How ESEA Title I, Part A, Funding Can Better Serve the Most Disadvantaged Students

By Robert Hanna   January 26, 2015

Sen. Lamar Alexander (R-TN) recently released his recommendations for a new Elementary and Secondary Education Act, or ESEA, and the Senate has begun discussions on his proposals. Congress first passed ESEA in 1965, and it has gone through several reauthorizations since then. The latest is known as No Child Left Behind, which provides additional resources to states and districts to improve their education systems and holds schools accountable for their academic progress.

One section of ESEA—Title I, Part A—is the single largest K-12 investment that the federal government makes. It is the most powerful lever available for driving improvements in educational outcomes for poor children. Currently, Title I includes four different formula grants that determine how much districts receive from the federal government. Since ESEA's passage, several researchers have pointed out that the current formulas fail to achieve the aim of Title I: to alleviate the effects of growing up in impoverished homes and neighborhoods.[1] Moreover, without federal intervention, these students would likely receive insufficient education dollars, given their state's current resources or simply their funding priorities.[2]

Sen. Alexander's proposal does not address these issues. But there is a way to address them. Several years ago, Raegen Miller and Cynthia Brown developed a new approach to Title I funding that does a better job at meeting the original purpose of Title I and does so through one, simpler formula.

In brief, the current formulas exacerbate rather than ameliorate interstate funding disparities, and Miller and Brown's new Title I formula fixes several of these issues.[3] States that currently invest more in education get more in federal funds even though state investments in education are primarily a function of the wealth of the state. Therefore, the net impact of the current Title I formulas is to favor states with greater capacity over states with greater need.[4] The current formulas also include hugely distortive minimum amounts for small states. Moreover, the current formulas drive problematic inequities within states by benefiting larger districts over medium-sized or smaller ones. Miller and Brown's new formula addresses these issues by substituting better measures for concentrated poverty and the cost of education and by eliminating minimums for small states.[5]

We have updated Miller and Brown's analysis to inform the current debates about the bill. Using the most recent data available, we again show that Miller and Brown's formula is much better than the current formulas at targeting Title I dollars to settings of concentrated poverty. Specifically, we look at how much money districts would receive under the new formula and compare these estimates to their allocations for fiscal year 2014. (see Figure 1) We determined the total state-level allocation by adding up each district's allocation within each state.[6]

In our analysis, we found that some states would receive more total Title I resources under our new proposed formula, and some would receive less. We estimate that Mississippi, New Mexico, and Texas would receive the greatest increases in Title I funding in the first year of implementing the new formula. However, several states would lose Title I dollars in the first year of the new formula. These states include New Hampshire, North Dakota, and Wyoming. We present state-level results for all 50 states and the District of Columbia in Figure 2. Year-to-year losses are capped at 15 percent based on hold harmless provisions that are consistent with current provisions of Title I. Hold harmless provisions ensure that districts do not experience substantial drops in Title I funding from the previous year, although the actual hold harmless amounts vary according to the child poverty rate in districts.[7]

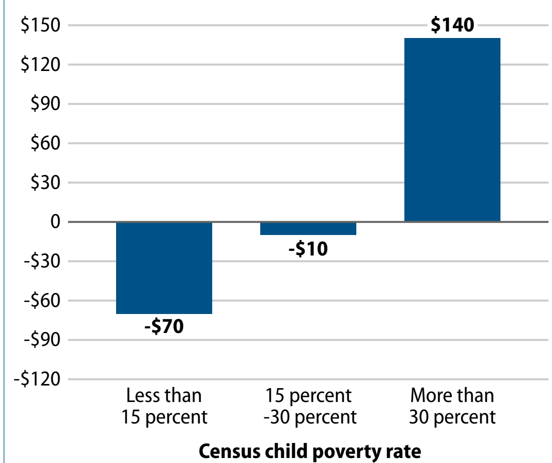
Miller and Brown's proposed formula does a much better job of targeting resources to the districts that need them the most. However, the transition period to the new formula would likely cause quite a bit of political pushback. Over the first year of implementing the new formula, several districts will lose out—particularly those that previously received more than their fair share of existing Title I dollars—and it might take several years for them to adjust to reductions in these funds.

To make this formula change more politically palatable, Miller and Brown also proposed an equity fund that would cover the losses for districts in the first several years of transitioning to the new formula.[8] No districts would lose funding if they were eligible for funding before, even as districts serving high concentrations of poor students would gain funding.

FIGURE 1

Projected change in Title I allocations from current Title I formulas to proposed formula, by poverty rate of district

Estimated gain or loss per student in poverty in U.S. dollars, based on fiscal year 2014 allocations



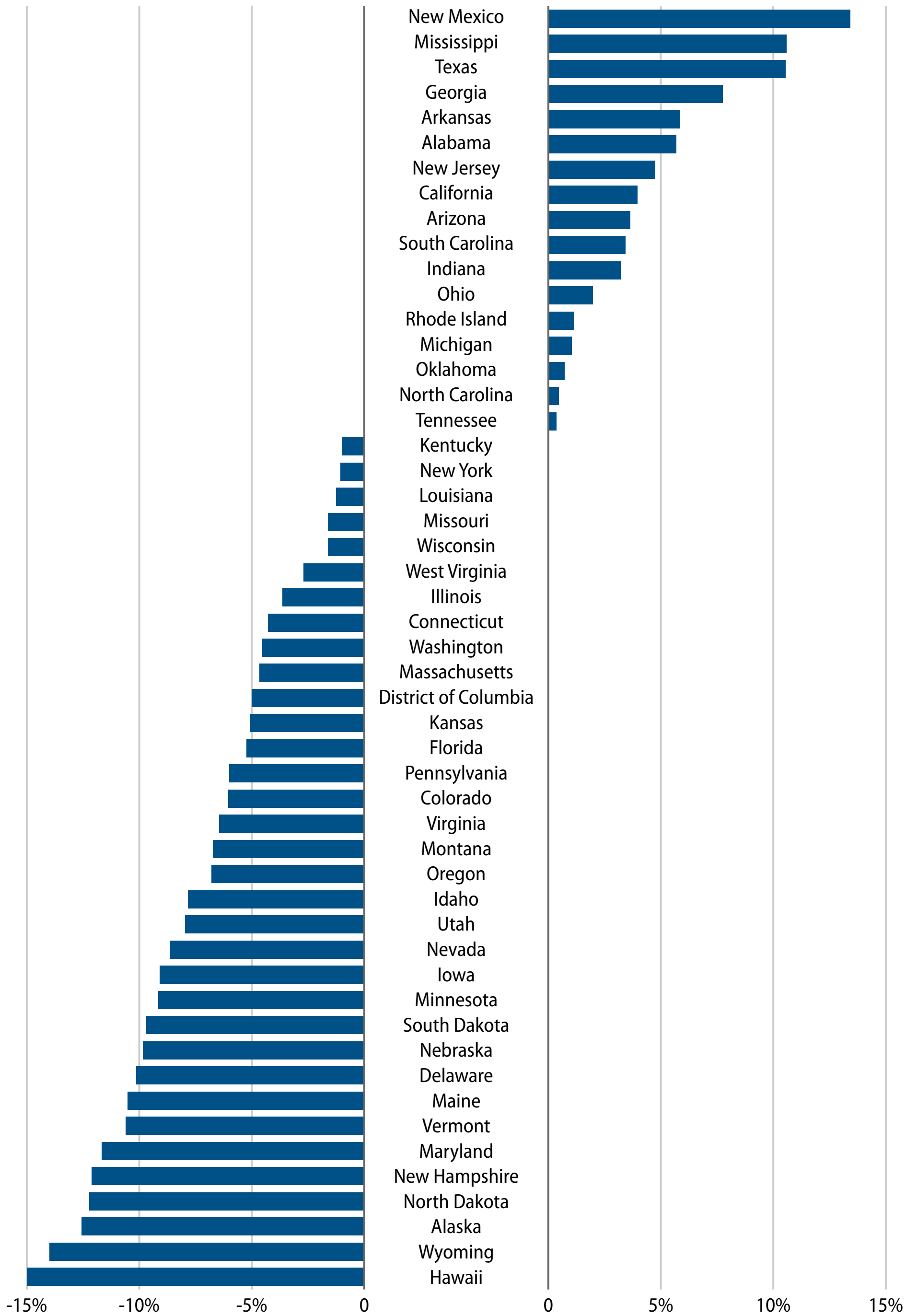
Note: We derived the projected allocations for each local education agency, or LEA, based on the formula proposed in Raegen T. Miller and Cynthia G. Brown, "Bitter Pill, Better Formula: Toward a Single, Fair, and Equitable Formula for ESEA Title I, Part A" (Washington: Center for American Progress, 2010), available at http://cdn.americanprogress.org/wp-content/uploads/issues/2010/02/pdf/bitter_pill.pdf. The total fiscal year 2014 counts and allocations represent the totals for only those districts in the state that could be included in our analysis. Other districts were excluded because they were missing data in one or more of the sources below. A major source of missing data was the cost-of-living adjustment data.

Source: CAP analysis of data from National Center for Education Statistics, "National Public Education Financial Survey Data," fiscal years 2009–2011, available at http://nces.ed.gov/ccd/stfis.asp (last accessed January 2015); Comparable Wage Index, Bush School of Government & Public Service, "The National Center for Education Statistics Comparable Wage Index," fiscal year 2013, available at http://bush.tamu.edu/research/faculty/Taylor_CWI/ (last accessed January 2015); Bureau of Economic Analysis, "State Annual Personal Income & Employment," 2009–2011, available at http://www.bea.gov/regional/index.htm (last accessed January 2015); the Title I fiscal year 2014 allocations for each local education agency, or LEA, are from the U.S. Department of Education and were received by request; the total children counts and the Title I child poverty counts by LEA are the most recent eligibility counts from the U.S. Department of Education and were received by request.

FIGURE 2

Projected percent change in Title I, Part A, allocations due to current proposal, by state

Based on fiscal year 2014 allocations



Note: We derived the proposed allocations for each state based on local education agency projections using the formula proposed in Raegen T. Miller and Cynthia G. Brown, "Bitter Pill, Better Formula: Toward a Single, Fair, and Equitable Formula for ESEA Title I, Part A" (Washington: Center for American Progress, 2010), available at http://cdn.americanprogress.org/wp-content/uploads/issues/2010/02/pdf/bitter_pill.pdf.

Source: CAP analysis of data from National Center for Education Statistics, "National Public Education Financial Survey Data," fiscal years 2009–2011, available at http://nces.ed.gov/ccd/stfis.asp (last accessed January 2015); Bush School of Government & Public Service, "The National Center for Education Statistics Comparable Wage Index," fiscal year 2013, available at http://bush.tamu.edu/research/faculty/Taylor_CWI/ (last accessed January 2015); Bureau of Economic Analysis, "State Annual Personal Income & Employment," 2009–2011, available at http://www.bea.gov/regional/index.htm (last accessed January 2015); the Title I fiscal year 2014 allocations are totals across publicly available data on local education agencies and were received from the U.S. Department of Education by request; the total children counts and the Title I child poverty counts by state are based on local education agency data from the U.S. Department of Education and were received by request; they are based on the most recent eligibility counts.

We are not the first to note that the Title I program has struggled to provide resources fairly and to shift more resources to the most disadvantaged students.[9] In their 1969 report on Title I, Ruby Martin and Phyllis McClure showed that Title I dollars were being used on activities that did not serve students who were the intended audience of Title I.[10] Goodwin Liu described how the current formulas actually provide lower-poverty states with more Title I dollars per poor student than for higher-poverty states.[11] More recently, David Cohen and Susan Moffitt have also argued that political pressures pushed the Title I program to spend money across a wide range of districts, rather than targeting the most disadvantaged places.[12]

Each of the current formulas has suffered from one or more weaknesses, which Miller and Brown address in their proposed formula. They identified several formula flaws, building on the work of Goodwin Liu.[13] In each case, their proposed formula would substitute new measures to address these issues.[14] First, the current formulas do not focus on concentrations of poverty; rather, they consider both concentrations of poverty and absolute numbers of students from poor families. This means that Title I does not adequately serve students in concentrated poverty and tends to benefit very large districts over smaller ones. The proposed formula would focus only on concentrated poverty.

Second, the current formulas also benefit states with more children in each household, whether or not the states serve more children in their public schools. The proposed formula would measure states' fiscal effort—how much they spend on education given their resources—based on total dollars rather than per-capita dollars. Third, the current formula does not adequately account for differences in education costs across districts or across states, as they use current state expenditures to measure costs. This means that states with more property wealth could look like they face higher education costs just because they spend more per student. The proposed formula would include better measures for differences in the cost of living across districts. All in all, the new formula removes these flaws and more equitably distributes resources.

Sen. Alexander's recent proposal for a new framework for the Elementary and Secondary Education Act would leave the current Title I formulas intact or potentially eliminate them entirely.[15] In the latter case, states could distribute Title I dollars to districts through simple per-pupil allocations based on the number of poor students they serve. This would effectively eliminate any consideration of the district's concentration of poverty and thus fail to provide sufficient Title I dollars to the students who need it most.

We are pleased that Congress is working on improving the Elementary and Secondary Education Act, and we hope that members take this opportunity to ensure that the most economically disadvantaged students receive the support they need to be successful.

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Endnotes

1 Raegen Miller, "Secret Recipes Revealed: Demystifying the Title I, Part A Funding Formulas" (Washington: Center for American Progress, 2009), available at https://www.americanprogress.org/issues/education/report/2009/08/17/6544/secret-recipes-revealed-demystifying-the-title-i-part-a-funding-formulas/; Goodwin Liu, "Improving Title I Funding Equity Across States, Districts, And Schools" (Seattle: Center on Reinventing Public Education, 2007), available at http://www.crpe.org/publications/improving-title-i-funding-equity-across-states-districts-and-schools; Ruby Martin and Phyllis McClure "Title I of ESEA: Is It Helping Poor Children?" (New York: NAACP, 1969); Thomas W. Fagan and Nancy L. Kober, "Title I Funds- Who's Gaining, Who's Losing & Why" (Washington: Center on Education Policy, 2004).

2 U.S. Department of Education, *For Each and Every Child – A Strategy for Education Equity and Excellence* (2013), available at http://www2.ed.gov/about/bdscomm/list/eec/equity-excellence-commission-report.pdf; Bruce D. Baker, David G. Sciarra, and Danielle Farrie, "Is School Funding Fair? A National Report Card" (Neward, NJ: Education Law Center, 2014), available at http://www.schoolfundingfairness.org.

3 Raegen T. Miller and Cynthia G. Brown, "Bitter Pill, Better Formula: Toward a Single, Fair, and Equitable Formula for ESEA Title I, Part A" (Washington: Center for American Progress, 2010), available at http://cdn.americanprogress.org/wp-content/uploads/issues/2010/02/pdf/bitter_pill.pdf.

4 Goodwin Liu, "Interstate Inequality in Educational Opportunity" (New York: New York University School of Law, 2006), available at http://www.nyulawreview.org/sites/default/files/pdf/NYULawReview-81-6-Liu.pdf.

5 For more information on the specifics of these formula changes, see Miller and Brown, "Bitter Pill, Better Formula."

6 Our study only includes those districts for which we had complete data to calculate the proposed formula.

7 For example, a district with more than 30 percent of children in poverty should receive at 95 percent of their previous Title I, Part A, allocations; William Sonnenberg and Stephen Provasnik, "Allocating Grants for Title I" (Washington: National Center for Education Statistics, 2007) available at http://nces.ed.gov/surveys/annualreports/pdf/titleI20071030.pdf.

8 Raegen T. Miller and Cynthia G. Brown, "Spoonful of Sugar: An Equity Fund to Facilitate a Single, Fair, and Equitable Formula for ESEA Title I, Part A" (Washington: Center for American Progress, 2010), available at http://cdn.americanprogress.org/wp-content/uploads/issues/2010/02/pdf/equity_fund.pdf.

9 For more information on the intents and consequences of Title I, see David K. Cohen and Susan L. Moffitt, *The Ordeal of Equality: Did Federal Regulation Fix the Schools?* (Cambridge, MA: Harvard University Press, 2009).

10 Martin and McClure, "Title I of ESEA: Is It Helping Poor Children?"

11 Liu, "Improving Title I Funding Equity Across States, Districts, And Schools."

12 Cohen and Moffitt, *The Ordeal of Equality*.

13 Liu, "Improving Title I Funding Equity Across States, Districts, And Schools."

14 For more information on these fixes, see Miller and Brown, "Bitter Pill, Better Formula."

15 *A Bill: To Amend the Elementary and Secondary Education Act of 1965 to ensure that every child is ready for college or a career*," 114 Congress, 1st Session, 2013, available at http://www.help.senate.gov/imo/media/AEG15033.pdf