USED Has Released Its Annual Report on Federal Title I Allocations for Eligible Students for Every District Which, in Combination With Other Data, Should Help Firms Decide What States and Districts to Target

A Technology Monitoring and Information Service (TechMIS)
SPECIAL REPORT

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USED has released its annual report which identifies the amount of Federal Title I allocations (before state adjustments) per eligible Title I student in each district, which is supposed to establish the maximum amount of funds districts should allocate per student participating in supplemental educational services. In combination with other recently compiled data, this Special Report should assist firms in determining what states to target and which districts within states will probably set aside earmarks for SES and staff development. The maximum per eligible Title I pupil SES expenditures ceiling (identified in the last column in Exhibit A), does not take into account a number of adjustments SEAs will make in the final installment to districts after October 1, when the amount of "advanced" Federal Title I funding is to be released to states.

Compared to last year, overall the eligible per-pupil Title I Federal allocation is about $50 less dropping to $1,373. In Exhibit A, we have included districts in our Special Report (dated July 21, 2006) that are receiving at least a $200,000 increase in Federal Title I allocations for next year. Districts that received a $400,000 or greater increase last year have asterisks and those districts which are shaded reportedly had five or more schools identified for improvement in 2005-06 which meant they had to set aside at least 20 percent initially for SES and parent choice transportation. (More districts will be identified for improvement as SEAs report test data and notify districts in September-October.) The purchasing power of districts based upon the maximum per-pupil SES expenditure ceiling ranges from less than $1,000 in several districts to slightly over $2,000 in several districts in Delaware and Pennsylvania. Because total Title I Federal allocations are .21 percent less this coming year than last school year, and because of about a four percent increase in students living in poverty between 2002 and 2003 (which were the census years used to make the allocations for 2005-06 and 2006-07), 62 percent of districts participating in Title I will lose funds or receive the same amount compared to the 2005-06 school year. However, for reasons described below, after states make several adjustments, the number of districts actually receiving some increases will be closer to 10 percent and the majority of these districts will be in ten states.

As we noted in our March 20 report on the list of districts receiving preliminary Federal Title I allocations, as reiterated in the updated report (July 21), and as confirmed in the recent Center on Education Policy report entitled "Title I Funds - Who's Gaining and Who's Losing: School Year 2006-07 Update," NCLB requires states to reserve four percent of the Title I funds allocated to school districts in the state to be used for school improvement. The CEP report found that, in 36 states, the total amount of increases in "gaining districts" was less than the four-percent state set-aside for school improvement, thus taking away all of the district increases and redirecting them to the four-percent set-aside. In four states -- Delaware, Kansas, North Carolina, and South Dakota -- the amount available from gaining districts was only slightly more than the four-percent requirement which meant that virtually no new funds for districts will actually be available for these gaining districts. In only ten states in which the SEA takes funds for the four-percent set-aside away from gaining districts' increases will the districts still receive any increases. These, however, will be significantly less, in most cases, than the initial Federal district Title I allocation. The total amount of the four-percent set-aside for school improvement would be slightly over $500 million. However, because of Federal Title I cuts and an inadequate number of increases in gaining districts, CEP estimates that only about $300 million will be set aside for school improvement. For example, California, according to CEP, will set aside only $12 million of the required $69 million that would have been set aside if the state could have reserved the full four percent. Last year, California had slightly over 1,700 schools identified as in need of improvement. While 95 percent of the four-percent set-aside is supposed to be allocated to activities which are designed to improve schools that are in greatest need of improvement (i.e., those facing "reconstitution" or "reconstruction"), many SEAs are hiring staff or consultants to serve as "support teams" without much of the "improvement activity" being in the form of reallocated funds going back to districts. As noted in our March report and the subsequent update, states will make additional adjustments to account for the use of poverty data other than census data and charter school enrollments; "gaining districts" could, therefore, have even more of their increases removed.

Under the assumption that, where possible, states will redirect some funds from "gaining districts" to the four-percent set-aside, CEP calculations suggest that gaining districts in the following states are likely to receive at least some increase in Title I funding for school year 2006-07:

- Nevada: In Clark County, the local National Education Association affiliate is one of the largest SES providers and may serve as a model for the National Education Association to promote in the future.

- Florida: An estimated $100-$130 million of unspent SES earmarks was actually obligated by many Florida districts by June 30, 2006; next year, because of a new law lobbied for by the EIA it will be more difficult for districts to reallocate unspent SES set-aside money because, to do so, the district must document that 51 percent of parents of eligible students either accepted or rejected the SES offer or the transportation option.

- Colorado: Some districts may lose additional amounts of the increase due to SEA adjustments for Title I-eligible students being served in charter schools outside the district.

- Arizona: Some districts receiving gains could receive significant reductions in their gains because of SEA adjustments for eligible Title I students enrolled in charter schools.

- Indiana: The state has three fiscal years and is the only state in the union that does not allow Title I funds unspent by June 30 to be carried over to the next year.

- Ohio: The Ohio legislature has been targeted by the EIA Coalition for Quality Tutoring to pass SES bills similar to that recently passed in Florida noted above.

- Oregon: In some of the larger districts, large numbers of afterschool programs (some of which are funded by 21st Century Community Learning Center funds) exist and, according to recent USED Non-Regulatory Guidance, could be eligible SES providers and may be interested in partnering with publishers.

- Iowa, Minnesota, New Mexico: If the SEA sets aside the four percent, only a small number of remaining district increases will exist. On the other hand, last year, New Mexico ended up not setting any funds aside for the four-percent requirement.

As mentioned in our July 21 updated district allocation report, by posting the Federal Title I allocations before SEA adjustments, USED, perhaps intentionally, will be creating negotiating problems between third-party SES providers and the districts. In most cases, the actual final Title I per-pupil allocation to the district will be slightly or significantly lower than the maximum; this could become a bone of contention during negotiations.