



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

June 5, 2018

**CONGRESSIONAL NOTIFICATION OF FINAL FISCAL YEAR 2018
TITLE I, PART A ALLOCATIONS**

Funds appropriated under Public Law 115-141, the Consolidated Appropriations Act, 2018, for activities authorized by Title I, Part A of the Elementary and Secondary Education Act of 1965, as amended by the Every Student Succeeds Act (ESEA).

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 **final** fiscal year (FY) 2018 formula allocations (initially available for school year (SY) 2018-2019) for local educational agencies (LEAs) under the Title I, Part A Grants to LEAs program. The final FY 2018 allocations differ from the preliminary FY 2018 allocations that the U.S. Department of Education (ED) provided Congress on April 17, 2018. The differences are 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 formula children data) that replace the October 2016 non-Census formula children data that ED used in the FY 2017 allocations and the FY 2018 preliminary allocations; updated LEA finance data used in the Education Finance Incentive Grants formula; and revisions by several State educational agencies (SEAs) to their SY 2015-2016 State per-pupil expenditure (SPPE) data.

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, 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.

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 who reside in areas with high concentrations of children from low-income families. ED reserves 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 annual updates to the 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 of 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 the SPPE data. In addition, the formula includes the non-Census formula children 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 final FY 2018 Basic Grant allocations, ED used income year 2016 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 the revised SY 2015-2016 SPPE data. The final allocations are also based on October 2017 non-Census formula children data that, as noted above, replace the October 2016 data that ED used to calculate FY 2017 allocations and FY 2018 preliminary 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 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 school districts 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 school districts. 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 change in the organizational structure of the State; or a precipitous decline in the financial resources of the State.

Additional Information

Under section 1003(a) of the ESEA, from the funds allocated to the State under Title I, Part A, the SEA must generally 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 and the amount of the SEA's FY 2016 School Improvement Grant allocation under section 1003(g) of the ESEA, as reauthorized by the No Child Left Behind Act of 2001.

Starting with FY 2018 allocations, 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. 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.

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 2018 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 showing how much would be allocated to each State under Title I, Parts A, C, and D if \$14 billion were appropriated for FY 2018 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 not more than 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.