



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

June 6, 2018

MEMORANDUM TO CHIEF STATE SCHOOL OFFICERS

Subject: Final Fiscal Year (FY) 2018 (School Year (SY) 2018-2019) Allocations for the Title I, Part A Grants to Local Educational Agencies (LEAs) Program Authorized by the Elementary and Secondary Education Act of 1965 (ESEA), as amended by the Every Student Succeeds Act (ESSA)

I am pleased to send you the attached documents that replace the preliminary FY 2018 allocations that the U.S. Department of Education (ED) provided State educational agencies (SEAs) on April 18, 2018:

1. Final FY 2018 SEA and LEA allocations for the \$15.8 billion in Title I, Part A funds provided through Basic Grants, Concentration Grants, Targeted Grants, and Education Finance Incentive Grants (EFIG) that Congress made available under Public Law 115-141, the Consolidated Appropriations Act, 2018.
2. Final FY 2018 Title I, Part A, Part C (Migrant Education), and Part D, Subpart 1 (State Agency Neglected and Delinquent program) Title I administrative base allocations that each SEA must use to determine the maximum that it may reserve from these programs for State administration of Title I.
3. A State reservations table based on the final allocations that shows the amount of Title I, Part A funds that an SEA must generally reserve for school improvement and the maximum amount that the SEA may reserve for State administration and Direct Student Services.
4. Two examples of applying the school improvement reservation's special rule in FY 2018 (discussed below under the "School Improvement" heading).
5. A notification to Congress that provides more detail about the operation of the Title I, Part A formulas.

Calculation of Allocations

The final FY 2018 allocations differ from the preliminary FY 2018 allocations due to the availability of October 2017 State reported data on the number of children in locally operated institutions for neglected or delinquent children, foster homes, and families above poverty receiving assistance under the Temporary Assistance for Needy Families program (non-Census data) that replace the October 2016 non-Census data that ED used in the FY 2017 allocations and the FY 2018 preliminary allocations; updated LEA finance data used in the EFIG formula; and revisions by several SEAs to their SY 2015-2016 State per-pupil expenditure (SPPE) data. (ED

also used the same income year 2016 Census ages 5 to 17 poverty and population estimates based on LEA boundaries as they existed in SY 2015-2016 in the final allocations that it used in the preliminary allocations.)

The final allocations will be the basis on which ED awards Title I, Part A funds to SEAs on July 1, 2018. If an SEA were to report revised SY 2015-2016 SPPE data after July 1, as has been the case in recent years, ED may need to revise the final allocations and would reflect those revisions in the FY 2018 Title I, Part A awards that it makes to SEAs on October 1, 2018.

In determining Title I, Part A LEA allocations, ED used the variable hold-harmless provision in section 1122(c) of the ESEA. Each eligible LEA is generally guaranteed at least 85, 90, or 95 percent of the amount allocated to it in the preceding year under each formula, depending on its percentage of formula children compared to its total school age population ages 5 through 17. In the case of Concentration Grants, the statute provides that an LEA that does not meet the statutory eligibility thresholds is guaranteed its hold-harmless amount for four consecutive years. Therefore, an LEA that was last eligible for a Concentration Grant in FY 2014 but not eligible in FY 2015, FY 2016, FY 2017, and FY 2018 would receive its hold-harmless amount in FY 2018. If that LEA, however, fails to meet the Concentration Grant eligibility thresholds in FY 2019, it will no longer be eligible for the hold-harmless guarantee.

SEA Adjustments to ED's Allocations

As noted in my memorandum last year on FY 2017 Title I, Part A allocations, ESSA made several changes to the ESEA regarding how an SEA adjusts the ED-determined Title I, Part A LEA allocations to account for differences between ED's list of LEAs and the universe of LEAs within a State and to make State-level reservations. The ESEA now includes specific language requiring an SEA to calculate a hold-harmless amount for each formula that reflects the increased enrollment for a newly opened or significantly expanded charter school LEA, and contains new and revised State-level reservations that affect the final Title I, Part A LEA allocations calculated by an SEA. These changes took effect beginning with FY 2017 Title I, Part A allocations and also apply to the FY 2018 Title I, Part A allocations that are the subject of this memorandum and to those of subsequent years.

Details on these changes, along with within-State allocation provisions that were in the ESEA, as amended by the No Child Left Behind Act of 2001 (NCLB), and that continue, such as applying the hold harmless provisions under each formula, are described in ED's November 2016 guidance on fiscal changes in the ESEA (ESEA fiscal changes guidance) [available at: <https://www2.ed.gov/policy/elsec/leg/essa/essaguidance160477.pdf>]. Please see Section I, "Title I Within-State Allocations." Information on State-level reservations under the ESEA, as amended by the ESSA, follows.

School Improvement: Special Rule that Applies to FY 2018 Allocations and Subsequent Years

Under section 1003(a) of the ESEA, and as described in Step 4a of the ESEA fiscal changes guidance, an SEA must ratably reduce, as applicable, the total Title I, Part A allocation of LEAs,

consistent with the special rule described below, to reserve for school improvement activities the greater of:

- Seven percent of the SEA’s FY 2018 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 (generally, four percent of that award) and the amount of the SEA’s FY 2016 School Improvement Grant (SIG) allocation under section 1003(g) of the ESEA, as amended by NCLB.

With respect to reserving FY 2018 (and subsequent years) Title I, Part A funds for school improvement, the special rule in section 1003(h) of the ESEA requires an SEA to ensure that no LEA receives less in total under Title I, Part A than it received in the prior year because of the school improvement reservation. This means that an SEA may only reserve funds for school improvement from LEAs that have an increase in their Title I, Part A allocation over the prior year’s amount. It is possible that this provision in conjunction with an overall reduction in a State’s Title I, Part A allocation may limit the ability of some SEAs to reserve the full amount for school improvement.

To assist your State with determining the amount of this reservation, the enclosed State reservations table, described in #3 on the first page of this memorandum, shows the total amount of FY 2018 Title I, Part A funds that each SEA must reserve for school improvement based on the FY 2018 final allocations if, consistent with section 1003(h), the SEA is able to reserve the full amount. In addition, Attachment 4 (called “Section 1003(h) special rule model”) provides two examples of reserving funds for school improvement and applying the section 1003(h) special rule. In the first example an SEA has sufficient funds to reserve the full amount and in the second example the SEA has insufficient funds to reserve the full amount. The examples correspond with the discussion of the special rule for FY 2018 in Step 4a of the ESEA fiscal changes guidance.

State Administration

Section 1004(a) of the ESEA continues to authorize an SEA to reserve for State administration of Title I not more than one percent or \$400,000, whichever is greater, from funds allocated to the State under Title I, Parts A, C, and D (Subpart 1). For FY 2018, however, the administrative cap provision in section 1004(b) of the ESEA applies because the \$16.2 billion appropriated in total for Title I, Parts, A, C, and D exceeds \$14 billion. Under section 1004(b), the amount an SEA reserves for State administration may not exceed one percent of the amount it would otherwise receive if \$14 billion were allocated among the States for Title I, Parts A, C, and D. In order for an SEA to determine the maximum it may reserve for Title I State administration, the administrative base table described in #2 on the first page of this memorandum shows how much each SEA would receive under Title I, Parts A, C, and D if \$14 billion were made available. In addition, the State reservations table shows the maximum amount of Title I, Part A funds each SEA may reserve for State administration.

Direct Student Services

Finally, section 1003A(a)(1) of the ESEA authorizes an SEA to reserve not more than three percent of the funds allocated to the State under Title I, Part A for Direct Student Services (DSS). The State reservations table also shows the maximum amount an SEA may reserve for DSS if the SEA chooses to reserve funds for this purpose.

Thank you for your leadership in implementing Title I, Part A in your State. Please send any questions about the allocations to Todd Stephenson (Todd.Stephenson@ed.gov), Elizabeth Witt (Elizabeth.Witt@ed.gov), and your State contact ([OSS.\[State\]@ed.gov](mailto:OSS.[State]@ed.gov)) (e.g., OSS.Utah@ed.gov) in the Office of State Support.

Sincerely,

/s/

Patrick Rooney
Office of State Support

Attachments

cc. State Title I Directors