**Appendix II**

# Cranston Public Schools

Cranston, Rhode Island

## District characteristics

Geographic category: city (small)

Total schools in district: 22

Number of schools receiving Title I funds: 8 (36%)

Schoolwide programs: 4 (50%)

Targeted assistance programs: 4 (50%)

Number of Title I schools in need of improvement, corrective action, or restructuring: none

Total number of students: 10,684

Percentage of students on free or reduced lunch: 28%

## Student demographics

White: 73.5%

Latino: 13.9%

Asian/Pacific Islander: 6.9%

African American: 4.6%

Native American: 0.5%

## District report card

Graduation rate: 79.5%

Reading (8th grade achievement)

District: 68% State: 62%

Mathematics (8th grade achievement)

District: 51% State: 53%

Source: GAO analysis of state and district data; National Center for Education Statistics Common Core of Data (geographic category, total number of students, percentage of students on free or reduced lunch, and student demographic data).

## Examples of initiatives funded by Title I

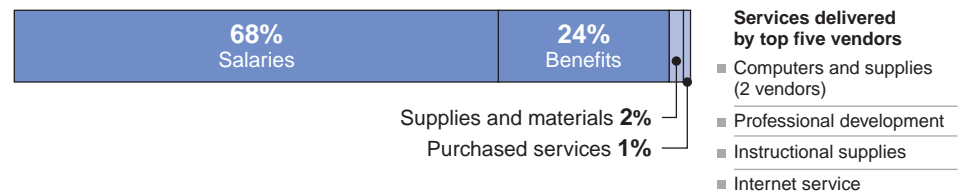
- Interventionists
- Professional development
- Extended day or year

## 2009 Title I overview

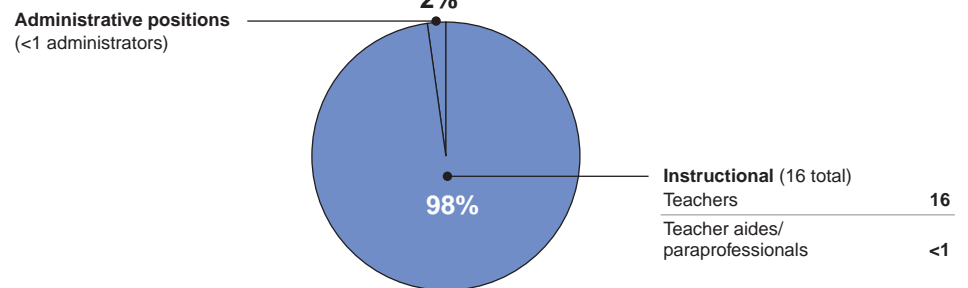
### District revenue



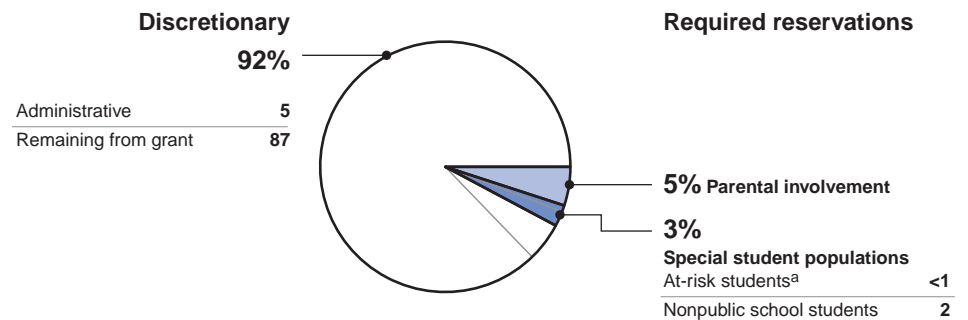
### Overall Title I expenditures



### Title I staff (full-time equivalents)



### Overall Title I budget (Showing discretionary and required reservations)



Source: GAO analysis of district information.

Note: Numbers may not add to 100 percent due to rounding.

<sup>a</sup>Includes homeless, migrant, and limited English proficient students.

# Providence Public School Department

Providence, Rhode Island



## District characteristics

Geographic category: city (midsize)

Total schools in district: 47

Number of schools receiving Title I funds: 47 (100%)

Schoolwide programs: 47 (100%)

Targeted assistance programs: none

Number of Title I schools in need of improvement, corrective action, or restructuring: 22 (47%)

Total number of students: 23,710

Percentage of students on free or reduced lunch: 86%

## Student demographics

Latino: 59.6%

African American: 22.0%

White: 11.6%

Asian/Pacific Islander: 5.6%

Native American: 0.6%

## District report card

Graduation rate: 66.5%

Reading (8th grade achievement)

District: 40% State: 62%

Mathematics (8th grade achievement)

District: 28% State: 53%

Source: GAO analysis of state and district data; National Center for Education Statistics Common Core of Data (geographic category, total number of students, percentage of students on free or reduced lunch, and student demographic data).

## Examples of initiatives funded by Title I

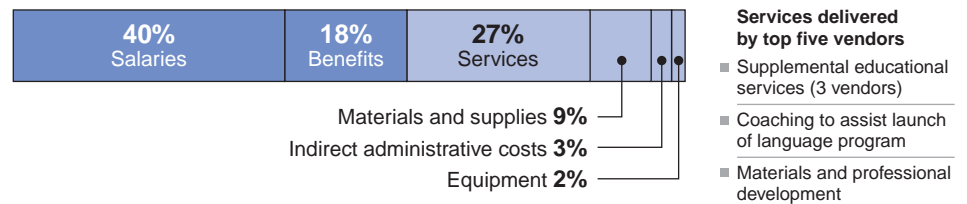
- Data driven assessments
- Curriculum alignment
- Instructional coaches

## 2009 Title I overview

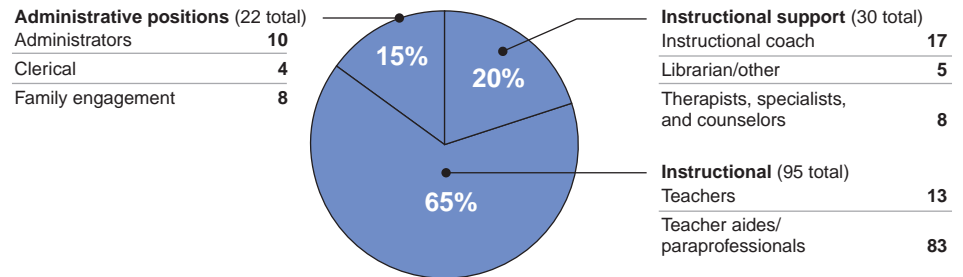
### District revenue



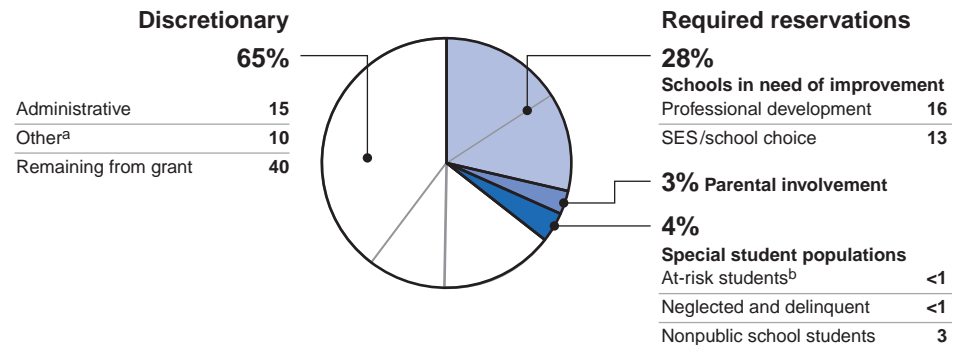
### Overall Title I expenditures



### Title I staff (full-time equivalents)



### Overall Title I budget (Showing discretionary and required reservations)



Source: GAO analysis of district information.

Note: Numbers may not add to 100 percent due to rounding.

<sup>a</sup>Includes carryover amounts and administrative adjustment.

<sup>b</sup>Includes homeless, migrant, and limited English proficient students.



**Appendix II**

**Puyallup School District**

Suburban Tacoma, Washington

**District characteristics**

Geographic category: suburb (large)

Total schools in district: 34

Number of schools receiving Title I funds: 12 (35%)

Schoolwide programs: 5 (42%)

Targeted assistance programs: 7 (58%)

Number of Title I schools in need of improvement, corrective action, or restructuring: 3 (9%)

Total number of students: 20,911

Percentage of students on free or reduced lunch: 24%

**Student demographics**

White: 71.8%

Asian/Pacific Islander: 7.0%

Latino: 6.8%

African American: 4.2%

Native American: 1.5%

**District report card**

Graduation rate: 70.6%

Reading (8th grade achievement)

District: 74.4% State: 68%

Mathematics (8th grade achievement)

District: 53% State: 51%

Source: GAO analysis of state and district data; National Center for Education Statistics Common Core of Data (geographic category, total number of students, percentage of students on free or reduced lunch, and student demographic data).

**Examples of initiatives funded by Title I**

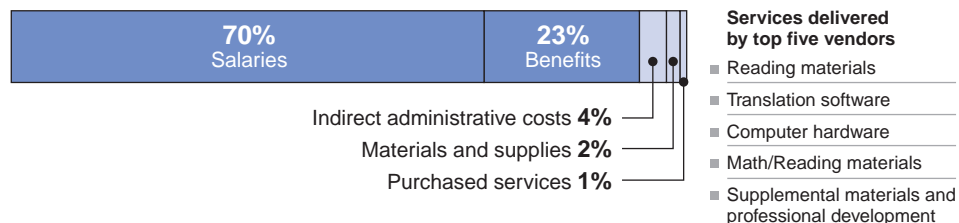
- Pull out classes
- In-class support
- Supplemental instructional and curriculum materials

**2009 Title I overview**

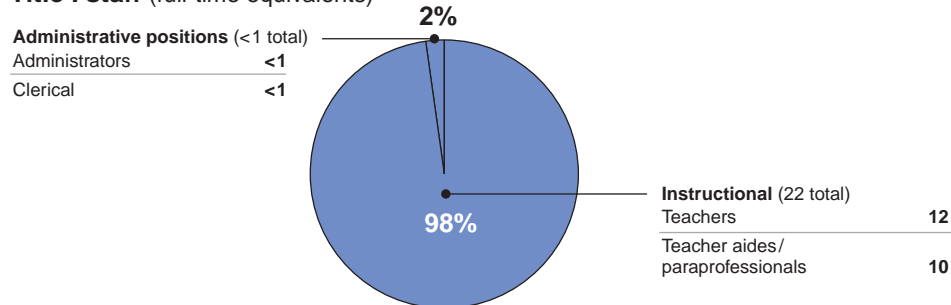
**District revenue**



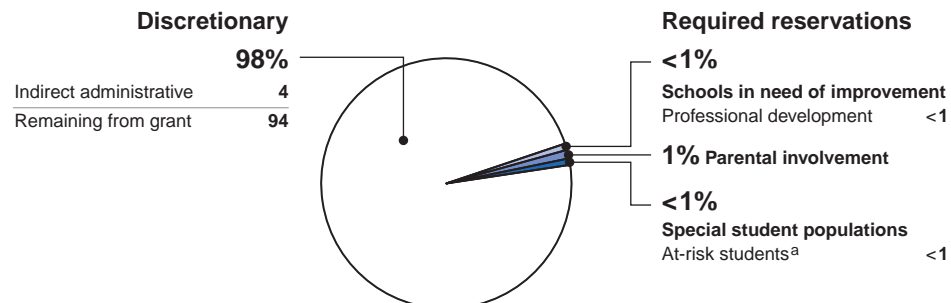
**Overall Title I expenditures**



**Title I staff (full-time equivalents)**



**Overall Title I budget (showing discretionary and required reservations)**



Source: GAO analysis of district information.

Note: Numbers may not add to 100 percent due to rounding.

<sup>a</sup>Includes homeless, migrant, and limited English proficient students.

# North Thurston Public Schools

Suburban Olympia, Washington



## District characteristics

Geographic category: suburb (midsize)

Total schools in district: 19

Number of schools receiving Title I funds: 5 (26%)

Schoolwide programs: 3 (60%)

Targeted assistance programs: 2 (40%)

Number of Title I schools in need of improvement, corrective action, or restructuring: 2 (11%)

Total number of students: 13,924

Percentage of students on free or reduced lunch: 33%

## Student demographics

White: 60.2%

Asian/Pacific Islander: 13.1%

Latino: 10.5%

African American: 9.1%

Native American: 3.2%

## District report card

Graduation rate: 79.3%

Reading (8th grade achievement)

District: 68.6% State: 68%

Mathematics (8th grade achievement)

District: 45.8% State: 51%

Source: GAO analysis of state and district data; National Center for Education Statistics Common Core of Data (geographic category, total number of students, percentage of students on free or reduced lunch, and student demographic data).

## Examples of initiatives funded by Title I

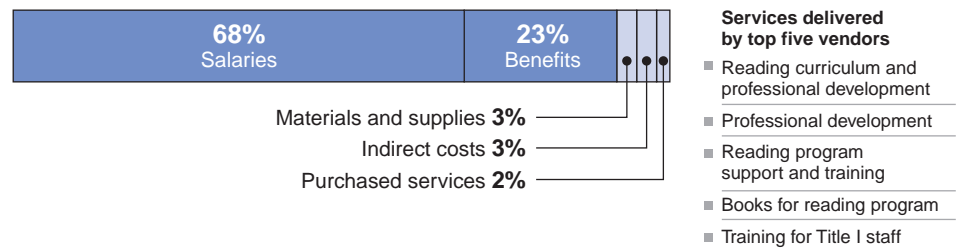
- Instructional coaches
- Pull out classes
- Tutoring

## 2009 Title I overview

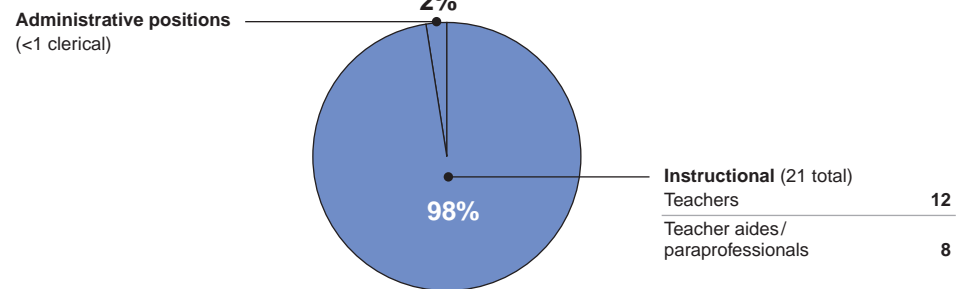
### District revenue



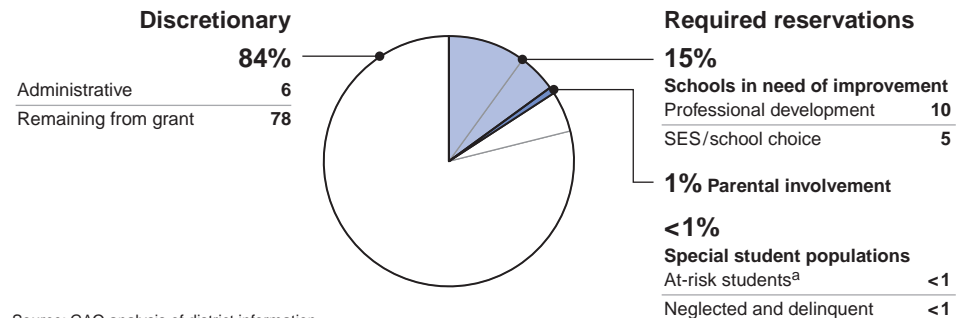
### Overall Title I expenditures



### Title I staff (full-time equivalents)



### Overall Title I budget (showing discretionary and required reservations)



Source: GAO analysis of district information.

Note: Numbers may not add to 100 percent due to rounding.

<sup>a</sup>Includes homeless, migrant, and limited English proficient students.



**Appendix II**

**Seattle Public Schools**

Seattle, Washington

**District characteristics**

Geographic category: city (large)

Total schools in district: 99

Number of schools receiving Title I funds: 33 (33%)

Schoolwide programs: 31 (94%)

Targeted assistance programs: 2 (6%)

Number of Title I schools in need of improvement, corrective action, or restructuring: 23 (23%)

Total number of students: 45,968

Percentage of students on free or reduced lunch: 39%

**Student demographics**

White: 43.4%

Asian/Pacific Islander: 22.0%

African American: 21.1%

Latino: 11.7%

Native American: 1.9%

**District report card**

Graduation rate: 70.1%

Reading (8th grade achievement)

District: 69.9% State: 68%

Mathematics (8th grade achievement)

District: 53.9% State: 51%

Source: GAO analysis of state and district data; National Center for Education Statistics Common Core of Data (Geographic category, total number of students, percentage of students on free or reduced lunch, and student demographic data).

**Examples of initiatives funded by Title I**

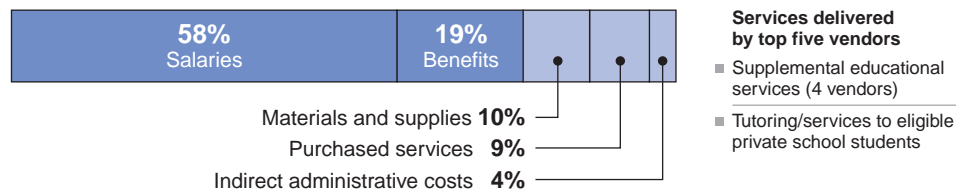
- Instructional coaches
- Professional development
- Summer school/extended day programs

**2009 Title I overview**

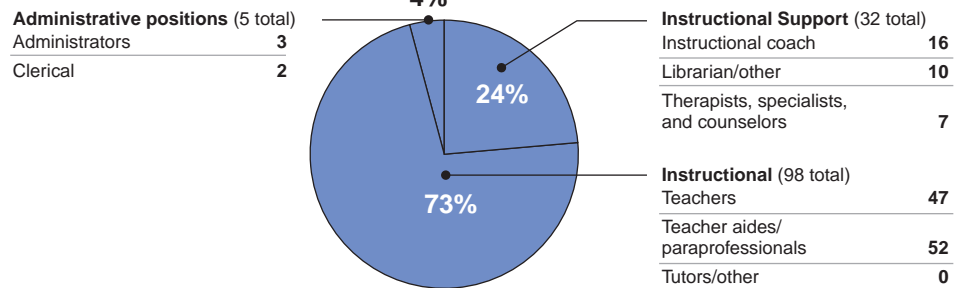
**District revenue**



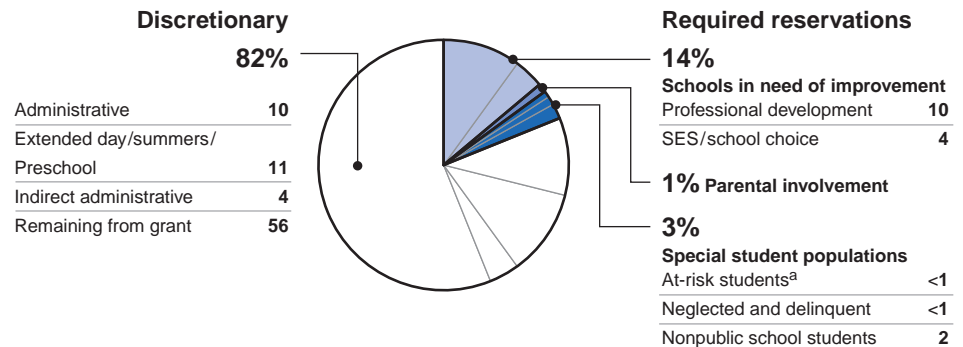
**Overall Title I expenditures**



**Title I staff (full-time equivalents)**



**Overall Title I budget (Showing discretionary and required reservations)**



Source: GAO analysis of district information.

Note: numbers may not add to 100 percent due to rounding.

<sup>a</sup>Includes homeless, migrant, and limited English proficient students.

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# Appendix III: GAO Contact and Staff Acknowledgments

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## GAO Contact

George A. Scott, (202) 512-7215 or [scottg@gao.gov](mailto:scottg@gao.gov)

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## Staff Acknowledgments

The following staff members made key contributions to this report: Cornelia Ashby, Director; Betty Ward-Zukerman, Assistant Director; Lara Laufer, Analyst-in-Charge; Matthew Alemu; Phyllis Anderson; James Bennett; Jessica Botsford; William Colvin; Susannah Compton; Ranya Elias; Catherine Hurley; Kimberly McGatlin; Sarah McGrath; Jean McSween; Maria Morton; and Ellen Phelps Ranen.



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*No Child Left Behind Act: Education Actions May Help Improve Implementation and Evaluation of Supplemental Educational Services.* [GAO-07-738T](#). Washington, D.C.: April 8, 2007.

*No Child Left Behind Act: Education Actions Needed to Improve Local Implementation and State Evaluation of Supplemental Educational Services.* [GAO-06-758](#). Washington, D.C.: August 4, 2006.

*No Child Left Behind Act: Improvements Needed in Education's Process for Tracking States' Implementation of Key Provisions.* [GAO-04-734](#). Washington, D.C.: September 30, 2004.

*Title I: Although Definitions of Administrative Expenditures Vary, Almost All School Districts Studied Spent Less Than 10 Percent on Administration.* [GAO-03-386](#). Washington, D.C.: April 7, 2003.

*Disadvantaged Students: Fiscal Oversight of Title I Could Be Improved.* [GAO-03-377](#). Washington, D.C.: February 28, 2003.

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