



Secret Recipes Revealed

Demystifying the Title I, Part A Funding Formulas

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Center for American Progress



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Executive summary

The 1965 passage of the Elementary and Secondary Education Act marked an increased role for the federal government in ensuring equal opportunity in education. Title I, Part A of the act is the centerpiece of this federal role in elementary and secondary education. The law authorizes substantial grants—almost \$14 billion for the fiscal year that ended in 2008—to augment the education of children living in areas where low-income families are concentrated. Yet the funding formulas that determine the amount of money granted to each school district are not necessarily compatible with the law’s intent.¹

Since the Elementary and Secondary Education Act’s initial authorization, a number of technical and political decisions have led to a set of four formulas that determine the amounts and destinations of grants under Title I, Part A. Concern for the law’s goal of improving equal educational opportunity by targeting children in concentrated poverty has guided the formulas’ evolution, but the funding formulas are still found wanting in three main ways:

- The formulas use state average per-pupil expenditures as a proxy for the cost of providing education, causing them to target funds to poor children in wealthy states. This is a different proposition than targeting concentrations of poor children.
- A combination of clunky eligibility criteria and multiple counting schemes produce some bizarre and unfair results: large districts with low concentrations of poor students are heavily funded, and virtually identical school districts that fall on the cusp of cutoffs can be treated differently.
- States with small populations and low concentrations of poor children receive radically larger grants on a per-poor-child basis than states with larger populations, including those with substantial rural poverty.

Improving the match between the intent of Title I, Part A and the formulas driving its grants is technically feasible, but an aura of mystery around the formulas inhibits informed debate and reform. This paper systematically unpacks the formulas to reveal the specific causes of targeting failure. It also highlights the sensible, progressive notions embraced by the current formulas:

- Honoring states' efforts to leverage their revenue capacity for the purpose of funding education.
- Partly correcting for inequity in education funding within states.
- Safeguarding districts and states against precipitous drops in funding.
- Respecting funding challenges peculiar to small states.

Children living in concentrated poverty are poorly served by a labyrinthine funding scheme comprising four separate formulas. This paper exposes the technical considerations that should inform a smarter, fairer approach to funding grants under Title I, Part A. An upcoming paper will further detail this approach and chart the political course toward it.

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