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MEMORANDUM

DATE: March 15, 2005

TO: TechMIS Subscribers

FROM: Charles Blaschke

SUBJ: District Title I Preliminary Funding Allocations

This special funding alert includes two lists of Districts which will receive increases in Title I funds next school year. We prepared the lists based on our analysis of preliminary USED allocations of Title I funds for the coming school year.

The enclosed report includes one list of districts which, based on preliminary data, would receive a $400,000 or larger funding increase under Title I Part A this coming school year. It also identifies districts which received a $400,000 or more increase last year. Districts with one or more schools identified for improvement for two consecutive years will likely have "carried over" some Title I funds from last year to this year and will likely be spending funds previously-earmarked for transportation and supplemental educational services on other allowable products and services beginning in May-June through September 30.

Also included is a list of districts receiving an increase of 20 percent or more which is at least $50,000. These districts will not receive any of the increase until October-December 2005 because the “targeted” and “incentive” components of the Title I formula were “advance funded.”

We wish to emphasize that the preliminary allocations are just that. In May-June, states will send to USED their final per-pupil expenditures for the 2004-05 school year which will be taken into account by USED in coming up with the final district allocations. However, SEAs will make additional adjustments to USED district allocations taking into account the four percent set-aside for the state which comes out of district's allocations for school improvement for the 2005-06 school year. Adjustments are also made for Title I-eligible students enrolled in charter schools. SEAs are most likely to allocate the 30-40 percent of district allocations after July 1-August 30 based upon preliminary estimates with final allocations beginning next October through March 2006, based upon USED final allocations taking into account the above SEA adjustments.

Please contact me directly if you have any questions or seek suggestions on how to take advantage of these different purchasing cycles for certain specific groups of districts.

Lists of Districts Receiving Increases in Title I Allocations for School Year 2005-06 Which Are Likely to Be Spending Unspent Title I Funding by September 30, 2005

A Technology Monitoring and Information Service (TechMIS)
SPECIAL REPORT

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March 15, 2005

USED released preliminary district Title I allocations on March 12. For several reasons, many of the districts with increases of $400,000 or more are likely to be spending previously unspent Title I funds beginning in May-June through September 30, 2005.

The TURNKEY list which is based upon USED's preliminary district allocations includes districts (marked with an asterisk) which also received an increase of $400,000 or more in Title I funding for the 2004-05 school year. In late August 2003, Secretary Paige sent a letter to the Council of Chief State School Officers allowing them to allow districts to carry over more than 15 percent of those funds as long as they would be still earmarked for supplemental services to be incurred during the 2003-04 school year. Those districts which carried over more than 15 percent on September 30, 2003, will not be able to carry over more than 15 percent until two years from now which will increase the probability they will be spending some unspent earmarked funds by June 30 or September 30 depending upon the state's fiscal year.

Districts receiving an increase of 20 percent or more, which is at least $50,000 (the second list), will not receive any of the increase until October-November 2005 because the "targeted" and "incentive" components of the Title I formula were "advance funded." In fact, many of these districts may actually receive a lesser amount per pupil in July than they did last year. Some SEA Title I offices will likely question the accuracy of some of the district increases remembering that, in 14 states three years ago, USED preliminary estimates had inaccuracies. Hence, once the SEA receives the preliminary allocations, they will likely "sit on the data" and await final USED allocations and/or tell all the districts in the state to plan on getting "what you got last year." Many of these districts could receive unexpected increases mid-year and use such funds to purchase products and services rather than hire new Title I teachers.

A recent letter ruling from USED proclaimed that Chicago Public Schools (CPS) could no longer provide its own SES because it had been identified for improvement in November 2004, raising the question of how such unspent earmarked funds can actually be used. USED's February 22 letter states, "If CPS does not offer parents the opportunity to transfer their students to an eligible SES

provider for the remainder of the school year, and it does not meet its projections for spending fully an amount equal to 20 percent of its Title I allocation, it would be out of compliance with the law and subject to enforcement sanctions unless it carries over to the following school year the unexpected balance and uses the balance for choice related transportation and SES. The Department would apply the law in this way for any similarly situated school district." The question here is: was the Chicago situation unique in that CPS was told by USED that initially it could operate its own SES program at the beginning of the 2004-05 school year? On the other hand, the Law and subsequent regulations do state that a district may earmark for SES and parent choice transportation a lesser amount than 20 percent if the projected demand for SES and transfers would require less such funds. In the past, many districts initially earmarked 20 percent when school began, then reduced the amount of the earmark to a lesser amount at midyear with instruction to schools identified for improvement that by March-April if parent demands for SES had been met, they could spend unspent, previous earmarked, money by June 30. One veteran State Federal Programs Director overseeing Title I questioned whether any earmarked funds that are carried over count toward next year's 20 percent or would they be available for SES and choice over and above the 20 percent of the 2005-06 allocation.

While some uncertainty does exist, districts which have carried over more than 15 percent in 2003 or later and which are once again receiving relatively large increases in Title I funds and which have a large number of schools identified for improvement for two years will likely spend most, if not all, of the unspent Title I funds from previous earlier earmarks on other Title I allowable products and services; this will occur in more than 45 states by June 30 and the remainder by September 30. If a district has been providing SES but now has been identified for improvement and cannot provide such services next year, the probability is even greater that such unspent funds would be spent by the end of the fiscal year.

One additional reason for districts not to carry over unspent Title I funds to next year is the allegation being made by House Education and Workforce Committee Chairman Boehner and pro-NCLB officials that over $6 billion of Federal education funds allocated over the last three years has not been spent by districts. They argue that these funds could be reallocated to implement NCLB provisions to refute critics arguing that NCLB is an unfunded Federal mandate. This allegation, even though unfounded, has contributed to decisions by many district officials to spend leftover Title I and other Federal funds this current year.

There are about 200 districts that have five or more schools identified for improvement; most of these districts were required to earmark up to 20 percent of their Title I funding last September for SES and/or transportation.

For further information or suggestions on how to take advantage of the upcoming purchasing cycles, contact Charles Blaschke directly.