

Education TURNKEY Electronic Distribution, Inc.

256 North Washington Street
Falls Church, Virginia 22046-4549
(703) 536-2310
Fax (703) 536-3225

MEMORANDUM

DATE: February 6, 2012
TO: TechMIS Subscribers
FROM: Charles Blaschke and Blair Curry
SUBJ: Probable Budget Preliminary State Title I Allocations and Probable District Winners

Enclosed is a Special Funding Alert based on the 2010 Census data and USED preliminary State Title I allocations. While the state Title I allocations are pretty close to final unless there is a rescission, the list of districts with probable increases is very preliminary and should be viewed with caution. Most of those districts with poverty rate increases of 10% or more between 2010 and 2009 are small districts with the absolute amount relatively small with a number of exceptions; however, they do provide a “heads up” for many TechMIS subscribers as to possible districts will likely be included in our preliminary list of districts receiving moderate to large percentage Title I increases next year. This analysis will be conducted as quickly as USED determines preliminary district Title I allocations for next year in about 1-2 months which we will send TechMIS subscribers as we have in the past shortly after such data are available.

Please call us if you have any questions.

**Special Funding Alert:
Preliminary Title I State Allocations for 2012-13 and
Likely Districts Receiving Ten Percent or More Increases**

*A Technology Monitoring and Information Service (TechMIS)
Special Funding Alert*

*Prepared by:
Education TURNKEY Systems, Inc.
256 North Washington Street
Falls Church, Virginia 22046-4549
(703) 536-2310 / (703) 536-3225 FAX*

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Following the passage of the FY 2012 education budget (which included level funding for Title I nationwide) and publication of the newest Census data on student poverty rates, USED recently posted preliminary state Title I allocations for next school year beginning this July. Over the last several years, preliminary state estimates have been fairly close to final state allocations, a trend which will likely hold this year unless some major rescission or sequestration occurs.

In addition to preliminary state Title I allocations estimates, we have also included a list of about 700 districts (provided by New American Foundation) which according to the latest census data had experienced a 10% or greater increase in poverty student enrollments between 2009 and 2010; such rates represent the largest criterion on which Title I district allocations for next year are based. While the attached list of districts is very preliminary and should not be a substitute for the official preliminary district allocations which we expect USED to determine in a month or two, many of the districts on the attached list represent good prospects for most TechMIS subscribers. We wish to emphasize that most of the districts with large percentage increases are small to moderately-small districts with the small absolute amounts of increase. However, when the preliminary district allocations are made and we provide our analysis of district preliminary dollar amounts to subscribers, some of these districts will likely be included in our list of districts receiving 30% or more increases which are at least \$75,000. We have provided TechMIS subscribers this analysis over the last 15 years. It is important to emphasize that districts in states in which the Title I carryover of districts from last year to this year was more than 20 percent (as reported in our January 30th TechMIS Special Funding Alert) and who are in states receiving large percentage increases this coming year are not likely to carry over any Title I funds from this year to next. The districts are likely to spend such carryover and regular Title I funds allocated this year by September 30, 2012.

In Table 1, the state-by-state changes in Title I allocations from FY 2010 to 2012 are displayed along with the percentage increase or decrease over last year. Two states -- Nebraska and Nevada -- are likely to receive percentage increases of ten percent or more when final state allocations are posted in late Spring. It should be noted that districts in Nebraska carried over

more than 40 percent of last year's Title I allocation to this year while districts in Nevada carried over more than 20 percent. The state with the largest percentage increase (i.e., more than 15 percent) is Utah in which districts also carried over more than 20 percent of last year's Title I funds to this year. Districts which have large carryovers to this year are likely to spend all of this year's regular and carryover funds by September 30th. Other states with estimated percentage increases of three percent or more include: Alabama, Alaska, Indiana, Maryland, New Mexico, North Dakota, Oklahoma, Oregon, Pennsylvania, Vermont, Washington, Wisconsin, and Wyoming.

As we have reported in the past, because of the nature of the Title I formula and its use of Census data which may not be accurate, state allocations have been extremely volatile over the last five years. For example, two years ago Wisconsin suffered a 20 percent decrease while this year it is receiving more than a five percent increase. Moreover, while the long-term changes in student poverty rates can be attributed to changes in poverty levels in communities over time, many of the changes shown in the attached list can be attributed to short-term movement of low-income families into states. For example, Alaska, New Mexico, Oklahoma, Wyoming, and Utah could have experienced increases in the number of low-income families to take jobs created in the oil, mineral, and natural resource mining and other areas. Some other states may have experienced increases in the number of migrant workers.

We wish to emphasize that most of the districts on the attached list are relatively small -- enrollments between 400 and 1,000 -- with small absolute amounts of Title I allocation increases; however, the list does include some large districts, such as Dayton, OH and Harrisburg, PA, among others. As we emphasized in our May 20, 2011 TechMIS Special Report on preliminary district Title I allocations, many districts receiving large percentage increases will consider such increases in Title I funds next year as a "windfall," perhaps based on mistakes or miscalculations of Census data; hence, they are likely to spend such funds next year on non-recurring costs, such as products, rather than hiring additional staff and increasing salaries which might have to be cut the following year.

As soon as the official preliminary district Title I allocations are available, we will be conducting our analysis and will provide the names of districts receiving large absolute and/or percentage increases in Title I funds beginning in July.