



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION
WASHINGTON, DC 20202-6132

September 22, 2017

**CONGRESSIONAL NOTIFICATION OF
REVISED FINAL FISCAL YEAR 2017 TITLE I, PART A ALLOCATIONS**

Funds appropriated under Public Law (PL) 115-31, the Consolidated Appropriations Act, 2017, for activities authorized by Title I, Part A of the Elementary and Secondary Education Act of 1965 (ESEA), as amended by the Every Student Succeeds Act (ESSA).

Recipients:

50 States; the District of Columbia; Puerto Rico; the Department of the Interior, Bureau of Indian Education; and the Outlying Areas.

Description:

Enclosed is a table that lists **revised final** fiscal year (FY) 2017 formula allocations (initially available for school year (SY) 2017–2018) for local educational agencies (LEAs) under the Title I, Part A Grants to LEAs program. The revised allocations replace the final allocations in the U. S. Department of Education's (ED's) June 19, 2017 Congressional Notification and June 20, 2017 release to State educational agencies (SEAs). The revisions to the Title I, Part A allocations are necessary for two reasons.

First, some SEAs submitted corrections to their SY 2014–2015 State per-pupil expenditure (SPPE) data. (See the June 19 Congressional Notification that referenced the possibility that SEAs might submit revisions and that the final allocations would be revised, if necessary.) The ESEA requires ED to use SPPE data in each of the formulas used to calculate the SY 2017–2018 Title I, Part A allocations. Although ED announced SY 2017–2018 Title I, Part A allocations to SEAs on June 20, decisions and directives from the United States Comptroller General's office require that ED revise allocations set by Federal statutory formula if it determines that those allocations were based on incorrect data. Second, the Continuing Appropriations Act, 2018 and Supplemental Appropriations Disaster Relief Requirements Act, 2017 includes a 0.6791 percent reduction that applies to the portion of Title I, Part A funds provided by PL 115-31 that become available on October 1, 2017. These revised final allocations will be reflected in the October 2017 Title I, Part A awards to States.

Title I, Part A Grants to LEAs provide financial assistance to LEAs for services that improve the teaching and learning of children at risk of not meeting challenging State academic standards, especially those children from areas with high concentrations of children from low-income families. The ESEA requires ED to reserve funds to meet the special educational needs of Indian children in schools supported by the Bureau of Indian Education and for the Outlying Areas. In addition, \$5 million from Title I, Part A Basic Grants supports updating Census poverty data used to calculate Title I, Part A allocations.

ED allocates Title I, Part A funds to LEAs through four statutory formulas—Basic Grants, Concentration Grants, Targeted Grants, and Education Finance Incentive Grants. The following describes the specific allocation provisions for these formulas.

Basic Grants (ESEA section 1124)

ED allocates Basic Grant funds to LEAs through a statutory formula based primarily on the number of children, ages 5 through 17, from low-income families, which the Census Bureau updates annually, and on each State's per-pupil expenditures for education. In addition, the formula includes annually collected counts of children in locally operated institutions for neglected or delinquent children, in foster homes, and in families above the Census poverty line that receive assistance under the Temporary Assistance for Needy Families program (non-Census data). In order to receive a Basic Grant, an LEA must have at least 10 formula children and the number of those children must exceed two percent of the LEA's total population of children ages 5 through 17. The statutory formula further requires that no eligible LEA receive less than 85, 90, or 95 percent of the amount it was allocated in the preceding year. This "hold-harmless" guarantee varies according to the percentage of formula children in each LEA.

To determine the revised final FY 2017 allocations, ED used income year 2015 Census Bureau school district poverty and population estimates (ages 5 to 17), which are based on LEA boundaries as they existed in SY 2015-2016, and on SY 2014-2015 SPPE data. (These data replace the income year 2014 Census data and SY 2013-2014 SPPE data, respectively, that ED used for FY 2016 allocations.) The revised final allocations are also based on October 2016 non-Census data that replace the October 2015 non-Census data used for FY 2016 allocations.

Because of the creation of new LEAs since SY 2015-2016 and the existence of special LEAs, such as charter school LEAs, that do not have geographic boundaries, the list of LEAs used by ED to determine LEA allocations may not match the current list of LEAs for many States. Thus, each State educational agency (SEA) must adjust ED's LEA allocations to account for eligible LEAs that did not receive a Federal allocation. The ESEA also gives SEAs the flexibility, with ED's approval, to use alternative poverty data to determine eligibility and redistribute ED-determined Title I, Part A Basic Grant allocations for LEAs with less than 20,000 total residents.

Concentration Grants (ESEA section 1124A)

ED allocates Concentration Grant funds to LEAs in which the number of children counted for Basic Grant formula purposes exceeds 6,500 children or 15 percent of the ages 5 through 17 population. The hold-harmless requirement for Concentration Grants operates in the same way as it does for Basic Grants except that an LEA is guaranteed its hold-harmless amount for four consecutive years even if it is no longer eligible. Section 1122(c)(2) of the ESEA provides that an LEA failing to meet the eligibility threshold after four years is no longer protected by the hold-harmless provision. As with Basic Grants, each SEA must adjust ED's Concentration Grant allocations to account for differences between State and Federal lists of LEAs and may use alternative poverty data for LEAs with less than 20,000 total residents.

Targeted Grants (ESEA section 1125)

The Targeted Grant formula uses the same data elements as Basic and Concentration Grants. ED then adjusts the number of formula children to give greater weight to those LEAs with higher numbers or percentages of formula children. In order to receive a Targeted Grant, the number of formula children in an LEA counted for Basic Grant formula purposes must be at least 10 and equal or exceed five percent of the LEA's total population of children ages 5 through 17. As with Basic and Concentration Grants, each SEA must adjust ED's Targeted Grant allocations to account for differences between State and Federal lists of LEAs and may use alternative poverty data for LEAs with less than 20,000 total residents. The hold-harmless requirement for eligible LEAs works the same as it does for Basic Grants. The hold-harmless percentages, however, are based on the unweighted number of children used in the Targeted Grant formula.

Education Finance Incentive Grants (ESEA section 1125A)

The Education Finance Incentive Grant (EFIG) formula, in addition to using the number of Title I, Part A formula children and each State's per-pupil expenditures, distributes funds to States based on (1) an effort factor that measures a State's effort to provide financial support for education compared to its relative wealth as measured by its per capita income, and (2) an equity factor that measures the degree to which education expenditures vary among LEAs within a State. The EFIG formula benefits States that spend more money on education relative to their wealth and States that have a greater degree of equalized education expenditures among their LEAs. Once a State's EFIG allocation is determined, ED allocates funds among LEAs within the State using a weighted formula that is similar to the Targeted Grant formula. The within-State weights used for determining LEA allocations, however, vary among States according to the degree to which each State's expenditures are equalized across its LEAs. The eligibility criteria used to determine whether an LEA qualifies for an EFIG allocation are the same as for Targeted Grants. The hold-harmless requirement for eligible LEAs works the same as it does for Targeted Grants and is based on the unweighted number of children used in the EFIG formula. As with Basic, Concentration, and Targeted Grants, each SEA must also adjust ED's EFIG allocations to account for differences between State and Federal lists of LEAs and may use alternative poverty data for LEAs with less than 20,000 total residents.

ESEA section 1125A(e) further requires that, for the preceding fiscal year, each State maintain either an aggregate or a per-pupil expenditure level for providing free public education that is at least 90 percent of the amount spent on education within the State in the second preceding fiscal year. If a State fails to maintain effort and also failed to maintain effort for one or more of the five immediately preceding fiscal years, ED must reduce the State's EFIG allocation in the exact proportion by which the State failed to maintain effort. ED may waive this reduction (the consequence of a State's failure to meet the maintenance of effort requirement in the EFIG formula) if a waiver would be equitable due to exceptional or uncontrollable circumstances such as a natural disaster or a precipitous and unforeseen decline in the financial resources of the State.

Additional Information

Under section 1003(a) of the ESEA, from the funds allocated to a State under Title I, Part A, the SEA must reserve for school improvement activities the greater of:

- Seven percent of the SEA's FY 2017 Title I, Part A award; or
- The sum of the total amount that the SEA reserved for school improvement under section 1003(a) from its FY 2016 Title I, Part A award and the amount of the SEA's FY 2016 School Improvement Grants allocation under section 1003(g) of the ESEA, as reauthorized by the No Child Left Behind Act of 2001.

Section 1004(a) of the ESEA also allows an SEA to reserve for State administration not more than one percent or \$400,000, whichever is greater, from funds allocated to the State under Part A, Part C (Migrant Education), and Part D (Subpart 1—State Agency Neglected and Delinquent program) of Title I. However, because the total FY 2017 appropriation for Title I, Parts A, C, and D (Subpart 1) exceeds \$14 billion, the cap on State administration in section 1004(b) of the ESEA applies. As a result, the maximum amount each SEA may reserve for the administration of Title I programs this year is based on the amount it would have received if \$14 billion were appropriated for Title I, Parts A, C, and D. As it has in prior years, ED will provide SEAs with a table based on the revised final allocations showing how much would be allocated to each State under Title I, Parts A, C, and D if \$14 billion were appropriated for FY 2017 so that each SEA has a base on which to determine the maximum it may reserve for State administration.

Section 1003A(a)(1) of the ESEA further provides that an SEA may reserve up to three percent of the funds allocated to the State under Title I, Part A for Direct Student Services.

Additional information on these allocations is available from the Office of State Support (OSS), Office of Elementary and Secondary Education, U.S. Department of Education, 400 Maryland Avenue, SW, Washington, DC 20202-6100. Specific inquiries may be referred to Patrick Rooney, Deputy Director, OSS, at (202) 260-0826.