



Softening the Blow

Toward a Fairer Allocation of Title I Funds

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The All Children Are Equal Act introduced by Rep. Glenn Thomson (R-PA) in the House of Representatives last week tackles a flaw in the way Title I, the largest program authorized by the Elementary and Secondary Education Act, or ESEA, allocates funds to school districts.

The bill, which enjoys bipartisan sponsorship of Rep. G.K. Butterfield (D-NC), among others, would gradually squelch an aspect of two of the program's four funding formulas that is out of sync with the purpose of Title I funds—to enhance the educational experience of children living in concentrated poverty. Congress first folded the Targeted Grant and the Education Finance Incentive Grant, or EFIG, formulas into ESEA during its 1994 reauthorization. The most recent reauthorization, the No Child Left Behind Act of 2001, required that appropriations over and above the level of fiscal year 2001—roughly half of the fiscal year 2011 appropriation of \$14.463 billion—be allocated to school districts by means of these flawed formulas.

So what's the problem? The Targeted Grant and EFIG formulas favor the country's largest school districts, irrespective of the concentrations of children in poverty the districts serve. The formulas are based on the U.S. Census Bureau's childhood poverty estimates as opposed to a district's tally of students eligible for free or reduced-price meals. The result is that small districts and those serving medium-sized cities, including many serving high concentrations of poverty, take a beating, as these examples drawn from the Center for American Progress's own Title I formula proposal show.

In fiscal year 2009 Michigan's Flint City School District drew \$1,984 in Title I funds per low-income child while Detroit City School District drew \$2,266. Detroit's 19 percent advantage derives purely from size. Flint and Detroit serve roughly the same high concentration of children in poverty—38 percent and 39 percent, respectively—but Flint serves 9,577 children while Detroit serves 80,289 children. South Carolina's 69,000-student Greenville County School District serves a substantially lower concentration of children in poverty, 14 percent, than other districts in the state, particularly those in the "corridor of shame" along Interstate 95. Nearly 22 percent of the children served by the

1,700-student Calhoun County School District, the eastern portion of which is definitively in the “corridor of shame,” come from low-income families, but the district receives \$1,266 per low-income child, substantially less than the \$1,700 seen in Greenville.

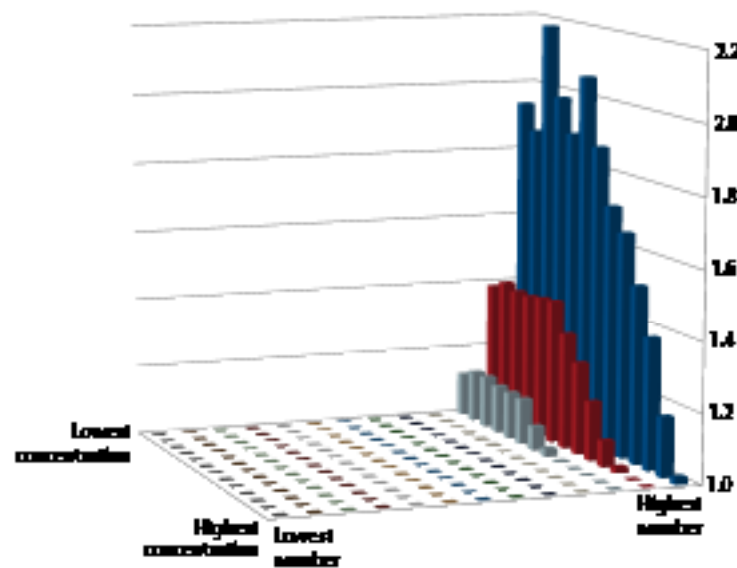
It’s hard to square these examples with the purpose of Title I funds but the source of the problem is utterly clear. The Targeted Grants and EFIG formulas determine allocations using, among other things, the larger of two weighted numbers of so-called formula children, the number of children ages 5 to 17 living from low-income families living within a district. One weighting scheme inflates the number of formula children based on the percentage it represents of all children a district serves. This manner of weighting effectively targets concentrated poverty. But the other weighting scheme inflates the number of formula children based on raw numbers of children. The number-based weighting scheme confers a funding advantage on large districts.

This funding advantage creates a “sucking sound,” using Ross Perot’s memorable phrase from the 1992 presidential campaign, with large districts drawing Title I funds away from small- and medium-sized districts. Rendering this dynamic in financial terms is excessively complicated because allocations are driven by multiple factors, but Figure 1 illustrates the relative magnitude of funding advantage that clusters of districts serving populations of children of similar size and poverty rate enjoy. The height of a bar is the average taken over a cluster of districts of individual advantage factors, 1 in the case that a district derives no benefit from number weighting, the ratio of number-weighted to concentration-weighted numbers of formula children otherwise. Districts serving large numbers of children, apart from districts with the highest concentrations of poverty, enjoy a funding advantage of varying size.

The All Children are Equal Act would weaken the size advantage built into the Targeted Grant and EFIG formulas, thus softening the blow to low-income children in small- and medium-sized districts. Said another way, the bill would turn down the volume on the sucking sound, reducing allocations for the largest districts and increasing allocations for other districts. The bill’s approach is straightforward. It would simply lower each of the weights associated with the number-weighting scheme by an amount equal to 10 percent of its current value for four consecutive years. A weight of 3.0 would be thus reduced to 2.7, 2.4, 2.1, and finally 1.8. In the end this would substantially dampen the inequity created by number-weighting, not eliminate it as CAP’s proposal would.

FIGURE 1
Size matters

Relative magnitude of funding advantages for school districts grouped by number of children served and poverty concentration among them



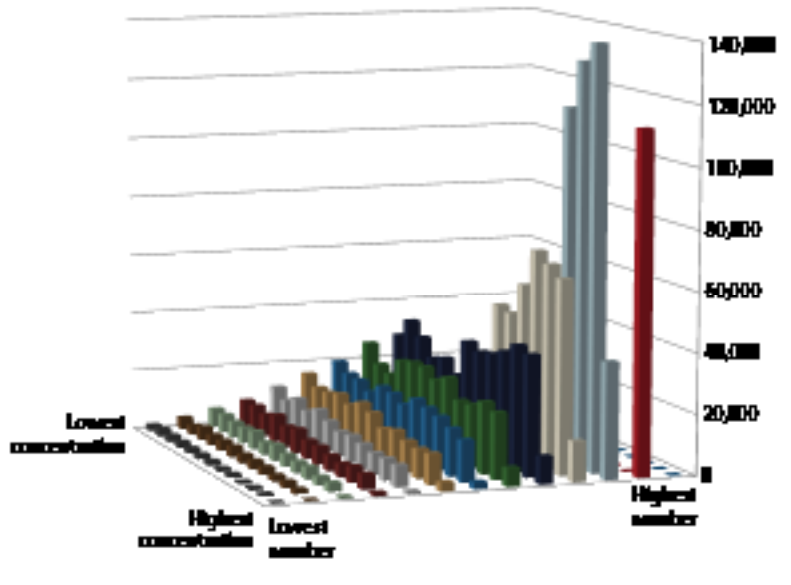
Source: Author’s calculations for 12,235 districts technically eligible for Targeted Grants and EFIG Grants based on 2009 data from: “Small Area Income and Poverty Estimates,” available at <http://www.census.gov/did/www/saipe/data/schools/index.html>. Also based on formula specifications found in Section 1125 of: *No Child Left Behind Act of 2001*, Public Law 107-110, 107th Cong. (January 8, 2002).

Not surprisingly the bill's sponsor and co-sponsors represent rural constituencies that lack any school districts reaping outsized Title I allocations by virtue of size, but Figure 2 suggests political support for the bill should be widespread. The height of each vertical bar represents the total number of low-income children served across the districts grouped as in Figure 1. Funding-deprived districts serve hundreds of thousands of low-income children at any given level of concentrated poverty. And that the largest numbers of funding-deprived children live in clusters of districts with relatively high rates of poverty underscores the distortion of Title I's purpose that the bill would partially rectify.

A wide variety of groups supports the All Children are Equal Act. Naturally this includes groups whose members stand to gain should the bill become law. But groups such as the National Alliance of Black School Educators or the American Association of School Administrators represent education professionals scattered across districts of every size. Because the bill tempers large districts' funding advantage, there must be something beyond the calculus of winners and losers in play. Perhaps the idea that all children are equal is alive and well, and as important as it was when President Johnson signed ESEA as a flagship program in the war on poverty.

FIGURE 2
Children left behind, in funding terms, by No Child Left Behind

Aggregated numbers of low-income children served by districts grouped by similarity in the size of the population of children served and the concentration of low-income children



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